

August 17, 2001

**BY HAND DELIVERY**

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

RECEIVED FPSC  
AUG 17 AM 9:01  
COMMISSION  
CLERK

*undocketed*

Re: **CONFIDENTIAL MATERIALS**  
Response to Staff Data Request regarding 2001 Local Competition Report

Dear Ms. Bayó,

Enclosed in response to a data request from the Division of Competitive Services is a confidential copy of the responses to Items 1(e), 3 (d and f), 6, 7(e), and Attachment 3. One copy is enclosed which highlights the information for which MCI metro Access Transmission Services, LLC, and MCI WorldCom Communications, Inc. (collectively "WorldCom") claim confidentiality. Two redacted copies are also enclosed.

The information in this response is proprietary confidential business information of MCI metro Access Transmission Services, LLC, and MCI WorldCom Communications, Inc., within the meaning of Section 364.183(1), Florida Statutes. This response contains extremely sensitive business information relating to competitive interests and the public disclosure of this information would impair the competitive business of WorldCom.

WorldCom requests that this information be returned to it once the staff has completed its analysis. If you have any questions, please call at your convenience.

Sincerely,

*Donna Canzano McNulty*  
Donna Canzano McNulty

cc: Kevin Bloom (redacted version only)

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*RLM*  
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

**MCImetro Access Transmission Services, LLC's, and  
MCI WorldCom Communications, Inc.'s Responses to  
2001 ALEC Data Request**

Florida Statute 364.02(2) defines basic local service as:

**“Basic local telecommunications service”** means voice-grade, flat-rate residential and flat-rate single line business local exchange services which provide dial tone, local usage necessary to place unlimited calls within a local exchange area, dual tone multi-frequency dialing, and access to the following: emergency services such as “911,” all locally available interexchange companies, directory assistance, operator services, relay services, and an alphabetical directory listing. For a local exchange company, such term shall include any extended area service routes, and extended calling service in existence or ordered by the commission on or before July 1, 1995.

1. a. **Are you providing service to residential customers in Florida that complies with the above definition of basic local service?**

**RESPONSE:** No. Neither MCImetro or MCI WorldCom Communications, Inc. is providing basic local service to residential customers in Florida.

- b. **To how many residential customers are you providing basic local service in Florida?**

**RESPONSE:** N/A

- c. **What are your current rates for providing residential basic local service?**

**RESPONSE:** N/A

- d. **Are you providing service to business customers in Florida that complies with the above definition of basic local service?**

**RESPONSE:** Yes.

e. To how many business customers are you providing basic local service in Florida?

RESPONSE: As of May 31, 2001, MCImetro and MCI WorldCom Communications provided basic local service to the following number of business customers: MCImetro: [REDACTED] MCI WorldCom Communications: [REDACTED]

NOTE: These numbers reflect a combination of services provided with basic local service rather than stand-alone basic local service.

f. What are your current rates for providing business basic local service in Florida?

RESPONSE:

	<u>Flat Rate Option</u>
Miami/Ft. Lauderdale:	\$29.10 per Line
Orlando:	\$28.60 per Line
Tampa:	\$29.90 per Line
Winter Park:	\$24.03 per Line
Boca Raton:	\$28.00 per Line

The above rates are monthly recurring charges applicable to basic local service for both MCImetro and MCI WorldCom Communications, Inc. These rates do not include any taxes, fees, and other applicable charges.

2. Are you currently providing other forms of local service (business or residential) in Florida that may not meet Florida's statutory definition of basic local service? (Examples could include: multi-line business users; services with toll or usage restrictions; mandatory 900 blocking; limited amount of local calling included in the monthly charge; bundled service offering; etc.)

(If yes, continue with question #2; if no, skip to Question #3)

RESPONSE:

Yes, customers may choose from the following additional services for both MCImetro and MCI WorldCom Communications, Inc.:

Local trunk-basic, local trunk-DID and 2-way DID, ISDN PRI. MCImetro and MCI WorldCom Communications also provide several optional features for local lines and a few for local trunk.

**Local line customers, local trunk-basic customers, and Local Trunk-2 Way Direct** can choose a flat rate, per minute or per call plan. **Local trunk-DID** is currently flat rate services in Florida.

- a. **Are you currently providing other forms of local service to residential customers in Florida?**

RESPONSE: No.

- b. **If the response to a. is affirmative, please describe the forms of local service you are providing to residential customers in Florida. (If available, please provide brochures or comparable materials.)**

RESPONSE: N/A

- c. **If the response to a. is affirmative, please indicate your current rates for the services indicated in response to b.**

RESPONSE: N/A

- d. **Are you currently providing other forms of local service to business customers in Florida?**

RESPONSE: Yes.

- e. **If the response to d. is affirmative, please describe the forms of local service you are providing to business customers in Florida. (If available, please provide brochures or comparable materials.)**

RESPONSE:

**LOCAL TRUNK BASIC** - provides voice grade communication channel(s) to the customer's private branch exchange (PBX) or hybrid key system. Local trunks can be provisioned as either analog or digital and can be used to carry one-way outbound, one-way inbound, or two-way traffic.

**LOCAL TRUNK** - direct inward dialing (DID) provides a single analog or digital connection which can carry one-way, inbound traffic.

**LOCAL TRUNK** - 2 way direct provides two-way direct dial digital and analog connection which can carry both inbound and outbound traffic. It has the ability to route a block of numbers to a trunk group, receive outputted digits on calls incoming through that trunk group and make outgoing calls using the same trunks.

**LOCAL ISDN** - Primary rate interface (ISDN-PRI) is an alternative arrangement for individual local exchange services such as local trunk basis and local trunk DID. It is provisioned at the 1.544 MBPS rate via primary rate interfaces standard of the integrated services digital network (ISDN). Local ISDN-PRI provides the customer with the capabilities of simultaneous access, transmission and switching of voice, data and imaging services via channelized transport.

In addition, MCI metro and MCI WorldCom also provide several optional features for local lines and a few for local trunk. Local line, Local Trunk-2 Way Direct, and local trunk - basic customers have the option of choosing a flat rate, per minute rate, or per call rate plan. Local trunk DID is currently flat rate service.

- f. **If the response to d. is affirmative, please indicate your current standard rates for the services indicated in response to e.**

**RESPONSE:**

Local Line

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	<u>Per Min/Per Call Option</u>
Miami/Ft. Lauderdale:	\$12.69 per line
Orlando:	\$12.31 per line
Tampa:	\$17.67 per line
Winter Park:	\$12.31 per line
Boca Raton:	\$11.86 per line

Local Trunk-Basic

-----

Miami/Ft. Lauderdale:	
Per Minute/Per Call	\$11.12 per trunk
Flat Rate	\$49.47 per trunk
Orlando:	
Per Minute/Per Call	\$10.93 per trunk
Flat Rate	\$48.62 per trunk
Tampa	
Per Minute/Per Call	\$29.00 per trunk
Flat Rate	\$52.05 per trunk (\$47.50 if you sign term plan refer to Tampa Rate Program in tariff)
Winter Park	
Per Minute/Per Call	\$10.93 per trunk
Flat Rate	\$48.00 per trunk

Boca Raton  
 Per Minute/Per Call \$10.71 per trunk  
 Flat Rate \$47.60 per trunk

Local Trunk-DID  
 -----

Miami/Ft. Lauderdale: \$71.27 per trunk  
 Orlando: \$70.42 per trunk  
 Tampa: \$52.05 per trunk (\$47.50 if sign Term Plan refer Tampa Rate Program in tariff)  
 Winter Park \$78.00 per trunk  
 Boca Raton: \$69.40 per trunk

Local Trunk-2 Way Direct  
 -----

	<u>Per Min/Per Call</u>		Flat Rate
	<u>Analog</u>	<u>Digital</u>	<u>Option</u>
Miami/Ft. Lauderdale:	\$57.02	\$40.00	\$71.27
Orlando:	\$56.34	\$40.00	\$70.42
Tampa:	\$38.00	\$38.00	\$52.05 (\$47.50 if sign term plan refer to Tampa Rate Program in tariff)
Winter Park	\$62.40	\$35.00	\$78.00
Boca Raton:	\$55.52	\$40.00	\$69.40

In addition blocks of DID number apply in each marker refer to tariff for monthly charge.

PRI  
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Miami/Orlando/Ft. Lauderdale/Boca Raton:  
 Flat Rate Option: \$1,4500.00  
 Per Minute/Per Call Option: \$400.00

Tampa: Flat Rate Option: \$875.00  
 Per Minute/Per Call Option: \$775.00

Winter Park: Flat Rate Option: \$825.00  
 Per Minute/Per Call Option: \$400.00

NOTE: These rates do not include any taxes, fees, and other applicable charges.

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3. Please describe the method(s) you are using to provide telephone services (e.g., resale, interconnection, unbundled network elements, facility-based, etc.).

**RESPONSE:**

MCI WorldCom Communications, Inc. offers telephone services via resale, interconnection, unbundled network elements, and its own facilities.

MCImetro currently provides telecommunications services via interconnection, unbundled network elements, and its own facilities.

- a. Please indicate, by exchange, the number of LEC access lines you are reselling to residential customers.

**RESPONSE:** None

- b. Please indicate, by exchange, the number of LEC access lines you are reselling to business customers.

**RESPONSE:** None

- c. Please indicate, by exchange, the types of unbundled network elements, if any, you are obtaining from the incumbent LEC.

**RESPONSE:** The Company has obtained unbundled loops and unbundled transport (in some instances these are combined - EELs) from the incumbent LEC. (This information is unavailable by exchange.)

- d. Please indicate, by exchange, the number of unbundled local loops, if any, you are obtaining from the incumbent LEC.

MCImetro: [REDACTED]

MCI WorldCom Communications, Inc.: [REDACTED]

- e. Please indicate the types of facilities deployed by your company in Florida to provide local telephone services, and indicate where these facilities are deployed.

**RESPONSE:**

WorldCom has local switches in Miami, Orlando, Tampa and Pompano Beach.

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- f. **If known, please indicate the number of access lines, separately for residential and business customers, provisioned solely over company-owned facilities.**

**RESPONSE:**

MCI WorldCom Communications, Inc.: [REDACTED]  
MCIMetro: [REDACTED]

- g. **Please indicate, by exchange, the number of business access lines you serve that are provided to internet service providers.**

**RESPONSE:** Neither MCImetro or MCI WorldCom Communications, Inc. keeps records in the normal course of business of the number of business access lines that are provided to specific types of local customers, such as internet service providers or voicemail service providers.

- h. **Please indicate, by exchange, the number of business access lines you serve that are provided to voicemail service providers.**

**RESPONSE:** Neither MCImetro or MCI WorldCom Communications, Inc. keeps records in the normal course of business of the number of business access lines that are provided to specific types of local customers, such as internet service providers or voicemail service providers.

4. **Please indicate the number and location of switches you have located in Florida, if any, used to provide service to customers in Florida.**

**RESPONSE:** Please refer to the response for Item 3(e).

5. **For each exchange where you are providing any form of residential local telephone service, please identify by exchange (a list of exchanges is attached), the number of residential access lines served. (See example below)**

**RESPONSE:** N/A

6. **For each exchange where you are providing any form of business local telephone service, please identify by exchange (a list of exchanges is attached), the number of business access lines served as of June 30, 2001. (See example below)**

*Examples*

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Miami Exchange:  
Yulee Exchange:

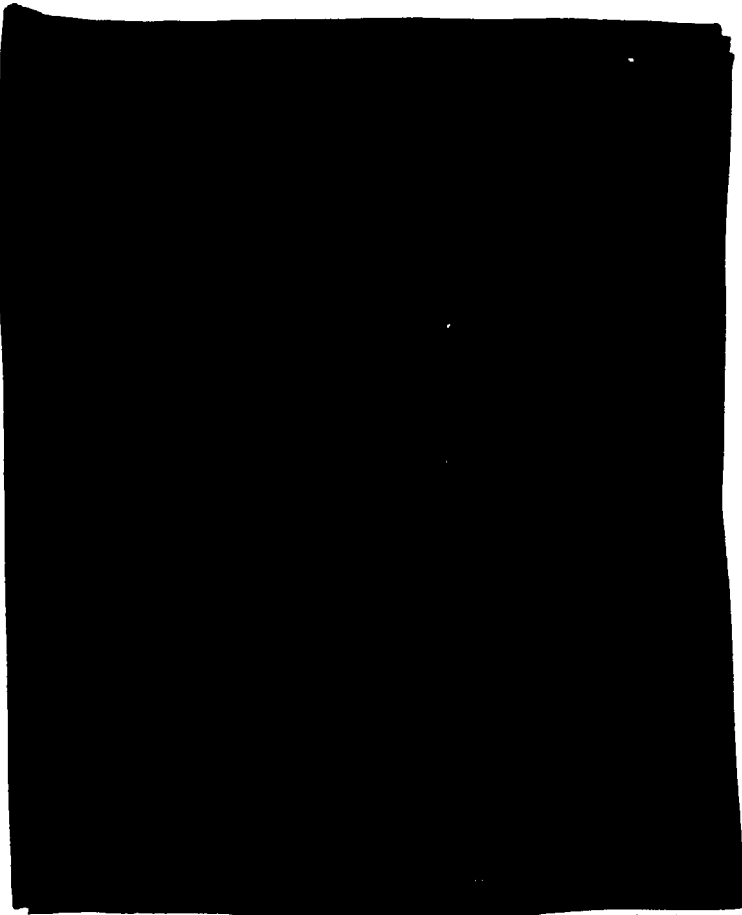
Residential Access Lines - 154  
Residential Access Lines - 161

Business Access Lines - 255  
Business Access Lines - 202

## RESPONSE:

MCImetro internally tracks the number of accounts. The term "customers," as described below, refers to the number of accounts. Some customers, of course, may have multiple accounts, and may have several lines and/or trunks.

<u>Ratecenter</u>	<u># of Customers</u>	<u># of Lines</u>	<u># of Trunks</u>
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MCI WorldCom Communications, Inc.:



7. For billing and accounting purposes, do you differentiate between residential and business customers?

RESPONSE: N/A

- a. Are you currently offering any enhanced service? If yes, what are they?

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**RESPONSE:** Yes, currently MCIMetro and MCI WorldCom Communications, Inc. offer voicemail.

- b. Have you experienced any significant barriers in entering Florida's local exchange markets? Please list and describe any obstacles or barriers encountered.**

**RESPONSE:** The high price of unbundled network elements (UNEs), which ALECs lease from the ILEC to provide competitive local services, is the most significant barrier to widespread local residential entry in Florida. The pricing of UNEs is critical to any ALEC's decision to enter the market. The best method of providing widespread residential local service is by a combination of UNEs or the UNE platform (UNE-P). It is essential that the UNE rates be reduced and set using the total element long run incremental cost (TELRIC) standard, as required by the FCC.

The Commission recently issued an order setting the rates for UNEs and requested further study of certain inputs that create UNE prices (Order No. PSC-01-1181-FOF-TP, issued on May 25, 2001). Although the Commission took a small positive step in setting wholesale rates, it did not take the necessary and prudent steps to foster widespread local residential competition. Specifically, average loop rates, feature charges and daily usage file charges need to be significantly reduced. DSL wholesale pricing needs to be examined to ensure that it will produce competition as well. As the FCCA's rebuttal testimony in Docket No. 960786-TL points out, BellSouth's UNE rates preclude UNE-based competition in Florida. In fact, not even BellSouth could profitably offer local service if required to lease UNEs at the rates it charges competitors. (See Attachment 1, Exhibit No. \_\_\_ JPG-7)

When the Commission sets economically viable UNE rates, MCI is committed to entering the local residential market on a widespread basis, like it has done in New York, Michigan, Illinois, Texas, Pennsylvania, and most recently, Georgia. Until the UNE rates are economically viable and set based upon TELRIC, Florida likely will not see widespread local residential competition.

The Commission is to be commended for all of its efforts regarding testing operational support systems (OSS). KPMG is in the process of auditing BellSouth's OSS and the test completion date is expected to be October 8, 2001. Based on MCI's commercial launch in Georgia, the follow issues with BellSouth's systems need to be fixed immediately:

- Eliminate 2-order migration process – which would eliminate loss of dial-tone;
- Implement UNE-P “Migrate by Telephone Number”;
- Implement fully parsed CSRs;
- Replace 3<sup>rd</sup> party VAN with Interactive Agent;
- Extend reject correction period to 30 days;
- Fix the broken Change Management process
  - Implement KPMG FL process improvements; and
  - Monitor internal BellSouth processes to ensure that ALEC requests are given equal weight with BellSouth-requested changes; and
- Ensure wholesale UNE billing from ILECs is accurate, usable and timely.

We are confident that the Florida third-party test will assist us in resolving these and other significant problems we may encounter.

Previously it has taken the Commission about one year to resolve complaints arising from interconnection agreements. Recently the Commission has developed a procedure to resolve such complaints in less than 100 days provided that the complaints meet certain criteria. WorldCom commends the Commission for developing such a procedure. Quick resolution of complaints is essential for ALECs entering the local market. This new procedure should reduce the amount of time needed for the Commission to resolve specific complaints.

- c. Have you experienced any difficulties involving any agreements you may have with incumbent LECs? If so, please describe any significant problems encountered.**

**RESPONSE:**

MCImetro and MCI WorldCom Communications filed a complaint against BellSouth arising from its interconnection agreement (Docket No. 991755-TP). MCIIm’s and MCIW’s local switches terminate calls throughout geographic areas that are comparable in size to the areas served by BellSouth’s tandem. The Commission denied MCIIm’s and MCIW’s request. The issue was brought to the Commission’s attention again in Docket No. 000649-TP, as part of MCIIm’s and

MCIW's request for arbitration against BellSouth. Shortly after our arbitration petition was filed, the Commission raised the same issue in a generic docket (Docket No. 000121-TP), and BellSouth and MCI/m/MCIW deferred the issue to the generic docket. The Commission's decision in the generic docket is pending.

MCImetro and MCI WorldCom Communications had filed complaints against BellSouth to enforce reciprocal compensation provisions regarding the termination of local traffic, including traffic that terminates to their ISP customers. The FPSC held that BellSouth is required to compensate these ALECs for all local traffic, including terminating local calls to their ISP customers. BellSouth has appealed the Commission's decision; however, the decision was not stayed. MCImetro and MCI WorldCom Communications had experienced difficulty collecting the money owed to them. BellSouth has now compensated them as required by Order.

- d. Do you anticipate that your long-term manner of providing service will differ from your current practice? If so, do you expect becoming a full-scale facilities-based provider?

RESPONSE: It is premature to anticipate whether the Company's long-term manner of providing service will differ from its current practice, because it depends on whether the Commission removes barriers to entry described in response to Items No. 7(b) and 12, market conditions, and capital markets.

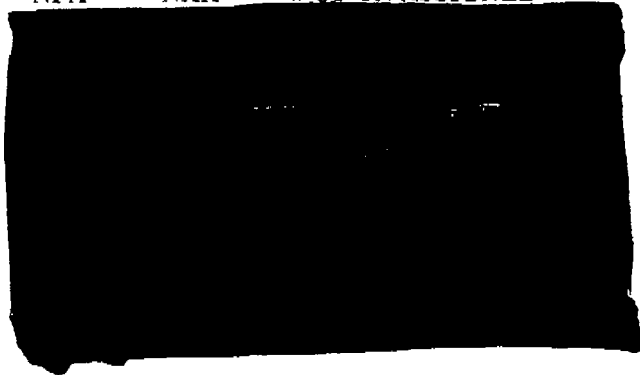
- e. Have you been assigned your own NXX codes? If yes, how many codes have you been assigned and for each code, as of January 31, 2000, how many numbers have been assigned from the code?

RESPONSE:

MCI WorldCom Communications, Inc.

ASSIGNED CODES

NPA NXX # OF TN ASSIGNED

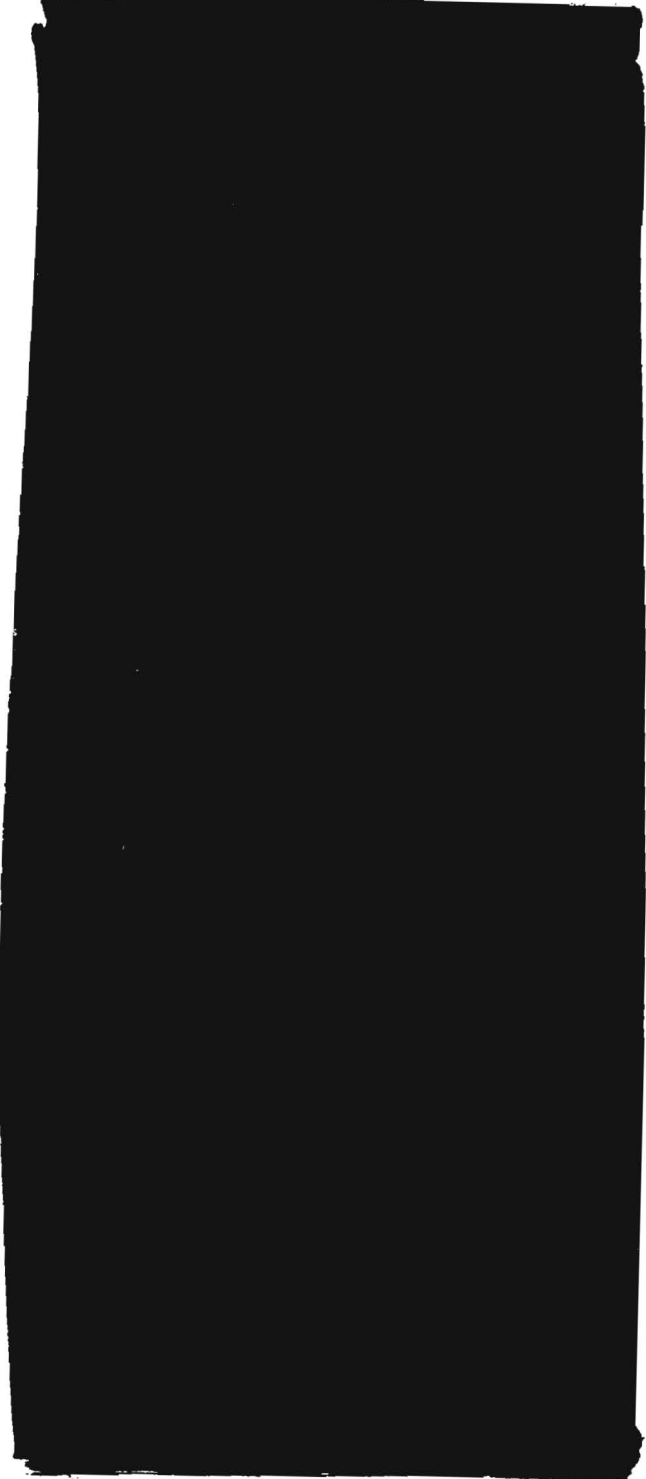


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MCIMetro

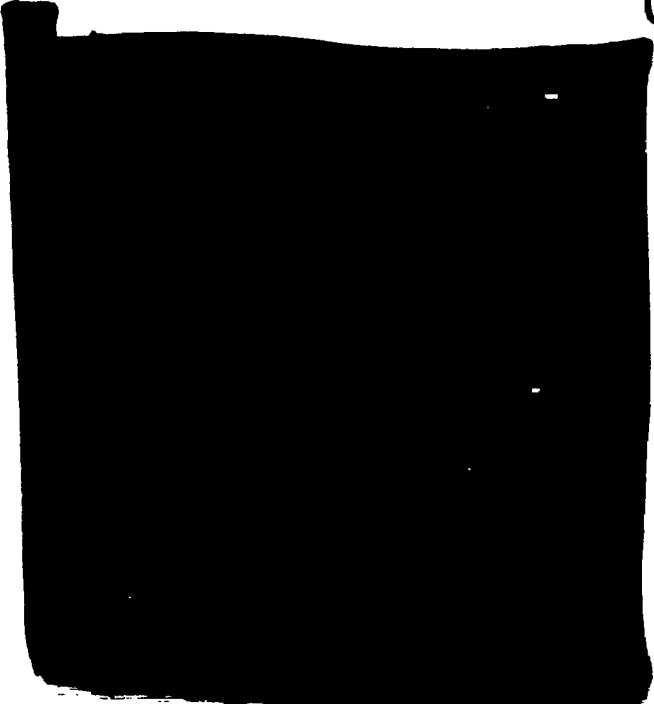
ASSIGNED CODES

NPA NXX # OF TN ASSIGNED



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- 
8. Please list your primary line of business (for example, entertainment, cable television, private line/special access service, interexchange service, local service, cellular service, paging service, electric service, municipality, etc.).

**RESPONSE:** MCI metro and MCI WorldCom Communications, Inc. are subsidiaries of WorldCom, Inc. WorldCom, Inc., through its many subsidiaries, is one of the largest telecommunications companies in the United States, serving local, long distance, and Internet customers domestically and internationally. The products and services provided by the Company include switched and dedicated long distance and local products, dedicated and dial-up Internet access, wireless services, 800 services, calling cards, private lines, broadband data services, debit cards, conference calling, messaging and mobility services, advanced billing systems, enhanced fax and data connections, high speed data communications, facilities management, local access to long distance companies, local access ATM-based backbone service, Web server hosting and integration services, dial-up networking services and interconnection to ISPs.

9. At any time during the last 12 months have you provided local telephone services in Florida and then withdrawn the service? If yes, please discuss the reasons for this decision.

**RESPONSE:** No

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10. **If you or an affiliate provides cable television in Florida, do you offer any package plans combining cable television and local telephone services? If so, please indicate where such packages are being offered.**

**RESPONSE:** N/A

11. **If you or an affiliate provides long distance telephone service in Florida, do you offer any package plans combining long distance and local telephone services? If so, please describe any such plans and their terms and conditions. Is subscribing to both local telephone and long distance a condition or providing service?**

**RESPONSE:** Yes, WorldCom, Inc. offers MCI WorldCom on-net services. This service offers both local and long distance telecommunications services. The customer signs an "on-net" agreement form on which he indicates whether his service is long distance only, local only, or local and long distance combined. Customers are entitled to discounts associated with a term agreement. Under this plan, when a customer has combined usage of both local and long distance, these discounts are deeper.

We also offer the LD and Local Online Calling Plan that provides an allotment of LD minutes and unlimited local usage for flat monthly rate.

12. **Please provide any additional comments or information you believe will assist staff in evaluating and reporting on the development of local exchange competition in Florida. In particular, we are seeking comment on obstacles that you believe may be impeding the growth of local competition in the state and any suggestions you may have on how to remove such obstacles.**

**RESPONSE:** The Florida Public Service Commission and the Florida Legislature should act quickly to remove the barriers to local entry identified in previous responses. The most critical issue at this time is that the prices for UNEs need to be reduced and TELRIC-based to foster widespread local residential entry as discussed in response to Item 7(b). It is important that the Commission and Legislature support policies that promote local competition, prevent anti-competitive behavior and discriminatory pricing, and to refrain from imposing unnecessary regulatory requirements on ALECs. Once those barriers have been removed, the state of Florida should begin to see significant local entry.

This Commission should be concerned about the re-monopolization of telecommunications services. The collapse of the ALEC market is pervasive, covering all business strategies, experience levels and technologies. (See Attachment 2) We are encouraged by the Commission's efforts to examine structural incentives that prevent problems inherent ILEC-ALEC relationships (i.e. – supplier-competitor). This

examination should continue and the Commission should explore all types of structural incentives.

Further, the Commission should use other methods of measuring levels of competition for a more accurate depiction of the market, such as Attachment 1, Exhibits \_\_\_\_, JPG 1-6. Such methods take into account levels of facilities-based competition based on the number of interconnection trunks and their usage, adjusted to remove unique characteristics of ALECs' ISP customers, updating UNE and resale data, and including all of the ILEC's lines.

Another key element in opening the local market to competition is for the Commission and the Legislature to maintain the current interim universal service mechanism. The current policy adopted by the Legislature is the right one. No fund is needed unless local competition has eroded the ability of the ILECs to provide basic local service. So far no ILEC has come forward to the Commission asking for relief and most likely will not for the foreseeable future.

- 13. If your company filed a Form 477 with the Federal Communications Commission in March 2001, please enclose a copy of the completed Form 477 with your response to this data request.**

**RESPONSE:** Please see Attachment 3 (which is confidential).

- 14. Does your company offer xDSL exclusively?**

**RESPONSE:** No.

- 15. If the answer to question 15 is "yes," how many xDSL lines in aggregate does your company provide?**

**RESPONSE:** N/A

- 16. If the answer to question 15 is "yes," in what exchanges in Florida are your services available?**

**RESPONSE:** N/A

- 17. If the answer to question 15 is "yes," how are your company's various service offerings priced?**

**RESPONSE:** N/A



**ATTACHMENT 1**

CY: NA  
DO'K

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JUL 23 2001

Mapping, Green, Brown & White

**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

**In re:**

**Consideration of BellSouth Telecommunications, Inc.'s  
Entry into InterLATA Services Pursuant to Section 271  
of the Federal Telecommunications Act of 1996**

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**Docket No. 960786-TL**

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**REBUTTAL TESTIMONY AND EXHIBITS OF JOSEPH GILLAN  
ON BEHALF OF THE  
FLORIDA COMPETITIVE CARRIERS ASSOCIATION**

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**JULY 20, 2001**

**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

**In re:**

**Consideration of BellSouth Telecommunications, Inc.'s  
Entry into InterLATA Services Pursuant to Section 271  
of the Federal Telecommunications Act of 1996**

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) **Docket No. 960786-TL**  
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**REBUTTAL TESTIMONY AND EXHIBITS OF JOSEPH GILLAN  
ON BEHALF OF THE  
FLORIDA COMPETITIVE CARRIERS ASSOCIATION**

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**JULY 20, 2001**

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**I. Introduction And Witness Qualification**

**Q. Please state your name, business address and occupation.**

A. My name is Joseph Gillan. My business address is P. O. Box 541038, Orlando, Florida 32854. I am an economist with a consulting practice specializing in telecommunications.

**Q. Please briefly outline your educational background and related experience.**

A. I am a graduate of the University of Wyoming where I received B.A. and M.A. degrees in economics. From 1980 to 1985, I was on the staff of the Illinois Commerce Commission where I had responsibility for the policy analysis of issues created by the emergence of competition in regulated markets, in particular the telecommunications industry. While at the Commission, I served on the staff subcommittee for the NARUC Communications Committee and was appointed to the Research Advisory Council overseeing the National Regulatory Research Institute.

In 1985, I left the Commission to join U.S. Switch, a venture firm organized to develop interexchange access networks in partnership with independent local telephone companies. At the end of 1986, I resigned my position of Vice

**Rebuttal Testimony of Joseph Gillan  
On Behalf of the Florida Competitive Carriers Association  
Florida Public Service Commission Docket No. 960786-TL**

1           President-Marketing/ Strategic Planning to begin a consulting practice. Over the  
2           past twenty years, I have provided testimony before more than 35 state  
3           commissions (including Florida), four state legislatures, the Commerce  
4           Committee of the United States Senate, and the Federal/State Joint Board on  
5           Separations Reform. I currently serve on the Advisory Council to New Mexico  
6           State University's Center for Regulation.

7

8           **Q.    On whose behalf are you testifying?**

9

10          A.    I am testifying on behalf of the Florida Competitive Carriers Association (FCCA).  
11          FCCA is a broad coalition of carriers and their representative associations  
12          committed to bringing the full range of competitive services to consumers and  
13          businesses in the Southeast, including Florida.

14

15          **Q.    What is the purpose of your rebuttal testimony?**

16

17          A.    The purpose of my testimony is to provide rebuttal to the testimony of BellSouth  
18          witness Cynthia K. Cox and to affidavit of Victor K. Wakeling, attached as  
19          Exhibit CKC-4 to Ms. Cox's testimony. By giving the Commission an overview  
20          of competitive conditions in the Florida local exchange market. I will also  
21          address the competitive harm that would occur if BellSouth prematurely receives  
22          authorization to provide interLATA services in Florida. BellSouth's assertion in

**Rebuttal Testimony of Joseph Gillan  
On Behalf of the Florida Competitive Carriers Association  
Florida Public Service Commission Docket No. 960786-TL**

1 its testimony that local competition in the Florida market is meaningful – much  
2 less “irreversible” – is contradicted by the facts. Local competition in Florida  
3 remains nascent, in large measure due to the success of BellSouth’s obstructionist  
4 tactics over the past five years.

5  
6 Before BellSouth is granted permission to offer interLATA services in Florida,  
7 the Commission must confirm that BellSouth provides entrants access to its  
8 network on terms that are nondiscriminatory and cost-based. The most telling  
9 evidence in this regard should be the emergence of measurable and meaningful  
10 local competition. However, as I explain in more detail below, the observed level  
11 of competition in Florida does not support such a finding for a number of reasons,  
12 including the rates charged by BellSouth for network elements, as well as  
13 BellSouth’s provisioning policies and practices.

14  
15 Not only does the level of competition *today* not justify BellSouth’s claim that it  
16 has opened its markets to entry, the most likely effect of BellSouth gaining  
17 interLATA authority would be for it to gain even greater dominance in the *future*.  
18 Unless entrants are assured nondiscriminatory access to the inherited network,  
19 only BellSouth will be positioned to offer packages that combine local service  
20 with other products (such as Internet access and long distance) broadly across the  
21 market. BellSouth evidentially agrees, for its CEO has been quoted as predicting  
22 that BellSouth would quickly win “in the 25 to 30 percent market share range,”

**Rebuttal Testimony of Joseph Gillan  
On Behalf of the Florida Competitive Carriers Association  
Florida Public Service Commission Docket No. 960786-TL**

1 with a “quick couple of billion” flowing to the bottom line as profit ( *See*  
2 “BellSouth Remains Confident, But Cautious About Growth,” Atlanta Journal  
3 and Constitution, June 3, 2001).

4  
5 Granting BellSouth interLATA authority will increase its market position at the  
6 very *same* time that the Act’s sole financial incentive to comply with its market  
7 opening provisions is removed. It is critical, therefore, that the Commission  
8 establish the means to prevent backsliding, where compliance has been achieved.  
9 Of course, the most effective means to such an end would be to place BellSouth’s  
10 retail operations on the identical footing as any other ALEC through a structural  
11 solution. In the absence of a permanent solution that would correct BellSouth’s  
12 underlying incentives, however, the Commission should establish administrative  
13 remedies to curb anticompetitive conduct to the extent possible.

14  
15 **Q. Please summarize the principal conclusions of your testimony.**

16  
17 **A. The principal conclusions of my testimony are that:**

- 18  
19 \* BellSouth exaggerates the level of local competition in Florida, ignoring  
20 critical trends and limitations that affect each of the three entry strategies:  
21 resale, UNEs and ALEC facilities.  
22

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- 1           \*       Resale activity offers little probative value because evidence suggests it is  
2                       neither viable nor irreversible. The evidence suggests that resold lines in  
3                       Florida have declined approximately 30% *just in the first quarter of 2001*.  
4
- 5           \*       UNE-based competition is beginning to emerge, but is still roughly only  
6                       2.0% of the market (at most). UNE-share is the most critical measure of  
7                       Section 271 compliance because UNEs *are* the nondiscriminatory access  
8                       to the existing network that is the focal point of the federal Act.  
9
- 10          \*       BellSouth's UNE rates preclude UNE-based competition in Florida. In  
11                       fact, not even BellSouth could profitably offer local service if required to  
12                       lease UNEs at the rates that it charges competitors.  
13
- 14          \*       BellSouth's estimate of facilities-based activity ignores the unique traffic  
15                       pattern for many ALECs that indicates only limited competition for a  
16                       select customer segment.  
17
- 18          \*       BellSouth has offered no evidence concerning its ability to support the  
19                       resale of advanced services, as required by the *Ascent Decision*  
20                       (Association of Communications Enterprises v. FCC, 235 F.3d 662 (D.C.  
21                       Cir. 2001)).  
22



1                                    **II. Competitive Conditions in the Florida Local Market**

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**Q.    What should be the starting point of the Commission’s review in this docket?**

A.    The starting point of the Commission’s analysis should be a review of the actual level of competition in Florida. It is BellSouth’s obligation is to provide “actual evidence demonstrating ... *present compliance* with the statutory conditions for entry, instead of prospective evidence that is contingent on future behavior.” Present compliance is the clear and established standard for review of regional Bell operating company compliance with the Act (*See In the Matter of the Application of Ameritech Michigan Pursuant to Section 271 of the Communications Act of 1934, as amended, to Provide In-Region, InterLATA Services In Michigan*, Memorandum Opinion and Order, Docket 97-137, ¶55, August 19, 1997). Actual commercial activity offers the most important measure of compliance because such competition is the goal of the Competitive Checklist itself. Where the observed level of competition *contradicts* BellSouth’s claims as here, however, the Commission must begin its investigation with a healthy dose of skepticism.

**Q.    Have you reviewed BellSouth’s claims regarding the level of local competition in Florida?**

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1       A.     Yes. Importantly, BellSouth's empirical estimates of competition are inconsistent  
2             with other evidence, while its anecdotal information relies heavily on the early  
3             (and presumptive) announcements by ALECs that have either experienced  
4             financial difficulty or deployed technologies that fell well short of expectations.  
5             Far from illustrating a competitive local marketplace in Florida, the underlying  
6             data demonstrates that the promise of a competitive local market in Florida  
7             remains an elusive goal.

8  
9       **Q.     Please summarize BellSouth's claims concerning the level of local**  
10            **competition in Florida.**

11  
12       A.     According to BellSouth, significant competitive activity is occurring using each  
13             of the three basic entry strategies: resale, unbundled network elements (either  
14             alone or in combination), and ALEC facilities. Exhibit No. \_\_\_ JPG-1  
15             summarizes BellSouth's claims regarding local entry under each of these  
16             strategies. (The term "facilities-based" is frequently used in the BellSouth  
17             testimony to include lines served by the lease of facilities as network elements, it  
18             is more useful to consider each strategy separately. Accordingly, Exhibit No. \_\_\_  
19             JPG-1 separately lists UNEs from lines served exclusively over ALEC facilities.)

20

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1           Based on these statistics -- and a number of anecdotal observations -- BellSouth  
2           claims that competition in Florida is not only “economically viable,” but  
3           “irreversible” as well. As I explain below, however, it is important to understand  
4           the trends affecting each of these entry strategies, as well as whether BellSouth’s  
5           claims are reasonable in light of other information. When scrutinized more  
6           carefully, it is clear that BellSouth’s claims are exaggerated and that the existing  
7           level of competition does more to challenge BellSouth’s assertions than confirm  
8           its compliance.

9  
10       **Q.    Does BellSouth’s analysis provide an accurate portrayal concerning the**  
11       **“economic viability” and “irreversibility” of entry?**

12  
13       **A.    No.** First, it is important to appreciate that the majority of the competition that  
14       BellSouth points to – accepting, for the moment, BellSouth’s data – consists of  
15       the ALEC-deployed facilities. In the area where BellSouth’s Section 271  
16       compliance is most critical – that is, offering nondiscriminatory access to its  
17       inherited network (i.e., UNEs) – competitive market share remains quite small.  
18       Moreover, BellSouth’s analysis offers no information concerning trends  
19       impacting competition.

20  
21       Exhibit JPG-2 documents the trend in competition in Florida (under resale and  
22       UNEs) that BellSouth has reported periodically. As Exhibit No. \_\_\_ JPG-2

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1 illustrates, resale competition is declining rapidly, and at a rate far faster than  
2 gains in either UNE-P or loops individually. The number of resold lines declined  
3 by roughly 30% *in just the first quarter alone*. Nearly 25% of the competitive  
4 activity that BellSouth claims exists – and an even greater percentage of the  
5 *actual* competition once proper adjustments are made to BellSouth’s estimate of  
6 facilities-based entry – are based on an entry strategy that is not only not  
7 irreversible, it is in full reverse already.

8  
9 **Q, Why is resale in decline?**

10  
11 **A.** There are clearly a number of explanations for the vanishing resale-based  
12 competitor. First, there are the unattractive economics. With only a small margin  
13 between the wholesale and retail rate, most carriers that experimented with resale  
14 either moved to a different strategy or fell into bankruptcy. Further, what  
15 negligible margins exist now may be subject to further reduction in light of the  
16 Eight Circuit Court of Appeals vacation of the FCC’s avoidable cost  
17 methodology.

18  
19 Moreover, resale neither permits a carrier to innovate, or effectively offer  
20 integrated local/long-distance packages. This latter limitation on service-resale  
21 arises because BellSouth continues to assess access charges on the reseller’s lines.

1           As a result, the reseller is limited in the toll rates it may offer because it must pay  
2           access on each of its customer's long distance calls to BellSouth.

3

4           **Q.    Does the level of UNE-based competition indicate that Florida's local market**  
5           **is irreversibly open to competition as BellSouth claims?**

6

7           A.    No. First, it is clear that UNE-based entry is the most likely path to bring  
8           competitive benefits to the average Florida consumer or small business. UNE  
9           combinations, in particular, hold the most promise in this regard. UNE volumes  
10          are also critical because UNEs are the means by which carriers obtain  
11          nondiscriminatory access to the existing network to offer services in competition  
12          with BellSouth. To date, however, UNE-based competition in Florida is only just  
13          beginning to make any headway.

14

15          **Q.    What share have UNE-based forms of entry accomplished in Florida?**

16

17          A.    The two most prevalent forms of UNE-based entry are UNE-Loops (combined  
18          with an ALEC-provided local switch) and UNE-Platform (loop combined with  
19          unbundled local switching). As shown in Exhibit No. \_\_ JPG-3, UNE-based entry  
20          has achieved roughly a 1.5% market penetration in Florida after more than five  
21          years of competition, once *all* of the appropriate BellSouth lines are included in  
22          the analysis.

1       **Q.     Why did you compute the market share in Exhibit No. \_\_ JPG-3 by**  
2           **comparing ALEC lines to BellSouth’s switched lines alone, as well as to**  
3           **BellSouth’s total lines?**

4  
5       **A.     BellSouth appears to have computed each of the market share statistics in its**  
6           **testimony by comparing the ALECs’ *total* lines to BellSouth’s *switched access***  
7           **lines alone. This calculation inflates the ALECs’ share by sharply reducing the**  
8           **number of lines served by BellSouth, excluding from the analysis so-called**  
9           **“special access” lines. The “special access line” label is largely a consequence of**  
10          **the interLATA line-of-business restriction that BellSouth seeks to have removed**  
11          **in this proceeding.**

12  
13          **In simple terms, customers make two types of calls: local calls and long distance**  
14          **calls. Many larger customers separate these calls between two types of**  
15          **connections – so called “switched access lines” (for calls that BellSouth can**  
16          **handle), and “special access lines” (for calls that BellSouth cannot). This**  
17          **distinction, however, does not fundamentally change the service the customer is**  
18          **receiving, it only changes which carrier (BellSouth or a long distance company)**  
19          **terminates the call. Significantly, ALECs typically offer integrated services that**  
20          **render any distinction between “switched” and “special” lines irrelevant – ALEC**  
21          **lines are *both* “switched” and “special” because they handle both local and long**  
22          **distance calls. Consequently, to accurately compare ALEC lines to BellSouth**

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1 lines requires that *all* of BellSouth's lines be included, with the result being a  
2 ALEC market share (using UNEs) of approximately 1.5%.

3  
4 **Q. Are there other measures that quantify the degree of UNE-based**  
5 **competition?**

6  
7 A. Yes. Exhibit No. \_\_\_ JPG-3 provides an additional measure to place the level of  
8 UNE-based competition in perspective. During 2000, BellSouth derived  
9 approximately \$57 million in annual revenue from the lease of UNEs to  
10 competitive entrants in Florida. In comparison, BellSouth's total operating  
11 revenues in Florida during 2000 were roughly \$1.4 billion. Thus, the lease of  
12 UNEs provided only 1.4% of BellSouth's revenues in Florida as recently as just  
13 last year.

14  
15 **Q. Why do you believe that UNE-based competition has failed to develop in**  
16 **Florida?**

17  
18 A. There are a number of reasons why UNE-based competition has failed to develop.  
19 The first is quite simply that the rates charged to lease network elements in  
20 Florida are high. As I explain in more detail later in my testimony, not even  
21 *BellSouth* could afford to offer service in Florida if it had to lease UNEs from  
22 itself to do so.

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Second, BellSouth has been very slow to provide access to network combinations, delaying the availability of this important strategy until February of last year. (See BellSouth Ex Parte, Federal Communications Commission, CC Docket 96-98, October 13, 2000). Consequently, even the most fundamental forms of UNE-based competition – that is, entry using the UNE-Platform – was delayed for approximately four years by BellSouth’s refusal to honor its legal obligation.

Moreover, as I discuss in more detail below, BellSouth continues to oppose granting entrants access to new combinations of network elements, for no reason other than the disruption such a policy can impose on ALEC operations, increasing the competitor’s cost and decreasing its quality. The compounding effect of BellSouth’s high prices, intransigence, and threatening behavior have together frustrated the development of UNE-based competition in Florida (as elsewhere).

**Q. Have you also reviewed BellSouth’s estimate of the level of competition using the third and final entry strategy, i.e., the exclusive use of ALEC facilities?**

A. Yes, and my analysis demonstrates that BellSouth has significantly overstated this form of competition as well. BellSouth claims that ALECs serve between 363,567 and 480,790 lines over their own facilities. If even *one* of these estimates



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1           were accurate, then BellSouth should be able to confirm such a sizeable ALEC  
2           share by the number of interconnection trunks between itself and ALECs, as well  
3           as the traffic volumes exchanged between them.

4  
5           **Q.    Have you attempted to estimate the number of facilities-based lines using**  
6           **these interconnection statistics?**

7  
8           A.    Yes. Exhibit No. \_\_\_ JPG-4 estimates the level of facilities-based competition  
9           based on the number of interconnection trunks and their usage, adjusted to  
10          remove the unique traffic characteristics of ISP customers. It is well understood  
11          that ALECs have been successful marketing to this particular customer group, but  
12          it is important that this limited success with a single customer segment not distort  
13          an understanding of their market share overall. The ISP customer segment was  
14          unique, entering the market with substantial initial needs at precisely the same  
15          time as ALECs. As such, success in this customer segment does not answer the  
16          more fundamental question as to how ALECs are faring attempting to win a share  
17          of BellSouth's established customer base. Moreover, the barriers that ALECs  
18          must overcome to serve the more geographically distributed base of established  
19          customers gives greater insight to the true extent of local competition than their  
20          success serving ISPs.

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1       **Q.     What interconnection statistics did you evaluate to estimate the facilities-**  
2       **based share of this more conventional market?**

3

4       A.     First, I computed ALEC market share by comparing ALEC originated minutes (as  
5       measured over the interconnection trunks to BellSouth) to BellSouth's originated  
6       minutes. This calculation (shown on Exhibit No. \_\_ JPG-4) indicates that ALEC  
7       facilities-based market share stands at roughly 1.7%. This share calculation  
8       would overstate the ALECs' actual facilities-based share, however, because it  
9       would also include traffic from UNE-Loops. UNE-Loops connect directly to an  
10      ALEC switch and would send traffic through interconnection trunks in the same  
11      manner as a facilities-based line. Even ignoring this overstatement, however, it is  
12      clear that the level of facilities-based competition in Florida remains quite small.

13

14      Second, I attempted to estimate the number of facilities-based lines using a  
15      methodology quite similar to that of BellSouth – that is, by looking at the number  
16      of interconnection trunks. To eliminate the effect of ISP customers, however, the  
17      analysis: (1) reduced the number of interconnection trunks by the number of  
18      trunks used to serve terminating traffic, (2) converted the trunks to lines, and (3)  
19      subtracted the number of UNE-Loop arrangements to avoid double counting.

20

21      There is certainly some uncertainty as to what factor to use to convert trunks to  
22      lines. BellSouth's analysis uses a 1-to-1 ratio. Exhibit No. \_\_ JPG-4 presents the  
    results from two conversion ratios, both substantially more aggressive than that

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1 used by BellSouth: a 4-to-1 ratio and a 10-to-1 ratio. Even with the much higher  
2 ratio of 10-to-1, however, ALEC facilities-based market share would only be  
3 approximately 2.2% of the market.

4  
5 Finally, I computed the number of lines implied by the ALECs' originating  
6 minutes, assuming that ALEC lines had the same average usage characteristics as  
7 BellSouth lines. This calculation estimates roughly 116,000 ALEC lines served  
8 by ALEC switches, which means it would include lines served using UNE Loops  
9 (and therefore overstates ALEC facilities-based share).

10  
11 While it is admittedly difficult to determine precisely the number of lines served  
12 by ALECs over their own facilities using publicly available information, none of  
13 the interconnection measures supports the level claimed by BellSouth. Rather,  
14 the maximum level of facilities-based competition (adjusted for activity that is  
15 likely to be ISP related) is approximately 2%.

16  
17 **Q. Based on these trends and data ignored by BellSouth, have you prepared a**  
18 **corrected estimate of ALEC market share in Florida?**

19  
20 **A.** Yes. Exhibit No. \_\_\_ JPG-5 summarizes the estimated ALEC share after (1)  
21 adjusting for the unique traffic pattern of certain ALEC customers, (2) updating  
22 the resale and UNE data based on Mr. Milner's testimony, and (3) including all of

1           BellSouth's lines in the analysis. This corrected analysis indicates an ALEC  
2           share in the range of 3.7% to 5.5%.

3  
4           **Q. Do you have any other evidence that confirms your estimate that ALEC**  
5           **market share in Florida is in the range you estimate (i.e., roughly half of**  
6           **what BellSouth claims)?**

7  
8           **A. Yes.** The above analysis simply measures local activity in "lines." The FCC  
9           recently released its statistics on local competition (Local Competition Report,  
10           May 2001) that quantifies – or, as I explain below, *partially* quantifies –  
11           competitive activity on the basis of "voice grade equivalents." Voice Grade  
12           Equivalents (VGEs) are a larger measure than lines because they are adjusted to  
13           reflect the different capacity capabilities of different types of "line." Because of  
14           the growing popularity of higher capacity digital services, voice grade equivalent  
15           measures capacity in 64kbps (i.e., the capacity needed for a single voice  
16           connection) increments.

17  
18           Because of the way that the FCC tabulated/collected ILEC data, however, the  
19           Local Competition Report essentially compares all of the ALEC voice grade  
20           equivalent lines to only the ILECs' switched access lines, thereby ignoring the  
21           ILECs' special access lines as well as their voice-grade equivalent. Because  
22           many of the ILECs' higher capacity services are sold as "special access," the

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1 FCC's analysis eliminated most of the ILECs' higher capacity services. Exhibit  
2 No. \_\_\_ JPG-6 demonstrates that this results in a substantial under-counting of  
3 ILEC "lines," even before these lines are converted to "voice grade equivalents."

4  
5 Because ALECs do not generally draw the same distinctions in their offerings as  
6 the ILEC – for instance, ALECs typically offer integrated products that blur any  
7 distinction between switched and special access – there is no evidence to indicate  
8 that not all ALEC lines have been counted (and counted as voice grade  
9 equivalents) in the FCC's report. It is possible, however, to estimate BellSouth's  
10 voice-grade equivalents in Florida using regionwide data that BellSouth has  
11 previously made available with its quarterly earnings announcements. Exhibit  
12 No. \_\_\_ JPG-6 converts BellSouth's Florida lines to a Florida-specific VGE  
13 estimate, a calculation that indicates that ALEC market share once both ALEC  
14 and BellSouth statistics are placed on an equivalent footing – that is, the  
15 comparison measures voice grade equivalents (VGEs) – is approximately 6.5%.

16  
17 **Q. Are there any other claims regarding local competition made by BellSouth**  
18 **that you would like to address?**

19  
20 **A. Yes.** In addition to inflating its "quantified" estimate of local competition,  
21 BellSouth also exaggerates the potential for future technologies to bring  
22 additional competition. For instance, consider the prominence that BellSouth

1 places on Lucent's "PathStar" technology (Wakeling Affidavit, page 18, emphasis  
2 in BellSouth):

3  
4 Network Telephone ...will deploy Lucent's PathStar Access Server ...

5 The PathStar solution will enable service providers to **deliver eight or**  
6 **more telephony subscriber lines and high-speed data services over a**  
7 **single unbundled local loop.**

8  
9 Remarkably, BellSouth points to this technology, even though it is well known  
10 that Lucent has abandoned the project. The Commission should place little  
11 weight on *predictions* of competitive activity – predictions that have disappointed  
12 investors as well as policymakers.

13  
14 **III. More Needs to Be Done**

15  
16 **Q. Are there additional actions needed to bring the benefits of local competition**  
17 **more broadly to Florida consumers?**

18  
19 **A. Yes.** As I explain below, the Florida Commission should place particular  
20 emphasis on establishing cost-based rates for UNEs, requiring BellSouth to  
21 provision UNEs in most efficient manner possible, and adopting measures to  
22 prevent backsliding.

1

2       **Q.    Is there evidence to demonstrate that BellSouth's UNE prices are not cost-**  
3       **based?**

4

5       **A.    Yes. To provide a benchmark for comparison, I estimated what BellSouth's**  
6       **financial results would look like (for 2000), assuming that it was required to lease**  
7       **UNEs to offer its conventional switched services (i.e., local service and access).**  
8       **The analysis assumes that BellSouth offered service leasing the UNE-Platform,**  
9       **with the average UNE-P cost developed assuming 1,000 local minutes, 50**  
10      **intraLATA toll minutes and 200 interLATA toll minutes (with 290 local calls and**  
11      **45 toll/access calls) per month. Based on BellSouth's ARMIS data detailing**  
12      **BellSouth' local calling and Dial Equipment Minutes, these would appear to be**  
13      **conservative assumptions for an average user.**

14

15      **As detailed in Exhibit No. \_\_\_\_ JPG-7, and again based on BellSouth's actual**  
16      **ARMIS data for 2000, I constructed an estimate of BellSouth's Florida operating**  
17      **income assuming that BellSouth's actual levels of customer and corporate**  
18      **operations expense were unchanged, with its network cost replaced by the cost to**  
19      **lease the UNE-Platform. Because BellSouth would be leasing UNEs rather than**  
20      **owning the network, the analysis does not include any expense for depreciation,**  
21      **or any plant-related operating costs.**

22

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1 As shown in Exhibit No. \_\_ JPG-7, BellSouth's "UNE-self" would have run  
2 squarely in the red, even though it actually enjoyed a net income of more than  
3 \$1.8 billion. Clearly, if *BellSouth* could not even operate in Florida if required to  
4 lease the existing network, it should not be surprising that ALECs have failed to  
5 achieve any significant competitive gains.

6  
7 Furthermore, because the above analysis does not include any of the costs that it  
8 would incur to order UNEs, the Exhibit provides a conservative estimate of the  
9 expenses that BellSouth would actually incur if it attempted to compete leasing  
10 network elements from itself. For instance, the analysis does not include the  
11 substantial non-recurring costs that would be incurred each year to serve new  
12 lines and migrated customers. It is also useful to understand that the analysis in  
13 Exhibit 7 assumes that BellSouth does not cannibalize its retail revenues by  
14 offering selective discounts or special promotions. As the Commission is aware,  
15 BellSouth is offering lower prices to some customers, such as those it "wins back"  
16 from ALECs. Between the additional charges that were not included, and the  
17 potentially lower revenues that BellSouth would evidentially accept from its  
18 *favored* customers, the projected net income in Exhibit 7 likely overstates what  
19 BellSouth would actually obtain.

20  
21 **Q. Can you provide an example of a UNE-rate that is not plausibly cost-based?**  
22



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1       A.     Yes. As an illustration, consider the rates that BellSouth proposes to impose  
2             simply to *provide* the call detail records needed for billing. These rates are ODUF  
3             (for the provision of daily usage files) and ADUF (for the provision of access  
4             usage files) and would appear to apply on a per-message basis. Applying these  
5             charges to BellSouth's reported calling volumes in Florida for 2000 produces a  
6             "cost" simply for the usage information of \$438 million annually. See Exhibit  
7             No. \_\_ (JPG-8).

8

9       **Q.     Are BellSouth's proposed charges for daily usage files out-of-line with the**  
10            **rates charged by other RBOCs?**

11

12       A.     Yes. Also shown in Exhibit No. \_\_ JPG-8 is a table comparing BellSouth's  
13             Florida rates to the rates charged by Ameritech (Michigan) and Qwest (Arizona),  
14             as well as the average monthly cost per switched access line resulting from these  
15             charges (based on Florida usage data). The practical effect of this inflated charge  
16             is that any ALEC requiring daily usage information to bill its customers, or audit  
17             its UNE bills (or perhaps even comply with CALEA obligations) would see its  
18             costs increase – and, therefore, would need to increase its rates to end-users – by  
19             more than \$5.50 per month just to obtain billing information. Given that the  
20             UNE-Platform is the network arrangement used by carriers offering competitive  
21             services to the typical analog customer, it is no wonder that so little competition  
22             has developed in Florida.

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**Q. In addition to pricing, what other actions should the Commission take to foster local competition?**

A. I recommend that the Commission remain focused on three areas. First, the Commission should make clear BellSouth's obligation to fully support UNEs, including its obligation to provide access to any UNE combination – including so-called “new combinations” – that it ordinarily provides to itself. Second, the Commission must make sure that xDSL services are available for resale under wholesale-arrangements. Finally, the Commission should evaluate additional measures to assure that the market remains competitive in a post-271 environment by investigating structural remedies to BellSouth's conflicted incentives, in addition to its review of performance measures.

**Q. What action should the Commission take concerning BellSouth's obligation to support “new” combinations of network elements?**

A. Local competition depends upon *efficient* provisioning systems structured to minimize cost and accommodate volume. As the Commission is aware, BellSouth refuses to combine network elements that it ordinarily combines for itself, thereby increasing costs and decreasing carrier reliability. Consumers will never benefit from policies that make local competition more complex, more

**Rebuttal Testimony of Joseph Gillan  
On Behalf of the Florida Competitive Carriers Association  
Florida Public Service Commission Docket No. 960786-TL**

1           cumbrous and more expensive. If the Commission wants local competition –  
2           particularly local competition for smaller customers -- then it must be committed  
3           to policies that make entry more simple and cost-effective.  
4

5           **Q.    Why is the issue of “new” combinations so important?**

6  
7           **A.**    The simple answer is that consumers and businesses frequently add lines and  
8           change locations. If this process is made complex and expensive, then BellSouth  
9           will successfully disadvantage its rivals by increasing the cost of competitive  
10          alternatives. Consider the following statistics. According to the US Census,  
11          nearly 16% of the population moved in 1998 (Source: Geographic Mobility  
12          Update, US Census Bureau, June 2000). In addition, businesses are constantly  
13          adding and deleting locations. Census data for Florida indicates that nearly 27%  
14          of all business locations open or close in a year. Any strategy that artificially  
15          inflates the cost to serve such a mobile population – and this is the clear intent of  
16          BellSouth’s proposal to refuse offering “new combinations” – will harm both  
17          competition and consumers.

18  
19          **Q.    If BellSouth will not combine elements for entrants, how does it propose new**  
20          **entrants would serve such customers?**  
21

1       A.     As I understand BellSouth's proposal, BellSouth would construct new  
2       "combination areas" in its central offices for the sole purpose of relegating ALEC  
3       "combinations" to these areas. Rather than simply combining elements for  
4       entrants at those points in the network (such as existing cross-connect frames) that  
5       BellSouth has established for precisely this purpose, BellSouth is proposing to  
6       create new environments where entrants would do the same work. Under  
7       BellSouth's proposal, entrants would combine elements in collocation space, or  
8       use assembly "rooms" or "points" specially constructed for this purpose. These  
9       additional steps – creating the assembly room/point, and then extending requested  
10      elements via new facilities and additional cross-connections – does nothing but  
11      create increased cost and additional points of potential failure.

12  
13      Importantly, even BellSouth itself would do "more combining" by cross-  
14      connecting the requested elements to the facilities necessary to extend the  
15      elements to the ALEC, not to mention the cost -- in time, money and space – to  
16      create the associated "assembly areas." Expending resources for the sole purpose  
17      of achieving a less reliable and more costly environment is a wasteful exercise  
18      that can find no support in economics, common sense or sound policy.

19  
20      I would also note that there is no evidence that such alternatives are useable by  
21      entrants. To my knowledge, these options lie dormant in other states where they  
22      have been offered. For instance, while Verizon provided assembly rooms and

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1 assembly points in New York, it has acknowledged that “[o]nly one [competing  
2 carrier] made any use of this offering in New York, and that use . . . has been  
3 discontinued.” (See Memorandum Opinion and Order, Federal Communications  
4 Commission CC Docket 01-9, April 16, 2001, footnote 390). Moreover, no  
5 RBOC has successfully obtained interLATA authority without at least a voluntary  
6 commitment to combine for entrants those elements that it ordinarily combines  
7 for itself.

8  
9 **Q. What action should the Commission take with respect to BellSouth’s  
10 obligation to support the resale of advanced data services?**

11  
12 **A.** As indicated earlier, the *Ascent Decision* makes clear that BellSouth must permit  
13 the resale of its advanced data services at a wholesale discount. BellSouth has not  
14 shown through commercial usage or other information, however, that it is  
15 prepared to honor this obligation. The Commission should require that BellSouth  
16 fully document its ability to support the resale of advanced services such as  
17 xDSL.

18  
19 **Q. Should the Commission prepare to take additional measures, even if it  
20 (ultimately) endorses BellSouth’s application for interLATA authority?**

21

**Rebuttal Testimony of Joseph Gillan  
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1       A.     Yes. It is important to appreciate that the Commission's oversight does not end  
2             with a 271 application – indeed, quite the opposite, the Commission should expect  
3             enforcement issues to become even *more* pronounced. The fundamental  
4             assumption of the Telecommunications Act is that incumbent LECs (such as  
5             BellSouth) would ultimately establish “normal” supplier-customer relationships  
6             with ALECs. The reality has demonstrated, however, that BellSouth's conflicting  
7             incentives as supplier and competitor preclude such a relationship from forming.  
8             As a result, the Commission must be prepared to increase its vigilance and  
9             regulatory oversight – or, more simply, adopt a structural approach that would  
10            align BellSouth's incentives with the Commission's objective of a competitive  
11            local market.

12  
13       **Q.     Does this conclude your testimony?**

14  
15       A.     Yes.

**Exhibit JPG-1**  
**Docket No.: 960786-TL**  
**Competitive Market Share as Claimed by BellSouth**

**Level of Competition Claimed by BellSouth**  
**(February 2001)**

Mode of Entry	BellSouth Estimates		Relative ALEC Share <sup>1</sup>
	Method 1	Method 2	
Resale	191,963	191,960	2.6%
UNEs <sup>2</sup>	162,651	162,651	2.2%
Facilities <sup>3</sup>	480,790	363,567	5.7%
Total	835,404	718,178	10.6%

<sup>1</sup> "Relative Percentage" is based on the average of the two estimation methodologies used by BellSouth.

<sup>2</sup> "UNEs" includes lines served by individual loops and UNE-Platforms. Source: VW-7.

<sup>3</sup> "Facilities" is calculated as the difference between the number of lines explained by Resale and UNEs and the total claimed by BellSouth.

**Time-Line of Competitive Activity in Florida  
(UNEs and Resale)**

	<b>June 1999<sup>1</sup></b>	<b>December 2000<sup>2</sup></b>	<b>February 2001<sup>3</sup></b>	<b>March 2001<sup>4</sup></b>
Resale	126,933	252,874	191,962	176,639
Loops	10,217	92,328	106,619	116,845
UNE-P	n/a	50,089	56,032	71,588
Total	137,150	395,291	354,613	365,072

---

<sup>1</sup> Source: BellSouth Response to the Common Carrier Bureau's Fifth Survey of Local Competition.

<sup>2</sup> Source: BellSouth's Form 477 (Broadband and Local Competition) Report to the FCC for the Fourth Quarter, 2000.

<sup>3</sup> Source: BellSouth Wakeling Affidavit.

<sup>4</sup> Source: BellSouth Milner Testimony.



**UNE-Based Entry in Florida  
(Relative Lines)**

	<b>BellSouth Switched Lines Only</b>	<b>BellSouth Total Lines</b>
UNEs	162,651	162,651
BellSouth <sup>1</sup>	6,555,424	10,199,492
UNE Share	2.2%	1.5%

**UNE Revenue as Percentage of BellSouth Revenues  
(2000)**

	<b>\$000s</b>
BellSouth Total Operating Revenues <sup>2</sup>	\$4,189,764
UNE Revenues <sup>3</sup>	\$57,436
UNE Revenues as % of Total Revenues	1.4%

<sup>1</sup> Source: BellSouth 2000 ARMIS 43-08, Table III.

<sup>2</sup> Source: Table 1, ARMIS 43-01, 2000.

<sup>3</sup> Source: BellSouth Response to FCCA 2<sup>nd</sup> Set of Interrogatories, Item No. 11.

**Exhibit JPG-4**  
**Docket No.: 960786-TL**  
**Estimating the Level of Facilities-Based Competition**

**Facilities-Based ALEC Estimate**  
**Share of Originating Minutes - 2000**

	MOUs (000s)
ALEC Originated Local Minutes <sup>1</sup>	2,036,984
BellSouth Originated Local Minutes <sup>2</sup>	115,671,000
ALEC Share	1.7%

**Facilities-Based ALEC Estimate**  
**Based on Interconnection Trunks**

a	Number of Interconnection Trunks	358,392		
b	Percentage of ALEC Traffic That Is Terminating <sup>3</sup>	.9052		
c	Terminating Trunks	324,409	a•b	
d	Originating Trunks	33,983	a-c	
e	Line-to-Trunk Ratio	4	10	
f	Originating Lines using Interconnection Trunks	135,932	339,830	d*e
g	Less UNE-Loops	106,619	106,619	
	Estimated Facilities-Based Lines	29,313	233,211	f-g

**Facilities-Based ALEC Lines**  
**Assuming Same Average/Usage Per Line as BellSouth**

ALEC Originating Local Minutes	2,036,984
BellSouth Average Per Line <sup>4</sup>	1,458
Estimated ALEC Lines	116,429

<sup>1</sup> Source: BellSouth response to FCCA's 2<sup>nd</sup> Set of Interrogatories, Item No. 8, MOUs originated on ALEC networks and terminated with BellSouth, 2000.

<sup>2</sup> Source: BellSouth Dial Equipment Minutes (DEM), ARMIS 43-04, 2000. Because each local conversation minute is associated with two DEMs, the reported DEM value was divided by two to estimate originating minutes.

<sup>3</sup> Source: BellSouth response to FCCA's 2<sup>nd</sup> Set of Interrogatories, Item No. 8.

<sup>4</sup> Source: BellSouth Local DEM divided by switched access lines (ARMIS 43-08).

**Corrected ALEC Market Share – Low Estimate<sup>1</sup>**

	BellSouth	Corrected Analysis	Corrected Share
Resale	191,962	176,639	1.7%
UNEs	162,651	188,433	1.8%
Facilities <sup>2</sup>	422,179	29,313	0.3%
Total ALEC	776,791	394,385	3.7%
BellSouth	6,580,806 <sup>3</sup>	10,199,492 <sup>4</sup>	

**Corrected ALEC Market Share – High Estimate<sup>5</sup>**

	BellSouth	Corrected Analysis	Corrected Share
Resale	191,962	176,639	1.6%
UNEs	162,651	188,433	1.7%
Facilities	422,179	233,211	2.2%
Total ALEC	776,791	598,283	5.5%
BellSouth	6,580,806	10,199,492	

<sup>1</sup> Low estimate calculates facilities-based lines using a 4-to-1 line to trunk ratio.

<sup>2</sup> Facilities-based estimate for BellSouth is the average of Method 1 and Method 2.

<sup>3</sup> Source: BellSouth Switched Access Lines implied by Wakeling Affidavit.

<sup>4</sup> Source: BellSouth Total Access Lines (ARMIS 43-08).

<sup>5</sup> High estimate calculates facilities-based lines using a 10-to-1 line to trunk ratio.

Exhibit JPG-6  
Docket No.: 960786-TL  
Comparison to FCC Local Competition Report

**FCC Local Competition Report Misstates ILEC Lines**

	Switched Access Lines <sup>1</sup>	Total Access Lines <sup>1</sup>
BellSouth	6,611,456	10,255,524
Verizon	2,435,204	3,661,216
Sprint	2,211,708	3,661,286
	11,258,368	17,578,026
ILEC Lines in Local Competition Report <sup>2</sup>	11,079,693	

**Estimating ALEC Market Share  
Based on Voice Grade Equivalents**

<b>BellSouth Regionwide Data (000s)<sup>3</sup></b>	
BellSouth Regionwide Lines	25,898
BellSouth Regionwide VGEs	57,150
Regionwide Line-to-VGE Ratio	2.2
<b>Estimating BellSouth's Florida VGEs</b>	
BellSouth's Florida Lines	6,611,456
Estimated VGE Equivalent <sup>4</sup>	14,589,725
<b>ALEC VGE Market Share</b>	
ALEC VGEs <sup>5</sup>	1,007,756
ALEC Market Share	6.5%

<sup>1</sup> Source: ARMIS 43-08, 2000.

<sup>2</sup> Source: *Local Competition Report: Status as of December 31, 2001*, Industry Analysis Division, Common Carrier Bureau, Federal Communications Commission, May 2001, Table 6.

<sup>3</sup> Source: BellSouth 1<sup>st</sup> Quarter 2001 Earnings Release.

<sup>4</sup> Estimate is developed by applying BellSouth's regionwide line-to-VGE factor to BellSouth's Florida lines.

<sup>5</sup> Source: *Local Competition Report*, Table 6.

Exhibit JPG-7  
Docket No.: 960786-TL

**BellSouth's Financial Performance as UNE-Based Carrier**

**BellSouth's Financial Performance if UNE-Based Carrier  
(Florida -- 2000)**

	<b>Cost/Revenue (000s)</b>
Switched Services Revenues <sup>1</sup>	\$2,654,169
<b>Expenses</b>	
UNE Lease Payments	\$2,138,145
Marketing Expense (Acct 6610)	\$145,716
Customer Service Expense (Acct 6623)	\$275,164
Executive and Planning (Acct 6710)	\$36,993
General and Administrative (Acct 6720)	\$247,243
Total Operating Expense	\$2,843,261
Operating Income	(\$189,092)

---

<sup>1</sup> Switched services revenue is the total of Basic Local, End User, Switched Access, State Access and LD Message Revenues for 2000 (ARMIS 43-03).

**Estimated Cost of "Billing Information"**

Traffic Type	Calls (1000s)		Total Calls	UNE Rate <sup>1</sup>	Annual Cost
	Originating <sup>2</sup>	Terminating			
Local	23,027,888	23,027,888 <sup>3</sup>	46,055,776	\$0.006729	\$309,887,210
Access	3,560,942	5,582,449 <sup>4</sup>	9,143,391	\$0.014057	\$128,531,117
Average UNE Rate				\$0.007942	\$438,418,327

**UNE Rate Comparison  
(Daily Usage Files)**

	UNE Rate	Average Cost Per Line
BellSouth - Florida	\$0.007942	\$5.53
Ameritech - Michigan	\$0.000700	\$0.49
Qwest - Arizona	\$0.000762	\$0.53

<sup>1</sup> There is some confusion concerning the application of these charges. During the Alabama cost proceeding, BellSouth was asked to identify the unbundled network element charges that a ALEC would incur to offer basic local service (see Item No. 6 of DeltaCom's 1<sup>st</sup> Data Request, Docket No. 27821, February 20, 2001). In its response, BellSouth *did not* include charges for daily usage files. For purposes of the analysis described above, however, DUF charges are assessed on all local and access messages.

<sup>2</sup> Source: ARMIS 43-08, Table IV.

<sup>3</sup> Assumes local calling is balanced – that is, for every originating minute there is a single terminating minute.

<sup>4</sup> Source: Estimated from originating calling information by applying the average originating-to-terminating ratio for carrier common line minutes (1997 and 1998). ARMIS 43-01, Table IIa. Terminating switched access usage typically exceeds originating usage because of the prevalence of dedicated connections to some large customers.

## CERTIFICATE OF SERVICE

**I HEREBY CERTIFY** that a true and correct copy of the foregoing Rebuttal Testimony and Exhibits of Joseph Gillan on behalf of the Florida Competitive Carriers Association 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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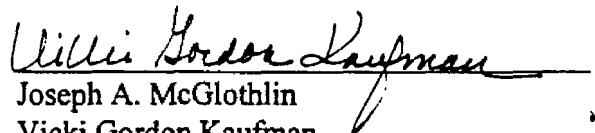
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**ATTACHMENT 2**

# ***CLEC Analysis?***

**A Response to the May 2001 Presentation  
by the Eastern Management Group**

Joseph Gillan  
FCCA  
July 9, 2001

## *Eastern Management Group's Claims*

- \* CLEC problems are the result of failed business plans.
- \* There has been “too much” CLEC entry.
- \* Don't worry, the best will survive.

## *Response*

- \* Collapse of the CLECs is pervasive, covering all business strategies, experience levels and technologies.
- \* The fundamental consequence of excess supply – falling prices – is not the culprit.
- \* RBOC out-of-region entry plans – including Verizon's – have fared no better than CLECs.

## *The Decline is Pervasive and Severe*

Company	2000 High	2/9/01 Close	07/07/01 Close	Change from High to Feb	Change from Feb to July
Adelphia	\$70.44	\$6.06	\$4.40	-91%	-27%
Allegiance	\$110.06	\$25.06	\$13.41	-77%	-46%
Choice One	\$71.38	\$13.44	\$5.46	-81%	-59%
Convergent	\$18.75	\$1.72	\$0.01	-91%	-99%
CoreComm	\$52.75	\$2.69	\$0.18	-95%	-93%
Covad	\$66.63	\$2.94	\$0.78	-96%	-73%
CTC Comm.	\$56.13	\$14.44	\$3.30	-74%	-77%
DSLNet, Inc.	\$32.56	\$2.09	\$0.77	-94%	-63%
e.spire	\$16.81	\$1.06	bankrupt	-94%	bankrupt
Electric Lightwave	\$27.00	\$5.38	\$1.11	-80%	-79%
Focal Comm.	\$85.00	\$13.56	\$2.79	-84%	-79%
Intermedia	\$77.38	\$15.00	absorbed	-81%	absorbed
ITC DeltaCom	\$43.50	\$7.25	\$3.93	-83%	-46%
McLeodUSA	\$35.94	\$15.88	\$2.96	-56%	-81%
Mpower	\$52.00	\$6.31	\$0.97	-88%	-85%
Net2000	\$40.00	\$3.00	\$1.11	-93%	-63%
Network Access	\$40.00	\$1.63	\$0.29	-96%	-82%
NorthPoint	\$34.75	bankrupt	bankrupt	bankrupt	bankrupt
Pac-West	\$41.75	\$5.00	\$1.75	-88%	-65%
Rhythms	\$50.00	\$1.41	bankrupt	-97%	bankrupt
Teligent	\$100.00	\$2.06	bankrupt	-98%	bankrupt
Time Warner	\$93.00	\$69.38	\$29.00	-25%	-58%
US LEC	\$48.00	\$6.63	\$2.34	-86%	-65%
WinStar	\$66.50	\$14.44	bankrupt	-78%	bankrupt
XO	\$66.25	\$17.38	\$1.77	-74%	-90%
Z-tel	\$50.00	\$5.13	\$1.37	-90%	-73%
			Average	-77%	-74%
Others					
ICG Communications		Bankrupt			
GST Communications		Bankrupt			
ART		Bankrupt			
RBOCs				-25%	-10%
IXCs				-66%	-15%

## ***Eastern Management Group's Predicted Winners:***

“XO and McLeod are going about it smartly.”

## ***Since EMG's Presentation:***

- \* Moody's lowers debt rating for both XO and McLeod to “junk bond” status.
- \* XO announces funding shortfall of \$750 million after receiving funding of \$250 million.
- \* McLeod misses revenue targets.
- \* XO and McLeod stock declines by 50%

***The “Sprinters”***  
**(According to EMG)**

	May 16 <u>2001</u>	July 7 <u>2001</u>	
XO	\$3.76	\$1.77	-52.9%
McLeod	\$5.60	\$2.96	-47.1%
Adelphia	\$4.37	\$4.40	0.7%
Time-Warner	\$43.11	\$29.00	-32.7%
Allegiance	\$16.05	\$13.41	-16.4%
NASDAQ	2166.44	2004.16	-7.5%
DOW	11215.9	10252.68	-8.6%

Other Indicators:

- \* Lucent falls to “junk bond” rating.
- \* NorTel announces a \$19.2 billion quarterly loss.

## *Verizon's Out-of-Region History*

### **1997 – William Barr in Senate Testimony:**

“We are competing with the RBOCs. And we have pledged to be in seven RBOC markets by the end of this [1997] year.”

### **1998 – Affidavits before the FCC:**

Since its first launch into California in September 1997, GTECC [GTE's "CLEC" affiliate] has learned that the assumptions upon which it built its business plan were simply too optimistic. In addition to encountering higher than expected costs of service delivery – i.e., order entry, provisioning, billing and customer care – GTECC has learned that customer acquisition costs, especially for the out-of-franchise small business customers, are higher than expected.

### **2001 - Wall Street Journal, February 28**

“Verizon is Closing OneSource Unit That Competed With Bell Titans”



## ***Ameritech to Compete with SBC -- SBC to Compete with World***

### **Ameritech Announces St. Louis Entry (1997):**

*“... [residential customers] deserve competition, and we plan to provide it ... I’ve heard the hand wringing from the big guys, but we’ll make it work.”*

### **SBC to Compete in 30 Markets (1999):**

*“Right now, all our competitors say nobody can do it, we can’t do it, we can’t do it, we’re not big enough, not enough discount, this isn’t right, this isn’t right. Well, we’re saying we can do it.”*

## ***SBC's History with Out-of-Region Entry***

***“SBC Launches Telecommunications Service in Atlanta; Atlanta Customers Now Have a Proven, Reliable Telecommunications Alternative”***

SBC Press Release, February 14, 2001

***“SBC retreats from Atlanta”***

Atlanta Journal-Constitution, March 3, 2001

**ATTACHMENT 3**  
**(CONFIDENTIAL)**

All filers must complete this section. File data as of: December 31, 2000

- 1. Filing Status
- 2. Company

3. Indicate the category that best describes the operations covered by this filing.

4. Filers must report separate data for ILEC and non-ILEC operations. Use the following drop-down box to indicate whether this worksheet contains data for ILEC or for non-ILEC operations.

5. Use the following drop-down box to select your company, parent or controlling entity name. Select "not shown" if it is not in the list. See instructions Section IV-B-1 for information on preparing file names.

If you selected "not shown" above, then provide the following:  
 Name of company, parent or controlling entity.

6. State.

7. Contact person (person who prepared the data contained below).

8. Contact person telephone number and e-mail address.  
 phone   
 e-mail

9. Indicate whether this is an original or revised filing.

10. Indicate whether you request non-disclosure of some or all of the information in this file because you believe that this information is privileged and confidential and public disclosure of such information would likely cause substantial harm to the competitive position of the filer.

11. If you requested non-disclosure in line 10, indicate if this is your complete or redacted file.

Please review instructions before completing form.

Reminders:

- 1) Virus check your floppy diskettes or compact disk before you mail them.
- 2) Use the correct version of the form. If you are not filing data for December 31, 2000, then obtain the correct version from [www.fcc.gov/broadband/data/forms](http://www.fcc.gov/broadband/data/forms).
- 3) You may not insert or delete columns or rows, move cells, or edit text or numbers outside the cells provided for data entries. Files that cannot be opened in EXCEL97, files whose structure has been altered, and files with improper names will be returned for refileing.
- 4) If you have questions about the form, contact the Common Carrier Bureau, Industry Analysis Division at (202) 418-0940; via e-mail at [477INFO@fcc.gov](mailto:477INFO@fcc.gov); or via TTY at (202) 418-0484.
- 5) You must include a Certification statement signed by an officer of your company. A single statement will cover all files included on the diskette.
- 6) If you request non-disclosure of some data, you must file a public version of the form with such information redacted. See Sections IV-B and IV-C of the instructions for information on preparing a redacted file.
- 7) Name your files as specified in section IV.B.1 of the instructions. To assist you, complete this Cover Page to generate an "example" name, below. Replace the character "#" in this example name with a sequence number as specified in the instructions. This number should be "1" unless using "1" would cause you to submit more than one file with the identical file name.

Example

OMB NO: 3060-0816  
 EXPIRATION DATE: 11/30/2003

WorldCom non-ILEC operations for Florida December 31, 2000

Complete Part I if you and all affiliates (including commonly controlled entities) provide 250 or more broadband lines or wireless channels in the state over your small business".

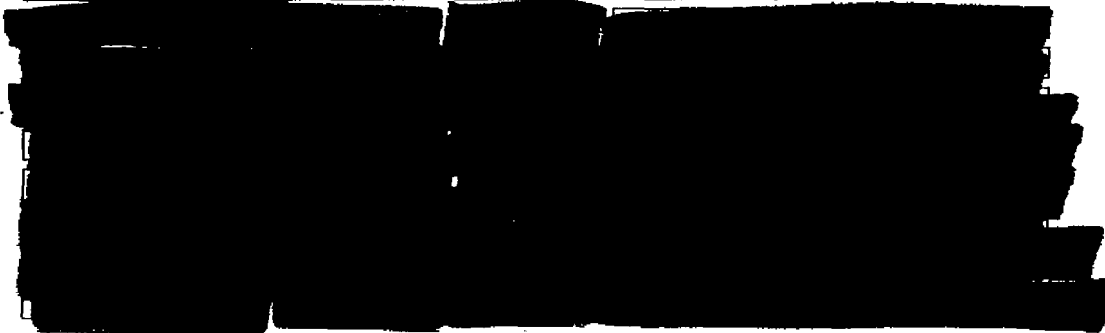
If you provide data in Part I, you must provide in Part V a list containing the 5-digit zip codes of the end-user locations in which you provide the broadband services reported herein. See instructions.

Data as of December 31, 2000

A. Lines and wireless channels of broadband service that you provided over your own facilities, or over UNE loops or other lines and wireless channels that you obtained from other service providers and equipped as broadband, categorized by technology at the end-user location.

(a) Total one-way and two-way (full) broadband lines and wireless channels	Percentages of lines and wireless channels reported in (a)				
	(b) % of (a) used by residential & small business customers	(c) % of (a) provided over your own facilities	(d) % of (a) provided (i.e. billed directly) to end users	(e) % of (a) providing customers greater than 200 kbps in both directions	(f) % of (a) providing customers greater than 2 mbps in both directions

- I - 1. Asymmetric xDSL.
- I - 2. Other traditional wireline including symmetric xDSL.
- I - 3. Coaxial carrier systems including hybrid fiber-coaxial systems.
- I - 4. Optical carrier (fiber to the end user).
- I - 5. Satellite.
- I - 6. Terrestrial wireless fixed.
- I - 7. Terrestrial wireless mobile.
- I - 8. All other technologies, such as distribution over electric power lines.



WorldCom non-ILEC operations for Florida December 31, 2000

Complete Part II if you and all affiliates (including commonly controlled entities) provide 10,000 or more voice-grade equivalent lines or wireless voice-grade equivalent channels used for local exchange or exchange access service in the state. See instructions for definitions of "voice telephone service", "voice-grade equivalent lines", "residential and small business", "owned facilities", "COLO switching centers", and "end users".

If you provide data in Part II, you must provide in Part V a list containing the 5-digit zip codes of the end-user locations in which you provide the wireline or fixed wireless voice grade services reported herein. See instructions.

Data as of December 31, 2000

A. Voice telephone service provided to end users.

II - 1. Total lines and channels you provided to end users.

B. Voice telephone service provided to other communications carriers, categorized by:

II - 2. Lines and channels that you provided under a Total Service Resale arrangement. See instructions.

II - 3. Lines and channels you provided under other resale arrangements, such as resold centrex.

C. UNE loops, special access lines, and those private lines that connect to carriers, categorized by:

II - 4. Lines and channels that you provided under a UNE loop arrangement, where you do not provide switching for the line.

II - 5. Lines and channels that you provided under a UNE loop arrangement, where you also provided switching for the line.

II - 6. Special access lines not provided as broadband and private lines that connect an end-user premises to a telecommunications common carrier and is not provided as broadband.

D. Total wireline voice-grade equivalent lines & fixed wireless voice-grade equivalent channels in service.

II - 7. Total lines and channels provided. [line II-1+line II-2 + line II-3]

(a) Total voice-grade equivalent lines and voice-grade equivalent wireless channels in service	Percentages of lines and wireless channels reported in (a)			
	(b) % of (a) used for residential & small business service	(c) % of (a) provided over your own facilities	(d) % of (a) provided over UNE loops	(e) % of (a) in ILEC COLO switching centers

[Redacted data for II-1]

[Redacted data for II-2]

[Redacted data for II-3]

[Redacted data for II-4]

[Redacted data for II-5]

[Redacted data for II-6]

[Redacted data for II-7]

[Redacted data for II-7]

[Redacted data for II-7]

[Redacted data for II-7]

Percentage of channels reported in (a), carried over the following types of facilities categorized by the technology used in the part of the line or wireless channel at the end-user location		
(f) cable coaxial	(g) wireless	(h) all other including traditional wireline

[Redacted data for II-7]


OMB NO: 3060-0816  
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WorldCom non-ILEC operations for Florida December 31, 2000

Complete Part III if you and all affiliates (including commonly controlled entities) serve 10,000 or more mobile voice telephony subscribers in the state over your own facilities. See instructions for definitions of "mobile voice telephony subscribers" and "owned facilities".

Data as of December 31, 2000

A. Mobile voice telephony subscribers in service and served over your own facilities.

(a) Network telephone service: subscribers	(b) Percentage of (a) provided (i.e. billed directly) to end users
	

III - 1. Cellular, PCS & other mobile telephony.





IWorldCom non-ILEC operations for Florida December 31, 2000

Filers completing Part I or Part II must supply a list of 5-digit Zip Codes in which the filer has at least one customer. Do not provide customer counts by Zip Code.

Data as of December 31, 2000

V - 1. 5-digit Zip Codes in the state in which you provide service to end-user locations:

(a) Broadband Service

(b) Wireline & Fixed Wireless Exchange Telephone

- 1
- 2
- 3
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EXPIRATION DATE: 11/30/2003