

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 960786A-TL

In the Matter of

CONSIDERATION OF BELLSOUTH
TELECOMMUNICATIONS, INC.'S ENTRY
INTO INTERLATA SERVICES PURSUANT
TO SECTION 271 OF THE FEDERAL TELE-
COMMUNICATIONS ACT OF 1996.

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VOLUME 2

Pages 58 through 242

PROCEEDINGS: HEARING

BEFORE: CHAIRMAN E. LEON JACOBS, JR.
COMMISSIONER J. TERRY DEASON
COMMISSIONER LILA A. JABER
COMMISSIONER BRAULIO L. BAEZ
COMMISSIONER MICHAEL A. PALECKI

DATE: Thursday, October 11, 2001

TIME: Commenced at 9:30 a.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: JANE FAUROT, RPR
Chief, Office of Hearing Reporter Services
FPSC Division of Commission Clerk and
Administrative Services
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APPEARANCES: (As heretofore noted.)

DOCUMENT NUMBER-DATE

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I N D E X

WITNESSES

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ID. ADMTD.

13 Composite - Exhibits to
Ms. Cox Prefiled Testimony

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CERTIFICATE OF REPORTER

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P R O C E E D I N G S

(Transcript follows in sequence from Volume 1.)

CHAIRMAN JACOBS: And we are prepared to begin.
Mr. Edenfield.

MS. FOSHEE: BellSouth would like to call its first
witness, Ms. Cindy Cox.

CHAIRMAN JACOBS: You may proceed.

CYNTHIA K. COX

was called as a witness on behalf of BellSouth
Telecommunications, Inc., and, having been duly sworn,
testified as follows:

D I R E C T E X A M I N A T I O N

BY MS. FOSHEE:

Q Ms. Cox, can you confirm, please, that you were
sworn?

A Yes, I was.

Q Could you state your name and your business address
for the record?

A Yes. My name is Cindy Cox. My business address is
675 West Peachtree Street in Atlanta, Georgia.

Q Ms. Cox, what is your position at BellSouth?

A I am a Senior Director in our State Regulatory
Department.

Q Did you cause to be prefiled in this proceeding 112
pages of direct testimony and five exhibits?

1 A Yes, I did.

2 Q Did you also cause to be prefiled 55 pages of revised
3 surrebuttal testimony and four exhibits?

4 A Yes, I did.

5 Q Was your revised surrebuttal further modified by a
6 letter filed with this Commission by BellSouth on October 8th?

7 A It was.

8 Q And in addition, in response to the withdrawal of
9 Witnesses Willis and Sarem, are you withdrawing today Page 24,
10 Line 21 through Page 26, Line 9 of your revised surrebuttal?

11 A Yes, I am.

12 Q Are you also --

13 CHAIRMAN JACOBS: Excuse me, could I get you to
14 repeat those pages again.

15 MS. FOSHEE: Yes, sir. Page 24, Line 21 through Page
16 26, Line 9.

17 CHAIRMAN JACOBS: Thank you.

18 BY MS. FOSHEE:

19 Q In addition, Ms. Cox, are you also withdrawing Page
20 54, Line 15 through Page 55, Line 18 of your revised
21 surrebuttal?

22 A Page 55, Line 8.

23 Q Line 8, thank you. Other than those modifications,
24 do you have any other changes or corrections to your prefiled
25 direct or your prefiled revised surrebuttal?

1 A I have two corrections to my prefiled surrebuttal.

2 Q Could you give those, please?

3 A Yes. The first is on Page 14, Line 14, and there are
4 a range of numbers there, 9.8 percent to 11.2 percent, that is
5 the range originally filed. It was revised in my surrebuttal,
6 it just failed to get picked up here. The new range should be
7 9.4 percent to 10.8 percent.

8 Q And do you have any other changes or corrections?

9 A I have one more. On Page 22, Line 3, there was a
10 cite to a North Carolina order, and in this line it says see
11 Page 1, it should actually say see Page 6.

12 Q With those changes and corrections, if I were to ask
13 you the questions contained in your prefiled direct and your
14 prefiled revised surrebuttal from the stand today, would your
15 answers be the same?

16 A Yes, they would.

17 MS. FOSHEE: And with that I would move the direct
18 and revised surrebuttal prefiled testimony of Ms. Cox into the
19 record subject to cross examination.

20 CHAIRMAN JACOBS: Without objection, show the direct
21 and revised surrebuttal of Ms. Cox is entered into the record
22 as though read.

23 MS. FOSHEE: Thank you, Mr. Chairman. And I would
24 also ask that Ms. Cox's nine exhibits be marked for
25 identification and moved into the record at the appropriate

1 time.

2 CHAIRMAN JACOBS: Very well. The tenth is stricken,
3 I see that. Do you need separate or can we make it one
4 composite exhibit?

5 MS. FOSHEE: We can make that one composite exhibit,
6 your preference.

7 CHAIRMAN JACOBS: Very well. We will mark that now
8 as Exhibit 13.

9 MS. FOSHEE: Thank you.

10 (Composite Exhibit 13 marked for identification.)

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BELLSOUTH TELECOMMUNICATIONS, INC.
DIRECT TESTIMONY OF CYNTHIA K. COX
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 960786-TP
May 31, 2001

PART I: INTRODUCTION

Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH BELLSOUTH TELECOMMUNICATIONS, INC. ("BELLSOUTH") AND YOUR BUSINESS ADDRESS.

A. My name is Cynthia K. Cox. I am employed by BellSouth as Senior Director for State Regulatory for the nine-state BellSouth region. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375.

Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND EXPERIENCE.

A. I graduated from the University of Cincinnati in 1981 with a Bachelor of Business Administration degree in Finance. I graduated from the Georgia Institute of Technology in 1984 with a Master of Science degree in Quantitative Economics. I immediately joined Southern Bell in the Rates and Tariffs organization with the responsibility for demand analysis. In 1985 my responsibilities expanded to include administration of selected rates and tariffs

1 including preparation of tariff filings. In 1989, I accepted an assignment in the
2 North Carolina regulatory office where I was BellSouth's primary liaison with
3 the North Carolina Utilities Commission Staff and the Public Staff. In 1993, I
4 accepted an assignment in the Governmental Affairs department in Washington
5 D.C. While in this office, I worked with national organizations of state and
6 local legislators, National Association of Regulatory Utility Commissions
7 ("NARUC"), the Federal Communications Commission ("FCC") and selected
8 House delegations from the BellSouth region. In February 2000, I was
9 appointed Senior Director of State Regulatory.

10

11 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

12

13 A. The purpose of my testimony in this proceeding is to demonstrate that
14 BellSouth has met the requirements of the Telecommunications Act of 1996
15 ("Act") for entry into the interLATA services market. Specifically, I address
16 each of the fourteen-point competitive checklist items found in Section
17 271(c)(2)(B) of the Act. For each checklist item I provide:

- 18 1) an explanation of the checklist item;
- 19 2) discussion of the Florida Public Service Commission ("FPSC") and
20 FCC findings on the checklist item;
- 21 3) illustrative references to agreements under which the offering is
22 available; and
- 23 4) demonstration of BellSouth's compliance with the checklist items.

24

25 Q. PLEASE IDENTIFY THE OTHER BELLSOUTH WITNESSES FILING

1 DIRECT TESTIMONY AND THE TOPICS THAT EACH WILL ADDRESS.

2

3 A. In addition to my testimony, BellSouth will present the direct testimony of the
4 following witnesses addressing the areas listed below:

5

6

7

8

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Witness	Area
Daonne Caldwell	Cost
Jerry Latham	Loops
Keith Milner	Network
David Scollard	Billing
Thomas Williams	Line-Sharing

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23

24 ¹ *Final Order on BellSouth Telecommunications, Inc.'s Petition Filed Pursuant to Section 271 (C) of the*
25 *Telecommunications Act of 1996 and Proposed Agency Action Order on Statement of Generally*
Available Terms and Conditions, Order No. PSC-97-1459-FOF-TL, issued on November 19, 1997
(“1997 Order”).

1 A. The remainder of my testimony is arranged into the following sections: Part II
2 provides a history and background of the 271 rulings and decisions; Part III
3 addresses Issue 1 contained in the FPSC's April 25, 2001 Order² and
4 demonstrates BellSouth's compliance with the requirements of Track A; Part
5 IV addresses Issues 2 through 17 as contained in the FPSC's 2001 Issue Order,
6 and demonstrates BellSouth's compliance with each of the fourteen-point
7 checklist items; and, Part V summarizes and concludes my testimony. In
8 addition, there are five exhibits attached to my testimony.

9
10 Q. PLEASE DESCRIBE THE EXHIBITS ATTACHED TO YOUR
11 TESTIMONY.

12
13 A. Attached to my testimony is a series of exhibits that are referenced at various
14 points within my testimony. These exhibits are as follows:

15
16 CKC-1 Glossary – A list of the acronyms, and their definitions, that are
17 contained within my testimony.

18 CKC-2 FPSC Proceedings – Description of the key proceedings undertaken
19 by the FPSC on resale and unbundling, performance measurements,
20 operations support systems and several extensive arbitrations of
21 agreements.

22 _____
23 ² *Order Regarding Issues to be Addressed at Hearing*, Florida Public Service Commission Order No.
24 PSC-01-1025-PCO-TL, issued April 25, 2001 ("2001 Issue Order"). This Order, at page 5, requires
25 KPMG to address, in addition to the specific third party test results, a description of any differences
between the access to OSS functions BellSouth provides itself and that which it provides to ALECs,
with an analysis of the operational effect of the differences. This requires an analysis of commercial
data ("Commercial Data Review") and will be conducted as part of the KPMG third party testing
("KPMG 3PT").

- 1 CKC-3 Checklist Compliance Matrix – This chart provides a representative
2 sample of agreements that BellSouth has entered into with
3 Alternative Local Exchange Companies (“ALECs”) and identifies
4 where the agreement demonstrates BellSouth’s obligation to
5 provide each of the fourteen-point checklist items. This matrix also
6 includes, for each checklist item, citations to BellSouth’s Statement
7 of Generally Available Terms and Conditions (“SGAT”).
- 8 CKC-4 Competition Affidavit – The affidavit of Mr. Victor Wakeling
9 describes the current status of local exchange service competition
10 within BellSouth’s wireline local service area in Florida.
- 11 CKC-5 BellSouth’s SGAT - A copy of BellSouth’s SGAT is included here
12 for ease of reference. The SGAT enables ALECs to interconnect
13 with BellSouth, purchase unbundled network elements, and/or resell
14 BellSouth services without negotiating an individual agreement
15 with BellSouth.
16
- 17 Q. WILL BELLSOUTH’S PERFORMANCE DATA BE ADDRESSED IN THIS
18 PROCEEDING?
19
- 20 A. No. The FPSC initiated Docket Nos. 981834-TP and 960786-TP to address
21 BellSouth’s provision of nondiscriminatory access to its Operational Support
22 Systems (“OSS”) via a third party test conducted by KPMG. BellSouth’s
23 performance data will be provided in a separate filing as part of KPMG’s
24 Commercial Data Review that was incorporated into the KPMG 3PT docket by
25 the FPSC in its 2001 Issue Order.

1

2 Q. WHAT IS BELLSOUTH REQUESTING OF THE FPSC IN THIS
3 PROCEEDING?

4

5 A. At the conclusion of this proceeding BellSouth will ask the FPSC to do four
6 things:

7

- 8 1) Rule that BellSouth has met the requirements of Track A;
- 9 2) Determine that BellSouth has met the requirements of the fourteen-point
10 checklist through agreements it has with ALECs operating in Florida;
- 11 3) Approve interim cost-based rates for elements for which permanent cost-
12 based rates have not been established; and
- 13 4) Find that BellSouth's SGAT meets the requirements of the Act.

14

15 **PART II: 271 HISTORY AND BACKGROUND**

16

17 Q. PLEASE DESCRIBE BELLSOUTH'S PREVIOUS 271 FILING WITH THE
18 FLORIDA PUBLIC SERVICE COMMISSION.

19

20 A. In the FPSC's 1997 Order, the FPSC found that BellSouth had satisfied the
21 following items:

22

(3) Poles, Ducts, Conduits and Rights-of-Way;

23

(4) Local Loop;

24

(7) Nondiscriminatory Access to (I) 911/E911, and (II) Operator

25

Call Completion Services;

- 1 (8) White Pages Directory Listings;
- 2 (9) Non-discriminatory Access to Telephone Numbers;
- 3 (10) Databases & Associated Signaling;
- 4 (11) Number Portability;
- 5 (12) Local Dialing Parity;
- 6 (13) Reciprocal Compensation.

7

8 In this proceeding, BellSouth updates the record with evidence that BellSouth
9 continues to meet the requirements of checklist items 3, 4, 7, 8, 9, 10, 11, 12,
10 and 13, thereby affirming the Commission's previous ruling. Further, this
11 Commission determined that because "BellSouth has met the requirements of
12 several checklist items that it may not be required to relitigate those issues in a
13 future proceeding." (1997 Order, at p. 15). As discussed above, the
14 Commission found also "that when BellSouth refiles its 271 case with us, it
15 must provide us with all documentation that it intends to file with the FCC in
16 support of its application." (1997 Order, at p. 15).

17

18 For those checklist items that the Commission found BellSouth had not
19 satisfied, namely

- 20 (1) Interconnection;
- 21 (2) Access to Network Elements;
- 22 (5) Local Transport;
- 23 (6) Local Switching;
- 24 (7) (III) Directory Assistance; and
- 25 (14) Resale,

1

2 BellSouth provides evidence in this proceeding that demonstrates BellSouth's
3 compliance with all of these checklist items. The evidence demonstrating
4 BellSouth's compliance with all checklist items is discussed in Part IV of my
5 testimony and in more detail throughout the testimony of BellSouth's other
6 witnesses.

7

8 Q. WHAT HAS BELLSOUTH LEARNED FROM ITS LAST 271 FILING
9 WITH THE FCC ?

10

11 A. On October 13, 1998, the FCC released its Memorandum Opinion and Order in
12 CC Docket 98-121 denying BellSouth's application to provide interLATA
13 services originating in Louisiana.³ In its Louisiana II Order (at ¶ 8), the FCC
14 found that BellSouth satisfied the following checklist items:

15 (3) Nondiscriminatory Access to Poles, Ducts, Conduits and Rights-of-
16 way;

17 (7) (I) E911/911 Services;

18 (8) White Pages Directory Listings;

19 (9) Nondiscriminatory Access to Telephone Numbers;

20 (10) Nondiscriminatory Access to Databases and Signaling;

21 (12) Local Dialing Parity; and

22 (13) Reciprocal Compensation Arrangements.

23

24

25 ³ *Application of BellSouth Corporation, BellSouth Telecommunications, Inc., and BellSouth Long Distance, Inc., for Provision of In-Region, Inter-LATA Services in Louisiana*, CC Docket No. 98-121 Memorandum Opinion and Order, Released October 13, 1998, ("Louisiana II Order").

1 In those areas where the FCC determined that BellSouth's application failed to
2 demonstrate compliance (checklist items 1, 2, 4, 5, 6, 7 (II) and (III), 11 and
3 14), the FCC provided guidance as to what BellSouth must do to comply with
4 the statute. In addition, the FCC concluded, "the next time BellSouth files for
5 section 271 approval in Louisiana, BellSouth may incorporate by reference its
6 prior showing for these checklist items. BellSouth must, however, certify in
7 the application that its actions and performance at the time are consistent with
8 the showing upon which we base our determination that the statutory
9 requirements for these checklist items have been met." (Louisiana II Order, at ¶
10 8). The FCC further ruled that, in future proceedings, any arguments from
11 commenters that BellSouth fails to satisfy a checklist item must relate to new
12 information.

13

14 Q. WHAT ARE THE KEY FPSC PROCEEDINGS AND/OR DOCKETS
15 RELATIVE TO THE IMPLEMENTATION OF THE ACT IN FLORIDA?

16

17 A. A detailed listing and description of the key proceedings undertaken by the
18 FPSC is attached to my testimony as Exhibit CKC-2. The FPSC's decisions in
19 these proceedings pertain to resale and unbundling, performance
20 measurements, and operations support systems. The list also includes several
21 extensive arbitration proceedings, during which the Commission resolved key
22 issues.

23

24 Q. EXPLAIN WHAT CURRENT FPSC PROCEEDINGS HAVE RELEVANCE
25 TO BELL SOUTH'S 271 PETITION.

1

2 A. The following open proceedings in Florida have relevance to BellSouth's 271
3 application. A brief explanation of each of these proceedings is also provided:

4

5 **Docket No. 000121-TP (*Establishment of Permanent Performance***
6 ***Measurements and Enforcement Mechanisms*)** – This docket will establish
7 permanent performance measurements that will be used to determine whether
8 BellSouth is providing unbundled network elements (“UNEs”), interconnection
9 and resold services to ALECs in a nondiscriminatory manner. The current
10 schedule for this docket shows that the FPSC will rule on permanent
11 performance measurements at its July 10, 2001 agenda session.

12

13 **Docket Nos. 981834-TP and 960786-TP (*KPMG 3PT and Interim***
14 ***Performance Measurements*)** – The Commission initiated third party testing of
15 BellSouth's OSS through its approval of KPMG's Master Test Plan (“MTP”).
16 The MTP identifies the specific testing activities undertaken by KPMG. The
17 FPSC also approved interim performance metrics, retail analogs/benchmarks
18 and the statistical methodology to be used during KPMG's third party testing.
19 KPMG's current schedule indicates that the third party test will finish in
20 August 2001.

21

22 **Docket No. 990649-TP (*Establishment of Cost Based Rates for UNEs and***
23 ***Interconnection*)** – The Commission's UNE cost docket will establish
24 permanent cost-based rates for most of the UNEs and interconnection
25 offerings. The rates established in Docket No. 990649-TP will be incorporated

1 into the SGAT price list, see Exhibit CKC-5, Attachment A, immediately
2 following the issuance of the FPSC's written order. Upon request, BellSouth
3 will negotiate amendments to incorporate these rates into existing agreements.
4

5 Q. WILL DOCKET NO. 990649-TP ESTABLISH COST-BASED RATES FOR
6 ALL UNE AND INTERCONNECTION COMPONENTS THAT ARE
7 REQUIRED BY THE FOURTEEN-POINT CHECKLIST?
8

9 A. No. The FPSC has not established permanent cost-based rates for certain
10 physical collocation elements, line sharing unbundled network elements, and
11 the non-designed unbundled copper loop. Because rates for these elements are
12 not being considered in Docket No. 990649-TP, BellSouth respectfully
13 requests that the FPSC set cost-based rates for these elements in this
14 proceeding. To that end, BellSouth has filed cost studies for physical
15 collocation, line sharing, and the non-designed unbundled copper loop for the
16 FPSC's consideration. These rates will be interim, subject to true up, and
17 modified to be compliant with the cost methodology contained in the
18 Commission's written order in Docket No. 990649-TP. Cost studies for these
19 elements are attached to and supported by the testimony of BellSouth witness
20 Ms. Daonne Caldwell.
21

22 Q. PLEASE ELABORATE ON THE EFFECT THAT THE KPMG THIRD
23 PARTY OSS TEST WILL HAVE ON THIS PROCEEDING.
24

25 A. The FPSC concluded in its 1997 Order that an important component of a future

1 271 filing was an independent end-to-end test of BellSouth's OSS. Since early
2 1999, this Commission has been engaged in an extensive independent OSS test
3 with KPMG on behalf of BellSouth. That test is expected to be complete by
4 August 2001. It is important to remember, however, that even if the KPMG
5 3PT is not completed, the performance data associated with commercial usage
6 of BellSouth's systems demonstrates compliance with the fourteen-point
7 checklist.

8

9 **PART III: COMPLIANCE WITH TRACK A**

10

11 *Issue 1: Has BellSouth met the requirements of Section 271 (c) (1) (A) of the*
12 *Telecommunications Act of 1996?*

13 *(a) Has BellSouth entered into one or more binding agreements approved*
14 *under Section 252 with unaffiliated competing providers of telephone*
15 *exchange service?*

16 *(b) Does BellSouth currently provide access and interconnection to its*
17 *network facilities for the network facilities of competing providers?*

18 *(c) Are such competing providers providing telephone exchange service to*
19 *residential and business customers either exclusively over their own*
20 *telephone exchange service facilities or predominantly over their own*
21 *telephone exchange service facilities?*

22

23 Q. WHAT IS YOUR UNDERSTANDING OF THE GOAL OF THE ACT AND
24 OF SECTION 271 IN PARTICULAR?

25

1 A. The goal of the Act with respect to telecommunications is to promote the
2 development of competition across all telecommunications markets. Pursuant
3 to Sections 251 and 252 of the Act, BellSouth has opened the local exchange
4 market to competition on both a facilities and resale basis through
5 interconnection agreements with competitors. Section 271 of the Act
6 establishes the criteria that the BOCs must meet in order to enter the in-region
7 interLATA services market as defined in the Act. Section 271 also outlines the
8 roles that the FCC, the State Commissions and the Department of Justice
9 (“DOJ”) play in the process.

10

11 Q. WHAT IS YOUR UNDERSTANDING OF THE REQUIREMENTS OF
12 TRACK A?

13

14 A. The following excerpt from Section 271(c)(1)(A) of the Act states the Track A
15 requirements:

16

17 A Bell operating company meets the requirements
18 of this subparagraph if it has entered into one or
19 more binding agreements that have been approved
20 under Section 252 specifying the terms and
21 conditions under which the Bell operating company
22 is providing access and interconnection to its
23 network facilities for the network facilities of one or
24 more unaffiliated competing providers of telephone
25 exchange service (as defined in Section 3(47)(A),
but excluding exchange access) to residential and
business subscribers. For the purpose of this
subparagraph, such telephone exchange service may
be offered by such competing providers either
exclusively over their own telephone exchange
service facilities or predominately over their own
telephone exchange service facilities in combination

1 with the resale of the telecommunications services
2 of another carrier. For the purpose of this
3 subparagraph, services provided pursuant to Subpart
4 K of Part 22 of the Commission's regulations (47
5 CFR §22.901 et seq.) shall not be considered to be
6 telephone exchange services.

7 Q. DOES BELLSOUTH PLAN TO FILE ITS APPLICATION FOR IN-REGION
8 INTERLATA RELIEF WITH THE FCC UNDER TRACK A (BASED ON
9 THE PRESENCE OF A QUALIFYING CARRIER)?

10 A. Yes. BellSouth will file its Florida 271 Application with the FCC under the
11 Track A provisions of the Act. As of May 2001, BellSouth has successfully
12 negotiated or has arbitrated, and the FPSC has approved, over 500
13 interconnection, resale, and/or collocation agreements with certified carriers in
14 Florida.

15
16 Attached to my testimony, as Exhibit CKC-3, is a matrix showing a
17 representative sample of agreements that BellSouth has entered into with
18 ALECs operating in Florida. This matrix provides the ALEC name and the
19 location within the agreement where BellSouth demonstrates its legal
20 obligation to provide access and interconnection that meets the requirements of
21 the competitive checklist.

22
23 Q. WHAT IS THE STATUS OF LOCAL COMPETITION IN FLORIDA?

24
25 A. The evidence is clear that BellSouth has opened the Florida local exchange

1 market to competition. As of February 2001, over 120 ALECs are providing
 2 local service to approximately 836,000 lines in Florida. In Florida, BellSouth
 3 is experiencing facilities-based competition levels equal to or greater than the
 4 levels reported by the other BOCs that have obtained Section 271 approval.
 5 The table below provides a comparison of the competitive market in Florida to
 6 the markets in Kansas, Oklahoma, and Texas.⁴ The competitive data for
 7 Kansas, Oklahoma, and Texas were filed as a part of the joint affidavit of Gary
 8 J. Smith and Mark Johnson (now public record) in SBC's joint
 9 Kansas/Oklahoma 271 application⁵.

ALEC COMPETITIVE LINE SHARE			
Kansas (Aug 2000)	Oklahoma (Aug 2000)	Texas (Jan 2000)	Florida (Feb 2001)
9.0% - 9.5%	5.5% - 6.3%	8.1% - 8.4%	9.8%-11.3%

16 Further evidence of local competition in Florida is provided in the affidavit of
 17 Mr. Wakeling in Exhibit CKC-4, attached to my testimony.

18
 19 Q. IS IT REASONABLE FOR THE FPSC TO CONCLUDE THAT
 20 COMPETITION IN BELLSOUTH'S LOCAL MARKETS WILL INCREASE
 21 UPON BELLSOUTH'S ENTRY INTO THE INTERLATA LONG
 22

23 ⁴ The range of percentages in the table is based on two comparable methodologies used by the BOCs to
 calculate market share.

24 ⁵ *Joint Application by SBC Communications, Inc., Southwestern Bell Telephone Company, and*
Southwestern Bell Communications Services Inc., d/b/a/ Southwestern Bell Long Distance for Provision
 25 *of In-Region, InterLATA Services in Kansas and Oklahoma*, CC Docket No. 00-217, Released January
 22, 2001) ("SWBT Order-KS/OK").

1 DISTANCE MARKET IN FLORIDA?

2

3 A. Yes. The only certain way for the Commission to incent ALECs to engage in
4 broad-based competition in BellSouth's local markets is to allow BellSouth's
5 entry into the interLATA long distance market. Now that two BOCs have
6 gained interLATA entry in their territory, the FPSC need only look at their
7 experience to conclude that BellSouth's entry into the long distance market in
8 Florida will likely accelerate the pace of competition in BellSouth's local
9 exchange markets.

10

11 Q. WHAT HAPPENED TO LOCAL COMPETITION WHEN VERIZON AND
12 SBC ENTERED THE INTERLATA MARKETS IN NEW YORK AND
13 TEXAS, RESPECTIVELY?

14

15 A. The entry of Verizon into the New York long distance market and SBC into the
16 Texas long distance market prompted AT&T, WorldCom and Sprint to offer
17 new local exchange service plans in an attempt to win customers from those
18 BOCs. The FCC's Local Competition Report⁶ supports the fact that states with
19 long distance approval show the greatest competitive activity.

20

21 Published reports, including statistics from the FCC's Local Competition
22 Report, reflect that Verizon lost 2.8 million lines in New York, compared to
23 1.2 million lines the prior year, an increase of over 130%, from the time the

24

25 ⁶ Federal Communications Commission Local Telephone Competition: Status as of December 31, 2000,
Released May 21, 2001 ("FCC's Local Competition Report").

1 FCC granted Verizon's long distance application in New York.

2

3 According to the FCC's Local Competition Report, ALECs in Texas greatly
4 increased their presence in the local marketplace by capturing 12% of the
5 market, gaining over a half million (644,980) end-user lines. This represents an
6 increase of over 60% in customer lines since June 2000, when the FCC
7 authorized SBC's Texas long distance application.

8

9 Also according to the FCC's Local Competition Report, ALEC market share in
10 New York and Texas (the two states that had 271 approval during the reporting
11 period ending in December 2000) are over 135% and 45% higher than the
12 national average, respectively.

13

14 Further, the FCC's report stated that ALECs provided about 35% of their end-
15 user lines over their own local loop facilities. ILECs provide about 6.8 million
16 resale lines as of the end of the year 2000, compared to about 5.7 million lines
17 six months earlier, and they provided about 5.3 million UNE loops as of the
18 end of the year 2000, an increase of 62% during the six months. At least one
19 ALEC was serving customers in 56% of the nation's zip codes at the end of the
20 year 2000.

21

22 In Florida, ALECs currently have access to existing collocation arrangements
23 that allow them to serve approximately 94% of BellSouth's total access lines.

24 This Commission need only look at the increased local competition in New

25 York and Texas to conclude that BellSouth's entry into the long distance

1 market in Florida will likely accelerate the pace of competition in BellSouth's
2 local exchange markets in this state.

3

4 Q. WHAT RELEVANCE DOES INCREASED LOCAL COMPETITION HAVE
5 IN THIS PROCEEDING, OR ANY 271 PROCEEDING, FOR THAT
6 MATTER?

7

8 A. The goal of the Act was to increase competitive options to customers in all
9 segments of the telecommunications market. Immediately following the
10 enactment of the Act, only BOCs were unable to offer a full complement of
11 telecommunications services. Congress developed the requirements that a
12 BOC must meet before being allowed to offer in-region, interLATA service.
13 These requirements were determined as necessary to allow companies to
14 compete in the local service market.

15

16 As discussed above, the significant increase in the level of local competition
17 after Verizon and SBC were allowed entry in the interLATA market provides
18 clear evidence that approval of a BOC's 271 application fosters competition in
19 the relevant telecommunications markets and, therefore, benefits the
20 consumers, the providers and the overall economy.

21

22 **PART IV: COMPLIANCE WITH THE COMPETITIVE CHECKLIST**

23

24 Q. SECTION 271(c)(2)(B) OF THE ACT REFERS TO A "COMPETITIVE
25 CHECKLIST". WHAT IS THE COMPETITIVE CHECKLIST?

- 1
- 2 A. The competitive checklist is a list of fourteen requirements (often called
- 3 “points”) related to “access or interconnection provided or generally offered”
- 4 to other telecommunications carriers with which a BOC must comply in order
- 5 to meet the requirements of Section 271(c)(2)(B). The checklist identifies the
- 6 necessary functions of interconnection, access to UNEs and resale of
- 7 telecommunications services that Congress determined should be made
- 8 available in order to fully open the local exchange market to competition. The
- 9 fourteen requirements address the following:
- 10 (1) Interconnection;
- 11 (2) Nondiscriminatory Access to Network Elements;
- 12 (3) Nondiscriminatory Access to Poles, Ducts, Conduits and Rights
- 13 of Way;
- 14 (4) Unbundled Local Loops;
- 15 (5) Unbundled Local Transport;
- 16 (6) Unbundled Local Switching;
- 17 (7) Nondiscriminatory Access to:
- 18 I. E911/911 Services
- 19 II. Directory Assistance
- 20 III. Operator Call Completion Services;
- 21 (8) White Pages Directory Listings;
- 22 (9) Nondiscriminatory Access to Telephone Numbers;
- 23 (10) Nondiscriminatory Access to Databases and Signaling;
- 24 (11) Number Portability;
- 25 (12) Local Dialing Parity;

1 (13) Reciprocal Compensation Arrangements; and

2 (14) Resale.

3

4 Q. WHAT ARE BELLSOUTH'S GENERAL PRICING POLICIES FOR
5 CHECKLIST ITEMS CONCERNING INTERCONNECTION, UNES,
6 TRANSPORT AND TERMINATION?

7

8 A. It is BellSouth's policy to adhere to the pricing rules set forth in the Act and in
9 the FCC's pricing rules. Section 252(d)(1) of the Act states that
10 interconnection and network element charges must be just and reasonable.
11 Such just and reasonable charges shall be based on the cost (determined
12 without reference to a rate of return or other rate-based proceeding) of
13 providing the interconnection or network element (whichever is applicable).
14 The prices must be nondiscriminatory, and may include a reasonable profit.
15 Section 252(d)(2)(A) of the Act requires that charges for transport and
16 termination of traffic shall be mutual and reciprocal and be based on a
17 reasonable approximation of the additional costs of terminating such calls. For
18 all checklist items to which Section 252(d) is applicable, BellSouth provides
19 prices that meet the criteria of Section 252(d) of the Act.

20

21 As Ms. Caldwell explains in her testimony, BellSouth's cost studies are
22 compliant with the FCC's pricing rules.

23

24 Q. WHAT PRICES WILL BELLSOUTH CHARGE FOR
25 INTERCONNECTION, UNES AND RESALE?

1
2 A. The prices that ALECs will be charged for interconnection and UNEs are
3 contained in Attachment A to BellSouth's SGAT. (See Exhibit CKC-5). The
4 prices for interconnection and UNEs are based on total element long run
5 incremental cost ("TELRIC") methodology, consistent with Section 252(d) of
6 the Act and the FCC's pricing rules. As I mentioned earlier in my testimony,
7 the methodology used in these cost studies is being reviewed and considered
8 by the Commission in Docket No. 990649-TP. For rates for those elements
9 not considered in Docket No. 990649-TP, specifically physical collocation,
10 line sharing, and the non-designed unbundled copper loop, BellSouth has
11 included in the SGAT the prices supported by the cost studies filed in this
12 proceeding. The prices included in Attachment A of BellSouth's SGAT will
13 be modified, upon receipt of the written order, to conform to the final prices
14 that will be established by the Commission in Docket No. 990649-TP or other
15 anticipated generic proceedings. Ms. Caldwell addresses the cost studies being
16 filed in this proceeding.

17
18 The FPSC previously established a residential discount of 21.83% and a
19 business discount of 16.81% that applies to resold services in its December 31,
20 1996 Order.⁷ The FPSC concluded that these discounts comply with the Act
21 because wholesale rates must exclude the portion of retail costs that will be

22

23 ⁷ *Petitions by AT&T Communications of the Southern States, Inc., MCI Telecommunications*
24 *Corporation, MCI Metro Access Transmission Services, Inc., American Communications Services, Inc.*
25 *and American Communications Services of Jacksonville, Inc. for Arbitration of Certain Terms and*
Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning
Interconnection and Resale Under the Telecommunications Act of 1996, Order No. PSC-96-1579-FOF-
TP, Docket Numbers 960833-TP; 960846-TP; 960916-TP, Released December 31, 1996.

1 avoided by BellSouth in a wholesale environment. These resale discounts are
2 contained in Attachment 1 to BellSouth's resale and interconnection
3 agreements (See Exhibit CKC-3) and in Attachment H of BellSouth's SGAT.
4 (See Exhibit CKC-5).

5
6 Q. HOW IS THE REMAINDER OF THIS PART OF YOUR TESTIMONY
7 ORGANIZED?

8
9 A. This part of my testimony will discuss and demonstrate the legal requirements
10 for each checklist item, how BellSouth has met each of the individual fourteen-
11 point checklist items, and how BellSouth has addressed the issues identified by
12 the FPSC in its 1997 Order, and in its 2001 Issue Order, and by the FCC in its
13 Louisiana II Order. Additional demonstration of compliance and analysis
14 regarding the ordering, provisioning, and billing of checklist items are included
15 in the testimony of the other BellSouth witnesses.

16
17 *Issue 2: Does BellSouth currently provide interconnection in accordance with the*
18 *requirements of Sections 251 (c) (2) and 252 (d) (1) of the Telecommunications Act*
19 *of 1996, pursuant to Section 271 (c) (2) (B) (i) and applicable rules promulgated by*
20 *the FCC?*

21 (a) *Has BellSouth implemented physical collocation requests in Florida*
22 *consistent with FCC rules and orders?*

23 (b) *Does BellSouth have legally binding provisioning intervals for*
24 *physical collocation?*

25 (c) *Does BellSouth currently provide local tandem interconnection to*

1 *ALECs?*

2 *(d) Does BellSouth currently permit the use of a Percent Local Usage*
3 *(PLU) factor in conjunction with trunking?*

4 *(e) Does BellSouth currently provide ALECs with meet point billing*
5 *data?*

6 *(f) Has BellSouth satisfied other associated requirements, if any, for this*
7 *item?*

8

9 Q. PLEASE DESCRIBE INTERCONNECTION AS COVERED BY
10 CHECKLIST ITEM NO 1.

11

12 A. In accordance with Sections 251(c)(2) and 252(d)(1) of the Act,
13 interconnection allows for the exchange of local traffic between BellSouth and
14 an ALEC over trunks terminated at specified interconnection points.

15

16 Q. WHAT ARE THE REQUIREMENTS OF SECTIONS 251(c)(2) AND
17 252(d)(1) OF THE ACT REGARDING INTERCONNECTION?

18

19 A. Section 251(c)(2) of the Act outlines the obligations of incumbent local
20 exchange companies (“ILECs”) regarding interconnection. Specifically, an
21 ILEC such as BellSouth has the duty to provide interconnection of requesting
22 telecommunications carriers’ facilities and equipment with BellSouth’s
23 network for the purposes of transmission and routing of telephone exchange
24 service and exchange access. This interconnection must be provided at any
25 technically feasible point and must be at least equal in quality to that provided

1 by the ILEC to itself or any other party to which the ILEC provides
2 interconnection. Section 252(d)(1) of the Act specifies the pricing standards
3 for such interconnection.

4
5 Q. WHAT ARE THE FCC'S RULES AND REQUIREMENTS REGARDING
6 INTERCONNECTION?

7
8 A. FCC Rule 51.305 requires that an ILEC must provide, for the facilities and
9 equipment of any requesting telecommunications carrier, interconnection with
10 the ILEC's network. This interconnection is for the transmission and routing
11 of telephone exchange service and exchange access service at any technically
12 feasible point within the ILEC's network. The points of interconnection within
13 the ILEC's network will include, at a minimum, the line-side of a local switch,
14 the trunk-side of a local switch, the trunk interconnection points for a tandem
15 switch, central office cross-connect points, out-of-band signaling transfer
16 points and access to call-related databases, and the points of access to UNEs.
17 The FCC's Bell Atlantic Order approving Bell Atlantic's 271 application for
18 New York⁸ confirmed that technically feasible methods of interconnection
19 include ILEC provision of interconnection trunking, physical and virtual
20 collocation and meet point arrangements. (¶ 66).

21
22 In the FCC's Order approving Southwestern Bell's 271 application for Texas⁹

23 _____
24 ⁸ *Application of Bell Atlantic New York for Authorization Under Section 271 of the Communications Act to Provide In-Region InterLATA Service in the State of New York*, CC Docket No. 99-295, Released December 22, 1999, ("Bell Atlantic New York Order")

25 ⁹ *Application by SBC Communications Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communication Services, Inc. d/b/a Southwestern Bell Long Distance Pursuant to Section 271 of*

1 the FCC stated that,

2 [s]ection 251 contains three requirements for the provision
3 of interconnection. First, an incumbent LEC must provide
4 interconnection at any technically feasible point within the
5 carrier's network. Second, an incumbent LEC must
6 provide interconnection that is at least equal in quality to
7 that provided by the local exchange carrier to itself.
8 Finally, the incumbent LEC must provide interconnection
9 on rates, terms, and conditions that are just, reasonable and
10 nondiscriminatory, in accordance with the terms of the
11 agreement and the requirements of [section 251] and
12 section 252. (¶ 61).

13 Further, the FCC stated that “[t]o implement the equal-in-quality requirement
14 in section 251, the Commission’s rules require an incumbent LEC to design
15 and operate its interconnection facilities to meet the same technical criteria and
16 service standards that are used for the interoffice trunks within the incumbent
17 LEC’s network.” (*Id.* at ¶ 62). The FCC also concluded that “the requirement
18 to provide interconnection on terms and conditions that are ‘just, reasonable,
19 and nondiscriminatory’ means that an incumbent LEC must provide
20 interconnection to a competitor in a manner no less efficient than the way in
21 which the incumbent LEC provides the comparable function to its own retail
22 operations.” (*Id.* at ¶ 63). Finally, in the FCC’s SWBT Order-KS/OK, the FCC
23 concluded “SWBT provides interconnection at all technically feasible points,
24 including a single point of interconnection, and therefore demonstrates
25 compliance with the checklist item.” (¶ 232).

25 *the Telecommunications Act of 1996 to Provide In-Region, InterLATA Services in Texas, Memorandum
Opinion and Order*, Released June 30, 2000, (“SWBT Order-TX”).

1 Q. WHAT HAS THE FCC PREVIOUSLY RULED REGARDING
2 BELLSOUTH'S COMPLIANCE WITH CHECKLIST ITEM NO. 1?

3

4 A. In its Louisiana II Order, the FCC found that BellSouth failed to make an
5 adequate showing that its collocation offering satisfies the requirements of
6 Sections 271 and 251 of the Act stating, "[s]pecifically, we find that
7 BellSouth's SGAT fails to provide new entrants with sufficiently definite terms
8 and conditions for collocation." (§ 66). Further, the FCC concluded that
9 because BellSouth fails to include specific provisions regarding the terms and
10 conditions for certain aspects of collocation in a legally binding document,
11 BellSouth did not demonstrate that it provides interconnection on rates, terms,
12 and conditions that are just, reasonable, and nondiscriminatory. (*Id.*).

13

14 Q. HAS BELLSOUTH ADDRESSED THE FCC'S CONCERNS?

15

16 A. Yes. The terms and conditions for BellSouth's collocation offering, including
17 installation intervals, are defined clearly and in conformance with the decisions
18 of the FCC and the FPSC. Through BellSouth's agreements, as well as
19 through its SGAT, FCC tariff and the FPSC-approved tariff, ALECs can obtain
20 access to BellSouth's physical and/or virtual collocation offerings at legally
21 binding terms and conditions that are just, reasonable and nondiscriminatory.
22 The testimony of BellSouth witness Mr. Milner, along with the affidavit of Mr.
23 Wayne Gray attached to Mr. Milner's testimony, describe BellSouth's
24 collocation offering in detail. As discussed previously, performance data
25 demonstrating that BellSouth provides interconnection that is equal in quality

1 to the service that BellSouth provides to itself will be provided to this
2 Commission in the KPMG 3PT and Commercial Data Review.

3

4 Q. WHAT DID THE FPSC PREVIOUSLY RULE REGARDING THIS
5 CHECKLIST ITEM IN ITS 1997 ORDER?

6

7 A. The FPSC found in its 1997 Order that BellSouth did not meet all of the
8 interconnection compliance requirements of the Act. Specifically, the FPSC
9 cited the timely provision of physical collocation as BellSouth's primary
10 problem. (p. 57). Further, the FPSC cited problems with BellSouth's
11 collocation rates (p. 59), network blockage and end office trunking (*Id.*), local
12 tandem interconnection (p. 60), two-way trunking and percent local usage
13 factor ("PLU") (*Id.*), confirmation of SS7 signaling transfer point code
14 activation (*Id.*), the provision of Carrier Identification Codes ("CIC") (p. 61),
15 and finally, the provision of meet point billing data (p. 61).

16

17 Q. PLEASE DESCRIBE IN MORE DETAIL THE ISSUES IN THE 1997
18 ORDER REFERENCED ABOVE AND BELLSOUTH'S RESOLUTION OF
19 THOSE ISSUES.

20

21 A. The FPSC found seven areas within the interconnection checklist item that
22 require further action by BellSouth in order to be deemed compliant. I discuss
23 each item briefly below:

24

25

1) Collocation

1 FPSC Findings Contained in the 1997 Order (pp. 57-59)

2 The FPSC reported that physical collocation is BellSouth's
3 primary problem because no requests have been implemented.
4 Therefore, BellSouth is unable to demonstrate that it is
5 providing ALECs physical collocation in parity with itself.
6 Next, the FPSC reported that BellSouth is unable to establish
7 physical collocation in a timely manner. Last, BellSouth's
8 SGAT does not contain provisioning intervals even though they
9 are part of the arbitration agreements.

10

11 Corrective Action Taken By BellSouth

12 Since this Commission's 1997 Order, BellSouth has
13 implemented approximately 1,500 ALEC requests for physical
14 collocation. BellSouth will address performance data related to
15 the issues identified with this checklist item in the KPMG 3PT
16 and Commercial Data Review. The testimony of Mr. Milner
17 provides more details relative to BellSouth's corrective action
18 taken to ensure BellSouth's compliance with this checklist item.

19

20 **2) Network Blockage and End Office Trunking**

21 FPSC Findings Contained in the 1997 Order (p. 59)

22 The Commission found that BellSouth needed to provide
23 ALECs with sufficient data to show that blockage levels are
24 comparable between BellSouth and ALECs. Further, the
25 Commission stated that BellSouth must assume responsibility

1 for trunk capacity requirements on its network. Finally, the
2 Commission found that communication between the ALECs and
3 BellSouth must be improved to identify blocking and trunking
4 issues before they occur.

5

6 Corrective Action Taken By BellSouth

7 Since the 1997 Order, BellSouth has made dramatic
8 improvements in planning for trunk requirements, as well as
9 improving the number of network blockages. BellSouth will
10 address performance data in the KPMG 3PT and Commercial
11 Data Review. The testimony of Mr. Milner provides more
12 details relative to BellSouth's corrective action taken to ensure
13 its compliance with this checklist item.

14

15 **3) Local Tandem Interconnection**

16 FPSC Findings Contained in the 1997 Order (p. 60)

17 The FPSC determined that BellSouth has the responsibility to
18 provide local tandem interconnection to meet this checklist
19 item. Specifically, if a PLU factor is required, then BellSouth
20 should develop the capability to accept this factor.

21 Additionally, a Bona-Fide Request ("BFR") should not be
22 required for an ALEC to obtain local tandem interconnection.

23

24 Corrective Action Taken By BellSouth

25 BellSouth has developed a PLU factor for local tandem

1 interconnection and has implemented the ability to use such
2 factor. The PLU terms and conditions are contained in
3 BellSouth's agreements, as well as the SGAT (*See* Exhibit
4 CKC-5). Additionally, BellSouth does not require a BFR in
5 order to obtain local tandem interconnection. The testimony of
6 Mr. Milner and Mr. David Scollard address this issue in more
7 detail and demonstrate BellSouth's compliance with this item.

8

9

4) Two Way Trunking and Percent Local Usage Factor (PLU)

10 FPSC Findings Contained in the 1997 Order (p. 60)

11 The FPSC found that BellSouth was not in compliance with this
12 item regarding trunking requests, and that a surrogate PLU
13 should be developed and allowed. Finally, the FPSC
14 determined that a delay in data collection was not a valid reason
15 for delaying the implementation of ALEC agreements.

16

17

Corrective Action Taken By BellSouth

18

19

20

21

22

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24

25

BellSouth provides transit trunks for traffic between the ALEC
and an Independent Company, Interexchange Carrier ("IXC"),

1 or another ALEC. Transit trunk groups are generally two-way
2 but may be built as one-way. The testimony of Mr. Milner
3 provides the detail of the terms and conditions for two-way
4 trunks and further demonstrates BellSouth's compliance with
5 this checklist item.

6
7 The definition, terms and conditions, and application of the PLU
8 are contained in BellSouth's agreements (*See Exhibit CKC-3*)
9 and in the SGAT (*See Exhibit CKC-5*).

10
11 The testimony of Mr. Milner and Mr. Scollard provides more
12 detail relative to the corrective action taken by BellSouth to
13 ensure compliance with this checklist item.

14

15 **5) Confirmation of SS7 Signaling Transfer Point Code**

16 **Activation**

17 FPSC Findings in the 1997 Order (p. 60)

18 The FPSC found that the BellSouth/TCG agreement did not
19 specifically require confirmation of SS7 Point Code Activation
20 and that BellSouth did not violate the agreement on this point.
21 However, the Commission stated that BellSouth had the
22 responsibility to work with TCG and other ALECs to ensure
23 that agreements are working properly and that BellSouth should
24 respond to ALEC written inquiries concerning SS7 Point Code
25 Activation, in a timely manner.

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Corrective Action Taken By BellSouth

BellSouth abides by the terms and conditions of its agreements and makes every effort to respond to inquiries in a timely fashion.

6) Provision of Carrier Identification Codes (“CIC”)

FPSC Finding in the 1997 Order (p. 61)

IXC CIC codes must be loaded into an ALEC’s switch to properly recognize the IXCs providing service to the ALEC’s customers through BellSouth access tandems. The ALECs contend they need the CIC information to properly route traffic to the IXCs. At the time of the order, Bellsouth provided Access Customer Name Abbreviation (“ACNA”) to the ALECs, which the ALECs could then use to cross-reference the ACNA in the Local Exchange Routing Guide (“LERG”) to obtain the proper CIC for the ACNA.

The Commission determined that BellSouth must provide CIC data where BellSouth has agreed to provide such data to the ALECs.

Corrective Action Taken By BellSouth

BellSouth implemented a process whereby a file is created listing all IXCs that interconnect at each BellSouth tandem

1 switch. This file contains the CIC, ACNA, and other
2 information for each IXC. The data can be sorted by state and
3 tandem central office ID.

4

5 **7) Provision of Meet Point Billing (“MPB”) Data**

6 FPSC Finding in the 1997 Order (p. 61)

7 The Commission ruled that BellSouth was required to provide
8 MPB data where BellSouth has agreed to provide such data to
9 the ALECs. The FPSC further stated that there was evidence
10 that BellSouth was not providing MPB data and therefore, that
11 BellSouth was not compliant with this item.

12

13 Corrective Action Taken By BellSouth

14 BellSouth provides MPB data to each ALEC pursuant to the
15 terms and conditions contained in the agreement between
16 BellSouth and the ALEC. (See Exhibit CKC-3). BellSouth’s
17 SGAT (See Exhibit CKC-5) contains additional details
18 regarding MPB. The corrective actions BellSouth has taken to
19 resolve this issue are contained in the testimony of Mr. Scollard.

20

21 Q. PLEASE DISCUSS ANY OTHER FPSC FINDINGS IN THE 1997 ORDER
22 THAT ARE RELATED TO CHECKLIST ITEM NO. 1.

23

24 A. In its 1997 Order, the FPSC expressed concern that there was conflicting
25 language regarding multi-jurisdictional trunks in the SGAT and that the

1 definition of local traffic, as contained in BellSouth's SGAT, was problematic.
2 (p. 61).

3

4 Q. PLEASE ADDRESS THE FPSC'S CONCERNS REGARDING MULTI-
5 JURISDICTIONAL TRUNKS.

6

7 A. The Commission determined that the SGAT, filed in the 271 proceeding in
8 1997, contained conflicting language. (*See* BellSouth SGAT, Docket No.
9 960786, September 18, 1997). The alleged conflicting provisions of the
10 previous SGAT pertained to provisions that stated that carriers may not
11 combine local and toll traffic on two-way trunks, and a provision that stated
12 that mixing traffic is allowed using PLU factors. The language regarding the
13 use of PLU factors to facilitate the use of two-way trunks as contained in
14 BellSouth's SGAT filed in this proceeding should remedy the Commission's
15 previous concerns. (*See* SGAT, § I, ¶ A.3, and § I, ¶ D). The testimony of Mr.
16 Scollard and Mr. Milner address this issue in more detail.

17

18 Q. PLEASE ADDRESS THE FPSC'S ISSUE REGARDING THE DEFINITION
19 OF "LOCAL TRAFFIC".

20

21 A. In BellSouth's previous SGAT, the definition of local traffic contained a
22 statement that "no company shall represent exchange access traffic as local
23 interconnection traffic." In order for the Commission to approve this part of
24 the definition of local traffic, the Commission determined that BellSouth must
25 provide ALECs a complete listing of the BellSouth NPA-NXXs that make up

1 each local service area, in a usable format. BellSouth provides ALECs with
2 access to a complete listing of the BellSouth NPA-NXXs that make up each
3 local service area as defined in its tariff. This information is accessible to
4 ALECs through BellSouth's Internet website:
5 http://www.interconnection.bellsouth.com/network/npanxx_buda/florida.html

6
7 Q. WHERE DOES BELLSOUTH DEMONSTRATE ITS LEGAL
8 OBLIGATION TO COMPLY WITH THE REQUIREMENTS OF THIS
9 CHECKLIST ITEM?

10

11 A. BellSouth's interconnection agreements, as well as its SGAT, provide for
12 interconnection in compliance with the requirements set forth by the FCC.
13 Exhibit CKC-3, attached to my testimony, provides this Commission with a
14 reference tool to review selected agreements that demonstrate BellSouth's
15 compliance with this checklist item.

16

17 Q. WHAT DOES BELLSOUTH REQUEST OF THE FPSC IN REGARD TO
18 CHECKLIST ITEM NO. 1?

19

20 A. BellSouth requests that the FPSC find that BellSouth, as demonstrated by
21 BellSouth's filings in this proceeding, the KPMG 3PT, and KPMG's
22 Commercial Data Review, is in compliance with checklist item 1. The access
23 BellSouth provides ALECs to points of interconnection is equal in quality to
24 what BellSouth provides to itself, and it meets the same technical criteria and
25 standards used in BellSouth's network for a comparable arrangement, except

1 where an ALEC requests otherwise. Therefore, the FPSC should find
2 BellSouth in compliance with checklist item 1.

3

4 *Issue 3: Does BellSouth currently provide nondiscriminatory access to all required*
5 *network elements, with the exception of OSS which will be handled in the third party*
6 *OSS test, in accordance with Sections 251 (c) (3) and 252 (d) (1) of the*
7 *Telecommunications Act of 1996, pursuant to Section 271 (c) (2) (B) (ii) and*
8 *applicable rules promulgated by the FCC?*

9 (a) *Does BellSouth currently provide all required unbundled network*
10 *elements at TELRIC-based prices?*

11 (b) *Has BellSouth satisfied other associated requirements, if any, for this*
12 *item?*

13

14 Q. WHAT NETWORK ELEMENTS IS BELLSOUTH ADDRESSING IN THE
15 DISCUSSION OF CHECKLIST ITEM NO. 2?

16

17 A. Access to many of the UNEs that BellSouth offers are included elsewhere in
18 the fourteen-point checklist and are therefore discussed with the applicable
19 checklist item. For example, checklist item 4 addresses local loops unbundled
20 from local switching; checklist item 5 addresses local transport unbundled
21 from switching or other services; and checklist item 6 addresses local
22 switching unbundled from transport, local loop transmission, or other services.
23 As I discussed previously, access to OSS will be addressed in the KPMG 3PT.
24 As noted by the FCC in its SWBT Order-TX, the FCC focused its discussion of
25 this checklist item on “whether SWBT provides access to OSS and to

1 combinations of UNEs in accordance with section 251(c)(3) and our rules.” (¶
2 91). The FCC further stated that, “[a]side from OSS, the other UNEs that
3 SWBT must make available under section 251(c)(3) are also listed as separate
4 items on the competitive checklist, and are addressed below in separate
5 sections for each checklist item.” (*Id.*). As a result, BellSouth is only
6 addressing combination of UNEs in its discussion of this issue. As specified in
7 the wording of Issue 3, access to OSS will be addressed in the KMPG 3PT.
8

9 Q. WHAT ARE THE REQUIREMENTS OF THE ACT REGARDING
10 NONDISCRIMINATORY ACCESS TO NETWORK ELEMENTS?

11
12 A. Section 251(c)(3) obligates BellSouth to provide nondiscriminatory access to
13 network elements on an unbundled basis at any technically feasible point under
14 rates, terms and conditions that are just and reasonable. Requesting carriers are
15 allowed to combine elements in order to provide telecommunications services.
16 Section 252(d)(1) of the Act specifies the pricing standard for unbundled
17 network elements. In essence, rates for network elements are considered just
18 and reasonable when they are based on the cost of providing the element, are
19 nondiscriminatory and may include a reasonable profit.
20

21 Q. WHAT ARE THE FCC’S RULES AND REQUIREMENTS REGARDING
22 COMBINATIONS UNDER CHECKLIST ITEM NO. 2?

23
24 A. For UNE combinations and access to UNEs, the FCC concluded that, “SWBT
25 provides access to UNEs in a manner that allows requesting carriers to

1 combine those elements, and that SWBT provides access to preexisting
2 combinations of network elements.” (SWBT Order-TX, at ¶ 216). The FCC
3 based its conclusion on SWBT’s evidence of actual commercial usage, and
4 also on SWBT’s legal obligation to provide such access. (*Id.*). In its SWBT
5 Order-KS/OK, the FCC reaffirmed its position on OSS and UNE combinations
6 as established in the Bell Atlantic New York Order and in the SWBT Order-
7 TX as referenced above.

8
9 In its Verizon Massachusetts Order¹⁰, the FCC concluded that “[i]n at least one
10 interconnection agreement, Verizon offers ‘any technically feasible method to
11 access unbundled [n]etwork [e]lements.’ Although Verizon has not provided
12 evidence of a standardized offering for noncollocation methods of combining
13 UNEs, this commitment in an interconnection agreement satisfies the
14 obligation to make available noncollocation options for competing carriers
15 wanting to combine UNEs.” (¶ 119).

16
17 Q. WHAT HAS THE FCC PREVIOUSLY RULED REGARDING
18 BELLSOUTH’S COMPLIANCE WITH CHECKLIST ITEM NO. 2?

19
20 A. In its Louisiana II Order, the FCC found that “collocation as the sole method
21 for combining unbundled network elements is inconsistent with section
22 251(c)(3).” (¶ 168). The FCC further concluded that “[s]ection 51.321 of the
23

24 ¹⁰ *Application of Verizon New England Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long*
25 *Distance), NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions) And Verizon Global*
Networks Inc., For Authorization to Provide In-Region, InterLATA Services in Massachusetts, CC
Docket No. 01-9, Released April 16, 2001, (“Verizon Massachusetts Order”).

1 Commission's rules states that technically feasible methods of access to
2 unbundled network elements 'include, but are not limited to,' physical and
3 virtual collocation at the incumbent LECs' premises." (*Id.*).
4

5 Q. HAS BELLSOUTH ADDRESSED THE FCC'S CONCERNS?

6

7 A. Yes. The affidavit of Mr. Gray, attached to the testimony of Mr. Milner,
8 provides evidence that BellSouth is providing collocation at rates, terms and
9 conditions that are just, reasonable and nondiscriminatory, and proves that
10 BellSouth meets checklist item 2, relative to collocation requirements.
11 As I discussed previously, access to OSS will be addressed in the KPMG 3PT.
12 My testimony and the testimony of Mr. Milner addresses the means by which
13 ALECs can combine UNEs.

14

15 Q. WHAT DID THE FPSC PREVIOUSLY RULE REGARDING CHECKLIST
16 ITEM NO. 2 IN ITS 1997 ORDER?

17

18 A. In its 1997 Order, the Commission found that BellSouth had not fulfilled its
19 duty to provide to a requesting carrier nondiscriminatory access to unbundled
20 network elements, including access to its operations support systems functions
21 as required by the Act, the FCC's rules, and the FPSC's arbitration order (pp.
22 62-63). Specifically, the Commission found that BellSouth appeared to be
23 providing several, but not all, requested unbundled network elements to
24 ALECs. In addition, the Commission concluded that it appeared that ALECs
25 were experiencing problems with the billing of UNEs, and with the interfaces

1 used to access BellSouth's OSS (p. 66). As I discussed earlier, issues
2 pertaining to BellSouth's OSS will be resolved through the KPMG 3PT
3 currently under the Commission's purview.

4

5 Q. PLEASE ELABORATE ON THE BILLING CONCERNS CONTAINED IN
6 THE FPSC'S 1997 ORDER AND BELLSOUTH'S RESOLUTION OF
7 THOSE CONCERNS.

8

9 A. In its 1997 Order, the FPSC concluded that BellSouth was required to provide
10 mechanically generated billing in the national standard Carrier Access Billing
11 System ("CABS") format (pp. 71-73). The Commission also concluded that
12 BellSouth had not provided access usage data for billing purposes. BellSouth
13 now provides ALECs with a national standard CABS-formatted bill for UNEs
14 and interconnection services. Furthermore, BellSouth makes detailed access
15 usage data available to ALECs via its Access Daily Usage File ("ADUF")
16 offering. BellSouth's billing functions will be addressed in the KPMG 3PT.

17

18 Q. DOES BELLSOUTH HAVE A LEGALLY BINDING OBLIGATION TO
19 PROVIDE ALECS WITH ACCESS TO UNES SUCH THAT ALECS MAY
20 COMBINE UNES?

21

22 A. Yes. The methods used and the terms governing the provision of UNEs for
23 combining by ALECs are contained in BellSouth's interconnection
24 agreements, as well as in the SGAT. There is no difference between
25 BellSouth's provision of UNEs, or associated methods and procedures, to an

1 ALEC for use with the ALEC's own facilities versus BellSouth's provision of
2 UNEs that the ALEC may combine. BellSouth does not determine how an
3 ALEC will use the UNEs that BellSouth delivers to the ALEC.

4
5 In other words, whether an ALEC uses UNEs in isolation or combines them,
6 access to the UNEs will be provided in the same way. If an ALEC desires
7 additional facilities or services to facilitate its ability to combine UNEs, it may
8 make a request through the BFR process. The BFR process will be discussed
9 in greater detail later in my testimony.

10

11 Q. PLEASE DESCRIBE THE MEANS BY WHICH AN ALEC MAY
12 COMBINE UNEs.

13

14 A. Pursuant to the Act, FCC rules and FPSC orders, BellSouth provides ALECs
15 with access to UNEs such that an ALEC may combine the UNEs. In order to
16 combine UNEs, the ALEC may choose virtual or physical collocation or an
17 assembly point arrangement. BellSouth will extend UNEs to an ALEC's
18 virtual or physical collocation arrangement and will terminate those UNEs in
19 such a way as to allow the ALEC to provide cross-connections or other
20 required wiring within the ALEC's collocation arrangement in order to effect
21 the combination. In addition, BellSouth offers an assembly point option for
22 ALECs to combine UNEs. Mr. Milner discusses in greater detail in his
23 testimony the means by which ALECs can combine UNEs.

24

25

1 Q. DOES BELLSOUTH OFFER CURRENTLY COMBINED NETWORK
2 ELEMENTS TO ALECS AT COST-BASED RATES?

3

4 A. Yes. BellSouth provides ALECs, at cost-based rates, network elements that
5 are, in fact, combined in BellSouth's network to the particular location the
6 ALEC wishes to serve. That is, BellSouth makes combinations of UNEs
7 available to ALECs consistent with BellSouth's obligation under the Act and
8 applicable FCC and Commission rules.

9

10 As discussed in more detail under checklist item 6, BellSouth will provide new
11 combinations of loop and transport (known as "EELs") in Density Zone 1 areas
12 in Miami, Ft. Lauderdale and Orlando to ALECs to serve end-users with four
13 or more voice grade (DS0) equivalent channels or lines. The FCC has
14 exempted BellSouth from its obligation to unbundle local switching in these
15 areas if BellSouth provides such new combinations.

16

17 Q. PLEASE ADDRESS THE CURRENT STATUS OF THE ILECS' LEGAL
18 OBLIGATION REGARDING COMBINATIONS.

19

20 A. In the FCC's UNE Remand Order¹¹ the FCC reaffirmed that ILECs presently
21 have no obligation to combine network elements for ALECs when those
22 elements are not currently combined in the ILEC's network. Rules 51.315(c)-
23 (f) that purported to require ILECs to combine UNEs were vacated by the

24

25 ¹¹ *In the Matter of Implementation of Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order* CC Docket No. 96-98, Released November 5, 1999 ("UNE Remand Order").

1 Eighth Circuit Court, and those rules were neither appealed to nor reinstated by
2 the Supreme Court. On July 18, 2000, the Eighth Circuit Court reaffirmed its
3 ruling that FCC Rules 51.315(c)-(f) are vacated.

4
5 As the FCC made clear in its UNE Remand Order, Rule 51.315(b) applies to
6 elements that are “in fact” combined, stating that “[t]o the extent an unbundled
7 loop is in fact connected to unbundled dedicated transport, the statute and our
8 rule 51.315(b) require the incumbent to provide such elements to requesting
9 carriers in combined form.” (¶ 480, emphasis added) The FCC further
10 declined to adopt a definition of “currently combines,” that would include all
11 elements “ordinarily combined” in the incumbent’s network (declining to
12 “interpret rule 51.315(b) as requiring incumbents to combine unbundled
13 network elements that are ‘ordinarily combined’ ...”). (*Id.*).

14
15 Even though the Eighth Circuit Court has reaffirmed that ILECs have no
16 obligation to combine UNEs for ALECs, the U.S. Supreme Court has agreed to
17 review this issue at the request of the FCC and other parties.

18
19 Q. IN BELLSOUTH’S NETWORK, COULD THERE EXIST A SCENARIO
20 WHEREIN THE LOOP AND THE PORT ARE COMBINED, AND THERE
21 IS DIAL TONE ON THE LINE, BUT THERE IS NO SERVICE BEING
22 PROVIDED TO A PARTICULAR CUSTOMER AT THAT PARTICULAR
23 LOCATION?

24
25 A. Yes. This arrangement is typically referred to as “QuickService.” Consider a

1 customer that has been receiving local exchange service from BellSouth, and
2 the customer sells his house and moves. He calls BellSouth to have his service
3 disconnected. Generally, it is BellSouth's policy to leave those facilities
4 connected through from the customer's network interface device ("NID") to
5 the main distribution frame ("MDF") in the central office. The connection on
6 the MDF between the loop and the switch port is also left in place.¹² Thus,
7 there will be dial tone on the line, but there is no service being provided for
8 which a customer is paying BellSouth. If one were to plug a phone into a jack
9 in that house, and access the line, one would hear a recording advising that
10 callers can place a 911 emergency call from the line and that they must use
11 another line to order service. Additionally, no incoming calls can be received
12 over this line. Where such facilities are combined in BellSouth's network (that
13 is, where QuickService exists on a disconnected line), BellSouth will provide
14 the combination to a requesting ALEC at cost-based rates.

15

16 Q. CAN AN ALEC CONVERT SPECIAL ACCESS FACILITIES TO
17 UNBUNDLED NETWORK ELEMENTS?

18

19 A. Yes. An ALEC must self-certify that it is providing a significant amount of
20 local exchange service over special access facilities in order to convert these
21 special access facilities to a combination of unbundled loops and unbundled
22 transport as determined by the FCC in its UNE Remand Order, and in its

23

24 ¹² The assumption is that the existing facilities will be re-used to provide service to a new customer at
25 that same location. However, in the event that the port or a portion of the loop is needed to fill a service
order at another location where no other facilities are available, the QuickService facility will be taken
apart so that service can be provided at the alternate location. In that case, the loop and the port will no
longer be combined to the original location.

1 Supplemental Clarification Order in CC Docket No. 96-98, released June 2,
2 2000. BellSouth does not require an audit as a precondition to converting
3 special access to UNEs; however, BellSouth may audit an ALEC's records in
4 order to verify the type of traffic being transmitted over this arrangement,
5 which is typically referred to as Enhanced Extended Links ("EELs"). If, based
6 on its audits, BellSouth concludes that an ALEC is not providing a significant
7 amount of local exchange traffic over the facilities; BellSouth may file a
8 complaint with the appropriate regulatory authority.

9

10 Q. WHAT ARE BELLSOUTH'S PRICES FOR COMBINATIONS OF UNES?

11

12 A. Prices for various combinations of UNEs, when such UNEs are in fact
13 currently combined, are set out in Attachment A to BellSouth's SGAT (Exhibit
14 CKC-5). To the extent an ALEC seeks to obtain existing combinations of
15 UNEs that are not listed in their combined form in Attachment A of the SGAT,
16 the ALEC may purchase such UNE combinations at the sum of the stand-alone
17 prices of the elements that make up the combination.

18

19 Q. WHERE DOES BELLSOUTH DEMONSTRATE ITS LEGAL
20 OBLIGATION TO PROVIDE THIS CHECKLIST ITEM?

21

22 A. BellSouth's interconnection agreements, as well as its SGAT, provide for
23 access to network elements in compliance with the requirements set forth by
24 the FCC. Exhibit CKC-3 provides a representative sample of the agreements
25 that BellSouth has entered into with ALECs in Florida.

1

2 Q. WHAT DOES BELLSOUTH REQUEST OF THE FPSC IN REGARD TO
3 CHECKLIST ITEM NO. 2?

4

5 A. BellSouth requests the FPSC find that BellSouth, as demonstrated by
6 BellSouth's filing in this proceeding, the KPMG 3PT, and KPMG's
7 Commercial Data Review, is in compliance with checklist item 2. BellSouth
8 provides nondiscriminatory access to OSS as BellSouth will demonstrate
9 through its Florida performance data and the KPMG 3PT results. In addition,
10 BellSouth provides UNE combinations in compliance with the FCC rules and
11 FPSC orders. For these reasons, the FPSC should find BellSouth in
12 compliance with checklist item 2.

13

14 *Issue 4: In Order PSC-97-1459-FOF-TL, issued November 19, 1997, the*
15 *Commission found that BellSouth met the requirements of Section 224 of the*
16 *Communications Act of 1934, as amended by the Telecommunications Act of 1996,*
17 *pursuant to Section 271 (c) (2) (B) (iii). Does BellSouth currently provide*
18 *nondiscriminatory access to the poles, ducts, and conduits, and rights-of-way owned*
19 *or controlled by BellSouth at just and reasonable rates in accordance with the*
20 *requirements of Section 224 of the Communications Act of 1934 as amended by the*
21 *Telecommunications Act of 1996, pursuant to Section 271 (c) (2) (B) (iii) and*
22 *applicable rules promulgated by the FCC?*

23

24 Q. WHAT ARE THE REQUIREMENTS OF SECTIONS 224 OF THE ACT
25 REGARDING CHECKLIST ITEM NO. 3?

1

2 A. Section 224 of the Act outlines the state and federal jurisdiction over the
3 regulation of access to poles, ducts, conduits and rights-of-way and describes
4 the standard for just and reasonable rates for such access.

5

6 Q. WHAT ARE THE FCC'S RULES AND REQUIREMENTS REGARDING
7 THIS CHECKLIST ITEM?

8

9 A. Under Rule 1.1403, a utility shall provide any carrier with nondiscriminatory
10 access to any pole, duct, conduit, or rights-of-way owned or controlled by it.
11 Notwithstanding this obligation, a utility may deny any telecommunications
12 carrier access to its poles, ducts, conduits, or rights-of-way where there is
13 insufficient capacity or for reasons of safety, reliability and generally
14 applicable engineering purposes.

15

16 Q. WHAT DID THE FCC PREVIOUSLY RULE REGARDING BELLSOUTH'S
17 COMPLIANCE WITH THIS CHECKLIST ITEM?

18

19 A. In its Louisiana II Order, the FCC found that, "BellSouth demonstrates that it is
20 providing nondiscriminatory access to its poles, ducts, conduits, and rights-of-
21 way at just and reasonable rates, terms and conditions in accordance with the
22 requirements of section 224, and thus has satisfied the requirements of
23 checklist item (iii)." (¶ 174).

24

25 Q. WHAT DID THE FPSC PREVIOUSLY RULE REGARDING THIS

1 CHECKLIST ITEM?

2

3 A. In its 1997 Order, the FPSC concluded that BellSouth's procedures for
4 providing access to poles, ducts, conduits, and rights-of-way had been in effect
5 for cable companies for years, and based on the evidence found that BellSouth
6 had met the requirements of Checklist Item 3. (p. 100).

7

8 Q. WHERE DOES BELLSOUTH DEMONSTRATE ITS LEGAL
9 OBLIGATION TO PROVIDE THIS CHECKLIST ITEM?

10

11 A. BellSouth offers through its interconnection agreements, and through its
12 SGAT, nondiscriminatory access to poles, ducts, conduits and rights-of-way at
13 rates that are just and reasonable. Such access is provided via the Standard
14 License Agreement (*see* Exhibit CKC-5, SGAT Attachment D) which
15 complies with Section 224, as amended by the Act, and conforms to the
16 FPSC's and the FCC's requirements. See Exhibit CKC-3 for applicable
17 agreement references.

18

19 Q. WHAT DOES BELLSOUTH REQUEST OF THE FPSC IN REGARD TO
20 CHECKLIST ITEM NO. 3?

21

22 A. The FCC and FPSC previously found BellSouth to be in compliance with this
23 checklist item. BellSouth provides nondiscriminatory access to poles, ducts,
24 conduits and rights-of-way to ALECs at terms and conditions that are the same
25 for Florida as those found by the FCC to be compliant in Louisiana.

1 BellSouth's actions and performance are consistent with its previous showing,
2 and nothing material has changed since 1997 that should cause the FPSC to
3 reach a different conclusion than the FCC reached in its 1998 Louisiana II
4 Order or than the FPSC reached in 1997. Additional details concerning
5 BellSouth's poles, ducts, conduits, and rights of way offerings can be found in
6 Mr. Milner's testimony and in the affidavit of Ms. Linda Kinsey attached to
7 Mr. Milner's testimony. For these reasons, BellSouth requests that the FPSC
8 again find BellSouth in compliance with checklist item 3.

9

10 *Issue 5: In Order PSC-97-1459-FOF-TL, issued November 19, 1997, the*
11 *Commission found that BellSouth met the requirements of Section 271 (c) (2) (B)*
12 *(iv) of the Telecommunications Act of 1996. Does BellSouth currently provide*
13 *unbundled local loop transmission between the central office and the customer's*
14 *premises from local switching or other services, pursuant to Section 271 (c) (2) (B)*
15 *(iv) and applicable rules and orders promulgated by the FCC?*

16 *(a) Does BellSouth currently provide all currently required forms of*
17 *unbundled loops?*

18 *(b) Has BellSouth satisfied other associated requirements, if any, for this*
19 *item?*

20

21 Q. DESCRIBE THE LOOPS BELLSOUTH CURRENTLY IS PROVIDING IN
22 COMPLIANCE WITH CHECKLIST ITEM NO. 4.

23

24 A. BellSouth provides ALECs with access to unbundled loops at any technically
25 feasible point with access given to all features, functions and capabilities of the

1 loop; without any restrictions that impair their use; for an ALEC's exclusive
2 use; and in a manner that enables the ALEC to combine loops with other
3 UNEs.

4
5 BellSouth makes available to ALECs, on an unbundled basis, all of its loops,
6 including those loops served by Integrated Digital Loop Carrier ("IDLC").
7 Mr. Milner's testimony provides greater detail regarding loops served by
8 IDLC.

9
10 BellSouth provides nondiscriminatory access to the following loop types
11 through its SGAT and agreements: SL1 voice grade analog lines, SL2 voice
12 grade analog lines, 2-wire ISDN digital grade lines, 2-wire Asymmetrical
13 Digital Subscriber Lines ("ADSL"), 2-wire and 4-wire High-bit-rate Digital
14 Subscriber Lines ("HDSL"), 4-wire DS1 digital grade lines; 4-wire 56 or 64
15 Kbps digital grade lines, unbundled copper loops, and higher-capacity
16 unbundled loops.

17
18 Q. WHAT ARE THE REQUIREMENTS OF THE ACT REGARDING THIS
19 CHECKLIST ITEM?

20
21 A. Section 271(c)(2)(B)(iv) of the Act requires that BellSouth provide local loop
22 transmission from the central office to the customer's premises, unbundled
23 from local switching or other services.

24
25 Q. WHAT ARE THE FCC'S RULES AND REQUIREMENTS REGARDING

1 THIS CHECKLIST ITEM?

2

3 A. FCC Rule 51.319(a) requires an ILEC to provide nondiscriminatory access to
4 the local loop. The local loop network element is defined as a transmission
5 facility between the distribution frame in an ILEC central office and an end
6 user's premises (for example, a cable pair from the customer's premises to the
7 main distribution frame of the serving central office).

8

9 In its Bell Atlantic New York Order, the FCC concluded that in order for a
10 BOC to be found in compliance with this checklist item, it must demonstrate a
11 concrete and specific legal obligation to provide unbundled local loops in
12 accordance with Section 271 requirements. (§ 273).

13

14 Additionally, in its SWBT Order-TX, the FCC determined that "the BOC must
15 provide access to any functionality of the loop requested by a competing
16 carrier unless it is not technically feasible to condition the loop facility to
17 support the particular functionality requested." (§ 248). In order to provide
18 such loops, the BOC may have to perform conditioning on the loop for which it
19 can recover its costs. (*Id.*)

20

21 In its SWBT Order-KS/OK, the FCC reaffirmed its requirement that a BOC
22 must demonstrate a concrete and specific legal obligation to provide unbundled
23 local loops in order to meet the requirements of this checklist item.

24

25 Additionally, the FCC concluded that a BOC must also demonstrate that it is
currently providing local loops in the quantities that competitors demand and at

1 acceptable quality levels. (¶ 178).

2

3 Finally, in its Verizon Massachusetts Order, the FCC, in evaluating Verizon's
4 overall performance in providing unbundled local loops in Massachusetts,
5 examined Verizon's performance "in the aggregate (i.e., by all loop types) as
6 well as its performance for specific loop types (i.e., by voice grade, xDSL-
7 capable, line-shared and DS-1 types)." (¶ 122). The FCC further concluded
8 that Verizon provides access to loop make-up information in compliance with
9 the UNE Remand Order, and that Verizon also provides nondiscriminatory
10 access to stand alone xDSL-capable loops and high-capacity loops. (¶ 124).

11

12 Q. WHAT HAS THE FCC PREVIOUSLY RULED REGARDING
13 BELLSOUTH'S COMPLIANCE WITH THIS CHECKLIST ITEM?

14

15 A. In its Louisiana II Order, the FCC concluded that BellSouth had not provided
16 sufficient persuasive evidence (in the form of performance data) that it meets
17 the requirements of this checklist item. (¶ 189). Specifically, the FCC desired
18 performance data and explanations of that performance data in sufficient detail
19 to demonstrate that BellSouth met the nondiscrimination standard. (¶ 194).

20

21 Q. HOW WILL BELLSOUTH ADDRESS THE FCC'S CONCERNS?

22

23 A. As I previously discussed, performance data associated with BellSouth's
24 demonstration of compliance with this checklist item will be provided in
25 KPMG's 3PT and Commercial Data Review.

1

2 Q. WHAT HAS THE FPSC PREVIOUSLY DETERMINED REGARDING THIS
3 CHECKLIST ITEM?

4

5 A. In its 1997 Order, the FPSC found that BellSouth met the requirements of
6 checklist item 4. (p. 104). Since the time the FPSC found BellSouth to be in
7 compliance with this item, BellSouth has continued to provide loops as
8 requested by ALECs as evidenced in the affidavit of Mr. Wakeling attached to
9 my testimony (*see* exhibit CKC-4), and, as discussed in the testimony of Mr.
10 Milner and Mr. Latham.

11

12 Q. DOES BELLSOUTH OFFER ANY ADDITIONAL COMPONENTS OF
13 LOCAL LOOP TRANSMISSION?

14

15 A. Yes. In addition to the unbundled loop, BellSouth provides ALECs with
16 access to unbundled subloop components, as well as loop cross-connects and
17 loop concentration and channelization. Mr. Milner's testimony provides
18 details concerning how an ALEC gains access to loop make-up information as
19 required by the FCC in its UNE Remand Order. In that order, the FCC
20 clarified that "an incumbent LEC must provide the requesting carrier with
21 nondiscriminatory access to the same detailed information about the loop that
22 is available to the incumbent, so that the requesting carrier can make an
23 independent judgement about whether the loop is capable of supporting the
24 advanced services equipment the requesting carrier intends to install." (¶ 427).

25

1 Q. DOES BELLSOUTH PROVIDE LOOP MODIFICATION TO ALECS UPON
2 REQUEST?

3

4 A. Yes. BellSouth's Unbundled Loop Modification ("ULM") process provides
5 ALECs with the ability to request that BellSouth modify any existing loop to
6 be compatible with the ALEC's hardware requirements. The ULM process is
7 discussed in more detail in Mr. Latham's testimony. As provided by the FCC
8 in its UNE Remand Order, ILECs are allowed to recover the cost of such loop
9 modification. BellSouth's proposed prices for this function are contained in
10 Attachment A to BellSouth's SGAT (See Exhibit CKC-5).

11

12 Q. DOES BELLSOUTH PROVIDE ALECS WITH ACCESS TO THE HIGH
13 FREQUENCY PORTION OF THE LOOP?

14

15 A. Yes. Consistent with the FCC's Line-Sharing Order,¹³ where BellSouth is the
16 voice provider, BellSouth provides ALECs with access to the frequency range
17 above the voice band on a copper loop facility. This function is referred to as
18 "line-sharing." As explained in Mr. Williams' testimony, BellSouth allows
19 ALECs to order splitters in three different increments: (1) full shelf (96 line
20 units), (2) one fourth of a shelf (24 line units); or an 8-port option (which is
21 currently under development). Mr. Williams' testimony provides additional

22

23

24 ¹³ *In the Matter of Deployment of Wireline Services Offering Advanced Telecommunications Capability*
25 *and Implementation of Local Competition Provisions of the Telecommunications Act of 1996*, Third
Report and Order CC Docket No. 98-147 and Fourth Report and Order CC docket No. 96-98, 14 FCC
Rcd 20,912 (1999) ("Line-Sharing Order")

1 details of BellSouth's provisioning of line-sharing.

2

3 Q. DOES BELLSOUTH FACILITATE LINE SPLITTING?

4

5 A. Yes. In its Line-Sharing Reconsideration Order,¹⁴ the FCC affirmed that
6 ILECs have an obligation to permit competing carriers to engage in line
7 splitting where the competing carrier purchases the entire loop and provides its
8 own splitter. (¶ 19). When an ALEC is using a UNE-P and wishes to change
9 that to a line splitting arrangement, a splitter has to be inserted between the
10 loop and the port. This means that the loop and the port have to be
11 disconnected from each other, and both the loop and the port then have to be
12 run into the ALEC's collocation space where the loop can be hooked up to the
13 ALEC's splitter.

14

15 Further, the FCC specifically denied AT&T's request that ILECs be required to
16 continue to provide xDSL services in the event a customer chooses to obtain its
17 voice service from a competing carrier on the same line. (*Id.* at ¶16). In the
18 event a customer terminates its ILEC-provided voice service on a line-shared
19 line, the data ALEC is required to purchase the full stand-alone loop if it
20 wishes to continue providing xDSL service. (*Id.* at ¶ 22). This decision
21 supports BellSouth's position that BellSouth is obligated to provide line-
22 sharing to ALECs only where BellSouth is providing the voice service.

23

24 ¹⁴ *In the Matter of Deployment of Wireline Services Offering Advanced Telecommunications Capability,*
25 *Order on Remand*, CC Docket No. 98-147 (Released January 19, 2001) ("Line-Sharing Reconsideration Order").

1

2

In its SWBT Order-TX, the FCC further clarified that:

3

- Line splitting is defined as a situation where the voice and data service are provided by competing carriers over a single loop, rather than by the incumbent LEC. (§ 324).

4

5

6

- ILECs have no obligation to furnish the splitter when the ALEC engages in line splitting over the UNE-P. (§ 327).

7

8

9

Q. WHERE DOES BELLSOUTH DEMONSTRATE ITS LEGAL

10

OBLIGATION TO PROVIDE THIS CHECKLIST ITEM?

11

12

A. BellSouth offers through its agreements, and through its SGAT,

13

nondiscriminatory access to unbundled local loops and subloops. Such access is provided in compliance with the Act, and conforms to the FPSC's and the FCC's requirements. See Exhibit CKC-3 for agreement references.

14

15

16

17

Q. WHAT DOES BELLSOUTH REQUEST OF THE FPSC IN REGARD TO

18

CHECKLIST ITEM NO. 4?

19

20

A. BellSouth requests that the FPSC find that BellSouth, as demonstrated by

21

BellSouth's filings in this proceeding, the KPMG 3PT, and KPMG's

22

Commercial Data Review, is in compliance with checklist item 4. BellSouth

23

makes local loop transmission available on an unbundled basis in compliance

24

with FCC Rule 51.319(a) and with Section 271(c)(2)(B)(iv) of the Act. For

25

1 these reasons, the FPSC should again find BellSouth in compliance with
2 checklist item 4.

3

4 *Issue 6: Does BellSouth currently provide unbundled local transport on the trunk*
5 *side of a wireline local exchange carrier switch from switching or other services,*
6 *pursuant to Section 271 (c) (2) (B) (v) and applicable rules promulgated by the*
7 *FCC?*

8 *(a) Does BellSouth currently provide billing for usage-sensitive UNEs?*

9 *(b) Has BellSouth satisfied all other associated requirements, if any, for this*
10 *item?*

11

12 Q. PLEASE DESCRIBE UNBUNDLED LOCAL TRANSPORT AS COVERED
13 BY CHECKLIST ITEM NO. 5.

14

15 A. There are two types of local transport, namely dedicated and shared (also
16 called "common") that are covered by this checklist item. Dedicated transport
17 involves transmission facilities dedicated to a specific customer or carrier that
18 provide telecommunications between wire centers owned by the ILEC or
19 requesting telecommunications carriers or between switches owned by ILECs
20 or requesting telecommunications carriers. Shared transport involves
21 transmission facilities shared by more than one carrier, including the ILEC,
22 between end office switches, between end office switches and tandem
23 switches, and between tandem switches, in the ILEC's network. However,
24 BellSouth is not obligated to construct new transport facilities at an ALEC's
25 request where BellSouth has not deployed facilities for its own use.

1

2 Q. WHAT ARE THE REQUIREMENTS OF THE ACT REGARDING THIS
3 CHECKLIST ITEM?

4

5 A. Section 271(c)(2)(B)(v) of the Act obligates BellSouth to provide local
6 transport from the trunk side of the wire-line local exchange carrier switch
7 unbundled from switching or other services.

8

9 Q. WHAT DOES THE FCC REQUIRE FOR COMPLIANCE WITH
10 CHECKLIST ITEM NO. 5?

11

12 A. FCC Rule 51.319(d) requires a BOC to offer dedicated and shared transport as
13 defined by the FCC. In the Bell Atlantic New York Order, the FCC stated that
14 it requires that "BOCs provide both dedicated and shared transport to
15 requesting carriers." (§ 337). The FCC further stated that Bell Atlantic's
16 performance data indicated that it was providing transport to ALECs in a
17 nondiscriminatory manner. (§ 338).

18

19 In its SWBT Order-TX, the FCC confirmed the obligation to provide dedicated
20 and shared transport and cited SBC's performance data as being indicative of
21 compliance with this checklist item. (§§ 331-333).

22

23 Q. WHAT HAS THE FCC PREVIOUSLY RULED REGARDING
24 BELL SOUTH'S COMPLIANCE WITH THIS CHECKLIST ITEM?

25

1 A. In its Louisiana II Order, the FCC found that BellSouth demonstrated that it
2 provided transport on terms and conditions consistent with the FCC's
3 directives. (¶ 202). However, the FCC did not approve this checklist item on
4 the grounds that BellSouth failed to submit persuasive evidence, such as
5 performance data, specifically measuring the provisioning of dedicated and
6 shared transport facilities. (¶ 206).

7

8 Q. HOW WILL BELLSOUTH ADDRESS THE FCC'S CONCERNS?

9

10 A. As I previously discussed, BellSouth will provide the necessary performance
11 data, as part of the KPMG 3PT and Commercial Data Review, to allow the
12 FPSC and the FCC to determine that BellSouth is providing nondiscriminatory
13 access to local transport.

14

15 Q. WHAT HAS THE FPSC PREVIOUSLY DETERMINED REGARDING THIS
16 CHECKLIST ITEM?

17

18 A. In its 1997 Order, the FPSC found that because BellSouth was not able to bill
19 usage sensitive UNEs, BellSouth had not met the requirements of checklist
20 item 5. (p. 107). While BellSouth could draw from its experience in providing
21 interoffice transport for special access, the FPSC found that such experience
22 was not necessarily proof that BellSouth could provision unbundled local
23 transport in the local market. BellSouth's resolution of this concern is
24 discussed in detail in the testimony of Mr. Scollard.

25

1 Q. WHERE DOES BELLSOUTH DEMONSTRATE ITS LEGAL
2 OBLIGATION TO PROVIDE THIS CHECKLIST ITEM?

3

4 A. BellSouth offers through its interconnection agreements and through its SGAT
5 nondiscriminatory access to unbundled local transport. Such access is
6 provided in compliance with the Act and conforms to the FPSC's and the
7 FCC's requirements. BellSouth is offering and providing local transport to
8 several ALECs. See Exhibit CKC-3, attached to my testimony, for agreement
9 and SGAT references.

10

11 Q. WHAT DOES BELLSOUTH REQUEST OF THE FPSC IN REGARD TO
12 CHECKLIST ITEM NO. 5?

13

14 A. BellSouth requests that the FPSC find that BellSouth, as demonstrated by
15 BellSouth's filings in this proceeding, the KPMG 3PT, and KPMG's
16 Commercial Data Review, is in compliance with checklist item 5. BellSouth
17 offers unbundled local transport on the trunk side of a wireline local exchange
18 carrier switch unbundled from switching or other services. BellSouth offers
19 ALECs both dedicated and shared transport, as the FCC has defined it.
20 Further, BellSouth offers dedicated and shared transport to carry originating
21 access traffic from, and terminating access traffic to, customers to whom the
22 ALEC is also providing local exchange service. For these reasons, the FPSC
23 should find BellSouth in compliance with checklist item 5.

24

25 *Issue 7: Does BellSouth currently provide unbundled local switching from*

1 *transport, local loop transmission, or other services, pursuant to Section 271 (c) (2)*

2 *(B) (vi) and applicable rules promulgated by the FCC?*

3 *(a) Does BellSouth bill for unbundled local switching on a usage-sensitive*
4 *basis?*

5 *(b) Does BellSouth currently provide unbundled local switching on both the*
6 *line-side and the trunk-side of the switch?*

7 *(c) Has BellSouth satisfied other associated requirements, if any, for this*
8 *item?*

9

10 Q. PLEASE DESCRIBE LOCAL SWITCHING AS DEFINED BY CHECKLIST
11 ITEM NO. 6.

12

13 A. Local circuit switching is the network element that provides the functionality
14 required to connect the appropriate originating lines or trunks wired to the
15 MDF, or to the digital cross connect panel, to a desired terminating line or
16 trunk. The most common local circuit switching capability involves the line
17 termination (port) and the line side switching (dial tone) capabilities in the
18 central office. The functionality of BellSouth's local circuit switching offering
19 includes access to all of the features, functions, and capabilities provided for
20 the particular port type, including features inherent to the switch and the switch
21 software and includes access to vertical features, such as Call Waiting. Local
22 circuit switching also provides access to additional capabilities such as
23 common and dedicated transport, out-of-band signaling, 911, operator services,
24 directory services, and repair service.

25

1 The packet switching capability network element is defined as the basic packet
2 switching function of routing or forwarding packets, frames, cells or other data
3 units based on address or other routing information contained in the packets,
4 frames, cells or other data units, and the functions that are performed by Digital
5 Subscriber Line Access Multiplexers (“DSLAMs”), including but not limited
6 to: (1) the ability to terminate copper customer loops (that include both a low
7 band voice channel and a high-band data channel, or solely a data channel); (2)
8 the ability to forward the voice channels, if present, to a circuit switch or
9 multiple circuit switches; (3) the ability to extract data units from the data
10 channels on the loops; and (4) the ability to combine data units from multiple
11 loops onto one or more trunks connecting to a packet switch or packet
12 switches.

13

14 Q. WHAT IS REQUIRED BY THE ACT TO BE IN COMPLIANCE WITH
15 CHECKLIST ITEM NO. 6?

16

17 A. Section 271(c)(2)(B)(vi) of the Act requires that BellSouth make available
18 local switching unbundled from local transport, local loop transmission, or
19 other services.

20

21 Q. WHAT ARE THE FCC’S RULES AND REQUIREMENTS REGARDING
22 THIS CHECKLIST ITEM?

23

24 A. FCC Rule 51.319(c) requires unbundling of local and tandem switching
25 capabilities. In the Bell Atlantic New York Order, the FCC concluded that

1 Bell Atlantic demonstrated compliance with checklist item 6, through its
2 provision of: 1) line-side and trunk-side facilities; 2) basic switching functions;
3 3) vertical features; 4) customized routing; 5) shared trunk ports; 6) unbundled
4 tandem switching; 7) usage information for billing exchange access, and 8)
5 usage information for billing for reciprocal compensation. (¶ 346; *see also*
6 SWBT-TX Order, at ¶ 339; and SWBT-KS/OK Order, at ¶ 242).

7

8 Q. WHAT HAS THE FCC PREVIOUSLY RULED REGARDING
9 BELLSOUTH'S COMPLIANCE WITH THIS CHECKLIST ITEM?

10

11 A. In its Louisiana II Order, the FCC determined that BellSouth must make
12 available all vertical features that the switch is capable of providing, whether or
13 not BellSouth offers a particular feature on a retail basis. (¶¶ 210-211). The
14 FCC also found that BellSouth failed to demonstrate sufficiently that ALECs
15 are able to order customized routing efficiently. As a consequence, the FCC
16 determined that BellSouth did not demonstrate that it is capable of making
17 customized routing practically available in a nondiscriminatory manner. (¶
18 223). Another area of concern addressed by the FCC in its Louisiana II Order
19 pertains to whether BellSouth had the necessary billing procedures in place and
20 had demonstrated that ALECs are provided timely and accurate usage
21 information, or a reasonable surrogate for this information, necessary to enable
22 billing for exchange access services. (¶¶ 232-234).

23

24 Q. HAS BELLSOUTH ADDRESSED THE FCC'S CONCERNS?

25

1 A. Yes. As discussed in detail in the testimony of Mr. Scollard and Mr. Milner,
2 BellSouth has resolved the concerns raised by the FCC regarding this checklist
3 item in its Louisiana II Order. In summary, BellSouth provides access to all
4 vertical features that the switch is capable of providing whether or not
5 BellSouth offers a particular feature on a retail basis. BellSouth also makes
6 available two methods of customized routing, as well as required usage data.

7
8 Q. WHAT HAS THE FPSC PREVIOUSLY DETERMINED REGARDING THIS
9 CHECKLIST ITEM?

10
11 A. In its 1997 Order, the FPSC found that it could not affirmatively conclude that
12 BellSouth was provisioning unbundled local switching in compliance with
13 checklist item 6. (p. 111). The FPSC gave several reasons for this finding:

- 14 • BellSouth had not demonstrated that it could bill for unbundled
15 switching on a usage-sensitive basis.
- 16 • BellSouth's inability to provide CABS or CABS-formatted billing as
17 ordered, does not provide the ALECs with reasonable opportunity to
18 compete.
- 19 • BellSouth must provide ALECs the same data and in the same time
20 frames as BellSouth provides to itself.
- 21 • Local switching comprises both the line side and trunk side capabilities;
22 to offer one and not the other restricts the ALECs' ability to fully
23 participate in the local market.

24 (*Id.*)

25

1 Q. WHAT ACTION HAS BELLSOUTH TAKEN TO RESOLVE THE FPSC'S
2 FINDINGS REGARDING THIS CHECKLIST ITEM?

3

4 A. As discussed in the testimony of Mr. Scollard and Mr. Milner and as will be
5 addressed in the KPMG 3PT:

- 6 • BellSouth has been billing ALECs for usage sensitive based UNEs
7 since August 1997.
- 8 • BellSouth provides CABS-formatted bills for all UNEs provided to
9 ALECs.
- 10 • BellSouth makes both the line side and trunk side aspects of the switch
11 available to ALECs.

12

13 The concerns raised by this Commission in its 1997 Order should be alleviated.

14

15 Q. WHAT DOES BELLSOUTH PROVIDE IN COMPLIANCE WITH THIS
16 CHECKLIST ITEM?

17

18 A. BellSouth provides ALECs with local circuit switching as defined above on an
19 unbundled basis. An ALEC can purchase unbundled switching separately from
20 the other unbundled components needed to complete a local call. BellSouth
21 also offers switch ports and associated usage unbundled from transport, local
22 loop transmission, and other services.

23

24 Further, switch ports are offered with access to all available vertical features
25 that are loaded in the software of the switch. A single vertical feature may

1 include more than one switch capability. Pursuant to the BFR process,
2 BellSouth will work with ALECs to provide features that are loaded in the
3 switch but that are not currently activated, as well as those features that are not
4 currently loaded in the switch. The testimony of Mr. Milner and Mr. Scollard
5 address BellSouth's local switching offer in more detail.

6
7 BellSouth provides ALECs with local circuit switching as defined above on an
8 unbundled basis, with one limited exception. Pursuant to the FCC's UNE
9 Remand Order, BellSouth is not required to provide unbundled local circuit
10 switching to ALECs to serve end-users with four or more voice grade (DS0)
11 equivalent channels or lines located in Density Zone 1 of the top 50
12 Metropolitan Statistical Areas ("MSAs"), as defined in 47 C.F.R. § 69.123 as
13 of January 1, 1999, so long as BellSouth provides nondiscriminatory access to
14 new combinations of EELs throughout Density Zone 1. Miami, Fort
15 Lauderdale, and Orlando are the locations in Florida that qualify as a top 50
16 MSA. BellSouth provides new EEL combinations throughout Density Zone 1
17 in these three MSAs; therefore, BellSouth is not required to provide local
18 circuit switching on an unbundled basis in Density Zone 1 areas of these three
19 MSAs.

20

21 Q. WHAT DOES BELLSOUTH OFFER WITH REGARD TO SWITCH
22 FEATURES NOT CURRENTLY LOADED IN A SWITCH?

23

24 A. Upon request, BellSouth will provide to an ALEC switch features that are not
25 currently loaded in the switch provided that the ALEC is willing to pay the

1 additional costs involved (e.g. additional right-to-use fees, programming costs
2 to the manufacturer and internal costs to adapt BellSouth's systems to accept
3 an order for the new feature). In addition to this issue of cost, there may be
4 feature interaction restrictions of which the ALEC needs to be aware. For
5 these reasons, BellSouth requires the ALEC to submit a BFR so that the parties
6 can explore all related issues.

7

8 Q. DOES BELLSOUTH LIMIT AN ALEC'S USE OF LOCAL CIRCUIT
9 SWITCHING TO LOCAL TRAFFIC?

10

11 A. No. Requesting carriers may use local circuit switching to carry any type of
12 traffic that the carrier is authorized to carry. The carrier may provide interstate
13 and intrastate exchange access to customers for whom the carrier provides
14 local service. ALECs purchasing unbundled local circuit switching are entitled
15 to collect the associated switched access charges from IXCs.

16

17 Q. PLEASE DESCRIBE BELLSOUTH'S PROVISION OF UNBUNDLED
18 PACKET SWITCHING.

19

20 A. BellSouth will provide unbundled packet switching in accordance with the
21 FCC's rules. In its UNE Remand Order, the FCC expressly declined "to
22 unbundle specific packet switching technologies incumbent LECs may have
23 deployed in their networks." (§ 311). Consistent with FCC Rule 51.319(c)(5)
24 regarding packet switching, BellSouth is only required to provide unbundled
25 packet switching when all of the following conditions have been satisfied:

1

2

1) The incumbent LEC has deployed digital loop carrier systems, including but not limited to, integrated digital carrier or universal digital loop carrier systems; or has deployed any other system in which fiber optic facilities replace copper facilities in the distribution section (e.g. end office to remote terminal, pedestal or environmentally controlled vault);

3

4

5

6

7

8

9

2) There are no spare copper loops capable of supporting the x DSL services the requesting carrier seeks to offer;

10

11

12

13

14

15

3) The incumbent LEC has not permitted a requesting carrier to deploy a Digital Subscriber Line Access Multiplexer at the remote terminal, pedestal or environmentally controlled vault or other interconnection point, nor has the requesting carrier obtained a virtual collocation arrangement at these subloop interconnection points as defined under Section 51.319(b); and,

16

17

18

4) The incumbent LEC has deployed packet switching capability for its own use.

19 Q.

WHERE DOES BELLSOUTH DEMONSTRATE ITS LEGAL

20

OBLIGATION TO COMPLY WITH THIS CHECKLIST ITEM?

21

22 A.

BellSouth offers unbundled local circuit switching through its agreements, as well as its SGAT. Exhibit CKC-3 provides interconnection agreement and SGAT references. If any existing interconnection agreements treat vertical

23

24

25

1 features associated with unbundled switch ports as retail services, those
2 agreements will be amended at the request of the ALEC.

3

4 Q. WHAT DOES BELLSOUTH REQUEST OF THE FPSC IN REGARD TO
5 CHECKLIST ITEM NO. 6?

6

7 A. BellSouth requests that the FPSC find that BellSouth, as demonstrated by
8 BellSouth's filings in this proceeding, the KPMG 3PT, and KPMG's
9 Commercial Data Review, is in compliance with checklist item 6. BellSouth
10 provides ALECs with local circuit switching on an unbundled network element
11 basis in compliance with the Act, and with the FCC's rules and requirements.
12 BellSouth further demonstrates its compliance with this checklist item through
13 its provision of:

- 14 1) line-side and trunk-side facilities;
- 15 2) basic switching functions;
- 16 3) vertical features;
- 17 4) customized routing;
- 18 5) shared trunk ports;
- 19 6) unbundled tandem switching;
- 20 7) usage information for billing exchange access; and
- 21 8) usage information for billing reciprocal compensation.

22

23 For these reasons, the FPSC should find BellSouth in compliance with
24 checklist item 6.

25

1 *Issue 8: Does BellSouth currently provide nondiscriminatory access to the*
 2 *following, pursuant to Section 271 (c) (2) (B) (vii) and applicable rules promulgated*
 3 *by the FCC:*

- 4 (i) *911 and E911 services;*
 5 (ii) *directory assistance services to allow other*
 6 *telecommunications carrier's customers to obtain telephone*
 7 *numbers; and*
 8 (iii) *operator call completion services?*

9

10 Q. WHAT ARE THE REQUIREMENTS OF THE ACT REGARDING
 11 CHECKLIST ITEM NO. 7?

12

13 A. Section 271(c)(2)(B)(vii) of the Act requires that a BOC provide
 14 nondiscriminatory access to (1) 911 and E911 services; (2) directory assistance
 15 services to allow the other carrier's customers to obtain telephone numbers;
 16 and (3) operator call completion services.

17

18 Q. WHAT ARE THE FCC'S RULES AND REQUIREMENTS REGARDING
 19 THIS CHECKLIST ITEM?

20

21 A. FCC Rule 51.217 applies to the components of checklist item 7 and states in
 22 relevant part that an ILEC that provides operator services, directory assistance
 23 services or directory listings to its customers shall permit competing providers
 24 to have nondiscriminatory access to those services or features with no
 25 unreasonable dialing delays.

1
2 Additionally, in its Local Competition First Report and Order¹⁵, the FCC
3 determined that, for access to 911/E911 services, access to directory assistance,
4 and access to operator call completion services, the ILEC shall provide
5 nondiscriminatory access to switching capability, including customized routing
6 functions. Paragraph 412 of this Order states that the features, functions and
7 capabilities of the local switch include the same basic capabilities that are
8 available to the ILEC's customers, such as access to 911, operator services and
9 directory assistance. Footnote 914 in the Order further states "we also note
10 that E911 and operator services are further unbundled from local switching."
11

12 In its UNE Remand Order, the FCC determined that ILECs need not provide
13 access to their operator services and directory assistance services on an
14 unbundled basis if the ILEC provides customized routing. The FCC, however,
15 determined that all ILECs must continue to provide nondiscriminatory access
16 to their operator services and directory assistance services pursuant to Section
17 251(b) of the Act. (¶¶ 441, 442).
18

19 In its Bell Atlantic New York Order, the FCC concluded that "[c]ompeting
20 carriers may provide operator services and directory assistance by either
21 reselling the BOC's services or by using their own personnel and facilities to
22 provides these services." (¶ 353).
23

24
25

¹⁵ *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC
Docket No. 96-98, 11 FCC Rcd 15499 (1996) ("Local Competition First Report and Order")

1 Q. WHAT HAS THE FCC PREVIOUSLY RULED REGARDING
2 BELLSOUTH'S COMPLIANCE WITH THIS CHECKLIST ITEM?

3
4 A. In its Louisiana II Order, the FCC found that "BellSouth again demonstrates
5 that it is providing nondiscriminatory access to 911/E911 services, and thus
6 satisfies the requirements of checklist item (vii)(I)." (¶ 236).

7
8 Regarding access to directory assistance and operator services, the FCC found
9 that "BellSouth makes a *prima facie* showing that it has a concrete legal
10 obligation to provide such access." (¶ 243). The FCC, however, found that
11 "BellSouth failed to show that it provides nondiscriminatory access: (1) to
12 BellSouth-supplied operator services and directory assistance; and (2) to the
13 directory listings in its directory assistance databases." (*Id.*)

14
15 The FCC concluded that although BellSouth submitted performance data
16 demonstrating nondiscriminatory access, "BellSouth has not separated the
17 performance data between itself and competing carriers. It may be that such
18 disaggregation is either not technically feasible or unnecessary given the
19 method by which competing carriers' customers access BellSouth's operator
20 services and directory assistance." (*Id.* at ¶ 245). Finally, the FCC concluded
21 that "[i]n any future application, if BellSouth seeks to rely on such
22 performance data to demonstrate compliance, it should either disaggregate the
23 data or explain why disaggregation is not feasible or is unnecessary to show
24 nondiscrimination." (*Id.*)

25

1 Q. HAS BELLSOUTH ADDRESSED THE FCC'S CONCERNS?

2

3 A. Yes. With respect to nondiscriminatory access to Directory Assistance and
4 Operator Services, Mr. Milner explains in his testimony why performance data
5 regarding such access does not need to be disaggregated between wholesale
6 and retail. In addition, Mr. Milner explains BellSouth's provision of
7 customized routing and discusses the different branding options available to
8 ALECs.

9

10 Q. WHAT HAS THE FPSC PREVIOUSLY DETERMINED REGARDING THIS
11 CHECKLIST ITEM?

12

13 A. In its 1997 Order, the FPSC found that BellSouth provides nondiscriminatory
14 access to 911/E911, and operator call completion services as long as
15 customized routing is available. (p. 113). It concluded, however, that
16 BellSouth was not providing all directory listings to requesting carriers at the
17 time because BellSouth was not giving out ALEC or Independent Company
18 ("ICO") customer information without permission from the ALEC or ICO
19 because of agreements BellSouth had entered into with them. For this reason,
20 the FPSC found that BellSouth was not in compliance with sub-item 2, of
21 checklist item 7. (pp. 117-119).

22

23 Q. HAS BELLSOUTH ADDRESSED THE ISSUE IDENTIFIED BY THE
24 FPSC?

25

1 A. Yes. BellSouth makes all information contained in BellSouth's listing
2 database for its own end users, ALECs' end users, and ICO's end users
3 available to ALECs in the same manner as it is available to BellSouth.
4

5 Q. HOW DOES BELLSOUTH COMPLY WITH CHECKLIST ITEM NO. 7
6 WITH RESPECT TO OFFERINGS FOR DIRECTORY ASSISTANCE
7 SERVICES?
8

9 A. BellSouth's DA service is available on a nondiscriminatory basis to ALECs
10 providing local exchange service to end user customers in exchanges served by
11 BellSouth. ALECs can provide their end users with the same access to
12 BellSouth's DA service using the same 411 dialing pattern as BellSouth
13 provides its retail customers. BellSouth includes ALECs' listings in
14 BellSouth's DA databases. When an ALEC, that is reselling BellSouth
15 service, desires to establish a local telephone line with the provisioning of DA,
16 the service is provided in the same time and manner as is done for BellSouth
17 retail customers under BellSouth's retail tariffs. BellSouth will make the
18 telephone numbers of subscribers of facilities-based ALECs available for
19 Intercept Service and will also include those subscribers' line numbers and
20 calling card numbers in BellSouth's Line Information Database ("LIDB"). The
21 testimony of Mr. Milner and the affidavit of Mr. Doug Coutee, attached to Mr.
22 Milner's testimony, discuss BellSouth's directory assistance offering in more
23 detail and demonstrate BellSouth's compliance with this checklist item.
24
25

1 Q. AT WHAT RATES DOES BELLSOUTH PROVIDE ACCESS TO ITS
2 DIRECTORY ASSISTANCE SERVICES?

3

4 BellSouth's Directory Assistance Services rates are provided in BellSouth's
5 General Subscriber Service Tariff ("GSST") and through negotiated
6 agreements.

7

8 Q. HOW DOES BELLSOUTH COMPLY WITH CHECKLIST ITEM NO. 7
9 WITH RESPECT TO OFFERINGS FOR OPERATOR CALL COMPLETION
10 SERVICES?

11

12 A. BellSouth provides ALECs and their subscribers nondiscriminatory access to
13 operator services pursuant to Section 251(b)(3) of the Act. BellSouth's call
14 processing includes: Call Assistance and Call Completion services; Alternate
15 Billing Services such as third number, calling card, and collect; verification
16 and interruption of a busy line; and operator transfer service. Facilities-based
17 ALECs can obtain access to BellSouth's operator call processing by
18 connecting their point of interface via a trunk group to BellSouth's operator
19 services system. Mr. Milner's testimony and Mr. Coutee's affidavit provide
20 additional detail regarding BellSouth's operator services offering.

21

22 Q. AT WHAT RATES DOES BELLSOUTH PROVIDE ACCESS TO ITS
23 OPERATOR SERVICES?

24

25

1 A. BellSouth's Operator Services rates are provided in BellSouth's tariffs and
2 through negotiated agreements.

3

4 Q. WHERE DOES BELLSOUTH DEMONSTRATE ITS LEGAL
5 OBLIGATION TO PROVIDE THIS CHECKLIST ITEM?

6

7 A. BellSouth offers through its agreements, and through its SGAT,
8 nondiscriminatory access to its 911 and E911 services, directory assistance
9 services and operator call completion service. Such access is provided in
10 compliance with the Act, and conforms to the FPSC's and the FCC's
11 requirements. See Exhibit CKC-3 for agreement and SGAT references.

12

13 Q. WHAT DOES BELLSOUTH REQUEST OF THE FPSC IN REGARD TO
14 CHECKLIST ITEM NO. 7?

15

16 A. BellSouth requests that the FPSC find that BellSouth, as demonstrated by
17 BellSouth's filings in this proceeding, the KPMG 3PT, and KPMG's
18 Commercial Data Review, is in compliance with checklist item 7. BellSouth's
19 actions and performance are consistent with its previous showing. BellSouth
20 provides nondiscriminatory access to its 911/E911, directory assistance, and
21 operator call completion services. For these reasons, the FPSC should find
22 BellSouth in compliance with checklist item 7.

23

24 *Issue 9: In Order PSC-97-1459-FOF-TL, issued November 19, 1997, the*

25 *Commission found that BellSouth met the requirements of Section 271 (c) (2) (B)*

1 *(viii) of the Communications Act of 1934, as amended by the Telecommunications*
2 *Act of 1996. Does BellSouth currently provide white pages directory listings for*
3 *customers of other telecommunications carrier's telephone exchange service,*
4 *pursuant to Section 271 (c) (2) (B) (viii) and applicable rules promulgated by the*
5 *FCC?*

6

7 Q. WHAT ARE THE REQUIREMENTS OF THE ACT REGARDING
8 CHECKLIST ITEM NO. 8?

9

10 A. Section 271(c)(2)(B)(viii) of the Act requires that a BOC provide or generally
11 offer to other telecommunications carriers access or interconnection to “[w]hite
12 pages directory listings for customers of the other carrier’s telephone exchange
13 service.”

14

15 Section 222(f)(3)(A) and (B) of the Act defines subscriber list information as
16 any information “(A) identifying the listed names of subscribers of a carrier
17 and such subscribers’ telephone numbers, addresses, or primary advertising
18 classifications (as such classifications are assigned at the time of the
19 establishment of such service), or any combinations of such listed names,
20 numbers, addresses, or classifications; and (B) that the carrier or an affiliate
21 has published, caused to be published, or accepted for publication in any
22 directory format.”

23

24 Q. WHAT ARE THE FCC’S RULES AND REQUIREMENTS REGARDING
25 THIS CHECKLIST ITEM?

1

2 A. In the Bell Atlantic New York Order, the FCC concluded that in order to
3 satisfy the requirements of this checklist item, a BOC must demonstrate that it
4 is providing for customers of competitive LECS white pages directory listings
5 that are nondiscriminatory in appearance and integration. Additionally, these
6 listings must have the same accuracy and reliability that the BOC provides for
7 its own customers. (¶ 360; SWBT Order-TX, ¶ 354; SWBT Order-KS/OK, ¶
8 246).

9

10 Q. WHAT HAS THE FCC PREVIOUSLY RULED REGARDING
11 BELLSOUTH'S COMPLIANCE WITH THIS CHECKLIST ITEM?

12

13 A. In its Louisiana II Order, the FCC found that BellSouth had demonstrated that
14 it provides white pages directory listings for customers of ALEC's telephone
15 exchange service, and for that reason satisfied the requirements of checklist
16 item 8. (¶ 253). The FCC further concluded that BellSouth's SGAT and
17 agreements provide a concrete and legal obligation to provide white pages
18 listings to competitors' customers. (¶ 254). Finally, the FCC found that for a
19 BOC to be in compliance with this checklist item, the BOC must provide white
20 pages directory listings for a competing carriers' customers with the same
21 accuracy and reliability that it provides to its own customers, "and that
22 BellSouth has submitted sufficient evidence to demonstrate that it is satisfying
23 this requirement." (¶ 257).

24

25 Q. WHAT HAS THE FPSC PREVIOUSLY DETERMINED REGARDING THIS

1 CHECKLIST ITEM?

2

3 A. In its 1997 Order, the FPSC found that “BellSouth has provided, and can
4 generally offer, white page directory listings for customers of other carriers’
5 telephone exchange service.” (p. 124). The FPSC concluded that BellSouth is
6 providing nondiscriminatory access to white page directory listing in
7 accordance with the Act and FCC rules. (*Id.*).

8

9 Q. WHERE DOES BELLSOUTH DEMONSTRATE ITS LEGAL
10 OBLIGATION TO PROVIDE THIS CHECKLIST ITEM?

11

12 A. BellSouth offers through its agreements, as well as its SGAT, white pages
13 listings (subscriber name, address, and telephone number) for customers of
14 ALECs. See Exhibit CKC-3 for agreement and SGAT references.

15

16 Q. HOW DOES BELLSOUTH PRICE WHITE PAGES LISTINGS?

17

18 A. As evidenced by BellSouth’s agreements and SGAT, BellSouth provides in the
19 white pages, free of charge, the primary listing information, in standard format,
20 for customers of resellers or facilities-based carriers. Additional and option
21 listings are available at rates set out in BellSouth’s GSST. If these services are
22 being resold, the state-established wholesale discount applies. BellSouth also
23 includes and maintains ALEC subscriber listings in BellSouth’s directory
24 assistance database free of charge. The testimony of Mr. Milner, and the
25 affidavit of Mr. Rook Baretto, attached to Mr. Milner’s testimony, discuss

1 BellSouth's white pages listings offering in more detail.

2

3 Q. WHAT DOES BELLSOUTH REQUEST OF THE FPSC IN REGARD TO
4 CHECKLIST ITEM NO. 8?

5

6 A. The FCC and the FPSC previously found BellSouth to be in compliance with
7 this checklist item. BellSouth provides ALECs with white pages directory
8 listings at terms and conditions that are the same in Florida as those found to be
9 compliant by the FCC in Louisiana. BellSouth's actions and performance are
10 consistent with its previous showing, and nothing material changed since 1998
11 that should cause this Commission to reach a different conclusion than the
12 FCC reached in its Louisiana II Order or than this Commission reached in its
13 1997 Order. For these reasons, BellSouth requests that the FPSC again find
14 BellSouth compliant with checklist item 8.

15

16 *Issue 10: In Order PSC-97-1459-FOF-TL, issued November 19, 1997, the*
17 *Commission found that BellSouth met the requirements of Section 271 (c) (2) (B)*
18 *(ix) of the Communications Act of 1934, as amended by the Telecommunications*
19 *Act of 1996. Does BellSouth currently provide nondiscriminatory access to*
20 *telephone numbers for assignment to the other telecommunications carrier's*
21 *telephone exchange service customers, pursuant to Section 271 (c) (2) (B) (ix) and*
22 *applicable rules promulgated by the FCC?*

23

24 Q. WHAT ARE THE REQUIREMENTS OF THE ACT REGARDING
25 CHECKLIST ITEM NO 9?

1

2 A. Section 271(c)(2)(B)(ix) of the Act provides that, until the date by which
3 telecommunications numbering administration guidelines, plans or rules are
4 established, ILECs must provide nondiscriminatory access to telephone
5 numbers for assignment to the other carrier's telephone exchange service
6 customers.

7

8 Q. WHAT ARE THE FCC'S RULES AND REQUIREMENTS REGARDING
9 THIS CHECKLIST ITEM?

10

11 A. In its Bell Atlantic New York Order, the FCC restated its previous designation
12 of NeuStar, Inc. ("NeuStar") as the North American Numbering Plan
13 Administrator ("NANPA") and maintained that a BOC cannot assign telephone
14 numbers to itself or to ALECs. Further, the FCC concluded that a BOC must
15 demonstrate that it adheres to these industry numbering administration
16 guidelines, and the FCC's rules, including accurate reporting of data, to be
17 compliant with this checklist item. (¶ 363; and SWBT-TX, ¶ 360).

18

19 Q. WHAT HAS THE FCC PREVIOUSLY RULED REGARDING
20 BELLSOUTH'S COMPLIANCE WITH THIS CHECKLIST ITEM?

21

22 A. In its Louisiana II Order, the FCC found that "BellSouth demonstrates that it
23 has provided nondiscriminatory access to telephone numbers for assignment to
24 other carriers' telephone exchange customers, and thus BellSouth has satisfied
25 the requirements of Checklist Item (ix)." (¶ 262).

1

2 Q. WHAT DID THE FPSC PREVIOUSLY RULE REGARDING THIS
3 CHECKLIST ITEM?

4

5 A. In its 1997 Order, the FPSC found that BellSouth, as the numbering
6 administrator for its territory, ensured that ALECs were provided
7 nondiscriminatory access to telephone numbers for assignment to their
8 customers, and thus concluded that BellSouth had met this checklist item (p.
9 126). Additionally, the FPSC also found that the proposed SGAT would be
10 sufficient to satisfy checklist item 9. (pp. 126, 127).

11

12 Q. HAS ANYTHING CHANGED SINCE THE FCC'S AND FPSC'S FINDINGS
13 WERE MADE?

14

15 Yes. At the time the FCC and the FPSC found BellSouth to be in compliance
16 with checklist item 9, BellSouth was the code administrator for its region for
17 central office code assignment and Numbering Plan Administration. However,
18 during February 1998 Lockheed-Martin assumed all NANPA functions.
19 Subsequently, on November 17, 1999, NeuStar assumed all NANPA
20 responsibilities when the FCC approved the transfer of Lockheed-Martin's
21 Communication Industry Service division to NeuStar. The testimony of Mr.
22 Milner explains, in more detail, the evolution of the code administrator
23 responsibility and the ultimate transition from BellSouth to NeuStar.

24

25

1 Q. WHERE DOES BELLSOUTH DEMONSTRATE ITS LEGAL
2 OBLIGATION TO PROVIDE THIS CHECKLIST ITEM?

3

4 A. BellSouth offers through its agreements, as well as its SGAT,
5 nondiscriminatory access to telephone numbers. See Exhibit CKC-3 for
6 interconnection agreement and SGAT references.

7

8 Q. WHAT DOES BELLSOUTH REQUEST OF THE FPSC IN REGARD TO
9 CHECKLIST ITEM NO. 9?

10

11 A. The FCC and the FPSC previously found BellSouth to be in compliance with
12 this checklist item. BellSouth adheres to industry guidelines and complies with
13 FCC rules adopted pursuant to Section 251(e) of the Act. For these reasons,
14 BellSouth requests that the FPSC again find BellSouth compliant with
15 checklist item 9.

16

17 *Issue 11: In Order PSC-97-1459-FOF-TL, issued November 19, 1997, the*
18 *Commission found that BellSouth met the requirements of Section 271 (c) (2) (B)*
19 *(x) of the Communications Act of 1934, as amended by the Telecommunications Act*
20 *of 1996. Does BellSouth currently provide nondiscriminatory access to databases*
21 *and associated signaling necessary for call routing and completion, pursuant*
22 *Section 271 (c) (2) (B) (x) and applicable rules promulgated by the FCC?*

23

24 Q. WHAT ARE THE REQUIREMENTS OF THE ACT REGARDING
25 CHECKLIST ITEM NO. 10?

1

2 A. Section 271(c)(2)(B)(x) provides that an ILEC must offer nondiscriminatory
3 access to databases and associated signaling necessary for call routing and
4 completion. Databases and associated signaling refer to call-related databases
5 and signaling systems that are used for billing and collection or for the
6 transmission, or other provision, of a telecommunications service.

7

8 Q. WHAT ARE THE FCC'S RULES AND REQUIREMENTS REGARDING
9 THIS CHECKLIST ITEM?

10

11 A. FCC Rule 51.319(e) requires that an ILEC provide ALECs with
12 nondiscriminatory access to signaling networks and call-related databases.
13 When a requesting carrier purchases unbundled switching, the ILEC must
14 provide access to its signaling network from that switch in the same manner in
15 which the ILEC obtains such access. For a carrier that has its own switching
16 facilities, the ILEC will provide access to the ILEC's signaling network for
17 each of the carrier's switches in the same manner the ILEC connects one of its
18 own switches. For query and database response, the ILEC will provide access
19 to its call-related databases by means of physical access.

20

21 In its UNE Remand Order, the FCC clarified that the definition of call-related
22 databases "includes, but is not limited to, the calling name ("CNAM")
23 database, as well as the 911, and E911 databases." (§ 403).

24

25 Q. WHAT HAS THE FCC PREVIOUSLY RULED REGARDING

1 BELLSOUTH'S COMPLIANCE WITH THIS CHECKLIST ITEM?

2

3 A. In its Louisiana II Order, the FCC found that BellSouth demonstrated that it is
4 providing nondiscriminatory access to databases and associated signaling
5 necessary for call routing and completion and thus satisfies the requirements of
6 checklist item 10. (¶ 267).

7

8 Q. WHAT DID THE FPSC PREVIOUSLY RULE REGARDING THIS
9 CHECKLIST ITEM?

10

11 A. In its 1997 Order, the FPSC found that BellSouth had met the requirements of
12 this checklist item. (pp. 138-139).

13

14 Q. WHERE DOES BELLSOUTH DEMONSTRATE ITS LEGAL
15 OBLIGATION TO PROVIDE THIS CHECKLIST ITEM?

16

17 A. BellSouth's agreements, as well as its SGAT, provide for nondiscriminatory
18 access to BellSouth's signaling networks and call-related databases used for
19 call routing and completion. See Exhibit CKC-3 for interconnection agreement
20 and SGAT references.

21

22 Q. WHAT DOES BELLSOUTH REQUEST OF THE FPSC IN REGARD TO
23 CHECKLIST ITEM NO. 10?

24

25

1 A. The FCC and the FPSC previously found BellSouth to be in compliance with
2 this checklist item. As discussed in detail in Mr. Milner's testimony, BellSouth
3 provides ALECs with nondiscriminatory access to databases and associated
4 signaling at terms and conditions that are the same in Florida as those found to
5 be compliant by the FCC in Louisiana. BellSouth's actions and performance
6 are consistent with its previous showing, and nothing material has changed
7 since 1998 that should cause this Commission to reach a different conclusion
8 than the FCC reached in its Louisiana II Order or than this Commission
9 reached in 1997. For these reasons, BellSouth requests that this Commission
10 again find BellSouth compliant with checklist item 10.

11

12 *Issue 12: In Order PSC-97-1459-FOF-TL, issued November 19, 1997, the*
13 *Commission found that BellSouth met the requirements of Section 271 (c) (2) (B)*
14 *(xi) of the Communications Act of 1934, as amended by the Telecommunications*
15 *Act of 1996. Does BellSouth currently provide number portability, pursuant to*
16 *Section 271 (c) (2) (B) (xi) and applicable rules promulgated by the FCC?*

17

18 Q. WHAT IS NUMBER PORTABILITY AS COVERED BY CHECKLIST
19 ITEM NO. 11?

20

21 A. Number portability is a service arrangement that allows end user customers to
22 retain, at the same location (or a nearby location that is served by the same
23 BellSouth central office), their existing telephone numbers when switching
24 from one telecommunications carrier to another facilities-based
25 telecommunications carrier.

1

2 Q. WHAT ARE THE REQUIREMENTS OF THE ACT WITH RESPECT TO
3 CHECKLIST ITEM NO. 11?

4

5 A. Section 271(c)(2)(B)(xi) of the Act requires that BOCs provide interim number
6 portability (“INP”) “[u]ntil the date by which the Commission [FCC] issues
7 regulations pursuant to Section 251 to require [permanent] number
8 portability...” and “[a]fter that date, full compliance with such regulations.”
9 Section 251(b)(2) of the Act lists number portability as an obligation of all
10 LECs. As a LEC, BellSouth has the duty to provide, to the extent technically
11 feasible, number portability according to requirements prescribed by the FCC.
12 The Act requires that number portability be provided without impairing quality,
13 reliability, or convenience for the customer.

14

15 Q. WHAT ARE THE FCC RULES AND REQUIREMENTS WITH REGARD TO
16 NUMBER PORTABILITY?

17 A. The FCC issued regulations regarding number portability on July 2, 1996.¹⁶
18 FCC Rule 52.27 provides for the deployment of transitional measures for
19 number portability. FCC Rule 52.23 provides for the deployment of long-term
20 database methods for number portability by LECs, referred to as permanent
21 local number portability (“LNP”). LNP must support network services, features
22 and capabilities existing at the time number portability is implemented. LNP
23 must efficiently use number resources and may not require end users to change

24

25 ¹⁶ *First Report and Order and Further Notice of Proposed Rulemaking*, CC Docket No. 95-116, (“First Number Portability Order”) issued July 2, 1996.

1 their phone numbers or telecommunications carriers to rely on databases or
2 other network facilities or services provided by other telecommunications
3 carriers to route calls to the terminating destination. In addition, service quality
4 and network reliability should be maintained when number portability is
5 implemented and when customers switch carriers.

6

7 Q. WHAT HAS THE FCC PREVIOUSLY RULED REGARDING
8 BELLSOUTH'S COMPLIANCE WITH THIS CHECKLIST ITEM?

9

10 A. In its Louisiana II Order, the FCC found that BellSouth failed to provide
11 persuasive evidence that it meets this requirement. (¶ 276). The FCC found that
12 more detailed performance data is required to demonstrate that BellSouth
13 coordinates the provisioning of interim number portability with the provisioning
14 of unbundled loops. (¶ 283).

15

16 The FCC also found that "BellSouth is engaging in, and the Louisiana
17 Commission has approved, practices that may not comply with the FCC's
18 pricing rules and competitive neutrality guidelines, such as assessing all the
19 incremental costs of interim number portability on the competitive LEC, and not
20 sharing the terminating access revenue from calls to ported numbers."
21 (Louisiana II Order, at ¶ 289).

22

23 In its Louisiana II Order, the FCC referenced its *Third Number Portability*
24 *Order*, that instituted rules to allow an ILEC to recover its permanent LNP costs
25 in two federally tariffed charges: 1) a monthly end-user charge to take effect no

1 earlier than February 1, 1999, that lasts no longer than five years, and 2) an
2 inter-carrier charge for query-services that ILECs provide other carriers. The
3 FCC found that, "BellSouth has recently filed its long-term number portability
4 query tariff, which is the subject of a pending Commission tariff investigation,
5 and any end-user charge it tariffs with the Commission will take effect no
6 earlier than February 1999." (¶ 294).

7
8 Finally, the FCC concluded that in any future application for in-region
9 interLATA authority under Section 271, BellSouth must demonstrate that it is
10 complying with the FCC's rules on the pricing of long-term number portability.
11 (Louisiana II Order, at ¶ 294).

12

13 Q. HAS BELLSOUTH ADDRESSED THE FCC'S CONCERNS?

14

15 A. Yes. In accordance with the FCC's Third Number Portability Order,¹⁷
16 BellSouth has an approved tariff for the end user line charge and the query
17 charge. KPMG's 3PT and Commercial Data Review will demonstrate
18 nondiscriminatory provisioning and coordination of LNP, and unbundled loop
19 requests. The testimony of Mr. Milner, and the affidavit of Mr. Davis, attached
20 to Mr. Milner's testimony, provide more detail on BellSouth's compliance with
21 this checklist item.

22

23

24

25 ¹⁷ *Third Report and Order in CC Docket No. 95-116* ("Third Number Portability Order"), Issued May 12, 1998.

1 Q. WHAT HAS THE FPSC PREVIOUSLY DETERMINED WITH REGARD TO
2 BELLSOUTH'S COMPLIANCE WITH CHECKLIST ITEM NO. 11?

3

4 A. In its 1997 Order, the FPSC found that BellSouth had met the requirements of
5 checklist item 11. (p. 145).

6

7 Q. WHAT HAS CHANGED SINCE THE 1997 ORDER?

8

9 A. The FCC has mandated that BellSouth and all facilities-based ALECs
10 implement LNP in designated MSAs in the BellSouth region. Implementation
11 was completed in BellSouth's share of the top 100 MSAs by December 31,
12 1998. BellSouth has successfully completed the required deployment of LNP
13 for Phase I-IV for the top 21 MSAs within the BellSouth territory. To allow for
14 an orderly scheduling and deployment of LNP in offices outside the top 21
15 MSAs, BellSouth developed an LNP deployment schedule, pursuant to which
16 the remaining MSAs within each state were prioritized by size, with the largest
17 MSA in each state scheduled for LNP implementation first and the smallest last.
18 The final schedule, with ALEC approval, was published on April 12, 1999.
19 BellSouth followed this schedule and by March 31, 2000, 100% of BellSouth
20 switches in Florida were LNP capable. Additional details regarding BellSouth's
21 implementation of LNP can be found in the testimony of Mr. Milner and the
22 affidavit of Mr. Dennis Davis, attached to Mr. Milner's testimony.

23

24 Q. WHAT ARE THE FCC'S REQUIREMENTS REGARDING CONVERSION
25 FROM INP TO LNP?

1

2 A. In its Second Number Portability Order¹⁸ (¶ 16) and in Rule 47 CFR 52.27(d),
3 the FCC states, “LECs must discontinue using transitional number portability
4 methods in areas where a long-term number portability method has been
5 implemented.” This statement was in response to concerns expressed by GTE
6 that ALECs might want to continue using interim LNP, even after permanent
7 LNP is available (Id., ¶ 15). The FCC made it clear that all
8 telecommunications service providers must convert to permanent LNP, once
9 available.

10

11 Q. WAS THERE A TRANSITION PERIOD FOR CONVERSION FROM INP
12 TO LNP?

13

14 A. Yes. Through industry committees, agreement was reached between BellSouth
15 and participating ALECs that all interim number portability arrangements in the
16 original 100 MSAs would be targeted to convert to permanent number
17 portability within 90 days after the end date for LNP in a given MSA. This
18 conversion period was subsequently extended to 120 days to provide ALECs
19 additional time to convert from INP to LNP.

20

21 Q. WHERE DOES BELLSOUTH DEMONSTRATE ITS LEGAL
22 OBLIGATION TO PROVIDE THIS CHECKLIST ITEM?

23

24

25 ¹⁸ *Second Memorandum Opinion and Order on Reconsideration in CC Docket 95-116* (“Second
Number Portability Order”), issued October 20, 1998.

1 A. BellSouth's interconnection agreements and SGAT describe BellSouth's
2 provisioning of number portability. See Exhibit CKC-3 for interconnection
3 agreement and SGAT references.

4
5 Q. WHAT DOES BELLSOUTH REQUEST OF THE FPSC IN REGARD TO
6 CHECKLIST ITEM NO. 11?

7
8 A. BellSouth requests that the FPSC find that BellSouth, as demonstrated by
9 BellSouth's filings in this proceeding, the KPMG 3PT, and KPMG's
10 Commercial Data Review, is in compliance with checklist item 11. BellSouth
11 provides INP and LNP consistent with the Act and the FCC's regulations.
12 Additionally, BellSouth has an approved tariff for the end user line charge and
13 the query charges. Therefore, the FPSC should again find BellSouth in
14 compliance with checklist item 11.

15
16 *Issue 13: In Order PSC-97-1459-FOF-TL, issued November 19, 1997, the*
17 *Commission found that BellSouth met the requirements of Section 271 (c) (2) (B)*
18 *(xii) of the Communications Act of 1934, as amended by the Telecommunications*
19 *Act of 1996. Does BellSouth currently provide nondiscriminatory access to such*
20 *services or information as are necessary to allow the requesting carrier to implement*
21 *local dialing parity in accordance with the requirements of Section 271 (c) (2) (B)*
22 *(xii) and applicable rules promulgated by the FCC?*

23
24 Q. WHAT ARE THE REQUIREMENTS OF THE ACT WITH REGARD TO
25 LOCAL DIALING PARITY?

1

2 A. Section 251(b)(3) of the Act addresses the responsibility of the ILEC to
3 provide dialing parity by defining it as, “[t]he duty to provide dialing parity to
4 competing providers of telephone exchange service and telephone toll service,
5 and the duty to permit all such providers to have nondiscriminatory access to
6 telephone numbers, operator services, directory assistance, and directory
7 listing, with no unreasonable dialing delays.”

8

9 Q. WHAT ARE THE FCC RULES REGARDING LOCAL DIALING PARITY?

10

11 A. FCC Rule 51.205 requires a LEC to provide local dialing parity to competing
12 providers with no unreasonable dialing delays. Dialing parity shall be
13 provided for all services that require dialing to route a call. Rule 51.207 states
14 that a LEC shall permit telephone exchange service customers within a local
15 calling area to dial the same number of digits to make a local call,
16 notwithstanding the identity of the customer’s or the called party’s
17 telecommunications service provider.

18

19 In its Bell Atlantic New York Order, the FCC concluded that, “[c]ustomers of
20 competing carriers must be able to dial the same number of digits the BOC’s
21 customers dial to complete a local telephone call. Moreover, customers of
22 competing carriers must not otherwise suffer inferior quality service, such as
23 unreasonable dialing delays, compared to the BOC’s customers.” (¶ 373; *see*
24 *also* SWBT Order-TX, ¶ 374).

25

1 Q. WHAT HAS THE FCC PREVIOUSLY RULED REGARDING
2 BELLSOUTH'S COMPLIANCE WITH THIS CHECKLIST ITEM?

3

4 A. In its Louisiana II Order, the FCC found that BellSouth demonstrated that "it
5 provides nondiscriminatory access to such services as are necessary to allow a
6 requesting carrier to implement local dialing parity in accordance with the
7 requirements of section 251(b)(3), and thus satisfies the requirements of
8 checklist item (xii)." (¶ 296).

9

10 Q. WHAT HAS THE FPSC PREVIOUSLY DETERMINED REGARDING THIS
11 CHECKLIST ITEM?

12

13 A. In its 1997 Order, the FPSC found that BellSouth has provided local dialing
14 parity in compliance with this checklist item. (p. 148).

15

16 Q. WHERE DOES BELLSOUTH DEMONSTRATE ITS LEGAL
17 OBLIGATION TO PROVIDE THIS CHECKLIST ITEM?

18

19 A. BellSouth's interconnection agreements, as well as its SGAT, provide for local
20 dialing parity. See Exhibit CKC-3 for interconnection agreement and SGAT
21 references. There is no charge for local dialing parity beyond the charges for
22 the facilities and services otherwise used by the ALEC.

23

24 Q. WHAT DOES BELLSOUTH REQUEST OF THE FPSC IN REGARD TO
25 CHECKLIST ITEM NO. 12?

1

2 A. The FCC and the FPSC previously found BellSouth to be in compliance with
3 this checklist item. BellSouth provides dialing parity to ALECs in Florida on
4 terms and conditions that are the same for Florida as those found to be
5 compliant by the FCC in Louisiana. BellSouth's actions and performance are
6 consistent with its previous showing, and nothing material has changed since
7 1998 that should cause this Commission to reach a different conclusion than
8 the FCC reached in its Louisiana II Order or than the FPSC reached in 1997.
9 For these reasons, BellSouth requests that the FPSC again find BellSouth
10 compliant with checklist item 12.

11

12 *Issue 14: In Order PSC-97-1459-FOF-TL, issued November 19, 1997, the*
13 *Commission found that BellSouth met the requirements of Section 271 (c) (2) (B)*
14 *(xiii) of the Communications Act of 1934, as amended by the Telecommunications*
15 *Act of 1996. Does BellSouth currently provide reciprocal compensation*
16 *arrangements in accordance with the requirements of Section 252 (d) (2) of the*
17 *Telecommunications Act of 1996, pursuant to Section 271 (c) (2) (B) (xiii) and*
18 *applicable rules promulgated by the FCC?*

19

20 Q. WHAT DOES THE ACT REQUIRE WITH RESPECT TO RECIPROCAL
21 COMPENSATION?

22

23 A. Section 251(b)(5) of the Act requires local exchange carriers to enter into
24 reciprocal compensation arrangements for the transport and termination of
25 telecommunications. Section 252(d)(2) of the Act establishes a standard for

1 just and reasonable prices for reciprocal compensation such that each carrier
2 receives mutual and reciprocal recovery of costs associated with the transport
3 and termination on each carrier's facilities of calls that originate on the
4 network facilities of the other carrier. The rates shall be set on the basis of a
5 reasonable approximation of the additional costs of terminating such calls.

6

7 Q. WHAT ARE THE FCC'S RULES AND REQUIREMENTS REGARDING
8 THIS CHECKLIST ITEM?

9

10 A. Reciprocal compensation applies to telecommunications traffic, which is
11 defined by the FCC in its April 27, 2001 Order as:¹⁹

12

13 (1) Telecommunications traffic exchanged between a LEC and a
14 telecommunications carrier other than a Commercial Mobile Radio
15 Service ("CMRS") provider, except for telecommunications traffic
16 that is interstate or intrastate exchange access, information access,
17 or exchange services for such access (see FCC 01-131, paras. 34,
18 36, 39, 42-43); or

19 (2) Telecommunications traffic exchanged between a LEC and a
20 CMRS provider that, at the beginning of the call, originates and
21 terminates within the same Major Trading Area, as defined in §
22 24.202(a) of this chapter. [Amended FCC Rule 51.701(b)(1) and
23 (2)].

24

25 ¹⁹ *Order on Remand and Report and Order in the matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996 and Intercarrier Compensation for ISP-Bound Traffic*, CC Dockets 96-98 and 99-68, released April 27, 2001, ("Intercarrier Compensation Order").

1

2 Amended FCC Rule 51.701(e) defines a reciprocal compensation arrangement
3 as “one in which each of the two carriers receives compensation from the other
4 carrier for the transport and termination on each carrier’s network facilities of
5 telecommunications traffic that originates on the network facilities of the other
6 carrier.”

7

8 In the Bell Atlantic New York Order, the FCC found that Bell Atlantic was in
9 compliance with this checklist item because “it (1) has reciprocal
10 compensation arrangements in accordance with section 252(d)(2) in place, and
11 (2) is making all required payments in a timely fashion.” (¶ 376).

12

13 Q. HOW HAS THE FCC ADDRESSED THE EFFECT THAT A CARRIER’S
14 POSITION CONCERNING PAYMENT OF RECIPROCAL
15 COMPENSATION ON INTERNET-BOUND TRAFFIC HAS ON ITS
16 COMPLIANCE WITH THIS CHECKLIST REQUIREMENT?

17

18 A. The FCC has been clear that intercarrier compensation for traffic bound for
19 Internet Service Providers (“ISPs”) is not relevant to demonstrating compliance
20 with this checklist item. For example, in its Bell Atlantic New York Order, the
21 FCC noted that “[i]nter-carrier compensation for ISP-bound traffic, however, is
22 not governed by section 251(b)(5), and, therefore, is not a checklist item.” (¶
23 377).

24

25 Further, in its SWBT Order-TX, the FCC, in addressing Allegiance’s concerns

1 regarding inter-carrier compensation for ISP-bound traffic, concluded that
2 “[b]ecause Allegiance does not allege that SWBT fails this checklist item, and
3 also because this issue i[s] before us again due to the court’s remand, we do not
4 address it in the context of a 271 application.” (¶ 386).

5
6 Also in its SWBT Order-KS/OK, the FCC once again confirmed its prior
7 position regarding reciprocal compensation for ISP-bound traffic. The FCC
8 stated that “[u]nder a prior Commission order, ISP-bound traffic is not subject
9 to the reciprocal compensation provisions of section 251(b)(5) and 252(d)(2);
10 therefore, as we stated in our *Bell Atlantic New York Order*, whether a carrier
11 pays such compensation is irrelevant to checklist item 13.” (¶ 251).

12
13 Finally, as determined by the FCC in its Intercarrier Compensation Order,
14 intercarrier compensation for traffic delivered to enhanced service providers
15 (which includes traffic delivered to Internet Service Providers), is not subject
16 to the reciprocal compensation provisions of section 251(b)(5). BellSouth will
17 treat such traffic consistent with the requirements for compensation set forth in
18 the Intercarrier Compensation Order.

19
20 Q. WHAT HAS THE FCC PREVIOUSLY RULED REGARDING
21 BELL SOUTH’S COMPLIANCE WITH THIS CHECKLIST ITEM?

22
23 A. In its Louisiana II Order, the FCC found that BellSouth demonstrated that it (1)
24 has reciprocal compensation arrangements in accordance with section

25

1 252(d)(2) in place, and (2) is making all required payments in a timely fashion.
2 (¶ 299).

3

4 Q. WHAT HAS THE FPSC PREVIOUSLY DETERMINED REGARDING THIS
5 CHECKLIST ITEM?

6

7 A. In its 1997 Order, the FPSC found that BellSouth was in compliance with this
8 checklist item. (p. 151). The Commission noted that BellSouth's reciprocal
9 compensation arrangements for the transport and termination of local traffic
10 was being carried out in accordance with the requirements of the Act.

11

12 Q. IS THE FPSC ADDRESSING THE TOPIC OF RECIPROCAL
13 COMPENSATION?

14

15 A. Yes. FPSC Docket No. 000075-TP was established to address the appropriate
16 method to compensate carriers for exchange of traffic pursuant to Section 251
17 of the Act. BellSouth filed testimony on December 1, 2000, with rebuttal
18 testimony filed on January 10, 2001. A hearing was conducted March 7-9,
19 2001 where Phase I of the issues (ISP-bound traffic) were heard. A Phase II
20 hearing is scheduled for July and will address the remaining generic issues
21 dealing with reciprocal compensation.

22

23 Q. WHERE DOES BELLSOUTH DEMONSTRATE ITS LEGAL
24 OBLIGATION TO PROVIDE THIS CHECKLIST ITEM?

25

1 A. Reciprocal compensation arrangements are provided for in BellSouth's
2 interconnection agreements, as well as through its SGAT. See Exhibit CKC-3
3 for interconnection agreement and SGAT references.

4

5 Q. WHAT DOES BELLSOUTH REQUEST OF THE FPSC IN REGARD TO
6 CHECKLIST ITEM NO. 13?

7

8 A. The FCC and the FPSC previously found BellSouth to be in compliance with
9 this checklist item. BellSouth provides reciprocal compensation arrangements
10 to ALECs in Florida at terms and conditions that are the same as those found to
11 be compliant by the FCC in Louisiana. BellSouth's actions and performance
12 are consistent with its previous showing, and nothing material has changed
13 since 1998 that should cause this Commission to reach a different conclusion
14 than the FCC reached in its Louisiana II Order or than this Commission
15 reached in 1997. For these reasons, BellSouth requests that the FPSC again
16 find BellSouth compliant with checklist item 13.

17

18 *Issue 15: Does BellSouth currently provide telecommunications services available*
19 *for resale in accordance with the requirements of Sections 251 (c) (4) and 252 (d)*
20 *(3) of the Telecommunications Act of 1996, pursuant to Section 271 (c) (2) (B) (xiv)*
21 *and applicable rules promulgated by the FCC?*

22

23 Q. WHAT DOES THE ACT REQUIRE WITH RESPECT TO RESALE?

24

25

1 A. Section 251(c)(4) of the Act describes the duty of an ILEC to offer
2 telecommunications services for resale at wholesale rates and not to prohibit or
3 impose unreasonable or discriminatory conditions or limitations on such resold
4 services. A State Commission, however, can prohibit an ALEC from reselling
5 a service to one category of subscribers that is available at retail to a different
6 category of subscribers. An example is the prohibition against reselling
7 residential basic local exchange service to business customers at the lower
8 residential rate.

9
10 Section 252(d)(3) of the Act describes the pricing standard for resold services.
11 The Act describes an “avoided cost” standard such that wholesale rates are
12 determined on the basis of retail rates excluding that portion of marketing,
13 billing, collection and other costs that will be avoided by the local exchange
14 carrier.

15
16 Q. WHAT ARE THE FCC’S RULES AND REQUIREMENTS REGARDING
17 THIS CHECKLIST ITEM?

18
19 A. In its Bell Atlantic New York Order, the FCC reiterated its conclusions from
20 the Local Competition First Report and Order, stating that “[m]ost
21 significantly, resale restrictions are presumed to be unreasonable unless the
22 LEC ‘proves to the state commission that the restriction is reasonable and
23 nondiscriminatory.’” (¶ 379).

24
25

1 In its SWBT Order-TX, the FCC found SWBT to be in compliance with this
2 checklist item because it commits to making its retail services, including
3 customer specific arrangements, available to competing carriers at wholesale
4 rates. (¶ 388). Moreover, according to the FCC, SWBT made such services
5 available to ALECs “without unreasonable or discriminatory conditions or
6 limitations,” meaning that SWBT offers ALECs services identical to the
7 services it provides to its retail customers for resale and permits the ALEC to
8 resell those services to the same customer groups in the same manner. (¶ 389).

9
10 In its SWBT Order-KS/OK, the FCC addressed commenters’ claims that the
11 FCC should allow customers in long-term contracts to switch to competing
12 carriers without termination liabilities. The FCC confirmed, “in the *Bell*
13 *Atlantic New York Order* and the *SWBT Texas Order*, we determined that
14 although termination liabilities could, in certain circumstances, be
15 unreasonable or anticompetitive, they do not on their face cause a carrier to fail
16 checklist item 14.” (¶ 253). Indeed, in its UNE Remand Order, the FCC stated
17 that “any substitution of unbundled network elements for special access would
18 require the requesting carrier to pay any appropriate termination penalties
19 required under volume or term contracts.” (footnote 985).

20

21 Q. WHAT HAS THE FCC PREVIOUSLY RULED REGARDING
22 BELL SOUTH’S COMPLIANCE WITH THIS CHECKLIST ITEM?

23

24 A. In its Louisiana II Order, the FCC concluded that, “but for deficiencies in its
25 OSS systems described above, BellSouth demonstrates that it makes

1 telecommunication services available for resale in accordance with sections
2 251(c)(4) and 252(d)(3). Thus, but for these [OSS] deficiencies, BellSouth
3 satisfies the requirements of checklist item (xiv).” (¶ 309).

4
5 Q. HOW HAS BELLSOUTH ADDRESSED THE FCC’S CONCERNS?

6
7 A. As I previously discussed, nondiscriminatory access to OSS for resale will be
8 addressed in KPMG’s 3PT and Commercial Data Review.

9
10 Q. WHAT HAS THE FPSC PREVIOUSLY DETERMINED REGARDING THIS
11 CHECKLIST ITEM?

12
13 A. In its 1997 Order, the FPSC found that BellSouth had not met the requirements
14 of this checklist item. (pp. 175-176). The major area of concern pertained to
15 BellSouth’s OSS and performance measurements. As I discussed previously,
16 BellSouth appropriately is relying on the extensive commercial usage of its
17 OSS, as well as the KPMG 3PT when necessary, to address its compliance
18 with this checklist item.

19
20 Q. WHERE DOES BELLSOUTH DEMONSTRATE ITS LEGAL
21 OBLIGATION TO PROVIDE THIS CHECKLIST ITEM?

22
23 A. Through BellSouth’s agreements and SGAT, BellSouth offers its tariffed retail
24 telecommunications services to other telecommunications carriers for resale to
25 their end user customers. An ALEC may resell BellSouth’s tariffed retail

1 telecommunications services subject to the terms and conditions specifically
2 set forth in approved agreements and in BellSouth's SGAT. See Exhibit CKC-
3 3 for agreement and SGAT references.

4

5 The following specific terms and conditions are contained in BellSouth's
6 agreements and SGAT and apply to the resale of certain services:

7

8 (1) A reseller of BellSouth's retail services is prohibited from cross-class
9 selling. For example, residential service may not be resold to business
10 customers.

11

12 (2) BellSouth offers for resale its promotions of 90 days or more at the
13 promotional rate less the FPSC-approved wholesale discount.
14 Promotions of less than 90 days are not available at the wholesale
15 discount.

16

17 (3) Grandfathered services may be resold only to subscribers who have
18 already been grandfathered. Grandfathered services may not be resold
19 to a different group or a new group of subscribers.

20

21 (4) LinkUp/Lifeline services are available for resale. These services may
22 be resold only to subscribers who meet the criteria that BellSouth
23 currently applies to subscribers of these services.

24

25

1 (5) Contract service arrangements (“CSAs”) may be resold to the specific
2 BellSouth end user for whom the CSA was constructed or to similarly
3 situated end users. End users are similarly situated if their quantity of
4 use and time of use, and the manner and costs of service are the same.
5 If a reseller assumes all of the terms and conditions of a CSA, no
6 termination charges will apply upon the assumption of the CSA.

7
8 (6) N11/911/E911 services, including state specific discount plans, are
9 available for resale. BellSouth provides 911/E911 service to ALECs
10 for resale in the same manner that it is provided in BellSouth’s retail
11 tariffs.

12
13 Q. WHAT WHOLESALE DISCOUNT RATES DOES BELLSOUTH APPLY
14 TO ITS RETAIL SERVICES?

15
16 A. In Attachment 1 of its agreements and in Attachment H of its SGAT, (*see*
17 Exhibit CKC-5), BellSouth offers the FPSC-approved wholesale discount of
18 21.83 % for residential services and 16.81% for business services in Florida.
19 Discount rates apply to all tariffed recurring and non-recurring and local and
20 intraLATA toll retail (telecommunications) offerings except as discussed
21 previously.

22
23 Q. WHAT DOES BELLSOUTH REQUEST OF THE FPSC IN REGARD TO
24 CHECKLIST ITEM NO. 14?

25

1 A. BellSouth requests that the FPSC find that BellSouth, as demonstrated by
2 BellSouth's filings in this proceeding, the KPMG 3PT, and KPMG's
3 Commercial Data Review, is in compliance with checklist item 14. BellSouth
4 provides ALECs with access to its telecommunications services for resale at
5 wholesale rates and does not impose unreasonable or discriminatory conditions
6 or limitations on the services. As such, ALECs are able to resell the same
7 services that BellSouth provides to its own retail customers. For these reasons,
8 the FPSC should find BellSouth in compliance with checklist item 14.

9

10 ***Issue 16: By what date does BellSouth propose to provide intraLATA toll dialing***
11 ***parity throughout Florida pursuant to Section 271 (e) (2) (A) of the***
12 ***Telecommunications Act of 1996?***

13

14 Q. DOES BELLSOUTH PROVIDE INTRALATA TOLL DIALING PARITY
15 THROUGHOUT FLORIDA?

16

17 A. Yes. On February 13, 1995, the FPSC issued Order No. PSC-02-03-FOF-TP,
18 in Docket No. 930330-TP, that ordered BellSouth to provide 1+ intraLATA
19 presubscription by the end of 1997. As stated in the FPSC's 1997 Order,
20 BellSouth's witness Mr. Alphonso Varner testified that, "BellSouth has been
21 providing 1+ intraLATA toll presubscription in all of its end offices since the
22 end of March 1997." (p. 187). The FPSC agreed and ordered, "[a]ccordingly,
23 we find that BellSouth has met the requirements of Section 271 (e) (2) (A)
24 of the Act." (*Id.*). Therefore, the 1997 record demonstrates that BellSouth has
25 been providing intraLATA toll dialing parity throughout Florida since 1997.

1

2 *Issue 17: If the answers to issues 2 through 15 are “yes”, have those requirements*
3 *been met in a single agreement or through a combination of agreements?*

4

5 Q. DOES THE ACT ALLOW BELLSOUTH TO COMPLY WITH THE
6 FOURTEEN-POINT COMPETITIVE CHECKLIST THROUGH ITS
7 AGREEMENTS AND/OR ITS SGAT?

8

9 A. Yes. BellSouth may demonstrate compliance with the checklist through
10 agreements approved by the FPSC or through an SGAT approved by the FPSC.

11

12 BellSouth can show checklist compliance through a single interconnection
13 agreement with a new entrant that offers facilities-based local exchange service
14 to both residential and business customers. BellSouth also can combine multiple
15 agreements, which collectively cover the fourteen-point checklist. In addition,
16 the FCC’s interpretation of Section 271(d)(3) provides that a combination of
17 agreements in conjunction with the SGAT can be used to meet the checklist
18 requirements.

19

20 Q. BY WHAT MEANS CAN AN ALEC OBTAIN UNES, INTERCONNECTION
21 AND RESALE FROM BELLSOUTH?

22

23 A. There are several options available to an ALEC that wishes to interconnect
24 with BellSouth for resale or for access to UNEs. An ALEC may obtain
25 services via BellSouth’s SGAT. An ALEC may choose to adopt another

1 ALEC's Commission approved agreement in its entirety. An ALEC may
2 choose to negotiate specific terms and conditions for certain functions. Finally,
3 BellSouth makes available to ALECs specific provisions of agreements with
4 other telecommunications carriers as required under Section 252(i) of the Act.

5
6 In accordance with the FCC's Rule 51.809, BellSouth, through its Most
7 Favored Nations ("MFN") clause (also known as "pick and choose"), makes
8 available to ALECs any individual interconnection, service, or network
9 element contained in any interconnection agreement it has negotiated or
10 arbitrated with another party under the same rates, terms and conditions
11 contained in that agreement. The ALEC must, however, also adopt any rates,
12 terms, and conditions that are legitimately related to or were negotiated in
13 exchange for or in conjunction with the portion of the agreement being
14 adopted.

15
16 BellSouth is not obligated to provide this "pick and choose" option when it can
17 demonstrate that the costs of providing the interconnection, service or element
18 to a carrier are greater than the costs of providing it to the carrier that originally
19 negotiated the agreement, or when provision of the interconnection, service or
20 element to the requesting carrier is not technically feasible.

21
22 Further, BellSouth does not permit an ALEC to adopt an agreement that has
23 less than six months remaining before the agreement is due to expire.

24 BellSouth believes this policy is reasonable given the Act's requirement that a
25 petition for arbitration of unresolved issues must be filed no more than 160

1 days after a request for negotiation is received. Should an ALEC adopt an
2 agreement with less than six months remaining, there would not be adequate
3 time in which to begin negotiations for a new agreement and to complete the
4 Section 252 process before the agreement the ALEC wishes to adopt expires.
5 BellSouth's policy is consistent with FCC Rule 51.809.

6

7 Q. PLEASE ADDRESS THE BFR PROCESS THAT BELLSOUTH PROVIDES
8 IN ADDITION TO ITS AGREEMENTS AND SGAT.

9

10 A. To the extent a competitor desires access to a network element, interconnection
11 option, or to the provisioning of any service or product for which specific
12 contractual terms are not already available, the competitor may submit to
13 BellSouth a written BFR. A BFR should identify specifically the requested
14 service date, technical requirements, space requirements and/or such
15 specifications that clearly define the request so that BellSouth has sufficient
16 information to analyze the request and prepare a response. The request should
17 also identify whether it is made pursuant to the Act or solely pursuant to the
18 needs of the ALEC's business plan. If BellSouth is not obligated under the Act
19 to provide the requested element or service, BellSouth will first evaluate
20 whether it will provide the requested capability. If BellSouth decides to offer
21 the capability, the remainder of the Request Process period is used to identify
22 and communicate the necessary requirements, including implementation
23 schedule and price.

24

25

1 The BFR process establishes procedures and timeframes for requests so that
2 each party fully understands the progress of each request. For example, the
3 BFR process requires BellSouth to acknowledge in writing, within two
4 business days, its receipt of the BFR, and further requires BellSouth to identify
5 a single point of contact for that request. In most cases, BellSouth will provide
6 a preliminary analysis of the request within 30 days of its receipt. Where this
7 is not possible, BellSouth and the ALEC will agree upon a mutually acceptable
8 date. As soon as feasible, but not more than 90 days after it is authorized by
9 the ALEC to proceed with development of the BFR quote, BellSouth will
10 provide the requesting ALEC a quote that will include at least a description of
11 the item, its availability, the applicable rates and the installation intervals. The
12 requesting party then has 30 days to notify BellSouth of its acceptance or
13 rejection of the proposal.

14

15 The BFR process is described in Attachment B of BellSouth's SGAT, (*see*
16 Exhibit CKC-5), and in BellSouth's negotiated agreements.

17

18 Q. WHERE DOES BELLSOUTH DEMONSTRATE ITS LEGAL
19 OBLIGATION TO PROVIDE EACH OF THE ITEMS CONTAINED IN THE
20 FOURTEEN-POINT COMPETITIVE CHECKLIST?

21

22 A. Each of the fourteen-point checklist items are provided for in BellSouth's
23 agreements, as well as through its SGAT. See Exhibit CKC-3 for additional
24 agreement and SGAT references.

25

1 **PART V: SUMMARY AND CONCLUSION**

2

3 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

4

5 A. In this testimony I have described BellSouth's compliance with the
6 requirements of the Act, FCC and FPSC rules and with prior decisions
7 regarding an ILEC's entry into the long distance market.

8

9 The FPSC has been a leader in forging aggressive rules for opening the local
10 telecommunications market. The FPSC has pursued dockets to establish the
11 rates, terms and conditions for new wholesale services, interconnection and
12 unbundled network elements. BellSouth has satisfied the obligations imposed
13 on it by Congress, the FCC, and the FPSC. BellSouth has negotiated
14 agreements in good faith with its competitors to provide equitable local
15 interconnection and wholesale services. BellSouth also makes its agreements
16 and SGAT available to any competitor who wishes to enter the
17 telecommunications market in Florida.

18

19 BellSouth has demonstrated that it has a concrete and specific legal obligation
20 to furnish each of the items covered by the fourteen-point competitive
21 checklist. Through FPSC-approved agreements, BellSouth is currently
22 furnishing, or is ready to furnish, each checklist item in quantities that
23 competitors may reasonably demand and at an acceptable level of quality.
24 Competition in the local exchange telecommunications market in Florida is
25 well established, broad-based and irreversible.

1

2 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

3

4 A. Yes, this concludes my testimony.

5

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7 (#347678)

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1 BELLSOUTH TELECOMMUNICATIONS, INC.
2 **REVISED** SURREBUTTAL TESTIMONY OF CYNTHIA K. COX
3 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
4 DOCKET NO. 960786A-TL
5 OCTOBER 3, 2001
6

7 Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH BELLSOUTH
8 TELECOMMUNICATIONS, INC. ("BELLSOUTH") AND YOUR BUSINESS
9 ADDRESS.

10
11 A. My name is Cynthia K. Cox. I am employed by BellSouth as Senior Director for
12 State Regulatory for the nine-state BellSouth region. My business address is 675
13 West Peachtree Street, Atlanta, Georgia 30375.

14
15 Q. ARE YOU THE SAME CYNTHIA COX THAT FILED DIRECT TESTIMONY
16 IN THIS PROCEEDING ON MAY 22, 2001?

17
18 A. Yes. I filed direct testimony, including five exhibits.

19
20 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

21
22 A. The purpose of my rebuttal testimony is to respond to the rebuttal testimony filed
23 on behalf of several parties in this proceeding. Specifically, I respond to portions
24 of the rebuttal testimonies of Mr. Rodney Page on behalf of ACCESS Integrated
25 Networks, Inc. ("ACCESS"), of Mr. Jerry Willis on behalf of NuVox

1 Communications, Inc. ("NuVox"), of Mr. Michael Gallagher on behalf of Florida
2 Digital Network ("FDN"), of Mr. Scott Sarem on behalf of Mpower and of
3 Messrs. Mark Argenbright and Greg Darnell filed on behalf of WorldCom, Inc.
4 ("WorldCom"), of Mr. Richard Guepe filed on behalf of AT&T Communications
5 of the South Central States, Inc. ("AT&T") and of Mr. Joseph Gillan, filed on
6 behalf of the Florida Competitive Carrier Association ("FCCA").
7

8 Q. HOW IS YOUR REBUTTAL TESTIMONY ORGANIZED?
9

10 A. My rebuttal testimony is structured into four sections: 1) General Comments; 2)
11 Status of Local Competition and Track A Compliance; 3) Specific requirements
12 of the Act or checklist item being addressed by the specific intervening party; and
13 4) Comments of intervening parties that do not relate to a specific checklist item.
14

15 **GENERAL COMMENTS**
16

17 Q. DO YOU HAVE ANY GENERAL COMMENTS REGARDING THE
18 TESTIMONY FILED ON BEHALF OF AT&T AND WORLDCOM?
19

20 A. Yes. As the Florida Public Service Commission ("FPSC") is aware, the purpose
21 of this proceeding is to address BellSouth's compliance with the requirements of
22 Section 271 of the Telecommunications Act of 1996 (the "Act"). As the FCC has
23 noted, at any point in time there will be new and unresolved interpretive disputes
24 about the precise content of an incumbent local exchange carrier's ("ILEC's")
25 obligation to its competitors, disputes that FCC rules have not yet addressed and

1 that do not involve per se violations of self-executing requirements of the Act.
2 (*See* SWBT Order-KS/OK¹ at ¶ 19). Requiring resolution of every interpretive
3 dispute would undermine Congress' intent to give Bell Operating Companies
4 ("BOCs") like BellSouth incentive to open its local market to competition. Thus,
5 it is not incumbent upon the Commission to resolve every interpretive dispute
6 raised by the alternative local exchange companies ("ALECs") in this proceeding.

7
8 Despite the explicit purpose of this proceeding, AT&T's and WorldCom's
9 witnesses have largely presented issues that have been addressed in arbitration or
10 generic proceedings before the FPSC and other state commissions in BellSouth's
11 region. In fact, in most cases, the FPSC has already issued its decision in these
12 arbitrations as to the appropriate resolution of these issues. Yet, in this
13 proceeding, AT&T and WorldCom seek to relitigate many of these same issues
14 by now arguing that the FPSC must revise its rulings on issues such that the FPSC
15 rules consistent with AT&T and WorldCom's position or must deny BellSouth's
16 271 application. Obviously, this is not the proceeding to relitigate arbitration
17 orders. Nor is it reasonable to suggest that because the FPSC has decided certain
18 issues in these arbitration dockets in a manner contrary to that advocated by
19 AT&T or MCI that BellSouth should be denied entry into the long distance
20 market. Therefore, I am not including the full discussion on issues that the FPSC
21 has decided or will decide in generic or arbitration dockets.

22
23 **STATUS OF LOCAL COMPETITION AND TRACK A COMPLIANCE**

24

¹ *Joint Application by SBC Communications, Inc., d/b/a Southwestern Bell Long Distance for Provision of In-Region, InterLATA Services in Kansas and Oklahoma*, CC Docket No. 00-217, Memorandum Report and Order (Released January 22, 2001) ("SWBT Order-KS/OK").

1 Q. PLEASE ADDRESS MR. GILLAN'S COMMENTS ON BELL SOUTH'S
2 TRACK "A" COMPLIANCE.

3

4 A. Mr. Gillan on behalf of the Florida Competitive Carriers Association ("FCCA")
5 appears to advocate a market test that BellSouth must meet prior to receiving
6 interLATA relief. The FCC has flatly rejected this approach. The requirements
7 that BellSouth must meet to be in compliance with Track A are found in Section
8 271(c)(1)(A) of the Act, which states in part:

9

10 Presence of a facilities-based competitor.—A Bell operating
11 company meets the requirements of this subparagraph if it has
12 entered into one or more binding agreements that have been
13 approved under Section 252 specifying the terms and
14 conditions under which the Bell operating company is
15 providing access and interconnection to its network facilities
16 for the network facilities of one or more unaffiliated competing
17 providers of telephone exchange service . . . to residential and
18 business subscribers.

19

20 Therefore, there is no market share test. BellSouth is only required to
21 demonstrate that facilities-based competition exists in Florida. As demonstrated
22 in Exhibit CKC-3 attached to my direct testimony, BellSouth meets the
23 requirements of Track A. Mr. Gillan provides no evidence that indicates
24 otherwise. In fact, he never specifically states that BellSouth is not in compliance
25 with Track A.

26

27 Q. WHAT AREAS OF CONCERN DOES MR. GILLAN HIGHLIGHT IN HIS
28 TESTIMONY WITH REGARD TO THE LEVEL OF COMPETITION IN
29 FLORIDA?

1

2 A. First, Mr. Gillan claims that resale is in rapid decline and that resale is not an
3 economically viable means of competition. Next, Mr. Gillan disputes BellSouth's
4 calculation of the number of ALEC facility-based lines. I will demonstrate that
5 his concerns in each of these areas are unfounded and do not refute BellSouth's
6 contention that it meets Track A requirements.

7

8 Q. IS MR. GILLAN'S DISCUSSION OF RESALE RELEVANT TO A
9 DISCUSSION OF TRACK A COMPLIANCE?

10

11 A. No. As explained earlier, Track A compliance requires that BellSouth have an
12 interconnection agreement with a carrier that is providing service to residential
13 and business customers, predominantly over its own facilities. BellSouth has
14 numerous such agreements. Mr. Gillan's discussion and concerns about resale
15 are, therefore, irrelevant to a Track A determination.

16

17 Q. IS RESALE COMPETITION, AS MR. GILLAN ALLEGES, IN RAPID
18 DECLINE?

19

20 A. No. Resale competition continues as a viable entry vehicle. However, the resold
21 lines that Mr. Gillan cites at Exhibit JPG-2 needs to be put on a comparable basis.
22 Mr. Gillan compares the resale volume from BellSouth's Form 477 filed with the
23 FCC for December 2000 with the resale volume presented for February 2001
24 from Exhibit VW-5 and for March 2001 from Exhibit WKM-9. As reported, this
25 information does exhibit a significant drop from December 2000. However,

1 while preparing its response to concerns regarding resale trends raised in other
2 states' 271 proceedings, BellSouth realized that it inadvertently overstated the
3 December 2000 resale volumes by incorrectly including the counts for UNE-Ps
4 ("Unbundled Network Element - Platforms"). The revised resale volume for
5 December 2000 is 202,780. Second, the February 2001 resale count presented
6 has recently been found to include 3,643 items that should not be included as
7 resold lines. Removing this slight overstatement leaves the adjusted resold line
8 count for February 2001 from Wakeling Exhibit VW-5 at 188,320. Finally, the
9 resold line count for March 2001 that Mr. Milner presented reflected only five
10 major resold categories from his Exhibit WKM-9. When all of the resold line
11 items in Exhibit WKM-9 are summed, the March 2001 total is 200,938.²

12
13 Q. ARE THERE ANY OTHER ADJUSTMENTS TO BELLSOUTH'S FIGURES?

14
15 A. Yes. These adjustments concern BellSouth ISDN lines. Only one Basic Rate
16 ISDN ("BRI") line was included in the original BellSouth line counts. The new
17 count uses a 2X multiplier to recognize potential B channels. Primary Rate ISDN
18 ("PRI") lines were not included in the original BellSouth line counts. In fact, PRI
19 lines are not counted today in the lines reported in BellSouth's financial reports.
20 The new count uses a 24X multiplier per PRI to treat as voice grade equivalents
21 ("VGEs"). The inclusion of BRI on a 2X and PRI on a 24X basis results in a
22 higher BellSouth line count. This decreases the ALEC market share estimate.

23
24 Note that the UNE loop counts BellSouth has included in its 271 ALEC line

² Mr. Milner's testimony cited resold lines associated with the primary Items 2, 18, 19, 27, and 28 from Exhibit WKM-9. Total resold lines reflected in WKM-9 need to also include Items 1, 3, 9, 14, 17, 24, 25, 33, and 34.

1 estimates treats all ALEC UNE loops, including DSL and DS1, as one line, not
 2 VGEs. This is one example of BellSouth's conservative approach to its ALEC
 3 line estimates in its 271 competition filings.

4

5 Q. DO YOU HAVE A REVISED SUMMARY OF TABLES 1 AND 2 OF
 6 WAKELING'S AFFIDAVIT TO REFLECT THE CHANGES DESCRIBED
 7 ABOVE?

8

9 A. Yes. As a result of the above revision, the estimate of ALEC market share has
 10 declined slightly to a range of 9.4% to 10.8%. The revisions are as follows:

11

12 TABLE 1

13

Summary - Original Filing	Res lines	Bus lines	Total lines
CLEC lines	220,680	614,724	835,404
BST lines	4,717,987	1,862,819	6,580,806
Total	4,938,667	2,477,543	7,416,210
CLEC % of Total lines	4.5%	24.8%	11.3%

Adjustments	Res lines	Bus lines	Total lines
CLEC Resold Bus line count error		(3,643)	(3,643)
BST adjustments for ISDN lines	3,352	314,264	317,616

Revised Summary	Res lines	Bus lines	Total lines
CLEC lines - Revised	220,680	611,081	831,761
BST;s lines - Revised	4,721,339	2,177,083	6,898,422
Total - Revised	4,942,019	2,788,164	7,730,183
CLEC % of Total lines	4.5%	21.9%	10.8%

14

15

16

17

TABLE 2

Summary - Original Filing	Res lines	Bus lines	Total lines
CLEC lines	220,682	497,496	718,178
BST lines	4,717,987	1,862,819	6,580,806
Total	4,938,669	2,360,315	7,298,984
CLEC % of Total lines	4.5%	21.1%	9.8%

Adjustments	Res lines	Bus lines	Total lines
CLEC Resold Bus line count error		(3,643)	(3,643)
BST adjustments for ISDN lines	3,352	314,264	317,616

Revised Summary	Res lines	Bus lines	Total lines
CLEC lines - Revised	220,682	493,853	714,535
BST;s lines - Revised	4,721,339	2,177,083	6,898,422
Total - Revised	4,942,021	2,670,936	7,612,957
CLEC % of Total lines	4.5%	18.5%	9.4%

Q. AFTER THESE REVISIONS, DOES RESOLD LINES IN FLORIDA INDICATE A SIGNIFICANT DECLINING TREND?

A. No. As indicated above, the adjusted resold line counts are 202,780 for December 2000, 188,320 for February 2001 and 200,938 for March 2001.³ These counts do not indicate a significant decline in total resale lines during the first quarter of 2001.

Q. DOES MORE RECENT RESALE ACTIVITY SINCE MARCH 2001 SUPPORT MR. GILLAN'S CLAIM OF "UNATTRACTIVE ECONOMICS"?

A. No. Resale continues as a viable strategy. One quarter later, in June 2001, there

³ The resold line total for February 2001 itself is conservative because it is the sum of resold lines for the ALEC's listed. BellSouth, as a practical expedient for its estimates and as labeled in its Exhibits, included ALECs having 40 or more lines.

1 are over 212,000 total resold lines. However, over these first two quarters of
2 2001, the number of UNE-P has almost doubled, apparently associated with a
3 migration to the facilities-based UNE-P offering, for business resold lines in
4 particular. Mr. Gillan would find this consistent with his view that “UNE-based
5 entry is the most likely path to bring competitive benefits to the average Florida
6 consumer or small business. UNE combinations, in particular, hold the most
7 promise in this regard.” (Emphasis added) (See Gillan, lines 7-9, page 10). As an
8 example, ITC^DeltaCom, an ALEC in Florida, reported “The Company
9 successfully converted approximately 30,000 of its resale lines to BellSouth’s
10 UNE-P during the first quarter of 2001 and, as a result, improved provisioning
11 and installation times for customers and improved margins for the Company.”
12 (See “ITC^DeltaCom Reports First Quarter 2001 Results” dated May 2, 2001, at
13 page 2).

14
15 Moreover, the long-term migration from resale service to facilities-based
16 competition has been anticipated as competition matures. For example, the
17 Association for Local Telecommunications Service (“ALTS”)⁴ indicated: “The
18 amount of resale competition is expected to decline as ALECs continue to build
19 their networks.” Additionally, Professor Marius Schwartz, affiant-economist for
20 the DOJ, referring to UNEs and resale, wrote: “. . .such entry modes can assist and
21 accelerate the transition to full-facilities competition, by allowing entrants to
22 attain a customer base before being forced to build extensive facilities.” (See ¶50,
23 Affidavit of Dr. Marius Schwartz on behalf of the United States DOJ, May 14,
24 1997, Re: Bell Atlantic 271 filing).

⁴ ALT’S Annual Report on the State of the Local Telecom Industry, 2001; Released March 13, 2001, Page 12.

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The evidence presented in BellSouth's Exhibits VW-5 and VW-7 demonstrates that flexibility and diversity in market entry approaches described above is strong in Florida. These exhibits provide clear and direct evidence of different ALEC combinations of resale and facilities-based service and different combinations of leased and self-provisioned "last mile" customer connections in Florida. In summary, resale remains a viable and significant local entry strategy in Florida and elsewhere and any recent moderation in growth is consistent with long run expectations of migration to facilities-based alternatives, including UNE-P.

Q. DO YOU AGREE WITH MR. GILLAN'S CRITICISMS OF THE ALECS' FACILITIES-BASED LINES ESTIMATE FROM BELLSOUTH'S METHOD ONE AND METHOD TWO? EXPLAIN.

A. No. Mr. Gillan develops his own flawed metric to inaccurately challenge BellSouth's estimates. Under BellSouth Method One, all of each ALEC's indicators of its number of facilities-based lines are considered. These indicators for each ALEC include: its number of E911 Listings, its UNEs (loop and UNE-Ps) and third, its total interconnection trunks. Each ALEC may have data in one, two or all of these three indicator categories depending on which customer markets the ALEC serves and the mix of facilities the ALEC decides to use. Mr. Gillan's rework of BellSouth's estimates disregards without comment the ALEC E911 Listings provided. These ALEC E911 listings are significantly higher than the UNE loops and UNE-P that he does adopt from Exhibit VW-7 and displays at Gillan Exhibit JPG-1. In challenging the BellSouth's facilities-based lines

1 estimate Mr. Gillan must ignore the E911 Listings that ALECs themselves report
2 because it directly refutes his reworked estimate of ALEC facilities-based lines.

3 At Exhibit JPG-5, Mr. Gillan offers an alternative range of 29,313 to 233,211 for
4 ALEC facilities-based lines. However, the 470,186 ALEC E911 listings from
5 Exhibit VW-7, minus the 106,619 UNE loops, proves that there are at least
6 363,567 ALEC facilities-based lines even before incorporating the other evidence
7 that BellSouth also considers in its Method One process.⁵ Instead, Mr. Gillan's
8 alternative estimate of ALEC facilities-based lines has incorrectly relied on 9.5%
9 of the total ALEC interconnection trunk data from BellSouth's Exhibit VW-7.

10 Mr. Gillan's missteps, in regard to his alternative estimate, are discussed in
11 greater detail below. Note, however, that Mr. Gillan does not directly challenge
12 either the ALECs' own E911 Listings or UNE loops or UNE-Ps and also does not
13 challenge the ALECs identified in BellSouth's exhibits. Mr. Gillan does not
14 directly address or propose any adjustments to BellSouth's Method Two, ALEC
15 line estimate. Instead of directly challenging BellSouth's Method Two result, Mr.
16 Gillan side steps it by applying his own calculated alternative to the average of the
17 BellSouth's Method One and Two results.⁶ Nonetheless, while Mr. Gillan does
18 take issue with BellSouth's estimates of ALEC market share, even his own
19 alternative estimates at JPG-5 serve to confirm that BellSouth meets the Act's
20 Track A requirement and nowhere does Mr. Gillan assert that BellSouth fails to
21 meet the Track A requirement.

22

⁵ Unlike UNE loops, UNE-Platforms should not be subtracted from the count of ALEC E911 listings because ALECs would not be registering E911 listings for UNE-Ps whose listings are maintained by BellSouth. UNE loops, for which ALECs' switches provide dial tone, would be associated with ALECs' E911 listings. Other ALEC E911 listings beyond UNE loops would be associated with facilities-based end user connections that the ALECs provide themselves.

⁶ See Mr. Gillan's footnote 1 at Exhibit JPG-1 and the fact that the 10.6% ALEC share in the JPG-1 Table is the average of BellSouth's own 11.3% (Method One) and 9.8% (Method Two) estimates.

1 Q. ARE MR. GILLAN'S "CORRECTED" ESTIMATES BASED ON HIS
2 ADJUSTMENTS TO BELL SOUTH'S TRUNK DATA VALID?

3
4 A. No. Mr. Gillan's revisions lead to results for facilities-based lines that are
5 contradicted by other ALEC data included in BellSouth's 271 submission. To
6 estimate ALEC Originating trunks in Exhibit JPG-4 Mr. Gillan makes an
7 adjustment to the total trunks: "...to eliminate the effect of ISP customers ...the
8 analysis reduced the number of interconnection trunks by the number of trunks
9 used to serve terminating traffic..." Mr. Gillan presents an estimate of 33,983
10 Originating Trunks at row "d" in Exhibit JPG-4. However, Mr. Milner's
11 testimony at the top of page 20 reported that BellSouth had provisioned 132,850
12 trunks from ALECs' switches to BellSouth switches in Florida and 64,132 two-
13 way trunks (including transit trunks) to ALECs in Florida. Mr. Gillan has
14 previously cited the corresponding numbers from Mr. Milner's testimony in
15 Mississippi and there applied his Line "b" reduction (for ISP) only to BellSouth-
16 ALEC two-way trunks. Mr. Gillan's inconsistent approach in Florida has resulted
17 in an originating trunk count that is approximately 25% of actual originating
18 trunks. This first error necessitates that Mr. Gillan adopt a line-to-trunk ratio of
19 at least 3.14 to avoid a negative result for his alternate estimate of ALEC
20 facilities-based lines. Accordingly, he adopts, without citing any supporting
21 network justification, [a line-to-trunk ratio] "...substantially more aggressive than
22 that used by BellSouth: a 4-to-1 ratio and a 10-to-1 ratio." Mr. Gillan's
23 introduction of a 10-to-1 line-to-trunk ratio is much higher than to the other line-
24 to-trunk ratios in his testimony on behalf of SECCA, in other state 271

1 proceedings used to benchmark BellSouth estimates.⁷ Of course, Mr. Gillan can
2 afford the use of high new 10-to-1 line-to-trunk ratio after his erroneous
3 calculation, at Line “b” of Exhibit JPG-4, that made his estimated Originating
4 Trunks one-tenth of their actual total amount.⁸ Mr. Gillan provides no
5 independent information from his FCCA ALEC member networks to corroborate
6 his alternate facilities-based estimate at JPG-5. It is clear however, that his
7 alternate estimate would be a nonsensical negative number if he applied the same
8 line-to-trunk ratios from his testimony in Alabama, Louisiana or Mississippi.
9 Second, as demonstrated earlier, the ALECs’ E911 listings provided in BellSouth
10 Exhibits VW-7 and VW-8 alone establish that there are over 363,000 facilities-
11 based lines in Florida in February 2001. Mr. Gillan does not challenge or offer
12 any explanation to reconcile the ALECs’ own E911 listings with his alternative
13 estimates. Finally, the actual line-to-trunk ratio reflected in BellSouth’s Exhibit
14 VW-7 is 1.44 lines per total interconnection trunk, i.e., 1.44:1. This actual ALEC
15 ratio is based on dividing the sum of ALEC E911 listings by the sum of total
16 interconnection trunks for those same ALECs. BellSouth’s Method One has
17 consistently applied and characterized as conservative a 1-line-to-1-trunk ratio in
18 all its 271 state filings throughout its 9 state region. This actual 1.44-to-1 ratio in
19 Florida that uses total ALEC interconnection trunks strongly argues against the
20 validity of Mr. Gillan’s inconsistent and unsubstantiated set of adjustments as
21 applying this to his revised interconnection trunk estimate would produce a
22 negative number of facilities-based lines.

⁷ For SECCA, Mr. Gillan applied a 2:1 ratio in Alabama (pg. 17, June 5, 2001), applied a 2:1 ratio in Louisiana (pg. 11, June 8, 2001), applied a 1:1 line:trunk ratio in Mississippi (pg. 12, July 2, 2001), applied a 4:1 ratio in Kentucky (pg. 15, July 9, 2001), applied a 4:1 ratio in South Carolina (pg. 16, July 9, 2001), and applied a 4:1 ratio in Georgia (pg. 12, July 16, 2001).

⁸ Gillan, top of page 16, “Even with the much higher ratio of 10-to-1, however, ALEC facilities-based market share would only be approximately 2.2% of the market.”

1

2 Q. MR. GILLAN CONTENDS THAT BELLSOUTH'S ACCESS LINES USED TO
3 CALCULATE THE ALEC MARKET SHARE PERCENTAGE SHOULD BE
4 ADJUSTED. ARE SUCH ADJUSTMENTS THE COMMON PRACTICE?

5

6 A. No. Neither the FCC nor other 271 applicants nor ALTS make such adjustments
7 in citing ALEC market share. Of course, it is important to remember that there is
8 no ALEC line share threshold established in the 1996 Act. Nonetheless, at pages
9 11-12, referring to BellSouth's access lines, Mr. Gillan contends "...to accurately
10 compare ALEC lines to BellSouth lines requires that *all* of BellSouth's lines be
11 included..." In his testimony, Dr. Taylor explains his disagreement with Mr.
12 Gillan's suggestion regarding BellSouth's access lines. It is clear, however, that
13 the ranges of ALEC market shares presented for BellSouth's area in Florida (i.e.,
14 ~~9.8%~~ ^{9.4} ~~to 11.2%~~ ^{10.8}) are consistent with and exceed the level of other successful 271
15 applicants and are calculated in a similar manner. For example, the New York
16 ALEC market share for Verizon (formerly Bell Atlantic) was approximately
17 7.3% at the time of its 271 application. BellSouth in Florida also exceeds the
18 level of ALEC market share for SBC-Texas (8.1% - 8.4%), Kansas (9.0% -
19 9.5%), and Oklahoma (5.5% - 6.3%) in their successful 271 Applications.⁹ In its
20 last two annual reports, ALTS, the major ALEC industry group, has reported its
21 national ALEC market share on the same basis that BellSouth, other 271
22 applicants and the FCC uses. At page 9 of the 2001 edition of the ALTS Annual
23 Report, the ALEC market share reported uses the local access line amount that
24 closely approximates (within approximately 1%) the FCC's Table 6 amounts for

⁹ If available for other 271 Applicants, ALEC market share estimates shown above are for the two most comparable estimation methods with BellSouth. SBC-Missouri's filing presented estimates of 8.7% - 9.2%.

1 the sum of state market share lines. Mr. Gillan's call to redefine the ILEC base in
2 the market share calculation is unjustified and contrary to precedent and practice.

3

4 Q. DOES MR. GILLAN OFFER ANY OF ITS OWN INFORMATION, EVEN IN
5 THE AGGREGATE, AS A BASIS TO CHALLENGE BELLSOUTH'S ALEC
6 LINE ESTIMATES?

7

8 A. No. Mr. Gillan chooses only to rework BellSouth's estimates. In his rebuttal
9 testimony Mr. Gillan does not offer any information on local lines of FCCA
10 members, even in the aggregate. Of course, nearly 90% of the total facilities-
11 based lines in BellSouth's Method Two (Exhibit VW-7) estimate rely on the E911
12 listings that ALECs themselves report to the E911 database contractor. The
13 remaining 10% of the Method Two facilities-based lines estimate is comprised of
14 UNE-Ps leased from BellSouth. Mr. Gillan does not directly challenge either the
15 E911 listings or the UNE-P information from BellSouth's estimates.

16

17 Q. DOES BELLSOUTH'S EVIDENCE INDICATE THAT LOCAL
18 COMPETITION IS SIGNIFICANT IN FLORIDA?

19

20 A. Yes. In fact, Mr. Gillan does not contend that BellSouth has failed to meet the
21 Track A requirements of the Act. Mr. Gillan does not challenge the ALECs
22 identified, nor the ALECs' own E911 listing data, or the number of ALECs'
23 UNE-Ps that comprise BellSouth's Method Two estimate. That conservative
24 method shows that ALECs are serving at least 9.8% of the local access lines in
25 BellSouth's area in Florida at the end of February 2001. This conservative lower

1 estimate includes data for 45 facilities-based ALECs, with over two-thirds of
2 these also providing facilities-based service to residences.

3

4 Q. DOES ANY PARTY CHALLENGE BELLSOUTH'S USE OF ALECS' E911
5 LISTINGS TO ESTIMATE ALEC LINES?

6

7 A. Yes. Mr. Gallagher, with Florida Digital Network ("FDN"), suggests that the
8 E911 database may not be current with regard to ALEC listings. Specifically, Mr.
9 Gallagher asserts "...tabulations from the E911 database will be overstated unless
10 the database is regularly updated to remove CLEC customers disconnected for
11 nonpayment or other reasons..." (See FDN, lines 21-23, at page 5, and lines 1-2,
12 at page 6). BellSouth is not in a position to evaluate such general skepticism
13 expressed by FDN that the ALEC industry generally may not be diligent in
14 keeping their E911 listings current in the database. BellSouth presumes ALECs
15 exercise the same diligence as BellSouth does, recognizing the extreme
16 importance of 911 listings for public safety.

17

18 Q. DOES MR. GALLAGHER OFFER ANY OTHER BASIS TO CHALLENGE
19 BELLSOUTH'S ESTIMATES OF ALEC LINES?

20

21 A. Yes. At the top of page 6, Mr. Gallagher states that "BellSouth's estimate that
22 CLECs serve 24.8% or 21.1% of the business sector simply is inconsistent with
23 FDN's observation and experience in the marketplace." Mr. Gallagher describes
24 very briefly a two percent sample evaluated in one central office (Magnolia) in
25 Orlando and which led it to conclude that ALECs serve approximately 7.2% of

1 the market. At best, Mr. Gallagher's analysis is non-scientific or not statistically
2 valid. He also provides no supporting documentation and uses one central office
3 as his base. I also would note that BellSouth's Exhibit VW-4, the FPSC staff's
4 survey of ALECs in Florida, released December 2000, showed that as of June
5 2000 ALEC business penetration in the Orlando exchange was "25% - 30%". (See
6 Exhibit VW-4, Table 3.5 for "Total ALEC Bus. Providers" for Orlando, at page
7 42).

8
9 Q. CAN BELLSOUTH PROVIDE ANOTHER EXAMPLE TO REFUTE MR.
10 GALLAGHER'S ASSERTION THAT ITS ESTIMATES ARE OVERSTATED?

11
12 A. Yes. FDN's own News Release "Florida Digital Network Secures \$130 Million
13 in New Financing" dated June 14, 2001 (Retrieved from
14 <http://ww.floridadigital.net/news/news.cfm?id=49>) reports "FDN currently has
15 over 50,000 business telephone lines in service and is growing by approximately
16 1000 customers per month." (Emphasis added). FDN operates in five of the six
17 Florida MSA's that are in BellSouth's service area, with Tampa being the
18 exclusion. BellSouth's Exhibits VW-5 and VW-6 (confidential version) filed
19 with the FPSC before FDN's disclosure presents an estimate of lines for FDN that
20 is significantly lower than the total FDN has declared. In this instance, FDN's
21 own data provides an example that should alleviate any concerns regarding
22 possible overstatement in BellSouth's estimates. Further, despite Mr. Gallagher's
23 discussion on competition in Florida, he never asserts that BellSouth fails to meet
24 the Act's Track A requirement.

25

1 Q. DOES OTHER RECENT ALEC INFORMATION PROVIDE EVIDENCE
2 REGARDING THE *TREND* OF LOCAL COMPETITION IN FLORIDA?

3
4 A. Yes. Competition for both residence and business show strong growth. The most
5 recent ALEC E911 listings in BellSouth's area provide a simple and direct
6 comparison regarding ALEC trends. The total of ALEC E911 *residence class*
7 listings for June represents a 45% compound annual growth rate over the four
8 months February (data month for BellSouth's ALEC estimates) to June 2001.
9 The total of ALEC E911 *business class* listings for June represents a 66%
10 compound annual growth rate over the four months February to June 2001.
11 Growth in ALECs' E911 listings reflects a rise in facilities-based lines in
12 particular. This data shows that Mr. Gallagher's concerns regarding the number
13 of ALECs experiencing financial difficulties is resulting in fewer lines being
14 served by ALECs.

15
16 Q. DOES BELLSOUTH, IN FLORIDA, MEET THE SPECIFIC REQUIREMENTS
17 FOR TRACK A UNDER THE ACT?

18
19 A. Yes. In summary, BellSouth's Method Two, Exhibits VW-6 and VW-8,
20 identifies 45 unaffiliated facilities-based ALECs that, conservatively, serve an
21 aggregate of at least 128,000 residence and 397,000 business lines in BellSouth's
22 service area in Florida. These 45 ALECs identified in Method Two, Exhibits
23 VW-6 and VW-8, that predominantly provide service on a facilities-basis also
24 serve approximately 19,000 residential and approximately 80,000 business resold
25 lines. Thus, BellSouth's conservative Method Two, by itself, establishes that

1 BellSouth has met the Act's Track A requirements.

2

3 Q. ON PAGE 3, MR. GILLAN STATES, "THE MOST LIKELY EFFECT OF
4 BELLSOUTH'S GAINING INTERLATA AUTHORITY WOULD BE FOR IT
5 TO GAIN EVEN GREATER DOMINANCE IN THE FUTURE." PLEASE
6 COMMENT.

7

8 A. I disagree. BellSouth's gaining interLATA authority, given all the requirements
9 and performance safeguards established, will not impede further local
10 competition. Contrary to Mr. Gillan's projections, the FCC has recently provided
11 striking evidence that, in fact, local competition has been dramatically stimulated
12 in the two states that received the earliest interLATA service authorization. (*See*
13 Exhibit CKC-6). In its May 21, 2001 News Release and Local Telephone
14 Competition Status as of December 31, 2000, the FCC reported:

15

16 CLECs captured 20% of the market in the state of New York –
17 the most of any state. CLECs reported 2.8 million lines in New
18 York....- an increase of over 130%, from the time the FCC
19 granted Verizon's long distance application in New York in
20 December 1999 to December 2000.

21

22 CLECs captured 12% of the market in Texas, gaining over a
23 half-a-million (644,980) end-user lines in the six months since
24 the Commission authorized SBC's long distance application in
25 Texas – an increase of over 60% in customer lines since June
26 of 2000.

27

28 CLEC market share in New York and Texas (the two states
29 that had 271 approval during the reporting period ending in
30 December 2000) are over 135% and 45% higher than the
31 national average, respectively.

32

33 Consequently, there is recent direct evidence that gaining interLATA authority

1 will stimulate, rather than impede, local competition.

2

3 **CHECKLIST ITEM 1**

4

5 Q. MR. ARGENBRIGHT, ON PAGES 5-11, ARGUES WORLDCOM'S
6 POSITION ON POINT OF INTERCONNECTION. HAS THIS COMMISSION
7 PREVIOUSLY RULED ON THE POINT OF INTERCONNECTION ("POI")
8 ISSUE AS PRESENTED BY MR. ARGENBRIGHT?

9

10 A. Yes, partially. This issue was presented to the FPSC in Docket No. 000649-TP
11 ("MCI WorldCom Arbitration") and in its subsequent Order issued March 30,
12 2001 the FPSC found:

13

14 WorldCom, as the requesting carrier, has the exclusive right
15 pursuant to the Act, the FCC's Local Competition Order and
16 FCC regulations, to designate the network point (or points) of
17 interconnection at any technically feasible point for the mutual
18 exchange of traffic.

19

20 However, while we acknowledge that BellSouth's FCC-
21 mandated obligation to deliver its originated traffic to ALEC-
22 designated POIs raises troubling issues of compensation and
23 definition, we find that the record in the proceeding is inadequate
24 to support resolution of these issues. We note that these issues
25 will be addressed in our generic docket on reciprocal
26 compensation, Docket No. 000075-TP.

27

(Pages 78-79).

28

29

30 Q. IS THE POINT OF INTERCONNECTION ISSUE AS DISCUSSED BY MR.
31 ARGENBRIGHT THE SAME ISSUE PRESENTED IN THE MCI
32 WORLDCOM ABITRATION?

33

1 A. Yes. WorldCom, through the testimony of Mr. Argenbright, has presented no
 2 new evidence that should lead this Commission to reach a different conclusion
 3 here. As stated previously, the FPSC has determined that an ALEC may
 4 determine the point of interconnection within a LATA. The issue of whether an
 5 ALEC must compensate BellSouth for delivering its originating traffic to a distant
 6 point of interconnection will be addressed in the FPSC's Order Docket No.
 7 000075-TP (Phase II). The current schedule in this docket anticipates a Staff
 8 Recommendation on August 23, 2001 and a Commission Agenda vote on
 9 September 6, 2001.

10
 11 Q. HOW HAVE STATE COMMISSIONS IN THE BELLSOUTH REGION
 12 ADDRESSED THIS ISSUE?

13
 14 A. The South Carolina and North Carolina Commissions have ruled consistent with
 15 BellSouth's position on this issue. In the South Carolina AT&T Arbitration
 16 Order¹⁰, the Commission concluded that "while AT&T can have a single POI in a
 17 LATA if it chooses, AT&T shall remain responsible to pay for the facilities
 18 necessary to carry calls from distant local calling areas to that single POI." (See
 19 page 28). In the North Carolina AT&T Arbitration Order¹¹ the Commission
 20 ordered that "AT&T may designate its own points of interconnection (POI) with
 21 BellSouth Telecommunications, Inc.'s (BellSouth's) network. Further, if AT&T
 22 interconnects at points within the local access and transport area (LATA) but

¹⁰ *Petition of AT&T Communications of the Southern States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Interconnection Agreement with BellSouth Telecommunications, Inc. Pursuant to 47 U.S.C. Section 252, Order on Arbitration*, Released January 30, 2001 ("AT&T Arbitration Order").

¹¹ *Arbitration of Interconnection Agreement Between AT&T Communications of the Southern States, Inc., and TCG of the Carolina, Inc., and BellSouth Telecommunications, Inc., Pursuant to the Telecommunications Act of 1996, Order Ruling on Objections and Requiring the Filing of the Composite Agreement*, Released March 9, 2001, ("AT&T Arbitration Order").

1 outside BellSouth's local calling area from which traffic originates, AT&T should
 2 be required to compensate BellSouth for, or otherwise be responsible for,
 3 transport beyond the local calling area." (See Page 6). Further, in the Sprint
 4 Arbitration Order¹² in North Carolina, the NCUC found that "Sprint may
 5 designate its own points of interconnection (POIs) with BellSouth's network.
 6 Further, if Sprint interconnects at points within the local access and transport area
 7 (LATA) but outside of BellSouth's local calling area from which traffic
 8 originates, Sprint should be required to compensate BellSouth for, or otherwise be
 9 responsible for, transport beyond the local calling area." (See page 3).

10
 11 The Kentucky Commission has ruled in the AT&T arbitration that AT&T may
 12 establish a minimum of one point of interconnection per LATA but must establish
 13 another POI when the amount of traffic reaches a DS3 level. The issue is pending
 14 in the remaining BellSouth states.

15
 16 Q. NOTWITHSTANDING MR. ARGENBRIGHT'S TESTIMONY, DOES
 17 BELL SOUTH PROVIDE A SINGLE POINT OF INTERCONNECTION IN
 18 COMPLIANCE WITH SECTION 271 OF THE ACT?

19
 20 A. Yes. BellSouth allows ALECs to interconnect at a single point in each LATA if
 21 they so desire in compliance with checklist item 1. The requirement of the Act, as
 22 interpreted by the FCC in its section 271 decision, is that a BOC provide "a single
 23 interconnection point within a LATA." SWBT Order-TX¹³, "[w]e note that in

¹² *Petition of Sprint Communications Company L.P. for Arbitration with BellSouth Telecommunications, Inc. Pursuant to Section 252(b) of the Telecommunications Act of 1996, Recommended Arbitration Order*, Released July 5, 2001, ("Sprint Arbitration Order").

¹³ *Application by SBC Communications, Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communication Services, Inc. d/b/a Southwestern Bell Long Distance Pursuant to Section 271 of the*

1 SWBT's interconnection agreement with MCI (WorldCom), WorldCom may
 2 designate 'a single interconnection point within a LATA.' Thus, SWBT provides
 3 WorldCom interconnection at any technically feasible point, and section 252(i)
 4 entitles AT&T, or any requesting carrier, to seek the same terms and conditions as
 5 those contained in WorldCom's agreement, a matter any carrier is free to take up
 6 with the Texas Commission." (§ 78). Also, in the SWBT Order-KS/OK, the FCC
 7 concluded "SWBT provides interconnection at all technically feasible points,
 8 including a single point of interconnection and therefore demonstrates compliance
 9 with the checklist item." (§ 232). Finally, in the Verizon Massachusetts Order¹⁴,
 10 the FCC concluded "Verizon provides interconnection at all technically feasible
 11 points, including a single point of interconnection, and therefore demonstrates
 12 compliance with the checklist item." (§ 197). As evidenced by its interconnection
 13 agreements, BellSouth provides ALECs with a single point of interconnection,
 14 just as Verizon and SWBT do. Thus, irrespective of Mr. Argenbright's testimony,
 15 BellSouth is in compliance with checklist item 1.

16
 17 Q. PLEASE DESCRIBE BELLSOUTH'S UNDERSTANDING OF THE
 18 "TANDEM PROVIDER ISSUE" DISCUSSED IN MR. ARGENBRIGHT'S
 19 TESTIMONY (PAGES 14-17).

20
 21 A. WorldCom wants access traffic to be delivered to BellSouth over WorldCom's
 22 local interconnection trunks instead of access trunks and not to BellSouth's access

Telecommunications Act of 1996 to Provide In-Region, InterLATA Services in Texas, CC Docket No. 00-65, Memorandum Opinion and Order, Released June 30, 2000 ("SWBT Order-TX").

¹⁴ *Application of Verizon New England Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions) And Verizon Global Networks Inc., For Authorization to Provide In-Region, InterLATA Services in Massachusetts*, CC Docket No. 01-9, Released April 16, 2001, ("Verizon Massachusetts Order").

1 tandem. If such traffic is not exchanged through the companies' respective access
2 tandems, but is delivered to BellSouth end offices over local interconnection
3 trunks, BellSouth is unable to identify and properly bill switched access traffic.
4 BellSouth's position is that ALECs should not be permitted to mix switched
5 access traffic as local traffic by routing such switched access traffic over local
6 interconnection trunks. The handling of switched access traffic is governed
7 pursuant to switched access tariffs.

8
9 Q. HAS THE FPSC PREVIOUSLY RULED ON THIS ISSUE?

10
11 A. Yes. As stated by Mr. Argenbright, in the WorldCom Arbitration Order, the
12 FPSC requires WorldCom to deliver all terminating switched access traffic to
13 BellSouth over switched access trunks to BellSouth's access tandem.

14
15 Q. HAS MR. ARGENBRIGHT PRESENTED ANY NEW EVIDENCE SUCH
16 THAT THE FPSC SHOULD CHANGE ITS POSITION?

17
18 A. No. There is no need to relitigate this issue in this proceeding. Further, the
19 FPSC's ruling is consistent with BellSouth's obligation under checklist item 1.

20
21 Q. ~~MR. WILLIS CONTENDS ON PAGE 3 OF HIS TESTIMONY THAT NUVOX
22 MUST USE THE ACCESS SERVICE REQUEST (ASR) PROCESS TO ORDER
23 INTERCONNECTION TRUNKS AND FACILITIES AND LOCAL
24 FACILITIES TO ITS CUSTOMERS. IS THIS ACCURATE?~~

25

1 A. Not entirely. Mr. Willis is correct that NuVox, or any ALEC, must order
2 interconnection trunks and facilities via the ASR process. NuVox would use the
3 local service request (LSR) process to order UNEs to serve its customers. NuVox
4 would use the ASR process to order special access services to serve its customer.

5
6 Q. DOES THE FACT THAT NUVOX USES THE ASR PROCESS TO ORDER
7 INTERCONNECTION TRUNKS AND FACILITIES RESULT IN NUVOX
8 BEING INCORRECTLY BILLED ACCESS RATES INSTEAD OF LOCAL
9 INTERCONNECTION RATES?

10
11 A. No. BellSouth's interconnection agreements specify that in instances where no
12 rate is contained in the agreement, the parties will use rates from their respective
13 access tariffs for billing. This language is in the NuVox agreement (known as the
14 "Trivergent" agreement) so there may be cases where NuVox is appropriately
15 billed access rates for interconnection. Further, in instances where there is a local
16 rate, the billing for interconnection may be apportioned between local and access
17 rates. In a June 1, 2009 letter to all carriers, BellSouth described the billing
18 method and necessary factors to apportion the charges for facilities between
19 jurisdictions. These factors, to be provided by NuVox, are applied to the
20 interconnection facilities and determine what portion should be billed at local
21 interconnection rates and what portion should be billed at access rates.

22
23 Q. CAN NUVOX CONVERT ITS SPECIAL ACCESS SERVICE TO UNES AND
24 AS A RESULT PAY UNE RATES?

25

1 A. Yes, if it meets the criteria established by the FCC. In June 2000, the FCC
 2 released a Supplemental Order Clarification in CC Docket No. 96-98, wherein it
 3 stated, in paragraph 8: “[t]herefore, until we resolve the issues in the Fourth
 4 FNPRM, IXC’s may not substitute an incumbent LEC’s unbundled loop-transport
 5 combinations for special access services unless they provide a significant amount
 6 of local exchange service, in addition to exchange access service, to a particular
 7 customer.” Nuvox may convert those lines that meet the FCC’s restrictions if it
 8 so chooses; however, no refund is due. It is my understanding that BellSouth has
 9 converted a large number of special access lines to UNEs on behalf of NuVox.

10
 11 **CHECKLIST ITEM 2**

12
 13 Q. ARE BELLSOUTH’S UNE RATES COST-BASED?

14
 15 A. Yes. BellSouth’s current UNE rates, in compliance with the Act, are cost-based,
 16 as determined by the FPSC in Docket No. 990649-TP. Of course, as this
 17 Commission is aware, the FPSC recently issued an order in its current generic
 18 UNE cost proceeding, Order No. PSC-01-1181-FOF-TP. The current schedule
 19 anticipates a Staff Recommendation on all Motions for Reconsideration on
 20 September 6, 2001 and a Commission Agenda decision on September 18, 2001.
 21 Once the Commission issues its written order, BellSouth will update its SGAT.

22
 23 Q. PLEASE COMMENT GENERALLY ON THE TESTIMONY OF MR.
 24 DARNELL AND MR. GILLAN CONCERNING COST-BASED UNBUNDLED
 25 NETWORK ELEMENT (“UNE”) RATES.

1

2 A. As I mentioned earlier, the FPSC has conducted a comprehensive generic UNE
3 cost docket and issued an order. To the extent that Mr. Darnell and Mr. Gillan
4 may be asking the FPSC to re-litigate the generic UNE cost docket in this
5 proceeding, such action is not necessary. Addressing cost issues in this
6 proceeding, in light of the extensive generic UNE proceeding that the FPSC has
7 completed, would be duplicative of the FPSC's time and resources.

8

9 In the current cost docket, the FPSC updated the existing UNE rates and
10 established cost-based rates for all UNEs for which a rate had not yet been
11 established. As I discussed in my direct testimony, the cost-based rates BellSouth
12 included on the Price List contained in its Statement of Generally Available
13 Terms and Conditions ("SGAT") (*see* Direct Testimony Exhibit CKC-5,
14 Attachment A, filed May 22, 2001) will be modified to conform to the final prices
15 established by the FPSC in the generic UNE cost proceeding which should
16 alleviate Mr. Darnell's concerns. The prices that ALECs will be charged for
17 interconnection and UNEs are based on total element long run incremental cost
18 ("TELRIC") methodology. For all checklist items to which Section 252(d) is
19 applicable, BellSouth provides rates that meet the criteria of Section 252(d) of the
20 Act.

21

22 Q. PLEASE COMMENT ON MR. GILLAN'S STATEMENT AT PAGE 19 THAT
23 "THE FLORIDA COMMISSION SHOULD PLACE PARTICULAR
24 EMPHASIS ON ESTABLISHING COST-BASED RATES FOR UNES."

25

1 A. Mr. Gillan's suggestion is not necessary. The FPSC has always shown a
2 commitment to cost-based rates. Moreover, any comments that the FCCA
3 thought appropriate on this issue should have been made a part of the record in
4 the generic UNE cost proceeding. Mr. Gillan's discussion of BellSouth's
5 proposed UNE rates, therefore, is not appropriate in the context of this
6 proceeding.

7
8 Q. PLEASE COMMENT ON MR. GILLAN'S ALLEGED "ANALYSIS" (PAGES
9 20-22) OF BELLSOUTH'S FINANCIAL PERFORMANCE IF BELLSOUTH
10 WERE A UNE-BASED CARRIER.

11
12 A. Mr. Gillan states, on page 21, that "BellSouth could not even operate in Florida if
13 required to lease the existing network. . . ." Mr. Gillan's flawed "analysis" is
14 nothing more than an attempt to divert the FPSC's attention from the real question
15 at hand.

16
17 The standard here is not whether anyone can make money at these cost-based
18 rates. The FCC stated, in ¶41 of its Verizon-Massachusetts Order, "In the 'SWBT
19 Kansas/Oklahoma Order', the Commission held that this profitability argument is
20 not part of the section 271 evaluation of whether an applicant's rates are TELRIC-
21 based. The Act requires that we review whether the rates are cost-based, not
22 whether a competitor can make a profit by entering the market."

23
24 The question is whether BellSouth's UNE rates have been developed in
25 compliance with the Act and the FCC's rules; that is, are the rates cost-based?

1 The answer is yes. The fact that, in some cases, BellSouth's proposed UNE rates
2 are higher than BellSouth's retail rates is not the result of an attempt on
3 BellSouth's part to limit competition. It is certainly not "news" to the FPSC that
4 BellSouth's retail residence local exchange rates are below the cost of providing that
5 service. ALECs, however, have been successful in winning business customers, in
6 part due to the margin between BellSouth's business local exchange rates and
7 BellSouth's UNE rates. In addition, resale that provides for a discount off of the
8 tariffed retail rate also is available.

9
10 Q. PLEASE ADDRESS MR. GILLAN'S DISCUSSION, ON PAGE 22, WITH
11 REGARD TO BELLSOUTH'S DAILY USAGE FILE ("DUF") RATES.

12
13 A. Mr. Gillan's discussion/analysis is flawed. First, it is confusing as to what Mr.
14 Gillan is actually calculating and what he is using to make his calculation. He
15 states that it would appear that DUF rates apply on a per-message basis, which in
16 general is correct. It then appears from his Exhibit JPG-8, footnotes 3 and 4, that
17 he is using minutes (which certainly would be greater than messages) to develop
18 his costs. Mr. Gillan then restates BellSouth-Florida DUF cost per line based on
19 "assuming" this, "estimating" that, and "calculating an average" cost of
20 something else. He uses this restated cost to compare to Qwest's proposed cost
21 and another figure represented to be an Ameritech cost, neither of which is
22 provided with an explanation.

23
24 Mr. Gillan's analysis does not demonstrate that BellSouth is not in compliance
25 with the Act and the FCC's pricing rules. As stated previously, the standard

1 necessary for BellSouth to be in compliance is whether BellSouth's UNE rates
2 comply with TELRIC principles. The FPSC has established cost-based DUF rates
3 in Docket No. 990649-TP. Any concerns Mr. Gillan has with those rates should
4 have been addressed in that docket. Nevertheless, it should be recognized that
5 rate differences among BOCs do not preclude rates from being cost-based, and
6 certainly do not preclude granting 271 relief. Specifically, the FCC noted in its
7 background discussion of UNE pricing in its SWBT-TX Order, "that SWBT's
8 nonrecurring charges are substantially higher than those charged by incumbent
9 LECs in other states. . . ." (Fn. 648). In that Order, however, the FCC still
10 determined that SWBT's prices were cost-based and granted 271 relief in Texas.

11
12 Q. PLEASE COMMENT ON MR. GUEPE'S DISCUSSION ON PAGES 6-8 AND
13 MR. GILLAN'S DISCUSSION ON PAGES 20-21, WITH REGARD TO THEIR
14 CONTENTION THAT BELLSOUTH SHOULD COMBINE UNES.

15
16 A. Both Mr. Guepe and Mr. Gillan suggest that the FPSC require BellSouth to
17 combine UNES for ALECs when the UNES are not combined. On page 7, Mr.
18 Guepe states, "BellSouth will not provide cost-based access to combinations that
19 allow ALECs to serve new customers or to provide additional lines for existing
20 customers . . . BellSouth, if it so chooses . . . assesses a non-cost based 'glue
21 charge'" Before I comment on the validity of Mr. Guepe's statements, I need to
22 explain what a "glue charge" is.

23
24 Where BellSouth agrees to physically combine UNES for an ALEC, the prices for
25 such combinations will be a negotiated rate. The difference between negotiated

1 prices and cost-based prices is referred to as a “glue charge” in this issue. The
2 “glue charge” is not necessarily a separate charge; it is simply the difference in
3 prices described above.

4

5 Q. HAS THE FPSC PREVIOUSLY RULED ON THE ISSUE REGARDING
6 “NEW” UNE COMBINATIONS?

7

8 A. Yes. In numerous arbitration orders (i.e., Intermedia, MCI, AT&T, Sprint), the
9 FPSC has found that it is not the duty of BellSouth to perform the functions
10 necessary to combine unbundled network elements. The FPSC has correctly
11 determined that Rule 51.315(b) only requires BellSouth to make available at
12 TELRIC rates those combinations requested by an ALEC that are, in fact, already
13 combined and physically connected in its network at the time a requesting carrier
14 places an order.

15

16 The FPSC further has concluded that BellSouth should be compensated for the
17 work it does to physically combine unbundled network elements that an ALEC
18 requests when those elements are not currently combined within BellSouth’s
19 network.

20

21 Q. HAS ANY PARTY PRESENTED ANY NEW ARGUMENTS SUCH THAT
22 THE FPSC SHOULD CHANGE THEIR POSITION?

23

24 A. No. Mr. Gillan and Mr. Guepe provide no new evidence and the FPSC should not
25 change its position on this issue.

1

2 Q. IS BELLSOUTH OBLIGATED TO OFFER NEW COMBINATIONS AT
3 COST-BASED RATES TO COMPLY WITH SECTION 271?

4

5 A. No. The FCC made it clear in the Bell Atlantic New York Order that new
6 combinations are not a requirement of Section 271. In that Order, the FCC
7 concluded, “that Bell Atlantic demonstrates that it provides to competitors
8 combinations of network elements that are *already preassembled in their network*,
9 as well as nondiscriminatory access to unbundled network elements, in a manner
10 that allows competing carriers to combine those elements themselves.” (§ 231,
11 emphasis added). The FCC reached a similar conclusion in its SWBT Order-TX,
12 stating “that SWBT provides access to UNEs in a manner that allows requesting
13 carriers to combine those elements, and that SWBT provides access to *preexisting*
14 *combinations* of network elements.” BellSouth’s combination policy is fully
15 compliant with Section 271. (§ 216, emphasis added) (*See also*, SWBT Order-
16 KS/OK at § 172).

17

18 **CHECKLIST ITEM 4**

19

20 Q. PLEASE RESPOND TO SPRINT’S REFERENCE IN ITS REBUTTAL
21 COMMENTS TO A NORTH CAROLINA UTILITIES COMMISSION ORDER
22 THAT DISCUSSES WHETHER ALECS SHOULD PAY ELECTRONIC OR
23 MANUAL RATES FOR ACCESSING A PARTICULAR BELLSOUTH
24 DATABASE.

25

1 A. It is not necessary for the FPSC to refer to the North Carolina Utilities
2 Commission order discussed by Sprint. This Commission has addressed this issue
3 more generally in the context of the MCI arbitration. The FPSC found that
4 “where it is determined that BellSouth has an electronic interface in place for its
5 retail offerings, but there is no analogous system in place for comparable services
6 obtained by an ALEC, it would be a reasonable presumption that an ALEC is
7 being denied a meaningful opportunity to compete; where such a finding is made,
8 BellSouth should charge an electronic ordering charge. However, such a
9 determination will need to be made on a case-by-case basis.” (See page 19).

10

11 **CHECKLIST ITEM 5**

12

13 Q. PLEASE DESCRIBE BELLSOUTH’S UNDERSTANDING OF THE
14 UNBUNDLED TRANSPORT ISSUES DISCUSSED BY MR. ARGENBRIGHT
15 (PAGES 17-23).

16

17 A. Mr. Argenbright contends that BellSouth must provide dedicated interoffice
18 transport between ALEC switching locations and between a ALEC’s network and
19 another requesting carrier’s network. The FCC requires BellSouth to unbundle
20 dedicated transport in BellSouth’s existing network and has specifically excluded
21 transport between other carriers’ locations. BellSouth is not required to offer, and
22 certainly is not required to build, dedicated transport facilities between ALEC
23 network locations, whether they be nodes or network switches or between the
24 ALEC’s network and another carrier’s network.

25

1 Q. HAS THE FPSC PREVIOUSLY RULED REGARDING THE UNBUNDLED
2 TRANSPORT ISSUE?

3

4 A. Yes. In the MCI arbitration Order the FPSC concluded that BellSouth is not
5 required to provide MCI with unbundled dedicated transport between other
6 carriers' locations, or between MCI switches.

7

8 Q. HAS MR. ARGENBRIGHT PRESENTED ANY NEW EVIDENCE THAT
9 SHOULD CAUSE THE FPSC TO CHANGE ITS POSITION?

10

11 A. No. There is no need to relitigate this issue in this proceeding. Further, the
12 FPSC's ruling is consistent with BellSouth's obligation under checklist item 5.

13

14 Q. IN LIGHT OF MR. ARGENBRIGHT'S TESTIMONY ON THIS CHECKLIST
15 ITEM, DO YOU STILL CONTEND THAT BELLSOUTH PROVIDES ACCESS
16 TO UNBUNDLED TRANSPORT IN COMPLIANCE WITH SECTION 271?

17

18 A. Yes. As I discussed in my direct testimony, FCC Rule 51.319 requires a BOC to
19 offer access to local transport on the trunk side of a wireline local exchange
20 carrier switch unbundled from switching or other services. In the Bell Atlantic
21 Order, the FCC stated that it requires that BOCs provide both dedicated and
22 shared transport to requesting carriers. (§ 337). As evidenced by its
23 interconnection agreements and its SGAT, BellSouth provides unbundled
24 transport in compliance with these obligations. Because BellSouth is not
25 obligated to provide dedicated transport between ALEC locations (or between an

1 ALEC and another carrier), Mr. Argenbright's testimony has no bearing on
2 whether BellSouth is compliant with the checklist.

3
4 **CHECKLIST ITEM 6**

5
6 Q. MR. GUEPE STATES THAT "BELLSOUTH FAILS TO PROVIDE
7 APPROPRIATE ACCESS TO UNES FOR CUSTOMERS LOCATED WITHIN
8 DENSITY ZONE 1 IN THE TOP 50 MSA'S." PLEASE RESPOND.

9
10 A. BellSouth has elected to be exempted from providing access to unbundled local
11 switching to serve customers with four or more lines in Density Zone 1 of the
12 Miami, Orlando and Ft. Lauderdale MSAs. To avail itself of this exemption, the
13 FCC requires BellSouth to combine loop and transport UNEs (also known as the
14 "Enhanced Extended Link" or "EEL") in the geographic area where the
15 exemption applies. The FCC also requires that such combinations be provided at
16 cost-based rates. BellSouth will physically combine loop and transport UNEs at
17 FCC mandated cost-based prices as required in the FCC's UNE Remand Order in
18 order to have the exemption from providing local circuit switching.

19
20 Beyond this limited exception dictated by the FCC, BellSouth is under no
21 obligation to physically combine network elements, where such elements are not
22 in fact combined.

23
24 Q. HAS THE FPSC PREVIOUSLY RULED ON THIS ISSUE?

25

1 A. Yes. In the AT&T arbitration, the FPSC concluded “it is not the duty of
2 BellSouth to ‘perform the functions necessary to combine unbundled network
3 elements in any manner.’” (See Page 23). The FPSC further states that the phrase
4 “currently combines” is limited to UNE combinations that are, in fact, already
5 combined and physically connected in BellSouth’s network and that there is no
6 physical work that BellSouth must complete in order to effect the combination for
7 an ALEC that submits an order. (*Id.*).

8
9 In addition, the FPSC established cost-based rates for new EELs in its May 25,
10 2001 Order, UNE Cost Docket No. 990649-TP.

11
12 Q. HAS MR. GUEPE PRESENTED ANY NEW EVIDENCE THAT SHOULD
13 CAUSE THE FPSC TO CHANGE ITS POSITION?

14
15 A. No. There is no need to relitigate this issue in this proceeding. Further, the
16 FPSC’s ruling is consistent with BellSouth’s obligation under checklist item 6.

17
18 **CHECKLIST ITEM 13**

19
20 Q. WHAT IS BELLSOUTH’S UNDERSTANDING OF THE “TANDEM
21 INTERCONNECTION ISSUE” DISCUSSED BY MR. ARGENBRIGHT
22 (PAGES 25-30)?

23
24 A. The disagreement between BellSouth and WorldCom on this issue has been
25 whether the FCC established a single-pronged or a two-pronged test for
26 determining if an ALEC is eligible to receive the tandem interconnection rate for

1 reciprocal compensation. A single-pronged test is based on whether the ALEC's
2 facilities serve a comparable geographic area as that served by BellSouth's
3 facilities. A two-pronged test refers to both a geographic test and a test as to
4 whether the ALEC's switch(s) perform comparable functions to BellSouth's
5 switch(s).

6
7 However, BellSouth acknowledges that the FCC's language in its April 27, 2001
8 NPRM¹⁵ accompanying its Order on Remand seems to resolve the question of
9 whether a two-pronged or a single-pronged test is to be used. Nonetheless, even
10 if only the geographic test is required, the ALEC still has the burden of proof that
11 it is entitled to the tandem switching rate in every instance based on the
12 geographic coverage of its switch.

13
14 Q. IS THE FPSC ADDRESSING THE TANDEM INTERCONNECTION ISSUE
15 IN A GENERIC PROCEEDING?

16
17 A. Yes. The FPSC is addressing the tandem interconnection issue in Docket No.
18 000075-TP (Phase II).

19
20 Q. DOES THE FCC'S ORDER ON REMAND RESOLVE THE TANDEM
21 INTERCONNECTION ISSUE RAISED BY MR. ARGENBRIGHT?

22
23 A. Yes. For all practical purposes, the FCC recently has resolved this issue. As has

¹⁵ *Developing a Unified Intercarrier Compensation Regime, Notice of Proposed Rulemaking*, CC Docket No. 01-92, Released April 27, 2001 ("NPRM").

1 been anticipated for some time, the FCC issued its Order on Remand¹⁶ affirming
2 its earlier conclusion that traffic bound for Internet Service Providers (“ISPs”) is
3 predominantly interstate access traffic that is not subject to the reciprocal
4 compensation obligations of Section 251(b)(5) but is within the jurisdiction of the
5 FCC under Section 201 of the Act. (Order at ¶1).

6
7 After it held that ISP-bound traffic was not subject to reciprocal compensation,
8 the FCC established a phased-in interim regime that will govern intercarrier
9 compensation for ISP-bound traffic over the next three years. (Order on Remand
10 at ¶ 77). The FCC’s phased-in interim regime “establishes relatively low per
11 minute rates, with a cap on the total volume of traffic entitled to such
12 compensation.” (*Id.*). The FCC characterized these payments as intercarrier
13 compensation that is not subject to the reciprocal compensation obligations in
14 Section 251 of the Act.

15
16 After establishing the intercarrier compensation mechanism referenced above, the
17 FCC gave individual ILECs the ability to “opt” into the FCC’s scheme, if the
18 ILEC agreed to exchange all 251(b)(5) traffic at the designated ISP compensation
19 rates. BellSouth has determined that it will “opt” into the FCC rates for ISP
20 traffic and also offers to exchange all 251(b)(5) traffic at the designated ISP
21 compensation rates. Therefore, the issue of whether a ALEC’s switch serves a
22 geographic area comparable to the ILEC’s tandem switch is relevant only if the
23 ALEC declines BellSouth’s offer to exchange 251(b)(5) traffic at the same rate as
24 ISP traffic.

¹⁶ *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket No. 96-98 and *Intercarrier Compensation for ISP-Bound Traffic*, CC Docket No. 99-68, Issued April 27, 2001 (“Order on Remand”).

1

2 Q. MR. ARGENBRIGHT (PAGE 30) STATES THAT BELLSOUTH MUST
3 AMEND ITS SGAT TO REFLECT THAT ALECS WILL RECEIVE THE
4 TANDEM INTERCONNECTION RATE BASED ON GEOGRAPHIC
5 COMPARABILITY BEFORE SATISFYING CHECKLIST ITEM 13. PLEASE
6 COMMENT.

7

8 A. As I stated previously, BellSouth agrees that comparable geographic coverage is
9 the sole demonstration an ALEC must make to receive the tandem
10 interconnection rate. The FCC found that Bell Atlantic was in compliance with
11 this checklist item because “it (1) has in place reciprocal compensation
12 arrangements in accordance with section 252(d)(2), and (2) is making all required
13 payments in a timely fashion.” (¶ 376). Like Bell Atlantic, BellSouth has in place
14 reciprocal compensation arrangements set forth in its binding interconnection
15 agreements, and makes all payments pursuant to those arrangements in a timely
16 fashion. Thus, BellSouth is in compliance with this checklist item. Additionally,
17 BellSouth’s local traffic definition (*see* Section I.A) and the reciprocal
18 compensation language (*see* Section XIII, footnote 3) contained in the terms and
19 conditions portion of the SGAT that was attached to my direct testimony as
20 Exhibit CKC-5 comply with the FCC’s Order on Remand dated April 27, 2001, in
21 CC Docket No. 96-98 and No. 99-68 and with the FCC’s clarification as to ALEC
22 eligibility for the tandem interconnection rate in its April 27, 2001 NPRM.

23

24 Q. WHAT IS BELLSOUTH’S UNDERSTANDING OF THE “FX ISSUE”
25 DISCUSSED BY MR. ARGENBRIGHT (PAGES 30-41)?

1

2 A. This issue concerns compensation between carriers, rather than restrictions on
3 assignments of NPA/NXX codes. Both BellSouth and WorldCom agree that
4 carriers are permitted to assign NPA/NXX codes in any manner desired, including
5 outside the local calling area or rate center with which the codes are associated.
6 However, if WorldCom chooses to give out its numbers in this manner, calls
7 originated by BellSouth end users to those numbers are not local calls.
8 Consequently, such calls are not local traffic under the agreement and no
9 reciprocal compensation applies. Further, WorldCom should identify such long
10 distance traffic and pay BellSouth for the originating switched access service
11 BellSouth provides on those calls.

12

13 Q. IS THE FPSC ADDRESSING THE "FX ISSUE" IN A GENERIC
14 PROCEEDING?

15

16 A. Yes. The FPSC is addressing "FX" in the generic proceeding in Docket No.
17 000075-TP (Phase II).

18

19 Q. HOW HAVE STATE COMMISSIONS IN THE BELLSOUTH REGION
20 ADDRESSED THIS ISSUE?

21

22 A. The South Carolina, Tennessee, and Alabama Commissions have ruled consistent
23 with BellSouth's position on this issue: (1) South Carolina Docket No. 2000-516-
24 C, Order No. 2001-045, dated January 16, 2001 (Adelphia arbitration); (2)
25 Tennessee Docket No. 99-00948, Interim Order dated June 25, 2001 (Intermedia

1 arbitration); and (3) Alabama Docket No. 27385, Order dated May 21, 2001
2 (Intermedia Arbitration).

3
4 The Kentucky Commission has heard this issue in two recent arbitration cases
5 (Adelphia and Level 3), both of which were subsequently settled by the parties.
6 In the case of the Level 3 arbitration, the parties reached a negotiated settlement,
7 after the Commission had issued its March 14, 2001 Order. As an indication of
8 the Commission's position on this issue, that March 14 Order stated:

9
10 Each party shall consider the other's FX or virtual NXX
11 service to be local traffic when the customer is physically
12 located within this same LATA as the calling area with which
13 the telephone number is associated.
14

15 Thus, although the Kentucky Commission did not agree with BellSouth's
16 position, it did recognize the potential abuse if an ALEC were to assign NXX
17 numbers such that the call would appear to be local to the originating party, but
18 would actually cross LATA boundaries, or even cross state boundaries. In order
19 to limit such potential abuse, the Kentucky Commission specified that only calls
20 within the same LATA would be considered local calls. In its Recommended
21 Arbitration Order dated April 3, 2001 in the MCI/BellSouth arbitration
22 proceeding, the North Carolina Utilities Commission reached the same conclusion
23 as the Kentucky Commission on this issue. Pursuant to the North Carolina
24 Commission's procedural schedule, objections to the Recommended Arbitration
25 Order were filed on May 3, 2001, and neither BellSouth nor MCI objected to the
26 Commission's decision on this issue.

27
28 BellSouth offers in its Standard Interconnection Agreement an option for the

1 parties to treat all calls within a LATA as local calls for purposes of reciprocal
2 compensation. This option is consistent with the Kentucky and North Carolina
3 Commissions' rulings on FX or Virtual NXX traffic. Likewise, BellSouth's
4 settlements with Level 3 and Adelphia are consistent with the Kentucky
5 Commission's March 14 Order in the Level 3 case. Specifically, those
6 settlements resulted in the parties receiving reciprocal compensation for
7 terminating all intraLATA traffic. In BellSouth's negotiations with WorldCom in
8 other states, WorldCom has not agreed to such treatment.

9
10 Q. DOES MR. ARGENBRIGHT'S TESTIMONY ON THE NPA/NXX ISSUE
11 AFFECT YOUR CONCLUSION THAT BELLSOUTH IS IN COMPLIANCE
12 WITH THE COMPETITIVE CHECKLIST?

13
14 A. No. The dispute is whether calls should be treated as local or toll for the purposes
15 of intercarrier compensation. We agree that carriers can assign NPA/NXX codes
16 in any manner they desire. Reciprocal compensation, however, is only
17 appropriate for local traffic. ALECs should properly compensate BellSouth for
18 originating access charges on calls that originate in one local calling area and
19 terminate in another and, in no event, should reciprocal compensation apply to
20 such calls.

21
22 BellSouth's position on this issue is the same as the Texas Commission and the
23 FCC granted SBC 271 authority in Texas. Obviously, BellSouth's position is
24 compliant with section 271.

25

1 **CHECKLIST ITEM 14**

2
3 Q. ON PAGE 9, MR. GILLAN COMPLAINS THAT “RESALE NEITHER
4 PERMITS A CARRIER TO INNOVATE, OR EFFECTIVELY OFFER
5 INTEGRATED LOCAL/LONG DISTANCE PACKAGES.” PLEASE
6 COMMENT.

7
8 A. Whether resale permits a carrier to offer integrated packages is irrelevant to a
9 determination of BellSouth’s compliance under checklist item 14. To prove
10 checklist compliance with Section 271(c)(2)(B)(xiv) requires that BellSouth
11 demonstrate that “[t]elecommunications services are available for resale in
12 accordance with the requirements of sections 251(c)(4) and 252(d)(3).”
13 BellSouth has demonstrated availability of resale services through its SGAT and
14 through existing interconnection agreements (See Exhibit CKC-3 attached to my
15 direct testimony).

16
17 Although not relevant for checklist compliance, I will respond to Mr. Gillan’s
18 assertions. On page 9 of his testimony, Mr. Gillan contends that this alleged
19 limitation is a result of BellSouth continuing to assess access charges on the
20 reseller’s lines. Assessing access charges on a resold line is not unique to
21 BellSouth. In its Local Competition First Report and Order (¶980), the FCC
22 established that ILECs continue to bill access when local services are resold under
23 section 251(c)(4). Congress envisioned three separate options for ALECs to enter
24 the local exchange telecommunications market. Resale is one of those options.
25 The situation Mr. Gillan presents is simply the construct of the resale model. As

1 shown in the Status of Competition portions of both this testimony and Exhibit
2 CKC-4 attached to my direct testimony, there are apparently several ALECs
3 making a business of resale in Florida that may disagree with Mr. Gillan's
4 conclusion. If resale is not a viable alternative for some ALECs, Congress also
5 provided opportunities for a ALEC's entry through purchasing facilities from
6 BellSouth or by constructing its own facilities. In addition, Congress did not
7 envision resale as a long-term entry method. For this reason, as noted earlier in
8 this testimony, the long-term migration from resale service to facilities-based
9 service has been expected as competition matures.

10

11 Q. MR. GILLAN'S TESTIMONY AT PAGE 26 AND MR. GALLAGHER'S
12 TESTIMONY AT PAGE 16, REFER TO THE "ASCENT DECISION" AND
13 ALLEGE THAT BELLSOUTH MUST PERMIT THE RESALE OF ITS
14 ADVANCED DATA SERVICES AT A WHOLESALE DISCOUNT. DO YOU
15 AGREE WITH MR. GILLAN AND MR. GALLAGHER?

16

17 A. No. The January 9, 2001 ruling by the United States Court of Appeals for the
18 District of Columbia Circuit, as referred to by Mr. Gillan and Mr. Gallagher, does
19 not support their allegation. Mr. Gillan and Mr. Gallagher have taken a statement
20 out of context and used it inappropriately. This decision dealt with regulatory
21 relief granted by the FCC regarding resale of advanced services *if conducted*
22 *through the separate affiliate established in the Ameritech and SBC merger*. The
23 Court ruled that an ILEC may not "sideslip §251(c)'s requirements by simply
24 offering telecommunications services through a wholly owned affiliate." (*See*
25 *Ruling*, at page 4). This is not what is at issue here, nor does the ruling require

1

2 A. This issue concerns compensation between carriers, rather than restrictions on
3 assignments of NPA/NXX codes. Both BellSouth and WorldCom agree that
4 carriers are permitted to assign NPA/NXX codes in any manner desired, including
5 outside the local calling area or rate center with which the codes are associated.
6 However, if WorldCom chooses to give out its numbers in this manner, calls
7 originated by BellSouth end users to those numbers are not local calls.
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10 distance traffic and pay BellSouth for the originating switched access service
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17 numbers such that the call would appear to be local to the originating party, but
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19 to limit such potential abuse, the Kentucky Commission specified that only calls
20 within the same LATA would be considered local calls. In its Recommended
21 Arbitration Order dated April 3, 2001 in the MCI/BellSouth arbitration
22 proceeding, the North Carolina Utilities Commission reached the same conclusion
23 as the Kentucky Commission on this issue. Pursuant to the North Carolina
24 Commission's procedural schedule, objections to the Recommended Arbitration
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26 Commission's decision on this issue.

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4 settlements with Level 3 and Adelphia are consistent with the Kentucky
5 Commission's March 14 Order in the Level 3 case. Specifically, those
6 settlements resulted in the parties receiving reciprocal compensation for
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8 other states, WorldCom has not agreed to such treatment.

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15 of intercarrier compensation. We agree that carriers can assign NPA/NXX codes
16 in any manner they desire. Reciprocal compensation, however, is only
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18 originating access charges on calls that originate in one local calling area and
19 terminate in another and, in no event, should reciprocal compensation apply to
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23 FCC granted SBC 271 authority in Texas. Obviously, BellSouth's position is
24 compliant with section 271.

25

1 **CHECKLIST ITEM 14**

2

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12 accordance with the requirements of sections 251(c)(4) and 252(d)(3)."
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14 through existing interconnection agreements (See Exhibit CKC-3 attached to my
15 direct testimony).

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18 assertions. On page 9 of his testimony, Mr. Gillan contends that this alleged
19 limitation is a result of BellSouth continuing to assess access charges on the
20 reseller's lines. Assessing access charges on a resold line is not unique to
21 BellSouth. In its Local Competition First Report and Order (¶980), the FCC
22 established that ILECs continue to bill access when local services are resold under
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24 the local exchange telecommunications market. Resale is one of those options.
25 The situation Mr. Gillan presents is simply the construct of the resale model. As

1 shown in the Status of Competition portions of both this testimony and Exhibit
2 CKC-4 attached to my direct testimony, there are apparently several ALECs
3 making a business of resale in Florida that may disagree with Mr. Gillan's
4 conclusion. If resale is not a viable alternative for some ALECs, Congress also
5 provided opportunities for a ALEC's entry through purchasing facilities from
6 BellSouth or by constructing its own facilities. In addition, Congress did not
7 envision resale as a long-term entry method. For this reason, as noted earlier in
8 this testimony, the long-term migration from resale service to facilities-based
9 service has been expected as competition matures.

10
11 Q. MR. GILLAN'S TESTIMONY AT PAGE 26 AND MR. GALLAGHER'S
12 TESTIMONY AT PAGE 16, REFER TO THE "ASCENT DECISION" AND
13 ALLEGE THAT BELLSOUTH MUST PERMIT THE RESALE OF ITS
14 ADVANCED DATA SERVICES AT A WHOLESALE DISCOUNT. DO YOU
15 AGREE WITH MR. GILLAN AND MR. GALLAGHER?

16
17 A. No. The January 9, 2001 ruling by the United States Court of Appeals for the
18 District of Columbia Circuit, as referred to by Mr. Gillan and Mr. Gallagher, does
19 not support their allegation. Mr. Gillan and Mr. Gallagher have taken a statement
20 out of context and used it inappropriately. This decision dealt with regulatory
21 relief granted by the FCC regarding resale of advanced services *if conducted*
22 *through the separate affiliate established in the Ameritech and SBC merger*. The
23 Court ruled that an ILEC may not "sideslip §251(c)'s requirements by simply
24 offering telecommunications services through a wholly owned affiliate." (*See*
25 *Ruling, at page 4*). This is not what is at issue here, nor does the ruling require

1 BellSouth to resell its advanced data services at a wholesale discount, as Mr.
2 Gillan and Mr. Gallagher would have the FPSC believe. Further, BellSouth has
3 no separate affiliate for the sale of advanced services, and therefore, this decision
4 does not apply to BellSouth.

5
6 Q. IS THERE A MORE RECENT COURT RULING THAT SPEAKS DIRECTLY
7 TO MR. GILLAN'S AND MR. GALLAGHER'S ALLEGATIONS?

8
9 A. Yes. The United States Court of Appeals for the District of Columbia Circuit
10 issued a decision speaking directly to this issue. In the Background discussion in
11 its decision in "Association of Communications Enterprises, Petitioner v. Federal
12 Communications Commission and United States of America, Respondents, On
13 Petition for review of an Order of the Federal Communications Commission,"
14 Case No. 00-1144; decided June 26, 2001, the Court states:

15
16 At issue in this case is that part of the 'Second Report and
17 Order' in which the Commission addressed the question
18 whether the resale requirement of §251(c)(4)(A) applies to an
19 ILEC's offering of advanced services. As the Commission
20 acknowledged, it had previously determined that advanced
21 services constitute 'telecommunications service' and that the
22 end-users and ISPs to which the ILECs offer such services are
23 'subscribers who are not telecommunications carriers' within
24 the meaning of §251(c)(4)(A). The remaining issue, therefore,
25 was whether an ILEC's offering of certain advanced services,
26 including DSL, is made 'at retail' so as to trigger the discount
27 requirement. The Commission ultimately concluded that while
28 an incumbent LEC DSL offering to residential and business
29 end-users is clearly a retail offering designed for and sold to
30 the ultimate end-user, an incumbent LEC offering of DSL
31 services to Internet Service Providers as an input component to
32 the Internet Service Provider's high-speed Internet service
33 offering is not a retail offering. Accordingly, . . . DSL services
34 designed for and sold to residential and business end-users are

1 subject to the discounted resale obligations of section 251(c)(4)
2 . . . [H]owever, . . . section 251(c)(4) does not apply where the
3 incumbent LEC offers DSL services as an input component to
4 Internet Service Providers who combine the DSL service with
5 their own Internet Service.
6

7 The Association of Communication Enterprises (ASCENT)
8 petitioned for review of this determination, and various tele-
9 communications and DSL providers intervened on behalf of the
10 Commission.
11

12 In conclusion, the Court states:

13
14 In sum, having considered ASCENT's objections, we find the
15 Commission's Order in all respects reasonable.
16

17 In addition, the FCC reiterated its position on the resale of advanced services in
18 its Bell Atlantic New York Order. In paragraph 393 of that Order, addressing
19 Bell Atlantic's ADSL Access Tariff offering, the FCC stated, "we agree with Bell
20 Atlantic that it is not required to provide an avoided-cost discount on its
21 wholesale ADSL offering because it is not a retail service subject to the discount
22 obligations of section 251(c)(4)." More recently, in its Verizon Connecticut
23 Order, the FCC clearly stated that resale obligations only extend to
24 telecommunications services offered at retail. Therefore, BellSouth is not
25 required to offer its wholesale DSL telecommunications service to ALECs at a
26 resale discount, nor is it required to resell its Internet access service.¹⁷ BellSouth
27 is in compliance with the FCC's requirements with respect to resale of advanced
28 services.

¹⁷ *Application of Verizon New York Inc., Verizon Long Distance, Verizon Enterprise Solutions, Verizon Global Networks Inc., and Verizon Select Services Inc., for Authorization to Provide In-Region, InterLATA Services in Connecticut*, CC Docket No. 01-100, Memorandum Opinion and Order (Released July 20, 2001) ("Verizon Connecticut Order")(fn 93).

1

2 Q. DOES BELLSOUTH OFFER AN xDSL TELECOMMUNICATIONS SERVICE
3 AS A RETAIL OFFERING?

4

5 A. No. The only DSL telecommunications service that BellSouth offers is a
6 wholesale service offered to ISPs. BellSouth does not offer a retail DSL
7 telecommunications service, and based on the FCC's Second Report and Order
8 referred to above, as well as the Court's Decision, BellSouth has no obligation to
9 make available its wholesale telecommunications DSL service at the resale
10 discount, pursuant to section 251(c)(4).

11

12 **OTHER**

13

14 Q. PLEASE RESPOND TO MS. BERGER/AT&T'S ALLEGATION ON PAGE 3
15 THAT NONE OF THE ISSUES DISCUSSED IN HER TESTIMONY WILL BE
16 RESOLVED IN A TIMELY MANNER "AS A RESULT OF BUSINESS-TO-
17 BUSINESS NEGOTIATIONS."

18

19 A. Contrary to Ms. Berger's allegation, BellSouth most certainly continues to discuss
20 and attempt to resolve all valid issues raised by AT&T, even those that are before
21 regulatory bodies. In certain circumstances, where legal or policy issues are
22 involved, these matters must be discussed with policy decision makers and/or the
23 legal department, regardless of whether these issues are before regulatory bodies.
24 This additional but necessary step may add some time to the response period;
25 however, BellSouth will continue to strive, in all instances, to respond to AT&T's

1 concerns in a timely and reasonable fashion.

2

3 Q. DOES BELLSOUTH HAVE PROCEDURES THAT DEAL WITH THE
4 CONCERNS OF INDIVIDUAL ALECS?

5

6 A. Yes. BellSouth offers various avenues for dealing with individual ALEC
7 concerns. In addition to individual Account Teams, numerous ALEC centers, and
8 other processes that are tailored specifically for ALECs, BellSouth has established
9 an External Response Team (“ERT”) for handling inquiries and responding to
10 issues raised by the ALECs. In the timeframe from 1998 through mid-2001,
11 BellSouth processed over 3000 individual ALEC ERT letters. These letters have
12 dealt with a variety of subjects from requests for specific data to Root Cause
13 Analysis.

14

15 Q. DOES BELLSOUTH HAVE OTHER FORUMS IN PLACE THAT DEAL
16 WITH CONCERNS OF THE ALEC COMMUNITY AS A WHOLE?

17

18 A. Yes. BellSouth has in place several collaboratives to address ALECs’ issues and
19 concerns. BellSouth established these collaboratives to allow BellSouth and the
20 ALEC community to meet, identify, discuss, and resolve, on a weekly, monthly,
21 quarterly, semiannual, or annual basis, the various substantive issues that
22 BellSouth and the ALEC community face in a competitive market. Importantly,
23 these collaboratives are region-wide, thereby providing the ALEC community
24 with a single forum to address any BellSouth-specific issues or concerns they may
25 have from any state in BellSouth’s service territory. Further, to foster a

1 cooperative environment that is focused on the resolution of issues, as opposed to
2 advocating legal and regulatory positions, attorneys are prohibited from attending
3 these collaboratives. To date, more than 80 ALECs have participated in these
4 collaboratives and numerous issues that would have resulted in Commission
5 intervention have been resolved. A summary of the collaboratives currently
6 offered by BellSouth follows:

- 7
- 8 1. BellSouth User Groups - This collaborative consists of four groups,
9 (UNE-P, Collocation, Resale, and Facilities Based) each of which has
10 its own separate collaborative. The purpose of these groups is to
11 bring BellSouth and ALECs together to resolve potential issues
12 relating to each group prior to legal or regulatory intervention. The
13 groups meet once a quarter, except for the UNE-P group, which meets
14 every two months. Over 76 ALECs have participated in these
15 collaboratives and several meetings are scheduled in the next couple
16 of months. As information, I have attached as Exhibit CKC-7, a
17 detailed description of each of the BellSouth User Group
18 Collaboratives.
 - 19
 - 20 2. ALEC Inforum - In this collaborative, BellSouth, in a convention-like
21 setting, informs ALECs of the latest information on BellSouth's
22 products, OSS, sales and marketing initiatives, and operational issues.
23 In addition, the collaborative also provides educational workshops and
24 sessions, opportunities to meet and discuss issues with BellSouth
25 Subject Matter Experts ("SMEs"), and allows ALECs to network with

1 their BellSouth account executives and other ALECs. This
2 collaborative is generally held on an annual basis. The most recent
3 meeting was held on July 15-17, 2001, in Atlanta. More than 275
4 people representing over 80 ALECs attended this recent meeting,
5 which included educational workshops and sessions offered by
6 BellSouth addressing: (1) Local Number Portability; (2) Tariffs; (3)
7 Lens; (4) "How to Improve Operational Efficiency"; (5) "Mergers and
8 Acquisitions – Your Responsibilities"; (6) "How to Provide Magical
9 Customer Service"; (7) UNE-P ; and (8) Loop Make-up. A copy of
10 the Agenda for the recent Third Annual 2001 Summer ALEC Inforum
11 is provided as Exhibit CKC-8.

12

13 3. Line Sharing/Line Splitting Collaborative – These industry
14 collaborative meetings consist of four distinct groups, each of which
15 has its own collaborative: (1) Central Office Based Line Sharing –
16 BellSouth Owned Splitter; (2) Central Office Based Line Sharing –
17 DLEC Owned Splitter; (3) Remote Site Based Line Sharing –
18 BellSouth Owned Splitter; and (4) Line Splitting. These
19 collaboratives provide ALECs with an opportunity to meet with
20 BellSouth on a regularly scheduled basis to develop by mutual
21 agreement the processes and procedures required to implement Line
22 Sharing and Line Splitting. In 2000 alone, the Central Office Based
23 groups met over 70 times, and in 2001, to-date, the groups have met
24 approximately 25 times. Approximately 12 ALECs have participated

1 in this collaborative. Exhibit CKC-9 provides a description of the
2 groups in this collaborative.

3

4

5

6 Q. CAN YOU ADDRESS SOME OF THE SPECIFIC INCIDENTS THAT
7 ACCESS PRESENTED IN EXHIBITS ATTACHED TO MR. PAGE'S
8 REBUTTAL TESTIMONY?

9

10 A. Yes. Before replying to several of the individual exhibits, I would note that none
11 of the affiants that have proffered affidavits included as exhibits in the rebuttal
12 testimony of Mr. Page have filed complaints with the FPSC.

13

14 Exhibit RP-1, page 1 of 23, of Mr. Page's rebuttal testimony is the affidavit of
15 Charles Vance, owner of Furniture Restoration, Inc., in Atlanta, Georgia. Mr.
16 Vance states that, after a sales call from ACCESS, he contacted BellSouth to
17 compare information. He further states that a BellSouth customer service
18 representative told him that if his business switched its local telephone service to
19 ACCESS, (1) his business would not receive any service maintenance and (2) his
20 company would lose its yellow page listing at the end of the year (i.e. 2000).
21 BellSouth has not been able to determine any specifics related to the alleged
22 incident; however, such statements are contrary to the training BellSouth gives its
23 service representatives. BellSouth's service representatives are instructed to
24 "compete in the marketplace solely on the merits of BellSouth products and
25 services," and not to disparage a competitor's quality of service or financial

1 condition. It is BellSouth's policy to treat ALEC customers in a
2 nondiscriminatory manner, and ALEC customers are entitled to the same level of
3 service as BellSouth end users and are certainly entitled to maintain their listings
4 in the Yellow Pages.

5
6 Exhibits RP-1, pages 4 and 5 of 23, of Mr. Page's rebuttal testimony are the
7 affidavits of Michael McDevitt and Susan Kennedy of McDevitt Air, in
8 Savannah, Georgia. They state that McDevitt Air switched its telephone service
9 from ACCESS to BellSouth in order to get DSL service from BellSouth. Ms.
10 Kennedy states that, shortly after requesting to change their service to BellSouth,
11 she received a telephone solicitation from "TeleChoice" offering a discount on
12 local service if McDevitt Air switched its local telephone service back to
13 BellSouth. McDevitt Air received the discount, even though it had already
14 decided to return to BellSouth. According to BellSouth's records, McDevitt Air
15 disconnected local service from BellSouth and connected with ACCESS on July
16 24, 2000. McDevitt Air subsequently disconnected its service with ACCESS on
17 March 12, 2001 and reconnected service with BellSouth on March 14, 2001.
18 BellSouth has not uncovered any evidence to indicate that McDevitt Air was not
19 eligible for the rates it received consistent with BellSouth's tariff and promotional
20 offerings.

21
22 Finally, Exhibit RP-1, pages 20 and 21 of 23, of Mr. Page's rebuttal testimony is
23 the affidavit of Mr. Daniel Becton, President of Planogramming Solutions, Inc., in
24 Jacksonville, Florida, a customer of ACCESS, and the only Florida specific
25 affidavit. On April 23, 2001, Mr. Becton was contacted by a James Presson, who

1 identified himself as a BellSouth representative and attempted to convince Mr.
2 Becton to switch his service back to BellSouth while using disparaging comments
3 about the financial condition of ACCESS. Similarly, Mr. Page's rebuttal
4 testimony provides also Exhibit RP-1, pages 22 and 23 as the affidavit of Mr.
5 Jimmie Smith, Office Administrator of DANA, Inc., in Atlanta, Georgia, a
6 customer of ACCESS. On April 24, 2001, Mr. Smith was contacted by a
7 Samantha Wright, who identified herself as being "with BellSouth." Ms. Wright
8 attempted to convince Mr. Smith to transfer his local telephone service back to
9 BellSouth while using disparaging comments about ACCESS' financial
10 condition. Neither James Presson nor Samantha Wright is an employee of
11 BellSouth. Rather, they both worked for an authorized sales agent of BellSouth,
12 which BellSouth has since terminated. In any event, however, it is against
13 BellSouth policy for an employee or a sales agent to disparage a competitor,
14 including discussing a competitor's financial condition. Again, as mentioned
15 above, BellSouth has implemented procedures to strengthen the training of its
16 employees and sales agents about BellSouth's policy.

17
18 Q. PLEASE RESPOND TO MR. GILLAN'S COMMENTS AT PAGE 4 ABOUT
19 STRUCTURAL SEPARATION, AND HIS REMARK AT PAGE 27 THAT
20 "THE COMMISSION MUST BE PREPARED TO INCREASE ITS
21 VIGILANCE AND REGULATORY OVERSIGHT—OR, MORE SIMPLY,
22 ADOPT A STRUCTURAL APPROACH THAT WOULD ALIGN
23 BELLSOUTH'S INCENTIVES WITH THE COMMISSION'S OBJECTIVE OF
24 A COMPETITIVE LOCAL MARKET."

25

1 A. The FPSC is considering the issue of structural separation in another proceeding.
 2 Structural separation is not a requirement of Section 271, as evidenced by the fact
 3 that Congress considered the operations for which structural separation is required
 4 in Section 272, and did not include separation of an ILEC's retail and wholesale
 5 telecommunications operations in those requirements. In addition, the FCC has
 6 never made structural separation a requirement for Section 271 approval.

7

8 However, in this docket, BellSouth is asking the FPSC to adopt a performance
 9 measurement and remedy plan. BellSouth is legally obligated to provide ALECs
 10 with nondiscriminatory access to BellSouth's network. The performance plan and
 11 remedies that the FPSC establishes will provide additional incentive for BellSouth
 12 to comply with its obligations. Additional regulatory oversight, as suggested by
 13 Mr. Gillan, is unnecessary.

14

15 Q. MR. SAREM'S TESTIMONY ON PAGES 3 AND 4 MENTION THAT A
 16 CRITICAL COMPONENT OF A COMPETITIVE TELECOMMUNICATIONS
 17 ENVIRONMENT IS THE NEED FOR REASONABLE WHOLESALE PRICES,
 18 AND APPROPRIATE PERFORMANCE MEASUREMENTS AND
 19 PENALTIES. PLEASE RESPOND.

20

21 A. Mr. Sarem acknowledges that BellSouth has met its obligation under the Act to
 22 open its network and to provide nondiscriminatory access to competitors. The
 23 additional factors identified by Mr. Sarem are in fact being addressed by the
 24 FPSC. First, as Mr. Sarem recognizes, the FPSC has recently issued an order in
 25 its generic UNE cost docket. While Mr. Sarem is correct that BellSouth, and

1 Numerous other parties, have sought reconsideration on certain portions of the
2 order, there is no reason to doubt that the FPSC's commitment to cost-based rates
3 will be reflected in the ultimate outcome. Next, the FPSC is currently considering
4 the issue of performance measures and enforcement mechanisms which will be
5 designed to provide additional incentives for BellSouth to meet its obligation and
6 prevent any backsliding on these obligations once BellSouth is granted 271 relief.
7 Therefore, Mr. Sarem's endorsement of BellSouth's entry into the long distance
8 market is appropriate.

9
10 Q. DOES THIS CONCLUDE YOUR REPLY TESTIMONY?

11
12 A. Yes.

13 (#411813)

14
15
16
17
18

1 BY MS. FOSHEE:

2 Q Ms. Cox, did you prepare a summary of your testimony
3 today?

4 A Yes, I did.

5 Q Could you give that for us, please?

6 A Yes. Hello. My testimony presents evidence to this
7 Commission that BellSouth is in compliance with the
8 requirements of Section 271 of the Telecommunications Act and
9 has earned the right to enter the interLATA services market.

10 In this proceeding, BellSouth is requesting that this
11 Commission do four things. The first is rule that BellSouth
12 has met the requirements of Track A. The second is determine
13 that BellSouth has met the requirements of the 14-point
14 checklist through agreements it has with ALECs operating in
15 Florida. The third is approve interim cost-based rates for
16 elements for which permanent cost-based rates have not yet been
17 established. And the fourth is to find that BellSouth's SGAT
18 meets the requirements of the Act.

19 This Commission has previously determined in its 1997
20 order that BellSouth has met the requirements of Checklist
21 Items 3, 4, 8, 9, 10, 11, 12, 13, and part of 7. In this
22 proceeding BellSouth updates the record with evidence that
23 BellSouth continues to meet the requirements of these checklist
24 items thereby affirming the Commission's previous ruling.
25 Further, BellSouth provides evidence to demonstrate its

1 compliance with all checklist items.

2 This Commission also concluded in its 1997 order that
3 an important component of a future 271 filing would be an
4 independent end-to-end test of BellSouth's OSS. Since early
5 1999 this Commission has been engaged in an extensive
6 independent OSS test with KPMG. However, BellSouth's
7 performance data associated with commercial usage of
8 BellSouth's systems demonstrates compliance with the 14-point
9 checklist, and BellSouth's performance data will be provided as
10 part of KPMG's commercial data review as ordered by this
11 Commission in its April order.

12 Competition in Track A compliance. BellSouth has
13 successfully negotiated or has arbitrated and this Commission
14 has approved approximately 500 agreements with certified ALECs
15 in Florida. These agreements cover the entire range of Section
16 271 checklist items and confirm that BellSouth has met the
17 requirements of Track A.

18 Clearly, the Florida local exchange market is open to
19 competition. As of February 2001, over 120 ALECs were
20 providing local service to almost 832,000 lines in Florida.
21 And of those lines approximately 643,000 lines are being served
22 by ALEC facilities or UNEs. Facilities-based competition
23 levels in Florida are equal to or greater than the levels
24 reported by other Bell Operating Companies that have obtained
25 271 approval. Florida ALECs currently have established

1 collocation arrangements that would allow them to serve roughly
2 94 percent of BellSouth's total access lines.

3 Importantly, the Verizon New York and SBC Texas
4 markets saw a significant increase in local competition
5 following their 271 approvals according to the FCC's local
6 competition report. This Commission need only look at the
7 increased local competition in New York and Texas to conclude
8 that BellSouth's entry into the long distance market in Florida
9 will likely further accelerate the pace of competition in
10 BellSouth's local exchange markets in this state. Therefore,
11 not only will Florida customers benefits from additional long
12 distance competition, but also from additional local
13 competition.

14 The 14-point checklist. Section 271 of the Act
15 includes a competitive checklist of 14 requirements. As I
16 mentioned earlier, in its 1997 order the Commission found that
17 BellSouth had met eight checklist items and part of a ninth.
18 In BellSouth's 1998 Louisiana 271 application, the FCC found
19 that while BellSouth met six checklist items and part of a
20 seventh, BellSouth failed to satisfy all 14 points. As a
21 result of this Commission's findings and the FCC's findings,
22 BellSouth was provided with additional detail or a road map as
23 some have described it to use to ensure future compliance with
24 all of the checklist items.

25 In fact, BellSouth has used the comments of this

1 Commission and the FCC as its road map and benchmark to
2 demonstrate compliance with each of the checklist items that
3 have previously failed to meet and to ensure continued
4 compliance with the items that the Commission and the FCC
5 previously determined that BellSouth had satisfied. For each
6 checklist item my testimony, along with the testimony of
7 BellSouth's other witnesses, discusses the requirements of the
8 Act, the rules of this Commission and the FCC, and discusses
9 the conclusions of the Commission and the FCC from BellSouth's
10 previous 271 application. It identifies where BellSouth
11 demonstrates its legal obligation to provide the checklist item
12 and provides evidence to demonstrate BellSouth's compliance
13 with each item.

14 With regard to pricing, BellSouth adheres to the
15 pricing rules set forth in the Act and the FCC's pricing rules.
16 In terms of BellSouth's compliance with Section 271, the UNE
17 rates currently available in Florida are cost-based as
18 determined by the Commission. These rates are in Attachment A
19 to BellSouth's SGAT and in negotiated agreements and amendments
20 to existing agreements. BellSouth recognizes the Commission is
21 near completion of a generic UNE cost docket which will
22 establish new cost-based rates for most UNEs. BellSouth will
23 incorporate these rates into the SGAT. In any case, the prices
24 that ALECs will be charged for interconnection and UNEs are
25 based on total element long-run incremental cost, or TELRIC

1 methodology as determined by this Commission.

2 Finally, the SGAT. As provided for by the Act,

3 BellSouth can demonstrate compliance with the 14-point

4 checklist items through its ALEC agreements and its SGAT.

5 Additionally, the FCC's interpretation of Section 271(d)(3)

6 provides that a combination of agreements in conjunction with

7 the SGAT can be used to meet the checklist requirements.

8 BellSouth has clearly met the legal obligations and

9 requirements of the 14-point checklist through its agreements

10 and through its SGAT being filed in this proceeding. BellSouth

11 also asks the Commission to approve BellSouth's SGAT. Thank

12 you, that concludes my summary.

13 MS. FOSHEE: Mr. Chairman, Ms. Cox is available for

14 cross-examination.

15 CHAIRMAN JACOBS: Very well. Mr. Lamoureux.

16 MR. LAMOUREUX: Just to mix things up, I think I get

17 to go first this time.

18 CHAIRMAN JACOBS: All right.

19 (Transcript continues in sequence with Volume 3.)

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STATE OF FLORIDA)
 :
COUNTY OF LEON)


CERTIFICATE OF REPORTER

I, JANE FAUROT, RPR, Chief, Office of Hearing Reporter Services, FPSC Division of Commission Clerk and Administrative Services, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 15th day of October, 2001.



JANE FAUROT, RPR
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