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July 29, 2002

Ms. Blanca Bayo, Director  
Commission Clerk and Administrative Services  
Florida Public Service Commission  
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Betty Easley Conference Center  
Tallahassee, FL 32399-0850

**VIA HAND DELIVERY**

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Re: Docket No. 020129-TP

Dear Ms. Bayo:

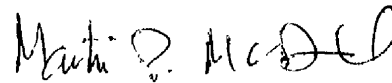
Enclosed herewith for filing in the above-referenced docket on behalf of US LEC of Florida, Inc., ("US LEC") are the original and fifteen copies of the Prefiled Rebuttal Testimony of Wanda Montano.

Also enclosed is a diskette containing the Prefiled Rebuttal Testimony of Wanda Montano. This testimony is in WordPerfect format.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the copy to me.

Thank you for your assistance with this filing.

Sincerely,



Martin P. McDonnell, Esq.

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a copy of the Prefiled Rebuttal Testimony of Wanda Montanio on behalf of US LEC of Florida, Inc., ("US LEC") was furnished by U. S. Mail to the following this 29<sup>th</sup> day of July, 2002:

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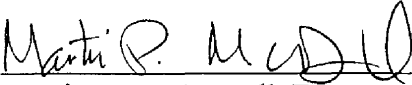
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\_\_\_\_\_  
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1 **Q: PLEASE STATE YOUR NAME, TITLE, AND ADDRESS FOR THE**  
2 **RECORD.**

3 **A:** My name is Wanda G. Montano. I am currently Vice President, Regulatory and  
4 Industry Affairs for US LEC Corp., the parent company of US LEC of Florida Inc.  
5 (“US LEC”), and its operating subsidiaries, including the Petitioner in this  
6 proceeding. My business address is 6801 Morrison Blvd., Charlotte, NC 28211.

7 **Q: HAVE YOU PREVIOUSLY LFILED TESTIMONY IN THIS MATTER?**

8 **A:** Yes. I have filed direct testimony in this matter, and in that testimony I described  
9 my duties and responsibilities, my educational background, and my professional  
10 experience.

11 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 **A:** In this rebuttal testimony, I respond to issues discussed in the direct testimony of  
13 BellSouth witnesses John A. Ruscilli and W. Keith Milner.

14 **Q: IS BELLSOUTH’S RATE CHANGE COMPETITIVELY NEUTRAL?**

15 **A:** No. Mr. Ruscilli states at page 16 of his testimony that BellSouth’s revised charge  
16 for network access service is “revenue neutral”. BellSouth has not demonstrated  
17 revenue neutrality, and its CCS7 tariff creates competitive inequity in several ways.  
18 One way it creates competitive inequity is to advantage its wireless affiliate, and  
19 disadvantage its ALEC customers and competitors. Another way BellSouth  
20 contributes to competitive inequity is to charge incumbent local exchange carriers  
21 and ALECs different rate structures. Finally, BellSouth’s imposition of CCS7  
22 charges for traffic flowing in both directions, irrespective of whether costs were  
23 caused by BellSouth and/or incurred by an ALEC, undermines the financial  
24 viability of competitors. Each of these inequities will be addressed in more detail  
25 below.

1 **Q: HOW DOES BELL SOUTH'S TARIFF PROVIDE AN ADVANTAGE TO**  
2 **ITS WIRELESS AFFILIATE?**

3 **A:** Mr. Ruscilli states on page 9 of his testimony that BellSouth has made reductions in  
4 its interconnection for mobile service provider offering (contained in Section A35.1  
5 of BellSouth's General Subscriber Service Tariff). He claims that these reductions,  
6 along with reductions to BellSouth Local Switching Rates reflected in Section  
7 E6.8.2 of its Intrastate Access Tariff, will be "revenue neutral." On page 16 of his  
8 testimony, Mr. Ruscilli explains that his "revenue neutral" claim is based upon a  
9 calculation that "in the aggregate, BellSouth will be receiving the same amount of  
10 revenue after the charge. . ." However, Mr. Ruscilli fails to mention that this  
11 calculation only includes revenues for BellSouth Telecommunications, and not for  
12 its affiliates and parent BellSouth Corp. BellSouth Corp.'s latest form 10-K filed  
13 with the Securities and Exchange Commission in February 2002 states that  
14 BellSouth Corp. is 40% owner of Cingular Wireless, the second largest wireless  
15 provider in the United States. The 10-K states that profits from BellSouth's  
16 Cingular venture represent 11% of its year 2000 profits, and 13% of its 1999  
17 revenue. Therefore, reductions in costs to wireless providers would directly benefit  
18 BellSouth Corp., and will not be "revenue neutral" if the revenue of the entire  
19 corporation is taken into account. Because BellSouth claims it is reducing rates to  
20 the CMRS carriers to offset the charges to the ALECS, that rate reduction will  
21 benefit its affiliate while increasing rates to its competitors.

22 **Q. HOW DOES BELL SOUTH CHARGE DIFFERENT RATES TO ILECS AND**  
23 **ALECS?**

24 **A.** Mr. Ruscilli states at page 15 of his testimony, in response to a question about how  
25 BellSouth charges ILECS for signaling associated with the traffic they exchange,

1 that many ILECs purchase “A-links” from BellSouth to obtain signaling on calls  
2 originated or terminated to an end-user of an ILEC. Mr. Ruscilli explains that A-  
3 links connect end offices or databases (SCPs) to STPs. However, Mr. Ruscilli fails  
4 to explain in his answer that when an ALEC such as US LEC owns STPs, the  
5 ALEC purchases B-links from BellSouth, rather than A-links. Yet, BellSouth’s  
6 tariff proposes to charge ALECs for B-link services they provide to themselves.  
7 BellSouth confirms, in its answers to data requests in this proceedings, that it does  
8 not charge other ILECs for any B-Link traffic (*See* BellSouth’s answer to Item No.  
9 1 of ITC^DeltaCom’s 1st Interrogatories). Mr. Ruscilli’s testimony fails to address  
10 why charges for B-links are appropriate.

11 **Q. WHAT IS THE IMPACT OF BELLSOUTH’S IMPOSITION OF CCS7**  
12 **CHARGES IN BOTH DIRECTIONS?**

13 **A.** Mr. Milner confirms on page 7 of his testimony that BellSouth bills CCS7 charges  
14 for usage of the network regardless of the direction the messages are sent, and  
15 emphasizes that regardless of whether the call originates or terminates on the  
16 ALEC’s network, the ALEC will be charged. Imposition of charges for traffic  
17 flowing in both directions is problematic. As I stated in my direct testimony, ISUP  
18 messages flow in both directions during the life of a call without regard to whether  
19 a call originated on an ALEC’s network or on an ILEC’s network, and are jointly  
20 provided by the networks involved in the call. Mr. Ruscilli states at page 16 that  
21 “BellSouth should not be prohibited from amending its tariffs to require the cost  
22 causer of network access service to pay for the network access service it  
23 receives. . .” However, BellSouth’s charges include per-message charges for  
24 messages flowing in both directions, and thus there is not always a direct  
25 relationship between the “cost causer” and the charge BellSouth imposes. In fact, it

1 is not clear whether BellSouth considers the cost causer to be its own customers  
2 who are placing calls to the ALECs or customers of ALECs who are calling  
3 BellSouth subscribers or if somehow the ALECs' networks standing alone are the  
4 cost causers. Whomever BellSouth considers to be the cost causer, it remains  
5 steadfastly evident that B-link signaling is jointly provided by BellSouth and an  
6 ALEC such as US LEC which operates its own STPs.

7 **Q. SHOULD ALECS BE ALLOWED TO BILL BELLSOUTH FOR ISUP**  
8 **MESSAGES?**

9 **A.** Yes. BellSouth knows, and its representative has admitted in meetings with  
10 ALECs, that ALECs would be justified in billing BellSouth for the ISUP messages  
11 which are provided jointly by BellSouth and the ALECs (and other ILECs and  
12 wireless companies) and both originate and terminate on their networks. However,  
13 as I discussed in my direct testimony, we do not advocate this approach, because it  
14 imposes a set of unnecessary costs (for billing, collecting, auditing amounts due)  
15 for charges that essentially are a "wash" between carriers exchanging traffic. Such  
16 additional mutual billing of CCS7 charges could cause rates to end users to rise  
17 unnecessarily. This scenario can be avoided by rejecting the BellSouth CCS7  
18 tariff.

19 **Q. ARE THERE OTHER REASONS WHY BELLSOUTH'S RATE CHANGE**  
20 **SHOULD BE REJECTED?**

21 **A.** Yes. In Mr. Ruscilli's Direct Testimony at page 14, BellSouth is dismissive of  
22 valid concerns about potential rate increases to subscribers, calling this issue an  
23 "unremarkable fact" that is "simply characteristic of a "free market economy."  
24 With this statement, BellSouth appears to imply that access services are readily  
25 available from other carriers. This implication is incorrect. In BellSouth's Florida

1 service territories, BellSouth has an overwhelmingly dominant market position in  
2 the provision of access services. It faces limited competition for SS7 and other  
3 access services. BellSouth's access facilities were built by funds paid by its captive  
4 ratepayers, including its carrier customers, in a regulated environment that, until the  
5 last few years, limited any "free market" competition to its services, and protected  
6 its access revenue. Attempts to implement competitive service offerings have been  
7 difficult, as this Commission is aware, and there is not yet in Florida or anywhere  
8 else in BellSouth's region, a truly competitive market in the access services  
9 BellSouth now seeks to restructure. There never has been any contention in this  
10 proceeding or elsewhere that BellSouth's access rates were not covering its costs of  
11 providing access services, and it is highly unlikely that BellSouth could make that  
12 case.

13 **Q. DOES BELLSOUTH'S CCS7 TARIFF PUNISH ALECS WHO EITHER**  
14 **OPERATE THEIR OWN STPS OR CHOOSE TO PURCHASE THE CCS7**  
15 **TARIFF FROM A THIRD PARTY?**

16 **A.** Yes. In Mr. Ruscilli's testimony at the bottom of page 3, it states that ALECs,  
17 wireless carriers, IXCs and other ILECs have three options to obtain CCS7  
18 functionality. These include providing their own functionality, purchasing such  
19 functionality from a third party or from BellSouth. Were an ALEC such as US  
20 LEC to purchase CCS7 functionality from BellSouth, that service would be  
21 purchased and charges would accrue in accordance with whatever tariff or contract  
22 governs the relationship. Since US LEC has chosen to purchase and operate its  
23 own CCS7 service, BellSouth has no right to charge US LEC for services US LEC  
24 provides to itself.

25



1 **Q. DOES BELLSOUTH'S PROPOSED TARIFF DISCRIMINATE AGAINST**  
2 **THE ALECS IN FAVOR OF OTHER CARRIERS IN FLORIDA?**

3 **A.** Yes. Mr. Ruscilli's testimony mentions other ILECs as having the same options for  
4 purchasing SS7 functionality. Yet, BellSouth has admitted in its Answer to  
5 ITC^DeltaCom's Interrogatory No. 1 that it does not charge other ILECs for its  
6 CCS7 service. BellSouth's tariff discriminates against the ALECs who are jointly  
7 providing services, because BellSouth does not charge other Florida ILECs that are  
8 jointly providing service with BellSouth.

9 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

10 **A.** Yes, it does.

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