

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 030851-TP

In the Matter of:

IMPLEMENTATION OF REQUIREMENTS
ARISING FROM FEDERAL COMMUNICATIONS
COMMISSION'S TRIENNIAL UNE REVIEW:
LOCAL CIRCUIT SWITCHING FOR MASS
MARKET CUSTOMERS.



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VOLUME 13

Pages 1843 through 1900

PROCEEDINGS: HEARING

BEFORE: CHAIRMAN BRAULIO L. BAEZ
COMMISSIONER J. TERRY DEASON
COMMISSIONER LILA A. JABER
COMMISSIONER RUDOLPH "RUDY" BRADLEY
COMMISSIONER CHARLES M. DAVIDSON

DATE: Wednesday, February 25, 2004

TIME: Commenced at 9:00 a.m.

DOCUMENT NUMBER DATE
02985 MAR-13

FPSC-COMMISSION CLERK

1 PLACE: Betty Easley Conference Center
Room 148
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(Transcript follows in sequence from Volume 12.)

CHRISTOPHER PLEATSIKAS

continues his testimony under oath from Volume 12:

CONTINUED CROSS EXAMINATION

BY MR. HENRY:

Q Now, Doctor, have you been involved in any regulatory proceedings involving the establishment of the reciprocal compensation for the transport and termination of local calls, the recip comp dockets, if you will?

A Not in the United States.

Q Okay. Are you aware that CLECs often argue that their networks cover the same area as the BellSouth tandem networks in the LATA and that they are entitled to tandem level reciprocal compensation?

A I'm aware that there were some proceedings that -- where questions like that came up.

Q And are you aware that in those proceedings that typically the CLECs will say that my switch serves the entire LATA?

A Oh, I'm aware that CLEC executives have said that my switch covers the entire state or my switches cover broader areas than that.

Q Right. But when you get outside of the LATA you start to run into issues of porting numbers outside of a LATA

1 which may cause some problems the portability administrator;
2 correct?

3 A I presume so, but I don't know.

4 Q Okay. Well, would it be your observation that
5 switches are placed to serve an area no smaller than a LATA?

6 A It's my opinion that switches don't necessarily
7 define relevant geographic markets for the impairment purposes.

8 Q So the actual decisions that have been made to place
9 switches to serve at least a LATA have no bearing on the
10 study -- the business case analysis attempting to predict what
11 an efficient CLEC would do; is that correct?

12 A No. I don't think I said that.

13 Q What did you say?

14 A I said that the reach of a switch doesn't necessarily
15 conform to a relevant geographic market for the purposes for
16 which we are here today.

17 Q And what purpose is that? I thought we were trying
18 to model an efficient CLEC and what would go into his
19 calculation as to whether he wanted to invest in and place a
20 circuit switch in order to provide UNE-L.

21 A I think that's the overall purpose, and the purpose
22 of my testimony is to define a relevant geographic market for
23 that purpose.

24 Q Do you know the term EAEA?

25 A It sounds somewhat familiar, but I'm not sure.

1 Q Are you familiar with that being a market that has
2 been previously established in Florida?

3 A I'm certainly not familiar with that, no.

4 MR. HENRY: That's all I have, Mr. Chairman. Thank
5 you.

6 CHAIRMAN BAEZ: Thank you, Mr. Henry.

7 Mr. Susac, did you have questions?

8 MR. SUSAC: Yes, we did, Chairman.

9 CHAIRMAN BAEZ: I think this is probably a good
10 breaking point. Let's take five minutes, stretch our legs, and
11 we'll be back with your questions.

12 MR. SUSAC: Thank you.

13 CHAIRMAN BAEZ: Thank you.

14 (Brief recess.)

15 CHAIRMAN BAEZ: We'll reconvene. Mr. Susac, I think
16 we were entertaining questions from staff; is that --

17 MR. SUSAC: That is correct, Chairman. We have just
18 about five questions for Dr. Pleatsikas.

19 CROSS EXAMINATION

20 BY MR. SUSAC:

21 Q Good morning, Dr. Pleatsikas.

22 A Good morning.

23 Q I briefly want to compare and contrast the MSAs and
24 the market definition that you propose. My first question is,
25 are MSAs a component of CEAs?

1 A There are 348 CEAs in the United States and 310 of
2 them are centered around MSAs, so, yes, in that sense they are.
3 In some cases they are the same thing; in other cases CEAs
4 would be a bit more extensive than an MSA.

5 Q Okay. Thank you. Is a UNE zone that overlays CEAs
6 superior to a UNE zone that overlays MSAs?

7 A Well, I think that CEAs subdivided -- that UNE zones
8 subdivided by CEAs have some advantages over UNE zones
9 subdivided by MSAs. One, you have more complete coverage; two,
10 you have a more consistent assignment of counties across the
11 state because all the counties are assigned, and they are all
12 assigned on the same basis; and three, CEAs were specifically
13 defined to be market areas for commercial and regulatory
14 applications. So I do think there are some advantages to using
15 CEAs over MSAs.

16 Q And during this recent break we passed out an exhibit
17 to your testimony, Exhibit CJP-2. Do you have that exhibit in
18 front of you?

19 A Yes, I do.

20 Q On that exhibit, are you familiar with the
21 Ft. Lauderdale CEA?

22 A Yes.

23 Q Is it true that there are two groups of wire centers
24 that make up UNE Zone 1?

25 A I'm not sure it's true that there are two groups --

1 just a second. Let me look at my map which is better -- a
2 little better resolution. I thought there were two groups in
3 UNE Zone 2.

4 Q Could you repeat that? I didn't get that.

5 A I'm sorry. I better step back a bit.

6 I thought there were two groups in UNE Zone 2 in
7 Ft. Lauderdale.

8 Q You are correct. And they are divided by a group of
9 wire centers that make up that UNE Zone 2 -- UNE Zone 1; is
10 that correct?

11 A That's correct.

12 Q Are these groups of wire centers contiguous?

13 A No. The UNE Zone 2 wire centers are not contiguous.
14 They are separated into two discrete pieces -- or two discrete
15 areas, sorry.

16 Q Okay. And this might be overstating the obvious, but
17 bear with me. You testified that UNE Zone 1 in Jacksonville
18 should not be combined with UNE Zone 1 in Miami because the
19 cost of transport would be a barrier to competition; is that
20 correct?

21 A Not quite. What I said was that they were so distant
22 that transport could well prevent them being served as part of
23 a single market.

24 Q Is that also the case in Ft. Lauderdale market that
25 we just referred to earlier?

1 A No, I don't think so, because the cost of transport
2 across the relatively small divide between the two zones I
3 don't think would cause there to be a problem in serving them
4 as part of the same market.

5 Q Okay. Would it be better or more reasonable then to
6 begin with a UNE zone within a CEA and then aggregate the wire
7 centers, if necessary, to form a contiguous market?

8 A I don't think it's necessary in this instance
9 because -- well, I don't think it's necessary generally
10 because, as I say, within a CEA you have factors which allow
11 for marketing across noncontiguous areas and within the UNE
12 zones or across the UNE zones -- let me step back.

13 Within a particular UNE zone, the cost of transport
14 across the areas even if they are noncontiguous generally is
15 not very high compared to the total cost of serving the area.

16 Q Okay. Well, would the fact that if we began with a
17 UNE zone within a CEA and then aggregated wire centers, if
18 necessary, to form a contiguous market, would that eliminate
19 the transport costs that we discussed earlier?

20 A If I understand your question correctly, you're
21 asking me, for instance, in Ft. Lauderdale if we separated into
22 two -- UNE Zone 2 into two separate markets, would that
23 eliminate the transport costs?

24 Q Yes.

25 A No, it wouldn't eliminate the transport costs because

1 you'd still have to transport between and among the different
2 wire centers in UNE Zone 2 in each of the two areas that
3 you've -- within each of the two areas that you've talked
4 about.

5 MR. SUSAC: Okay. That's all the questions we have.

6 CHAIRMAN BAEZ: Commissioners, do you have questions?

7 COMMISSIONER DEASON: I have a question.

8 CHAIRMAN BAEZ: Go ahead, Commissioner Deason.

9 COMMISSIONER DEASON: Doctor, explain to me why you
10 chose to use CEAs as opposed to using a more typical boundary
11 such as a LATA and as the -- dividing rate zones by LATAs as
12 opposed to CEAs?

13 THE WITNESS: Well, the reason I did that is because
14 LATAs often encompass more than one economic node and they can
15 cover multiple areas. They can be in different media markets
16 in many cases. And my feeling was that based on the way that
17 CLECs market their services, that it would be advantageous to
18 confine the markets, the geographic markets to areas where, you
19 know, a single -- or a community of interest in terms of the
20 media market would be, would be retained, and LATAs generally
21 don't do that. Also, from what I've been able to discern, I
22 didn't think that LATAs were an area that conformed either to
23 the principles of economic substitutability or the way that
24 CLECs tend to view providing service to customers, at least as
25 they relate to the geographic market concept.

1 COMMISSIONER DEASON: You used the term economic
2 substitutability or --

3 THE WITNESS: Yes.

4 COMMISSIONER DEASON: Can you explain that, please?

5 THE WITNESS: Yeah. Economic substitutability is the
6 basic principle on which relevant economic markets are defined.
7 Economic substitutability can be either demand side or supply
8 side. And on the demand side what it means is that a price
9 increase, for instance, in one product or in one area of an
10 area will -- of a geographic area would cause consumers in that
11 area to substitute to other suppliers of -- or other goods.
12 And on the supply side what it means is that a price increase
13 by one supplier would elicit other suppliers to provide a
14 greater -- either a greater supply so that consumers could
15 shift. It really has to do with the shifts that consumers and
16 suppliers -- the shifts in demand and supply that occur in
17 response to price increases.

18 And when it comes to defining geographic markets or
19 product markets for that matter what we're looking for is
20 sufficient shifts to defeat attempts to increase prices over a
21 sufficient length of time. As long as these shifts are
22 sufficient, then we need to adjust the markets to reflect
23 those. I hope that's explained it. If it hasn't --

24 COMMISSIONER DEASON: Yes, yes. That's fine. Can
25 you give me an example of a LATA that contains two or more mass

1 media markets?

2 THE WITNESS: Yeah. I think that the Miami -- the
3 LATA that includes Miami runs up the coast for a considerable
4 length, for instance, and that one would contain more than one
5 media market. For instance, Ft. Lauderdale might be slightly
6 different, but certainly as you go north of Ft. Lauderdale a
7 reach of newspapers and radio would decrease, and you'd have
8 other outlets that would -- that people would utilize.

9 COMMISSIONER DEASON: Would that area violate your
10 principle of economic substitutability?

11 THE WITNESS: I think it would, yes.

12 COMMISSIONER DEASON: Because you have more than one
13 mass market involved.

14 THE WITNESS: No. I think there are other
15 considerations when it comes to the LATAs beyond just media
16 markets because media markets are really -- and media costs and
17 advertising and marketing costs are only one component of the
18 costs that CLECs face. Beyond that, you have the transport
19 costs which will get quite large from one end of the LATA to
20 the other or larger certainly than they would within the
21 markets I've defined. So that's another consideration that one
22 would have to take into account.

23 COMMISSIONER DEASON: Thank you.

24 CHAIRMAN BAEZ: Commissioners, any other questions?

25 Thank you, Dr. Pleatsikas.

1 THE WITNESS: Thank you.

2 (Witness excused.)

3 CHAIRMAN BAEZ: Next up I'm showing Witness Heartley.

4 Good morning, Mr. Heartley.

5 MR. HEARTLEY: Good morning.

6 ALFRED A. HEARTLY

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

10 CROSS EXAMINATION

11 BY MR. O'ROARK:

12 Q Good morning, Mr. Heartley, Commissioners. My name
13 is De O'Roark; I represent MCI. I believe that this is my
14 first appearance at the hearing.

15 Mr. Heartley, in your testimony you provide an
16 assessment of the highest number of lines BellSouth would have
17 to cut-over in a month or a day and how many people BellSouth
18 would have to hire to perform those customer migrations; is
19 that right?

20 A That's correct, yes.

21 Q And your analysis assumes that CLECs are not impaired
22 without access to unbundled switching; is that right?

23 A That's correct. There are several assumptions.

24 Q And one of the other assumptions is that all the
25 Public Service Commissions in the Southeast find that CLECs are

1 not impaired?

2 A That's correct.

3 Q Mr. Heartley, if I put that flip chart there, can you
4 read it?

5 A Yes.

6 MR. O'ROARK: And, Commissioners, can you see it
7 reasonably well?

8 CHAIRMAN BAEZ: (Nodding head affirmatively.)

9 BY MR. O'ROARK:

10 Q Okay. What I'd like to do, Mr. Heartley, is start
11 by --

12 MR. MEZA: Excuse me. Mr. Chairman, would it be
13 permissible if co-counsel and I migrate over to the other to
14 see the chart?

15 CHAIRMAN BAEZ: Find a comfortable place where you
16 can see it.

17 BY MR. O'ROARK:

18 Q Mr. Heartley, what I'd like to start with is walking
19 you through what you've done in your direct and your rebuttal
20 testimony. The first line on the chart is customer base,
21 3.84 million people. Do you see that?

22 A Yes.

23 Q And the way you derived that 3.84 million number is
24 you assumed a rate of UNE-P growth through July of this year
25 and then on to December of this year; is that correct?

1 A Yes.

2 Q And the UNE-P growth rate that you assumed, was it
3 shown on the second line, 116,295?

4 A Yes, but it goes longer than that, it goes longer
5 than December.

6 Q Thank you. And we'll get to that in just a moment.

7 A Okay.

8 Q But for our purposes now, the idea is that all the
9 Commissions in July 2004 find in favor of BellSouth, and then
10 CLECs will get another five months to continue to grow the base
11 using UNE-P.

12 A Yes.

13 Q Then we've also got on the next line UNE-L growth
14 which is assumed to be 19,029.

15 A Yes.

16 Q On the following line we come to UNE-P conversions,
17 and for that what we have to do is fast-forward eight months
18 beyond December of 2004, I believe, to August of 2005; is that
19 right?

20 A That's correct.

21 Q And what you do is you assume that we're going to
22 take that 3.84 million customers, we're going to convert those
23 customers from UNE-P to UNE-L over a 21-month period.

24 A Yes. That's what the order calls for.

25 Q So if you -- the way you did it is you took the

1 3.84 million, you divided by 21, and so the number of
2 conversions per month once you get started is 182,579; is that
3 right?

4 A I'll just check my exhibit. It's in my Exhibit A to
5 how many it would be. That is the number for the BellSouth
6 region.

7 Q Yes. These are all regional numbers.

8 A These are all regional numbers, not Florida numbers.

9 Q Thank you for that clarification.

10 A Okay.

11 Q Did you say you wanted to check your exhibit?

12 A Yes.

13 Q Please feel free to do that.

14 A Yours is broken out a little different than mine. My
15 Exhibit AH-1 says the monthly conversions would be 317,903.

16 Q And if you take that number of 317,903 -- do you need
17 a calculator? There you are. You take that 317,000 number and
18 you subtract out the UNE-P growth and the UNE-L growth. If you
19 want you can check and see if that doesn't come out to the
20 UNE-P customers -- the UNE-P conversions.

21 A Step me through that again.

22 Q Yes, sir. If you take the 317,903 and then subtract
23 116,295, which is part of the growth, subtract 19,029 --

24 A Okay.

25 Q -- I hope you come up with 182,579.

1 A I didn't come up with that.

2 Q Okay. What did you come up with?

3 A 97,266. Maybe I made a mistake.

4 Q You came up with 90,000. If you add 90,000 and
5 182,000 that's about 270,000, so I think you did. Let's try it
6 again.

7 A Okay.

8 Q It is 317,903, which is the number from your rebuttal
9 exhibit; correct?

10 A Right.

11 Q Then let's subtract 116,295 and then subtract 19,029.

12 A Wait a minute. I'm missing this.

13 Q That's okay. You could just take it subject to
14 check, but I'll let you off the hook if you'd like.

15 A Okay. 182,579.

16 Q Okay. We're together now.

17 A We're together.

18 Q Now, the next thing you did is you took into account
19 churn and you assumed 4 percent; is that right?

20 A Yes.

21 Q And as I calculated it, if you apply the 4 percent to
22 the 317,903, you come up with churn at 12,716. I'll let you
23 take that one subject to check if you'd like.

24 A Subject to check.

25 Q All right. And then with the maintenance and repair,

1 the idea there is that the repair guys may have to go out and
2 do a certain amount of work on these circuits, so you put a
3 5 percent factor in for that.

4 A That's correct.

5 Q And I believe what you do is you take the 5 percent
6 of everything that goes above it, come up with 16,531.

7 A Okay. I'll take that subject to check.

8 Q Okay. And then we come up 347,150, which I believe
9 is on your rebuttal exhibit.

10 A That number being for the region?

11 Q Yes. I know that the number --

12 A Okay.

13 Q And then what you do is you divide by 22.3, average
14 number of business days, and you come up with 15,567.

15 A You come up with 15,567 is what's in my exhibit, yes,
16 per day.

17 Q Okay. And just so we're clear, what this means under
18 BellSouth's what you call your worst-case analysis is that
19 every month in the region BellSouth would be doing 347,150 hot
20 cuts, and if you break that down on a daily basis, every day
21 BellSouth would be doing 15,567 hot cuts.

22 A Yes.

23 Q All right. Now, let's talk about some of these
24 numbers. Let's start with the customer base. That
25 3.84 million number was frozen as of December 2004 in your

1 analysis because that's the end of the five-month period when
2 CLECs could continue to acquire customers using UNE-P; is that
3 right?

4 A That's correct.

5 Q All right. Now, we've got an eight-month period
6 before these conversions start. And you alluded to this
7 earlier. What your analysis assumes is that the CLECs' rate --
8 the CLEC customer base will continue to grow, but this
9 116,295 figure will now be UNE-L acquisitions rather than UNE-P
10 acquisitions.

11 A That's correct.

12 Q So if we take that resulting number, which is
13 135,324, the sum of those two numbers --

14 A Right.

15 Q -- what you assume is that for the next eight months
16 the CLEC customer base will increase by that number.

17 A Yes.

18 Q And if you multiply eight times 135,000, you come up
19 with more than a million, don't you?

20 A Sounds right, subject to check.

21 Q Closer to 1.1 million. I'm just going to note that.
22 I've just written 1.1 million UNE-L over the 3.84 million.

23 Now, the UNE-P growth rate, you derived that by
24 looking at the highest number of UNE-P migrations in a month?

25 A In the last 33 months, starting -- I think we did

1 that through August of 2000 through October, I'm sorry, of
2 2003.

3 Q Now, Mr. Heartley, is that a net number or a total
4 number?

5 A That's a total number.

6 Q Well, let me show you what is BellSouth's response to
7 AT&T Interrogatory Number 32, so this is in the record. I
8 don't think we need to distribute it other than to counsel.

9 CHAIRMAN BAEZ: Mr. O'Roark, for our ease, if you've
10 got extra copies, you can let us take a look at them, too.
11 Thanks.

12 MR. O'ROARK: Yes, sir.

13 BY MR. O'ROARK:

14 Q Mr. Heartley, you've got the exhibit in front of
15 you --

16 A No, I don't.

17 Q Oh.

18 A You gave it to my lawyers.

19 Q I apologize. I got everybody but you.

20 A Okay.

21 Q Okay. Let me give you a moment to get familiar with
22 the document. You can see that the heading is "Migrations To
23 UNE-P Region." And this is an exhibit that BellSouth
24 prepared -- I should say part of an exhibit that BellSouth
25 prepared. Let me direct your attention to the row designated

1 July '03. Do you see that towards the bottom?

2 A Yes, I see it.

3 Q And do you see that the total manual LSRs submitted
4 for the month was 2,625?

5 A Yes.

6 Q And you see in the next column that the total number
7 of mechanized LSRs was 254,854?

8 A Yes.

9 Q Now, if you go across the row, you'll see that there
10 are some rejects and some orders that fall out for manual
11 processing until we come all the way out to the right under
12 issued service orders, 177,860. Do you see that?

13 A Yes.

14 Q And do you understand that to be the number of
15 electronically generated service orders for UNE-P migrations
16 for that month?

17 A It looks like that's what it is.

18 Q And if you go over one more column, you'll see the
19 percent fully mechanized, and that shows that the
20 177,860 constitutes 87.6 percent of the total orders with the
21 remainder being manual.

22 A Yes.

23 Q Will you accept, subject to check, that if you add in
24 the manual orders, the number comes out to 203,000?

25 A Subject to check.

1 Q So if you really wanted to --

2 MR. MEZA: Excuse me. I'm going to lodge an
3 objection. Counsel indicated that this was BellSouth discovery
4 response. On the face of the document itself it appears to
5 indicate it is part of Mr. Van de Water's exhibit to some
6 portion of his testimony.

7 MR. O'ROARK: That's true. It is also a copy of
8 BellSouth response to Interrogatory Number 32.

9 MR. MEZA: Is it your representation that as it was
10 attached to Mr. Van de Water's testimony, that it has not been
11 changed in any manner whatsoever?

12 MR. O'ROARK: Yes, other than the printing of the
13 name of his exhibit.

14 MR. MEZA: Okay. I withdraw my objection.

15 CHAIRMAN BAEZ: Thank you, Mr. Meza. And if you can
16 direct the objections this way. I know that you are out of
17 your element over there. Thanks.

18 BY MR. O'ROARK:

19 Q So, Mr. Heartley, if we wanted to derive what you
20 call is the absolute worst case, you'd really want the UNE-P
21 number to be 203,000, wouldn't you?

22 A No.

23 Q Why is that?

24 A Because these are service orders that were submitted.
25 This is does not indicate that all of these service orders were

1 completed, which means that we actually provided the UNE-P and
2 completed the service order. This is a measure -- from my
3 understanding, this is a measure of the mechanized systems up
4 front and the service orders that were submitted by the CLECs.
5 I can't tell from this if they were supplemental service orders
6 which the CLEC can send in, I can't tell if these were
7 completed service orders. All I know is that these are service
8 orders that came through the front end of the system. I work
9 on the back end of the system. We actually complete the
10 service orders. This document doesn't tell me whether these
11 orders were completed. It tells me that they were LSRs that
12 were submitted by the CLECs.

13 Q It tells you a little bit more than that, doesn't it,
14 Mr. Heartley? It tells you that the LSR was submitted by the
15 CLEC --

16 A Okay.

17 Q -- was processed by BellSouth's ordering systems --

18 A Yes.

19 Q -- and about 177,000 electronically were submitted to
20 BellSouth's provisioning systems; correct?

21 A That's correct.

22 Q And you add in the manuals, that gets you up to
23 203,000 that were submitted to BellSouth's provisioning
24 systems.

25 A That was submitted, but it does not tell me whether

1 they were supplemental orders. That means an order was
2 submitted after the original order was submitted. If there are
3 changes in the order, then those orders also flow through the
4 system that the CLEC has an opportunity to send to BellSouth.
5 On the network side, we actually look at completed orders, and
6 so that's what the 116,000 is based on, not how many LSRs or
7 issues of LSRs that a CLEC may have issued.

8 Q So it's your testimony that there may have been
9 203,000 service orders submitted to BellSouth's provisioning
10 systems, but, what, about 80,000-plus weren't actually
11 processed by BellSouth's provisioning systems?

12 A Well, they may have been processed by our system.
13 I'm saying they were not completed to the final degree where we
14 actually provided service. And when we looked at it based on
15 our data, and we went back 33 months and looked at the inward
16 movement, and that's what's in my testimony, we came up with
17 116,000, which is in my testimony. So while these are LSRs
18 submitted, again these do not tell me that all of these LSRs
19 was completed and service was provided by BellSouth. That's
20 not what this document says.

21 Q What does inward movement mean?

22 A That means an order was submitted and for BellSouth
23 to provide service, but orders are supplemented. Every order
24 that we get is not a final order. If the CLEC has to change
25 that order, they send us another LSR to change the order.

1 Q Let me ask you this. The next number is UNE-L
2 growth.

3 A Yes.

4 Q Is it your testimony that that is not a net number
5 but a total number?

6 A A total number of orders that were completed.

7 Q Orders or lines?

8 A Lines, sorry, could be lines.

9 Q So that 19,000 number is the highest number of UNE-L
10 lines BellSouth has ever provisioned in a month?

11 A In the 33-month period that we saw. I think in my
12 testimony it's clear that we looked back for the last 33 months
13 is what we had, and that's where we determined the UNE-P growth
14 to be the highest at 116,000 and a UNE-L growth to be the
15 highest in that 33-month period of 119,000.

16 Q Let's skip over the UNE-P conversions. We come to
17 churn which you show as 4 percent; correct?

18 A Yes.

19 Q And the force model assumes that -- excuse me.

20 BellSouth assumes that a churn rate of 4 percent per
21 month is what BellSouth would expect to see in a competitive
22 market?

23 A Yes. That's what we put in the force model, and I
24 think it was also used in our BACE model.

25 Q You applied the 4 percent just to the -- I believe

1 it's the 317,000; is that right? Yeah, the 317,903.

2 A The 4 percent churn is applied throughout the
3 calculations on a month-by-month basis, so each month I apply
4 that 4 percent. So the 4 percent is not applied just at the
5 number of conversions but whatever the CLEC would have had at
6 the end of each month during that period.

7 Q So, for example, after the eight-month period that we
8 were talking about in August of 2005, we've got 1.1 million
9 UNE-L customers that CLECs would have under BellSouth's
10 assumptions; right?

11 A I did not look at it that way. The force model makes
12 some assumptions. And it takes the base which we had at 2.1 or
13 2.2 million and it grows that base. And I did not break out,
14 as you have shown, the 1.1 million. So that's not my number.

15 Q Well, but you agreed with me before that it was your
16 number, didn't you? Didn't you agree with me that for eight
17 months BellSouth is assuming that CLECs would add that 317,000
18 UNE-L customers -- excuse me, 100 --

19 A 116, yes, plus 19.

20 Q 135,000 UNE-L customers a month.

21 A Right.

22 Q And you accepted, subject to check, that after eight
23 months that adds up to 1.1 million. We were together on that,
24 weren't we?

25 A We were together on that, but in our base of -- go

1 ahead. Yes, we were together on that.

2 Q You are not applying the 4 percent churn rate to the
3 1.1 million UNE-L customers, are you?

4 A We almost have to because we applied the churn rate
5 at the end of each month when we were stepping through growing
6 the base. If the 1.1 million customers and the 3.8 million
7 customers are in that base, then we would apply the churn rate.
8 If they are not in the base, then we would not apply the churn
9 rate.

10 Q Let me make sure I understood that. If there were
11 1.1 million customers in the UNE-L base, should the 4 percent
12 churn be applied to the 1.1 million customers?

13 A Yes, I think so.

14 Q So that if you are really going to apply the correct
15 churn figure, you would probably want to add about 44,000 to
16 that 12,000 number, wouldn't you?

17 A You could. I would have to go back and run my model.
18 I understand that Mr. O'Roark has put all of this here. We
19 developed the model in BellSouth jointly. What we asked for in
20 network services was what could we expect the load to be if we
21 had to move all the UNE-Ps based on the assumptions. When we
22 got the model in network services, those assumptions that
23 Mr. O'Roark talked about, which are in my testimony, generated
24 a load which is correctly identified as 15,567 lines that we
25 would have to cut-over per day.

1 What we did in network with that load, which we
2 manage load every day, service orders or troubles, we took that
3 then and applied some data to it to see how many employees we
4 would need. I would have to go back through my model to really
5 determine what Mr. O'Roark is taking me through here.

6 Q Let me take you through one more thing. We've got
7 three sets of seven-month periods where we're going to be
8 converted UNE-P customers; right?

9 A That's correct.

10 Q Let's go through that first seven months and assume
11 that we've gotten that far. Now, what we're assuming is that
12 we're adding 317,903 customers per month, right, as UNE-L
13 customers?

14 A Yes. If that's what's in my testimony, yes.

15 Q That's consistent, I believe, with what we have been
16 discussing so far. Now, if we take that 317,903 and multiply
17 it by seven months, we're going to come up with a number that's
18 over 2 million, aren't we?

19 A Yes.

20 Q And that means that the UNE-L customer base will have
21 increased by more than 2 million during that first seven-month
22 period; correct?

23 A Yes.

24 Q And that's going to take that 1.1 million number and
25 put it over 3 million; right?

1 A Based on your depiction here, yes.

2 Q And if we apply that 4 percent churn to let's call it
3 3 million, that's going to be not 12,716 but 120,000; correct?

4 A Subject to check. I have not done those
5 calculations, Commissioners.

6 Q Let me sum up where we are so far. We've got a
7 disagreement on the UNE-P growth. You're sticking to 116,295.

8 A That's correct.

9 Q We've shown you an exhibit that shows that orders
10 were processed up to provisioning in the number of 203,000 in a
11 month; correct?

12 A That's right. We have a difference there.

13 Q If that is indicative of the UNE-Ps that were
14 migrated for the month, then that number is going to have to
15 increase by about 85,000, isn't it?

16 A It would have to. But again, I do not agree with the
17 numbers here as far as what should have been used in my model.

18 Q And then we've come down to churn, and you've got
19 12,000, but if, say, going down the road seven months into the
20 conversion process we're up to 120,000, that's going to add
21 more than 100,000 to your worst-case scenario, isn't it?

22 A It could in that scenario.

23 Q All right. Now, let me take you 21 months out.

24 A 21 months from where?

25 Q From the time that you started the conversion

1 process. So in other words, we have completed the conversion
2 process.

3 A Yes.

4 Q What we would do to figure out, again using your
5 assumptions, to figure out the UNE-L base is we would take the,
6 let's see, the 317,903, which is those three numbers summed,
7 and we would multiply it by those 21 months; right?

8 A I'm at the end of the 21-month period.

9 Q Correct.

10 A And you are taking me through the growth that I had
11 projected for UNE-P, the UNE-L growth, and the number of UNE-P
12 conversions I'd have to do per month.

13 Q Yes.

14 A All right. So I'm with you there. Now, 21 times --

15 Q Let's do it -- I'm sorry, not to interrupt you.

16 Let's do it a simpler way. We've got this eight-month period
17 before the conversion process starts, and we've got 21 months
18 for the conversion process itself. That's 29 months total.

19 A Yes.

20 Q If we took that 29 months and multiplied it by the
21 growth and the conversions that BellSouth is assuming, that's
22 going to add about 3.92 million customers, isn't it, if you
23 take 317,903 and multiply it by 29?

24 A Yes.

25 Q Okay. So will you accept, subject to check, that at

1 the end of the process, given all of BellSouth's assumptions,
2 that we would be up to 7.76 million as a UNE-L base?

3 A Subject to check.

4 Q For UNE-P growth at that point it would be zero --

5 A That's correct.

6 Q -- under BellSouth's analysis.

7 For UNE-L growth we've got a disagreement, but at the
8 least you would agree that it would be the 135,000 number;
9 correct.

10 A It could be, yes.

11 Q All right. I'll put in your number for now.

12 A Okay.

13 Q I'm going to put a question mark by it just to show
14 there's disagreement, okay?

15 A That's fine.

16 Q UNE-P conversions are done.

17 A That's correct.

18 Q So we can put a zero there. Four percent churn would
19 be applied to the 7.76 million. Can you accept, subject to
20 check, that that turns into 310,400?

21 A Subject to check.

22 Q We'll leave the maintenance and repair the same. And
23 can you accept, subject to check, that if you add those numbers
24 up, you come up with 548,960 per month or 24,617 per day, if
25 I'm doing my math correctly?

1 A All right.

2 Q Okay. Now, a couple of observations. BellSouth
3 would use its individual hot cut process for each of these
4 migrations; is that right?

5 A After the 21-month period, you mean?

6 Q Yes.

7 A At the end of the 21-month period, yes, we could use
8 our individual hot cut.

9 Q So if this actually played out as we have been
10 working through it, BellSouth would have to do
11 548,960 migrations, each one of them with its individual batch
12 hot cut process?

13 A That would be a worst-case scenario.

14 Q Well, let's make it interesting. Can you give me a
15 rough estimate how many customers BellSouth has in its region?
16 It's more than 20 million, isn't it?

17 A 22 million lines.

18 Q Can you take that -- let's assume just for a moment
19 that BellSouth has to work as hard to keep its customers as
20 CLECs do ours, and let's take that \$22 million number and
21 multiply it by a 4 percent churn rate. What would you come up
22 with? It would be 880,000, wouldn't it?

23 A Okay. I figured you had do that. Okay.

24 Q The number I did was with 22.5 million and it came up
25 to 900,000, so I think I've done that right. So the 880,000,

1 900,000 would be even higher than what we've shown so far if
2 you really wanted to get to the worst case; right?

3 A Well, two things. One, churn for BellSouth with our
4 switches, a lot of those, most of those would not require any
5 kind of hot cut. When customers leave our network and then
6 come back, if they are at a residence that already has had
7 facilities, those facilities generally are there, and those
8 customers send us an order and we don't dispatch, we don't have
9 to do a hot cut on those orders. So to put that into churn, I
10 don't see where Mr. O'Roark is going. That's not going to be a
11 hot cut for us. From the retail side when customers move
12 today, 87 to 88 percent of those customers do not require
13 dispatch and do not require central office work.

14 Q Let me make sure I understand what you just said.
15 We're assuming that a CLEC has won a customer from BellSouth.
16 There's been a hot cut. BellSouth was swung the loop from its
17 switch to the CLEC's collocation.

18 A That's correct.

19 Q BellSouth wins the customer back. You're saying that
20 there's no central office work that needs to be done?

21 A There's central office work done in that case, but if
22 you consider churn as outward movement, some of our losses on
23 the retail side are actually going to wireless. We have a lot
24 of customers now when they leave BellSouth don't even go to a
25 CLEC. They get a wireless phone with all the features, and

1 therefore, there would be no hot cut in that case. So that
2 churn that you are referring to, that 4 percent churn, which I
3 would say would be loss of customers by BellSouth, does not
4 necessarily mean that all of that churn would go to a CLEC.

5 Q The 4 percent number is BellSouth's number, isn't it?

6 A It's BellSouth's number --

7 Q And --

8 A -- for churn -- in the model, it was BellSouth's
9 number for the churn it would expect for the CLEC to have.
10 It's not the turn that BellSouth has.

11 Q But I asked you to assume that BellSouth had to fight
12 as hard to keep its customers as CLECs have to fight to keep
13 theirs. Do you recall that?

14 A Yes, we do.

15 Q And if that were true, if you assume 22.5 million
16 customers in BellSouth's region, then it would be 900,000
17 cut-overs per month.

18 A The assumption that I'm hearing is that all of
19 BellSouth's customers would move from BellSouth's network to
20 the CLEC's network. And what I'm saying is all of BellSouth's
21 customers, our loss of lines do not necessarily go to the
22 CLEC's wireline network. Some of those loss of customers that
23 BellSouth has goes to wireless.

24 Q So when it comes to -- and you don't have a
25 percentage for what you think the churn would be that would

1 apply to BellSouth?

2 A No. And I would also add that there are cable
3 companies that now offer telephony. Those cable companies have
4 their own networks also. If we lose a customer from
5 BellSouth's wireline network to a cable company, we don't throw
6 a jumper on that; we don't do a hot cut. We may have to port a
7 number to the cable company, but many times they have their own
8 numbers. So what Mr. O'Roark is talking about our churn as
9 opposed to the CLEC's churn, that is different. The retail
10 churn for us does not necessarily go to the CLEC.

11 Q But a lot of it would; right?

12 A Some would.

13 Q You wouldn't even grant me that a lot of the churn
14 would go to CLECs?

15 A Some would. I would say some would.

16 Q Let's talk about how BellSouth is going to handle all
17 of these hot cuts. And you've got some testimony about this
18 too and so does Mr. Ainsworth; correct?

19 A Yes.

20 Q I hope you don't mind, I put in some of
21 Mr. Ainsworth's numbers here so I could do it in one chart with
22 one person. If you're not comfortable, let me know. But let's
23 just walk through what we've got here, and we've got Florida
24 numbers and then we've got regional numbers.

25 A That's correct, yes.

1 Q And your piece is the central office and the
2 installation and maintenance folks; correct?

3 A That's correct.

4 Q And the central office people are the ones that are
5 actually doing the cut-over in the central office?

6 A Yes.

7 Q The I&M or the installation and maintenance people
8 are folks who have to go out and work on remote terminals?

9 A Yes.

10 Q And what you've projected is that at the number of
11 hot cuts in your worst-case assessment, you'd have to hire
12 759 Florida folks to work in your central office in your
13 installation and maintenance groups; right?

14 A Yes.

15 Q And the regional number is almost 2,500?

16 A Yes.

17 Q Now, I'll show you Mr. Ainsworth's numbers. The
18 LCSC, the local carrier service center, he says would have to
19 add on 105 folks in Florida, 361 in the region. Would you
20 accept that I've got that right, subject to check?

21 A Subject to check Mr. Ainsworth.

22 Q And he also gave us some numbers for CWINs, 425
23 employees would be hired for Florida and approaching 1,500 for
24 the region. Do you see that?

25 A Yes, yes.

1 Q And so the total then when you sum all this would be
2 almost 1,300 for Florida, 4,321 for the region.

3 A Yes.

4 Q And you've given us a Florida salary for all these
5 folks, and actually it was in two piece parts, but I believe if
6 you add them up it comes up to just about 99 million; is that
7 right?

8 A Subject to check.

9 Q And that's -- you would be paying employees
10 \$99 million a year to do the additional work envisioned in your
11 model; right?

12 A For that 21-month period.

13 Q Now, you may have given us a regional number, I
14 haven't seen it. For Florida, BellSouth has said that Florida
15 has got 29 percent of the UNE-P customers; right?

16 A Yes.

17 Q So if we want to get some rough approximation of what
18 the salary would be regionally, we could take that \$99 million
19 number and divide by .29, couldn't we?

20 A You could.

21 Q Will you do that, please? I don't have that number
22 for you subject to check.

23 A What would you like for me to do? 99 times --

24 Q 99 divided by .29. Actually, the number I've got
25 here is 335 million, but why don't you check me on that,

1 please. You're going to take 99 and divide by .29.

2 A 99 million.

3 Q Yes.

4 A And divide it by .29.

5 Q Did you get 335 million?

6 A 341 million.

7 Q I'm sorry?

8 A I had 341 million.

9 Q Close enough. Now, Mr. Heartley, your model is
10 linear, isn't it, meaning that there is a direct correlation
11 between the number of hot cuts you have to do and the number of
12 employees that you're going to hire?

13 A Yes.

14 Q So, for example, if we doubled the number in your
15 model, the number of hot cuts, the model is going to spit out a
16 number that's twice as many employees; right?

17 A Yes.

18 Q And so that would take us up to, gosh, about
19 700 million for the region if we doubled it.

20 A That number doesn't look right to me. I've got to --

21 Q Which number doesn't?

22 A The 341. You're saying that it's 99 million in
23 Florida --

24 Q Yes.

25 A -- subject to check. That's your number, not in my

1 testimony.

2 Q It's not? I can show you the discovery responses if
3 you'd like to see them.

4 I can put it this way, Mr. Heartley. If it's about
5 100 million for Florida and Florida is roughly a third of the
6 region, you'd expect it to be 300 million; right?

7 A Yes, that's right.

8 Q And if you divide by --

9 A It's right.

10 Q Okay. Let me just show you just so you know I'm --
11 I'm going to show you the discovery responses where we got that
12 information. It is responses to AT&T 137 and 143, I believe.

13 MR. MEZA: May I ask a clarifying question, or should
14 I just object now?

15 CHAIRMAN BAEZ: Ask a question.

16 MR. MEZA: Thank you, sir. Are you asking him,
17 counsel, to opine about discovery responses that were not
18 provided by him in order to get to your \$99 million or just the
19 response that was provided by him?

20 MR. O'ROARK: He had taken my number subject to
21 check, Mr. Chairman, and I was simply giving him the BellSouth
22 information so that he could determine that the information was
23 accurate.

24 CHAIRMAN BAEZ: Mr. Meza, it seems that the whole
25 line of questioning has been subject to check. I mean, I think

1 if there's any discrepancies, I think --

2 MR. MEZA: I'm fine with that, Your Honor. I just
3 didn't know if he was planning to ask him to do it or not. If
4 Mr. Heartley is going to testify subject to check, I don't have
5 an objection.

6 CHAIRMAN BAEZ: I think that's what I heard
7 Mr. O'Roark say.

8 MR. O'ROARK: That's right.

9 CHAIRMAN BAEZ: Okay.

10 BY MR. O'ROARK:

11 Q And, Mr. Heartley, I've handed you those two
12 exhibits, and if you want to double-check me on the math,
13 please feel free to do so.

14 MR. MEZA: Again, that is a mischaracterization
15 because these are not -- one of these is not Mr. Heartley's
16 responses. He's asking him to opine about and talk about and
17 calculate calculations that were made by another BellSouth
18 witness. So Mr. Heartley doesn't have to recalculate anything
19 because he didn't perform the calculation that Mr. O'Roark is
20 trying to get him to admit.

21 CHAIRMAN BAEZ: Hold on. Mr. O'Roark, your
22 representation was that you're taking examples and that's fine.
23 Mr. Heartley has already said that he is walking through the
24 mathematics subject to check. I'm not sure that if that's
25 his -- if the exhibits or the documents that you're handing him

1 belong to him or have been sponsored by him that he's qualified
2 to be -- unless I'm misunderstanding the objection, they don't
3 belong to him, so he can't speak for them at this point.

4 MR. O'ROARK: Mr. Chairman, that's fine. I'll
5 withdraw the question.

6 CHAIRMAN BAEZ: Okay.

7 BY MR. O'ROARK:

8 Q And just one more thing, Mr. Heartley. Of that
9 \$341 million that BellSouth would be spending annually on
10 salary, not one cent of that would go into BellSouth system
11 improvement, would it?

12 A The way this calculation is, this is just salaries
13 for employees.

14 MR. O'ROARK: Thank you, Mr. Heartley. I have
15 nothing further.

16 CHAIRMAN BAEZ: Thank you, Mr. O'Roark. And I guess
17 since we've established a pattern, Ms. Azorsky, I see you
18 sitting there. You don't have questions?

19 MS. AZORKSY: I have no follow-up questions for this
20 witness, Mr. Chairman.

21 CHAIRMAN BAEZ: All right. Mr. Susac.

22 MR. SUSAC: We have no questions.

23 CHAIRMAN BAEZ: Okay. Commissioners. No questions.
24 Thank you, Mr. Heartley.

25 THE WITNESS: Thank you.

1 (Witness excused.)

2 CHAIRMAN BAEZ: And I'm showing next on the list is
3 Witness Ainsworth.

4 Thank you again, Mr. Heartley.

5 And before you begin, just so I can know what the
6 program is, how many of you are planning on asking questions of
7 Mr. Ainsworth so I don't get crossed up? That's all. I know
8 Mr. Feil and Mr. O'Roark. Okay. You're a maybe.
9 Mr. Phillips, are you lining up too? Great. Whoever -- I
10 guess you guys have decided amongst yourselves who's going to
11 lead off.

12 MR. O'ROARK: We had not.

13 MR. FEIL: No, we did not. That we didn't do.

14 MR. O'ROARK: We'd be happy to lead off.

15 CHAIRMAN BAEZ: Okay. I have a number behind my
16 back. No. Go ahead.

17 MR. FEIL: I'll go first, sure.

18 CHAIRMAN BAEZ: All right. Mr. Feil.

19 KEN L. AINSWORTH

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

23 CROSS EXAMINATION

24 BY MR. FEIL:

25 Q Good morning, Mr. Ainsworth, or actually it's

1 afternoon now, Mr. Ainsworth.

2 A Good afternoon.

3 Q I'm Matt Feil with FDN. I have a few short questions
4 for you. Hopefully it will take no more than two minutes.

5 Isn't it correct that BellSouth did not include
6 retail to CLEC UNE-L conversions in the batch process because
7 BellSouth believed it wasn't needed?

8 A BellSouth did not include retail in the batch
9 process, and BellSouth did not determine that it fit the TRO,
10 that's correct.

11 Q I'm sorry. Didn't you say in your deposition that
12 BellSouth believed it wasn't needed?

13 A Yes, it's not needed. The team looked at that and
14 determined it was not required.

15 Q Okay. And when you decided it wasn't needed, by that
16 did you mean that BellSouth looked at volume and geographic
17 spread and decided that's why it wasn't needed?

18 A No. If you look at the TRO and the description of
19 TRO, it is for or specifically laid out, I think it's in
20 Paragraph 489 for migrations of UNE loop -- I'm sorry, UNE-P to
21 UNE loop, therefore, that's an embedded base to us. And when
22 that was looked at it was determined that we're talking about
23 customer acquisition here on the single order basis that did
24 not apply.

25 Q Are you familiar with the rules in the TRO?

1 A I'm not a lawyer if you're asking me that.

2 Q Are you aware that the rules say that any cut-over
3 from one carrier's switch to another carrier's switch is to be
4 included in a batch?

5 A Can you point me to a --

6 Q Do you have the TRO in front of you?

7 A Yes, I have a copy.

8 Q Look at the rules Page 20 at the top, Page 20 of the
9 rules at the top of that page.

10 A Okay. I'm there.

11 Q Do you see where it says, "A batch cut process is
12 defined as a process by which the incumbent LEC simultaneously
13 migrates two or more loops from one carrier's local circuit
14 switch to another carrier's local circuit switch"? Do you
15 agree with me that that's what it says?

16 A I agree that's what it says. But if you read further
17 it states, let's see, I believe it states in (a)(3) that a
18 state commission shall evaluate whether incumbent LEC is
19 capable of migrating multiple loops served using unbundled
20 local circuit switching to switches operated by a carrier other
21 than incumbent LEC for any requesting telecommunications
22 carrier in a timely manner, and to me, that goes back to the
23 fact that it's UNE-P to UNE-L embedded base migration.

24 Q Doesn't that Subparagraph 3 that you just referred to
25 mention high volumes of loops coming from the UNE-P platform?

1 A High volumes of loops, that's what this process was
2 developed for.

3 Q Well, let me ask you this. You included as part of
4 your enhancements CLEC-to-CLEC conversions. Are those high
5 volumes of loops?

6 A We did include as an enhancement the CLEC-to-CLEC at
7 the -- based on some comments from some of the workshops. And
8 are they high volume? They could be if they are utilized in
9 that framework. You could have situations there where you have
10 embedded bases there that migrate also. So in that account, we
11 took that into consideration.

12 Q You talked about a conversion of embedded bases in a
13 CLEC-to-CLEC order? I'm sorry. You made reference just a
14 moment ago in your answer to conversion of embedded bases?

15 A Yes, migration of embedded bases. Right.

16 Q In the context of CLEC-to-CLEC?

17 A In the context of CLEC-to-CLEC, and I would probably
18 take that in the context with mergers, acquisitions, those type
19 things.

20 Q Well, what about -- you also included as part of your
21 enhancements DS0 EELs. Is that something that BellSouth
22 studied and looked at the high volumes of loops associated with
23 that sort of conversion?

24 A They're still in the process. I think they're in the
25 first draft of DS0 EELs, but they are evaluating that, yes.

1 Q Well, BellSouth relied on FDN as a trigger company in
2 this proceeding, did it not, and isn't it also so that I think
3 you said in your testimony that FDN is roughly 75 percent of
4 the total loops in BellSouth's Florida territory?

5 A I think that's correct, yes.

6 Q Okay. So did you look at FDN and decide that looking
7 just at FDN or looking at FDN and the other trigger companies
8 that there wasn't sufficient volume of loops to justify a batch
9 process?

10 A Are we still talking about EELs?

11 Q No, sir. I'm sorry. We're just talking about retail
12 to UNE-L conversions.

13 A I'm not sure how they looked at that. The team would
14 have looked at that.

15 Q I'm sorry. Did you just say you're not sure how they
16 looked at that?

17 A I'm not sure how they would have looked at that. I'm
18 sure that they would have looked at the alternatives there, but
19 not FDN particularly or any one particular CLEC. I think they
20 would be looking at it on a global basis.

21 Q So you didn't look at the trigger companies in
22 particular?

23 A I can't answer that.

24 Q Is it fair to say that the enhancements that were
25 announced in your surrebuttal came in response to comments and

1 the rebuttal testimony of the CLECs in this proceeding?

2 A The enhancements that came out in my surrebuttal came
3 from the workshops and the interface we've had with the CLECs.

4 Q Aren't those comments also incorporated in the CLECs'
5 rebuttal testimony?

6 A Yes, they are in CLECs' rebuttal testimony. But they
7 were also commented on in the workshops that we worked through
8 with the CLECs.

9 Q Mr. Ainsworth, is it correct that you're not
10 testifying in support of BellSouth's batch process costs, but
11 rather just in support of the BellSouth batch process?

12 A Yes, I am not testifying about cost.

13 Q And is it your understanding that Mr. Ruscilli is
14 supposed to be sponsoring the batch cut costs?

15 A Yes, that's my understanding.

16 Q You said in your deposition that it would take a
17 couple of months to make system changes necessary for the
18 CLEC-to-CLEC batch processing and DS0 EEL batch processing
19 orders. Is it fair to say that about the same amount of time
20 would be taken to develop a batch process for retail to CLEC
21 UNE-L orders if the Commission so required it?

22 A If we had to -- if that was to be developed, it would
23 certainly have to go through the same type time periods, yes.

24 MR. FEIL: I don't have anything further.

25 Mr. O'Roark.

CROSS EXAMINATION

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BY MR. O'ROARK:

Q Good afternoon, Mr. Ainsworth. De O'Roark with MCI.

A Good afternoon.

Q Let's start with BellSouth's individual hot cut process. We'll talk about the batch hot cut process a little later on.

A Okay.

Q You acknowledge, don't you, that the FCC found impairment on a national basis in part because the operational barriers caused by the cut-over process?

A I'm sorry? Ask --

Q You acknowledge, don't you, that the FCC found impairment on a national basis in part because the operational barriers caused by the cut-over process?

A Yes, I agree on a national basis.

Q BellSouth has made no change in its individual hot cut process since the Triennial Review Order was issued, has it?

A In the individual process?

Q Yes, sir.

A No, we haven't made any changes -- any significant changes that I'm aware of in that process.

Q And BellSouth has not proposed to make any improvements to its individual hot cut process in this

1 proceeding, has it?

2 A For the individual process?

3 Q Yes.

4 A Not to my knowledge, no.

5 Q And BellSouth is not willing to enter into a
6 collaborative process with CLECs concerning how to improve
7 Bellsouth's individual hot cut process, is it?

8 A No. I don't think we've been asked for an individual
9 process to study that. I'm not aware of it.

10 Q I just finished talking with Mr. Heartley about the
11 force model that BellSouth did. You were here for that
12 cross-examination, were you not?

13 A Yes, I was.

14 Q And, in fact, you have testimony about the force
15 model also, don't you?

16 A Yes, in support of the centers, the ordering center,
17 the LCSC, and also the CWINS center for the provisioning.

18 Q And as you can see under the BellSouth model, the
19 so-called worst-case analysis, BellSouth says that it would
20 need to cut-over 347,150 lines per month which equates to
21 15,567 lines per day; correct?

22 A That's what the chart says, yes.

23 Q And that is accurate as far as you know, isn't it?

24 A As far as I know, that's correct. That would be the
25 correct number per day.

1 Q Has BellSouth ever cut-over 347,150 lines in a single
2 month?

3 A Other than central office conversions, no, I don't
4 know of any other.

5 Q And, in fact, you would agree with Mr. Heartley,
6 wouldn't you, that the highest number of lines cut-over in any
7 month is 19,029?

8 A That's the highest number of UNE-L lines for one
9 month in a period, yes.

10 Q Has BellSouth ever cut-over 15,567 loops in a single
11 day?

12 A What type of loops?

13 Q UNE-L loops.

14 A No, not to my knowledge.

15 Q Do you know the most individual cuts it has done in a
16 single day?

17 A No, I don't.

18 Q At Page 18 of your direct, Mr. Ainsworth, you state
19 that BellSouth performed over 300,000 hot cuts between
20 November 2000 and September 2003; is that right?

21 A That's correct.

22 Q So the total number of actual cuts over almost
23 three years works out to be less than a single month in your
24 worst-case scenario; is that right?

25 A That could be true, yes.

1 Q Now, 300,000 cuts over 35 months works out to about
2 8,600 cuts per month, doesn't it?

3 A That sounds right, yes.

4 Q That's fewer than the daily number under BellSouth's
5 worst-case analysis, isn't it?

6 A Yes, it is fewer. But that doesn't mean we can't do
7 them.

8 Q At Page 16 of your direct, Mr. Ainsworth, you refer
9 to the third-party testing that took place in Florida; is that
10 right?

11 A Yes, I did.

12 Q It's true, isn't it, that during this Florida test
13 only a few hundred test orders were sent through the hot cut
14 process?

15 A Yes. There were several hundred in multiple central
16 offices that were processed. That's correct.

17 Q And you're aware of the recent Pricewaterhouse
18 attestation that BellSouth recently commissioned?

19 A I'm familiar with it.

20 Q Mr. McElroy obviously is the witness who discusses
21 that directly, and we'll talk with him some more later.

22 A For the details, yes.

23 Q But in general, you're aware that Pricewaterhouse was
24 involved in just a few hundred hot cuts?

25 A Yes. They were involved in verifying that we could

1 do volumes of orders in multiple central offices, yes.

2 Q You note in your testimony, don't you, that the
3 individual hot cut process that BellSouth has is the same
4 process that was reviewed in the 271 cases?

5 A Are you talking about the individual process?

6 Q Yes.

7 A The individual process is -- yes, it's very much
8 similar.

9 Q Well, let me ask you to take a look at your direct,
10 Page 9. Didn't you say it was the same process that was
11 reviewed during the 271 cases? Look at Line 24, Page 9.

12 A Page 9?

13 Q Of your direct.

14 A Okay. I'm there.

15 Q Okay. The question is, you noted that the individual
16 hot cut process is the same process that was reviewed in the
17 271 cases?

18 A Yes.

19 Q And I believe you suggest that because BellSouth
20 received 271 approval, this Commission does not need to revisit
21 the process?

22 A I would say that the FCC left the door open for the
23 Commission to review any granular data that they chose to.

24 Q The FCC expressly rejected the argument that
25 271 approvals meant that the hot cut process didn't give rise

1 to impairment, didn't it?

2 A Nationally, yes.

3 Q Let's take a look at the individual hot cut process
4 as it exists today. BellSouth does not transfer customers from
5 retail to UNE-L as promptly and efficiently as it does from
6 retail to UNE-P, does it?

7 A Ask me that one more time. I'm not sure. I want to
8 be sure I've got that.

9 Q Okay. BellSouth does not transfer customers from
10 retail to UNE-L as promptly and efficiently as it does from
11 retail to UNE-P, does it?

12 A The process is just efficient for the type service
13 we're migrating.

14 Q Can you answer yes or no, and then explain if you
15 need to, please?

16 A Yes. We process them just as efficiently for the
17 type of processing we're doing. You're talking about basically
18 two totally different types of service. You're talking about a
19 UNE-P service which is already really nothing more than a
20 reseller service into our switch. When you talk about a UNE
21 loop service, you're talking about provisioning a loop to a
22 collocation in a CLEC switch. Based on those processes, we do
23 it very efficiently.

24 Q That's not quite what I asked you though. You don't
25 migrate to UNE-L as promptly and efficiency as you do from

1 retail to UNE-P, do you?

2 A No, I still don't agree with the efficient side of
3 that. If you want to talk about the intervals are different
4 than that, they are because they're different services. But as
5 far as being efficient, I think we process efficiently for the
6 type service that we are processing.

7 Q For UNE-P, BellSouth generally completes orders in a
8 day or less?

9 A If that's the due date, I believe that is correct.
10 We could do that.

11 Q And for UNE-L, the average is about five days?

12 A It really depends on what type loop you're offering.
13 I think in the interval guide if you're offering some types of
14 the SL1 loops I think are -- I believe are three days. Some of
15 the other loops are four days. It depends on whether it's an
16 SL2, SL1.

17 Q Mr. Ainsworth, let me show you a performance
18 measurement page that deals with the order completion interval
19 for UNE-Ls. Do you have that in you?

20 A Yes, I do.

21 Q And if you look, there are four charts there. I'd
22 like you to look at the top two. The top one is two-wire
23 analog loop with LNP, it's nondesigned, fewer than ten
24 circuits; correct?

25 A That's correct.

1 Q And that's with dispatch.

2 A Yes. I see that.

3 Q And then the second chart shows two-wire analog loop
4 with LNP, nondesign, and again, it's fewer than ten circuits
5 and it's dispatch in which I gather means it can be done at the
6 central office?

7 A Yes, I would agree with that.

8 MR. MEZA: Mr. Chairman, I'm going to lodge an
9 objection to the use of this exhibit. It's obviously an
10 exhibit of Mr. Al Varner who the CLECs have chosen not to
11 cross-examine in this proceeding, and I think it's improper for
12 them to attempt to solicit questions relating to this exhibit
13 for a witness that they chose not to cross.

14 MR. O'ROARK: Mr. Chairman.

15 CHAIRMAN BAEZ: Well, I think the witness can
16 probably answer questions that he feels comfortable asking him.
17 So far I haven't heard him ask anything inappropriate. I think
18 you can probably reserve that if Mr. O'Roark steps out of line,
19 but at this point we haven't reached that moment yet.

20 MR. MEZA: Thank you.

21 CHAIRMAN BAEZ: Thanks.

22 BY MR. O'ROARK:

23 Q Mr. Ainsworth, looking at those two charts that we
24 were just talking about, can you go over to the CLEC column?
25 Do you see that? And I'll grant you, the type is pretty small.

1 A I see that, yes.

2 Q And just going down the column for the two charts, do
3 you see that the intervals tend to be around five days, a
4 little more, a little less?

5 A I see that -- yes, I see that. But you're looking,
6 however, at an order completion interval. That's the
7 completion cycle for that service order. And I'm not sure -- I
8 mean, when we're talking about the schedules, if you look at
9 the interval guide, the schedule in the interval guide gives
10 you three days and four days as an interval. So I'm not sure
11 based on this chart, you know, what the requested interval was
12 for these type services. So, I mean, even though if you're
13 looking at this for what it is, it is an order completion
14 interval. It's doesn't mean that that's the due date that they
15 were capable of receiving.

16 Q Subject to that explanation, you agree that the
17 intervals that we've got for work completion tend to be about
18 five days?

19 A Pardon me?

20 Q The intervals shown here is about five days, isn't
21 it?

22 A No. This is not an interval guide. This is order
23 completion interval. This is the time that the order was
24 processed to complete. If the service was requested other than
25 the intervals in the interval guide, then this would reflect

1 those days. If any request on here by a CLEC was for ten days,
2 then that would be included in the cycle also. If everybody
3 requested it in three days, then I would expect this to be in
4 that range, and then Mr. Varner would have to explain to you
5 how that calculation is if that were different. But this is
6 certainly not what's specified in the interval guide.

7 CHAIRMAN BAEZ: Mr. O'Roark, I'm sorry to interrupt.
8 If you can find a good breaking point, we have technical
9 resettings that we have to do for the phone lines and so on.
10 So I think that we're approaching a good moment to break for
11 lunch, if you find a --

12 MR. O'ROARK: That's fine. This might be as good a
13 moment as any.

14 CHAIRMAN BAEZ: All right. I appreciate your
15 indulgence.

16 Ladies and gentlemen, we're going to break for 30
17 minutes again, get a quick bite, and we'll be back at 1:15.

18 (Lunch recess.)

19 (Transcript continues in sequence with Volume 14.)

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1 STATE OF FLORIDA)
 :
 2 COUNTY OF LEON)

CERTIFICATE OF REPORTER

3
 4 I, TRICIA DeMARTE, RPR, Official Commission Reporter,
 do hereby certify that the foregoing proceeding was heard at
 the time and place herein stated.

5
 6 IT IS FURTHER CERTIFIED that I stenographically
 reported the said proceedings; that the same has been
 transcribed under my direct supervision; and that this
 7 transcript constitutes a true transcription of my notes of said
 proceedings.

8
 9 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' attorneys or counsel
 10 connected with the action, nor am I financially interested in
 the action.

11 DATED THIS 1st DAY OF MARCH, 2004.

12
 13 *Tricia DeMarte*
 14 _____
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