

ORIGINAL  
FILE COPY

1 SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY

2 TESTIMONY OF JERRY D. HENDRIX

3 BEFORE THE

4 FLORIDA PUBLIC SERVICE COMMISSION

5 DOCKET NO. 921074-TP

6 MAY 23, 1994

7

8

9 Q. WILL YOU PLEASE STATE YOUR NAME AND BUSINESS  
10 ADDRESS?

11

12 A. YES. I AM JERRY D. HENDRIX. MY BUSINESS ADDRESS  
13 IS 675 WEST PEACHTREE STREET, ATLANTA, GEORGIA.

14

15 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

16

17 A. I AM EMPLOYED BY BELLSOUTH TELECOMMUNICATIONS,  
18 INC., D/B/A SOUTHERN BELL TELEPHONE AND TELEGRAPH  
19 COMPANY IN FLORIDA ("SOUTHERN BELL"), AS A MANAGER  
20 IN REGULATORY AND EXTERNAL AFFAIRS.

21

22 Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR BACKGROUND  
23 AND EXPERIENCE.

24

25 A. I WAS GRADUATED FROM MOREHOUSE COLLEGE IN ATLANTA,

1 GEORGIA IN 1975 WITH A BACHELOR OF ARTS DEGREE. I  
2 BEGAN EMPLOYMENT WITH SOUTHERN BELL IN 1979 AND  
3 HELD VARIOUS POSITIONS BEFORE JOINING THE  
4 HEADQUARTERS REGULATORY ORGANIZATION IN 1985.

5

6 Q. WHAT ARE YOUR JOB RESPONSIBILITIES?

7

8 A. I AM CURRENTLY RESPONSIBLE FOR INTERSTATE AND  
9 INTRASTATE SWITCHED ACCESS SERVICE ISSUES  
10 THROUGHOUT THE NINE STATE BELLSOUTH REGION. MY  
11 PRIMARY JOB RESPONSIBILITIES INCLUDE HANDLING  
12 SWITCHED ACCESS TARIFFS AND RATE DEVELOPMENT AS  
13 WELL AS RESOLVING OTHER SWITCHED ACCESS ISSUES.  
14 PRIOR TO ASSUMING MY CURRENT RESPONSIBILITIES, I  
15 HANDLED TOLL ISSUES AS WELL.

16

17 IN ADDITION TO DAILY MANAGEMENT OF ISSUES CONNECTED  
18 WITH MY RESPONSIBILITIES, I HAVE TESTIFIED OR  
19 PARTICIPATED IN PROCEEDINGS BEFORE THE GEORGIA,  
20 KENTUCKY, LOUISIANA, MISSISSIPPI, NORTH CAROLINA,  
21 SOUTH CAROLINA, TENNESSEE AND THE FLORIDA PUBLIC  
22 SERVICE COMMISSIONS ("COMMISSIONS") REGARDING TOLL  
23 AND/OR SWITCHED ACCESS MATTERS AND ISSUES.

24

25 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

1

2 A. THE PURPOSE OF MY TESTIMONY IS TO EXPLAIN SOUTHERN  
3 BELL'S PROPOSED SWITCHED ACCESS LOCAL TRANSPORT  
4 RESTRUCTURE TARIFF FILED WITH THIS COMMISSION ON  
5 SEPTEMBER 22, 1993 AND SUBSEQUENTLY REVISED ON  
6 JANUARY 5, 1994 AND MAY 16, 1994. ADDITIONALLY, I  
7 WILL RESPOND TO CERTAIN ISSUES IDENTIFIED IN THIS  
8 DOCKET.

9

10 THE SWITCHED ACCESS LOCAL TRANSPORT RESTRUCTURE, AS  
11 PROPOSED BY SOUTHERN BELL, WILL ENSURE RATE AND  
12 STRUCTURE UNIFORMITY BETWEEN THE INTRASTATE AND  
13 INTERSTATE JURISDICTIONS. IT WILL ALSO PROMOTE  
14 EFFICIENT USE OF SOUTHERN BELL'S NETWORK BY  
15 ALLOWING PRICING OF SWITCHED ACCESS TRANSPORT  
16 SERVICE WHICH MORE CLOSELY REFLECTS THE WAY THE  
17 SERVICE IS PROVIDED AND COSTS ARE INCURRED.

18

19 Q. CAN YOU PROVIDE A BRIEF DISCUSSION OF THE  
20 DEVELOPMENTS THAT LED TO THE FILING OF THIS TARIFF?

21

22 A. YES. IN 1982, THE UNITED STATES DISTRICT COURT FOR  
23 THE DISTRICT OF COLUMBIA ENTERED THE MODIFICATION  
24 OF FINAL JUDGMENT (MFJ) IN UNITED STATES V. WESTERN  
25 ELECTRIC AND AMERICAN TELEPHONE AND TELEGRAPH

1        COMPANY.    THE MFJ IN PART REQUIRED THAT CHARGES FOR  
2        BELL OPERATING COMPANY (BOC) ORIGINATING AND  
3        TERMINATING TRAFFIC OF THE SAME TYPE BETWEEN BOC  
4        END OFFICES AND FACILITIES OF INTEREXCHANGE  
5        CARRIERS (IXCS), WITHIN AN EXCHANGE AREA, BE EQUAL  
6        FOR EACH UNIT OF TRAFFIC DELIVERED OR RECEIVED.  
7        THIS MEANT THAT SIMILARLY SITUATED IXCS WOULD BE  
8        CHARGED THE IDENTICAL RATE FOR EACH UNIT OF TRAFFIC  
9        THAT WAS ORIGINATED OR TERMINATED ON THE SYSTEM OF  
10       AN INDIVIDUAL BOC.    THE COURT'S PURPOSE IN IMPOSING  
11       THIS "EQUAL CHARGE" REQUIREMENT WAS TO ENSURE THAT  
12       "NEW" IXCS WERE NOT DISADVANTAGED BY THE  
13       PRE-EXISTING COLLOCATION ARRANGEMENTS OF AT&T.  
14       UNDER THE TERMS OF THE MFJ, THIS REQUIREMENT  
15       EXPIRED ON SEPTEMBER 1, 1991.

16  
17       IN AUGUST 1991, JUST PRIOR TO THE EXPIRATION OF THE  
18       "EQUAL CHARGE" REQUIREMENT WHICH HAD BEEN EMBEDDED  
19       IN VARIOUS TARIFFS, THE FEDERAL COMMUNICATIONS  
20       COMMISSION, (FCC) ISSUED AN ORDER AND NOTICE OF  
21       PROPOSED RULEMAKING, IN DOCKET NO. 91-213,  
22       ADDRESSING THE SWITCHED ACCESS TRANSPORT RATE  
23       STRUCTURE.    THE COMMISSION CONCLUDED THAT THE  
24       "EQUAL CHARGE" RATE STRUCTURE SHOULD BE CHANGED.  
25       SPECIFICALLY, THE FCC PROPOSED A MORE COST-BASED

1       **TRANSPORT RATE STRUCTURE AND PRICING PLAN.**

2

3       **THE GOALS OF THE FCC IN SUGGESTING ITS PROPOSED**  
4       **CHANGES WERE TO:**

5

6           1.   **ENCOURAGE EFFICIENT USE OF TRANSPORT**  
7               **FACILITIES BY ALLOWING PRICING THAT**  
8               **REFLECTS THE WAY COSTS ARE INCURRED,**

9           2.   **FACILITATE FULL AND FAIR**  
10            **INTEREXCHANGE COMPETITION, AND**

11           3.   **AVOID INTERFERENCE WITH THE**  
12               **DEVELOPMENT OF INTERSTATE ACCESS**  
13               **COMPETITION.**

14

15       **AFTER CONSIDERING THE EXTENSIVE EVIDENCE PRESENTED**  
16       **BY THE INTERVENORS IN DOCKET NO. 91-213, THE FCC**  
17       **ADOPTED A NEW SWITCHED TRANSPORT RATE STRUCTURE,**  
18       **REPLACING THE "EQUAL CHARGE" RATE STRUCTURE. THE**  
19       **NEW STRUCTURE WAS EFFECTIVE DECEMBER 30, 1993.**

20

21 Q.   **ISSUE 1. [TURNING TO FLORIDA'S INTRASTATE SWITCHED**  
22       **ACCESS SERVICE] HOW IS SWITCHED ACCESS PROVISIONED**  
23       **AND PRICED TODAY?**

24

25 A.   **SWITCHED ACCESS, WHICH IS AVAILABLE MAINLY TO IXCS**

1 FOR THEIR USE IN FURNISHING THEIR SERVICES TO END  
2 USERS, PROVIDES A COMMUNICATIONS PATH BETWEEN AN  
3 IXC'S TERMINAL LOCATION AND THE END USER'S  
4 PREMISES.

5  
6 SWITCHED ACCESS SERVICE IS PROVIDED IN EIGHT  
7 SERVICE CATEGORIES. THERE ARE FOUR SERVICE  
8 CATEGORIES OF STANDARD AND OPTIONAL FEATURES CALLED  
9 FEATURE GROUPS (I.E., FEATURE GROUPS A, B, C, AND  
10 D). THERE IS ALSO AN 800 ACCESS TEN DIGIT  
11 SCREENING SERVICE, A 900 ACCESS SERVICE AND TWO  
12 UNBUNDLED BASIC SERVING ARRANGEMENTS WHICH ARE OPEN  
13 NETWORK ARCHITECTURE TYPE SERVICES. THESE SWITCHED  
14 ACCESS SERVICE CATEGORIES ARE DIFFERENTIATED BY  
15 THEIR TECHNICAL CHARACTERISTICS, E.G., WHETHER THE  
16 CONNECTION TO THE CENTRAL OFFICE SWITCH IS LINE  
17 SIDE OR TRUNK SIDE, AND HOW THE END USER ACCESSES  
18 THE IXC'S SERVICE FOR MAKING LONG DISTANCE CALLS.

19  
20 THERE ARE THREE CATEGORIES OF RATES AND CHARGES  
21 THAT APPLY TO SWITCHED ACCESS SERVICES. THESE ARE  
22 MONTHLY RECURRING RATES, USAGE RATES AND  
23 NONRECURRING CHARGES. THE MONTHLY RATES ARE  
24 FLAT RECURRING RATES THAT APPLY TO A SPECIFIC RATE  
25 ELEMENT FOR SERVICES PROVIDED BY SOUTHERN BELL.

1       USAGE RATES ARE RATES THAT APPLY ONLY WHEN A  
2       SPECIFIC RATE ELEMENT IS USED AND ARE ACCUMULATED  
3       OVER A BILLING PERIOD, TYPICALLY 30 DAYS, AND  
4       BILLED ALONG WITH THE MONTHLY CHARGES. THESE APPLY  
5       ON A PER ACCESS MINUTE BASIS OR ON A PER CALL  
6       BASIS. NONRECURRING CHARGES ARE ONE-TIME CHARGES  
7       THAT APPLY FOR A SPECIFIC WORK ACTIVITY (I.E.,  
8       INSTALLATION OF NEW SERVICE OR CHANGES TO AN  
9       EXISTING SERVICE).

10

11 Q.   WHAT ARE THE MAJOR SWITCHED ACCESS USAGE RATE  
12       ELEMENTS?

13

14 A.   THERE ARE FOUR MAJOR SWITCHED ACCESS RATE ELEMENTS.  
15       THEY ARE:

16

17       1. CARRIER COMMON LINE,

18             - ORIGINATING

19             - TERMINATING

20       2. LOCAL SWITCHING,

21             - LOCAL SWITCHING 1

22                 (FEATURE GROUPS A AND B)

23             - LOCAL SWITCHING 2

24                 (FEATURE GROUPS C AND D)

25             - LOCAL SWITCHING 3 AND 4

1 (LINE SIDE AND TRUNK SIDE BASIC  
2 SERVICE ARRANGEMENTS)  
3 3. CARRIER ACCESS CAPACITY (BHMOC), AND  
4 4. LOCAL TRANSPORT

5  
6 ALL OF THESE RATE ELEMENTS ARE ASSESSED ON A PER  
7 MINUTE OF USE BASIS EXCEPT FOR THE BHMOC. THIS  
8 ELEMENT, WHICH HAS BEEN IN PLACE SINCE JANUARY,  
9 1984, IS BILLED ON A MONTHLY BASIS PER ORDERED  
10 BHMOC INSTALLED, ALTHOUGH SOUTHERN BELL DOES NOT  
11 CHARGE FOR THIS ELEMENT.

12  
13 Q. ISSUE 2. HOW IS LOCAL TRANSPORT STRUCTURED AND  
14 PRICED TODAY?

15  
16 A. CURRENTLY, SWITCHED ACCESS LOCAL TRANSPORT HAS A  
17 USAGE SENSITIVE RATE STRUCTURE. LOCAL TRANSPORT  
18 SERVICE IN FLORIDA IS NOT DISTANCE SENSITIVE AS IS  
19 THE CASE THROUGHOUT THE OTHER BELLSOUTH STATES AND  
20 IN THE INTERSTATE JURISDICTION.

21  
22 IN DOCKET NO. 820537, ORDER NO. 12765, ISSUED  
23 DECEMBER 9, 1983, THE COMMISSION ORDERED THAT AN  
24 AVERAGE MINUTE OF USE TRANSPORT CHARGE BE  
25 IMPLEMENTED WITHIN EACH ACCESS AREA. THE



1 COMMISSION DEFINED ACCESS AREA AS THE GEOGRAPHIC  
2 AREA SERVED BY AN EXISTING TOLL CENTER. THE BOTTOM  
3 LINE IS, REGARDLESS OF THE DISTANCE, ALL TRANSPORT  
4 MINUTES OF USE ARE ASSESSED THE SAME RATE PER  
5 MINUTE OF USE. FURTHER, BECAUSE OF THE EQUAL  
6 CHARGE RULE, THE RATES FOR SOUTHERN BELL'S SWITCHED  
7 ACCESS TRANSPORT SERVICES ARE ON A PER MINUTE OF  
8 USE BASIS REGARDLESS OF WHETHER THE CUSTOMER IS  
9 USING DEDICATED FACILITIES OR TANDEM FACILITIES.

10

11 A DEPICTION OF SOUTHERN BELL'S CURRENT INTRASTATE  
12 SWITCHED ACCESS RATE STRUCTURE IS SHOWN IN HENDRIX  
13 EXHIBIT 1.

14

15 Q. ISSUE 19. SHOULD THE COMMISSION MODIFY ITS PRICING  
16 AND RATE STRUCTURE REGARDING SWITCHED TRANSPORT  
17 SERVICE?

18

19 A) WITH THE IMPLEMENTATION OF SWITCHED EXPANDED  
20 INTERCONNECTION.

21

22 B) WITHOUT THE IMPLEMENTATION OF SWITCHED  
23 EXPANDED INTERCONNECTION.

24

25 A. THE COMMISSION SHOULD MODIFY ITS POLICY ON PRICING

1 AND RATE STRUCTURE REGARDING SWITCHED TRANSPORT  
2 SERVICE REGARDLESS OF WHETHER SWITCHED EXPANDED  
3 INTERCONNECTION IS IMPLEMENTED. EQUALLY IMPORTANT  
4 IS THAT SWITCHED EXPANDED INTERCONNECTION SHOULD  
5 NOT BE IMPLEMENTED PRIOR TO THE IMPLEMENTATION OF  
6 LOCAL TRANSPORT RESTRUCTURE.

7  
8 THE COMMISSION'S PRICING POLICY IS GROUNDED IN ITS  
9 DESIRE TO FOSTER INTEREXCHANGE COMPETITION. THE  
10 TELECOMMUNICATIONS INDUSTRY HAS EXPERIENCED  
11 SIGNIFICANT CHANGES AND THE PREVIOUSLY STATED GOAL  
12 HAS NOW BEEN REALIZED. IN FACT, AS OF MAY 1994,  
13 THERE ARE MORE THAN 300 FIRMS CERTIFICATED TO  
14 PROVIDE IXC SERVICES IN FLORIDA. BY FOSTERING SUCH  
15 COMPETITION, THE COMMISSION ENCOURAGED INEFFICIENT  
16 USE OF THE LOCAL EXCHANGE COMPANY'S PUBLIC SWITCHED  
17 NETWORK. IT IS NOW APPROPRIATE TO MOVE TO AN  
18 INTERIM STRUCTURE AND PRICING PLAN ADOPTED BY THE  
19 FCC AND PROPOSED HERE BY SOUTHERN BELL. THE  
20 PROPOSED STRUCTURE WILL FOSTER IXC CARRIER  
21 COMPETITION AS WELL AS ACCESS COMPETITION AND WILL  
22 PROMOTE MORE EFFICIENT USE OF THE PUBLIC SWITCHED  
23 NETWORK.

24

25 Q. ISSUE 21. SHOULD SOUTHERN BELL'S PROPOSED LOCAL

1           **TRANSPORT RESTRUCTURE TARIFF BE APPROVED?**  
2  
3 **A. YES. SOUTHERN BELL'S PROPOSED RESTRUCTURE OF**  
4 **SWITCHED ACCESS TRANSPORT SERVICE TARIFF SHOULD BE**  
5 **APPROVED FOR MANY REASONS:**  
6  
7           **I. TO MIRROR THE INTERSTATE SWITCHED**  
8 **TRANSPORT RATES AND STRUCTURE**  
9 **APPROVED BY THE FCC (EXCLUDING THE**  
10 **INTERCONNECTION CHARGE);**  
11  
12           **II. TO MORE CLOSELY REFLECT THE WAY**  
13 **TRANSPORT IS PROVIDED AND COSTS ARE**  
14 **INCURRED;**  
15  
16           **III. TO PROMOTE EFFICIENT USE OF SOUTHERN**  
17 **BELL'S NETWORK;**  
18  
19           **IV. TO MOVE TOWARD A MORE COMPETITIVE**  
20 **ENVIRONMENT FOR THE PROVISION OF**  
21 **INTEREXCHANGE SERVICE; AND**  
22  
23           **V. TO FACILITATE THE DEVELOPMENT OF**  
24 **ACCESS COMPETITION.**  
25

1 Q. COULD YOU ADDRESS IN MORE DETAIL EACH OF THE  
2 REASONS SET FORTH ABOVE?

3

4 A. YES.

5

6 I. TO MIRROR THE INTERSTATE SWITCHED TRANSPORT  
7 RATES AND STRUCTURE APPROVED BY THE FCC;

8

9 SOUTHERN BELL IS PROPOSING TO RESTRUCTURE THE  
10 SWITCHED TRANSPORT SERVICE TO MIRROR THE INTERSTATE  
11 SWITCHED TRANSPORT RATES AND STRUCTURE APPROVED BY  
12 THE FCC IN 1993 (EXCLUDING THE INTERCONNECTION  
13 CHARGE) TO SIMPLIFY TRANSPORT ISSUES. HAVING THE  
14 SAME RATES AND STRUCTURE WILL ELIMINATE THE  
15 INEFFICIENCY OF MAINTAINING A DIFFERENT SET OF  
16 RATES AND STRUCTURES FOR THE INTERSTATE AND THE  
17 INTRASTATE JURISDICTIONS, AND WILL ELIMINATE  
18 CONFUSION FOR OUR SWITCHED ACCESS CUSTOMERS. IN  
19 ADDITION, APPROVAL OF THIS TARIFF FILING WILL  
20 LESSEN ANY INCENTIVE FOR MISREPORTING PERCENT  
21 INTERSTATE USAGE (PIU).

22

23 II. TO MORE CLOSELY REFLECT THE WAY TRANSPORT IS  
24 PROVIDED AND COSTS ARE INCURRED;

25

1 UNDER THE PROPOSED STRUCTURE, THE SPECIFIC  
2 APPLICATION OF SWITCHED TRANSPORT RATES WILL BE  
3 DEPENDENT UPON THE IXC'S ORDER FOR SWITCHED  
4 TRANSPORT, THE IXC'S ROUTING REQUEST AS WELL AS THE  
5 CAPACITY OF THE TRANSPORT DEDICATED TO THAT IXC FOR  
6 ITS USE. THE UNDERLYING PREMISE IS THAT DIFFERENT  
7 COSTS ARE ASSOCIATED WITH THE SWITCHED ACCESS  
8 ROUTING OPTIONS (I.E., ACCESS TANDEM SWITCHED  
9 (COMMON) OR DEDICATED) AVAILABLE TO SWITCHED  
10 TRANSPORT CUSTOMERS.

11

12 III. TO PROMOTE EFFICIENT USE OF SOUTHERN BELL'S  
13 NETWORK;

14

15 UNDER THE "EQUAL CHARGE" STRUCTURE, THERE ARE FEW,  
16 IF ANY, INCENTIVES FOR IXCS TO BE EFFICIENT WITH  
17 RESPECT TO THE SWITCHED ACCESS SERVICES ORDERED  
18 BECAUSE EVERY IXC IS CHARGED ON A MINUTE OF USE  
19 BASIS NO MATTER WHAT FACILITIES ARE UTILIZED. THIS  
20 CAUSES IXCS TO ORDER FACILITIES THEY DO NOT NEED  
21 AND/OR CANNOT FULLY UTILIZE. UNDER THE PROPOSED  
22 RESTRUCTURE, HOWEVER, THERE WILL BE A GREATER  
23 INCENTIVE TO UTILIZE TRANSPORT EFFICIENTLY IN THAT  
24 CUSTOMERS ORDERING DEDICATED TRANSPORT WILL PAY THE  
25 COST OF THE TYPE OF TRANSPORT ORDERED (I.E., IN THE

1       CAPACITY OF VOICE GRADE AND/OR DS0, DS1, DS3)  
2       REGARDLESS OF THE NUMBER OF MINUTES OF USE FOR  
3       WHICH IT IS UTILIZED.  ALSO, THE PROPOSED STRUCTURE  
4       RECOGNIZES DIFFERENCES IN ROUTING ARRANGEMENTS AND  
5       ENCOURAGES IXCS TO ORDER THE ROUTING ARRANGEMENTS  
6       WHICH ARE MOST EFFICIENT FOR CARRYING THEIR  
7       TRAFFIC.

8  
9       IV.       TO MOVE TOWARD A MORE COMPETITIVE  
10       ENVIRONMENT FOR THE PROVISION OF  
11       INTEREXCHANGE SERVICE; AND

12  
13       THE PROPOSED RESTRUCTURE, WHICH REFLECTS THE WAY  
14       COSTS ARE INCURRED, MOVES TOWARD A MORE COMPETITIVE  
15       ENVIRONMENT FOR THE PROVIDERS OF INTEREXCHANGE  
16       SERVICES.  UNDER THE PRESENT EQUAL CHARGE  
17       STRUCTURE, IXCS WHICH EFFICIENTLY UTILIZE  
18       FACILITIES DEDICATED TO THEM ARE REQUIRED TO  
19       SUBSIDIZE IXCS WHICH DO NOT.  FOR INSTANCE, IXCS  
20       WHICH UTILIZE DEDICATED TRANSPORT AT THE FULL  
21       CAPACITY BEAR NOT ONLY THE COSTS OF THAT SERVICE,  
22       BUT ALSO A PORTION OF THE COSTS OF THE TRANSPORT  
23       SERVICES USED BY OTHER IXCS WHO ARE NOT EFFICIENT.  
24       THE PROPOSED STRUCTURE MOVES CLOSER TO AN  
25       ARRANGEMENT IN WHICH EACH IXC WILL BEAR THE COSTS

1 OF THE TRANSPORT SERVICE IT ORDERS, BASED UPON  
2 ROUTING AND CAPACITY. ON THE OTHER HAND, THE  
3 PROPOSED RESTRUCTURE STILL RECOGNIZES THE EXISTENCE  
4 OF IXCS WHICH MAY NOT BE POSITIONED TO TAKE FULL  
5 ADVANTAGE OF A DEDICATED RATE STRUCTURE. SUCH  
6 CUSTOMERS CAN ALSO CONTINUE TO ORDER USAGE-BASED  
7 ACCESS TANDEM SWITCHED (COMMON) TRANSPORT.

8

9 V. TO FACILITATE THE DEVELOPMENT OF ACCESS  
10 COMPETITION.

11

12 THE ADOPTION OF THIS RATE STRUCTURE FACILITATES THE  
13 DEVELOPMENT OF ACCESS COMPETITION IN THE SWITCHED  
14 TRANSPORT ARENA. THE PROPOSED STRUCTURE ALLOWS  
15 SOUTHERN BELL TO OFFER ITS SWITCHED ACCESS  
16 CUSTOMERS AN EFFICIENT STRUCTURE WHICH MORE CLOSELY  
17 REFLECTS THE FACILITIES UTILIZED AND COSTS INCURRED  
18 BY EACH CUSTOMER. THE ACCESS ENVIRONMENT TODAY IS  
19 INCREASINGLY COMPETITIVE, AS IS EVIDENCED BY THE  
20 FACT THAT IXCS AND OTHER LARGE CUSTOMERS ARE ABLE  
21 TO BYPASS SOUTHERN BELL'S SERVICE ARRANGEMENTS.  
22 GIVEN THE INCREASINGLY COMPETITIVE ACCESS  
23 ENVIRONMENT, SOUTHERN BELL MUST BE AFFORDED A  
24 SWITCHED ACCESS RATE STRUCTURE THAT ALLOWS IT TO  
25 COMPETE OR THE CONTRIBUTION FROM SWITCHED ACCESS

1 SERVICES TO BASIC SERVICE WILL BE JEOPARDIZED.

2

3 Q. HAVING DISCUSSED THE NEEDS AND REASONS FOR THE  
4 CHANGES YOU HAVE PROPOSED, CAN YOU GIVE A MORE  
5 DETAILED DESCRIPTION OF THE TARIFF ITSELF?

6

7 A. YES. UNDER THE SWITCHED TRANSPORT RESTRUCTURE,  
8 RATES WILL BE MORE CLOSELY ALIGNED WITH THE WAY  
9 TRANSPORT IS PROVIDED AND COSTS ARE INCURRED. AS  
10 STATED ABOVE, THE APPLICATION OF SWITCHED TRANSPORT  
11 RATES WILL BE DEPENDENT UPON THE IXC'S ROUTING  
12 REQUEST (ACCESS TANDEM SWITCHED (COMMON) OR  
13 DEDICATED) AND THE CAPACITY ORDERED. SWITCHED  
14 TRANSPORT WILL HAVE THREE GENERAL RATE COMPONENTS:

15

16 1. INTEROFFICE TRANSPORT

17 A. SWITCHED COMMON TRANSPORT

18 B. SWITCHED DEDICATED TRANSPORT,

19 2. SWITCHED LOCAL CHANNEL, AND

20 3. INTERCONNECTION.

21 PLEASE SEE HENDRIX EXHIBIT 2 ILLUSTRATING THESE  
22 COMPONENTS.

23

24 Q. PLEASE DISCUSS THE RATE ELEMENTS ASSOCIATED WITH  
25 SWITCHED COMMON TRANSPORT.



1  
2 A. SWITCHED COMMON TRANSPORT INVOLVES TRAFFIC THAT IS  
3 SWITCHED THROUGH SOUTHERN BELL'S ACCESS TANDEM.  
4 THIS TRAFFIC WILL BE USAGE SENSITIVE AND DISTANCE  
5 SENSITIVE WITH THE RATE BEING ASSESSED ON A PER  
6 MINUTE OF USE, PER MILE BASIS. GENERALLY, THE  
7 TRANSPORT MILEAGE WILL BE MEASURED FROM THE IXC'S  
8 SERVING WIRE CENTER TO THE IXC'S DESIGNATED END  
9 OFFICE JUST AS IT IS TODAY. THE RATE ELEMENTS  
10 ASSOCIATED WITH SWITCHED COMMON TRANSPORT INCLUDE:

11

- 12 1. ACCESS TANDEM SWITCHING - CHARGED PER
- 13 MINUTE OF USE, AND
- 14 2. SWITCHED COMMON TRANSPORT - CHARGED PER
- 15 MINUTE OF USE, PER MILE.

16

17 Q. PLEASE DISCUSS THE RATE ELEMENTS ASSOCIATED WITH  
18 SWITCHED DEDICATED TRANSPORT.

19

20 A. SWITCHED DEDICATED TRANSPORT INVOLVES TRAFFIC THAT  
21 WILL BE CARRIED OVER DEDICATED FACILITIES BETWEEN  
22 THE IXC'S SERVING WIRE CENTER AND DESIGNATED END  
23 OFFICE OR OTHER DESIGNATED POINTS. THESE  
24 FACILITIES WILL BE BILLED A MONTHLY FLAT-RATE  
25 CHARGE, BASED ON THE CAPACITY ORDERED BY THE IXC.

1 THE CAPACITY OPTIONS ARE:

2

3 1. VOICE GRADE (1 VOICE GRADE CIRCUIT),

4 2. DS0 (1 VOICE GRADE CIRCUIT),

5 3. DS1 (EQUIVALENT TO 24 VOICE GRADE  
6 CIRCUITS), AND

7 4. DS3 (EQUIVALENT TO 672 VOICE GRADE  
8 CIRCUITS)

9

10 Q. PLEASE DISCUSS THE SWITCHED LOCAL CHANNEL.

11

12 A. ALL CUSTOMERS, WHETHER USING SWITCHED COMMON OR  
13 SWITCHED DEDICATED FACILITIES, ARE REQUIRED TO  
14 PURCHASE A SWITCHED LOCAL CHANNEL. THE SWITCHED  
15 LOCAL CHANNEL WILL PROVIDE THE IXC AN ENTRANCE  
16 FACILITY FOR THE TRANSPORT OF TRAFFIC BETWEEN THE  
17 IXC'S PREMISES AND THE IXC'S SERVING WIRE CENTER.  
18 THE SWITCHED LOCAL CHANNEL WILL BE BILLED AT A  
19 MONTHLY FLAT-RATE CHARGE, BASED ON THE CAPACITY  
20 ORDERED. THE CAPACITY OPTIONS ARE:

21

22 1. VOICE GRADE (1 VOICE GRADE CIRCUIT),

23 2. DS1 (EQUIVALENT TO 24 VOICE GRADE  
24 CIRCUITS), AND

25 3. DS3 (EQUIVALENT TO 672 VOICE GRADE

1                   CIRCUITS)

2

3 Q. PLEASE DISCUSS THE INTERCONNECTION RATE COMPONENT.

4

5 A. THE INTERCONNECTION CHARGE IS THE THIRD COMPONENT  
6 OF THE PROPOSED TARIFF. THIS RESIDUALLY PRICED  
7 RATE COMPONENT IS DESIGNED TO ENSURE THAT THE  
8 FILING IS REVENUE NEUTRAL TO SOUTHERN BELL IN ORDER  
9 TO MAINTAIN THE CONTRIBUTION FLOW TO BASIC SERVICE.

10

11

12 Q. HOW WILL SOUTHERN BELL'S FILING AFFECT ITS SWITCHED  
13 ACCESS SERVICES CUSTOMERS?

14

15 A. SOUTHERN BELL ANTICIPATES THE IMPACT TO BE MINIMAL.  
16 AS HENDRIX EXHIBIT 3 SHOWS, ALL SWITCHED ACCESS  
17 SERVICE CUSTOMERS WILL CONTINUE TO PAY THE SAME  
18 RATES FOR CARRIER COMMON LINE (CCL), LOCAL  
19 SWITCHING AND INTERCONNECTION. THESE CHARGES  
20 REPRESENT MORE THAN 95% OF THE AVERAGE SWITCHED  
21 ACCESS RATE PER ACCESS MINUTE. THE SWITCHED ACCESS  
22 CHARGES THAT ARE NOT INCLUDED IN THE 95% WILL VARY  
23 DEPENDING ON THE CUSTOMER'S ORDERING OPTION, I.E.,  
24 ACCESS TANDEM SWITCHED (COMMON) OR DEDICATED. THE  
25 DIFFERENCE IN THE HIGHEST RATE (TANDEM SWITCHING)

1 PER ACCESS MINUTE OF USE (\$.04686) AND THE LOWEST  
2 RATE (DS3) PER ACCESS MINUTE OF USE (\$.04573) IS  
3 APPROXIMATELY ONE TENTH (1/10TH) OF A CENT.  
4

5 Q. ISSUE 20. IF THE COMMISSION CHANGES ITS POLICY ON  
6 THE PRICING AND RATE STRUCTURE OF SWITCHED  
7 TRANSPORT SERVICE, WHICH OF THE FOLLOWING SHOULD  
8 THE NEW POLICY BE BASED ON:

9  
10 A) THE INTRASTATE PRICING AND RATE STRUCTURE OF  
11 LOCAL TRANSPORT SHOULD MIRROR EACH LEC'S  
12 INTERSTATE FILING, RESPECTIVELY.  
13

14 B) THE INTRASTATE PRICING AND RATE STRUCTURE OF  
15 LOCAL TRANSPORT SHOULD BE DETERMINED BY  
16 COMPETITIVE CONDITIONS IN THE TRANSPORT  
17 MARKET.  
18

19 C) THE INTRASTATE PRICING AND RATE STRUCTURE OF  
20 LOCAL TRANSPORT SHOULD REFLECT THE UNDERLYING  
21 COST BASED STRUCTURE.  
22

23 D) THE INTRASTATE PRICING AND RATE STRUCTURE OF  
24 LOCAL TRANSPORT SHOULD REFLECT OTHER METHODS.  
25

1 A. IF THE COMMISSION CHANGES ITS POLICY ON THE PRICING  
2 AND RATE STRUCTURE OF SWITCHED TRANSPORT SERVICE,  
3 THE NEW POLICY SHOULD BE BASED ON THE COMPETITIVE  
4 CONDITIONS IN THE MARKETPLACE AND SHOULD MIRROR  
5 EACH LEC'S INTERSTATE FILING. THE MARKET-BASED  
6 RATES, OF COURSE, MUST COVER THEIR INCREMENTAL  
7 COSTS. ONCE THIS COST TEST IS MET, THE LEC SHOULD  
8 HAVE THE FLEXIBILITY TO PRICE TRANSPORT SERVICES  
9 CONSISTENT WITH MARKET CONDITIONS AND DEMANDS.  
10 FURTHER, A POLICY OF MIRRORING THE SWITCHED ACCESS  
11 TRANSPORT SERVICES RATE STRUCTURE AND PRICING PLAN  
12 ELIMINATES THE INEFFICIENCIES OF MAINTAINING A  
13 DIFFERENT SET OF RATES AND STRUCTURES, LESSENS ANY  
14 IMPETUS FOR MISREPORTING PIU AND ELIMINATES  
15 CONFUSION FOR OUR CUSTOMERS.

16

17 Q. HOW WERE THE PROPOSED TRANSPORT RATES ESTABLISHED?

18

19 A. AS STATED ABOVE, THE PROPOSED TRANSPORT RATES  
20 MIRROR THE EFFECTIVE INTERSTATE RATES WITH THE  
21 EXCEPTION OF THE INTERCONNECTION CHARGE. THE  
22 PROPOSED INTERCONNECTION CHARGE IS AT A LEVEL TO  
23 ENSURE REVENUE NEUTRALITY FOR THIS FILING AND TO  
24 HELP MAINTAIN SATISFACTORY LEVELS OF CONTRIBUTION  
25 TO BASIC SERVICE.

1

2 Q. ISSUE 14. SHOULD ALL SWITCHED ACCESS TRANSPORT  
3 PROVIDERS BE REQUIRED TO FILE TARIFFS?  
4

5 A. THE COMMISSION SHOULD NOT REQUIRE THE LECS AND  
6 OTHER TRANSPORT PROVIDERS TO FILE TARIFFS. THIS  
7 DECISION SHOULD BE LEFT TO THE TRANSPORT PROVIDERS.  
8 FEDERAL RULES REQUIRE SOUTHERN BELL TO FILE TARIFFS  
9 AND SOUTHERN BELL WILL COMPLY WITH THOSE RULES AS  
10 LONG AS THEY ARE IN PLACE. ONCE THESE RULES ARE  
11 REMOVED, SOUTHERN BELL WOULD EXPECT EQUAL PRICING  
12 FLEXIBILITY AS IS ENJOYED BY ITS COMPETITORS.  
13

14 Q. ISSUE 17. SHOULD THE LECS PROPOSED INTRASTATE  
15 SWITCHED ACCESS INTERCONNECTION TARIFFS BE  
16 APPROVED?  
17

18 A. SOUTHERN BELL FILED AN ILLUSTRATIVE EXPANDED  
19 INTERCONNECTION TARIFF ON MARCH 31, 1994. THE  
20 ILLUSTRATIVE TARIFF MIRRORS THE INTERSTATE FILING  
21 FOR THE SAME SERVICE. SUBJECT TO ANY REQUIRED  
22 REVISIONS THAT MAY COME OUT OF THIS DOCKET,  
23 SOUTHERN BELL SHOULD BE ALLOWED TO FILE ITS FINAL  
24 TARIFF WITH THE COMMISSION AND IT SHOULD BE  
25 APPROVED.

1

2 Q. ISSUE 18. SHOULD THE LECS BE GRANTED ADDITIONAL  
3 PRICING FLEXIBILITY? IF SO, WHAT SHOULD IT BE?

4

5 A. YES. AT A MINIMUM, THE COMMISSION SHOULD ALLOW THE  
6 LOCAL EXCHANGE COMPANIES TO HAVE THE OPTION OF  
7 IMPLEMENTING ZONE PRICING FOR TRANSPORT SERVICES  
8 WITH A RATE CHANGE INTERVAL OF 14 DAYS AS ALLOWED  
9 BY THE FCC RULES AND PROCEDURES PURSUANT TO PRICE  
10 CAP REGULATIONS. THIS OF COURSE WILL REQUIRE A  
11 WAIVER OF THE 60 DAY REQUIREMENT IN THE FLORIDA  
12 STATUTE 364.05(1). BEING ABLE TO MAKE RATE CHANGES  
13 WITH A SHORTER APPROVAL INTERVAL WILL ALLOW  
14 SOUTHERN BELL TO RESPOND MORE QUICKLY TO  
15 COMPETITIVE PRESSURES AND MEET COMPETITION IN A  
16 MORE TIMELY FASHION. ADDITIONALLY, THE LOCAL  
17 COMPANIES SHOULD BE GRANTED THE FLEXIBILITY TO ZONE  
18 PRICE OTHER ACCESS SERVICES AS WELL. THE NEED FOR  
19 THIS FLEXIBILITY IS EXPLAINED MORE FULLY IN THE  
20 TESTIMONY OF DAVID B. DENTON IN RESPONSE TO ISSUES  
21 4 AND 15.

22

23 Q. ISSUE 22. SHOULD THE MODIFIED ACCESS BASED  
24 COMPENSATION (MABC) AGREEMENT BE MODIFIED TO  
25 INCORPORATE A REVISED TRANSPORT STRUCTURE (IF LOCAL

1 TRANSPORT RESTRUCTURE IS ADOPTED) FOR INTRALATA  
2 TOLL TRAFFIC BETWEEN LECS?

3

4 A. NO. SOUTHERN BELL'S RECOMMENDATION IS THAT THE  
5 CURRENT MABC PLAN, RATES AND RATE STRUCTURE REMAIN  
6 IN PLACE. ONCE LOCAL TRANSPORT RESTRUCTURE IS  
7 FULLY IMPLEMENTED AND THE COMMISSION DETERMINES  
8 THAT IT IS APPROPRIATE TO INTRODUCE THE PROPOSED  
9 TRANSPORT STRUCTURE INTO THE MABC, THEN ALL  
10 TRANSPORT RATES SHOULD REFLECT THE WAY THE SERVICE  
11 IS PROVISIONED BETWEEN THE LOCAL EXCHANGE  
12 COMPANIES. THIS PROVISIONING ARRANGEMENT COULD BE  
13 EITHER COMMON OR DEDICATED, AND SHOULD EXCLUDE THE  
14 LOCAL CHANNEL RATE ELEMENTS SINCE IT DOES NOT  
15 REFLECT THE WAY SERVICES ARE JOINTLY PROVIDED.

16

17 Q. ISSUE 23. HOW SHOULD THE COMMISSION'S IMPUTATION  
18 GUIDELINES BE MODIFIED TO REFLECT A REVISED  
19 TRANSPORT STRUCTURE (IF LOCAL TRANSPORT RESTRUCTURE  
20 IS ADOPTED)?

21

22 A. FIRST, SOUTHERN BELL BELIEVES THAT IT IS NOT  
23 APPROPRIATE TO ADDRESS ACCESS IMPUTATION IN THIS  
24 PROCEEDING. FURTHERMORE, IMPUTATION REQUIREMENTS  
25 ARE NO LONGER NEEDED AND SHOULD BE ELIMINATED SINCE



1 IT IS CONTRARY TO THE INTENT OF COMPETITION. ONLY  
2 A SELECT FEW ARE ASSURED OF BENEFITING FROM  
3 IMPUTATION - IXCS AND OTHER TOLL PROVIDERS. THESE  
4 REQUIREMENTS ARTIFICIALLY RAISE TOLL RATES FOR LECS  
5 SUCH THAT IT MASKS THE TRUE LOW COST TOLL SERVICE  
6 PROVIDER.

7  
8 IF THE DECISION IS TO MAINTAIN SUCH BURDENSOME AND  
9 UNNECESSARY REQUIREMENTS, THE COMMISSION'S  
10 IMPUTATION GUIDELINES SHOULD BE MODIFIED TO REFLECT  
11 THE AVERAGE TRANSPORT COST, NOT RATE, PER ACCESS  
12 MINUTE OF USE. THE AVERAGE TRANSPORT COST SHOULD  
13 BE DETERMINED BY WEIGHTING THE TRANSPORT OPTIONS  
14 BASED ON DEMAND. THIS IS A REASONABLE APPROACH  
15 SINCE IT TAKES INTO CONSIDERATION ALL TRANSPORT  
16 RATE ELEMENTS.

17  
18 SECOND, THE REQUIREMENT FOR A SEPARATE ACCESS LINE  
19 FOR SOUTHERN BELL'S AND OTHER LECS' HIGH VOLUME  
20 TOLL OFFERINGS SHOULD BE ELIMINATED. WITH THE  
21 LEVEL OF COMPETITION IN THIS STATE AND THE SERVICE  
22 OPTIONS THAT ARE AVAILABLE IN THE MARKETPLACE, THIS  
23 REQUIREMENT IS NO LONGER APPROPRIATE.

24  
25 LASTLY, IXCS AND OTHER TOLL PROVIDERS SHOULD BE

1       REQUIRED TO FOLLOW THE SAME IMPUTATION GUIDELINES  
2       FOR THEIR INTRASTATE TOLL SERVICES.  THERE IS NO  
3       EQUITY IN PLACING THESE REQUIREMENTS ON THE LECS  
4       WHILE THE IXCS AND OTHER TOLL PROVIDERS HAVE  
5       FREEDOM FROM THESE ONEROUS AND UNNECESSARY  
6       IMPUTATION REQUIREMENTS.

7

8 Q.   HAS LOCAL TRANSPORT RESTRUCTURE BEEN APPROVED IN  
9       OTHER BELLSOUTH STATES?

10

11 A.   YES.  AS OF THIS DATE, LOCAL TRANSPORT RESTRUCTURE  
12       HAS BEEN APPROVED IN ALABAMA, KENTUCKY AND NORTH  
13       CAROLINA.

14

15 Q.   PLEASE SUMMARIZE YOUR TESTIMONY.

16

17 A.   SOUTHERN BELL IS PROPOSING TO RESTRUCTURE ITS  
18       SWITCHED ACCESS TRANSPORT SERVICE IN FLORIDA.  ITS  
19       PROPOSED TRANSPORT RESTRUCTURE SHOULD BE APPROVED  
20       FOR MANY REASONS:

21

22       I.    TO MIRROR THE INTERSTATE SWITCHED TRANSPORT  
23            RATES AND STRUCTURE APPROVED BY THE FCC;

24

25       HAVING THE SAME STRUCTURE AND RATES THAT ARE IN THE

1 INTERSTATE JURISDICTION WILL SIMPLIFY TRANSPORT  
2 ISSUES, ELIMINATE THE INEFFICIENCY OF MAINTAINING A  
3 DIFFERENT SET OF RATES AND STRUCTURES FOR THE  
4 INTERSTATE AND THE INTRASTATE JURISDICTIONS, AND  
5 WILL ELIMINATE CONFUSION FOR OUR SWITCHED ACCESS  
6 CUSTOMERS. IN ADDITION, APPROVAL OF THIS TARIFF  
7 FILING WILL LESSEN ANY INCENTIVE FOR MISREPORTING  
8 PERCENT INTERSTATE USAGE (PIU).

9

10 II. TO MORE CLOSELY REFLECT THE WAY TRANSPORT IS  
11 PROVIDED AND COSTS ARE INCURRED;

12

13 UNDER THE PROPOSED STRUCTURE, THE SPECIFIC  
14 APPLICATION OF SWITCHED TRANSPORT RATES WILL BE  
15 DEPENDENT UPON THE IXC'S ORDER FOR SWITCHED  
16 TRANSPORT, THE IXC'S ROUTING REQUEST AS WELL AS THE  
17 CAPACITY OF THE TRANSPORT DEDICATED TO THAT IXC FOR  
18 ITS USE. THE UNDERLYING PREMISE IS THAT DIFFERENT  
19 COSTS ARE ASSOCIATED WITH THE SWITCHED ACCESS  
20 ROUTING OPTIONS (I.E., ACCESS TANDEM SWITCHED  
21 (COMMON) OR DEDICATED) AVAILABLE TO SWITCHED  
22 TRANSPORT CUSTOMERS.

23

24 III. TO PROMOTE EFFICIENT USE OF SOUTHERN BELL'S  
25 NETWORK;

1  
2 UNDER THE PROPOSED RESTRUCTURE THERE WILL BE A  
3 GREATER INCENTIVE TO UTILIZE TRANSPORT EFFICIENTLY  
4 IN THAT CUSTOMERS ORDERING DEDICATED TRANSPORT WILL  
5 PAY THE COST OF THE TYPE OF TRANSPORT ORDERED  
6 (I.E., IN THE CAPACITY OF VOICE GRADE AND/OR DS0,  
7 DS1, DS3) REGARDLESS OF THE NUMBER OF MINUTES OF  
8 USE FOR WHICH IT IS UTILIZED. ALSO, THE PROPOSED  
9 STRUCTURE RECOGNIZES DIFFERENCES IN ROUTING  
10 ARRANGEMENTS AND ENCOURAGES IXCS TO ORDER THE  
11 ROUTING ARRANGEMENTS WHICH ARE MOST EFFICIENT FOR  
12 CARRYING THEIR TRAFFIC.

13  
14 IV. TO MOVE TOWARD A MORE COMPETITIVE ENVIRONMENT  
15 FOR THE PROVISION OF INTEREXCHANGE SERVICE;  
16 AND

17  
18 THE PROPOSED RESTRUCTURE, WHICH REFLECTS THE WAY  
19 COSTS ARE INCURRED, MOVES TOWARD A MORE COMPETITIVE  
20 ENVIRONMENT FOR THE PROVIDERS OF INTEREXCHANGE  
21 SERVICES. THE PROPOSED STRUCTURE MOVES CLOSER TO  
22 AN ARRANGEMENT IN WHICH EACH IXC WILL BEAR THE  
23 COSTS OF THE TRANSPORT SERVICE IT ORDERS, BASED  
24 UPON ROUTING AND CAPACITY. ON THE OTHER HAND, THE  
25 PROPOSED RESTRUCTURE STILL RECOGNIZES THE EXISTENCE

1 OF IXCS WHICH MAY NOT BE POSITIONED TO TAKE FULL  
2 ADVANTAGE OF A DEDICATED RATE STRUCTURE. SUCH  
3 CUSTOMERS CAN ALSO CONTINUE TO ORDER USAGE-BASED  
4 ACCESS TANDEM SWITCHED (COMMON) TRANSPORT.

5

6 V. TO FACILITATE THE DEVELOPMENT OF ACCESS  
7 COMPETITION

8

9 THE ADOPTION OF THIS RATE STRUCTURE FACILITATES THE  
10 DEVELOPMENT OF ACCESS COMPETITION IN THE SWITCHED  
11 TRANSPORT ARENA. THE PROPOSED STRUCTURE ALLOWS  
12 SOUTHERN BELL TO OFFER ITS SWITCHED ACCESS  
13 CUSTOMERS AN EFFICIENT STRUCTURE WHICH MORE CLOSELY  
14 REFLECTS THE FACILITIES UTILIZED AND COSTS INCURRED  
15 BY EACH CUSTOMER. GIVEN THE INCREASINGLY  
16 COMPETITIVE ACCESS ENVIRONMENT, SOUTHERN BELL MUST  
17 BE AFFORDED A SWITCHED ACCESS RATE STRUCTURE THAT  
18 ALLOWS IT TO COMPETE OR THE CONTRIBUTION TO BASIC  
19 SERVICE WILL BE JEOPARDIZED.

20

21 ADDITIONALLY, AT A MINIMUM, THE COMMISSION SHOULD  
22 ALLOW THE LOCAL EXCHANGE COMPANIES TO HAVE THE  
23 OPTION OF IMPLEMENTING ZONE PRICING FOR TRANSPORT  
24 SERVICES WITH A RATE CHANGE INTERVAL OF 14 DAYS AS  
25 ALLOWED BY THE FCC RULES AND PROCEDURES PURSUANT TO

1 PRICE CAP REGULATIONS. BEING ABLE TO MAKE RATE  
2 CHANGES WITH A SHORTER APPROVAL INTERVAL WILL ALLOW  
3 SOUTHERN BELL TO RESPOND MORE QUICKLY TO  
4 COMPETITIVE PRESSURES AND MEET COMPETITION IN A  
5 TIMELY FASHION. THE LOCAL COMPANIES SHOULD BE  
6 GRANTED THE FLEXIBILITY TO ZONE PRICE OTHER ACCESS  
7 SERVICES AS WELL.

8  
9 FINALLY, IMPUTATION REQUIREMENTS ARE NO LONGER  
10 NEEDED AND SHOULD BE ELIMINATED. IF THE DECISION  
11 IS TO MAINTAIN SUCH BURDENSOME REQUIREMENTS, THE  
12 COMMISSION'S IMPUTATION GUIDELINES SHOULD BE  
13 MODIFIED TO REFLECT THE AVERAGE TRANSPORT COST, NOT  
14 RATE, PER ACCESS MINUTE OF USE. THE REQUIREMENT  
15 FOR A SEPARATE ACCESS LINE FOR SOUTHERN BELL'S AND  
16 OTHER LECS' HIGH VOLUME TOLL OFFERINGS SHOULD BE  
17 ELIMINATED. WITH THE LEVEL OF COMPETITION IN THIS  
18 STATE AND THE SERVICE OPTIONS THAT ARE AVAILABLE IN  
19 THE MARKETPLACE, THIS REQUIREMENT IS NO LONGER  
20 APPROPRIATE.

21

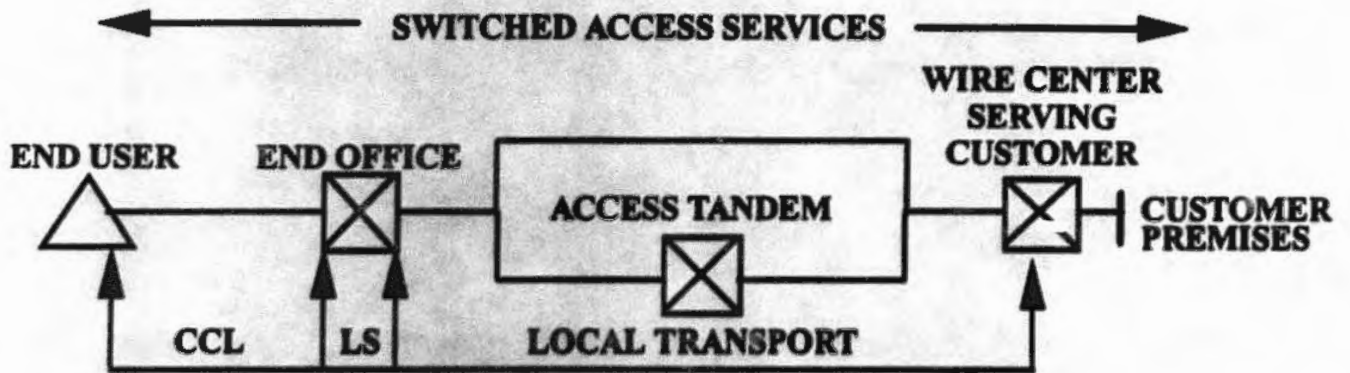
22 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

23

24 A. YES.

25

### CURRENT CONFIGURATION



- CCL: CARRIER COMMON LINE - MINUTE OF USE
- LS: LOCAL SWITCHING - MINUTE OF USE
- LT: LOCAL TRANSPORT - MINUTE OF USE

**PROPOSED STRUCTURE**

**SWITCHED DEDICATED TRANSPORT SERVICES**

← SWITCHED ACCESS SERVICES →



- CCL: CARRIER COMMON LINE - MINUTE OF USE**
- IC: INTERCONNECTION CHARGE - MINUTE OF USE**
- LS: LOCAL SWITCHING - MINUTE OF USE**
- LC: SWITCHED LOCAL CHANNEL - MONTHLY RATE/FLAT RATED**
- SDT: SWITCHED DEDICATED TRANSPORT - MONTHLY RATE/DISTANCE SENSITIVE**

**EXAMPLE: MONTHLY RATE**

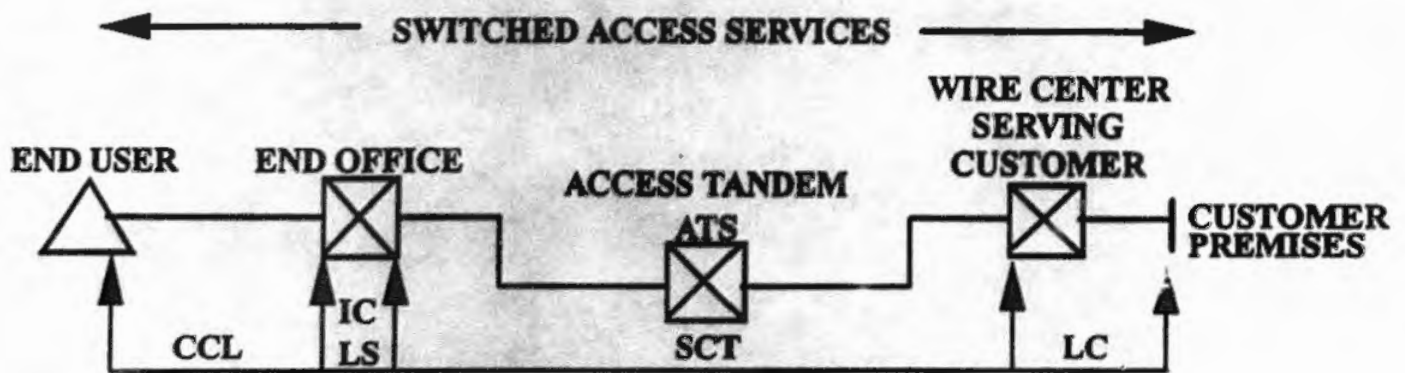
|                        |          |
|------------------------|----------|
| PER MILE               | \$ .XXXX |
| FACILITIES TERMINATION | \$ .XXXX |

**ADDITIONALLY, DEDICATED TRANSPORT CAN BE PROVISIONED BETWEEN THE FOLLOWING CUSTOMER DESIGNATED POINTS: CUSTOMER SERVING WIRE CENTER AND ACCESS TANDEM; CUSTOMER SERVING WIRE CENTER AND TELEPHONE COMPANY FACILITY HUB (HUB); A HUB AND A HUB; AND A HUB AND END OFFICE.**



## PROPOSED STRUCTURE

### SWITCHED COMMON TRANSPORT SERVICES



- CCL: CARRIER COMMON LINE - MINUTE OF USE
- IC: INTERCONNECTION CHARGE - MINUTE OF USE
- LS: LOCAL SWITCHING - MINUTE OF USE
- ATS: ACCESS TANDEM SWITCHING - MINUTE OF USE
- LC: SWITCHED LOCAL CHANNEL - MONTHLY RATE/FLAT RATED
- SCT: SWITCHED COMMON TRANSPORT

**EXAMPLE:**

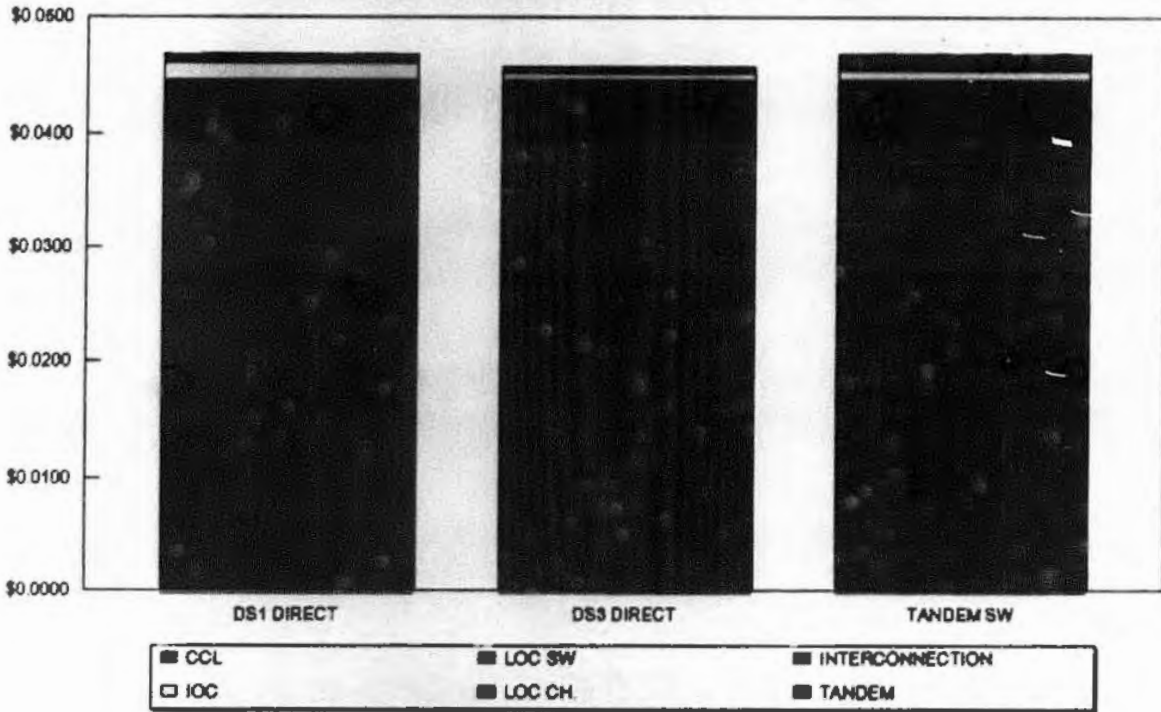
|   | <u>RATE</u> |
|---|-------------|
| PER ACCESS MINUTE OF USE, PER MILE            | \$.XXXX     |
| FACILITY TERMINATION PER ACCESS MINUTE OF USE | \$.XXXX     |

AVERAGE SWITCHED ACCESS RATES - PER ACCESS MINUTE

|                                | <u>COMMON TRANSPORT<br/>TANDEM SWITCHING</u> | <u>DEDICATED TRANSPORT<br/>DS1</u> | <u>DEDICATED TRANSPORT<br/>DS3</u> |
|--------------------------------|--|------------------------------------|------------------------------------|
| 1. AVERAGE CCL                 | \$.02775                                     | \$.02775                           | \$.02775                           |
| 2. LOCAL SWITCHING             | .01160                                       | .01160                             | .01160                             |
| 3. INTERCONNECTION             | .00518                                       | .00518                             | .00518                             |
| SUB TOTAL (1+2+3)              | .04453                                       | .04453                             | .04453                             |
| <u>SUB TOTAL AS % OF TOTAL</u> | <u>95.0%</u>                                 | <u>95.3%</u>                       | <u>97.4%</u>                       |
| 4. LOCAL CHANNEL               | .00062                                       | .00062                             | .00053                             |
| 5. ACCESS TANDEM               | .00078                                       | .00000                             | .00000                             |
| 6. INTEROFFICE                 | .00093                                       | .00159                             | .00067                             |
| TOTAL (1+2+3+4+5+6)            | \$.04686                                     | \$.04674                           | \$.04573                           |

## FLORIDA SWITCHED ACCESS

LTR RATE PER MINUTE COMPARISON



| Per Minute              | Tandem Sw. | DS1 Direct | DS3 Direct |
|-------------------------|------------|------------|------------|
| 1. Average CCL          | \$0.02775  | \$0.02775  | \$0.02775  |
| 2. Local Switching      | \$0.01180  | \$0.01180  | \$0.01180  |
| 3. Interconnection (IC) | \$0.00518  | \$0.00518  | \$0.00518  |
| Sub Total (1+2+3)       | \$0.04453  | \$0.04453  | \$0.04453  |
| Sub Total as % of Total | 95.0%      | 95.3%      | 97.4%      |
| 4. Local Channel        | \$0.00042  | \$0.00082  | \$0.00053  |
| 5. Access Tandem        | \$0.00078  | \$0.00000  | \$0.00000  |
| 6. Interoffice          | \$0.00093  | \$0.00159  | \$0.00087  |
| Total (1+2+3+4+5+6)     | \$0.04686  | \$0.04674  | \$0.04573  |