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**SOUTHERN BELL TELEPHONE COMPANY
REBUTTAL TESTIMONY OF JERRY D. HENDRIX
BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 21074-TP
JUNE 27, 1994**

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

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

Q. DID YOU FILE DIRECT TESTIMONY IN THIS DOCKET?

A. YES, I DID.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. THE PURPOSE OF THIS TESTIMONY IS TO REBUT THE TESTIMONY OF SEVERAL PARTIES FILED ON MAY 23, 1994 IN THIS DOCKET.

Q. WHAT IS YOUR FIRST POINT OF REBUTTAL?

1

2 A. THE FIRST POINT OF REBUTTAL IS ONE THAT WILL APPLY
3 TO MR. GILLAN'S TESTIMONY IN GENERAL AND MORE
4 SPECIFICALLY TO HIS TESTIMONY UNDER "IV. COST-BASED
5 TRANSPORT RATES FOR SOUTHERN BELL" AND "V. OTHER
6 ISSUES". IN THESE SECTIONS MR. GILLAN EXPLAINS HOW
7 THE PRICE FOR EACH TRANSPORT OPTION SHOULD BE
8 ESTABLISHED.

9

10 SIMPLY PUT, MR. GILLAN WANTS THIS COMMISSION TO
11 ADOPT THE INTEREXCHANGE ACCESS COALITION'S (IAC'S)
12 PROPOSAL WHICH ESTABLISHES A MECHANISM FOR
13 DETERMINING RATE LEVELS AND THE RELATIONSHIPS
14 BETWEEN RATE LEVELS. IAC'S MEMBERS INCLUDE
15 LDDS/METROMEDIA, CABLE AND WIRELESS, WILTEL, LCI
16 AND US LONG DISTANCE. THIS PROPOSAL BY IAC IS
17 TOTALLY INAPPROPRIATE. ITS PROPOSAL IS TANTAMOUNT
18 TO ONE COMPETITOR TELLING ANOTHER COMPETITOR WHAT
19 IT SHOULD CHARGE FOR ITS SERVICES.

20

21 SOUTHERN BELL'S PENDING FILING, MADE WITH THE
22 COMMISSION ON SEPTEMBER 22, 1993 AND LATER UPDATED
23 IN JANUARY, 1994, PROPOSES TO MIRROR THE INTERSTATE
24 TRANSPORT STRUCTURE AND RATES THAT BECAME EFFECTIVE
25 DECEMBER 30, 1993. THE FCC, PRIOR TO ALLOWING

1 THESE RATES TO BECOME EFFECTIVE, ADDRESSED THE VERY
2 ARGUMENTS AND PROPOSALS BEING MADE BY IAC. THESE
3 ARGUMENTS WERE NOT ACCEPTED AT THE FCC AND THEY
4 SHOULD NOT BE ACCEPTED HERE. ADDITIONALLY, THESE
5 SAME ARGUMENTS HAVE BEEN REJECTED IN PROCEEDINGS IN
6 NORTH CAROLINA, SOUTH CAROLINA AND TENNESSEE. THE
7 LOCAL TRANSPORT RESTRUCTURE TARIFF WAS APPROVED AS
8 FILED IN THESE STATES. THE TARIFF FILING WAS ALSO
9 APPROVED IN ALABAMA AND KENTUCKY.

10

11 SOUTHERN BELL'S RATES FOR ITS SERVICES COVER ITS
12 COSTS AND THE RATES FOR THE DIFFERENT SERVICES AND
13 THE RELATIONSHIPS BETWEEN THE RATES ARE JUST AND
14 REASONABLE.

15

16 Q. WHAT IS YOUR SECOND POINT OF REBUTTAL FOR MR.
17 GILLAN?

18

19 A. MR. GILLAN'S TESTIMONY CONVENIENTLY AVOIDS THE
20 IMPACT ON SOUTHERN BELL IF HIS PROPOSED RATES ARE
21 ADOPTED BY THIS COMMISSION. HIS TESTIMONY FURTHER
22 IGNORES THAT THE PURPOSE OF THE PROPOSED TARIFF IS
23 NOT ONLY TO FOSTER FULL AND FAIR INTEREXCHANGE
24 COMPETITION BUT ALSO TO FOSTER ACCESS COMPETITION
25 AND EFFICIENT USE OF SOUTHERN BELL'S NETWORK.

1

2 Q. PLEASE EXPLAIN THE IMPACT ON SOUTHERN BELL IF THE
3 TRANSPORT RATES PROPOSED BY IAC ARE ADOPTED.

4

5 A. THE RATE LEVELS PROPOSED BY IAC COULD HAVE
6 SIGNIFICANT IMPACTS ON SOUTHERN BELL'S PUBLIC
7 SWITCHED NETWORK. ADOPTING AN INTRASTATE RATE
8 STRUCTURE AND RATE LEVELS THAT ARE INCONSISTENT
9 WITH THE INTERSTATE JURISDICTION COULD CAUSE
10 SIGNIFICANT SHIFTS IN THE VOLUME OF USAGE OF TANDEM
11 SWITCHED TRAFFIC. IN OTHER WORDS, IF IAC'S
12 PROPOSAL IS ADOPTED, CUSTOMERS THAT ARE CURRENTLY
13 USERS OF DEDICATED TRANSPORT MAY RECONFIGURE TO
14 TANDEM SWITCHED TRANSPORT ON THE PUBLIC SWITCHED
15 NETWORK. THIS SHIFT IN TRAFFIC COULD CREATE
16 TRAFFIC LOAD PROBLEMS FOR THE PUBLIC SWITCHED
17 NETWORK REQUIRING SIGNIFICANT NEW NETWORK
18 INVESTMENT.

19

20 HAVING THE SAME RATE LEVELS IN BOTH THE INTERSTATE
21 AND INTRASTATE JURISDICTIONS WILL LESSEN THIS
22 THREAT SIGNIFICANTLY AND LESSEN ANY IMPETUS FOR
23 MISREPORTING PERCENT INTERSTATE USAGE (PIU).
24 FURTHER, MIRRORING THE INTERSTATE STRUCTURE AND
25 RATES WILL ALLOW SOUTHERN BELL TO OPERATE MORE

1 EFFICIENTLY FROM BOTH AN ADMINISTRATIVE AND BILLING
2 STANDPOINT. RATE PARITY WITH THE INTERSTATE
3 JURISDICTION WILL REDUCE CUSTOMER CONFUSION AND
4 REDUCE THE POSSIBILITY OF BILLING ERRORS.

5
6 ALSO, IAC'S RATE PROPOSAL FAILS TO ADDRESS HOW THE
7 BASIC RATEPAYERS OF THIS STATE COULD BE AFFECTED.
8 SOUTHERN BELL HAS PROPOSED RATES THAT WILL SERVE AS
9 AN INITIAL STEP TO ALLOWING IT TO COMPETE
10 EFFECTIVELY IN THE MARKETPLACE. THESE RATES WILL
11 ALLOW SOUTHERN BELL TO RETAIN INTEREXCHANGE CARRIER
12 CUSTOMERS ON THE PUBLIC SWITCHED NETWORK SO THAT
13 THE COMMISSION'S GOALS OF UNIVERSAL SERVICE AND
14 SUPPORT OF BASIC EXCHANGE SERVICE CAN CONTINUE TO
15 BE ACHIEVED. THE CRITICAL SUPPORT TO BASIC
16 EXCHANGE SERVICE DOES NOT APPEAR TO BE A CONCERN OF
17 IAC.

18
19 THE IXCs AND OTHER COMPETITORS HAVE NOT
20 DEMONSTRATED CONCERN FOR THE IMPACT ON THE BASIC
21 RATEPAYERS. THE COMMISSION IN ORDER NO. 16343, AT
22 PAGE 8, RECOGNIZED THAT THEY DO NOT HAVE THE SAME
23 RESPONSIBILITY TO THE RATEPAYERS AS THE LECs. THE
24 COMMISSION STATED:

25

1 THE IXCs ARE NOT HAMSTRUNG WITH THE
2 RESPONSIBILITIES FOR UNIVERSAL TOLL AND
3 LOCAL SERVICE WHICH WE IMPOSE ON THE
4 LECs. THIS ALONE ELIMINATES ANY
5 SEMBLANCE OR POSSIBILITY FOR 'TRUE
6 COMPETITION.' AS DISCUSSED EARLIER,
7 COMPETITIVE ENTRY BY THE IXCs WOULD BE
8 DIRECTED AT LUCRATIVE HIGH-VOLUME TOLL
9 ROUTES AND SPECIFIC LARGE-VOLUME TOLL
10 USERS.....TOLL RATES FOR SOME CONSUMERS
11 WILL GO DOWN, LOCAL RATES FOR ALL
12 CONSUMERS WILL ULTIMATELY GO UP.....

13

14 Q. PLEASE ADDRESS THE NEED FOR SOUTHERN BELL TO BE
15 ABLE TO COMPETE EFFECTIVELY.

16

17 A. THE NEED TO BE ABLE TO COMPETE EFFECTIVELY IS
18 CRITICAL TO SOUTHERN BELL AND THE RATEPAYERS OF
19 THIS STATE BECAUSE PRESENTLY ACCESS SERVICES
20 PROVIDE SIGNIFICANT SUPPORT TO BASIC EXCHANGE
21 SERVICES.

22

23 MANY PARTIES IN THIS PROCEEDING INCLUDING SOUTHERN
24 BELL, SUPPORT INCREASED COMPETITION FOR ACCESS
25 SERVICES. SOME HAVE EVEN RECOGNIZED THAT THE

1 MARKETPLACE IS ALREADY COMPETITIVE AND OTHERS WANT
2 THE STATE RESTRICTIONS TO BE ELIMINATED TO ALLOW
3 THEM TO COMPETE MORE FULLY ON AN INTRASTATE BASIS.
4 SOUTHERN BELL SHOULD BE A PLAYER IN THIS
5 COMPETITIVE ENVIRONMENT. IN ORDER TO RESPOND TO
6 INCREASED COMPETITION, SOUTHERN BELL AND OTHER
7 LOCAL EXCHANGE COMPANIES (LECs) SHOULD BE ALLOWED
8 TO ESTABLISH RATES TO MEET MARKET PRESSURES.

9
10 Q. WHAT IS YOUR OTHER POINT OF REBUTTAL TO MR.
11 GILLAN'S TESTIMONY?

12
13 A. MR. GILLAN'S TESTIMONY AT PAGE 9 (LINES 4 THROUGH
14 17) DOES NOT PROVIDE AN ACCURATE OR COMPLETE
15 PORTRAYAL OF THE IMPACT SOUTHERN BELL'S LOCAL
16 TRANSPORT FILING WILL HAVE ON SMALLER MARKETS.

17
18 HE INFERS THAT SOUTHERN BELL'S FILING COULD BE USED
19 TO INTRODUCE UNECONOMIC AND UNNECESSARY BARRIERS,
20 ENDING IN THE LACK OF COMPETITIVE CHOICES FOR
21 SERVING SMALLER MARKETS. ON THE OTHER HAND, MR.
22 GILLAN CLAIMS THAT IAC'S PROPOSAL WILL NOT
23 MATERIALLY DISADVANTAGE THE SMALLER MARKETS.

24
25 THE FACT IS, UNDER SOUTHERN BELL'S PROPOSED TARIFF,

1 ALL PURCHASERS OF SWITCHED ACCESS WILL CONTINUE TO
2 PAY THE SAME RATE FOR MORE THAN 95% OF THEIR
3 SWITCHED ACCESS USAGE CHARGES. WITH SWITCHED
4 TRANSPORT INCLUDED, THE DIFFERENCE BETWEEN THE
5 HIGHEST TRANSPORT RATE (TANDEM SWITCHED) AT \$.04686
6 PER ACCESS MINUTE AND THE LOWEST TRANSPORT RATE
7 (DEDICATED DS3) AT \$.04573 PER ACCESS MINUTE IS
8 APPROXIMATELY 1/10TH OF A CENT. HENDRIX EXHIBIT 3
9 DEPICTS THIS INSIGNIFICANT RATE IMPACT ON IAC'S
10 MEMBERS.

11

12 Q. PLEASE COMMENT ON THE IMPACT THIS FILING WILL HAVE
13 ON SMALLER LESS DENSE MARKETS IN FLORIDA.

14

15 A. SOUTHERN BELL DOES NOT BELIEVE THAT SMALLER LESS
16 DENSE MARKETS IN FLORIDA WILL BE NEGATIVELY
17 IMPACTED. IT IS FAIRLY SAFE TO ASSUME THAT AT&T
18 WILL CONTINUE TO SERVE THESE MARKET AREAS ALONG
19 WITH OTHER INTEREXCHANGE CARRIERS (IXCs). IN FACT
20 IN THE LOCAL TRANSPORT RESTRUCTURE HEARINGS
21 CONDUCTED IN OTHER STATES, AT&T'S WITNESS HAS
22 STATED THAT IXC SERVING THE RURAL AREAS WOULD ALL
23 BE BASICALLY BUYING THE SAME FACILITIES, DS-1'S AND
24 TANDEM SWITCHING FACILITIES, AND COMPETITION MAY BE
25 ENHANCED RATHER THAN ADVERSELY AFFECTED.

1

2 ADDITIONALLY, SOUTHERN BELL WILL CONTINUE TO SERVE
3 THE SMALLER, LESS DENSE MARKETS AS WELL. AS HAS
4 BEEN THE CASE IN THE PAST, THESE CUSTOMERS WILL BE
5 AFFORDED THE SAME QUALITY OF SERVICE AND PERHAPS
6 MORE COMPETITIVE SERVICE OPTIONS AS ENJOYED BY
7 CUSTOMERS IN THE MORE URBAN AREAS.

8

9 Q. TELEPORT COMMUNICATIONS GROUP, INC. HAS FILED
10 TESTIMONY IN THIS INSTANT PROCEEDING. DO YOU HAVE
11 ANY POINTS OF REBUTTAL TO MR. ANDREASSI'S
12 TESTIMONY?

13

14 A. YES I DO. IT IS OBVIOUS THAT MR. ANDREASSI DOES
15 NOT UNDERSTAND IMPUTATION IN THE CONTEXT OF ISSUE
16 23. (HOW SHOULD THE COMMISSION'S IMPUTATION
17 GUIDELINES BE MODIFIED TO REFLECT A REVISED
18 TRANSPORT STRUCTURE (IF LOCAL TRANSPORT RESTRUCTURE
19 IS ADOPTED)?) MR. ANDREASSI'S RESPONSE TO THIS
20 ISSUE IS INAPPROPRIATE AND GOES BEYOND THE SCOPE OF
21 THE ISSUE AT HAND.

22

23 IMPUTATION REQUIREMENTS ARE CONTRARY TO THE INTENT
24 OF COMPETITION. ONLY A SELECT FEW ARE ASSURED OF
25 BENEFITING FROM IMPUTATION - IXC'S AND OTHER TOLL

1 PROVIDERS. THERE IS NO EQUITY IN PLACING THESE
2 REQUIREMENTS ON THE LECs WHILE THE IXC_s AND OTHER
3 TOLL PROVIDERS HAVE FREEDOM FROM THESE ONEROUS AND
4 UNNECESSARY IMPUTATION REQUIREMENTS. IF THE
5 IMPUTATION REQUIREMENTS ARE TO BE CONTINUED, THEY
6 SHOULD BE APPLIED TO ALL TOLL PROVIDERS. IAC'S
7 WITNESS, MR. GILLAN ALSO ADVOCATES THIS POSITION AT
8 PAGE 20 OF HIS TESTIMONY, LINES 8 AND 9. HE STATES
9 THAT:

10

11 TO CONTINUE TO SATISFY THESE OBJECTIVES,
12 THE ACCESS TRANSPORT RESTRUCTURE SHOULD
13 BE APPLIED TO THE TOLL SERVICES OF LOCAL
14 TELEPHONE COMPANIES AS WELL AS
15 INTEREXCHANGE CARRIERS.

16

17 HOWEVER, AS STATED BY MR. ANDREASSI AND OTHERS IN
18 THIS PROCEEDING, THE LOCAL TRANSPORT PORTION OF
19 SWITCHED ACCESS IS AND WILL BECOME MORE COMPETITIVE
20 ONCE SWITCHED ACCESS INTERCONNECTION IS
21 IMPLEMENTED. BECAUSE OF THIS INCREASED
22 COMPETITION, THERE SHOULD BE NO IMPUTATION
23 REQUIREMENTS. THE MARKET CONDITIONS SHOULD DICTATE
24 THE APPROPRIATE RATE LEVEL FOR TOLL SERVICES.

25

1 Q. AT PAGE 17 OF MR. ANDREASSI'S TESTIMONY AND PAGE 14
2 OF MR. METCALF'S TESTIMONY THEY RESPOND TO THE
3 ISSUE: SHOULD THE LECs BE ALLOWED TO HAVE MORE
4 PRICING FLEXIBILITY? MR. ANDREASSI STATED THAT THE
5 LECs SHOULD NOT BE GRANTED PRICING FLEXIBILITY
6 BEYOND WHAT WAS GRANTED BY THE FCC. MR. METCALF IN
7 EFFECT STATED THAT ONCE THE AAVs HAVE GAINED ALL
8 THE MARKET SHARE THEY CAN HANDLE, THEN THE
9 COMMISSION SHOULD ALLOW THE LECs PRICING
10 FLEXIBILITY.

11
12 WHAT IS YOUR OPINION REGARDING THESE GENTLEMEN'S
13 RECOMMENDATIONS?

14
15 A. SOUTHERN BELL VIGOROUSLY OPPOSES THE CONCLUSIONS OF
16 MR. ANDREASSI AND MR. METCALF. IT IS APPARENT THAT
17 THE MOTIVES FOR THESE RECOMMENDATIONS SELF-SERVING.
18
19 PRICING FLEXIBILITY IS NEEDED TO ALLOW SOUTHERN
20 BELL AND OTHER LECs TO RESPOND COMPETITIVELY IN THE
21 PROVISION OF ACCESS SERVICES FOR CUSTOMERS. AS
22 STATED EARLIER, ACCESS SERVICES HAVE TRADITIONALLY
23 PROVIDED SIGNIFICANT CONTRIBUTION TO THE
24 MAINTENANCE OF LOW RESIDENTIAL RATES. IN ORDER TO
25 KEEP ACCESS CUSTOMERS, AND THUS CONTINUE SUPPORT TO

1 LOW RESIDENTIAL RATES, PRICING FLEXIBILITY IS THE
2 KEY TO PROVIDING THE LECs WITH THE ABILITY TO BE
3 PROACTIVE AND REACTIVE IN THIS COMPETITIVE MARKET.

4
5 Q. SPECIFICALLY, HOW DO YOU RESPOND TO MR. ANDREASSI'S
6 ALLEGATION THAT ADDITIONAL PRICING FLEXIBILITY WILL
7 INCREASE THE RISK OF WHAT HE CALLS "PRICING
8 ABUSES" BY THE LECs?

9
10 A. I STRONGLY DISAGREE WITH HIS ASSERTION. MR.
11 ANDREASSI'S THEORY IS BASICALLY THAT GRANTING
12 PRICING FLEXIBILITY WILL ENABLE THE LECs TO PRICE
13 TRANSPORT SERVICES BELOW THEIR COST FOR SOME
14 ANTI-COMPETITIVE PURPOSE. THE PROBLEM WITH THIS
15 CONTENTION IS THAT NO POSITION TAKEN BY ANY LEC IN
16 THIS PROCEEDING COULD BE CONSTRUED TO EVEN REMOTELY
17 SUGGEST AN INTENTION TO PRICE TRANSPORT SERVICES
18 BELOW THEIR INCREMENTAL COST. MR. ANDREASSI'S
19 POSITION IS, IN EFFECT, THAT LEC PRICES SHOULD BE
20 ARTIFICIALLY CONSTRAINED AT A LEVEL THAT WILL
21 OBVIOUSLY BENEFIT THE LEC'S COMPETITORS IN ORDER TO
22 PREVENT SOME PRICING ABUSE THAT HE SPECULATES MIGHT
23 BECOME A PROBLEM. I BELIEVE HIS CONTENTION ON THIS
24 POINT IS TRANSPARENTLY SELF SERVING.

25

1 Q. HOW DO YOU RESPOND TO MR. METCALF'S CONTENTION
2 THAT, WHILE ADDITIONAL PRICING FLEXIBILITY FOR LECs
3 IS ACCEPTABLE, IT SHOULD NOT BE GRANTED UNTIL SOME
4 LATER DATE?
5
6 A. I DISAGREE WITH THIS POSITION ALSO. THE ULTIMATE
7 BENEFICIARIES OF COMPETITION SHOULD ALWAYS BE
8 CUSTOMERS. IN ORDER TO ENSURE THAT THE USERS OF
9 TELECOMMUNICATIONS SERVICES ARE, IN FACT, THE ONES
10 WHO BENEFIT, IT IS IMPORTANT TO ALLOW COMPETITION
11 THAT WILL RESULT IN END USERS BEING ABLE TO OBTAIN
12 THE BEST PRICE FOR A SERVICE FROM THE MOST
13 EFFICIENT COMPETITOR. UNDER MR. METCALF'S
14 APPROACH, THE PRICES CHARGED BY LECs WOULD BE
15 ARTIFICIALLY CONSTRAINED FOR SOME PERIOD OF TIME
16 ADEQUATE TO ALLOW ALTERNATE ACCESS VENDORS TO TAKE
17 AWAY SOME OF THE LECs' MARKET SHARE. WHILE IT IS
18 OBVIOUS THAT THIS APPROACH HAS SUBSTANTIAL BENEFIT
19 FOR ALTERNATE ACCESS VENDORS, IT IS EQUALLY CLEAR
20 THAT IT DEPRIVES END USERS OF THE FULL BENEFIT OF
21 COMPETITION BY LIMITING THEIR CHOICES IN THE
22 MARKETPLACE. ON THE OTHER HAND, IF THE LECs ARE
23 GRANTED IMMEDIATE PRICING FLEXIBILITY, THEN
24 CUSTOMERS WILL HAVE FULL AND IMMEDIATE ACCESS TO
25 THE COMPLETE RANGE OF COMPETITIVE OPTIONS.

1

2 Q. MR. ROCK HAS FILED TESTIMONY IN THIS PROCEEDING ON
3 BEHALF OF SPRINT COMMUNICATIONS COMPANY LIMITED
4 PARTNERSHIP. DO YOU HAVE ANY POINTS OF REBUTTAL TO
5 MR. ROCK'S TESTIMONY?

6

7 A. YES I DO.

8

9 FIRST, MR. ROCK'S ANALYSIS (AT PAGE 3, LINES 1
10 THROUGH 7) LACKS LOGIC. AT PAGE 3 OF HIS
11 TESTIMONY, MR. ROCK ASSERTS THAT THE
12 INTERCONNECTION CHARGE RATE ELEMENT WILL SERVE TO
13 INSURE REVENUE NEUTRALITY FOR THE LECs AS THEY LOSE
14 MARKET SHARE IN THE ACCESS SERVICES MARKET. MR.
15 ROCK'S ASSERTION IS BUILT UPON SAND RATHER THAN
16 ROCK. THE PURPOSE OF THE INTERCONNECTION CHARGE
17 WAS TO INSURE THAT THE EFFECT OF THE LOCAL
18 TRANSPORT RESTRUCTURE, NOT COLLOCATION, WAS REVENUE
19 NEUTRAL. TO THE EXTENT THAT THE INTERCONNECTION
20 CHARGE RATE LEVEL IS NOT INCREASED AND NO SUCH
21 INCREASE IS ALLOWED IN THE INTERSTATE JURISDICTION,
22 THE LECs WILL EXPERIENCE A REVENUE LOSS.

23

24 Q. AT PAGES 7 AND 8, MR. ROCK PROPOSES THAT THE
25 APPROPRIATE DS3:DS1 PRICE RELATIONSHIP IS 22:1. DO

1 YOU AGREE WITH HIS PROPOSAL?

2

3 A. NO. THE FCC, PRIOR TO ALLOWING THESE RATES TO
4 BECOME EFFECTIVE, ADDRESSED THE SAME ARGUMENTS AND
5 PROPOSALS BEING PUT FORTH BY MR. ROCK. THEY WERE
6 NOT ACCEPTED AT THE FCC AND HAVE NOT BEEN ACCEPTED
7 IN SOUTH CAROLINA AND TENNESSEE. THE FCC IN CC
8 DOCKET NO. 91-213 CONCLUDED THAT ENTRANCE FACILITY
9 (SWITCHED LOCAL CHANNEL) AND DIRECT TRANSPORT RATES
10 WILL BE PRESUMED REASONABLE IF SUCH RATES SATISFY A
11 BENCHMARK DS3-TO-DS1 RATE RELATIONSHIP ABOVE A 9.6
12 TO 1. SOUTHERN BELL'S RATES RESULT IN A
13 RELATIONSHIP THAT IS FAR ABOVE THIS BENCHMARK.

14

15 MR. ROCK, LIKE MR. GILLAN, CONVENIENTLY AVOIDS THE
16 IMPACT ON ON THE PUBLIC SWITCHED NETWORK AND LOCAL
17 RATES IF THEIR PROPOSALS ARE ADOPTED BY THE
18 COMMISSION. FURTHER, THEY IGNORE THAT THE PROPOSED
19 TARIFF WAS TO FOSTER FULL ACCESS COMPETITION.

20 SOUTHERN BELL'S PRESENT AND FUTURE COMPETITORS WILL
21 NOT BE CONSTRAINED BY MR. ROCK'S OR IAC'S PRICING
22 PROPOSALS.

23

24 Q. DO YOU HAVE FINAL COMMENTS ON LOCAL TRANSPORT
25 RESTRUCTURE?

1

2 A. YES. SOUTHERN BELL ASKS THE COMMISSION TO NOTE
3 THAT THERE ARE MORE THAN 100 PURCHASERS OF SWITCHED
4 ACCESS IN FLORIDA. NO ONE IS OPPOSING SOUTHERN
5 BELL'S PROPOSED TARIFF STRUCTURE. ONLY THE MEMBERS
6 OF IAC AND SPRINT ARE OPPOSED TO ONLY A FEW OF THE
7 ELEMENTS IN SOUTHERN BELL'S RESTRUCTURED TRANSPORT
8 SERVICE TARIFF. IT STANDS TO REASON THAT IF
9 CHANGES WERE WARRANTED IN THIS FILING MORE PARTIES
10 WOULD HAVE INTERVENED IN THIS DOCKET TO OPPOSE DENY
11 SOUTHERN BELL'S TARIFF FILING. THIS HAS NOT
12 HAPPENED.

13

14 GIVEN THAT, SOUTHERN BELL'S PROPOSED RESTRUCTURE OF
15 SWITCHED ACCESS TRANSPORT SERVICE TARIFF WITH THE
16 PROPOSED RATES SHOULD BE APPROVED FOR MANY REASONS:

17

18 I. TO MIRROR THE INTERSTATE SWITCHED
19 TRANSPORT RATES AND STRUCTURE
20 APPROVED BY THE FCC (EXCLUDING THE
21 INTERCONNECTION CHARGE);

22

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

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

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

V. TO FACILITATE THE DEVELOPMENT OF
ACCESS COMPETITION.

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. YES.