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REBUTTAL TESTIMONY OF PAUL KOUROUPAS
ON BEHALF OF
TELEPORT COMMUNICATIONS GROUP INC.
DOCKET NO. 950985-TP
SEPTEMBER 29, 1995



1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Paul Kouroupas. My business address is
3 Two Teleport Drive, Suite 300, Staten Island, New
4 York 10311.

5
6 Q. DID YOU FILE DIRECT TESTIMONY IN THIS PROCEEDING?

7 A. Yes. I filed direct testimony with Teleport
8 Communications Group's ("TCG") petition to
9 establish an appropriate interconnection rate
10 structure and level for the exchange of traffic
11 between TCG and BellSouth Telecommunications, Inc.
12 ("BellSouth" or "Southern Bell").

13
14 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

15 A. The purpose of my rebuttal testimony is to respond
16 to the parties who have addressed appropriate
17 technical, administrative and financial
18 interconnection arrangements in their direct
19 testimony. Specifically, I support the unanimous
20 testimony of the competitive parties who explain
21 why BellSouth's proposal to charge switched access
22 rates for call termination will preclude
23 sustainable local exchange competition and who

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1 urge the Commission to adopt a bill and keep
2 reciprocal compensation mechanism, at least for an
3 interim period.

4
5 I will also explain further why TCG's capacity-
6 based pricing proposal is appropriate should the
7 Commission decline to adopt a bill and keep
8 mechanism. I will address BellSouth Witness
9 Banerjee's argument that a capacity-based
10 structure does not permit BellSouth to properly
11 recover the network costs it incurs to terminate
12 TCG's traffic, as well as other arguments made by
13 the BellSouth witnesses regarding customer traffic
14 patterns.

15
16 Consistent with the issues designated by the
17 Commission in this proceeding, I will also
18 describe the technical and administrative
19 arrangements TCG requires from BellSouth in order
20 to ensure seamless interconnection of our
21 networks.

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1 Q. CERTAIN PARTIES ADDRESSED "UNBUNDLING". ARE THESE
2 PARTIES' DESCRIPTIONS OF UNBUNDLING CONSISTENT
3 WITH WHAT TCG INDICATED IN ITS PETITION THAT IT
4 REQUIRES IN ORDER TO OPERATE AS AN ALEC?

5 A. AT&T Witness Guedel provided an overview of
6 interconnection and described the level of
7 unbundling which is useful for local exchange
8 competition to develop in all areas of Florida.
9 Specifically, Mr. Guedel identifies the physical
10 components of the incumbent's network which should
11 be unbundled, which he refers to as "basic network
12 functions". Guedel Testimony at 5-6. BellSouth
13 Witness Scheye also addressed "unbundling",
14 although more broadly than Mr. Guedel. Mr. Scheye
15 identified the network components and
16 functionalities that BellSouth may offer on an
17 unbundled basis. Scheye Testimony at 11-17.

18
19 To be clear, TCG requires access to the
20 capabilities that Mr. Scheye described as
21 "unbundled" functionalities. These
22 functionalities, such as access to BellSouth's 911
23 interconnection points, inclusion of TCG's
24 customers in BellSouth's directory listings
25 database and directories, access to its SS7
26 signalling network, and number administration, are

1 identified in TCG's petition as the technical and
2 administrative arrangements it requires from
3 BellSouth in order to insure that the companies
4 can seamlessly interconnect their networks. I
5 will describe these functionalities in more detail
6 below.

7
8 To the extent that the Commission can address
9 unbundling of the incumbent's network components,
10 particularly loops, it will be beneficial for
11 competition in the State. However, I must
12 emphasize that TCG seeks the ability to offer
13 local exchange service as soon as it is legally
14 permitted to do so. I, therefore, recommend that
15 the Commission not expand the scope of TCG's
16 petition beyond that which it requires to
17 immediately enter the market and begin serving
18 customers.

19
20 **Q. IS RESALE AN ISSUE IN THIS PROCEEDING?**

21 A. No. BellSouth Witness Varner stated that resale
22 is interrelated to the issue of local
23 interconnection. Varner Testimony at 4-5. TCG
24 has not addressed resale in its petition. Resale
25 is an issue in 950984-TP and BellSouth should
26 therefore not be permitted to delay TCG's

1 interconnection proceeding with this issue.

2

3 **Q. BELLSOUTH WITNESS VARNER ARGUED THAT THE**
4 **COMMISSION MUST ADDRESS UNIVERSAL SERVICE AT THE**
5 **SAME TIME THAT IT IMPLEMENTS AN INTERCONNECTION**
6 **RATE FOR TCG? VARNER TESTIMONY AT 4-7. DO YOU**
7 **AGREE?**

8 A. I agree that universal service issues are
9 important and that the Commission should address
10 these issues in the current interim proceeding and
11 in a permanent universal service proceeding. I do
12 not agree that the Commission should consider
13 these issues in this case. It is not clear what
14 form an interim universal service mechanism will
15 take nor whether it will affect interconnection
16 arrangements as BellSouth argues. The more
17 appropriate issue in this case is to ensure that
18 TCG and BellSouth are fairly compensated for their
19 costs of terminating each other's traffic.

20

21 As TCG stated in its petition, BellSouth's
22 proposal to charge TCG switched access rates will
23 preclude TCG from being able to offer competitive
24 local exchange service. Petition at 7-9. The
25 Commission must, instead, adopt the proposal I
26 describe below which will insure that both

1 carriers are fairly compensated.

2

3 Q. DO YOU AGREE WITH AT&T WITNESS GUEDEL THAT THE
4 INTERCONNECTION ARRANGEMENT TCG SEEKS FROM
5 BELLSOUTH MAY BE DIFFERENT FROM WHAT OTHER ALECS
6 REQUIRE? GUEDEL TESTIMONY AT 11.

7 A. Yes. Competitive carriers may have different
8 interconnection needs based on their network
9 architecture or marketing plans. In its petition,
10 TCG described an arrangement that is suitable for
11 TCG's plans to offer service in Florida. TCG does
12 not intend to convey to the Commission that its
13 arrangement should not be varied based upon what
14 other ALECs require from BellSouth, recognizing,
15 of course, that all carriers are required to offer
16 non-discriminatory services.

17

18 Q. MCI, MFS, AT&T, FLORIDA CABLE TELECOMMUNICATIONS
19 ASSOCIATION ("FCTA"), AND TIME WARNER HAVE
20 PRESENTED COMPELLING REASONS FOR IMPLEMENTING A
21 BILL AND KEEP STRUCTURE FOR THE EXCHANGE OF
22 TRAFFIC BETWEEN TCG AND BELLSOUTH? IS THIS A
23 VIABLE OPTION?

24 A. Yes. The other potential competitors have
25 described the administrative simplicity of
26 exchanging local traffic with BellSouth on a bill

1 and keep (or "mutual traffic exchange") basis.
2 Most importantly, the parties explained that a
3 bill and keep mechanism is the most appropriate
4 way to avoid billing and measurement costs
5 associated with the termination of local traffic
6 and is the least cost means of compensation,
7 thereby allowing carriers to offer local exchange
8 calling at rates that are as low as possible.
9 Cornell Testimony at 11-15; Devine Testimony at 9-
10 11; Guedel Testimony at 13-14; FCTA Testimony at
11 8-9; McGrath Testimony at 8-10.

12

13 **Q. THESE SAME PARTIES EXPLAINED THAT TO THE EXTENT**
14 **THAT TRAFFIC DELIVERED FOR TERMINATION BETWEEN TCG**
15 **AND BELLSOUTH IS BALANCED, A BILL AND KEEP**
16 **ARRANGEMENT IS AN APPROPRIATE LONG TERM SOLUTION.**
17 **DO YOU AGREE?**

18 A. Yes. In fact, the issues of billing and
19 measurement costs I addressed above and traffic
20 balance are related. There is no reason for a
21 carrier to spend more money to bill another
22 carrier to terminate traffic than it can collect
23 from that carrier. In other words, if no carrier
24 expects to collect net compensation greater than
25 its own measurement costs, then a bill and keep
26 structure is the best for both carriers.

1 Since competitive carriers have been limited in
2 the services they have historically been able to
3 offer in Florida, TCG has no specific information
4 regarding whether or not it will exchange a
5 balanced amount of traffic with BellSouth. I
6 indicated in my direct testimony that I do not
7 believe traffic will be balanced in the near term
8 because a lack of number portability will prevent
9 new entrants from attracting a mix of customer
10 classes comparable to those of BellSouth, a factor
11 necessary to reach balance. Kouroupas Testimony
12 at 9.

13
14 MCI Witness Cornell, on the other hand, believes
15 that networks will have roughly equal amounts of
16 incoming and outgoing traffic, thereby making the
17 traffic exchanged between them balanced. Cornell
18 Testimony at 17-18. BellSouth believes that
19 traffic exchanged will be near balance. Scheye
20 Testimony at 4; Banerjee Testimony at 13. MFS
21 Witness Devine also stated that he believes
22 traffic will be in balance between BellSouth and
23 the ALECs. He also made the point that in New
24 York, MFS, as the new entrant, terminates more
25 traffic from NYNEX than it sends to NYNEX for
26 termination. Based on this actual data, he still

1 believes that a bill and keep arrangement is in
2 the best interests of both carriers even though
3 MFS would technically forego its ability to
4 collect compensation payments from NYNEX if a bill
5 and keep structure was in place. MFS Testimony at
6 13.

7
8 **Q. COULD BELLSOUTH AND TCG INITIALLY TERMINATE EACH**
9 **OTHER'S TRAFFIC VIA A BILL AND KEEP ARRANGEMENT**
10 **WHILE AT THE SAME TIME MEASURING TRAFFIC FLOW TO**
11 **DETERMINE BALANCE?**

12 **A.** Yes. In fact, Connecticut has just ordered such
13 an arrangement, developed by the Office of
14 Consumer Counsel in that State, under which
15 interconnected carriers will operate pursuant to a
16 bill and keep arrangement for the ALEC's first
17 nine months of operation. During months six
18 through nine, the carriers will measure their
19 traffic patterns to detect any imbalance. If both
20 carriers are satisfied that traffic is
21 sufficiently balanced, they may continue to
22 operate under the bill and keep arrangement. If
23 they believe traffic to be sufficiently out of
24 balance such that a cash-specific mutual
25 compensation arrangement would be more cost
26 effective than a bill and keep mechanism, taking

1 into account billing and measurement costs, they
2 will continue operations under a cost-based per
3 minute or flat rate structured arrangement. In
4 addition, both carriers will reimburse each other,
5 based on cost, to reflect any traffic imbalances
6 that occurred during the nine month period,
7 thereby ensuring that no carrier is harmed. DPUC
8 Investigation into Unbundling of Southern New
9 England Telephone Company's Local
10 Telecommunications Network, Docket No. 94-10-02,
11 Decision, Sept. 22, 1995, at 64-65. As Time
12 Warner Witness McGrath and the FCTA Witnesses
13 pointed out, California has also adopted an
14 interim bill and keep mechanism. McGrath
15 Testimony at 12; FCTA Testimony at 10.

16
17 Should it be necessary to do so after the start-up
18 period, TCG seeks the ability to operate under a
19 cost-based, flat rated port arrangement under
20 which it can terminate all intraLATA traffic to
21 BellSouth at a flat monthly rate.

22
23 I believe this type of arrangement will work in
24 Florida. As in Connecticut, it will permit TCG to
25 enter the market without having to incur
26 significant, and possibly unnecessary,

1 administrative costs for measuring, billing and
2 collecting termination payments at the very early
3 stages of operations. This would be similar to
4 the "transitional period" mandated by the
5 Legislature in Section 364.01(4)(d), which
6 promotes competition by allowing new entrants to
7 be subject to a relaxed level of regulatory
8 oversight in order to encourage market entry.
9 Recognition of such a transitional period for
10 implementation of reciprocal compensation
11 arrangements, during which TCG can enter the
12 market and verify its traffic flow with BellSouth,
13 will also benefit competition.

14
15 Finally, as I explain below, TCG's flat-rate
16 reciprocal compensation proposal provides the
17 perfect vehicle for transitioning to a bill and
18 keep environment, if the Commission elects not to
19 order bill and keep at this time. Under TCG's
20 proposal, carriers are expected to measure peak
21 busy hour traffic flows in order to allocate the
22 cost of DS1 capacity port charges. Through these
23 measurements, carriers will know when traffic is
24 in balance.

25
26

1 Q. IF THE COMMISSION DOES NOT IMPLEMENT BILL AND
2 KEEP, IS A CAPACITY-BASED MECHANISM A USEFUL
3 TRANSITIONAL VEHICLE FOR CARRIERS TO REACH
4 BALANCE?

5 a. Yes. As I described in my direct testimony, a
6 capacity-based, flat rated port arrangement,
7 provided it is priced at a cost-based level, will
8 permit carriers to exchange traffic in a manner
9 which is consistent with the local calling
10 environment. Kouroupas Testimony at 26-27. In
11 other words, TCG will have the flexibility to
12 attract customers by offering a flat rate local
13 calling product which TCG can terminate to
14 BellSouth at a flat rate. By having the ability
15 to attract flat rate customers, in addition to
16 customers using measured or usage-based services,
17 TCG will be in a better position to obtain the
18 same customer mix as BellSouth, which is, as I
19 stated above, a necessary ingredient for balanced
20 traffic.

21
22 Otherwise, both TCG and BellSouth, which already
23 offers flat rate calling, will incur additional
24 costs without the benefit of additional revenue,
25 to terminate these calls. If BellSouth charges
26 TCG a per minute rate to terminate flat rate

1 originated traffic, TCG will quickly find itself
2 in a price squeeze as it is forced to pay
3 BellSouth more to terminate a call than it charges
4 the customer to make the call.

5

6 **Q. MFS WITNESS DEVINE AGREES WITH TCG THAT CHARGING**
7 **USAGE-BASED SWITCHED ACCESS RATES FOR CALL**
8 **TERMINATION WILL PLACE TCG IN A PRICE SQUEEZE IF**
9 **IT TRIES TO OFFER FLAT RATE SERVICE, BUT HE ARGUES**
10 **THAT TCG'S CAPACITY-BASED PROPOSAL WILL ALSO**
11 **RESULT IN A PRICE SQUEEZE. TESTIMONY AT 18-19.**
12 **IS THIS ACCURATE?**

13 **A.** No. TCG's flat rate port proposal will absolutely
14 permit TCG, and BellSouth, for that matter, to
15 offer flat rate and measured calling. TCG
16 proposes, consistent with Mr. Guedel's testimony
17 on pricing, that its ports should be priced at
18 cost. The ports can be calculated based upon
19 BellSouth's total service long run incremental
20 cost of providing DS1 capacity. Alternatively,
21 the Commission can utilize the methodology adopted
22 in Connecticut whereby BellSouth's total service
23 long run incremental cost ("TSLRIC") for call
24 termination on a per minute basis is multiplied by
25 the number of minutes TCG will terminate through a
26 DS1 capacity port, approximately 120,000 minutes.

1 The resulting flat rate will permit TCG to
2 terminate this amount of traffic at a single,
3 cost-based rate.

4
5 Exhibit PK6 attached to my direct testimony
6 includes results of a study prepared by Dr. Gerald
7 Brock, which reports that the average cost to a
8 LEC of terminating traffic from a competitor is
9 \$.002 per minute. Exhibit PK6, Incremental Cost
10 of Local Usage, at 1. This rate, when multiplied
11 by the number of minutes which TCG and BellSouth
12 can exchange via a DS1 port, results in a flat
13 monthly rate of \$240, which will allow for
14 economically viable local exchange competition.

15
16 **Q. DO THE OTHER COMPETITIVE PARTIES AGREE WITH TCG**
17 **THAT BELLSOUTH'S PROPOSAL TO CHARGE SWITCHED**
18 **ACCESS RATES (VARNER TESTIMONY AT 9-10) WILL**
19 **PRECLUDE COMPETITION?**

20 **A.** Yes. The other parties unanimously agreed with
21 TCG that the use of switched access charges as a
22 reciprocal compensation mechanism will create an
23 intolerable price squeeze. In fact, MCI firmly
24 stated that the only way for the Commission to
25 adopt these rates and "not kill any possibility"
26 of competition would be to require BellSouth to

1 impute these charges into its local exchange
2 rates, which would result in increased rates for
3 these services. Cornell Testimony at 22. Such a
4 result would undermine the benefits competition
5 can bring to Florida consumers. As I explained in
6 my direct testimony, TCG will clearly be required
7 to pay BellSouth more to terminate calls on a per
8 minute basis under switched access rates than it
9 can charge its customers to originate a call, thus
10 rendering local exchange competition uneconomic.
11 Kouroupas Testimony at 33.

12
13 BellSouth Witness Varner argued that I should not
14 have excluded business services from the price
15 squeeze analysis in my direct testimony. I
16 deliberately focused, however, on the residential
17 services market since this is the flat rated
18 market which TCG will be the least likely to serve
19 if it is forced to pay BellSouth's switched access
20 rates for call termination. Such a result is
21 wholly contrary to the Legislature's intent to
22 ensure the availability of choice to the widest
23 possible range of consumers.

24
25 It is chillingly significant that all of the other
26 parties agreed with TCG that BellSouth's

1 compensation plan is unworkable and will prevent
2 effective and sustainable local exchange
3 competition. The Commission must reject
4 BellSouth's proposal on this issue. Cornell
5 Testimony at 22-24; Devine Testimony at 14-18;
6 McGrath Testimony at 13-14; FCTA Testimony at 6-7
7 (recommending bill and keep, not a contribution-
8 laden interconnection rate based on existing LEC
9 price structures); Guedel Testimony at 17-18.

10
11 **Q. DOES BELLSOUTH CHARGE INDEPENDENT LOCAL EXCHANGE**
12 **CARRIERS SWITCHED ACCESS RATES TO TERMINATE LOCAL**
13 **TRAFFIC?**

14 **A.** No. Mr. Scheye described the arrangements the
15 companies have with each other in Exhibit No. RCS-
16 2. BellSouth and the independent companies
17 operate under a bill and keep arrangement for the
18 completion of local traffic, recognizing that they
19 are co-carriers and not customers of each other.
20 Such an arrangement permits them to avoid the
21 billing and measuring costs associated with
22 terminating this traffic. Presumably, these
23 historical arrangements have been efficient
24 because local traffic flow between these carriers
25 has been at or near balance, consistent with
26 BellSouth's testimony that such balance is to be

1 expected. Parties have argued in this proceeding
2 that this will similarly be the case with
3 BellSouth and the ALECs. Therefore, it is
4 appropriate for the Commission to order BellSouth
5 and TCG to operate pursuant to such a bill and
6 keep arrangement with a "true-up mechanism, as was
7 implemented in Connecticut, in order to adjust for
8 any traffic imbalance.

9
10 **Q. BELLSOUTH WITNESS BANERJEE DISAGREED WITH TCG THAT**
11 **A CAPACITY-BASED COMPENSATION MECHANISM MATCHES**
12 **THE COST STRUCTURE OF CALL TERMINATION WITH THE**
13 **APPROPRIATE PRICE STRUCTURE. BANERJEE TESTIMONY**
14 **AT 9-11. IS HE CORRECT?**

15 **A.** No. Mr. Banerjee argued that network costs of
16 interconnection vary with the capacity and with
17 the usage of these facilities during peak period
18 demand. He argued that TCG's capacity-based
19 arrangement fails to take into account the fact
20 that BellSouth incurs costs arising from the
21 shared use of interconnection facilities by
22 different users. Banerjee Testimony at 10-11.

23
24 Contrary to Mr. Banerjee's arguments, a capacity-
25 based arrangement does reflect proper utilization
26 of the network. Such an arrangement is simply

1 based on the unit of capacity available to
2 terminate traffic instead of the measured traffic
3 flow. TCG will be required to purchase more units
4 based proportionately upon how much it uses
5 BellSouth's network. As traffic flows increase,
6 more capacity is needed, thereby requiring the
7 interconnector to determine the number of ports
8 required to properly manage its traffic and to
9 purchase more capacity as traffic flows increase.
10 As I confirm below, TCG would also be required to
11 purchase enough capacity at all times to meet
12 engineering guidelines for peak usage.

13
14 In order to take full advantage of a capacity-
15 based arrangement, TCG would have to provide a
16 greater incentive than already exists for
17 consumers to use the network at off-peak times,
18 which I believe represents a positive policy
19 initiative to encourage competition "around the
20 clock" for all classes of customers. Accordingly,
21 the number of ports that TCG would have to
22 purchase from BellSouth will increase with the
23 traffic it generates. If TCG is able to stimulate
24 10 percent more traffic to off-peak periods, for
25 example, 5 percent of which is new traffic and 5
26 percent of which is traffic shifted from the peak

1 period, then TCG would be able to effectively
2 achieve a 10 percent discount over what it would
3 have paid through a per minute arrangement, and
4 can pass this cost savings on to consumers.

5
6 Moreover, when TCG purchases a flat rated port
7 from BellSouth, BellSouth is assured of the full
8 revenue of that port (based on its TSLRIC costs of
9 capacity), regardless of whether TCG sends one
10 minute or 120,000 minutes to the port for
11 termination. This port is not shared with any
12 other provider. In addition, BellSouth has the
13 ability to maximize the operation of its switching
14 facilities by using the switch to complete calls
15 for all other carriers, which will each pay
16 BellSouth for this service. TCG's proposal does
17 not prevent BellSouth from recovering its costs
18 from every carrier which uses its network.

19
20 **Q. MR. BANERJEE EXPRESSED CONCERN ABOUT TCG ONLY**
21 **ATTRACTING CUSTOMERS WITH A HIGH TERMINATING-TO-**
22 **ORIGINATING TRAFFIC RATIO. BANERJEE TESTIMONY AT**
23 **13-14; SCHEYE TESTIMONY AT 8. DO YOU BELIEVE THERE**
24 **IS ANY BASIS FOR THIS CONCERN?**

25 **A.** No. Mr. Banerjee appears concerned that TCG will
26 serve customers with inordinate quantities of

1 inbound traffic, which will result in BellSouth
2 terminating more traffic to TCG than TCG
3 terminates to BellSouth. Mr. Banerjee's concern
4 is unfounded and fails to account for the fact
5 that there exists no service provider number
6 portability. If a customer has predominantly
7 inbound traffic, then that customer has a
8 substantial proprietary interest in its telephone
9 number. Under such circumstances, it is highly
10 unlikely that the customer would take service from
11 TCG since to do so would require it to suffer the
12 expense and marketing problems associated with
13 changing its telephone number. Mr. Banerjee's
14 concern also appears to contradict his own
15 prediction that traffic exchanged between carriers
16 will be balanced. Banerjee Testimony at 12-13.

17
18 Moreover, Mr. Banerjee's concern is only valid to
19 the extent that carriers receive greater revenue
20 from terminating other carriers' traffic than from
21 originating their own traffic. This would be the
22 case under BellSouth's unreasonably high
23 reciprocal compensation proposal, but not under
24 the other parties' proposals. Therefore,
25 BellSouth may have developed a self-fulfilling
26 prophecy by proposing to price call completion

1 services in a uneconomic manner.

2

3 **Q. SHOULD MR. BANERJEE BE WORRIED THAT TCG WILL**
4 **"OVERSTUFF" ITS TRUNKS CONNECTED TO BELLSOUTH'S**
5 **NETWORK IN ORDER TO TAKE ADVANTAGE OF CAPACITY-**
6 **BASED PRICING? BANERJEE TESTIMONY AT 19.**

7 A. No. While I am not an engineer, I know that
8 telephone networks are engineered to a level at
9 which only one out of a hundred calls should be
10 blocked at the busiest hour. A level of service
11 which is less than this, caused by overstuffed
12 trunks, will not meet the standards of our
13 customers or the Commission. TCG, in its capacity
14 as a technically qualified local service provider,
15 engineers its networks nationally to meet this
16 standard and will do so in Florida, thereby
17 eliminating Mr. Banerjee's concern.

18

19 **Q. IS MR. SCHEYE'S "TOLL DEFAULT" PLAN FEASIBLE UNDER**
20 **WHICH HE PROPOSES TO APPLY ORIGINATING ACCESS**
21 **CHARGES TO ANY CALLS WHICH BELLSOUTH CANNOT**
22 **IDENTIFY AS LOCAL OR TOLL? SCHEYE TESTIMONY AT 5-**
23 **7.**

24 A. No. In fact, I am perplexed by Mr. Scheye's
25 suggestion. Taken literally, Mr. Scheye would be
26 suggesting that anytime BellSouth originates a

1 "toll" call which terminates to an ALEC, BellSouth
2 will assess originating access charges. I do not
3 believe that this is what Mr. Scheye is suggesting
4 since it would also, presumably, work in reverse.
5 That is, anytime an ALEC originates a "toll" call
6 to BellSouth, the ALEC would assess originating
7 access charges to BellSouth. This would be
8 nonsensical since it would require each local
9 carrier to establish billing and collection
10 relationships with an infinite number of
11 customers.

12
13 I believe what Mr. Scheye may be suggesting is
14 that if an ALEC utilizes NXX codes in a manner
15 different from BellSouth, which results in
16 BellSouth being unable to determine the
17 jurisdictional nature of the call, then BellSouth
18 will rate it as a "toll" call to its end user and
19 charge the ALEC originating access charges. Of
20 course, this would result in a situation where
21 BellSouth is "double dipping" by charging both its
22 end user and the ALEC.

23
24 I share Mr. Scheye's concern regarding the
25 carriers' ability to properly rate calls, however,
26 his "toll default" solution is not feasible.

1 Moreover, the Commission needs to be cognizant of
2 the relationship between BellSouth's rate centers
3 and area code exhausts. If ALECs are required to
4 duplicate BellSouth's rate center design then the
5 ALECs will consume a greater number of NXX codes
6 than would ordinarily be required to serve
7 customers. This could potentially accelerate the
8 exhaust of existing and future Numbering Plan
9 Areas ("NPAs"). In the early stages of
10 competition, an ALEC will only require one NXX
11 code to serve a LATA due to the minimal number of
12 customers the ALEC will serve. However, if an
13 ALEC is required to match BellSouth's rate centers
14 than the ALEC will need multiple NXX codes. A
15 better approach would be to require BellSouth to
16 screen to seven digits which would allow it to
17 jurisdictionalize traffic originated by its end
18 users.

19
20 As far as an ALEC's ability to design its own
21 local calling areas, reciprocal compensation plays
22 a primary role. If local carriers are permitted
23 to terminate all intraLATA traffic to BellSouth at
24 a single rate then an ALEC can design its own
25 local calling areas without economic penalty. On
26 the other hand, if traffic is jurisdictionalized

1 and local carriers are required to pay different
2 charges for terminating "local" and "toll" traffic
3 to BellSouth, then an ALEC risks a severe economic
4 penalty from terminating "local" traffic at "toll"
5 termination rates. This is why, in addition to a
6 bill and keep arrangement, TCG has advocated a
7 reciprocal compensation arrangement which permits
8 the termination of all intraLATA, direct dialed
9 traffic at a single, cost-based flat rate. This
10 is the arrangement that both New York and
11 Connecticut have adopted.

12
13 **Q. MCI WITNESS CORNELL STATED THAT YOUR PROPOSAL FOR**
14 **A COMBINED RATE FOR THE TERMINATION OF LOCAL AND**
15 **TOLL TRAFFIC ON BELLSOUTH'S NETWORK WILL PLACE**
16 **INTEREXCHANGE CARRIERS IN A PRICE SQUEEZE.**
17 **CORNELL TESTIMONY AT 31-32. IS THIS LIKELY TO**
18 **HAPPEN?**

19 **A.** No. TCG seeks the ability to terminate both local
20 and toll traffic to BellSouth at a single, cost-
21 based flat rate so that it may generate its own
22 internal subsidies to meet its Lifeline and other
23 service obligations. Kouroupas Direct Testimony
24 at 38-39. It also permits an ALEC to develop its
25 own local calling areas, particularly an area
26 larger than BellSouth's current local calling

1 area, because it will permit TCG to send all
2 traffic to BellSouth for termination without
3 fearing that it will have to terminate a local
4 call originated by one of its customers at a toll
5 termination rate. The interexchange carriers need
6 not be concerned about local calling areas and do
7 not have the same service obligations as an ALEC.
8 This is the distinction I believe is important, at
9 this point in time, for the development of a
10 reciprocal compensation proposal for TCG in its
11 capacity as an ALEC. TCG agrees that a future
12 review of switched access rates by the Commission,
13 in which prices are more closely matched to costs,
14 will be beneficial for all competitive
15 telecommunications markets.

16
17 **Q. SHOULD BELLSOUTH TARIFF THE INTERCONNECTION RATES**
18 **AND ARRANGEMENTS WHICH THE COMMISSION ORDERS IN**
19 **THIS PROCEEDING?**

20 **A.** Yes. I agree with the other parties that it is
21 appropriate for BellSouth to tariff the rates and
22 arrangements established in this proceeding.
23 Scheye Testimony at 10-11; McGrath Testimony at
24 14; FCTA Testimony at 11.

1 Q. WHAT ARRANGEMENTS SHOULD BE IN PLACE TO ENSURE
2 THAT TCG'S CUSTOMERS CAN SEND AND RECEIVE CALLS
3 FROM CARRIERS WHICH ARE NOT DIRECTLY CONNECTED TO
4 TCG?

5 A. TCG seeks to establish direct connections with as
6 many local carriers and interexchange carriers
7 ("IXCs") as possible. In this regard, TCG plans
8 to notify all carriers in Florida of their
9 opportunity to interconnect with TCG directly. In
10 some instances, however, these carriers will send
11 or receive such a small amount of traffic to TCG
12 that they may decide it would not be efficient to
13 establish a direct connection.
14 Since BellSouth already has connections with all
15 carriers, it can establish a meet point trunking
16 and billing arrangement with TCG which apportions
17 access revenues derived from these third party
18 carriers in accordance with Ordering and Billing
19 Forum ("OBF") guidelines. In addition to
20 implementing a fair division of revenues, there
21 are other technical and administrative issues
22 associated with this arrangement, such as trunking
23 requirements and procedures for integrating new
24 carriers which connect to BellSouth. TCG believes
25 it will be able to work cooperatively with
26 BellSouth to sort out these details. BellSouth

1 Witness Scheye indicated that BellSouth would take
2 the initiative to offer the type of arrangement I
3 have described. Scheye Testimony at 3-4.

4

5 **Q. WHAT ARE THE APPROPRIATE ARRANGEMENTS FOR THE**
6 **EXCHANGE OF INTRALATA 800 TRAFFIC BETWEEN TCG AND**
7 **BELLSOUTH?**

8 A. Local or intraLATA 800 traffic refers to the
9 traffic which originates from a TCG customer and
10 terminates to an 800 number served by BellSouth.
11 To facilitate the delivery of intraLATA 800
12 traffic to BellSouth, BellSouth should compensate
13 TCG for the origination of this traffic pursuant
14 to TCG's originating switched access charges.
15 Accordingly, BellSouth should place an order to
16 TCG for an access arrangement and needs to inform
17 TCG of its requirements for TCG's billing records
18 so that it can properly bill its 800 customers.
19 If TCG elects to provide 800 services, it will
20 reciprocate this arrangement.

21

22 **Q. WHAT DOES TCG REQUIRE FROM BELLSOUTH TO ENSURE**
23 **THAT ALL CUSTOMERS IN FLORIDA HAVE THE SAME ACCESS**
24 **TO EMERGENCY 911 SERVICE REGARDLESS OF THE LOCAL**
25 **SERVICE PROVIDER THEY MAY CHOOSE?**

26 A. TCG takes its obligation to provide 911 service to

1 its customers very seriously. TCG requires
2 BellSouth's cooperation to meet this obligation
3 and BellSouth has stated its intent to do so.
4 Scheye Testimony at 14.
5 For basic 911 services, BellSouth should provide
6 TCG with a list of each municipality that
7 subscribes to this service. The list should
8 include the E911 conversion date, if known, and a
9 ten digit directory number for purposes of routing
10 a 911 call to the appropriate emergency answering
11 position. TCG will accept 911 calls from its
12 customers located in basic 911 locations and
13 translate the 911 call to the appropriate
14 emergency answering position directory number, as
15 provided by BellSouth, and route the call to
16 BellSouth at the appropriate tandem or end office.
17 When a municipality converts to E911 service, TCG
18 will discontinue basic 911 procedures and begin
19 E911 procedures.

20
21 For E911 service, TCG will connect Feature Group D
22 trunks to the appropriate E911 primary and
23 secondary tandems. TCG will send 911 calls made
24 by its customers to the designated tandem with
25 automatic number identification ("ANI")
26 information, based upon the E911 end office-to-

1 tandem homing arrangement as provided by
2 BellSouth. If both the primary and secondary
3 tandems are unavailable, TCG will route the 911
4 call to the designated Traffic Operator Position
5 System ("TOPS") tandem.

6

7 **Q. WILL TCG ENSURE THAT THE CUSTOMER INFORMATION IT**
8 **PROVIDES TO THE E911 DATABASES IS ACCURATE?**

9 A. Yes. Where BellSouth maintains the E911 database,
10 TCG will provide BellSouth with customer data and
11 daily updates to this data in the most useful
12 format. To the extent that a municipality
13 compensates BellSouth to maintain its E911
14 database, BellSouth should share with TCG any
15 revenues it collects from the inclusion of TCG's
16 customers in the database.

17

18 **Q. DOES TCG REQUIRE OPERATOR SERVICE FUNCTIONS FROM**
19 **BELLSOUTH?**

20 A. Yes. TCG may use its own operator services
21 provider. In this case, it seeks to arrange for
22 TCG and BellSouth to purchase busy line
23 verification and emergency interrupt functions
24 pursuant to tariff. BellSouth has indicated a
25 willingness to facilitate access to its operator
26 services functions. Scheye Testimony at 15.

1 **Q. WHAT IS YOUR PROPOSAL FOR A FAIR ARRANGEMENT FOR**
2 **THE INCLUSION OF TCG'S CUSTOMERS IN BELL SOUTH'S**
3 **ELECTRONIC AND PUBLISHED DIRECTORIES?**

4 A. As the historic service provider in Florida,
5 BellSouth maintains a universal listing of users
6 of the public switched network in an electronic
7 database and in its published white and yellow
8 page directories. It is in the public interest to
9 incorporate all customers in one universal listing
10 regardless of the carrier the customer may choose
11 for service. This universal listing provides
12 value to all customers and all carriers.
13 Accordingly, TCG proposes that it provide its
14 customer listings to BellSouth at no charge and
15 forego any claim on revenues derived from
16 advertising sales to TCG's customers. In
17 exchange, BellSouth should list TCG's customers in
18 its telephone directories (a basic listing) and
19 directory assistance database at no charge. TCG
20 will purchase, on behalf of its customers, any
21 enhanced published listing they may require from
22 BellSouth. BellSouth should also distribute the
23 directories to all of its customers and to TCG's
24 customers, and permit TCG's customers to
25 participate in any recycling program BellSouth may
26 sponsor.

1 BellSouth has indicated a willingness to provide
2 white page listings to TCG at no charge. Scheye
3 Testimony at 15-16. Mr. Scheye indicated that the
4 company would charge for directory assistance
5 listings via contract, Testimony at 13, and did
6 not address yellow page listings. For the reasons
7 explained above, BellSouth should provide a
8 listing in both directories and in its database at
9 no charge.

10

11 TCG believes it can work with BellSouth to provide
12 the company with timely updates of its customer
13 information in a form which is compatible with
14 BellSouth's existing systems, as well as develop
15 any other necessary procedures.

16

17 **Q. WHAT DOES TCG REQUIRE FROM BELL SOUTH TO PROCESS**
18 **INTRALATA COLLECT, THIRD PARTY AND CREDIT CARD**
19 **CALLS MADE BY CUSTOMERS?**

20 **A.** TCG plans to participate in the Centralized
21 Message Distribution Service provided by BellSouth
22 to process and clear these calls, which will allow
23 TCG to accurately bill its end users for calls
24 where TCG does not record the call detail. Mr.
25 Scheye has indicated that BellSouth will provide
26 this service to ALECs. Scheye Testimony at 12-13.

1 Q. WHAT DOES TCG REQUIRE TO PROVIDE CLASS/LASS
2 SERVICES?

3 A. TCG and BellSouth should provide LEC-to-LEC Common
4 Channel Signalling to one another, where available
5 and including all signalling parameters, in
6 conjunction with all traffic in order to enable
7 full interoperability of CLASS features and
8 functions.

9

10 Q. SHOULD THE COMMISSION DIRECT BELLSOUTH AND TCG TO
11 GENERALLY IMPLEMENT COOPERATIVE PRACTICES AND
12 PROCEDURES FOR INTERCONNECTION?

13 A. Yes. Understandably, in order to implement all of
14 these technical and financial arrangements, TCG
15 and BellSouth will have to cooperate to deal with
16 details, miscellaneous issues and unforeseen
17 situations. It will be beneficial to both
18 carriers and to our customers for the companies to
19 work cooperatively with each other.

20

21 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

22 A. Yes.

23