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11/5/96

January 25, 1996

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Ms. Blanca S. Bayo
Director, Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket Nos. 950985A-TP and 950985D-TP

Dear Ms. Bayo:

Please find enclosed for filing in connection with the above-referenced dockets the original and 15 copies of the **Rebuttal Testimony of Timothy Devine on Behalf of Metropolitan Fiber Systems of Florida, Inc.** Also enclosed is a double-sided high-density disk using the Windows 3.11 operating system and WordPerfect 5.1 software which contains a copy of the enclosed document.

Also enclosed is an additional copy of the Rebuttal Testimony. Please date stamp and return this copy in the enclosed self-addressed stamped envelope. Thank you, in advance, for your attention to this matter. If you have any questions, please do not hesitate to contact me at the above telephone number.

Very truly yours,

James C. Falvey
James C. Falvey

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**BEFORE THE
FLORIDA
PUBLIC SERVICE COMMISSION**

**Resolution of Petition(s) to establish)
nondiscriminatory rates, terms, and) Docket No. 950985A-TP
conditions for interconnection) Docket No. 950985D-TP
involving local exchange companies and)
alternative local exchange companies) Filed: January 26, 1996
pursuant to Section 364.162, Florida)
Statutes)**

REBUTTAL TESTIMONY OF TIMOTHY T. DEVINE

ON BEHALF OF

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.

Docket No. 950985A-TP

Docket No. 950985D-TP

**(Interconnection Petition of Time Warner
AxS of Florida, L.P. and Digital Media Partners;
Interconnection Petition of Continental Cablevision)**

DOCUMENT NUMBER-DATE

00982 JAN 26 96

FPSC-RECORDS/REPORTING

**REBUTTAL TESTIMONY OF TIMOTHY T. DEVINE
ON BEHALF OF
METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.
Docket No. 950985A-TP
Docket No. 950985D-TP
(Interconnection Petition of Time Warner AxS of Florida, L.P.
and Digital Media Partners; Interconnection Petition of Continental Cablevision)**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 **A. My name is Timothy T. Devine. My business address is MFS**
3 **Communications Company, Inc. (“MFSCC”), Six Concourse Parkway,**
4 **Suite 2100, Atlanta, Georgia 30328-5351.**

5 **Q. WHAT IS YOUR POSITION WITH MFS?**

6 **A. I am the Senior Director of External and Regulatory Affairs for the Southern**
7 **Region for MFSCC, the indirect parent company of Metropolitan Fiber**
8 **Systems of Florida (“MFS-FL”).**

9 **Q. ARE YOU THE SAME TIMOTHY DEVINE THAT SUBMITTED**
10 **TESTIMONY ACCOMPANYING THE MFS-FL PETITION FOR**
11 **INTERCONNECTION FILED ON NOVEMBER 13, 1995 IN DOCKET**
12 **NO. 950985B-TP?**

13 **A. Yes.**

14 **Q. DO YOU ADOPT YOUR DECEMBER 11, 1995 REBUTTAL**
15 **TESTIMONY FROM THE DOCKET CONCERNING THE**
16 **INTERCONNECTION PETITION OF MFS-FL, DOCKET NO.**
17 **950985B-TP, AS YOUR REBUTTAL TESTIMONY IN THESE**
18 **DOCKETS CONCERNING THE INTERCONNECTION PETITION**

1 **OF TIME WARNER AXS OF FLORIDA, L.P. AND DIGITAL MEDIA**
2 **PARTNERS, DOCKET NO. 950985D-TP AND THE**
3 **INTERCONNECTION PETITION OF CONTINENTAL**
4 **CABLEVISION, DOCKET NO. 950985A-TP?**

5 **A.** Yes, but only those segments relevant to the instant proceeding. Specifically,
6 I adopt pages 1, 4, 5, 8-20, and 23-36 of that Rebuttal Testimony. For ease of
7 reference, I have attached the above-mentioned Rebuttal Testimony hereto as
8 Attachment 1.

9 **Q: DO YOU ADOPT THE PREHEARING STATEMENT OF**
10 **METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC. FILED ON**
11 **DECEMBER 11, 1995 IN DOCKET NUMBER 950985-TP AS THE**
12 **PREHEARING STATEMENT OF METROPOLITAN FIBER**
13 **SYSTEMS OF FLORIDA, INC. IN THE INSTANT PROCEEDING?**

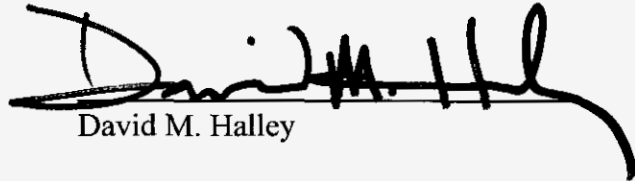
14 **A:** Yes, and for ease of reference I have attached a copy of that Prehearing
15 Statement hereto as Attachment 2.

16 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

17 **A.** Yes.

CERTIFICATE OF SERVICE

I, David M. Halley, hereby certify that on this 26th day of January, 1996, copies of the foregoing Rebuttal Testimony of Timothy Devine on Behalf of Metropolitan Fiber Systems of Florida, Inc., Florida Public Commission Docket Numbers 950985A-TP and 950985D-TP were sent via Federal Express to the parties on the attached official service list.



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**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

**Resolution of Petition(s) to establish)
nondiscriminatory rates, terms, and) Docket No. 950985B-TP
conditions for interconnection)
involving local exchange companies and) Filed: December 11, 1995
alternative local exchange companies)
pursuant to Section 364.162, Florida)
Statutes)**

REBUTTAL TESTIMONY OF TIMOTHY T. DEVINE

ON BEHALF OF

METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.

Docket No. 950985B-TP

**REBUTTAL TESTIMONY OF TIMOTHY T. DEVINE
ON BEHALF OF
METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.
Docket No. 950985B-TP**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 **A. My name is Timothy T. Devine. My business address is MFS**
3 **Communications Company, Inc., Six Concourse Parkway, Ste. 2100,**
4 **Atlanta, Georgia 30328.**

5 **Q. ARE YOU THE SAME TIMOTHY DEVINE WHO PREVIOUSLY**
6 **FILED TESTIMONY IN THIS PROCEEDING?**

7 **A. Yes.**

8 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
9 **PROCEEDING?**

10 **A. To respond on behalf of Metropolitan Fiber Systems of Florida, Inc.**
11 **("MFS-FL") to the direct testimony in this proceeding, and particularly the**
12 **testimony of Mr. Robert C. Scheye and Dr. Aniruddha (Andy) Banerjee**
13 **filed on behalf of BellSouth Telecommunications, Inc.**

14 **Q. HAVE YOU INDICATED THE MFS-FL POSITION ON EACH OF**
15 **THE INTERCONNECTION ISSUES ADDRESSED IN THIS**
16 **DOCKET?**

17 **A. Yes. The MFS-FL position on the issues in this docket is most fully**
18 **addressed in my Direct Testimony.**

1 **II. BELLSOUTH'S ATTEMPT TO RELITIGATE THE ISSUE OF**
2 **RECOVERY FOR ITS ALLEGED UNIVERSAL SERVICE**
3 **OBLIGATION IS CONTRARY TO THE INTENT OF THE**
4 **LEGISLATURE AND SHOULD BE REJECTED**

5 **Q. DOES BELLSOUTH CONTINUE TO INSIST ON REESTABLISHING**
6 **A CONNECTION BETWEEN RECIPROCAL COMPENSATION AND**
7 **UNIVERSAL SERVICE?**

8 **A. Yes. Despite the fact that the issue of universal service has been fully**
9 litigated, appropriately, in a separate docket, and in fact reportedly will be
10 decided by the Commission on December 11, 1995, BellSouth persists in
11 dedicating substantial portions of its Direct Testimony in this
12 *interconnection* docket to the issue of universal service. *See, e.g.,* Scheye
13 Direct at 26; Banerjee Direct at 9-10. As I demonstrated in my Direct
14 Testimony, the Legislature deliberately separated the issues of
15 interconnection compensation and universal service. This is clearly
16 indicated by both the legislative history, which indicates a clear intent to
17 separate interconnection and universal service, and by the fact that these
18 issues are addressed separately in the statute. Devine Direct at 12-13.
19 Moreover, the fact that the Commission is deciding the issue of universal

1 service at this time in another docket conclusively demonstrates that
2 universal service is *not* at issue in this proceeding.

3 Q. DOES MFS-FL RECOGNIZE ANY CONNECTION BETWEEN
4 UNIVERSAL SERVICE AND INTERCONNECTION
5 ARRANGEMENTS?

6 A. Yes. MFS-FL agrees with BellSouth that universal service and co-carrier
7 issues are interrelated and that, in the end, the Commission should examine
8 the full set of arrangements established to ensure that they encourage the
9 development of competition. For example, by imposing a series of charges
10 on ALECs (*e.g.*, compensation, universal service, number portability,
11 unbundled loops, etc.), LECs can implement a price squeeze that could
12 render it impossible for ALECs to compete. Devine Direct at 39-40.
13 BellSouth's insistence, however, that agreement on any interconnection issue
14 — even noncontroversial, technical issues — must be accompanied by an
15 agreement to universal service payments, on the terms proposed by
16 BellSouth, was the ultimate impediment to progress in the MFS-FL
17 negotiations. MFS-FL has experienced success in negotiating
18 interconnection agreements in California, Connecticut, New York and
19 Massachusetts. Despite MFS-FL's negotiating success with many LECs,

1 BellSouth's intransigence on all issues has compelled MFS-FL and other
2 parties to turn to the Commission for relief.

3 **Q. DID MFS-FL RECENTLY NEGOTIATE AN INTERCONNECTION**
4 **AGREEMENT WITH PACIFIC BELL?**

5 **A. Yes. On November 20, 1995, MFS announced an interconnection**
6 **agreement with Pacific Bell addressing virtually all of the co-carrier issues**
7 **MFS-FL has requested from BellSouth in negotiations and in this**
8 **proceeding. The agreement is attached hereto as Exhibit TTD-5. (The**
9 **attached agreement does not include two attachments, A and B, that merely**
10 **list business and residence zone codes. These are available upon request**
11 **from MFS-FL or its attorneys.) The agreement covers number resources,**
12 **tandem subtending (including meet-point billing), reciprocal traffic exchange**
13 **and reciprocal compensation, shared platform arrangements, unbundling the**
14 **local loop, and interim number portability. Although the MFS agreement with**
15 **BellSouth was not ideal in every respect, it demonstrates the MFS**
16 **commitment to negotiating co-carrier arrangements, when a reasonable**
17 **agreement is possible.**

1 **Q. IF THE CALIFORNIA AGREEMENT WAS NOT IDEAL, WHY DID**
2 **MFS-FL AGREE TO ARRANGEMENTS THAT WERE LESS THAN**
3 **PERFECT?**

4 **A. While MFS is not completely satisfied with every aspect of the California**
5 **agreement, California is a significant state for MFS. MFS has facilities in**
6 **San Diego, Los Angeles, and San Francisco, representing approximately**
7 **\$200 million in revenues. The agreement also accelerated the availability of**
8 **unbundled local loops, and will permit MFS, if it becomes certificated to**
9 **provide local service, to begin providing local exchange service as of**
10 **January 1, 1996. Like California, Florida is a significant market for MFS,**
11 **and MFS-FL would like to reach a similar agreement with BellSouth to**
12 **permit it to compete in the Florida local exchange markets as soon as**
13 **possible.**

14 **Q. DOES BELL SOUTH ADMIT THAT IT REQUIRES THAT**
15 **UNIVERSAL SERVICE BE ADDRESSED AS PART OF**
16 **INTERCONNECTION NEGOTIATIONS?**

17 **A. Yes. Mr. Scheye states that it is appropriate to consider interconnection and**
18 **universal service together, and includes universal service in its list of**
19 **negotiating issues. Scheye Direct at 3, 26. This is precisely the approach**

1 that was flatly rejected by the Legislature, and that torpedoed any progress
2 on interconnection negotiations between MFS-FL and BellSouth.

3 **Q. BRIEFLY, WHAT IS THE MFS-FL POSITION ON UNIVERSAL**
4 **SERVICE?**

5 **A. MFS-FL believes that, prior to assessing any charges on ALECs for**
6 **BellSouth universal service "obligations," BellSouth must demonstrate that**
7 **providing service to certain geographic areas or classes of customers is, in**
8 **fact, a burden. Florida LECs have not -- in the universal service docket, this**
9 **proceeding, or elsewhere -- demonstrated that the incremental cost of**
10 **providing local exchange service to any class of customers or geographic**
11 **area exceeds the revenues obtained from customers in that class or area.**
12 **(The proper way to make this calculation is outlined in the MFS Universal**
13 **Service Brief at pages 23-25). Any mechanism adopted by the Commission**
14 **must therefore create a procedure that will require a LEC to make such a**
15 **showing as a threshold matter. LEC proposals that would arbitrarily and**
16 **prematurely impose charges on ALECs without such an analysis appear to**
17 **be designed to insulate LECs from competition by maintaining LEC**
18 **revenues at existing levels and creating an insurmountable barrier to local**
19 **competition. Similarly, the BellSouth insistence on including this issue in**

1 interconnection negotiations absent such a showing is merely an attempt to
2 take advantage of its unequal bargaining power derived from its control of
3 bottleneck facilities to impose a burdensome universal service charge on
4 ALECs.

5 **Q. IS THE EXTENSIVE TESTIMONY ON UNIVERSAL SERVICE**
6 **CONTAINED IN THE BELLSOUTH INTERCONNECTION**
7 **TESTIMONY MOOTED BY THE COMMISSION'S DECISION IN**
8 **THE UNIVERSAL SERVICE DOCKET?**

9 **A.** Yes. The Commission reportedly will decide the issue of universal service
10 on December 11, the date on which this testimony is filed. That decision
11 will be rendered in Docket No. 950696-TP, completely independent of this
12 proceeding. Staff, in its recommendation in that proceeding, has proposed
13 that the Commission adopt a mechanism whereby LECs may initiate an
14 expedited petition process for US/COLR funding on a case-by-case basis.
15 In such a proceeding, a LEC would be required to demonstrate that
16 competitive entry has eroded its ability to fund its US/COLR obligations and
17 quantify the shortfall in universal service support due to competitive entry.
18 Staff Memorandum Re: Docket No. 950696-TP -- Determination of
19 Funding for Universal Service and Carrier of Last Resort Responsibilities,

1 at 8-9 (December 5, 1995). Once the Commission decides the issue of
2 universal service, in Docket No. 950696-TP, BellSouth's testimony on this
3 issue in this docket will not only be in the wrong docket, but altogether
4 moot.

5 **III. BILL AND KEEP IS THE MOST EFFICIENT MECHANISM FOR**
6 **THE EXCHANGE OF LOCAL TRAFFIC BETWEEN ALECS AND**
7 **BELLSOUTH**

8 **Q. COULD YOU SUMMARIZE THE BILL AND KEEP PROPOSAL**
9 **ADVOCATED BY MFS-FL, CONTINENTAL, MCI METRO, AT&T,**
10 **THE FLORIDA CABLE TELEVISION ASSOCIATION, TIME**
11 **WARNER, AND OTHERS?**

12 **A.** As I explained in my direct testimony accompanying the Petition of
13 MFS-FL for interconnection rates, terms, and conditions, under bill and
14 keep, each carrier would be compensated in two ways for terminating local
15 calls originated by customers of other local exchange carriers. First, each
16 carrier would receive the reciprocal right to receive termination of local
17 calls made by its own customers to subscribers on the other local exchange
18 carrier's network. This is often referred to as payment "in kind." In
19 addition, the terminating carrier is compensated for call termination by its

1 own customer, who pays the terminating carrier a monthly fee for service,
2 including the right to receive calls without separate charge.

3 **Q. WHY DOES MFS-FL SUPPORT BILL AND KEEP?**

4 **A.** Unlike the proposals advocated by other parties, and particularly as
5 compared with the per-minute charge advocated by BellSouth, bill and keep
6 economizes on costs of measurement and billing, which could increase
7 prices for all customers. *It is also the only method proposed by any of the*
8 *parties that provides an ironclad guarantee that a price squeeze will not*
9 *foreclose the development of local exchange competition in Florida. The*
10 *bill and keep method of compensation also provides incentives to carriers to*
11 *adopt an efficient network architecture, one that will enable the termination*
12 *of calls in the manner that utilizes the fewest resources. As a result of these*
13 *advantages, some form of bill and keep has been adopted by several states*
14 *and is currently in use in many states for the exchange of traffic between*
15 *existing LECs.*

16 **Q. DO OTHER PARTIES SUPPORT THE IMPLEMENTATION OF BILL**
17 **AND KEEP RECIPROCAL COMPENSATION IN THIS DOCKET?**

18 **A.** Yes. Continental, AT&T Communications of the Southern States, Inc.
19 ("AT&T"), Time Warner/Digital Media Partners, MCI Metro Access

1 Transmission Services, Inc. ("MCI Metro"), and the Florida Cable
2 Telecommunications Association ("FCTA") all support identical bill and
3 keep proposals. Continental Amended Petition at 8; McGrath Direct at
4 13-14; Cornell Direct at 10-20; Cresse Direct at 4; Guedel Direct at 13.
5 These parties emphasize the same benefits of administrative simplicity, the
6 elimination of the possibility a price squeeze, and the efficiency incentives
7 created by bill and keep.

8 **Q. HAS BELLSOUTH SUPPORTED BILL AND KEEP IN PRINCIPLE?**

9 **A.** Yes. Despite its stated opposition to bill and keep, surprisingly, the TCG
10 Stipulation recognizes that bill and keep is an effective method of
11 compensation between LECs and ALECs. TCG Stipulation at 3. TCG and
12 BellSouth would exchange traffic on an in-kind basis for the first two years
13 of the Stipulation. TCG and BellSouth would also exchange traffic on an in-
14 kind basis if "it is mutually agreed that the administrative costs associated
15 with local interconnection are greater than the net monies exchanged." *Id.*
16 Mr. Scheye also recognizes in his Direct Testimony that payment of access
17 charges will virtually equate to a system of bill and keep (without the
18 administrative simplicity of bill and keep): "Because the payments are
19 mutual, the compensation to ALECs by BellSouth to terminate traffic on an

1 ALEC's network will offset, to a great extent, the compensation paid to
2 BellSouth by an ALEC." Schey Direct at 12. Thus, the TCG Stipulation
3 also recognizes the primary reason for adopting bill and keep, the
4 desirability of avoiding the unnecessary administrative costs involved in
5 other forms of compensation. All of BellSouth's testimony criticizing bill
6 and keep should be read with this simple fact in mind: BellSouth has
7 voluntarily agreed to utilize this system for two years, and possibly longer.
8 The Commission should likewise recognize the benefits of bill and keep, not
9 only for the first two years, but on a permanent basis.

10 **Q. WHY IS BELL SOUTH'S CRITIQUE OF BILL AND KEEP**
11 **MISLEADING AND UNSUBSTANTIATED?**

12 **A. Many of the reasons BellSouth offers for rejecting bill and keep are, in fact,**
13 **the strongest arguments in favor of such an arrangement. For example,**
14 **BellSouth witness Mr. Schey argues that, under bill and keep, ALECs will**
15 **have no incentive to efficiently provision their services but will instead rely**
16 **on efficiencies inherent to BellSouth's network. Schey Direct at 9;**
17 **Banerjee Direct at 19-20. The bill and keep method of compensation in fact**
18 **provides incentives to carriers to adopt an efficient network architecture,**
19 **one that will enable the termination of calls in the manner that utilizes the**

1 fewest resources. A compensation scheme in which the terminating carrier
2 is able to transfer termination costs to the originating carrier, as proposed by
3 BellSouth, reduces the incentive of the terminating carrier to utilize an
4 efficient call termination design. Devine Direct at 36.

5 **Q. DOES BELLSOUTH SUGGEST THAT ALECS BE REQUIRED TO**
6 **OVERBUILD THE EXISTING LEC NETWORKS?**

7 A. Yes. BellSouth suggests that ALECs “may decide to interconnect their end
8 offices with BellSouth’s tandems, rather than building their own tandems
9 because there will be no financial incentive to make this investment.”
10 Scheye Direct at 7; Banerjee Direct at 20. As MFS-FL has argued in its
11 direct testimony, the most efficient means for all carriers to access IXCs is
12 by subtending the BellSouth tandem. The BellSouth suggestion that multiple
13 tandems is the most efficient solution defies common sense. If BellSouth is
14 arguing that ALECs should be required to rebuild the essential facilities of
15 the BellSouth network, this is, of course, the most *inefficient* means of
16 introducing local exchange competition in Florida.

17 **Q. DO EITHER OF BELLSOUTH'S WITNESSES ADDRESS THE ONLY**
18 **RECORD EVIDENCE ON TRAFFIC FLOWS, MFS-FL TESTIMONY**

1 **WHICH DEMONSTRATES THAT, IN OTHER STATES, TRAFFIC**
2 **HAS BEEN IN BALANCE?**

3 A. No. BellSouth witnesses misleadingly attempt to argue that ALEC
4 witnesses do not understand the issue of traffic flows, when in fact only
5 MFS-FL has presented concrete evidence on this issue. (Banerjee Direct at
6 25: "Mr. Devine appears not to recognize the significance of the balanced
7 traffic feature.") *In lieu of responding to the direct evidence on traffic flows*
8 presented by MFS-FL with its own evidence, Dr. Banerjee misleadingly
9 distorts the record by stating that MFS-FL, which has presented its practical
10 real-world evidence, is "missing the critical importance of the traffic balance
11 precondition for effective bill and keep." Banerjee Direct at 25. Dr.
12 Banerjee perhaps missed the portion of my Direct Testimony on this issue:
13 "Although incumbents often argue that, if traffic is not in balance
14 between two carriers, 'bill and keep' is an imperfect method of
15 compensation, this theory is discredited by MFS-FL's experience in
16 New York, where MFS-FL is terminating more calls from NYNEX
17 customers than NYNEX is terminating from MFS-FL customers. In
18 the face of evidence that it is terminating more minutes of
19 intercarrier traffic in New York than the incumbent LEC, and hence

1 would profit from a compensation system that measures usage, MFS-
2 FL's support for the bill and keep method of compensation is all the
3 more credible." *Devine Direct* at 38.

4 **Q. DOES BELLSOUTH PRESENT ITS OWN EVIDENCE ON TRAFFIC**
5 **FLOWS?**

6 A. No. Dr. Banerjee apparently has no evidence of traffic flows but presents
7 numerous entirely unsupported statements on the subject (In the initial phase
8 of interconnection "traffic between carriers will almost certainly be out of
9 balance." *Banerjee Direct* at 24); and vague theorizing ("The imbalance of
10 origination-termination ratios among certain classes of customers is a fact of
11 life, not an unusual or extreme situation.") There is no need, as Dr.
12 Banerjee suggests, "to be clairvoyant about likely traffic patterns" (*Banerjee*
13 *Direct* at 26): MFS-FL has presented unrefuted evidence of traffic flows in
14 New York that suggest that bill and keep would, if anything, accrue to the
15 benefit of BellSouth.

16 **Q. IS THERE ANY MERIT TO DR. BANERJEE'S ARGUMENT THAT**
17 **NEW ENTRANTS WILL DELIBERATELY SEEK OUT CUSTOMERS**
18 **WITH PARTICULAR TRAFFIC PROFILES?**

- 1 A. No. Dr. Banerjee (Banerjee Direct at 17-18; 29) fails to recognize that
2 ALECs can ill afford to selectively market to certain customers, assuming
3 that ALECs could somehow forecast the traffic patterns of any given
4 customer. New entrants will face significant barriers to entry into the local
5 exchange market, perhaps most significantly, the 100% market share that
6 each incumbent LEC possesses in its service territory. Despite Dr.
7 Banerjee's attempt to downplay the significance of this monopoly (Banerjee
8 Direct at 7-8), the annals of antitrust law amply demonstrate that a
9 monopoly is a potent weapon. Even after a decade of competition in the
10 long distance market, AT&T still possesses overwhelming market share in
11 that market. Add to this monopoly the ubiquitous LEC network, entrenched
12 name recognition, the possession of essential bottleneck facilities necessary
13 for competitors to provide local exchange service, and an established
14 relationship with every customer in the market, and BellSouth is a daunting
15 competitor. In light of these barriers to entry, the suggestion of Dr.
16 Banerjee that ALECs will have the luxury of turning away customers
17 because they have the wrong traffic profile is simply not realistic.
- 18 **Q. DOES BELLSOUTH INCORRECTLY SUGGEST THAT IT WILL**
19 **NOT BE COMPENSATED FOR TERMINATING ALEC CALLS?**

1 A. Yes, BellSouth states that it will not be compensated for terminating access
2 and that there will therefore be no incentive to provide certain
3 functionalities. Scheye Direct at 7. This is simply wrong. As I have just
4 explained, and as explained in the testimony of several parties, bill and keep
5 compensation is in-kind compensation: terminating access on one network
6 is exchanged for terminating access on another company's network. No
7 party has proposed that it be permitted to terminate traffic on BellSouth's
8 network without a reciprocal obligation to do the same for BellSouth.
9 Accordingly, contrary to BellSouth's claim, all carriers will have ample
10 incentive to terminate calls under a bill and keep system because if a carrier
11 expects to terminate calls on other companies' facilities, it will be expected
12 to terminate other companies' calls on its own network. Moreover, all
13 companies will be compensated by payments from their own end user
14 customers.

15 Q. **IS BILL AND KEEP A COMMON PRACTICE FOR THE**
16 **EXCHANGE OF TRAFFIC BETWEEN LECS AND INDEPENDENT**
17 **TELEPHONE COMPANIES?**

18 A. Yes. BellSouth attempts to downplay the significance of the fact that,
19 nationwide, bill and keep arrangements have been the most common

1 arrangement between LECs for the exchange of local traffic. BellSouth
2 admits that extended area calling service ("EAS") arrangements are based
3 on bill and keep. Scheye Direct at 8-9. While LECs may compensate each
4 other with terminating access charges for certain long distance or toll calls,
5 based on MFS's experience in other states, LECs prefer bill and keep as the
6 simplest form of compensation for local calls. BellSouth also tries to argue
7 that bill and keep is appropriate between adjacent LECs but not competitive
8 LECs (Scheye Direct at 10-11); unfortunately, BellSouth does not begin to
9 explain *why* bill and keep has been completely sufficient with existing
10 carriers, but would not work with new entrants.

11 **Q. IS IT TRUE, AS BELLSOUTH CLAIMS, THAT COMPENSATION**
12 **OTHER THAN IN KIND PLACES NO ADDITIONAL BILLING**
13 **REQUIREMENTS ON ALECS (SCHEYE DIRECT AT 8)?**

14 **A.** No. While ALECs may bill switched access to IXCs, they currently have
15 no billing mechanism in place with every LEC and every ALEC. Bill and
16 keep would make it unnecessary for LECs and ALECs to establish and pay
17 for the ongoing expense of such mechanisms.

18 **Q. IS IT TRUE, AS BELLSOUTH SUGGESTS, THAT CARRIERS**
19 **CANNOT DISTINGUISH BETWEEN LOCAL AND TOLL CALLS?**

1 A. BellSouth suggests that the fact that it cannot determine the originating
2 nature of traffic necessitates a system in which access charges for local and
3 toll calls are identical. *Scheye Direct* at 5-6. Yet Mr. Scheye states that
4 "the capability exists to both measure and bill terminating local exchange
5 traffic." *Scheye Direct* at 10. BellSouth also ignores the current reality that
6 Percent Interstate Use ("PIU") reports are currently utilized to distinguish
7 whether IXC traffic terminated to a LEC is interstate or intrastate. All
8 ALECs will employ advanced switching equipment that can identify the
9 origin of local and toll traffic. As MFS-FL has recommended, a similar
10 system of Percent Local Use ("PLU") reporting and auditing can therefore
11 be utilized to determine the origin of local and toll calls, including "ported"
12 calls under a system of interim number portability. To determine the proper
13 jurisdictional nature of ported calls, MFS-FL believes that the PLU
14 percentages based on call records should be applied against the total ported
15 minutes. BellSouth's argument that determining the origin of calls is
16 somehow not feasible is not based on any technical shortcoming, but is
17 rather a transparent attempt by BellSouth to promote a system based on
18 switched access charges that will impose additional costs on ALECs.

1 **Q. DOES BELLSOUTH'S COMPENSATION PROPOSAL OFFER A**
2 **VIABLE ALTERNATIVE TO BILL AND KEEP?**

3 **A. No. As I have explained above and in my Direct Testimony, BellSouth's**
4 **proposal is structured around its universal service proposal. This universal**
5 **service proposal should not be considered in this docket, as recognized by**
6 **both the Commission and the Legislature. As explained in my universal**
7 **service testimony, a universal service component should not be**
8 **contemplated until a determination has been made that a universal service**
9 **subsidy exists. Furthermore, the imposition of switched access charges, as**
10 **proposed by BellSouth, would lead to a price squeeze which could inhibit**
11 **the development of competitive local exchange service in Florida. Devine**
12 **Direct at 39-41.**

13 **Q. CAN ALECS COMPETE IF A USAGE SENSITIVE**
14 **INTERCONNECTION CHARGE IS IMPOSED IN A FLAT-RATE**
15 **ENVIRONMENT?**

16 **A. No. As demonstrated by my Direct Testimony (Devine Direct at 39-40),**
17 **and the TCG September 1 testimony referenced therein, charging switched**
18 **access rates would result in a price squeeze that would make it impossible**
19 **for ALECs to compete. Mr. Scheye argues that the TCG analysis failed to**

1 consider "revenue sources available from vertical and toll services." Scheye
2 Direct at 11. Yet, as I demonstrated in my Direct Testimony, and as
3 recognized by the Illinois Commerce Commission, the "issue is not whether
4 a new LEC ultimately can scrape together revenues from enough sources to
5 be able to afford Illinois Bell's switched access charges." *Illinois Bell*
6 *Telephone Proposed Introduction of a Trial of Ameritech's Customers First*
7 *Plan in Illinois*, Docket No. 94-0096, at 98 (Ill. Comm. Comm'n., April 7,
8 1995). ALECs must be permitted to compete in the local exchange market
9 on a stand-alone basis, and TCG's price squeeze demonstration therefore
10 remains valid.

11 **Q. IF THE COMMISSION DOES NOT ADOPT BILL AND KEEP,**
12 **WHAT IS MFS-FL'S RECOMMENDATION FOR RECIPROCAL**
13 **COMPENSATION?**

14 **A. MFS-FL recommends a reciprocal and equal per minute rate based on**
15 **BellSouth's Long Run Incremental Cost. This LRIC-based rate should not**
16 **include any contribution, despite the recommendation of BellSouth that**
17 **contribution be added to cost-based rates.**

1 **Q. WHY SHOULD BELLSOUTH NOT BE PERMITTED TO ADD**
2 **CONTRIBUTION TO LRIC IN SETTING PRICES FOR**
3 **RECIPROCAL COMPENSATION?**

4 A. Dr. Banerjee believes that contribution should be included in rates for
5 reciprocal compensation. Banerjee Direct at 37-53. "Contribution" is often
6 defined in the industry as the difference between the incremental cost of a
7 service and the price charged for that service. Such charges force ALECs to
8 recover from their customers not only the ALEC's own overhead costs, but
9 also a portion of BellSouth's overhead costs. This effectively insulates
10 BellSouth from the forces of competition. One of the most significant
11 benefits of competition is that it forces all market participants, including
12 BellSouth, to operate efficiently, resulting in lower rates for end users. If
13 *BellSouth receives contribution -- in effect, is subsidized by its new entrant*
14 *competitors -- BellSouth's overhead costs will not be subjected to the full*
15 *benefits of competition that result from market pressures. Instead, current*
16 *inefficiencies in BellSouth's network will become incorporated into*
17 *BellSouth's price floor, locking in current inefficiencies in BellSouth's*
18 *operations, despite the introduction of competition. The Commission should*
19 *therefore not require ALECs to provide contribution in reciprocal*

1 compensation rates because it would foreclose many of the potential benefits
2 of competition.

3 **Q. WHY IS BELLSOUTH'S PROPOSAL TO IMPUTE CONTRIBUTION**
4 **INTO END USER PRICES PART OF THE PROBLEM AND NOT**
5 **THE SOLUTION?**

6 A. Dr. Banerjee would guard against a price squeeze by requiring BellSouth to
7 impute contribution from unbundled elements into end user prices. Banerjee
8 Direct at 43. This is precisely the problem with requiring ALECs to pay
9 contribution: existing BellSouth efficiencies would be guaranteed to be
10 passed on to end users *ad infinitum*. The Commission should therefore reject
11 the BellSouth recommendation regarding contribution, and the supposed
12 "safeguard" of imputation as anticompetitive and anticonsumer. The MFS-
13 FL LRIC-based approach, with the appropriate pricing guidelines, is the best
14 means available to ensure that ALECs are not caught in a price squeeze, and
15 can provide competitive local exchange service on an economically viable
16 basis.

17 **Q. WHY IS BELLSOUTH'S RESPONSE TO THE FACT THAT AN**
18 **INCREASING NUMBER OF STATES ARE ADOPTING BILL AND**
19 **KEEP NOT CONVINCING?**

1 A. Because BellSouth cannot deny the simple fact that the trend among the
2 states is to adopt a bill and keep or modified bill and keep arrangement on
3 an interim basis. Devine Direct at 36-37. As even BellSouth admits
4 (Banerjee Direct at 31-36), Michigan, Washington, Iowa, California,
5 Connecticut (on an interim basis and subject to a retroactive true-up), and
6 Texas (required by statute if the parties cannot agree on another mechanism)
7 have all adopted bill and keep in some form. Some states, such as
8 California, will reevaluate this system after one year. MFS-FL believes that
9 the experience of these states will prove that bill and keep is the preferred
10 method of permanent compensation. The Washington Utilities and
11 Transportation Commission, in recently adopting interim bill and keep,
12 addressed several of the key advantages of bill and keep:

- 13 ● “It is already in use by the industry for the exchange of EAS
14 traffic.”
- 15 ● “Any potential harm would not occur until current barriers to
16 competition are eliminated and competitors gain more than a de
17 minimus market share.”

- 1 ● “Bill and keep offers the best opportunity to get new entrants up and
2 running, with a minimum disruption to customers and existing
3 companies.”
- 4 ● “We would not adopt bill and keep if it appeared that new entrant
5 ALECs would be imposing more costs on the incumbents than they
6 would be incurring by terminating incumbents’ traffic. However,
7 the opponents of bill and keep have not demonstrated that this
8 situation is likely to occur, at least in the near term when bill and
9 keep will be in place. To the contrary, the only evidence on the
10 record favors the theory that traffic will be close to balance.”
- 11 *Washington Utilities and Transportation Commission v. U S West*
12 *Communications, Inc.*, Docket Nos. UT-941464 et al., Fourth
13 Supplemental Order Rejecting Tariff Filings and Ordering Refiling;
14 Granting Complaints in Part, at 29-30 (October 31, 1995). MFS-FL
15 believes that these advantages make bill and keep the ideal solution
16 on an interim and a permanent basis, as well.

17 **IV. NUMBER PORTABILITY ISSUES NOT ADDRESSED IN OTHER**
18 **PROCEEDINGS**

1 Q. **WHY IS THE ISSUE OF COMPENSATION ON PORTED CALLS OF**
2 **CRITICAL SIGNIFICANCE TO ALECS?**

3 A. The majority of ALEC customers will initially be former LEC customers
4 utilizing interim number portability. Compensation for "ported" calls is
5 therefore a critical issue for MFS-FL and other ALECs. Devine Direct at
6 56-61. The local access provider should collect both switched access from
7 LECs and local compensation *regardless of whether a call is completed*
8 *using temporary interim number portability*. MFS-FL believes that this is
9 the only approach consistent with the Commission's goal of introducing
10 competition in the local exchange market. Only if the customers' carrier
11 collects these revenues will competition be stimulated by interim number
12 portability. Allowing the incumbent LEC to retain toll access charges for
13 calls terminated to a ported number assigned to a customer of another
14 carrier would: 1) remove any financial incentive for LECs to work towards
15 true number portability; 2) reinforce the incumbent LEC bottleneck on
16 termination of interexchange traffic, stifling potential competition in this
17 market; and 3) impede local exchange competition by preventing new
18 entrants from competing for a very significant component of the revenues
19 associated with that service, namely toll access charges. Because interim

1 number portability is necessary to bring to the public the benefits of
2 competition at this time, temporary number portability benefits all callers,
3 and is completely unrelated to the issue of compensation for terminating
4 local calls. These issues should not be mixed, and switched access
5 compensation should not vary depending on whether temporary number
6 portability is in place or not. If the customer is an ALEC customer, the
7 ALEC is entitled to switched access for that customer. BellSouth is already
8 being compensated for its costs in providing interim number portability by
9 virtue of charges imposed on ALECs; it therefore is not entitled to double
10 dip and collect again in the form of access charges from IXCs.

11 **Q. WHAT COMPENSATION ARRANGEMENT SHOULD APPLY TO**
12 **REDIRECTED CALLS UNDER TEMPORARY NUMBER**
13 **PORTABILITY?**

14 **A. BellSouth should compensate MFS-FL as if the traffic had been terminated**
15 **directly to MFS-FL's network, except that certain transport elements should**
16 **not be paid to MFS-FL to the extent that BellSouth will be transporting the**
17 **call on its own network. Thus, for LATA-wide calls originating on**
18 **BellSouth's network and terminating on MFS-FL's network, the effective**
19 **inter-carrier compensation structure at the time the call is placed should**

1 apply. Traffic from IXCs forwarded to MFS-FL via temporary number
2 portability should be compensated by BellSouth at the appropriate
3 intraLATA, interLATA-intrastate, or interstate terminating access rate less
4 those transport elements corresponding to the use of the BellSouth network
5 to complete the call. In other words, BellSouth should receive entrance
6 fees, tandem switching, and part of the tandem transport charges. MFS-FL
7 should receive local switching, the RIC, the CCL, and part of the transport
8 charge. (The pro-rata billing share to be remitted to MFS-FL should be
9 identical to the rates and rate levels as non-temporary number portability
10 calls.) The local exchange provider on whose switch the terminating
11 caller's number resides will bill and collect from the IXC and remit the
12 appropriate portion to the intervening LEC.

13 **Q. IS BELL SOUTH ATTEMPTING TO DEPRIVE ALECS OF THIS**
14 **SIGNIFICANT REVENUE SOURCE?**

15 **A.** Yes. If, as BellSouth suggests (Scheye Direct at 24), BellSouth bills the
16 switched access rate elements on ported calls, initially ALECs will not
17 receive switched access charges for the vast majority of their customers.
18 BellSouth takes this position with no legitimate explanation. Scheye Direct
19 at 24. This is a backdoor attempt to deprive ALECs of critical revenues to

1 which they are entitled, and would have a devastating impact on the
2 development of local competition in Florida. The BellSouth position should
3 therefore be rejected outright by the Commission. As explained in my
4 Direct Testimony (Devine Direct at 61), the Commission should also
5 address the processing and billing of ported calls to ensure that the details of
6 these issues are appropriately addressed.

7 **V. BELLSOUTH'S PROPOSED CO-CARRIER ARRANGEMENTS**
8 **WOULD NOT PERMIT COMPETITION TO DEVELOP AS**
9 **RECOMMENDED BY THE LEGISLATURE**

10 **Q. PLEASE SUMMARIZE THE MFS-FL DEFAULT NETWORK**
11 **INTERCONNECTION POINT ("D-NIP") PROPOSAL?**

12 **A. As I have described more fully at pages 23 through 26 of my Direct**
13 **Testimony, FS-FL proposes that, within each LATA served, MFS-FL and**
14 **BellSouth would identify a wire center to serve as the interconnection point**
15 **(as MFS-FL defines herein Default Network Interconnection Point**
16 **("D-NIP")) at which point MFS-FL and BellSouth would interconnect their**
17 **respective networks for inter-operability within that LATA. Where MFS-**
18 **FL and BellSouth interconnect at a D-NIP, MFS-FL would have the right to**
19 **specify any of the following interconnection methods: a) a mid-fiber meet at**

1 the D-NIP or other appropriate point near to the D-NIP; b) a digital cross-
2 connection hand-off, DSX panel to DSX panel, where both MFS-FL and
3 BellSouth maintain such facilities at the D-NIP; or c) a collocation facility
4 maintained by MFS-FL, BellSouth, or by a third party.

5 Although one meet-point is the minimum necessary for connectivity,
6 more than one meet-point could be established if mutually acceptable, but
7 should not be mandated. Moreover, if an additional mutually acceptable
8 meet-point is established, the cost of terminating a call to that meet-point
9 should be identical to the cost of terminating a call to the D-NIP. At a
10 minimum, each carrier should be required to establish facilities between its
11 switch(es) and the D-NIP in each LATA in sufficient quantity and capacity
12 to deliver traffic to and receive traffic from other carriers.

13 **Q. WHY IS THE MFS-FL PROPOSAL THE MOST EFFICIENT ONE?**

14 **A. MFS-FL's proposal permits the interconnecting parties—who understand**
15 **their networks best and have the greatest incentive to achieve**
16 **efficiencies—to determine where interconnection should take place, while**
17 **establishing minimum interconnection requirements. Devine Direct at 26.**
18 **If carriers are not given flexibility as to where they can interconnect,**

1 inefficiencies will result. MFS-FL would therefore oppose any proposal
2 that does not permit carriers to maximize the efficiency of their networks.

3 **Q. DOES BELLSOUTH ACCEPT THE MFS-FL DEFAULT NETWORK**
4 **INTERCONNECTION POINT ("D-NIP") PROPOSAL?**

5 **A.** No. BellSouth's proposal rigidly establishes meet points for all ALECs that
6 may or may not be the most efficient arrangement had the decision been left
7 to the parties. BellSouth proposes that interconnection take place at the
8 access tandem and end office level. This arrangement is entirely based upon
9 efficiencies of the BellSouth network, and fails to take into account what
10 would be most efficient for any given ALEC. Mr. Scheye states that "the
11 RBOC deployment of access tandems considered to provide [sic] the
12 minimal number of points of connection" for interexchange carriers at
13 divestiture. Scheye Direct at 30. MFS-FL believes that the goal is not to
14 minimize the number of interconnection points, but rather to maximize the
15 efficiency of the system for LECs and ALECs alike. The Commission
16 should therefore follow the lead of the Connecticut Department of Utility
17 Control (Devine Direct at 26) and adopt the MFS-FL D-NIP interconnection
18 proposal.

1 **Q. HOW DOES MFS-FL'S POSITION ON COLLOCATION DIFFER**
2 **FROM THAT OF BELLSOUTH?**

3 **A. BellSouth should enable MFS-FL to directly interconnect to any other entity**
4 **that maintains a collocation facility at the same BellSouth wire center at**
5 **which MFS-FL maintains a collocation facility, by effecting a cross-**
6 **connection between those collocation facilities, as jointly directed by MFS-**
7 **FL and the other entity. For each such cross-connection, BellSouth should**
8 **charge both MFS-FL and the other entity one-half the standard tariffed**
9 **special access cross-connect rate. BellSouth would not permit such**
10 **interconnection between two collocated entities. Scheye Direct at 28-29.**
11 **BellSouth's refusal to permit such cross-connection is designed to and would**
12 **impose undue costs on ALECs by refusing cross-connection of adjacent,**
13 **virtually collocated facilities. BellSouth states that this key interconnection**
14 **issue is somehow "beyond the scope of this [interconnection] proceeding."**
15 **Scheye Direct at 29. The New York Public Service Commission, however,**
16 **in its Competition II interconnection proceeding did not take this view when**
17 **it recently required LECs to permit cross-connection between adjacently**
18 **collocated ALECs. The Commission should not permit BellSouth to impose**
19 **inefficiencies on all ALECs and should likewise require BellSouth to permit**

1 such cross-connection. Moreover, where an interconnection occurs via a
2 collocation facility, no incremental cross-connection charges would apply
3 for the circuits. Upon reasonable notice, MFS-FL would be permitted to
4 change from one interconnection method to another with no penalty,
5 conversion, or rollover charges.

6 **Q. DO THE MEET-POINT BILLING ARRANGEMENTS FOR**
7 **TRANSITING TRAFFIC PROPOSED BY BELLSOUTH PROVIDE**
8 **REASONABLE CO-CARRIER TREATMENT TO ALECS?**

9 A. No. Although BellSouth accepts the idea of meet-point billing when calls
10 transit through BellSouth en route from one carrier to another, BellSouth
11 does not accept the fact that, where tandem subtending arrangements exist,
12 LECs and ALECs should follow the meet-point billing formula of the
13 Ordering and Billing Forum ("OBF"). Scheye Direct at 14. As I explained
14 in my Direct Testimony (Devine Direct at 16-18), LECs currently divide the
15 local transport revenues under a standard "meet-point billing" OBF formula.
16 These same meet-point billing procedures should apply where the tandem or
17 end office subtending the tandem is operated by an ALEC as in the case of
18 an adjoining LEC. BellSouth's failure to accept these guidelines for ALECs

1 would be discriminatory and inconsistent with the idea that ALECs should
2 be treated as equal co-carriers.

3 **Q. IS THE BELLSOUTH DIRECTORY ASSISTANCE PROPOSAL**
4 **ACCEPTABLE TO MFS-FL?**

5 **A. MFS-FL cannot accept the BellSouth proposal that directory assistance**
6 **storage charges be assessed to ALECs. Scheye Direct at 17-18. A single**
7 **directory assistance database is in the public interest, and ALEC customers**
8 **should therefore not be assessed any charges that are not likewise assessed**
9 **to BellSouth customers. This is simply another attempt by BellSouth to**
10 **raise the cost for ALECs to provide competitive service. The MFS-FL**
11 **positions on directory assistance -- including its requests for branded and**
12 **unbranded directory assistance, on-line access to BellSouth's directory**
13 **assistance database, licensing of BellSouth's directory assistance database,**
14 **and caller optional directory assistance call completion service -- are fully**
15 **explained in my earlier testimony. Devine Direct at 53-54.**

16 **Q. DO YOU FIND THE BELLSOUTH DIRECTORY LISTINGS**
17 **PROPOSAL TO BE ACCEPTABLE?**

18 **A. No. BellSouth does not guarantee that MFS-FL customers will receive the**
19 **same nondiscriminatory treatment as BellSouth customers on this issue. For**

1 example, BellSouth does not state whether its charges for an initial Yellow
2 Pages listing would be comparable to charges offered to BellSouth end
3 users. BellSouth does not address the issue of Yellow Pages maintenance,
4 The MFS-FL proposal for nondiscriminatory treatment with respect to
5 directory listings is fully detailed in my Direct Testimony. Devine Direct at
6 51-52, 54-55.

7 **Q. DOES BELLSOUTH RECOGNIZE ITS RESPONSIBILITY TO**
8 **PROVIDE NUMBER RESOURCES TO ALECS ON A**
9 **NONDISCRIMINATORY BASIS?**

10 **A.** As a co-carrier, MFS-FL is entitled to the same nondiscriminatory number
11 resources as any Florida LEC under the Central Office Code Assignment
12 Guidelines ("COCAG"). BellSouth, as Central Office Code Administrator
13 for Florida, should therefore support all MFS requests related to central
14 office (NXX) code administration and assignments in an effective and timely
15 manner. MFS-FL and BellSouth should comply with code administration
16 requirements as prescribed by the Federal Communications Commission, the
17 Commission, and accepted industry guidelines. BellSouth appears to
18 recognize this responsibility. Scheye Direct at 25. The MFS-FL position

1 on this issue is fully stated in my Direct Testimony. Devine Direct at 14-
2 15.

3 **Q. WHY DOES MFS-FL BELIEVE THAT THE ISSUES OF STANDARDS**
4 **FOR COORDINATED REPAIR CALLS, INFORMATION PAGES,**
5 **AND OPERATOR REFERENCE DATABASE UPDATES MUST BE**
6 **ADDRESSED IN THIS PROCEEDING?**

7 **A. MFS-FL believes that the prompt resolution of these issues will be essential**
8 **to establishing co-carrier status. I have described these issues in detail in**
9 **my Direct Testimony. Devine Direct at 55-56. BellSouth would prefer to**
10 **leave these issues to the negotiation process. Scheye Direct at 24. As I**
11 **have discussed, to date, MFS-FL has found BellSouth to be intransigent in**
12 **negotiations on co-carrier issues. Moreover, there is no incentive for**
13 **BellSouth to negotiate an expeditious resolution of these issues. The**
14 **experience of MFS-FL affiliates in other states suggests that these issues**
15 **will *not* be easily resolved through negotiations, nor does MFS-FL believe**
16 **that the complaint procedures should be relied upon to resolve issues that the**
17 **parties have already identified as contentious issues. Scheye Direct at 24.**
18 **MFS-FL therefore recommends that these issues be addressed by the**
19 **Commission in the manner described in my Direct Testimony.**

1 **Q. HAS MFS-FL STATED ITS POSITION ON THE ISSUES OF THE**
2 **EXCHANGE OF INTRALATA 800 TRAFFIC, 911/E911**
3 **PROVISIONING, OPERATOR TRAFFIC, INCLUDING BLV/I, THE**
4 **BILLING AND CLEARING OF CREDIT CARD, COLLECT, THIRD**
5 **PARTY AND AUDIOTEXT CALLS, AND ARRANGEMENTS TO**
6 **ENSURE THE PROVISION OF CLASS/LASS SERVICES?**

7 **A. Yes. MFS-FL has filed its Direct Testimony that fully states its position on**
8 **the issues of the exchange of intraLATA 800 traffic (Devine Direct at 70);**
9 **911/E911 provisioning (Devine Direct at 47-48); operator traffic, including**
10 **BLV/I (Devine Direct at 52); the billing and clearing of credit card, collect,**
11 **third party and audiotext calls (Devine Direct at 49-50); and arrangements**
12 **necessary to ensure the provision of CLASS/LASS services (Devine Direct**
13 **at 27-30). The MFS-FL recommendations and requirements with respect to**
14 **each of these issues, as well as each of the other issues in this docket, are**
15 **fully detailed in this prior Direct Testimony.**

16 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

17 **A. Yes, it does.**

CERTIFICATE OF SERVICE

I hereby certify that on the 8th day of December, 1995, a copy of the foregoing document was served, via federal express, upon the following parties:

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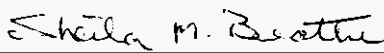
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Sheila M. Beattie

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

**Resolution of Petition(s) to establish)
nondiscriminatory rates, terms, and)
conditions for interconnection)
involving local exchange companies and)
alternative local exchange companies)
pursuant to Section 364.162, Florida)
Statutes)**

Docket No. 950985-TP

Filed: December 11, 1995

**PREHEARING STATEMENT OF
METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.**

Docket No. 950985-TP

**PREHEARING STATEMENT OF
METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.
Docket No. 950985-TP**

Pursuant to Rule 25-22.038(3), Florida Administrative Code and Order No. PSC-95-0888-PCO-TP, Metropolitan Fiber Systems of Florida, Inc. ("MFS-FL"), by its undersigned attorneys, hereby files this prehearing statement in the Commission's proceeding concerning its petition for interconnection with BellSouth Telecommunications, Inc. ("BellSouth" or "Southern Bell").

- (a) **the name of all known witnesses that may be called by the party, and the subject matter of their testimony;**

Timothy T. Devine will testify as to the appropriate interconnection and other co-carrier arrangements (as defined by the list of issues in this proceeding) between MFS-FL and BellSouth and, in particular, the appropriate terminating access compensation mechanism. He will also respond to proposals by other parties on these issues.

- (b) **a description of all known exhibits that may be used by the party, whether they may be identified on a composite basis, and the witness sponsoring each;**

Timothy T. Devine, on behalf of MFS-FL, will sponsor Exhibits TTD-1 through TTD-5 attached to his Direct and Rebuttal Testimony in this docket. Exhibit TTD-1 is the correspondence between BellSouth and MFS-FL in their recent interconnection negotiations. Exhibit TTD-2 is an affidavit of Timothy T. Devine. Exhibit TTD-3 is a list of processing and billing arrangements for interim number portability. Exhibit TTD-4 is a proposed stipulation of MFS-FL dated November 8, 1995. Exhibit TTD-5 is an interconnection agreement between MFS and Pacific Bell.

(c) a statement of basic position in the proceeding;

MFS-FL believes that the most efficient, administratively simple and equitable method of compensation for terminating access is the bill and keep method based on the in-kind exchange of traffic between co-carriers. This is the only method guaranteed to preclude a price squeeze. MFS-FL advocates other co-carrier arrangements in order to permit competitive entry without undue barriers to entry while keeping ALEC service transparent to end users, including: number resources arrangements; meet-point billing arrangements, including tandem subtending; reciprocal traffic exchange and reciprocal compensation; shared network platform arrangements; and local telephone number portability arrangements.

(d) MFS-FL offers the following prehearing positions on the questions of law, fact and public policy identified for disposition in this docket.

1. Issue: What are the appropriate rate structures, interconnection rates, or other compensation arrangements for the exchange of local and toll traffic between the respective ALECs and Southern Bell?

Position: The appropriate interconnection "rate" is the bill and keep method of traffic exchange whereby traffic is exchanged on a mutual basis with in-kind as opposed to cash compensation.

2. Issue: If the Commission sets rates, terms, and conditions for interconnection between the respective ALECs and Southern Bell, should Southern Bell tariff the interconnection rate(s) or other arrangements?

Position: Yes.

3. Issue: What are the appropriate technical and financial arrangements which should govern interconnection between the respective ALECs and Southern Bell for the delivery of calls originated and/or terminated from carriers not directly connected to the respective ALECs' network?

Position: MFS-FL supports the mutual exchange of traffic based on interconnection points (referred to by MFS-FL as Default Network Interconnection Points or "D-NIPs"), tandem subtending, and meet-point billing. Within each LATA, all carriers and BellSouth should jointly establish at least one mutually acceptable location as a D-NIP; all carriers would be permitted to interconnect at (or "sub-tend") the LEC tandem; and meet-point billing would follow established industry guidelines.

4. Issue: What are the appropriate technical and financial requirements for the exchange of intraLATA 800 traffic which originates from the respective ALECs' customer and terminates to an 800 number served by or through Southern Bell?

Position: New entrants have no ability to route 800 numbers to the appropriate local or long distance carrier. BellSouth should therefore be required to do a database dip and route ALEC 800 number calls to the appropriate carrier.

5. Issue: a) What are the appropriate technical arrangements for the interconnection of the respective ALECs' network to Southern Bell's 911 provisioning network such that the respective ALECs' customers are ensured the same level of 911 service as they would receive as a customer of Southern Bell?

b) What procedures should be in place for the timely exchange and updating of the respective ALECs' customer information for inclusion in appropriate E911 databases?

Position: a) BellSouth must provide trunk connections to its 911/E-911 selective routers/911 tandems for the provision of 911/E911 services and for access to all sub-tending Public Safety Answering Points ("PSAP"). Interconnection should be made at the D-NIP. BellSouth must also provide MFS-FL with the appropriate common language location identifier code and specifications of the tandem serving area. BellSouth must provide MFS-FL with the Master Street Address Guide so that MFS-FL can ensure the accuracy of the data transfer. Additionally, BellSouth should provide to MFS-FL the ten-digit POTS number of each PSAP which sub-tends each BellSouth selective router/9-1-1 tandem to which MFS-FL is interconnected. Finally, BellSouth should use its

best efforts to facilitate the prompt, robust, reliable, and efficient interconnection of MFS-FL systems to the 911/E911 platforms.

b) BellSouth should provide on-line access for immediate updates of the E-911 database. BellSouth should arrange for MFS-FL's automated input and daily updating of 911/E911 database information related to MFS-FL end users.

6. Issue: What are the appropriate technical and financial requirements for operator handled traffic flowing between the respective ALECs and Southern Bell including busy line verification and emergency interrupt services?

Position: Because ALECS and BellSouth should be able to interrupt calls in emergency situations, BellSouth should provide LEC-to-LEC Busy Line Verification and Interrupt ("BLV/I") trunks to one another to enable each carrier to support this functionality. ALECs and BellSouth should compensate one another for the use of BLV/I according to the effective rates listed in BellSouth's federal and state access tariffs, as applicable.

7. Issue: What are the appropriate arrangements for the provision of directory assistance services and data between the respective ALECs and Southern Bell?

Position: The Commission should require BellSouth to list competing carriers' customers in their directory assistance databases and should require all carriers (both LECs and ALECs) to make their directory listings available to one another. In general, all LECs should be required to update their directory assistance databases with data provided by

competitors on at least as timely a basis as they update these databases with information regarding their own customers.

8. Issue: Under what terms and conditions should Southern Bell be required to list the respective ALECs' customers in its white and yellow pages directories and to publish and distribute these directories to the respective ALECs' customers?

Position: The Commission should require BellSouth to list competing carriers' customers in their White and Yellow Pages directories and should require BellSouth to distribute these directories to ALEC customers at no charge, in the identical and transparent manner in which it provides those functions for its own customers' telephone numbers (including the same level of confidentiality). MFS-FL should be provided the same rates, terms and conditions for enhanced listings (i.e., bolding, indention, etc.) as are provided to BellSouth customers. MFS-FL must provide BellSouth with its directory listings and daily updates to those listings in an industry-accepted format; BellSouth will provide MFS-FL a magnetic tape or computer disk containing the proper format. BellSouth will ensure that access to MFS-FL's customer proprietary confidential directory information will be limited solely to those BellSouth employees directly involved in the preparation of listings.

9. Issue: What are the appropriate arrangements for the provision of billing and collection services between the respective ALECs and Southern Bell, including billing and clearing, credit card, collect, third party and audiotext calls?

Position: Consolidated billing should be required where appropriate by providing for a single master bill for each wire center for calls provided by BellSouth's interim number portability service, that will enable an ALEC to re-bill its end users for collect, calling card, third-party billed and audiotext calls. Carriers should also be required to enter into mutual billing and collection agreements.

10. **Issue:** What arrangements are necessary to ensure the provision of CLASS/LASS services between the respective ALECs and Southern Bell's networks?

Position: ALECs and BellSouth should provide LEC-to-LEC CCS to one another, where available, in conjunction with LATA-wide traffic, in order to enable full interoperability of CLASS features and functions. All CCS signaling parameters should be provided, including automatic number identification, originating line information, calling party category, charge number, etc. BellSouth and MFS-FL should cooperate on the exchange of Transactional Capabilities Application Part ("TCAP") messages to facilitate full inter-operability of CCS-based features between their respective networks. CCS should be provided by Signal Transfer Point-to-Signal Transfer Point connections. Given that CCS will be used cooperatively for the mutual handling of traffic, link facility and link termination charges should be prorated 50% between the parties. For traffic for which CCS is not available, in-band multi-frequency, wink start, and E&M channel-associated

signaling will be forwarded. The originating carrier should also be required to transmit the privacy indicator where it applies.

11. Issue: What are the appropriate arrangements for physical interconnection between the respective ALECs and Southern Bell, including trunking and signaling arrangements?

Position: BellSouth should exchange traffic between its network and the networks of competing carriers using reasonably efficient routing, trunking, and signaling arrangements. ALECs and BellSouth should reciprocally terminate LATA-wide traffic originating on each other's network, via two-way trunking arrangements. These arrangements should be jointly provisioned and engineered. Moreover, each local carrier should be required to engineer its portion of the transmission facilities terminating at a D-NIP to provide the same grade and quality of service between its switch and the other carrier's network as it provides in its own network. MFS-FL and BellSouth should use their best collective efforts to develop and agree upon a Joint Interconnection Grooming Plan prescribing standards to ensure that trunk groups are maintained at this grade of service. Carriers should provide each other the same form and quality of interoffice signaling (e.g., in-band, CCS, etc.) that they use within their own networks, and SS7 signaling should be provided where the carrier's own network is so equipped. The Feature Group D-like ("FGD-like") trunking arrangements used by either party to terminate

LATA-wide traffic may also be employed to terminate any other FGD traffic to that party, subject to payment of the applicable tariffed charges for such other traffic, *e.g.*, interLATA traffic.

12. Issue: To the extent not addressed in the number portability docket, Docket No. 950737-TP, what are the appropriate financial and operational arrangements for interexchange calls terminated to a number that has been "ported" to the respective ALECs?

Position: Switched access and local compensation should apply regardless of whether a call is completed using interim number portability. Only if the customers' carrier collects these revenues will competition be stimulated by interim number portability. BellSouth should therefore compensate ALECs as if the traffic had been terminated directly to the ALEC's network, except that certain transport elements should not be paid to ALECs to the extent that BellSouth will be transporting the call on its own network. Thus, for LATA-wide calls originating on BellSouth's network and terminating on MFS-FL's network, the effective inter-carrier compensation structure at the time the call is placed should apply. Traffic from IXCs forwarded to MFS-FL via temporary number portability should be compensated by BellSouth at the appropriate intraLATA, interLATA-intrastate, or interstate terminating access rate less those transport elements corresponding to the use of the BellSouth network to complete the call. Furthermore, MFS-FL believes that

procedures for the processing and billing of interim number portability should be established by the Commission in this proceeding.

13. Issue: What arrangements, if any, are necessary to address other operational issues?

Position: Each carrier should be required to provide the same standard of maintenance and repair service for its trunks terminating at the D-NIP as it does for interoffice trunks within its own network. Each carrier should be required to complete calls originating from another carrier's switch in the same manner and with comparable routing to calls originating from its own switches. The Commission should establish reasonable arrangements to address information services billing and collection, transfer of service announcements, coordinated repair calls, information pages, and the operator reference database.

14. Issue: What arrangements, if any, are appropriate for the assignment of NXX codes to the respective ALECs?

Position: As a co-carrier, MFS-FL is entitled to the same nondiscriminatory number resources as any Florida LEC under the Central Office Code Assignment Guidelines ("COAG"). BellSouth, as Central Office Code Administrator for Florida, should therefore support all MFS-FL requests related to central office (NXX) code administration and assignments in an effective and timely manner. MFS-FL and BellSouth will comply

with code administration requirements as prescribed by the Federal Communications Commission, the Commission, and accepted industry guidelines.

(g) a statement of issues that have been stipulated to by the parties;

TCG has signed a stipulation with BellSouth. No other party, to MFS-FL's knowledge, has signed a similar agreement.

(h) a statement of all pending motions or other matters the party seeks action upon;

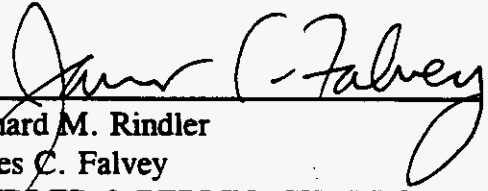
None.

(i) a statement as to any requirement set forth in this order that cannot be complied with, and the reasons therefor.

None.

Respectfully submitted,

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Dated: December 11, 1995