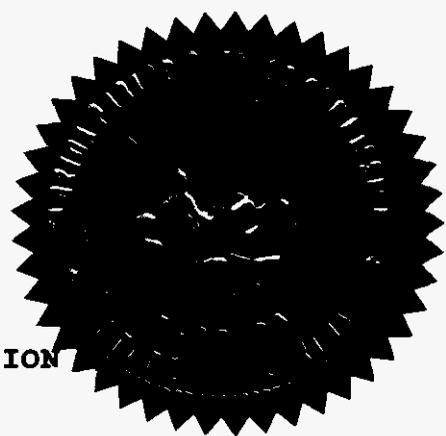


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of :
 Resolution of petition(s) : DOCKET NO. 950985-TP
 to establish nondiscrimi- :
 natory rates, terms, and :
 conditions for intercon- :
 nection involving local :
 exchange companies and :
 alternative local exchange :
 companies pursuant to :
 Section 364.162, F.S. :



SECOND DAY - MORNING SESSION

VOLUME 5

Pages 462 through 643

PROCEEDINGS: HEARING

BEFORE: CHAIRMAN SUSAN F. CLARK
 COMMISSIONER J. TERRY DEASON
 COMMISSIONER JULIA L. JOHNSON
 COMMISSIONER DIANE K. KIESLING
 COMMISSIONER JOE GARCIA

DATE: Monday, March 11, 1996

TIME: Commenced at 8:30 a.m.

PLACE: Betty Easley Conference Center
 Room 148
 4075 Esplanade Way
 Tallahassee, Florida

REPORTED BY: ROWENA NASH HACKNEY
 Official Commission Reporter
 (904) 413-6736

APPEARANCES:
 (As heretofore noted.)

DOCUMENT NUMBER-DATE
 03027 MAR 13 96

FPSC-RECORDS/REPORTING

WITNESSES

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P R O C E E D I N G S

(Hearing convened at 8:35 a.m.)

(Transcript follows in sequence from Volume 4.)

CHAIRMAN CLARK: Call the hearing to order. I think our next witness is Mr. Devine.

MR. RINDLER: He is, Your Honor, and he was here a minute ago. Perhaps we can go through and just make sure we have the correct testimony in front of us then.

CHAIRMAN CLARK: That would be a good idea.

MR. RINDLER: I have for Mr. Devine four pieces of testimony. There is a January 22nd direct testimony in the Sprint-United proceeding, a February 20th rebuttal testimony in the Sprint-United proceeding, a January 23rd direct testimony in the United/Centel proceeding -- I'm sorry, in the GTE proceeding. And a February 20th rebuttal testimony in the GTE proceeding. Do you have those?

CHAIRMAN CLARK: It looks like I do. There were two January 23rd direct testimonies, one in Sprint, one in GTE. And then a rebuttal testimony dated January 26th.

MR. RINDLER: No. I have a direct testimony in the Sprint case of January 22nd, a rebuttal of

1 February 20th.

2 CHAIRMAN CLARK: Do you have another
3 rebuttal?

4 MR. RINDLER: I do. I have a direct of
5 January 23rd in the GTE and a rebuttal, a second
6 rebuttal, of February 20th.

7 CHAIRMAN CLARK: Mr. Rindler, what I have is
8 a -- I do have the February 20th rebuttal and the
9 January 22nd direct and the January 23rd direct. But
10 the other rebuttal I have is -- I'm not sure if
11 it's -- it says Interconnection Petition of Time
12 Warner AxS of Florida and Digital Media Partners
13 Interconnection Petition of Continental Cable, and
14 that is the other rebuttal I have.

15 MR. RINDLER: You don't have a February 20th
16 rebuttal GTE of Florida?

17 CHAIRMAN CLARK: I sure don't.
18 I found it.

19 MR. RINDLER: There is one other preliminary
20 matter.

21 CHAIRMAN CLARK: So then I don't need the
22 Continental?

23 MR. RINDLER: No. There's one other
24 preliminary matter, Your Honor. As Mr. Gillman
25 indicated with the stipulation and agreement, partial

1 agreement with GTE, there was a request at the
2 prehearing that we delete those portions of the
3 testimony that were no longer in the case. I have
4 some page references of that. I don't know whether
5 you'd like me to do that or have the witness do that.

6 CHAIRMAN CLARK: I'll tell you what, let's
7 take care of the United/Centel, and then when we get
8 to the GTE, then we'll do the GTE direct and rebuttal.
9 And at the time we do them, if you would have -- you
10 don't have it on a list of paper, do you?

11 MR. RINDLER: Unless you can read my
12 handwriting.

13 CHAIRMAN CLARK: Okay. When we get to GTE
14 direct and rebuttal, then when you ask your witness,
15 he can make the corrections then.

16 So, Mr. Devine, you have been sworn in?

17 MR. DETERDING: Yes.

18 CHAIRMAN CLARK: Mr. Rindler, let's go ahead
19 and start and get the testimony into the record.

20 MR. RINDLER: Thank you, Your Honor.

21 - - - - -

22

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25

TIMOTHY T. DEVINE

1
2 was called as a witness on behalf of Metropolitan
3 Fiber Systems of Florida and, having been duly sworn,
4 testified as follows:

DIRECT EXAMINATION

5
6 BY MR. RINDLER:

7 Q Mr. Devine, could you state your name and
8 business address for the record, please?

9 A Timothy T. Devine. And my business address
10 is Six Concourse Parkway, Suite 2100, Atlanta,
11 Georgia. The Zip is 30328.

12 Q Mr. Devine, did you have prepared under your
13 supervision testimony, direct testimony, in the
14 Sprint-United proceeding dated January 22nd? Do you
15 have that in front of you?

16 A Yes.

17 Q Did you also have prepared testimony,
18 rebuttal testimony, of February 20th in the
19 United/Centel proceeding?

20 A Yes.

21 Q Do you have those in front of you?

22 A Yes, I do.

23 Q If I were to ask you the questions in those
24 two testimonies today, would your answers be the same?

25 A Yes.

1 Q Are there any changes or corrections?

2 A Yes.

3 Q Could you please point those out?

4 A On Page 31, Lines 18 and 19 --

5 CHAIRMAN CLARK: Wait a minute. Of your
6 direct or rebuttal?

7 WITNESS DEVINE: In the direct.

8 Q (By Mr. Devine) This is the United/Centel?

9 A Yes. On Page 31, Lines 18 and 19, delete
10 BellSouth and substitute Sprint-United/Centel.

11 And in the rebuttal, Page 2, Line 14, to
12 Page 3, Line 2.

13 Q You wanted that deleted?

14 A Yes.

15 Q Do you have any other changes?

16 A Not to the Sprint testimony.

17 Q If I were to ask you those questions today,
18 then your answers with those changes would be the
19 same?

20 A Yes, that's correct.

21 MR. RINDLER: Thank you. I would ask that
22 these be marked, Madam Chairman.

23 CHAIRMAN CLARK: The prefiled testimony of
24 Timothy T. Devine, dated January 22, 1996, will be
25 inserted into the record as though read. The prefiled

1 rebuttal testimony of Mr. Timothy T. Devine, dated
2 February 20th, will be inserted in the record as
3 though read.

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**DIRECT TESTIMONY OF TIMOTHY T. DEVINE
ON BEHALF OF
METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.
Docket No. 950985-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. ("MFS"), Six Concourse Parkway, Suite
4 2100, Atlanta, Georgia 30328.

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 MFS Communications Company, Inc., the indirect parent company
8 of Metropolitan Fiber Systems of Florida.

9 I will collectively refer to MFSCC and its subsidiaries as "MFS."

10 **Q. WHAT ARE YOUR RESPONSIBILITIES IN THAT POSITION?**

11 **A.** I am responsible for the regulatory oversight of commission dockets and other
12 regulatory matters and serve as MFS's representative to various members of
13 the industry. I am also responsible for coordinating co-carrier discussions
14 with Local Exchange Carriers within the Southern Region.

15 **Q. PLEASE DESCRIBE YOUR PREVIOUS PROFESSIONAL
16 EXPERIENCE AND EDUCATIONAL BACKGROUND.**

17 **A.** I have a B.S. in Political Science from Arizona State University and an M.A.
18 in Telecommunications Policy from George Washington University. I began
19 work in the telecommunications industry in April 1982 as a sales

Direct Testimony of Timothy T. Devine
MFS Communications Company, Inc.
January 22, 1996
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1 representative for packet switching services for Graphnet, Inc., one of the first
2 value-added common carriers in the United States. From 1983 until 1987, I
3 was employed at Sprint Communications Co., in sales, as a tariff analyst, as a
4 product manager, and as Manager of Product and Market Analysis. During
5 1988, I worked at Contel Corporation, a local exchange carrier, in its
6 telephone operations group, as the Manager of Network Marketing. I have
7 been working for MFS and its affiliates since January 1989. During this time
8 period, I have worked in product marketing and development, corporate
9 planning, regulatory support, and regulatory affairs. Most recently, from
10 August 1994 until August 1995, I have been representing MFS on regulatory
11 matters before the New York, Massachusetts, and Connecticut state
12 commissions and was responsible for the MFS Interim Co-Carrier Agreements
13 with NYNEX in New York and Massachusetts, as well as the execution of a
14 co-carrier Joint Stipulation in Connecticut.

Direct Testimony of Timothy T. Devine
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1 **Q. PLEASE DESCRIBE THE OPERATIONS OF MFS**
2 **COMMUNICATIONS COMPANY, INC. AND ITS SUBSIDIARIES.**

3 **A. MFS Communications Company, Inc. ("MFSCC") is a diversified**
4 telecommunications holding company with operations throughout the country,
5 as well as in Europe. MFS Telecom, Inc., an MFSCC subsidiary, through its
6 operating affiliates, is the largest competitive access provider in the United
7 States. MFS Telecom, Inc.'s subsidiaries, including MFS/McCourt, Inc.,
8 provide non-switched, dedicated private line and special access services.

9 MFS Intelenet, Inc. ("MFSI") is another wholly owned subsidiary of
10 MFSCC. It causes operating subsidiaries to be incorporated on a state-by-
11 state basis. MFSI's operating subsidiaries collectively are authorized to
12 provide switched interexchange telecommunications services in 48 states and
13 have applications to offer such service pending in the remaining states. Where
14 so authorized, MFSI's operating subsidiaries offer end users a single source
15 for local and long distance telecommunications services with quality and
16 pricing levels comparable to those achieved by larger communications users.
17 Apart from Florida, MFSI subsidiaries have been authorized to provide
18 competitive local exchange service in twelve states. Since July 1993, MFS
19 Intelenet of New York, Inc. has offered local exchange services in competition

Direct Testimony of Timothy T. Devine
MFS Communications Company, Inc.
January 22, 1996
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1 with New York Telephone Company. MFS Intelenet of Maryland, Inc. was
2 authorized to provide local exchange services in competition with Bell
3 Atlantic-Maryland, Inc. in April 1994 and recently has commenced
4 operations. On June 22, 1994, MFS Intelenet of Washington, Inc. was
5 authorized to provide local exchange services in competition with US West
6 Communications, Inc. On July 20, 1994, MFS Intelenet of Illinois, Inc. was
7 certificated to provide local exchange services in competition with Illinois
8 Bell Telephone Company and Central Telephone Company of Illinois. MFS
9 Intelenet of Ohio was certificated to provide competitive local exchange
10 service in competition with Ohio Bell on August 3, 1995. MFS Intelenet of
11 Michigan, on May 9, 1995, was certificated to provide competitive local
12 exchange service in competition with Ameritech-Michigan. MFS Intelenet of
13 Connecticut was certificated to provide local exchange service in competition
14 with Southern New England Telephone Company on June 28, 1995. MFS
15 Intelenet of Georgia was authorized to provide competitive local exchange
16 service on October 27, 1995. MFS Intelenet of Pennsylvania was authorized
17 to provide competitive local exchange services on October 5, 1995. MFS
18 Intelenet of Texas was authorized to provide competitive local exchange
19 service on October 25, 1995. MFS Intelenet of California, Inc. was

Direct Testimony of Timothy T. Devine
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1 certificated to provide competitive local exchange services in California by
2 Order of the California Public Utilities Commission on December 20, 1995.
3 Finally, MFS Intelenet of Massachusetts was certificated on March 9, 1994 to
4 operate as a reseller of both interexchange and local exchange services in the
5 Boston Metropolitan Area in competition with New England Telephone and is
6 authorized to provide competitive local exchange services in Massachusetts.

7 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS**
8 **COMMISSION?**

9 **A.** Yes. The principal proceedings in which I have testified are as follows: on
10 August 14, 1995 and September 8, 1995, respectively, I filed direct and
11 rebuttal testimony in the universal service docket. *In re: Determination of*
12 *funding for universal service and carrier of last resort responsibilities*, Docket
13 No. 950696-TP. On September 1, 1995 and September 29, 1995, respectively,
14 I filed direct and rebuttal testimony in the temporary number portability
15 docket. *In re: Investigation into temporary local telephone portability*
16 *solution to implement competition in local exchange telephone markets*,
17 Docket No. 950737-TP. On September 5, 1995 and September 29, 1995,
18 respectively, I filed direct and rebuttal testimony in the TCG Interconnection
19 Petition docket. *Resolution of Petition(s) to establish nondiscriminatory*

Direct Testimony of Timothy T. Devine
MFS Communications Company, Inc.
January 22, 1996
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1 *rates, terms, and conditions for interconnection involving local exchange*
2 *companies and alternative local exchange companies pursuant to Section*
3 *364.162, Florida Statutes, Docket No. 950985-TP. On November 13, 1995*
4 *and December 11, 1995, respectively, I filed direct and rebuttal testimony in*
5 *the Continental and MFS Interconnection Petition docket. Resolution of*
6 *Petition(s) to establish nondiscriminatory rates, terms, and conditions for*
7 *interconnection involving local exchange companies and alternative local*
8 *exchange companies pursuant to Section 364.162, Florida Statutes, Docket*
9 *No. 950985A-TP. On November 13, 1995 and December 11, 1995,*
10 *respectively, I filed direct and rebuttal testimony in the unbundling docket.*
11 *Resolution of Petition(s) to Establish Unbundled Services, Network Features,*
12 *Functions or Capabilities, and Local Loops Pursuant to Section 364.161,*
13 *Florida Statutes, Docket No. 950984-TP. On November 27, 1995 and*
14 *December 12, 1995, respectively, I filed direct and rebuttal testimony in the*
15 *MCI Unbundling Petition docket. Resolution of Petition(s) to Establish*
16 *Unbundled Services, Network Features, Functions or Capabilities, and Local*
17 *Loops Pursuant to Section 364.161, Florida Statutes, Docket No. 950984B-*
18 *TP.*

Direct Testimony of Timothy T. Devine
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1 **Q. ARE ANY OF THE PARTIES UPON WHOSE BEHALF YOU ARE**
2 **TESTIFYING CURRENTLY CERTIFICATED TO PROVIDE**
3 **SERVICE IN FLORIDA?**

4 **A.** Yes. Metropolitan Fiber Systems of Florida, Inc., a certificated Alternative
5 Access Vendor ("AAV"), by letter dated July 5, 1995, notified the
6 Commission of its intent to provide switched local exchange service in
7 Florida. The Commission acknowledged this notification on September 12,
8 1995, and later granted authority to MFS of Florida, Inc. to provide such
9 services effective January 1, 1996.

10 **I. PURPOSE AND SUMMARY**

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
12 **PROCEEDING?**

13 MFS-FL has filed its interconnection petition in this docket, as well as a
14 parallel petition in the unbundling docket, because its attempts at negotiations
15 with Sprint-United Telephone Company of Florida and Sprint-Central
16 Telephone Company of Florida ("Sprint-United/Centel" collectively) have
17 failed to yield acceptable co-carrier arrangements, including an agreement on
18 the pricing of interconnection. MFS-FL therefore is petitioning the
19 Commission, in accordance with Florida Statute Section 364.162, to establish

1 nondiscriminatory rates, terms, and conditions for interconnection. This
2 testimony supplements the information contained in the Petition with respect
3 to the co-carrier arrangements required by MFS-FL to provide economically
4 viable competitive local exchange service in Florida. Principally, MFS-FL
5 could not come to an agreement with Sprint-United/Centel because Sprint-
6 United/Centel delayed consideration of private negotiations for nearly half a
7 year.

8 **Q. AS A THRESHOLD MATTER, WHAT IS "INTERCONNECTION"?**

9 **A.** The term "interconnection" is very broad and, for purposes of this proceeding,
10 it will be helpful to distinguish among several types of interconnection. As a
11 general matter, "interconnection" encompasses any arrangement involving a
12 connection among different carriers' facilities, regardless of the form or
13 purpose. For example, if one carrier resells a second carrier's transmission or
14 switching services instead of constructing its own facilities to provide this
15 service to the end user, the two carriers are "interconnected." Except where
16 the second carrier controls a bottleneck facility, however, this form of
17 interconnection of facilities is an optional and voluntary business
18 arrangement, since the first carrier could perform the same function by adding
19 facilities to its own network.

1 When two or more carriers are providing local exchange service,
2 however, a different type of interconnection becomes essential. In that case,
3 competing networks must be able to exchange traffic (including the exchange
4 of signalling and billing information, and access to other service platforms
5 that support local exchange service), because of the overriding public interest
6 in preserving universal connectivity. In short, every telephone user in Florida
7 must be able to call (and receive calls from) every other user, regardless of
8 which carrier provides each user with local exchange service.

9 **Q. WHY IS INTERCONNECTION AN IMPORTANT ISSUE?**

10 **A.** It is important because today many Florida businesses and residences have a
11 telephone that is connected to Sprint-United/Centel's network. If MFS-FL
12 customers cannot place calls to, and receive calls from, customers of Sprint-
13 United/Centel, then MFS-FL will be unable, as a practical matter, to engage in
14 business in Florida, even if it is authorized to do so as a matter of law. No one
15 will buy a telephone service that does not permit calling to all other numbers.
16 Moreover, even if MFS-FL customers can place calls to Sprint-United/Centel
17 customers located in the same community, but only at excessive cost or with
18 inconvenient dialing patterns, poor transmission quality, or lengthy call set-up
19 delays, then MFS-FL will not be able to offer a service that customers would

Direct Testimony of Timothy T. Devine
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1 be interested in using. Equitable co-carrier arrangements are necessary before
2 new entrants can compete in the provision of local exchange service.

3 **Q. WHAT IS MEANT BY THE TERM "CO-CARRIER**
4 **ARRANGEMENTS"?**

5 **A.** By "co-carrier" arrangements, I refer to a variety of arrangements that will
6 have to be established to allow ALECs and Sprint-United/Centel to deal with
7 each other on a reciprocal, non-discriminatory, and equitable basis. Once the
8 basic principles for such arrangements are established by the Commission, the
9 affected carriers should be directed to implement specific arrangements in
10 conformance with the principles. The term "co-carrier" signifies both that the
11 two carriers are providing local exchange service within the same territory,
12 and that the relationship between them is intended to be equal and recipro-
13 cal—that is, neither carrier would be treated as subordinate or inferior.

14 **Q. SPECIFICALLY WHAT CO-CARRIER ARRANGEMENTS ARE**
15 **REQUIRED FOR MFS-FL TO PROVIDE VIABLE COMPETITIVE**
16 **LOCAL EXCHANGE SERVICE?**

17 **A.** MFS-FL believes that certain co-carrier requirements should apply equally
18 and reciprocally to all local exchange carriers, LECs and ALECs alike. The
19 Florida statutes have recognized the necessity for such arrangements by

1 requiring LECs to negotiate both interconnection and unbundling
2 arrangements. Fla. Stat. §§ 364.161, 364.162. The following are the co-
3 carrier arrangements required by MFS-FL: 1) Number Resources; 2) Tandem
4 Subtending/Meet-point Billing; 3) Reciprocal Traffic Exchange and
5 Reciprocal Compensation; 4) Shared Platform Arrangements; 5) Unbundling
6 the Local Loop; and 6) Interim Number Portability. All of these issues will be
7 addressed herein, with the exception of unbundling which will be addressed in
8 a separate parallel petition and testimony, and number resources, which the
9 Commission has addressed in other proceedings.

10 **Q. WAS THERE AGREEMENT ON ANY OF THESE CO-CARRIER**
11 **ISSUES WITH SPRINT-UNITED/CENTEL?**

12 **A. No. On July 19, 1995, MFS-FL attempted to begin negotiations with**
13 **Sprint-United/Centel for interconnection arrangements via a three-page letter**
14 **outlining the proposed interconnection arrangements. Nearly four months**
15 **later on November 9, 1995, MFS-FL sent Sprint-United/Centel a letter and**
16 **a detailed 31-page proposed co-carrier agreement in an attempt to simplify**
17 **the negotiations process for Sprint-United/Centel. MFS-FL still received no**
18 **formal counterproposal from Sprint-United/Centel. On January 3, 1996,**
19 **MFS-FL mailed another letter to Sprint-United/Centel in one last attempt at**

Direct Testimony of Timothy T. Devine
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1 receiving a response and beginning private negotiations. On January 5,
2 1996, Sprint-United/Centel sent correspondence to MFS-FL disputing our
3 status of negotiations. On January 18, 1996, Sprint-United/Centel formally
4 replied to the MFS-FL proposal with a stipulation. However, upon a
5 detailed review by MFS-FL, it became apparent that MFS-FL and Sprint-
6 United/Centel significantly disagree on compensation issues and the
7 stipulation itself lacks details to appropriately address the other issues. On
8 January 19, 1996, MFS-FL sent Sprint-United/Centel a letter to indicate that
9 it was going ahead with its Petition because both companies disagree on the
10 primary issue of compensation as well as other fundamental issues. MFS-
11 FL indicated its desire to continue discussions to reach an agreement on all
12 or as many issues as possible before the hearings commence in March.

13 **II. TANDEM SUBTENDING AND MEET-POINT BILLING**

14 **Q. WHAT IS MEANT BY TANDEM SUBTENDING?**

15 **A.** MFS-FL proposes that if Sprint-United/Centel operates an access tandem
16 serving a LATA in which MFS-FL operates, it should be required, upon
17 request, to provide tandem switching service to any other carrier's tandem or
18 end office switch serving customers within that LATA, thereby allowing
19 MFS-FL's switch to "subtend" the tandem. This arrangement is necessary to

Direct Testimony of Timothy T. Devine
MFS Communications Company, Inc.
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1 permit IXCs to originate and terminate interLATA calls on an ALEC's
2 network without undue expense or inefficiency. Similar arrangements already
3 exist today among LECs serving adjoining territories -- there are many
4 instances in which an end office switch operated by one LEC subtends an
5 access tandem operated by a different LEC in the same LATA.

6 **Q. HOW SHOULD INTERCARRIER BILLING BE HANDLED**
7 **WHEN TANDEM SUBTENDING ARRANGEMENTS ARE**
8 **USED?**

9 **A.** Where tandem subtending arrangements exist, LECs divide the local transport
10 revenues under a standard "meet-point billing" formula established by the
11 OBF and set forth in FCC and state tariffs. The same meet-point billing
12 procedures should apply where the tandem or end office subtending the
13 tandem is operated by an ALEC as in the case of an adjoining LEC.

14 MFS-FL and Sprint-United/Centel should establish meet-point billing
15 arrangements to enable the new entrants to provide switched access services^{1/}
16 to third parties via a Sprint-United/Centel access tandem switch, in accordance
17 with the Meet-Point Billing and Provisioning guidelines adopted by the OBF.

^{1/} E.g., Feature Group B, Feature Group D, 800 access, and 900 access.

1 Except in instances of capacity limitations, Sprint-United/Centel
2 should enable MFS to subtend the Sprint-United/Centel access tandem
3 switch(es) nearest to the MFS Rating Point associated with the NPA-NXX(s)
4 to or from which the switched access services are homed. In instances of
5 capacity limitation at a given access tandem switch, MFS-FL shall be allowed
6 to subtend the next-nearest Sprint-United/Centel access tandem switch in
7 which sufficient capacity is available.

8 As I will discuss later in my testimony, interconnection for the meet-
9 point arrangement will occur at the Designated Network Interconnection Point
10 ("D-NIP") at which point MFS-FL and Sprint-United/Centel will interconnect
11 their respective networks for inter-operability within that LATA. Common
12 channel signalling ("CCS") will be utilized in conjunction with meet-point
13 billing arrangements to the extent such signaling is resident in the Sprint-
14 United/Centel access tandem switch. ALECs and Sprint-United/Centel
15 should, individually and collectively, maintain provisions in their respective
16 federal and state access tariffs sufficient to reflect this meet-point billing
17 arrangement.

18 **Q. WHAT PROVISIONS SHOULD APPLY FOR THE EXCHANGE OF**
19 **BILLING INFORMATION?**

1 A. MFS-FL and Sprint-United/Centel will in a timely fashion exchange all
2 information necessary to accurately, reliably and promptly bill third parties for
3 switched access services traffic jointly handled by MFS-FL and Sprint-
4 United/Centel via the meet-point arrangement. Information will be exchanged
5 in Electronic Message Record ("EMR") format, on magnetic tape or via a
6 mutually acceptable electronic file transfer protocol. Furthermore, MFS and
7 Sprint-United/Centel should employ the calendar month billing period for
8 meet-point billing, and should provide each other, at no charge, the
9 appropriate usage data.

10 **Q. HOW SHOULD BILLING TO THIRD PARTIES BE**
11 **ACCOMPLISHED?**

12 A. Initially, billing to third parties for the switched access services jointly
13 provided by MFS-FL and Sprint-United/Centel via the meet-point billing
14 arrangement should be according to the single-bill/multiple tariff method.
15 Subsequently, billing to third parties for the switched access services jointly
16 provided by MFS-FL and Sprint-United/Centel via the meet-point
17 arrangement shall be, at MFS-FL's preference, according to the single-
18 bill/single tariff method, single-bill/multiple-tariff method, multiple-
19 bill/single-tariff method, or multiple-bill/multiple-tariff method. Should

Direct Testimony of Timothy T. Devine
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1 MFS-FL prefer to change among these billing methods, MFS-FL would be
2 required to notify Sprint-United/Centel of such change in writing, 90 days in
3 advance of the date on which such change was to be implemented.

4 **Q. HOW WOULD SWITCHED ACCESS CHARGES TO THIRD**
5 **PARTIES BE CALCULATED?**

6 **A.** Switched access charges to third parties would be calculated utilizing
7 the rates specified in MFS-FL's and Sprint-United/Centel's respective federal
8 and state access tariffs, in conjunction with the appropriate meet-point billing
9 factors specified for each meet-point arrangement either in those tariffs or in
10 the NECA No. 4 tariff. MFS-FL shall be entitled to the balance of the
11 switched access charge revenues associated with the jointly handled switched
12 access traffic, less the amount of transport element charge revenues to which
13 Sprint-United/Centel is entitled pursuant to the above-referenced tariff
14 provisions. Significantly, this does not include the interconnection charge,
15 which is to be remitted to the end office provider, which in this case would be
16 MFS-FL.

17 Where MFS-FL specifies one of the single-bill methods, Sprint-
18 United/Centel shall bill and collect from third parties, promptly remitting to
19 MFS-FL the total collected switched access charge revenues associated with

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1 the jointly-handled switched access traffic, less only the amount of transport
2 element charge revenues to which Sprint-United/Centel is otherwise entitled.

3 Meet-point billing will apply for all traffic bearing the 800, 888, or any
4 other non-geographic NPA which may be likewise designated for such traffic
5 in the future, where the responsible party is an IXC. In those situations where
6 the responsible party for such traffic is a LEC, full switched access rates will
7 apply.

8 **III. RECIPROCAL TRAFFIC EXCHANGE AND RECIPROCAL**
9 **COMPENSATION**

10 **A. Traffic Exchange Arrangements**

11 **Q. WHAT TRAFFIC EXCHANGE ARRANGEMENTS MUST BE**
12 **ESTABLISHED FOR THE EXCHANGE OF LOCAL TRAFFIC?**

13 **A.** To effectuate the exchange of traffic, MFS-FL proposes that interconnection
14 be accomplished through meet-points, with each carrier responsible for
15 providing trunking to the meet-point for the hand off of combined local and
16 toll traffic and each carrier responsible for completing calls to all end users on
17 their networks at the appropriate interconnection rate. In order to establish
18 meet-points, carriers would pass both local and toll traffic over a single trunk
19 group, utilizing a percent local utilization ("PLU") factor (similar to the

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1 currently utilized percent interexchange utilization ("PIU") factor) to provide
2 the proper jurisdictional call types, and subject to audit.

3 MFS-FL proposes that, within each LATA served, MFS-FL and
4 Sprint-United/Centel would identify a wire center to serve as the Designated
5 Network Interconnection Point ("D-NIP") at which point MFS-FL and Sprint-
6 United/Centel would interconnect their respective networks for inter-
7 operability within that LATA. Where MFS-FL and Sprint-United/Centel
8 interconnect at a D-NIP, MFS-FL would have the right to specify any of the
9 following interconnection methods: a) a mid-fiber meet at the D-NIP or other
10 appropriate point near to the D-NIP; b) a digital cross-connection hand-off,
11 DSX panel to DSX panel, where both MFS-FL and Sprint-United/Centel
12 maintain such facilities at the D-NIP; or c) a collocation facility maintained by
13 MFS-FL, Sprint-United/Centel, or by a third party. In extending network
14 interconnection facilities to the D-NIP, MFS-FL would have the right to
15 extend its own facilities or to lease dark fiber facilities or digital transport
16 facilities from Sprint-United/Centel or a third party. Such leased facilities
17 would extend from any point designated by MFS-FL on its own network
18 (including a co-location facility maintained by MFS at a Sprint-United/Centel
19 wire center) to the D-NIP or associated manhole or other appropriate junction

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1 point. MFS-FL would also have the right to lease such facilities from Sprint-
2 United/Centel under the most favorable tariff or contract terms Sprint-
3 United/Centel offers.

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

9 Although one meet-point is the minimum necessary for connectivity,
10 more than one meet-point could be established if mutually acceptable, but
11 should not be mandated. Moreover, if an additional mutually acceptable
12 meet-point is established, the cost of terminating a call to that meet-point
13 should be identical to the cost of terminating a call to the D-NIP. Any two
14 carriers could establish specialized meet-points to guarantee redundancy. To
15 ensure network integrity and reliability to all public switched network
16 customers, it is desirable to have at least two meet-points. In this way, if one
17 set of trunks is put out of service for any reason, such as a failure of electronic
18 components or an accidental line cut, traffic could continue to pass over the
19 other set of trunks and the impact upon users would be minimized. Each

1 carrier should be responsible for establishing the necessary trunk groups from
2 its switch or switches to the D-NIP(s).

3 At a minimum, each carrier should be required to establish facilities
4 between its switch(es) and the D-NIP in each LATA in sufficient quantity and
5 capacity to deliver traffic to and receive traffic from other carriers.

6 **Q. HOW DOES MFS-FL'S D-NIP PROPOSAL MAXIMIZE THE**
7 **EFFICIENCY OF THE NETWORK?**

8 **A.** MFS-FL's proposal permits the interconnecting parties—who understand their
9 networks best and have the greatest incentive to achieve efficiencies—to
10 determine where interconnection should take place. At the same time,
11 minimum interconnection requirements are established to ensure that
12 interconnection will take place between all carriers. MFS-FL opposes any
13 interconnection plan that mandates too specifically where interconnection
14 should take place. If carriers are not given flexibility as to where they can
15 interconnect, inefficiencies will result. MFS-FL would therefore oppose any
16 proposal that does not permit carriers to maximize the efficiency of their
17 networks.

1 **Q. WHAT DOES MFS-FL PROPOSE WITH RESPECT TO TRUNKING,**
2 **SIGNALLING, AND OTHER IMPORTANT INTERCONNECTION**
3 **ARRANGEMENTS?**

4 **A. Sprint-United/Centel should exchange traffic between its network and the**
5 **networks of competing carriers using reasonably efficient routing, trunking,**
6 **and signalling arrangements. ALECs and Sprint-United/Centel should**
7 **reciprocally terminate LATA-wide traffic^{2/} originating on each other's**
8 **network, via two-way trunking arrangements. These arrangements should be**
9 **jointly provisioned and engineered.**

10 Moreover, each local carrier should be required to engineer its portion
11 of the transmission facilities terminating at a D-NIP to provide the same grade
12 and quality of service between its switch and the other carrier's network as it
13 provides in its own network. At a minimum, transmission facilities should be
14 arranged in a sufficient quantity to each D-NIP to provide a P.01 grade of
15 service. MFS-FL and Sprint-United/Centel should use their best collective
16 efforts to develop and agree upon a Joint Inteconnection Grooming Plan

^{2/} The term "LATA-wide traffic" refers to calls between a user of local exchange service where the new entrant provides the dial tone to that user, and a user of a Sprint-provided local exchange service where Sprint provides the dial tone to that user and where both local exchange services bear NPA-NXX designations associated with the same LATA.

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1 prescribing standards to ensure that trunk groups are maintained at this grade
2 of service. Carriers should provide each other the same form and quality of
3 interoffice signalling (*e.g.*, in-band, CCS, etc.) that they use within their own
4 networks, and SS7 signalling should be provided where the carrier's own
5 network is so equipped. (A more detailed description of these proposed
6 arrangements is described in the Proposed MFS-FL Co-Carrier Agreement,
7 dated November 9, 1995, attached hereto as Exhibit TTD-2, at 13-14).

8 ALECs should provide LEC-to-LEC CCS to one another, where
9 available, in conjunction with LATA-wide traffic, in order to enable full inter-
10 operability of CLASS features and functions. All CCS signalling parameters
11 should be provided, including automatic number identification, originating
12 line information, calling party category, charge number, etc. Sprint-
13 United/Centel and MFS-FL should cooperate on the exchange of
14 Transactional Capabilities Application Part ("TCAP") messages to facilitate
15 full inter-operability of CCS-based features between their respective networks.
16 CCS should be provided by Signal Transfer Point-to-Signal Transfer Point
17 connections. Given that CCS will be used cooperatively for the mutual
18 handling of traffic, link facility and link termination charges should be
19 prorated 50% between the parties. For traffic for which CCS is not available,

1 in-band multi-frequency, wink start, and E&M channel-associated signalling
2 will be forwarded. The Feature Group D-like ("FGD-like") trunking
3 arrangements used by either party to terminate LATA-wide traffic may also be
4 employed to terminate any other FGD traffic to that party, subject to payment
5 of the applicable tariffed charges for such other traffic, e.g., interLATA traffic.

6 In addition to transmitting the calling party's number via SS7
7 signalling, the originating carrier should also be required to transmit the
8 privacy indicator where it applies. The privacy indicator is a signal that is sent
9 when the calling party has blocked release of its number, either by per-line or
10 per-call blocking. The terminating carrier should be required to observe the
11 privacy indicator on calls received through traffic exchange arrangements in
12 the same manner that it does for calls originated on its own network.

13 Each carrier should be required to provide the same standard of
14 maintenance and repair service for its trunks terminating at the D-NIP as it
15 does for interoffice trunks within its own network. Each carrier should be
16 required to complete calls originating from another carrier's switch in the same
17 manner and with comparable routing to calls originating from its own
18 switches. In particular, callers should not be subject to diminished service

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1 quality, noticeable call set-up delays, or requirements to dial access codes or
2 additional digits in order to complete a call to a customer of a different carrier.

3 **Q. HOW SHOULD MFS-FL COMPENSATE SPRINT-UNITED/CENTEL**
4 **FOR TRANSITING TRAFFIC?**

5 **A.** MFS-FL should only be required to pay for the Sprint-United/Centel
6 intermediary function of transiting traffic in the limited circumstances in
7 which two ALECs that are not cross-connected and do not have direct trunks
8 utilize Sprint-United/Centel trunks to transit traffic. In all cases, ALECs
9 should have an opportunity to cross-connect. In those instances in which
10 MFS-FL must pay for this intermediary function, it should pay the lesser of:
11 1) Sprint-United/Centel's interstate or intrastate switched access per minute
12 tandem switching element; or 2) a per minute rate of \$0.002.

13 **Q. WHY SHOULD CARRIERS BE REQUIRED TO USE TWO-WAY**
14 **TRUNKING ARRANGEMENTS?**

15 **A.** Carriers should be required to interconnect using two-way trunk groups
16 wherever technically feasible. Use of two-way trunking arrangements to
17 connect the networks of incumbent LECs is standard in the industry. Two-
18 way trunk groups represent the most efficient means of interconnection

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1 because they minimize the number of ports each carrier will have to utilize to
2 interconnect with all other carriers.

3 **Q. SHOULD INCUMBENT CARRIERS AND NEW ENTRANTS BE**
4 **REQUIRED TO PROVIDE BLV/I TRUNKS TO ONE ANOTHER?**

5 **A.** MFS-FL and Sprint-United/Centel should provide LEC-to-LEC Busy Line
6 Verification and Interrupt ("BLV/I") trunks to one another to enable each
7 carrier to support this functionality. MFS-FL and Sprint-United/Centel should
8 compensate one another for the use of BLV/I according to the effective rates
9 listed in Sprint-United/Centel's federal and state access tariffs, as applicable.

10 **B. Reciprocal Compensation**

11 **Q. WHY IS RECIPROCAL COMPENSATION CRITICAL TO THE**
12 **DEVELOPMENT OF LOCAL EXCHANGE COMPETITION IN**
13 **FLORIDA?**

14 **A.** Reciprocal compensation arrangements for exchange of local traffic, including
15 traffic traditionally known as intraLATA toll traffic, will be critical to the
16 success or failure of local competition. The level of these charges will have a
17 considerably more dramatic impact on ALECs than on Sprint-United/Centel.
18 While virtually all of the traffic originated by ALEC customers will terminate
19 on Sprint-United/Centel's network, only a small percentage of calls placed by

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1 Sprint-United/Centel customers will terminate on an ALEC's network. If "bill
2 and keep" is not adopted, ALECs will be affected much more seriously than
3 Sprint-United/Centel. The compensation scheme for interconnection that is
4 established in this proceeding can determine a significant portion of an
5 ALEC's cost of doing business and is therefore critical to ensuring that the
6 business of providing competitive local exchange service in Florida is a viable
7 one.

8 **Q. WHY DOES MFS-FL ADVOCATE THAT COMPETITORS UTILIZE**
9 **A "BILL AND KEEP" SYSTEM OF RECIPROCAL**
10 **COMPENSATION?**

11 **A.** The "bill and keep" method of reciprocal compensation is administratively
12 simple, avoids complex economic analysis which is at best subject to further
13 questioning, and is fair. What is more, bill and keep is already the most
14 commonly used method of reciprocal compensation between LECs throughout
15 the country. Bill and keep is the ideal interim arrangement until rates can be
16 set at the Long Run Incremental Cost of Sprint-United/Centel interconnection
17 once cost studies have been filed that will provide such cost information.

18 **Q. HOW DOES "BILL AND KEEP" WORK?**

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1 A. Under the "bill and keep" method of reciprocal compensation for
2 interconnection, each carrier would be compensated in two ways for
3 terminating local calls originated by customers of other carriers. First, each
4 carrier would receive the reciprocal right to receive termination of local calls
5 made by its own customers to subscribers on the other carrier's network
6 without cash payment, often referred to as payment "in kind." In addition, the
7 terminating carrier is compensated for call termination by its own customer,
8 who pays the terminating carrier a monthly fee for service, including the right
9 to receive calls without separate charge.

10 **Q. WHAT ARE THE ADVANTAGES OF "BILL AND KEEP"?**

11 A. One of the principal advantages of bill and keep, as compared with per-minute
12 switched access charges, is that it economizes on costs of measurement and
13 billing. With present technology, carriers are unable to measure the number of
14 local calls that they terminate for any other given carrier. Measurement and
15 billing costs could significantly increase the TSLRIC of the switching
16 function for terminating traffic and could result in higher prices for
17 consumers.

1 **Q. WHAT IS THE IMPACT OF THIS INCREASED COST STEMMING**
2 **FROM MEASUREMENT AND BILLING OF PER-MINUTE**
3 **TERMINATION FEES?**

4 **A.** The overall impact on the cost of providing local exchange service could be
5 devastating for both business and residential consumers. In order for this
6 significantly increased cost of providing local exchange service to be justified,
7 there would have to be a very large imbalance in traffic to make such
8 measurement worthwhile for society. Moreover, the costs of measurement
9 would create entry barriers and operate to deter competition, since they would
10 be added to entrants' costs for nearly all calls (those terminated on the Sprint-
11 United/Centel network), while being added only to a small fraction of Sprint-
12 United/Centel calls (those terminated on an ALEC's network).

13 **Q. WHAT OTHER ADVANTAGES TO "BILL AND KEEP" DO YOU**
14 **PERCEIVE?**

15 **A.** The bill and keep method of compensation also provides incentives to carriers
16 to adopt an efficient network architecture, one that will enable the termination
17 of calls in the manner that utilizes the fewest resources. A compensation
18 scheme in which the terminating carrier is able to transfer termination costs to

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1 the originating carrier reduces the incentive of the terminating carrier to utilize
2 an efficient call termination design.

3 **Q. HAS BILL AND KEEP BEEN ADOPTED IN OTHER STATES?**

4 **A.** The use of the bill and keep method of compensation as long as traffic is close
5 to being in balance (within 5%) has been adopted by the Michigan Public
6 Service Commission. Likewise, the Iowa Utilities Board ordered use of the
7 bill and keep method of compensation on an interim basis, pending the filing
8 of cost studies. Both the Connecticut Department of Utility Control and the
9 Washington Utilities and Transportation Commission also adopted bill and
10 keep in orders recently adopted. Finally, the California Public Utilities
11 Commission recently endorsed bill and keep on an interim basis:

12 "In the interim, local traffic shall be terminated by the LEC for the
13 CLC and by the CLC for the LEC over the interconnecting facilities
14 described in this Section on the basis of mutual traffic exchange.
15 Mutual traffic exchange means the exchange of terminating local
16 traffic between or among CLCs and LECs, whereby LECs and CLCs
17 terminate local exchange traffic originating from end users served by
18 the networks of other LECs or CLCs without explicit charging among
19 or between said carriers for such traffic exchange."

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1 *Order Instituting Rulemaking on the Commission's Own Motion into*
2 *Competition for Local Exchange Service, R.95-04-043, I.95-04-044,*
3 *Decision 95-07-054 (Cal. P.U.C., July 25, 1995).*

4 **Q. HAS "BILL AND KEEP" BEEN SUCCESSFULLY INSTITUTED BY**
5 **INCUMBENT LECS?**

6 **A.** Incumbent LECs throughout the United States have endorsed this
7 compensation method by employing it with other LECs. "Bill and keep"
8 arrangements and similar arrangements that approximate "bill and keep" are
9 common throughout the United States between non-competing LECs in
10 exchanging extended area service calls.

11 **Q. DOES MFS HAVE GOOD REASON TO BELIEVE THAT TRAFFIC**
12 **WILL BE IN BALANCE BETWEEN SPRINT AND ALECS?**

13 **A.** Yes. Although incumbents often argue that, if traffic is not in balance
14 between two carriers, "bill and keep" is an imperfect method of compensation,
15 this theory is discredited by the experience of an MFS-FL affiliate in New
16 York, where MFS is terminating more calls from NYNEX customers than
17 NYNEX is terminating from MFS customers. In the face of evidence that it is
18 terminating more minutes of intercarrier traffic in New York than the
19 incumbent LEC, and hence would profit from a compensation system that

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1 measures usage, MFS-FL's support for the bill and keep method of compensa-
2 tion is all the more credible.

3 **Q. WHY WOULD BASING TERMINATING ACCESS ON SWITCHED**
4 **ACCESS MAKE IT IMPOSSIBLE FOR ALECS TO COMPETE?**

5 **A.** Given the flat-rated local exchange rates of Sprint-United/Centel, payment of
6 switched access would not permit economically viable local exchange
7 competition. If MFS-FL must pay switched access rates and compete with
8 Sprint-United/Centel retail rates, the resulting price squeeze would render it
9 impossible for ALECs such as MFS-FL to compete in the Florida local
10 exchange market. Accordingly, any efforts by Sprint-United/Centel to impose
11 additional costs on ALECs through the imposition of a number of additional
12 charges — switched access interconnection charges, universal service
13 surcharges, additional trunking costs, and interim number portability charges,
14 etc. — must not be permitted in the co-carrier arrangements mandated by the
15 Commission.

16 **Q. CAN YOU DEMONSTRATE THAT SWITCHED ACCESS RATES**
17 **ARE UNACCEPTABLE?**

18 **A.** Yes. A comparison of flat rates charged by BellSouth to residential customers
19 with usage-based rates charged by ^{Sprint - United/Centel} BellSouth to competitors for terminating

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1 access demonstrates a classic price squeeze. It is this simple price squeeze
2 that will ensure that competition does not take root in Florida. Significantly,
3 particularly in a flat-rate environment, the price squeeze is most acute for
4 larger customers. Thus, ALECs will have an even more difficult time
5 competing for customers with 800 monthly minutes of use than for customers
6 with 600 or 460 minutes of use. This makes the price squeeze a particularly
7 effective means of crippling competitors.

8 **Q. COULD YOU ELABORATE ON THE CONCEPT OF A PRICE**
9 **SQUEEZE?**

10 **A.** A price squeeze occurs where a firm with a monopoly over an essential input
11 needed by other firms to compete with the first firm in providing services to
12 end users sells the input to its competitor at a price that prevents the end user
13 competitor from meeting the end user price of the first firm, despite the fact
14 that the competitor is just as efficient as the first firm. A price squeeze is
15 anticompetitive and deters entry into the market because, by raising entrants'
16 costs, it forces an entrant who wishes to match the incumbent's prices to
17 absorb losses as a price of entry. Because of their anticompetitive nature,
18 price squeezes are condemned as contrary to the public policy and prohibited
19 by the antitrust laws. *See, e.g., United States v. Aluminum Co. of America,*

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1 148 F.2d 416, 437-38 (2d Cir. 1945); *Illinois Cities of Bethany v. F.E.R.C.*,
2 670 F.2d 187 (D.C.Cir. 1981); *Ray v. Indiana & Michigan Elect. Co.*, 606
3 F.Supp. 757 (N.D. Ind. 1984). The Commission can ensure that a price
4 squeeze will not be implemented by applying imputation principles.

5 **Q. WOULD IT BE POSSIBLE FOR ALEC'S TO USE LOCAL**
6 **EXCHANGE SERVICE AS A LOSS-LEADER, BUT RECOUP THE**
7 **LOSS AND MAKE A PROFIT THROUGH OTHER SERVICES, SUCH**
8 **AS INTRALATA TOLL AND INTERLATA SERVICES?**

9 **A.** As has been recognized in other jurisdictions, if local exchange competition is
10 to succeed, competition must be possible in all segments of the local exchange
11 market, without cross-subsidization from other services. As the Illinois
12 Commerce Commission recently observed:

13 "The issue is not whether a new LEC ultimately can scrape
14 together revenues from enough sources to be able to afford
15 Illinois Bell's switched access charge. The crucial issue is the
16 effect of a given reciprocal compensation proposal on
17 competition. . . . [A]doption of Illinois Bell's [switched access
18 based] proposal and rationale would force new LECs to adopt

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1 either a premium pricing strategy or use local calling as a 'loss-
2 leader'. That is not just or reasonable."

3 *Illinois Bell Telephone Proposed Introduction of a Trial of Ameritech's Customers*
4 *First Plan in Illinois*, Docket No. 94-0096, at 98 (Ill. Comm. Comm'n., April 7,
5 1995). The Commission must ensure that inflated pricing for interconnection does
6 not preclude ALECs from achieving operating efficiency by developing their own
7 mixture of competitive products over time, including if a LEC so opts, the provision
8 of local exchange service alone.

9 **Q. WHY IS A USAGE-BASED SWITCHED ACCESS RATE FOR ALECS**
10 **PARTICULARLY INAPPROPRIATE IN AN ENVIRONMENT IN**
11 **WHICH SPRINT-UNITED/CENTEL CHARGES ITS END-USER**
12 **CUSTOMERS ON A FLAT-RATE BASIS?**

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1 A. As discussed above, usage-based switched access rates can result in a price
2 squeeze, a result which is exacerbated at higher calling volumes. Unless
3 usage-based terminating access rates are set at considerably low levels,
4 ALECs are forced to charge usage-based rates to end-user customers to
5 recover their costs. This precludes ALECs from offering customers a choice
6 of flat-rate or measured service, as Florida LECs currently offer. Not only
7 would ALECs be limited to measured usage services but, as discussed above,
8 even charging usage-based rates, ALECs cannot begin to compete when
9 paying switched access.

10 **IV. SHARED NETWORK PLATFORM ARRANGEMENTS**

11 **Q. WHAT ARE THE "SHARED PLATFORM" ARRANGEMENTS TO**
12 **WHICH YOU REFERRED EARLIER?**

13 A. There are a number of systems in place today that support the local
14 exchange network and provide customers with services that facilitate use of
15 the network. Some of these service platforms must be shared by competing
16 carriers in order to permit customers to receive seamless service. These
17 platforms include the following:

18 a. Interconnection Between MFS-FL and Other
19 Collocated Entities;

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- 1 b. 911 and E-911 systems;
- 2 c. Information Services Billing and Collection;
- 3 d. Directory Listings and Distribution;
- 4 e. Directory Assistance Service;
- 5 f. Yellow Page Maintenance;
- 6 g. Transfer of Service Announcements;
- 7 h. Coordinated Repair Calls;
- 8 i. Busy Line Verification and Interrupt;
- 9 j. Information Pages; and
- 10 k. Operator Reference Database.

11 **Q. WHAT ARE MFS-FL'S VIEWS ON THE PROPOSED SHARED**
12 **PLATFORM ARRANGEMENTS IN THE STIPULATION**
13 **AGREEMENT BETWEEN BELLSOUTH AND OTHER**
14 **PARTIES?**

15 **A. With the exception of compensation issues, MFS-FL would be**
16 **amenable to entering into similar shared platform arrangements with**
17 **Sprint-United/Centel. Specifically, MFS-FL agrees in principal with**
18 **the Stipulation proposals made on the following shared platform**
19 **arrangements: (1) 911/E911 Access; (2) Directory Listings and**

1 Directory Distributions; (3) Busy Line Verification/Emergency
2 Interrupt Services; (4) Number Resource Arrangements; (5) CLASS
3 Interoperability; (6) Network Design and Management; (7) Network
4 Expansion; and (8) Signaling. However, as I discussed at greater
5 length later in my testimony, MFS-FL does not agree with the
6 pricing of many of these arrangements.

7 The Stipulation also does not address a number of shared
8 platform arrangements necessary to provide customers with seamless
9 local exchange services including: (1) interconnection between MFS-
10 FL and other collocated entities; (2) information services billing and
11 collection; (3) directory assistance; (4) Yellow Page maintenance; (5)
12 transfer of service announcements; (6) coordinated repair calls; (7)
13 information pages; and (8) operator reference database.

14 I will address all of these shared platform arrangements in
15 further detail below.

16 **Q. WHAT STANDARDS SHOULD BE ADOPTED FOR**
17 **INTERCONNECTION BETWEEN MFS-FL AND OTHER**
18 **COLLOCATED FACILITIES?**

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1 **A.** Sprint-United/Centel should enable MFS-FL to directly interconnect
2 to any other entity which maintains a collocation facility at the same
3 Sprint-United/Centel wire center at which MFS-FL maintains a
4 collocation facility, by effecting a cross-connection between those
5 collocation facilities, as jointly directed by MFS-FL and the other
6 entity. For each such cross-connection, Sprint-United/Centel should
7 charge both MFS-FL and the other entity one-half the standard
8 tariffed special access cross-connect rate. Any proposal that normal
9 tariff rates apply for each interconnector that utilizes a collocation
10 arrangement would be a barrier to competition because ALECs
11 would be required to pay excessive rates for collocation
12 arrangements.

13 **Q.** **WHAT STANDARDS SHOULD BE ADOPTED FOR THE**
14 **PROVISION OF 911/E911 SERVICES?**

15 **A.** MFS-FL will need Sprint-United/Centel to provide trunk connections to its
16 911/E-911 selective routers/911 tandems for the provision of 911/E911
17 services and for access to all sub-tending Public Safety Answering Points
18 ("PSAP"). Interconnection should be made at the Designated Network

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1 Interconnection Point.^{3/} Sprint-United/Centel must also provide MFS-FL
2 with the appropriate common language location identifier ("CLLI") code
3 and specifications of the tandem serving area.

4 Sprint-United/Centel should arrange for MFS-FL's automated
5 input and daily updating of 911/E911 database information related to
6 MFS-FL end users. Sprint-United/Centel must provide MFS-FL
7 with the Master Street Address Guide ("MSAG") so that MFS-FL
8 can ensure the accuracy of the data transfer. Additionally, Sprint-
9 United/Centel should provide to MFS-FL the ten-digit POTS number
10 of each PSAP which sub-tends each Sprint-United/Centel selective
11 router/9-1-1 tandem to which MFS-FL is interconnected. Finally,
12 Sprint-United/Centel should use its best efforts to facilitate the
13 prompt, robust, reliable and efficient interconnection of MFS-FL
14 systems to the 911/E911 platforms.

15 **Q. WHAT ARRANGEMENTS SHOULD BE MANDATED FOR**
16 **INFORMATION SERVICES BILLING AND COLLECTION?**

^{3/} As discussed, the D-NIP is the correspondingly identified wire center at which point MFS-FL and BellSouth will interconnect their respective networks for interoperability within that LATA.

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1 A. Where a LEC chooses to offer caller-paid information services, such as 976-
2 XXXX services, customers of competing LECs in the same service territory
3 should have the ability to call these numbers. In this case, either the LEC
4 providing the audiotext service or its customer, the information provider,
5 rather than the carrier serving the caller, determines the price of the service.
6 Therefore, a co-carrier arrangement should provide that the originating
7 carrier will collect the information service charge as agent for the service
8 provider, and will remit that charge (less a reasonable billing and collection
9 fee) to the carrier offering the audiotext service. To the extent that any
10 charges apply for the reciprocal termination of local traffic, the originating
11 carrier should also be entitled to assess a charge for the use of its network in
12 this situation. This issue should be addressed in the context of the reciprocal
13 billing and collection arrangements.

14 MFS-FL will deliver information services traffic originated
15 over its Exchange Services to information services provided over
16 Sprint-United/Centel's information services platform (*e.g.*, 976) over
17 the appropriate trunks. Sprint-United/Centel should at MFS-FL's
18 option provide a direct real-time electronic feed or a daily or
19 monthly magnetic tape in a mutually-specified format, listing the

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1 appropriate billing listing and effective daily rate for each
2 information service by telephone number. To the extent MFS-FL
3 determines to provide a competitive information services platform,
4 Sprint-United/Centel should cooperate with MFS-FL to develop a
5 LATA-wide NXX code(s) which MFS-FL may use in conjunction
6 with such platform. Additionally, Sprint-United/Centel should route
7 calls to such platform over the appropriate trunks, and MFS-FL will
8 provide billing listing/daily rate information on terms reciprocal to
9 those specified above.

10 With respect to compensation issues, MFS-FL will bill and
11 collect from its end users the specific end user calling rates Sprint-
12 United/Centel bills its own end users for such services, unless MFS-
13 FL obtains tariff approval from the Commission specifically
14 permitting MFS-FL to charge its end users a rate different than the
15 rate set forth in Sprint-United/Centel's tariff for such services. MFS-
16 FL will remit the full specified charges for such traffic each month to
17 Sprint-United/Centel, less \$0.05 per minute, and less uncollectibles.
18 In the event MFS-FL provides an information service platform,

1 Sprint-United/Centel should bill its end users and remit funds to
2 MFS-FL on terms reciprocal to those specified above.

3 **Q. WHAT STANDARDS SHOULD APPLY TO DIRECTORY LISTINGS**
4 **AND DIRECTORY ASSISTANCE SERVICE?**

5 **A.** The public interest requires that persons be able to obtain telephone listing
6 information for a given locality by consulting only one printed directory or
7 one directory assistance operator. No useful purpose would be served by
8 publishing a separate directory of MFS-FL's customers. MFS-FL therefore
9 proposes that Sprint-United/Centel include MFS-FL's customers' telephone
10 numbers in all its "White Pages" and "Yellow Pages" directory listings and
11 directory assistance databases associated with the areas in which MFS-FL
12 provides services to such customers, and will distribute such directories to
13 such customers, in the identical and transparent manner in which it provides
14 those functions for its own customers' telephone numbers. MFS-FL should
15 be provided the same rates, terms and conditions for enhanced listings (i.e.,
16 bolding, indention, etc.) as are provided to Sprint-United/Centel customers.

17 Under MFS-FL's proposal, MFS-FL will provide Sprint-
18 United/Centel with its directory listings and daily updates to those
19 listings in an industry-accepted format; Sprint-United/Centel will

1 provide MFS-FL a magnetic tape or computer disk containing the
2 proper format. MFS-FL and Sprint-United/Centel will accord MFS-
3 FL's directory listing information the same level of confidentiality
4 which Sprint-United/Centel accords its own directory listing
5 information, and Sprint-United/Centel will ensure that access to
6 MFS-FL's customer proprietary confidential directory information
7 will be limited solely to those Sprint-United/Centel employees who
8 are directly involved in the preparation of listings.

9 **Q. WHAT STANDARDS SHOULD BE ADOPTED FOR BUSY**
10 **LINE VERIFICATION AND INTERRUPT?**

11 **A.** MFS-FL and Sprint-United/Centel should establish procedures
12 whereby their operator bureaus will coordinate with each other in
13 order to provide Busy Line Verification ("BLV") and Busy Line
14 Verification and Interrupt ("BLVI") services on calls between their
15 respective end users. BLV and BLVI inquiries between operator
16 bureaus should be routed over the appropriate trunks.

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1 **Q. WHAT STANDARDS SHOULD BE ADOPTED FOR DIRECTORY**
2 **ASSISTANCE?**

3 **A. At MFS-FL's request, Sprint-United/Centel should: (1) provide to MFS-FL**
4 **operators or to an MFS-FL-designated operator bureau on-line access to**
5 **Sprint-United/Centel's directory assistance database, where such access is**
6 **identical to the type of access Sprint-United/Centel's own directory**
7 **assistance operators utilize in order to provide directory assistance services**
8 **to Sprint-United/Centel end users; (2) provide to MFS-FL unbranded**
9 **directory assistance service which is comparable in every way to the**
10 **directory assistance service Sprint-United/Centel makes available to its own**
11 **end users; (3) provide to MFS-FL directory assistance service under MFS-**
12 **FL's brand which is comparable in every way to the directory assistance**
13 **service Sprint-United/Centel makes available to its own end users; (4) allow**
14 **MFS-FL or an MFS-FL-designated operator bureau to license Sprint-**
15 **United/Centel's directory assistance database for use in providing**
16 **competitive directory assistance services; and (5) in conjunction with (2) or**
17 **(3), above, provide caller-optional directory assistance call completion**
18 **service which is comparable in every way to the directory assistance call**
19 **completion service Sprint-United/Centel makes available to its own end**

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1 users. If call completion services were to be resold, Sprint-United/Centel
2 should be required to provide calling detail in electronic format for MFS-FL
3 to rebill the calling services.

4 **Q. WHAT STANDARDS SHOULD BE ADOPTED FOR YELLOW PAGE**
5 **MAINTENANCE AND TRANSFER OF SERVICE**
6 **ANNOUNCEMENTS?**

7 **A.** With regard to Yellow Page maintenance, Sprint-United/Centel
8 should work cooperatively with MFS-FL to ensure that Yellow Page
9 advertisements purchased by customers who switch their service to
10 MFS-FL (including customers utilizing MFS-FL-assigned telephone
11 numbers and MFS-FL customers utilizing co-carrier number
12 forwarding) are maintained without interruption. Sprint-
13 United/Centel should allow MFS-FL customers to purchase new
14 yellow pages advertisements without discrimination, at non-
15 discriminatory rates, terms and conditions. Sprint-United/Centel and
16 MFS-FL should implement a commission program whereby MFS-FL
17 may, at MFS-FL's discretion, act as a sales, billing and collection
18 agent for Yellow Pages advertisements purchased by MFS-FL's
19 exchange service customers.

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1 When an end user customer changes from Sprint-United/Centel to
2 MFS-FL, or from MFS-FL to Sprint-United/Centel, and does not retain its
3 original telephone number, the party formerly providing service to the end
4 user should provide a transfer of service announcement on the abandoned
5 telephone number. This announcement will provide details on the new
6 number to be dialed to reach this customer. These arrangements should be
7 provided reciprocally, free of charge to either the other carrier or the end
8 user customer.

9 **Q. WHAT STANDARDS SHOULD BE ADOPTED FOR COORDINATED**
10 **REPAIR CALLS, INFORMATION PAGES AND OPERATOR**
11 **REFERENCE DATABASE?**

12 **A.** With respect to misdirected repair calls, MFS-FL and Sprint-United/Centel
13 should educate their respective customers as to the correct telephone
14 numbers to call in order to access their respective repair bureaus. To the
15 extent the correct provider can be determined, misdirected repair calls
16 should be referred to the proper provider of local exchange service in a
17 courteous manner, at no charge, and the end user should be provided the
18 correct contact telephone number. Extraneous communications beyond the
19 direct referral to the correct repair telephone number should be strictly

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1 prohibited. In addition, MFS-FL and Sprint-United/Centel should provide
2 their respective repair contact numbers to one another on a reciprocal basis.

3 Sprint-United/Centel should include in the "Information Pages" or
4 comparable section of its White Pages Directories for areas served by MFS-
5 FL, listings provided by MFS-FL for MFS-FL's calling areas, services
6 installation, repair and customer service and other information. Such
7 listings should appear in the manner and likenesses as such information
8 appears for subscribers of the Sprint-United/Centel and other LECs.

9 Sprint-United/Centel should also be required to provide operator
10 reference database ("ORDB") updates on a monthly basis at no charge in
11 order to enable MFS-FL operators to respond in emergency situations.

12 **VI. LOCAL TELEPHONE NUMBER PORTABILITY ARRANGEMENTS**

13 **Q. WHAT ASPECTS OF NUMBER PORTABILITY WERE NOT**
14 **ADDRESSED IN THE SEPARATE NUMBER PORTABILITY**
15 **PROCEEDING?**

16 **A.** First, the operational issues that MFS-FL proposes are fully addressed in its
17 Proposed Co-Carrier Agreement on pp. 26-28, attached hereto as Exhibit 2.
18 Second, the Interim number portability stipulation explicitly delayed the
19 issue of "compensation for termination of ported calls and the entitlement to

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1 terminating network access charges on ported calls." Number Portability
2 Stipulation at 3. To the extent that the majority of ALEC customers will
3 initially be former LEC customers utilizing interim number portability, this
4 is a critical issue for MFS-FL and other ALECs. Switched access and local
5 compensation should apply regardless of whether a call is completed using
6 interim number portability. MFS-FL believes that this is the only approach
7 consistent with the Commission's goal of introducing competition in the
8 local exchange market.

9 **Q. WHICH CARRIER SHOULD COLLECT THE CHARGES FOR**
10 **TERMINATION OF TRAFFIC ON ITS NETWORK WHEN A CALL**
11 **IS RECEIVED VIA NUMBER RETENTION?**

12 **A.** Only if the customers' carrier collects these revenues will competition be
13 stimulated by interim number portability. Allowing the incumbent LEC to
14 retain toll access charges for calls terminated to a retained number belonging
15 to a customer of another carrier would have three adverse consequences.
16 First, it would reward the incumbent LEC for the lack of true local number
17 portability, and therefore provide a financial incentive to delay true number
18 portability for as long as possible. Second, it would help reinforce the
19 incumbent LEC bottleneck on termination of interexchange traffic, and

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1 thereby stifle potential competition in this market. Third, it would impede
2 local exchange competition by preventing new entrants from competing for
3 one significant component of the revenues associated with that service,
4 namely toll access charges.

5 MFS does not subscribe to the LEC conventional wisdom that access
6 charges "subsidize" local exchange service, since there is no evidence that
7 the forward-looking economic cost of the basic local exchange service
8 exceeds its price as a general matter (aside from special circumstances such
9 as Lifeline, where a subsidy may exist). Nonetheless, access charges clearly
10 provide a significant source of revenue -- along with subscriber access
11 charges, local flat-rate or usage charges, intraLATA toll charges, vertical
12 feature charges, and perhaps others -- that justify the total cost of
13 constructing and operating a local exchange network, including shared and
14 common costs. It is unrealistic to expect ALECs to make the substantial
15 capital investment required to construct and operate competitive networks if
16 they will not have the opportunity to compete for all of the services
17 provided by the LECs and all of the revenues generated by those services.
18 As long as true local number portability does not exist, the new entrants'
19 opportunity to compete for access revenue would be severely restricted if

1 they had to forfeit access charges in order to use interim number portability
2 arrangements.

3 **Q. SHOULD COMPENSATION ARRANGEMENTS FOR THE**
4 **EXCHANGE OF LOCAL OR TOLL TRAFFIC BETWEEN LECS**
5 **VARY DEPENDING ON WHETHER INTERIM NUMBER**
6 **PORTABILITY WAS IN PLACE ON A GIVEN CALL?**

7 **A.** No. Temporary number portability is a technical arrangement that will
8 permit competition to take root in Florida. The purpose of temporary
9 number portability is to permit new entrants to market their services to
10 customers by permitting customers to retain their phone numbers when
11 switching to a new provider. Because it is necessary to bring to the public
12 the benefits of competition at this time, temporary number portability
13 benefits all callers, and has absolutely nothing to do with compensation.
14 These issues should not be mixed, and compensation should not vary
15 depending on whether temporary number portability is in place or not.

16 **Q. WHAT COMPENSATION ARRANGEMENT SHOULD APPLY TO**
17 **REDIRECTED CALLS UNDER TEMPORARY NUMBER**
18 **PORTABILITY?**

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1 A. Sprint-United/Centel should compensate MFS-FL as if the traffic had been
2 terminated directly to MFS-FL's network, except that certain transport
3 elements should not be paid to MFS-FL to the extent that Sprint-
4 United/Centel will be transporting the call on its own network. Thus, for
5 LATA-wide calls originating on Sprint-United/Centel's network and
6 terminating on MFS-FL's network, the effective inter-carrier compensation
7 structure at the time the call is placed should apply. Traffic from IXCs
8 forwarded to MFS-FL via temporary number portability should be
9 compensated by Sprint-United/Centel at the appropriate intraLATA,
10 interLATA-intrastate, or interstate terminating access rate less those
11 transport elements corresponding to the use of the Sprint-United/Centel
12 network to complete the call. In other words, Sprint-United/Centel should
13 receive entrance fees, tandem switching, and part of the tandem transport
14 charges. MFS-FL should receive local switching, the RIC, the CCL, and
15 part of the transport charge. (The pro-rata billing share to be remitted to
16 MFS-FL should be identical to the rates and rate levels as non-temporary
17 number portability calls.) Sprint-United/Centel will bill and collect from the
18 IXC and remit the appropriate portion to MFS-FL.

19 Q. **HAS SPRINT-UNITED/CENTEL AGREED TO THIS POSITION?**

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1 A. No. As I stated in my earlier testimony, Sprint-United/Centel has been
2 unwilling to engage in negotiations with MFS-FL.

3 **Q. ARE THERE ANY OTHER INTERIM NUMBER PORTABILITY**
4 **ISSUES THAT ARE UNLIKELY TO BE ADDRESSED IN THE**
5 **SEPARATE PROCEEDING?**

6 A. Yes. The details of how a request for interim number portability will be
7 processed and billed were not addressed. MFS-FL believes that the
8 Commission should address these issues in this proceeding to ensure that
9 interim number portability is implemented efficiently and without dispute.

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

11 A. Yes.

**REBUTTAL TESTIMONY OF TIMOTHY T. DEVINE
ON BEHALF OF
METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.
(Petition re: United/Centel)
Docket No. 950985-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 F. Ben Poag filed on behalf of Sprint-United and Sprint-Centel**
13 **(“United/Centel”).**

14 ~~**Q. HAS MFS-FL COME TO AGREEMENT WITH UNITED/CENTEL ON**~~
15 ~~**SOME OF THE ISSUES IN THIS DOCKET WITH**~~
16 ~~**UNITED/CENTEL?**~~

17 **A. No. Despite a certain amount of progress in negotiations, MFS-FL and**
18 ~~**United/Centel have not succeeded in reaching agreement on any issues in**~~

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1 ~~this proceeding. All of the issues in this proceeding therefore remain to be~~
2 ~~resolved between MFS-FL and United/Centel.~~

3 **Q. DO YOU ADOPT YOUR REBUTTAL TESTIMONY TO GTE IN THIS**
4 **REBUTTAL TESTIMONY TO UNITED/CENTELE?**

5 **A.** Yes. Because all of the same arguments raised in my rebuttal testimony to
6 GTE apply with equal force to United/Centel, I adopt my GTE rebuttal
7 testimony in this proceeding as to United/Centel. The chart attached to the
8 GTE rebuttal testimony is attached hereto as Exhibit TTD-6. The GTE
9 rebuttal testimony makes reference to an agreement between GTE and
10 Intermedia. A similar agreement was signed between United/Centel and
11 Intermedia. A copy of that agreement is attached hereto as Exhibit TTD-7.
12 The agreement signed between MFS-FL and GTE and attached to the GTE
13 rebuttal testimony is also attached hereto as Exhibit TTD-8.

14 **Q. DID YOU RAISE OTHER ISSUES IN YOUR GTE REBUTTAL**
15 **TESTIMONY THAT YOU WILL NOT REPEAT HERE?**

16 **A.** Yes. I discussed the impact of the recently signed Telecommunications Act
17 of 1996 on this proceeding, including the fact that MFS-FL's reciprocal
18 compensation proposal, including both the bill and keep interim proposal
19 and the LRIC permanent proposal, is, unlike those of United/Centel, GTE,
20 and BellSouth, consistent with the new federal law. To the extent that I

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1 have adopted the GTE testimony herein, I will not repeat this significant
2 testimony here.

3 **Q. WHAT WILL BE THE FOCUS OF YOUR ADDITIONAL REBUTTAL**
4 **TESTIMONY?**

5 **A.**Although all issues remain unresolved, this testimony will focus on
6 additional responsive testimony to Mr. Poag's testimony on reciprocal
7 compensation, as well as the appropriate network architecture and the
8 recovery of the RIC.

9 **Q. ARE THERE ARGUMENTS RAISED BY UNITED/CENTEL ON THE**
10 **ISSUE OF RECIPROCAL COMPENSATION THAT YOU WOULD**
11 **LIKE TO RESPOND TO DIRECTLY?**

12 **A.**Yes.

13 **Q. DO YOU BELIEVE, AS MR. POAG ARGUES, THAT THE USE OF**
14 **THE WORDS "RATE" OR "PRICE" IN SECTION 364.162,**
15 **FLORIDA STATUTES, PRECLUDES A BILL AND KEEP**
16 **ARRANGEMENT?**

17 **A.**No. Although, like Mr. Poag, I am not a lawyer, Mr. Poag's formalistic
18 reading of the Florida statute does not square with the interpretation given to
19 the same words by the United States Congress. Despite the fact that the
20 Telecommunications Act of 1996 discusses "rates," "charges," and "pricing

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1 standards," it also clarifies that this language should not be read to exclude a
2 bill and keep arrangement. Sec. 252(d)(2)(B)(i). This Commission should
3 likewise apply such a reasonable reading of the Florida statute.

4 **Q. DOES MR. POAG MISCONSTRUE YOUR TESTIMONY ON THE**
5 **ISSUE OF TRAFFIC BALANCE?**

6 **A.** Yes. The point I made in my direct testimony (Devine Direct at 30-31) is
7 that, despite the fact that MFS-FL's traffic balance numbers with NYNEX
8 demonstrate that it would profit from exchanging monetary compensation
9 with incumbent LECs, it nonetheless supports bill and keep because it will
10 permit it to get into business with simpler, less costly arrangements. Mr.
11 Poag responds by stating that its traffic flows with four other Florida LECs
12 are out of balance. Poag Direct at 5. First, Mr. Poag neglects to note in
13 whose favor the traffic balance runs, nor does it provide specific percentages
14 for each carrier as MFS-FL has. Second, Mr. Poag has successfully driven
15 MFS-FL's point home: despite the fact that traffic is out of balance between
16 United/Centel and four other LECs, it appears that United/Centel still
17 utilizes a system of bill and keep in exchanging traffic with these LECs.

18 **Q. DO YOU AGREE WITH MR. POAG THAT THE PROPER COST**
19 **STANDARD FOR SETTING LOCAL INTERCONNECTION RATES**
20 **IS A REVENUE REQUIREMENT COST RECOVERY**

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1 **METHODOLOGY (POAG DIRECT AT 6)?**

2 A. Definitely not. In fact, the federal Act states that interconnection rates
3 should be based on the cost of providing the interconnection "without
4 reference to a rate-of-return or other rate-based proceeding." Sec.
5 252(d)(1)(A)(i). MFS-FL believes that the appropriate cost methodology is
6 Long Run Incremental Cost ("LRIC"), similar to the Total Service Long
7 Run Incremental Cost ("TSLRIC") methodology advocated by AT&T and
8 MCIMetro.

9 **Q. DO YOU AGREE WITH MR. POAG THAT "IT IS NOT POSSIBLE**
10 **TO DISTINGUISH BETWEEN TOLL AND LOCAL FOR BILLING**
11 **PURPOSES" (POAG DIRECT AT 7)?**

12 A. No. In fact, GTE has agreed with MFS-FL to utilize the same trunk groups
13 for local and toll traffic. Two carriers could also utilize a Percent Local
14 Usage ("PLU") reporting system, similar to the Percent Interstate Usage
15 ("PIU") system currently utilized by interexchange carriers, verified by
16 auditing. Moreover, MFS-FL would agree to a single LATA-wide rate for
17 local and toll traffic, as has been implemented in New York and
18 Connecticut, which would eliminate this entire issue.

19 **Q. IS IT APPROPRIATE FOR MR. POAG TO ARGUE THAT MFS-FL**
20 **INTERCONNECTION RATES SHOULD BE HIGHER BECAUSE**

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Metropolitan Fiber Systems of Florida, Inc.
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1 **UNITED/CENTEL'S HAS A UNIVERSAL SERVICE OBLIGATION**
2 **(POAG DIRECT AT 12-14, 16-17)?**

3 A. No. This Commission has already addressed the appropriate universal
4 service mechanism, and United/Centel has recourse under the Commission's
5 decision if it believes that its ability to meet its universal service obligations
6 is impaired by competition. Moreover, the Legislature has adopted a
7 framework in which universal service charges should not be linked in any
8 way to interconnection charges. Accordingly, the suggestion that LEC
9 universal service obligations should result in greater interconnection
10 compensation, or affect what cost methodology to apply, is misguided. (I
11 hereby adopt the portions of my testimony in the BellSouth case (Devine
12 Direct at 12-13; Devine Rebuttal at 2-4) explaining this "de-linking" of
13 universal service and interconnection charges.).

14 **Q. IN ADDITION TO RECIPROCAL COMPENSATION, ONE OF THE**
15 **PRINCIPAL UNRESOLVED ISSUES BETWEEN MFS-FL AND**
16 **UNITED/CENTEL IS THE APPROPRIATE NETWORK**
17 **ARCHITECTURE. PLEASE SUMMARIZE THE MFS-FL DEFAULT**
18 **NETWORK INTERCONNECTION POINT ("D-NIP") PROPOSAL.**

19 A. As I have described more fully at pages 17 through 22 of my Direct
20 Testimony, within each LATA served, MFS-FL and United/Centel would

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1 identify a wire center to serve as the interconnection point (as MFS-FL
2 defines herein Designated Network Interconnection Point ("D-NIP")) at
3 which point MFS-FL and United/Centel would interconnect their respective
4 networks for inter-operability within that LATA. Where MFS-FL and
5 United/Centel interconnect at a D-NIP, MFS-FL would have the right to
6 specify any of the following interconnection methods: a) a mid-fiber meet at
7 the D-NIP or other appropriate point near to the D-NIP; b) a digital cross-
8 connection hand-off, DSX panel to DSX panel, where both MFS-FL and
9 BellSouth maintain such facilities at the D-NIP; or c) a collocation facility
10 maintained by MFS-FL, United/Centel, or by a third party.

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

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

20 **A.** MFS-FL's proposal permits the interconnecting parties—who understand

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1 their networks best and have the greatest incentive to achieve
2 efficiencies—to determine where interconnection should take place, while
3 establishing minimum interconnection requirements. Devine Direct at 20.
4 If carriers are not given flexibility as to where they can interconnect,
5 inefficiencies will result. MFS-FL would therefore oppose any proposal
6 that does not permit carriers to maximize the efficiency of their networks.

7 **Q. DOES UNITED/CENDEL ACCEPT THE MFS-FL DEFAULT**
8 **NETWORK INTERCONNECTION POINT (“D-NIP”) PROPOSAL?**

9 **A.** No. Although MFS-FL was able to reach agreement on its network
10 architecture proposal with GTE, United/Centel would not agree to the MFS-
11 FL proposal in negotiations. In its direct testimony, United/Centel merely
12 states that new trunk groups will be established as required by MFS-FL
13 (Poag at 24) without addressing in any detail the issue of where
14 interconnection should take place. To the extent that United/Centel makes
15 some of the same arguments on this issue as BellSouth, I hereby adopt my
16 rebuttal testimony to BellSouth (Devine Rebuttal at 30) on this issue.

17 **Q. WHAT IS ONE OF THE KEY ISSUES THAT GTE AGREED TO BUT**
18 **UNITED/CENDEL WOULD NOT?**

19 **A.** United/Centel, in calculating how switched access charges to third parties is
20 calculated, would retain the RIC on calls terminated on MFS-FL’s network.

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1 **Q. HOW SHOULD SWITCHED ACCESS CHARGES TO THIRD**
2 **PARTIES BE CALCULATED?**

3 **A.** Switched access charges to third parties should be calculated utilizing the
4 rates specified in MFS-FL's and United/Centel's respective federal and state
5 access tariffs, in conjunction with the appropriate meet-point billing factors
6 specified for each meet-point arrangement either in those tariffs or in the
7 NECA No. 4 tariff. MFS-FL should be entitled to the balance of the
8 switched access charge revenues associated with the jointly handled switched
9 access traffic (for standard tandem subtending meet-point billing for
10 interexchange carrier calls), less the amount of transport element charge
11 revenues to which United/Centel is entitled pursuant to the above-referenced
12 tariff provisions.

13 **Q. WHY SHOULD MFS-FL COLLECT THE RIC?**

14 **A.** Because this is consistent with the current practice among Florida LECs. In
15 fact, GTE has already agreed to permit MFS-FL to collect the RIC in its
16 agreement with MFS-FL. United/Centel should not, as it claims (Poag
17 Direct at 18) collect the RIC, which in current arrangements between
18 United/Centel and independents, is remitted to the end office provider, in
19 this case, MFS-FL. To permit United/Centel to collect the RIC from MFS-
20 FL but not from independents would be patently discriminatory. There is

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1 therefore no justification for United/Centel to collect this windfall revenue
2 for a service, local call termination, that is provided by MFS-FL.

3 The United/Centel proposal is also completely inconsistent with
4 arrangements between LECs and arrangements established with competitive
5 carriers in other states, including New York and Massachusetts. This
6 experience in other states supports MFS' position that the carrier providing
7 the end office switching (*i.e.*, MFS) should receive the RIC.

8 **Q. SHOULD MFS-FL ALSO COLLECT THE RIC FOR TERMINATION**
9 **OF TRAFFIC ON ITS NETWORK WHEN A CALL IS RECEIVED**
10 **VIA NUMBER RETENTION?**

11 **A.** Yes. The fact that a call is a "ported" call received via number retention
12 makes no difference. United/Centel concedes that MFS-FL should receive
13 other switched access rate elements, including IXC local switching, the
14 carrier common line charge, and a portion of transport. Accordingly, MFS-
15 FL should receive the RIC under these circumstances as well in order to
16 preclude discrimination. As in the case of nonported calls, GTE also agreed
17 to let MFS-FL retain the RIC on ported calls.

18 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

19 **A.** Yes.

1 MR. RINDLER: Madam Chairman, would you like
2 to deal with the exhibits with respect to that
3 testimony at this point?

4 CHAIRMAN CLARK: Yes. (Pause)

5 MR. RINDLER: Madam Chairman, the exhibits
6 to Mr. Devine's direct testimony of January 22nd in
7 the Sprint case includes a number of exhibits relating
8 to the correspondence between the two companies.
9 Would you like me to identify each, or should we just
10 mark them as a composite exhibit?

11 CHAIRMAN CLARK: Yes, we'll mark them as a
12 composite exhibit. And I noted there are five tabbed
13 exhibits attached to his prefiled direct testimony.
14 You haven't given them an exhibit number, like using
15 the initials TTD?

16 MR. RINDLER: I have not, Your Honor.

17 CHAIRMAN CLARK: Okay. Exhibit 1 is a
18 letter to Mr. John Clayton dated July 19, 1995.
19 Exhibit 2 is the November 9, 1995, letter to Mr. Jack
20 Burge. Exhibit 3 is another letter to Mr. Jack Burge
21 dated January 3, 1996. Exhibit 4 is a letter to
22 Mr. Devine from Mr. Burge dated January 5, 1996. And
23 Exhibit 5 is a letter to Mr. Burge dated January 19,
24 1996. And those will be marked as Composite Exhibit
25 16.

1 (Composite Exhibit No. 16 marked for
2 identification.)

3 MR. RINDLER: And with respect to the
4 rebuttal testimony, Madam Chair, I believe there was
5 also exhibits to that, two exhibits to that.

6 CHAIRMAN CLARK: Okay. They look like they
7 are labeled: one is Exhibit TTD-6, and one is TTD-7.
8 Those will be marked as Composite Exhibit 17.

9 (Composite Exhibit No. 17 marked for
10 identification.)

11 Q (By Mr. Rindler) Mr. Devine, you also have
12 in front of you the direct testimony of January 23rd
13 in the GTE proceeding?

14 A Yes.

15 Q Do you have any changes or corrections to
16 that testimony?

17 A Yes.

18 Q Do you have some changes that relate to the
19 stipulation of partial settlement of partial
20 co-carrier agreement that was entered into between GTE
21 and MFS?

22 A Yes.

23 Q Could you give us those first, please?

24 A The actual agreement?

25 Q No. Would you just give us the line of

1 deletions that relate to that?

2 A Okay. In the direct it would be deleting,
3 starting at Page 12, Line 8, through Page 24, up to
4 Line 19 on Page 24. And then delete, starting at Page
5 35, Line 10, through Page 37, Line 13.

6 CHAIRMAN CLARK: Mr. Devine, the one that
7 started on Page 12 and went to the Page 24, I'm sorry,
8 what line does it end on?

9 MR. RINDLER: Line 19.

10 CHAIRMAN CLARK: Okay, thanks.

11 WITNESS DEVINE: Yes.

12 So then the second line of deletions would
13 be starting on Page 35, Line 10, through Page 37, Line
14 13. And the third set of deletions in the direct
15 would be starting on Page 38, Line 9, through Page 52.

16 Q (By Mr. Rindler) Do you have any other
17 corrections or deletions that relate to the direct
18 testimony that did not relate to that partial
19 co-carrier agreement?

20 A Yes. We'd like to include --

21 Q No, I'll take care of the exhibits. Are
22 there any other changes or corrections?

23 A In the rebuttal I have some, but no more in
24 the direct.

25 Q With respect to the rebuttal testimony, do

1 you have that in front of you, dated February 20th?

2 A Yes.

3 Q Do you have any changes or corrections to
4 that?

5 A Yes.

6 Q Could you give us those, please?

7 A Delete, starting on Page 3, Line 11, to Page
8 5, Line 4. And then starting on Page 6, Line 7, to
9 Page 7, Line 7.

10 Q Do you have any other deletions or
11 corrections to that testimony?

12 A No.

13 Q If I were, therefore, to ask you the
14 questions --

15 CHAIRMAN CLARK: Mr. Rindler, just a minute.
16 With the rebuttal testimony in GTE, February 20th, you
17 have said that you want to delete from Page 6, Line 7,
18 to what line on Page 7?

19 WITNESS DEVINE: Line 7.

20 CHAIRMAN CLARK: That's the middle of an
21 answer.

22 MR. RINDLER: I'm sorry, Page 6, Line 16.

23 COMMISSIONER KIESLING: Page 7?

24 MR. RINDLER: Sorry, Page 6, Line 7, through
25 Page 7, Line 1.

1 CHAIRMAN CLARK: Do you agree with that,
2 Mr. Devine?

3 WITNESS DEVINE: Yes, that's correct.

4 CHAIRMAN CLARK: Okay. Go ahead,
5 Mr. Devine. Are there anymore changes?

6 WITNESS DEVINE: No.

7 Q (By Mr. Rindler) If I were to ask you the
8 questions today with your answers, would those changes
9 be the same?

10 A Yes.

11 MR. RINDLER: Madam Chair, there are also
12 some exhibits with respect to this testimony. With
13 respect to the direct testimony as with the testimony
14 itself, I would ask that certain of the exhibits need
15 not be included because they relate to the GTE
16 co-carrier partial agreement.

17 If you would like to go through one by one,
18 we would not include the first, which is the July 19th
19 letter to Mike Marczyk. We would include the
20 November 9 letter. We would include the facsimile
21 from Ms. Menard to Mr. Devine in the attachment, and
22 we would delete the rest of the exhibits.

23 CHAIRMAN CLARK: Okay. The exhibits
24 attached to Mr. Devine's direct testimony dated
25 January 23, 1996, which relates to its petition -- let

1 me start again.

2 The direct testimony filed by Mr. Timothy T.
3 Devine dated January 26th, 1996 --

4 COMMISSIONER KIESLING: January 23rd.

5 CHAIRMAN CLARK: January 23rd, thank you.

6 Let me ask, I've just gotten confused. Are we
7 inserting the testimony in the record?

8 MR. RINDLER: Yes, we are inserting the
9 testimony as -- have we done that yet, did you say?

10 We have not done it, no.

11 CHAIRMAN CLARK: No, I don't think so.

12 Let me do this. Let me go ahead and mark
13 the composite exhibit. And as I understand it, you
14 want the letter from Mr. Devine to Mr. Marczyk dated
15 November 9, 1995, to be part of the composite exhibit,
16 and the facsimile dated December 7, 1995, to
17 Mr. Devine from Ms. Menard will be part of the
18 composite exhibit. And it will be marked as Exhibit
19 18.

20 (Composite Exhibit No. 18 marked for
21 identification.)

22 MR. RINDLER: And with respect to the
23 rebuttal testimony of February 20th, there are also
24 exhibits attached to that. There is an exhibit
25 labeled TTD-7, which is a chart, and an

1 interconnection agreement marked TTD-8, and the
2 MFS-GTE Partial Florida Co-carrier Agreement is marked
3 TTD-9. Now, that has already been introduced, I
4 believe, but just to keep it with the testimony,
5 probably it's just as well to include in the
6 composite.

7 CHAIRMAN CLARK: Okay. We'll mark as
8 Composite Exhibit 19 the exhibits attached to
9 Mr. Devine's rebuttal testimony, TTD-7, 8, and 9.

10 And now, just to be clear, we will also
11 insert in the record as though read the direct
12 testimony of Mr. Devine dated January 23rd, 1996,
13 concerning interconnection with GTE of Florida with
14 the changes noted today by Mr. Devine. That will be
15 inserted into the record as though read.

16 And the February 20th rebuttal testimony of
17 Mr. Devine, also concerning interconnection with GTE
18 of Florida, with the corrections made today by
19 Mr. Devine, will be inserted in the record as though
20 read.

21 (Exhibit No. 19 marked for identification.)
22
23
24
25

**DIRECT TESTIMONY OF TIMOTHY T. DEVINE
ON BEHALF OF
METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.
Docket No. 950985-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. ("MFS"), Six Concourse Parkway, Suite
4 2100, Atlanta, Georgia 30328.

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 MFS Communications Company, Inc., the indirect parent company
8 of Metropolitan Fiber Systems of Florida.

9 I will collectively refer to MFSCC and its subsidiaries as "MFS."

10 **Q. WHAT ARE YOUR RESPONSIBILITIES IN THAT POSITION?**

11 **A.** I am responsible for the regulatory oversight of commission dockets and other
12 regulatory matters and serve as MFS's representative to various members of
13 the industry. I am also responsible for coordinating co-carrier discussions
14 with Local Exchange Carriers within the Southern Region.

15 **Q. PLEASE DESCRIBE YOUR PREVIOUS PROFESSIONAL
16 EXPERIENCE AND EDUCATIONAL BACKGROUND.**

17 **A.** I have a B.S. in Political Science from Arizona State University and an M.A.
18 in Telecommunications Policy from George Washington University. I began
19 work in the telecommunications industry in April 1982 as a sales

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1 representative for packet switching services for Graphnet, Inc., one of the first
2 value-added common carriers in the United States. From 1983 until 1987, I
3 was employed at Sprint Communications Co., in sales, as a tariff analyst, as a
4 product manager, and as Manager of Product and Market Analysis. During
5 1988, I worked at Contel Corporation, a local exchange carrier, in its
6 telephone operations group, as the Manager of Network Marketing. I have
7 been working for MFS and its affiliates since January 1989. During this time
8 period, I have worked in product marketing and development, corporate
9 planning, regulatory support, and regulatory affairs. Most recently, from
10 August 1994 until August 1995, I have been representing MFS on regulatory
11 matters before the New York, Massachusetts, and Connecticut state
12 commissions and was responsible for the MFS Interim Co-Carrier Agreements
13 with NYNEX in New York and Massachusetts, as well as the execution of a
14 co-carrier Joint Stipulation in Connecticut.

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1 **Q. PLEASE DESCRIBE THE OPERATIONS OF MFS**
2 **COMMUNICATIONS COMPANY, INC. AND ITS SUBSIDIARIES.**

3 **A.** MFS Communications Company, Inc. ("MFSCC") is a diversified
4 telecommunications holding company with operations throughout the country,
5 as well as in Europe. MFS Telecom, Inc., an MFSCC subsidiary, through its
6 operating affiliates, is the largest competitive access provider in the United
7 States. MFS Telecom, Inc.'s subsidiaries, including MFS/McCourt, Inc.,
8 provide non-switched, dedicated private line and special access services.

9 MFS Intelenet, Inc. ("MFSI") is another wholly owned subsidiary of
10 MFSCC. It causes operating subsidiaries to be incorporated on a state-by-
11 state basis. MFSI's operating subsidiaries collectively are authorized to
12 provide switched interexchange telecommunications services in 48 states and
13 have applications to offer such service pending in the remaining states. Where
14 so authorized, MFSI's operating subsidiaries offer end users a single source
15 for local and long distance telecommunications services with quality and
16 pricing levels comparable to those achieved by larger communications users.
17 Apart from Florida, MFSI subsidiaries have been authorized to provide
18 competitive local exchange service in twelve states. Since July 1993, MFS
19 Intelenet of New York, Inc. has offered local exchange services in competition

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1 with New York Telephone Company. MFS Intelenet of Maryland, Inc. was
2 authorized to provide local exchange services in competition with Bell
3 Atlantic-Maryland, Inc. in April 1994 and recently has commenced
4 operations. On June 22, 1994, MFS Intelenet of Washington, Inc. was
5 authorized to provide local exchange services in competition with US West
6 Communications, Inc. On July 20, 1994, MFS Intelenet of Illinois, Inc. was
7 certificated to provide local exchange services in competition with Illinois
8 Bell Telephone Company and Central Telephone Company of Illinois. MFS
9 Intelenet of Ohio was certificated to provide competitive local exchange
10 service in competition with Ohio Bell on August 3, 1995. MFS Intelenet of
11 Michigan, on May 9, 1995, was certificated to provide competitive local
12 exchange service in competition with Ameritech-Michigan. MFS Intelenet of
13 Connecticut was certificated to provide local exchange service in competition
14 with Southern New England Telephone Company on June 28, 1995. MFS
15 Intelenet of Georgia was authorized to provide competitive local exchange
16 service on October 27, 1995. MFS Intelenet of Pennsylvania was authorized
17 to provide competitive local exchange services on October 5, 1995. MFS
18 Intelenet of Texas was authorized to provide competitive local exchange
19 service on October 25, 1995. MFS Intelenet of California, Inc. was certificated

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1 to provide competitive local exchange services in California by Order of the
2 California Public Utilities Commission on December 20, 1995. MFS Intelenet
3 of Massachusetts was certificated on March 9, 1994 to operate as a reseller of
4 both interexchange and local exchange services in the Boston Metropolitan
5 Area in competition with New England Telephone and is authorized to
6 provide competitive local exchange services in Massachusetts. Finally, on
7 January 12, 1996, MFS Intelenet of Oregon was authorized to provide local
8 exchange services in Oregon in competition with US West and GTE.

9 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS**
10 **COMMISSION?**

11 **A.** Yes. The principal proceedings in which I have submitted testimony are as
12 follows: on August 14, 1995 and September 8, 1995, respectively, I filed
13 direct and rebuttal testimony in the universal service docket. *In re:*
14 *Determination of funding for universal service and carrier of last resort*
15 *responsibilities*, Docket No. 950696-TP. On September 1, 1995 and
16 September 29, 1995, respectively, I filed direct and rebuttal testimony in the
17 temporary number portability docket. *In re: Investigation into temporary*
18 *local telephone portability solution to implement competition in local*
19 *exchange telephone markets*, Docket No. 950737-TP. On September 15, 1995

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1 and September 29, 1995, respectively, I filed direct and rebuttal testimony in
2 the TCG Interconnection Petition docket. *Resolution of Petition(s) to*
3 *establish nondiscriminatory rates, terms, and conditions for interconnection*
4 *involving local exchange companies and alternative local exchange*
5 *companies pursuant to Section 364.162, Florida Statutes, Docket No. 950985-*
6 TP. On November 13, 1995 and December 11, 1995, respectively, I filed
7 direct and rebuttal testimony in the Continental and MFS Interconnection
8 Petition docket. *Resolution of Petition(s) to establish nondiscriminatory*
9 *rates, terms, and conditions for interconnection involving local exchange*
10 *companies and alternative local exchange companies pursuant to Section*
11 *364.162, Florida Statutes, Docket No. 950985A-TP. On November 13, 1995*
12 and December 11, 1995, respectively, I filed direct and rebuttal testimony in
13 the unbundling docket. *Resolution of Petition(s) to Establish Unbundled*
14 *Services, Network Features, Functions or Capabilities, and Local Loops*
15 *Pursuant to Section 364.161, Florida Statutes, Docket No. 950984-TP. On*
16 November 27, 1995 and December 12, 1995, respectively, I filed direct and
17 rebuttal testimony in the MCI Unbundling Petition docket. *Resolution of*
18 *Petition(s) to Establish Unbundled Services, Network Features, Functions or*

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1 *Capabilities, and Local Loops Pursuant to Section 364.161, Florida Statutes,*
2 *Docket No. 950984B-TP.*

3 **Q. ARE ANY OF THE PARTIES UPON WHOSE BEHALF YOU ARE**
4 **TESTIFYING CURRENTLY CERTIFICATED TO PROVIDE**
5 **SERVICE IN FLORIDA?**

6 **A.** Yes. Metropolitan Fiber Systems of Florida, Inc., a certificated Alternative
7 Access Vendor ("AAV"), by letter dated July 5, 1995, notified the
8 Commission of its intent to provide switched local exchange service in
9 Florida. The Commission acknowledged this notification on September 12,
10 1995, and later granted authority to MFS of Florida, Inc. to provide such
11 services effective January 1, 1996.

12 **I. PURPOSE AND SUMMARY**

13 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
14 **PROCEEDING?**

15 MFS-FL has filed its interconnection petition in this docket, as well as a
16 parallel petition in the unbundling docket, because its attempts at negotiations
17 with GTE Florida Inc. ("GTE") have failed to yield acceptable co-carrier
18 arrangements, including an agreement on the pricing of interconnection.
19 MFS-FL therefore is petitioning the Commission, in accordance with Florida

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1 Statute Section 364.162, to establish nondiscriminatory rates, terms, and
2 conditions for interconnection. This testimony supplements the information
3 contained in the Petition with respect to the co-carrier arrangements required
4 by MFS-FL to provide economically viable competitive local exchange
5 service in Florida. Principally, MFS-FL and GTE were unable to come to an
6 agreement.

7 **Q. AS A THRESHOLD MATTER, WHAT IS "INTERCONNECTION"?**

8 **A.** The term "interconnection" is very broad and, for purposes of this proceeding,
9 it will be helpful to distinguish among several types of interconnection. As a
10 general matter, "interconnection" encompasses any arrangement involving a
11 connection among different carriers' facilities, regardless of the form or
12 purpose. For example, if one carrier resells a second carrier's transmission or
13 switching services instead of constructing its own facilities to provide this
14 service to the end user, the two carriers are "interconnected." Except where
15 the second carrier controls a bottleneck facility, however, this form of
16 interconnection of facilities is an optional and voluntary business
17 arrangement, since the first carrier could perform the same function by adding
18 facilities to its own network.

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1 When two or more carriers are providing local exchange service,
2 however, a different type of interconnection becomes essential. In that case,
3 competing networks must be able to exchange traffic (including the exchange
4 of signalling and billing information, and access to other service platforms
5 that support local exchange service), because of the overriding public interest
6 in preserving universal connectivity. In short, every telephone user in Florida
7 must be able to call (and receive calls from) every other user, regardless of
8 which carrier provides each user with local exchange service.

9 **Q. WHY IS INTERCONNECTION AN IMPORTANT ISSUE?**

10 **A.** It is important because today many Florida businesses and residences have a
11 telephone that is connected to GTE's network. If MFS-FL customers cannot
12 place calls to, and receive calls from, customers of GTE, then MFS-FL will be
13 unable, as a practical matter, to engage in business in Florida, even if it is
14 authorized to do so as a matter of law. No one will buy a telephone service
15 that does not permit calling to all other numbers. Moreover, even if MFS-FL
16 customers can place calls to GTE customers located in the same community,
17 but only at excessive cost or with inconvenient dialing patterns, poor
18 transmission quality, or lengthy call set-up delays, then MFS-FL will not be
19 able to offer a service that customers would be interested in using. Equitable

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1 co-carrier arrangements are necessary before new entrants can compete in the
2 provision of local exchange service.

3 **Q. WHAT IS MEANT BY THE TERM "CO-CARRIER**
4 **ARRANGEMENTS"?**

5 **A.** By "co-carrier" arrangements, I refer to a variety of arrangements that will
6 have to be established to allow ALECs and GTE to deal with each other on a
7 reciprocal, non-discriminatory, and equitable basis. Once the basic principles
8 for such arrangements are established by the Commission, the affected carriers
9 should be directed to implement specific arrangements in conformance with
10 the principles. The term "co-carrier" signifies both that the two carriers are
11 providing local exchange service within the same territory, and that the
12 relationship between them is intended to be equal and reciprocal—that is,
13 neither carrier would be treated as subordinate or inferior.

14 **Q. SPECIFICALLY WHAT CO-CARRIER ARRANGEMENTS ARE**
15 **REQUIRED FOR MFS-FL TO PROVIDE VIABLE COMPETITIVE**
16 **LOCAL EXCHANGE SERVICE?**

17 **A.** MFS-FL believes that certain co-carrier requirements should apply equally
18 and reciprocally to all local exchange carriers, LECs and ALECs alike. The
19 Florida statutes have recognized the necessity for such arrangements by

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1 requiring LECs to negotiate both interconnection and unbundling
2 arrangements. Fla. Stat. §§ 364.161, 364.162. The following are the co-
3 carrier arrangements required by MFS-FL: 1) Number Resources; 2) Tandem
4 Subtending/Meet-point Billing; 3) Reciprocal Traffic Exchange and
5 Reciprocal Compensation; 4) Shared Platform Arrangements; 5) Unbundling
6 the Local Loop; and 6) Interim Number Portability. All of these issues will be
7 addressed herein, with the exception of unbundling which will be addressed in
8 a separate parallel petition and testimony.

9 **Q. WAS THERE AGREEMENT ON ANY OF THESE CO-CARRIER**
10 **ISSUES WITH GTE?**

11 **A.** The correspondence between MFS-FL and GTE has failed to produce a
12 satisfactory agreement. Specifically, on July 19, 1995, MFS-FL attempted to
13 begin negotiations with GTE for interconnection arrangements via a three-
14 page letter outlining the MFS-FL proposed interconnection arrangements.
15 Nearly four months later on November 9, 1995, MFS-FL sent GTE a letter
16 and a detailed 31-page proposed co-carrier agreement in an attempt to
17 simplify the negotiations process for GTE. On December 7, 1995 MFS-FL
18 received from GTE a three-page facsimile of a listing of GTE's switched
19 access rates. On January 3, 1996, following receipt of the facsimile, MFS-

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1 FL mailed another letter to GTE in one last attempt at beginning private
2 negotiations. On January 19, 1996, GTE sent MFS-FL a counterproposal,
3 the terms of which were unacceptable to MFS-FL. MFS-FL indicated the
4 unacceptability of the GTE counterproposal in a letter to GTE dated January
5 22, 1996, but indicated its desire to continue discussions to reach an
6 agreement on all or as many issues as possible before Commission hearings
7 commence.

8 ~~H. TANDEM SUBTENDING AND MEET-POINT BILLING~~

9 ~~Q. WHAT IS MEANT BY TANDEM SUBTENDING?~~

10 ~~A. MFS-FL proposes that if GTE operates an access tandem serving a LATA in~~
11 ~~which MFS-FL operates, it should be required, upon request, to provide~~
12 ~~tandem switching service to any other carrier's tandem or end office switch~~
13 ~~serving customers within that LATA, thereby allowing MFS-FL's switch to~~
14 ~~"subtend" the tandem. This arrangement is necessary to permit IXC's to~~
15 ~~originate and terminate interLATA calls on an ALEC's network without undue~~
16 ~~expense or inefficiency. Similar arrangements already exist today among~~
17 ~~LEC's serving adjoining territories -- there are many instances in which an end~~
18 ~~office switch operated by one LEC subtends an access tandem operated by a~~
19 ~~different LEC in the same LATA.~~

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1 **Q. HOW SHOULD INTERCARRIER BILLING BE HANDLED**
2 **WHEN TANDEM SUBTENDING ARRANGEMENTS ARE**
3 **USED?**

4 **A.** Where tandem subtending arrangements exist, LECs divide the local transport
5 revenues under a standard "meet-point billing" formula established by the
6 OBF and set forth in FCC and state tariffs. The same meet-point billing
7 procedures should apply where the tandem or end office subtending the
8 tandem is operated by an ALEC as in the case of an adjoining LEC.

9 MFS-FL and GTE should establish meet-point billing arrangements to
10 enable the new entrants to provide switched access services^{1/} to third parties
11 via a GTE access tandem switch, in accordance with the Meet-Point Billing
12 and Provisioning guidelines adopted by the OBF.

13 Except in instances of capacity limitations, GTE should enable MFS to
14 subtend the GTE access tandem switch(es) nearest to the MFS Rating Point
15 associated with the NPA-NXX(s) to or from which the switched access
16 services are homed. In instances of capacity limitation at a given access

^{1/} E.g., Feature Group B, Feature Group D, 800 access, and 900 access.

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1 tandem switch, MFS-FL shall be allowed to subtend the next-nearest GTE
2 access tandem switch in which sufficient capacity is available.

3 As I will discuss later in my Testimony, interconnection for the meet-
4 point arrangement will occur at the Designated Network Interconnection Point
5 ("D-NIP") at which point MFS-FL and GTE will interconnect their respective
6 networks for inter-operability within that LATA. Common channel signalling
7 ("CCS") will be utilized in conjunction with meet-point billing arrangements
8 to the extent such signaling is resident in the GTE access tandem switch.

9 ALECs and GTE should, individually and collectively, maintain provisions in
10 their respective federal and state access tariffs sufficient to reflect this meet-
11 point billing arrangement.

12 **Q. WHAT PROVISIONS SHOULD APPLY FOR THE EXCHANGE OF**
13 **BILLING INFORMATION?**

14 **A.** MFS-FL and GTE will in a timely fashion exchange all information necessary
15 to accurately, reliably and promptly bill third parties for switched access
16 services traffic jointly handled by MFS-FL and GTE via the meet-point
17 arrangement. Information will be exchanged in Electronic Message Record
18 ("EMR") format, on magnetic tape or via a mutually acceptable electronic file
19 transfer protocol. Furthermore, MFS and GTE should employ the calendar

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1 month billing period for meet-point billing, and should provide each other, at
2 no charge, the appropriate usage data.

3 **Q. HOW SHOULD BILLING TO THIRD PARTIES BE**
4 **ACCOMPLISHED?**

5 **A.** Initially, billing to third parties for the switched access services jointly
6 provided by MFS-FL and GTE via the meet-point billing arrangement should
7 be according to the single-bill/multiple tariff method. Subsequently, billing to
8 third parties for the switched access services jointly provided by MFS-FL and
9 GTE via the meet-point arrangement shall be, at MFS-FL's preference,
10 according to the single-bill/single tariff method, single-bill/multiple-tariff
11 method, multiple-bill/single-tariff method, or multiple-bill/multiple-tariff
12 method. Should MFS-FL prefer to change among these billing methods,
13 MFS-FL would be required to notify GTE of such change in writing, 90 days
14 in advance of the date on which such change was to be implemented.

15 **Q. HOW WOULD SWITCHED ACCESS CHARGES TO THIRD**
16 **PARTIES BE CALCULATED?**

17 **A.** Switched access charges to third parties would be calculated utilizing
18 the rates specified in MFS-FL's and GTE's respective federal and state access
19 tariffs, in conjunction with the appropriate meet-point billing factors specified

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1 for each meet-point arrangement either in those tariffs or in the NECA No. 4
2 tariff. MFS-FL shall be entitled to the balance of the switched access charge
3 revenues associated with the jointly handled switched access traffic, less the
4 amount of transport element charge revenues to which GTE is entitled
5 pursuant to the above-referenced tariff provisions. Significantly, this does not
6 include the interconnection charge, which is to be remitted to the end office
7 provider, which in this case would be MFS-FL.

8 Where MFS-FL specifies one of the single-bill methods, GTE shall
9 bill and collect from third parties, promptly remitting to MFS-FL the total
10 collected switched access charge revenues associated with the jointly-handled
11 switched access traffic, less only the amount of transport element charge
12 revenues to which GTE is otherwise entitled.

13 Meet-point billing will apply for all traffic bearing the 800, 888, or any
14 other non-geographic NPA which may be likewise designated for such traffic
15 in the future, where the responsible party is an IXC. In those situations where
16 the responsible party for such traffic is a LEC, full switched access rates will
17 apply.

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1 **III. RECIPROCAL TRAFFIC EXCHANGE AND RECIPROCAL**
2 **COMPENSATION**

3 **A. Traffic Exchange Arrangements**

4 **Q. WHAT TRAFFIC EXCHANGE ARRANGEMENTS MUST BE**
5 **ESTABLISHED FOR THE EXCHANGE OF LOCAL TRAFFIC?**

6 **A.** To effectuate the exchange of traffic, MFS-FL proposes that interconnection
7 be accomplished through meet-points, with each carrier responsible for
8 providing trunking to the meet-point for the hand off of combined local and
9 toll traffic and each carrier responsible for completing calls to all end users on
10 their networks at the appropriate interconnection rate. In order to establish
11 meet-points, carriers would pass both local and toll traffic over a single trunk
12 group, utilizing a percent local utilization ("PLU") factor (similar to the
13 currently utilized percent interexchange utilization ("PIU") factor) to provide
14 the proper jurisdictional call types, and subject to audit.

15 MFS-FL proposes that, within each LATA served, MFS-FL and GTE
16 would identify a wire center to serve as the Designated Network
17 Interconnection Point ("D-NIP") at which point MFS-FL and GTE would
18 interconnect their respective networks for inter-operability within that LATA.
19 Where MFS-FL and GTE interconnect at a D-NIP, MFS-FL would have the

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1 right to specify any of the following interconnection methods: a) a mid-fiber
2 meet at the D-NIP or other appropriate point near to the D-NIP; b) a digital
3 cross-connection hand-off, DSX panel to DSX panel, where both MFS-FL and
4 GTE maintain such facilities at the D-NIP; or c) a collocation facility
5 maintained by MFS-FL, GTE, or by a third party. In extending network
6 interconnection facilities to the D-NIP, MFS-FL would have the right to
7 extend its own facilities or to lease dark fiber facilities or digital transport
8 facilities from GTE or a third party. Such leased facilities would extend from
9 any point designated by MFS-FL on its own network (including a co-location
10 facility maintained by MFS at a GTE wire center) to the D-NIP or associated
11 manhole or other appropriate junction point. MFS-FL would also have the
12 right to lease such facilities from GTE under the most favorable tariff or
13 contract terms GTE offers.

14 Where an interconnection occurs via a collocation facility, no
15 incremental cross-connection charges would apply for the circuits. Upon
16 reasonable notice, MFS-FL would be permitted to change from one
17 interconnection method to another with no penalty, conversion, or rollover
18 charges.

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1 Although one meet-point is the minimum necessary for connectivity,
2 more than one meet-point could be established if mutually acceptable, but
3 should not be mandated. Moreover, if an additional mutually acceptable
4 meet-point is established, the cost of terminating a call to that meet-point
5 should be identical to the cost of terminating a call to the D-NIP. Any two
6 carriers could establish specialized meet-points to guarantee redundancy. To
7 ensure network integrity and reliability to all public switched network
8 customers, it is desirable to have at least two meet-points. In this way, if one
9 set of trunks is put out of service for any reason, such as a failure of electronic
10 components or an accidental line cut, traffic could continue to pass over the
11 other set of trunks and the impact upon users would be minimized. Each
12 carrier should be responsible for establishing the necessary trunk groups from
13 its switch or switches to the D-NIP(s).

14 At a minimum, each carrier should be required to establish facilities
15 between its switch(es) and the D-NIP in each LATA in sufficient quantity and
16 capacity to deliver traffic to and receive traffic from other carriers.

17 **Q. HOW DOES MFS-FL'S D-NIP PROPOSAL MAXIMIZE THE**
18 **EFFICIENCY OF THE NETWORK?**

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1 A. MFS-FL's proposal permits the interconnecting parties—who understand their
2 networks best and have the greatest incentive to achieve efficiencies—to
3 determine where interconnection should take place. At the same time,
4 minimum interconnection requirements are established to ensure that
5 interconnection will take place between all carriers. MFS-FL opposes any
6 interconnection plan that mandates too specifically where interconnection
7 should take place. If carriers are not given flexibility as to where they can
8 interconnect, inefficiencies will result. MFS-FL would therefore oppose any
9 proposal that does not permit carriers to maximize the efficiency of their
10 networks.

11 **Q. WHAT DOES MFS-FL PROPOSE WITH RESPECT TO TRUNKING,**
12 **SIGNALLING, AND OTHER IMPORTANT INTERCONNECTION**
13 **ARRANGEMENTS?**

14 A. GTE should exchange traffic between its network and the networks of
15 competing carriers using reasonably efficient routing, trunking, and signalling
16 arrangements. ALECs and GTE should reciprocally terminate LATA-wide
17 traffic^{2/} originating on each other's network, via two-way trunking

^{2/} The term "LATA-wide traffic" refers to calls between a user of local exchange service
(continued...)

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1 arrangements. These arrangements should be jointly provisioned and
2 engineered.

3 Moreover, each local carrier should be required to engineer its portion
4 of the transmission facilities terminating at a D-NIP to provide the same grade
5 and quality of service between its switch and the other carrier's network as it
6 provides in its own network. At a minimum, transmission facilities should be
7 arranged in a sufficient quantity to each D-NIP to provide a P.01 grade of
8 service. MFS-FL and GTE should use their best collective efforts to develop
9 and agree upon a Joint Interconnection Grooming Plan prescribing standards
10 to ensure that trunk groups are maintained at this grade of service. Carriers
11 should provide each other the same form and quality of interoffice signalling
12 (e.g., in-band, CCS, etc.) that they use within their own networks, and SS7
13 signalling should be provided where the carrier's own network is so equipped.
14 (A more detailed description of these proposed arrangements is described in
15 the Proposed MFS-FL Co-Carrier Agreement dated November 9, 1995,
16 attached hereto as Exhibit TTD-2, at 13-14).

²(...continued)

where the new entrant provides the dial tone to that user, and a user of a GTE-provided local exchange service where GTE provides the dial tone to that user and where both local exchange services bear NPA-NXX designations associated with the same LATA.

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1 ALECs should provide LEC-to-LEC CCS to one another, where
2 available, in conjunction with LATA-wide traffic, in order to enable full inter-
3 operability of CLASS features and functions. All CCS signalling parameters
4 should be provided, including automatic number identification, originating
5 line information, calling party category, charge number, etc. GTE and MFS-
6 FL should cooperate on the exchange of Transactional Capabilities
7 Application Part ("TCAP") messages to facilitate full inter-operability of
8 CCS-based features between their respective networks. CCS should be
9 provided by Signal Transfer Point-to-Signal Transfer Point connections.
10 Given that CCS will be used cooperatively for the mutual handling of traffic,
11 link facility and link termination charges should be prorated 50% between the
12 parties. For traffic for which CCS is not available, in-band multi-frequency,
13 wink start, and E&M channel-associated signalling will be forwarded. The
14 Feature Group D-like ("FGD-like") trunking arrangements used by either
15 party to terminate LATA-wide traffic may also be employed to terminate any
16 other FGD traffic to that party, subject to payment of the applicable tariffed
17 charges for such other traffic, e.g., interLATA traffic.

18 In addition to transmitting the calling party's number via SS7
19 signalling, the originating carrier should also be required to transmit the

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1 privacy indicator where it applies. The privacy indicator is a signal that is sent
2 when the calling party has blocked release of its number, either by per-line or
3 per-call blocking. The terminating carrier should be required to observe the
4 privacy indicator on calls received through traffic exchange arrangements in
5 the same manner that it does for calls originated on its own network.

6 Each carrier should be required to provide the same standard of
7 maintenance and repair service for its trunks terminating at the D-NIP as it
8 does for interoffice trunks within its own network. Each carrier should be
9 required to complete calls originating from another carrier's switch in the same
10 manner and with comparable routing to calls originating from its own
11 switches. In particular, callers should not be subject to diminished service
12 quality, noticeable call set-up delays, or requirements to dial access codes or
13 additional digits in order to complete a call to a customer of a different carrier.

14 **Q. HOW SHOULD MFS-FL COMPENSATE GTE FOR TRANSITING**
15 **TRAFFIC?**

16 **A.** MFS-FL should only be required to pay for the GTE intermediary function of
17 transiting traffic in the limited circumstances in which two ALECs that are not
18 cross-connected and do not have direct trunks utilize GTE trunks to transit
19 traffic. In all cases, ALECs should have an opportunity to cross-connect. In

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1 those instances in which MFS-FL must pay for this intermediary function, it
2 should pay the lesser of: 1) GTE's interstate or intrastate switched access per
3 minute tandem switching element; or 2) a per minute rate of \$0.002.

4 **Q. WHY SHOULD CARRIERS BE REQUIRED TO USE TWO-WAY**
5 **TRUNKING ARRANGEMENTS?**

6 **A.** Carriers should be required to interconnect using two-way trunk groups
7 wherever technically feasible. Use of two-way trunking arrangements to
8 connect the networks of incumbent LECs is standard in the industry. Two-
9 way trunk groups represent the most efficient means of interconnection
10 because they minimize the number of ports each carrier will have to utilize to
11 interconnect with all other carriers.

12 **Q. SHOULD INCUMBENT CARRIERS AND NEW ENTRANTS BE**
13 **REQUIRED TO PROVIDE BLV/I TRUNKS TO ONE ANOTHER?**

14 **A.** MFS-FL and GTE should provide LEC-to-LEC Busy Line Verification and
15 Interrupt ("BLV/I") trunks to one another to enable each carrier to support this
16 functionality. MFS-FL and GTE should compensate one another for the use
17 of BLV/I according to the effective rates listed in GTE's federal and state
18 access tariffs, as applicable.

19 **B. Reciprocal Compensation**

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1 **Q. WHY IS RECIPROCAL COMPENSATION CRITICAL TO THE**
2 **DEVELOPMENT OF LOCAL EXCHANGE COMPETITION IN**
3 **FLORIDA?**

4 **A.** Reciprocal compensation arrangements for exchange of local traffic, including
5 traffic traditionally known as intraLATA toll traffic, will be critical to the
6 success or failure of local competition. The level of these charges will have a
7 considerably more dramatic impact on ALECs than on GTE. While virtually
8 all of the traffic originated by ALEC customers will terminate on GTE's
9 network, only a small percentage of calls placed by GTE customers will
10 terminate on an ALEC's network. If "bill and keep" is not adopted, ALECs
11 will be affected much more seriously than GTE. The compensation scheme
12 for interconnection that is established in this proceeding can determine a
13 significant portion of an ALEC's cost of doing business and is therefore
14 critical to ensuring that the business of providing competitive local exchange
15 service in Florida is a viable one.

16 **Q. WHY DOES MFS-FL ADVOCATE THAT COMPETITORS UTILIZE**
17 **A "BILL AND KEEP" SYSTEM OF RECIPROCAL**
18 **COMPENSATION?**

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1 **A.** The "bill and keep" method of reciprocal compensation is administratively
2 simple, avoids complex economic analysis which is at best subject to further
3 questioning, and is fair. What is more, bill and keep is already the most
4 commonly used method of reciprocal compensation between LECs throughout
5 the country. Bill and keep is the ideal interim arrangement until rates can be
6 set at the Long Run Incremental Cost of GTE interconnection once cost
7 studies have been filed that will provide such cost information. During the
8 first 18 months of traffic exchange, in order to assist the Commission, the
9 ALECs, and the LECs in determining the most appropriate permanent
10 compensation mechanism, an interim bill and keep compensation mechanism
11 should be adopted.

12 **Q.** **HOW DOES "BILL AND KEEP" WORK?**

13 **A.** Under the "bill and keep" method of reciprocal compensation for
14 interconnection, each carrier would be compensated in two ways for
15 terminating local calls originated by customers of other carriers. First, each
16 carrier would receive the reciprocal right to receive termination of local calls
17 made by its own customers to subscribers on the other carrier's network
18 without cash payment, often referred to as payment "in kind." In addition, the
19 terminating carrier is compensated for call termination by its own customer,

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

3 **Q. WHAT ARE THE ADVANTAGES OF "BILL AND KEEP"?**

4 **A.** One of the principal advantages of bill and keep, as compared with per-minute
5 switched access charges, is that it economizes on costs of measurement and
6 billing. With present technology, carriers are unable to measure the number of
7 local calls that they terminate for any other given carrier. Measurement and
8 billing costs could significantly increase the TSLRIC of the switching
9 function for terminating traffic and could result in higher prices for
10 consumers.

11 **Q. WHAT IS THE IMPACT OF THIS INCREASED COST STEMMING**
12 **FROM MEASUREMENT AND BILLING OF PER-MINUTE**
13 **TERMINATION FEES?**

14 **A.** The overall impact on the cost of providing local exchange service could be
15 devastating for both business and residential consumers. In order for this
16 significantly increased cost of providing local exchange service to be justified,
17 there would have to be a very large imbalance in traffic to make such
18 measurement worthwhile for society. Moreover, the costs of measurement
19 would create entry barriers and operate to deter competition, since they would

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1 be added to entrants' costs for nearly all calls (those terminated on the GTE's
2 network), while being added only to a small fraction of GTE calls (those
3 terminated on an ALEC's network).

4 **Q. WHAT OTHER ADVANTAGES TO "BILL AND KEEP" DO YOU**
5 **PERCEIVE?**

6 **A.** The bill and keep method of compensation also provides incentives to carriers
7 to adopt an efficient network architecture, one that will enable the termination
8 of calls in the manner that utilizes the fewest resources. A compensation
9 scheme in which the terminating carrier is able to transfer termination costs to
10 the originating carrier reduces the incentive of the terminating carrier to utilize
11 an efficient call termination design.

12 **Q. HAS BILL AND KEEP BEEN ADOPTED IN OTHER STATES?**

13 **A.** The use of the bill and keep method of compensation as long as traffic is close
14 to being in balance (within 5%) has been adopted by the Michigan Public
15 Service Commission. Likewise, the Iowa Utilities Board ordered use of the
16 bill and keep method of compensation on an interim basis, pending the filing
17 of cost studies. Both the Connecticut Department of Utility Control and the
18 Washington Utilities and Transportation Commission also adopted bill and

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1 keep in orders recently adopted. Finally, the California Public Utilities
2 Commission recently endorsed bill and keep on an interim basis:

3 "In the interim, local traffic shall be terminated by the LEC for the
4 CLC and by the CLC for the LEC over the interconnecting facilities
5 described in this Section on the basis of mutual traffic exchange.
6 Mutual traffic exchange means the exchange of terminating local
7 traffic between or among CLCs and LECs, whereby LECs and CLCs
8 terminate local exchange traffic originating from end users served by
9 the networks of other LECs or CLCs without explicit charging among
10 or between said carriers for such traffic exchange."

11 *Order Instituting Rulemaking on the Commission's Own Motion into*
12 *Competition for Local Exchange Service, R.95-04-043, I.95-04-044,*
13 *Decision 95-07-054 (Cal. P.U.C., July 25, 1995).*

14 **Q. HAS "BILL AND KEEP" BEEN SUCCESSFULLY INSTITUTED BY**
15 **INCUMBENT LECS?**

16 **A.** Incumbent LECs throughout the United States have endorsed this
17 compensation method by employing it with other LECs. "Bill and keep"
18 arrangements and similar arrangements that approximate "bill and keep" are

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1 common throughout the United States between non-competing LECs in
2 exchanging extended area service calls.

3 **Q. DOES MFS HAVE GOOD REASON TO BELIEVE THAT TRAFFIC**
4 **WILL BE IN BALANCE BETWEEN GTE AND ALECS?**

5 **A.** Yes. Although incumbents often argue that, if traffic is not in balance
6 between two carriers, "bill and keep" is an imperfect method of compensation,
7 this theory is discredited by the experience of an MFS-FL affiliate in New
8 York, where MFS is terminating more calls from NYNEX customers than
9 NYNEX is terminating from MFS customers. In the face of evidence that it is
10 terminating more minutes of intercarrier traffic in New York than the
11 incumbent LEC, and hence would profit from a compensation system that
12 measures usage, MFS-FL's support for the bill and keep method of compensa-
13 tion is all the more credible.

14 **Q. WHY WOULD BASING TERMINATING ACCESS ON SWITCHED**
15 **ACCESS MAKE IT IMPOSSIBLE FOR ALECS TO COMPETE?**

16 **A.** Given the flat-rated local exchange rates of GTE, payment of switched access
17 would not permit economically viable local exchange competition. If MFS-
18 FL must pay switched access rates and compete with GTE retail rates, the
19 resulting price squeeze would render it impossible for ALECs such as MFS-

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1 FL to compete in the Florida local exchange market. Accordingly, any efforts
2 by GTE to impose additional costs on ALECs through the imposition of a
3 number of additional charges — switched access interconnection charges,
4 excessively priced unbundled loop charges (special access rates), additional
5 trunking costs, and interim number portability charges, etc. — must not be
6 permitted in the co-carrier arrangements mandated by the Commission.

7 **Q. CAN YOU DEMONSTRATE THAT SWITCHED ACCESS RATES**
8 **ARE UNACCEPTABLE?**

9 **A.** Yes. A comparison of flat rates charged by BellSouth to residential customers
10 with usage-based rates charged by BellSouth to competitors for terminating
11 access demonstrates a classic price squeeze. It is this simple price squeeze
12 that will ensure that competition does not take root in Florida. Significantly,
13 particularly in a flat-rate environment, the price squeeze is most acute for
14 larger customers. Thus, ALECs will have an even more difficult time
15 competing for customers with 800 monthly minutes of use than for customers
16 with 600 or 460 minutes of use. This makes the price squeeze a particularly
17 effective means of crippling competitors.

18 **Q. COULD YOU ELABORATE ON THE CONCEPT OF A PRICE**
19 **SQUEEZE?**

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1 A. A price squeeze occurs where a firm with a monopoly over an essential input
2 needed by other firms to compete with the first firm in providing services to
3 end users sells the input to its competitor at a price that prevents the end user
4 competitor from meeting the end user price of the first firm, despite the fact
5 that the competitor is just as efficient as the first firm. A price squeeze is
6 anticompetitive and deters entry into the market because, by raising entrants'
7 costs, it forces an entrant who wishes to match the incumbent's prices to
8 absorb losses as a price of entry. Because of their anticompetitive nature,
9 price squeezes are condemned as contrary to the public policy and prohibited
10 by the antitrust laws. *See, e.g., United States v. Aluminum Co. of America,*
11 148 F.2d 416, 437-38 (2d Cir. 1945); *Illinois Cities of Bethany v. F.E.R.C.,*
12 670 F.2d 187 (D.C.Cir. 1981); *Ray v. Indiana & Michigan Elect. Co.,* 606
13 F.Supp. 757 (N.D. Ind. 1984). The Commission can ensure that a price
14 squeeze will not be implemented by applying imputation principles.

15 **Q. WOULD IT BE POSSIBLE FOR ALEC'S TO USE LOCAL**
16 **EXCHANGE SERVICE AS A LOSS-LEADER, BUT RECOUP THE**
17 **LOSS AND MAKE A PROFIT THROUGH OTHER SERVICES, SUCH**
18 **AS INTRALATA TOLL AND INTERLATA SERVICES?**

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1 A. As has been recognized in other jurisdictions, if local exchange competition is
2 to succeed, competition must be possible in all segments of the local exchange
3 market, without cross-subsidization from other services. As the Illinois
4 Commerce Commission recently observed:

5 "The issue is not whether a new LEC ultimately can scrape
6 together revenues from enough sources to be able to afford
7 Illinois Bell's switched access charge. The crucial issue is the
8 effect of a given reciprocal compensation proposal on
9 competition. . . . [A]doption of Illinois Bell's [switched access
10 based] proposal and rationale would force new LECs to adopt
11 either a premium pricing strategy or use local calling as a 'loss-
12 leader'. That is not just or reasonable."

13 *Illinois Bell Telephone Proposed Introduction of a Trial of Ameritech's Customers*
14 *First Plan in Illinois*, Docket No. 94-0096, at 98 (Ill. Comm. Comm'n., April 7,
15 1995). The Commission must ensure that inflated pricing for interconnection does
16 not preclude ALECs from achieving operating efficiency by developing their own
17 mixture of competitive products over time, including if a LEC so opts, the provision
18 of local exchange service alone.

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1 **Q. WHY IS A USAGE-BASED SWITCHED ACCESS RATE FOR ALECS**
2 **PARTICULARLY INAPPROPRIATE IN AN ENVIRONMENT IN**
3 **WHICH GTE CHARGES ITS END-USER CUSTOMERS ON A FLAT-**
4 **RATE BASIS?**

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1 A. As discussed above, usage-based switched access rates can result in a price
2 squeeze, a result which is exacerbated at higher calling volumes. Unless
3 usage-based terminating access rates are set at considerably low levels,
4 ALECs are forced to charge usage-based rates to end-user customers to
5 recover their costs. This precludes ALECs from offering customers a choice
6 of flat-rate or measured service, as Florida LECs currently offer. Not only
7 would ALECs be limited to measured usage services but, as discussed above,
8 even charging usage-based rates, ALECs cannot begin to compete when
9 paying switched access.

10 ~~IV. **SHARED NETWORK PLATFORM ARRANGEMENTS**~~

11 ~~Q. **WHAT ARE THE "SHARED PLATFORM" ARRANGEMENTS TO**~~
12 ~~**WHICH YOU REFERRED EARLIER?**~~

13 ~~A. There are a number of systems in place today that support the local~~
14 ~~exchange network and provide customers with services that facilitate use of~~
15 ~~the network. Some of these service platforms must be shared by competing~~
16 ~~carriers in order to permit customers to receive seamless service. These~~
17 ~~platforms include the following:~~

18 ~~a. Interconnection Between MFS-FL and Other~~
19 ~~Collocated Entities;~~

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- 1 b. 911 and E-911 systems;
2 c. Information Services Billing and Collection;
3 d. Directory Listings and Distribution;
4 e. Directory Assistance Service;
5 f. Yellow Page Maintenance;
6 g. Transfer of Service Announcements;
7 h. Coordinated Repair Calls,
8 i. Busy Line Verification and Interrupt;
9 j. Information Pages; and
10 k. Operator Reference Database.

11 **Q. WHAT ARE MFS-FL'S VIEWS ON GTE'S PROPOSED**
12 **SHARED PLATFORM ARRANGEMENTS?**

13 **A.** Although MFS-FL was not close to agreement with GTE on key co-
14 carrier issues such as reciprocal compensation for traffic exchange,
15 MFS-FL is hopeful that it will be able to reach agreement with GTE
16 on most shared platform arrangements. Significantly, however,
17 MFS-FL cannot agree to the pricing arrangements which require
18 excessive contribution. With the exception of pricing issues, MFS-
19 FL and GTE seem to agree on most arrangements for shared

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1 platform arrangements for 911/E-911, Directory Listings and
2 Directory Distribution, Busy Line Verification/Emergency Interrupt
3 Services, Number Resource Arrangements, CCS Interconnection,
4 Transfer of Service Announcements, Coordinated Repair Calls and
5 Operator Reference Database. However, MFS-FL and GTE still
6 disagree on several arrangements necessary to provide customers
7 with seamless local exchange services including: (1) interconnection
8 between MFS-FL and other co-located entities; (2) information
9 services billing and collection; (3) licensing of GTE's directory
10 assistance database; (4) maintenance of Yellow Page advertising; and
11 (5) information pages.
12 I will address all of these shared platform arrangements in further detail
13 below.

14 **Q. WHAT STANDARDS SHOULD BE ADOPTED FOR**
15 **INTERCONNECTION BETWEEN MFS-FL AND OTHER**
16 **COLLOCATED FACILITIES?**

17 **A.** GTE should enable MFS-FL to directly interconnect to any other
18 entity which maintains a collocation facility at the same GTE wire
19 center at which MFS-FL maintains a collocation facility, by effecting

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1 a cross-connection between those collocation facilities, as jointly
2 directed by MFS-FL and the other entity. For each such cross-
3 connection, GTE should charge both MFS-FL and the other entity
4 one-half the standard tariffed special access cross-connect rate. Any
5 proposal that normal tariff rates apply for each interconnector that
6 utilizes a collocation arrangement would be a barrier to competition
7 because ALECs would be required to pay excessive rates for
8 collocation arrangements.

9 ~~Q. WHAT STANDARDS SHOULD BE ADOPTED FOR THE~~
10 ~~PROVISION OF 911/E911 SERVICES?~~
11 ~~A. MFS-FL will need GTE to provide trunk connections to its 911/E-911~~
12 ~~selective routers/911 tandems for the provision of 911/E911 services and for~~
13 ~~access to all sub-tending Public Safety Answering Points ("PSAP").~~
14 ~~Interconnection should be made at the Designated Network Interconnection~~
15 ~~Point.^{3/} GTE must also provide MFS-FL with the appropriate common~~

^{3/} As discussed, the D-NIP is the correspondingly identified wire center at which point MFS-FL and BellSouth will interconnect their respective networks for inter-operability within that LATA.

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1 language location identifier ("CLLI") code and specifications of the tandem
2 serving area.

3 GTE should arrange for MFS-FL's automated input and daily
4 updating of 911/E911 database information related to MFS-FL end
5 users. GTE must provide MFS-FL with the Master Street Address
6 Guide ("MSAG") so that MFS-FL can ensure the accuracy of the
7 data transfer. Additionally, GTE should provide to MFS-FL the ten-
8 digit POTS number of each PSAP which sub-tends each GTE
9 selective router/9-1-1 tandem to which MFS-FL is interconnected.
10 Finally, GTE should use its best efforts to facilitate the prompt,
11 robust, reliable and efficient interconnection of MFS-FL systems to
12 the 911/E911 platforms.

13 **Q. WHAT ARRANGEMENTS SHOULD BE MANDATED FOR**
14 **INFORMATION SERVICES BILLING AND COLLECTION?**

15 **A.** Where a LEC chooses to offer caller-paid information services, such as 976-
16 XXXX services, customers of competing LECs in the same service territory
17 should have the ability to call these numbers. In this case, either the LEC
18 providing the audiotext service or its customer, the information provider,
19 rather than the carrier serving the caller, determines the price of the service.

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1 Therefore, a co-carrier arrangement should provide that the originating
2 carrier will collect the information service charge as agent for the service
3 provider, and will remit that charge (less a reasonable billing and collection
4 fee) to the carrier offering the audiotext service. To the extent that any
5 charges apply for the reciprocal termination of local traffic, the originating
6 carrier should also be entitled to assess a charge for the use of its network in
7 this situation. This issue should be addressed in the context of the reciprocal
8 billing and collection arrangements.

9 MFS-FL will deliver information services traffic originated
10 over its Exchange Services to information services provided over
11 GTE's information services platform (a.g., 976) over the appropriate
12 trunks. GTE should at MFS-FL's option provide a direct real-time
13 electronic feed or a daily or monthly magnetic tape in a mutually-
14 specified format, listing the appropriate billing listing and effective
15 daily rate for each information service by telephone number. To the
16 extent MFS-FL determines to provide a competitive information
17 services platform, GTE should cooperate with MFS-FL to develop a
18 LATA-wide NXX code(s) which MFS-FL may use in conjunction
19 with such platform. Additionally, GTE should route calls to such

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1 platform over the appropriate trunks, and MFS-FL will provide
2 billing listing/daily rate information on terms reciprocal to those
3 specified above.

4 With respect to compensation issues, MFS-FL will bill and
5 collect from its end users the specific end user calling rates GTE
6 bills its own end users for such services, unless MFS-FL obtains
7 tariff approval from the Commission specifically permitting MFS-FL
8 to charge its end users a rate different than the rate set forth in
9 GTE's tariff for such services. MFS-FL will remit the full specified
10 charges for such traffic each month to GTE, less \$0.05 per minute,
11 and less uncollectibles. In the event MFS-FL provides an information
12 service platform, GTE should bill its end users and remit funds to
13 MFS-FL on terms reciprocal to those specified above.

14 **Q. WHAT STANDARDS SHOULD APPLY TO DIRECTORY LISTINGS**
15 **AND DIRECTORY ASSISTANCE SERVICE?**

16 **A.** The public interest requires that persons be able to obtain telephone listing
17 information for a given locality by consulting only one printed directory or
18 one directory assistance operator. No useful purpose would be served by
19 publishing a separate directory of MFS-FL's customers. MFS-FL therefore

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1 proposes that GTE include MFS-FL's customers' telephone numbers in all
2 its "White Pages" and "Yellow Pages" directory listings and directory
3 assistance databases associated with the areas in which MFS-FL provides
4 services to such customers, and will distribute such directories to such
5 customers, in the identical and transparent manner in which it provides those
6 functions for its own customers' telephone numbers. MFS-FL should be
7 provided the same rates, terms and conditions for enhanced listings (i.e.,
8 bolding, indention, etc.) as are provided to GTE customers.

9 Under MFS-FL's proposal, MFS-FL will provide GTE with
10 its directory listings and daily updates to those listings in an industry-
11 accepted format; GTE will provide MFS-FL a magnetic tape or
12 computer disk containing the proper format. MFS-FL and GTE will
13 accord MFS-FL's directory listing information the same level of
14 confidentiality which GTE accords its own directory listing
15 information, and GTE will ensure that access to MFS-FL's customer
16 proprietary confidential directory information will be limited solely
17 to those GTE employees who are directly involved in the preparation
18 of listings.

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1 **Q. WHAT STANDARDS SHOULD BE ADOPTED FOR BUSY**
2 **LINE VERIFICATION AND INTERRUPT?**

3 **A. MFS-FL and GTE should establish procedures whereby their**
4 operator bureaus will coordinate with each other in order to provide
5 Busy Line Verification ("BLV") and Busy Line Verification and
6 Interrupt ("BLVI") services on calls between their respective end
7 users. BLV and BLVI inquiries between operator bureaus should be
8 routed over the appropriate trunks.

9 **Q. WHAT STANDARDS SHOULD BE ADOPTED FOR DIRECTORY**
10 **ASSISTANCE?**

11 **A. At MFS-FL's request, GTE should: (1) provide to MFS-FL operators or to**
12 an MFS-FL-designated operator bureau on-line access to GTE's directory
13 assistance database, where such access is identical to the type of access
14 GTE's own directory assistance operators utilize in order to provide
15 directory assistance services to GTE end users; (2) provide to MFS-FL
16 unbranded directory assistance service which is comparable in every way to
17 the directory assistance service GTE makes available to its own end users;
18 (3) provide to MFS-FL directory assistance service under MFS-FL's brand
19 which is comparable in every way to the directory assistance service GTE

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1 makes available to its own end users; (4) allow MFS-FL or an MFS-FL-
2 designated operator bureau to license GTE's directory assistance database
3 for use in providing competitive directory assistance services; and (5) in
4 conjunction with (2) or (3), above, provide caller-optional directory
5 assistance call completion service which is comparable in every way to the
6 directory assistance call completion service GTE makes available to its own
7 end users. If call completion services were to be resold, GTE should be
8 required to provide calling detail in electronic format for MFS-FL to rebill
9 the calling services.

10 **Q. WHAT STANDARDS SHOULD BE ADOPTED FOR YELLOW PAGE**
11 **MAINTENANCE AND TRANSFER OF SERVICE**
12 **ANNOUNCEMENTS?**

13 **A.** With regard to Yellow Page maintenance, GTE should work
14 cooperatively with MFS-FL to ensure that Yellow Page
15 advertisements purchased by customers who switch their service to
16 MFS-FL (including customers utilizing MFS-FL-assigned telephone
17 numbers and MFS-FL customers utilizing co-carrier number
18 forwarding) are maintained without interruption. GTE should allow
19 MFS-FL customers to purchase new yellow pages advertisements

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1 without discrimination, at non-discriminatory rates, terms and
2 conditions. GTE and MFS-FL should implement a commission
3 program whereby MFS-FL may, at MFS-FL's discretion, act as a
4 sales, billing and collection agent for Yellow Pages advertisements
5 purchased by MFS-FL's exchange service customers.

6 When an end user customer changes from GTE to MFS-FL, or from
7 MFS-FL to GTE, and does not retain its original telephone number, the
8 party formerly providing service to the end user should provide a transfer of
9 service announcement on the abandoned telephone number. This
10 announcement will provide details on the new number to be dialed to reach
11 this customer. These arrangements should be provided reciprocally, free of
12 charge to either the other carrier or the end user customer.

13 **Q. WHAT STANDARDS SHOULD BE ADOPTED FOR COORDINATED**
14 **REPAIR CALLS, INFORMATION PAGES AND OPERATOR**
15 **REFERENCE DATABASE?**

16 **A.** With respect to misdirected repair calls, MFS-FL and GTE should educate
17 their respective customers as to the correct telephone numbers to call in
18 order to access their respective repair bureaus. To the extent the correct
19 provider can be determined, misdirected repair calls should be referred to

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1 the proper provider of local exchange service in a courteous manner, at no
2 charge, and the end user should be provided the correct contact telephone
3 number. Extraneous communications beyond the direct referral to the
4 correct repair telephone number should be strictly prohibited. In addition,
5 MFS-FL and GTE should provide their respective repair contact numbers to
6 one another on a reciprocal basis.

7 GTE should include in the "Information Pages" or comparable
8 section of its White Pages Directories for areas served by MFS-FL, listings
9 provided by MFS-FL for MFS-FL's calling areas, services installation,
10 repair and customer service and other information. Such listings should
11 appear in the manner and likenesses as such information appears for
12 subscribers of the GTE and other LECs.

13 GTE should also be required to provide operator reference database
14 ("ORDB") updates on a monthly basis at no charge in order to enable MFS-
15 FL operators to respond in emergency situations.

16 **VI. LOCAL TELEPHONE NUMBER PORTABILITY ARRANGEMENTS**

17 **Q. WHAT ASPECTS OF NUMBER PORTABILITY WERE NOT**
18 **ADDRESSED IN THE SEPARATE NUMBER PORTABILITY**
19 **PROCEEDING?**

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1 A. First, the operational issues that MFS-FL proposes are fully addressed in its
2 Proposed Co-Carrier Agreement on pp. 26-28, attached hereto as Exhibit 2.
3 Second, the interim number portability stipulation explicitly delayed the
4 issue of "compensation for termination of ported calls and the entitlement to
5 terminating network access charges on ported calls." Number Portability
6 Stipulation at 3. To the extent that the majority of ALEC customers will
7 initially be former LEC customers utilizing interim number portability, this
8 is a critical issue for MFS-FL and other ALECs. Switched access and local
9 compensation should apply regardless of whether a call is completed using
10 interim number portability. MFS-FL believes that this is the only approach
11 consistent with the Commission's goal of introducing competition in the
12 local exchange market.

13 **Q. WHICH CARRIER SHOULD COLLECT THE CHARGES FOR**
14 **TERMINATION OF TRAFFIC ON ITS NETWORK WHEN A CALL**
15 **IS RECEIVED VIA NUMBER RETENTION?**

16 A. Only if the customers' carrier collects these revenues will competition be
17 stimulated by interim number portability. Allowing the incumbent LEC to
18 retain toll access charges for calls terminated to a retained number belonging
19 to a customer of another carrier would have three adverse consequences.

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1 First, it would reward the incumbent LEC for the lack of true local number
2 portability, and therefore provide a financial incentive to delay true number
3 portability for as long as possible. Second, it would help reinforce the
4 incumbent LEC bottleneck on termination of interexchange traffic, and
5 thereby stifle potential competition in this market. Third, it would impede
6 local exchange competition by preventing new entrants from competing for
7 one significant component of the revenues associated with that service,
8 namely toll access charges.

9 MFS does not subscribe to the LEC conventional wisdom that access
10 charges "subsidize" local exchange service, since there is no evidence that
11 the forward-looking economic cost of the basic local exchange service
12 exceeds its price as a general matter (aside from special circumstances such
13 as Lifeline, where a subsidy may exist). Nonetheless, access charges clearly
14 provide a significant source of revenue -- along with subscriber access
15 charges, local flat-rate or usage charges, intraLATA toll charges, vertical
16 feature charges, and perhaps others -- that justify the total cost of
17 constructing and operating a local exchange network, including shared and
18 common costs. It is unrealistic to expect ALECs to make the substantial
19 capital investment required to construct and operate competitive networks if

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1 they will not have the opportunity to compete for all of the services
2 provided by the LECs and all of the revenues generated by those services.
3 As long as true local number portability does not exist, the new entrants'
4 opportunity to compete for access revenue would be severely restricted if
5 they had to forfeit access charges in order to use interim number portability
6 arrangements.

7 **Q. SHOULD COMPENSATION ARRANGEMENTS FOR THE**
8 **EXCHANGE OF LOCAL OR TOLL TRAFFIC BETWEEN LECs**
9 **VARY DEPENDING ON WHETHER INTERIM NUMBER**
10 **PORTABILITY WAS IN PLACE ON A GIVEN CALL?**

11 **A.** No. Temporary number portability is a technical arrangement that will
12 permit competition to take root in Florida. The purpose of temporary
13 number portability is to permit new entrants to market their services to
14 customers by permitting customers to retain their phone numbers when
15 switching to a new provider. Because it is necessary to bring to the public
16 the benefits of competition at this time, temporary number portability
17 benefits all callers, and has absolutely nothing to do with compensation.
18 These issues should not be mixed, and compensation should not vary
19 depending on whether temporary number portability is in place or not.

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1 **Q. WHAT COMPENSATION ARRANGEMENT SHOULD APPLY TO**
2 **REDIRECTED CALLS UNDER TEMPORARY NUMBER**
3 **PORTABILITY?**

4 **A. GTE should compensate MFS-FL as if the traffic had been terminated**
5 **directly to MFS-FL's network, except that certain transport elements should**
6 **not be paid to MFS-FL to the extent that GTE will be transporting the call**
7 **on its own network. Thus, for LATA-wide calls originating on GTE's**
8 **network and terminating on MFS-FL's network, the effective inter-carrier**
9 **compensation structure at the time the call is placed should apply. Traffic**
10 **from IXCs forwarded to MFS-FL via temporary number portability should**
11 **be compensated by GTE at the appropriate intraLATA, interLATA-**
12 **intrastate, or interstate terminating access rate less those transport elements**
13 **corresponding to the use of the GTE network to complete the call. In other**
14 **words, GTE should receive entrance fees, tandem switching, and part of the**
15 **tandem transport charges. MFS-FL should receive local switching, the RIC,**
16 **the CCL, and part of the transport charge. (The pro-rata billing share to be**
17 **remitted to MFS-FL should be identical to the rates and rate levels as non-**
18 **temporary number portability calls.) GTE will bill and collect from the IXC**
19 **and remit the appropriate portion to MFS-FL.**

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1 **Q. HAS GTE AGREED TO THIS POSITION?**

2 **A.** No. As I stated in my earlier testimony, GTE and MFS-FL have been
3 unable to come to an agreement on these issues.

4 **Q. ARE THERE ANY OTHER INTERIM NUMBER PORTABILITY**
5 **ISSUES THAT ARE UNLIKELY TO BE ADDRESSED IN THE**
6 **SEPARATE PROCEEDING?**

7 **A.** Yes. The details of how a request for interim number portability will be
8 processed and billed were not addressed. MFS-FL believes that the
9 Commission should address these issues in this proceeding to ensure that
10 interim number portability is implemented efficiently and without dispute.

11 **V. NUMBER RESOURCES ARRANGEMENTS**

12 **Q. WAS AGREEMENT REACHED ON THE ISSUE OF NUMBER**
13 **RESOURCES?**

14 **A.** No. GTE and MFS-FL have been unable to come to a satisfactory
15 agreement on this issue.

16 **Q. AS A CO-CARRIER, TO WHAT NUMBER RESOURCES IS MFS-FL**
17 **ENTITLED?**

18 **A.** As a co-carrier, MFS-FL is entitled to the same nondiscriminatory number
19 resources as any Florida LEC under the Central Office Code Assignment

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1 Guidelines ("COCAG"). GTE, to the extent that it assigns NXX codes in
2 Florida, should therefore support all MFS requests related to central office
3 (NXX) code administration and assignments in an effective and timely
4 manner. MFS-FL and GTE will comply with code administration
5 requirements as prescribed by the Federal Communications Commission, the
6 Commission, and accepted industry guidelines. As contemplated by the
7 COCAG, MFS-FL will designate within the geographic NPA with which
8 each of its assigned NXX codes is associated, a Rate Center area within
9 which it intends to offer Exchange Services bearing that NPA-NXX
10 designation, and a Rate Center point to serve as the measurement point for
11 distance-sensitive traffic to or from the Exchange Services bearing that
12 NPA-NXX designation. MFS-FL will also designate a Rating Point for
13 each assigned NXX code. MFS-FL may designate one location within each
14 Rate Center as the Rating Point for the NPA-NXXs associated with that
15 Rate Center; alternatively, MFS-FL may designate a single location within
16 one Rate Center to serve as the Rating Point for all the NPA-NXXs
17 associated with that Rate Center and with one or more other Rate Centers
18 served by MFS-FL within the same LATA.

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

2 **A. Yes.**

**REBUTTAL TESTIMONY OF TIMOTHY T. DEVINE
ON BEHALF OF
METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.
(Petition re: GTE Florida, Inc.)
Docket No. 950985-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 30328-5351.**

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 Ms. Beverly Y. Menard and Dr. Edward C. Beauvais filed on**
13 **behalf of GTE Florida, Inc.**

14 **Q. HAS MFS-FL COME TO AGREEMENT WITH GTE ON SOME OF**
15 **THE ISSUES IN THIS DOCKET WITH GTE?**

16 **A. Yes. While MFS-FL has still not succeeded in coming to agreement with**
17 **BellSouth on any of the interconnection or unbundling issues in those**
18 **separate negotiations, MFS-FL has succeeded in negotiating an agreement**

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1 with GTE on many of the principal issues in this docket. In this regard,
2 GTE, like LECs in several other states, adopted a constructive, reasonable,
3 and positive approach to the negotiations. The agreement is attached hereto
4 as Exhibit TTD-9 ("Agreement"). A number of issues have been agreed
5 upon, including essentially every aspect of issues 2 (tariffing), 4 (intraLATA
6 800 traffic), 5 (911/E911), 6 (operator handled traffic), 7 (directory
7 assistance services), 8 (white and yellow pages), 9 (billing and collection
8 services), 10 (CLASS/LASS services), 12 (treatment of "ported" calls), and
9 14 (NXX codes). Certain technical and other arrangements remain to be
10 worked out. The parties expect to be able to reach agreement on these
11 issues, and in fact have agreed to negotiate an agreement with respect to
12 these issues within 60 days. The Agreement, however, does not address
13 every issue in this docket.

14 **Q. WHAT ISSUES REMAIN TO BE RESOLVED BETWEEN MFS-FL**
15 **AND GTE?**

16 **A.** Most importantly, MFS-FL and GTE were unable to agree upon the
17 appropriate reciprocal compensation for call termination between its
18 respective end users. GTE was unwilling to agree to the MFS-FL position
19 that bill and keep transitioning to LRIC-based rates is the appropriate form
20 of interconnection compensation. GTE would also not agree with MFS-FL

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1 on three additional issues: 1) arrangements advocated by MFS-FL, and
 2 ordered by the New York Public Service Commission, that would permit
 3 two collocated ALECs to cross-connect directly to one another without
 4 transiting GTE's network; 2) the appropriate intermediary charge for MFS-
 5 FL traffic transiting the GTE network; and 3) that, where interconnection
 6 occurs via collocation, upon reasonable notice, MFS-FL would be permitted
 7 to change from one interconnection method to another with no penalty,
 8 conversion, or rollover charges. This testimony will therefore for the most
 9 part focus on the issue of the appropriate price for interconnection, as well
 10 as these additional unresolved issues.

11 ~~Q. BEFORE ADDRESSING THESE PRICING AND OTHER ISSUES,~~
 12 ~~DOES THE RECENTLY SIGNED "TELECOMMUNICATIONS ACT~~
 13 ~~OF 1996" PROVIDE SUPPORT FOR THE MFS-FL~~
 14 ~~INTERCONNECTION PETITION?~~

15 A. Yes. Although I am not a lawyer, it is clear that the signing of the
 16 Telecommunications Act of 1996 ("Act") on Thursday, February 8, 1996
 17 provides an essential backdrop to consideration of the MFS-FL
 18 interconnection petition. Under the Act, an incumbent LEC is required to
 19 negotiate interconnection arrangements in good faith and to provide
 20 ~~interconnection. In addition to requiring "just, reasonable, and~~

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1 nondiscriminatory” interconnection (Sec. 251(c)(2)), the Act also creates a
2 duty on incumbent LECs to provide collocation on “rates, terms, and
3 conditions that are just, reasonable, and nondiscriminatory.” Sec. 251(c)(6).
4 The unresolved issues regarding the appropriate interconnection and
5 collocation arrangements, therefore, should be viewed in the context of these
6 and other provisions of the new federal Act.

7 **Q. DOES THE ACT PROVIDE A STANDARD TO DETERMINE WHAT**
8 **WOULD CONSTITUTE “JUST AND REASONABLE” RATES?**

9 **A.** Yes. The Act provides the following standard for interconnection pricing:

10 “INTERCONNECTION AND NETWORK ELEMENT
11 CHARGES—Determinations by a State commission of the just and
12 reasonable rate for the interconnection of facilities and equipment for
13 the purposes of subsection (c)(2) of section 251, and the just and
14 reasonable rates for network elements for purposes of subsection (c)(3)
15 of such section --

16 (A) shall be --

17 (i) based on the cost (determined without reference to a rate-of-
18 return or other rate-based proceeding) of providing the
19 interconnection or network element (whichever is applicable),

20 and

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1 ~~(ii) nondiscriminatory, and~~

2 ~~(B) may include a reasonable profit."~~

3 ~~Sec. 252(d)(1). The Act also specifically states that "bill-and-keep~~

4 ~~arrangements" are not precluded by this standard. Sec. 252(d)(1)(B).~~

5 **Q. IS THIS FEDERAL STANDARD CONSISTENT WITH THE**
6 **STANDARD PROPOSED BY MFS-FL IN ITS DIRECT TESTIMONY**
7 **IN THIS DOCKET?**

8 A. Yes. The MFS-FL bill and keep proposal is expressly provided for in the
9 federal Act. There is no question that if the Commission were to adopt bill
10 and keep, this would be consistent with the Act. MFS-FL also proposes that
11 bill and keep is the appropriate interim arrangement, but that rates set at
12 Long Run Incremental Cost ("LRIC") are the appropriate long term
13 arrangement. Accordingly, MFS-FL's long term proposal and the federal
14 pricing standard are both based on rates set with direct reference to the cost
15 of providing interconnection. This is in stark contrast to GTE's proposal
16 that rates should be based on the current *price* of switched access (less the
17 Carrier Common Line charge ("CCL") and the Residual Interconnection
18 Charge ("RIC")). Beauvais Direct at 26. Moreover, the MFS-FL proposal
19 of bill and keep compensation is, unlike GTE's switched access-based
20 proposal, nondiscriminatory: to the extent that GTE exchanges traffic with

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1 other Florida LECs today on a bill and keep basis (Menard Direct at 6), bill
2 and keep would clearly be nondiscriminatory. While GTE claims that not
3 applying switched access rates to local calls would discriminate against IXCs
4 (Menard Direct at 5-6), every major IXC participating in this docket
5 advocates a bill and keep arrangement, clearly indicating that they would not
6 consider it to be discriminatory.

7 ~~Q. DOES THE ACT REQUIRE COMPENSATION ABOVE COSTS?~~

8 A. No. While the federal standard states that compensation rates "may include
9 a reasonable profit," it does not expressly require that rates must include
10 such profit. If the Commission were to consider what amount of
11 contribution were "reasonable," it would have to bear in mind the distinct
12 possibility of a price squeeze, as discussed below. Moreover, although I am
13 not an economist, it is my understanding that LRIC rates, in fact, do take
14 into account return on investment, and this provision is therefore met by the
15 MFS-FL proposal.

16 ~~Q. DOES THE GTE PROPOSAL MEET THIS FEDERAL STANDARD?~~

17 A. No. As I noted, the GTE proposal—switched access minus the RIC and the
18 CCL—is not even arguably cost-based, is discriminatory with respect to the
19 manner in which GTE compensates other LECs today, and includes
20 ~~significant contribution above cost that, as discussed below, could lead to a~~

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1 ~~price squeeze.~~

2 **Q. COULD YOU SUMMARIZE THE BILL AND KEEP PROPOSAL**
3 **ADVOCATED BY MFS-FL, CONTINENTAL, MCI METRO, AT&T,**
4 **AND OTHERS?**

5 **A.** As I explained in my direct testimony, under bill and keep, each carrier
6 would be compensated in two ways for terminating local calls originated by
7 customers of other local exchange carriers. First, each carrier would
8 automatically be permitted to have its customers local calls to subscribers on
9 the other local exchange carrier's network terminated on that network. This
10 is often referred to as payment "in kind." In addition, each carrier is
11 compensated by its own customers who pay a monthly fee for service.

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

13 **A.** Unlike the proposals advocated by other parties, and particularly as
14 compared with the per-minute charge advocated by GTE, bill and keep
15 economizes on costs of measurement and billing, which could increase
16 prices for all customers. It is also the only method proposed by any of the
17 parties that provides an ironclad guarantee that a price squeeze will not
18 foreclose the development of local exchange competition in Florida. The
19 bill and keep method of compensation also provides incentives to carriers to
20 adopt an efficient network architecture, one that will enable the termination

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1 of calls in the manner that utilizes the fewest resources. As a result of these
2 advantages, some form of bill and keep has been adopted by several states
3 (including Michigan, Iowa, Connecticut, Washington, Oregon, Tennessee,
4 Texas, and California) and is currently in use in many states for the
5 exchange of traffic between existing LECs.

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

8 **A.** Yes. Continental, AT&T Communications of the Southern States, Inc.
9 ("AT&T"), and MCI Metro Access Transmission Services, Inc. ("MCI
10 Metro"), among others, all support identical bill and keep proposals. These
11 parties emphasize the same benefits of administrative simplicity, the
12 elimination of the possibility a price squeeze, and the efficiency incentives
13 created by bill and keep.

14 **Q. HAS GTE RECENTLY SUPPORTED BILL AND KEEP IN**
15 **PRINCIPLE?**

16 **A.** Yes. Despite its stated opposition to bill and keep, surprisingly, GTE has
17 signed a stipulation with Intermedia (attached as Exhibit TTD-8) that
18 recognizes that bill and keep is an effective method of compensation
19 between LECs and ALECs. GTE and Intermedia would exchange traffic on
20 an in-kind basis for the first two years of the Stipulation. GTE and

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1 Intermedia would also exchange traffic on an in-kind basis if it is mutually
2 agreed that the administrative costs associated with local interconnection are
3 greater than the net monies exchanged. Thus, the GTE/Intermedia
4 Stipulation also recognizes the primary reason for adopting bill and keep,
5 the desirability of avoiding the unnecessary administrative costs involved in
6 other forms of compensation. All of GTE's testimony criticizing bill and
7 keep should therefore be read with this simple fact in mind: GTE has
8 voluntarily agreed to utilize this system for two years, and possibly longer.
9 The Commission should likewise recognize the benefits of bill and keep as
10 an interim arrangement in order to transition to LRIC-based rates.

11 **Q. HAS GTE SUPPORTED BILL AND KEEP IN ANY OTHER**
12 **CONTEXT?**

13 **A.** Yes. GTE currently exchanges traffic with other LECs utilizing bill and
14 keep arrangements. GTE also admits in its testimony that bill and keep is
15 appropriate under certain circumstances: 1) if one carrier is involved in the
16 originating, transport and termination of a call from one end user to another;
17 and 2) where the quantity of terminating minutes is the same, the
18 terminating price charged by both carriers is the same and no transiting
19 carriers are involved. Beauvais Direct at 19. The first scenario makes no
20 sense because if only one carrier is involved there is no need for

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1 compensation. As to the second scenario concerning traffic balance, the
2 evidence in this docket confirms that, if anything, the traffic balance favors
3 GTE under bill and keep.

4 **Q. WHY WOULD GTE BENEFIT FROM THE TRAFFIC BALANCE IF**
5 **BILL AND KEEP WERE IMPLEMENTED?**

6 **A.** MFS has introduced real-world record evidence on traffic balance based on
7 its actual experience exchanging traffic with NYNEX in New York. (MFS
8 attaches as TTD-7 the chart that was introduced as Exhibit 7 at the hearing
9 in the BellSouth portion of this docket.) MFS has demonstrated, based on
10 tens of thousands of voice grade lines,¹ that it consistently terminated more
11 inbound traffic from NYNEX than it sent out to NYNEX for termination on
12 NYNEX's network. During an eight-month period, the traffic split was
13 approximately 60% inbound minutes of use, and 40% outbound minutes of
14 use. *Id.* This data strongly suggests that bill and keep may well benefit
15 GTE: GTE would terminate only approximately 40% of the traffic while
16 MFS would terminate approximately 60%. With equal per minute of use
17 interconnection charges, GTE would actually make a net payment to MFS

1 MFS has provided an estimate of the amount of traffic rather than the precise amount because the amount of traffic and associated revenue is confidential, proprietary business information.

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1 based on this data. Under bill and keep, there would be no payment by
2 GTE or MFS-FL. Therefore, GTE's argument that bill and keep will not
3 work in Florida—particularly when it *is* currently working for GTE in
4 Florida with respect to the exchange of local traffic with other LECs—is
5 inapposite. Despite the real world evidence on traffic flows, MFS still
6 prefers bill and keep in the interim because it avoids the possibility of a
7 price squeeze, as discussed below, and eliminates substantial administrative
8 costs until such time as LRIC-based rates are established.

9 **Q. WHY ELSE IS GTE'S CRITIQUE OF BILL AND KEEP**
10 **MISLEADING AND UNSUBSTANTIATED?**

11 **A.** GTE cites to figures regarding the incremental cost of measurement and
12 billing in claiming that these costs are negligible. Beauvais Direct at 21.
13 Yet GTE pulls these numbers out of thin air and fails to provide any cost
14 study (or even a cite) to substantiate them. Significantly, GTE's fellow
15 LEC, United/Centel, states the exact opposite: United/Centel believes that
16 establishing new measurement mechanisms can be prohibitively expensive.
17 As Mr. Poag states, "for traffic which is routed between ALECs, IXC's,
18 cellular providers and other ILECs, a special software package is required
19 for measurement. This software is relatively expensive and will only be
20 provided at the access tandems." Poag Direct at 15-16. Even if there were

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1 some support for GTE's claims that long-term costs of measurement and
2 billing are low, that would not obviate the necessity for establishing billing
3 and measurement arrangements in Florida between each and every
4 competitive local carrier. There is no question that bill and keep would be
5 significantly easier to implement in the near term. It would permit ALECs
6 to get into business and create such arrangements with each of the other
7 carriers once they begin earning their first revenues from providing local
8 service in Florida. Overall, incumbent LECs have been less than
9 enthusiastic about creating even the most basic, fundamental
10 arrangements—BellSouth still has not even agreed to arrangements for
11 911/E911—and eliminating one additional obstacle in the interim until LRIC
12 cost studies can be developed and analyzed in contested hearings will
13 facilitate the introduction of local competition significantly.

14 **Q. CAN YOU PROVIDE AN UPDATE AS TO THE NUMBER OF**
15 **STATES THAT HAVE ADOPTED BILL AND KEEP?**

16 **A.** Yes. Bill and keep has been adopted by a number of states, including
17 several states that have adopted bill and keep on an interim basis until cost-
18 based rates can be established. Michigan, California, Connecticut, and
19 Texas, have all adopted precisely the approach advocated by MFS: bill and
20 keep transitioning to cost-based rates. In Michigan, bill and keep is applied

1 as long as traffic is close to being in balance (within 5%). *In the matter of*
2 *the application of CITY SIGNAL, INC., for an order establishing and*
3 *approving interconnection arrangements with AMERITECH MICHIGAN,*
4 Case No. U-10647, Opinion and Order, at 32 (Feb. 23, 1995). The
5 California Public Utilities Commission recently endorsed bill and keep on an
6 interim basis, recognizing that in the *long term* "it is the policy of this
7 Commission that Commission-approved tariffs for call termination services
8 should be cost-based." *Order Instituting Rulemaking on the Commission's*
9 *Own Motion into Competition for Local Exchange Service*, R.95-04-043,
10 I.95-04-044, Decision 95-07-054, at 39 (Cal. P.U.C., July 25, 1995);
11 Decision 95-12-056, at 39 (Cal. P.U.C., Dec. 20, 1995). Connecticut has
12 also adopted modified bill and keep with a transition to cost-based rates.
13 *DPUC Investigation Into the Unbundling of the Southern New England*
14 *Telephone Company's Local Telecommunications Network*, Docket No. 94-
15 10-02, Decision at 62-71 (Conn. D.P.U.C., Sept. 22, 1995). Several other
16 states are following this trend towards bill and keep rates. *See Texas PURA*
17 *of 1995, Vernon's Ann.Civ.St. art. 1445c-0, §3.458 (1995); Washington*
18 *Utilities and Transportation Comm'n v. US West Communications, Inc.,*
19 *Dkt. No. UT-941464, Fourth Supplemental Order Rejecting Tariff Filings*
20 *and Ordering Refiling; Granting Complaints, in Part*, at 29 (Wash. U.T.C.,

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1 Oct. 31, 1995); *In Re: McLeod Telemanagement, Inc.*, Dkt. No. TCU-94-4,
2 *Final Decision and Order*, at p. 16 (Iowa D.C.U.B., March 31, 1995); *In*
3 *the Matter of the Application of Electric Lightwave, Inc. for a Certificate of*
4 *Authority to Provide Telecommunications Services in Oregon*, CP1, CP14,
5 CP15, *Order No. 96-021*, at p. 52 (Oregon P.U.C. Jan. 12, 1996). The
6 Tennessee Commission also approved in December final rules that require
7 bill and keep for one year. Rule 1220-4-8.10(3) (effective upon approval of
8 the Attorney General).

9 **Q. DO YOU ADVOCATE BILL AND KEEP ON A PERMANENT BASIS?**

10 **A.** No. As I have noted, a number of states have adopted bill and keep on an
11 interim basis. Dr. Beauvais argues that the fact that these states have
12 adopted bill and keep on only an interim basis (Devine Direct at 28-29),
13 means that this is not the solution for Florida. Beauvais Direct at 23. Yet
14 MFS-FL only supports bill and keep on an interim basis (*e.g.*, for the next
15 eighteen months) in order for incumbent LECs to develop the appropriate
16 cost studies in order to develop cost-based rates as mandated by the
17 Telecommunications Act of 1996. In fact, this is precisely the reason that
18 these other states have adopted bill and keep on an interim basis: to permit a
19 transition to cost-based permanent rates while not delaying the introduction
20 of competition. Dr. Beauvais also clouds the record by suggesting that

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1 MFS-FL did not accurately describe the Michigan plan to allow bill and
2 keep while traffic is within 5% in balance. Beauvais Direct at 23. MFS-FL
3 accurately described that bill and keep only applies under limited
4 circumstances in Michigan (Devine Direct at 28), and did not endorse the
5 Michigan approach in every detail. As Dr. Beauvais correctly notes, the
6 Michigan plan still suffers from the problem that it requires measurement
7 and billing, and establishes compensation rates prior to conducting the
8 appropriate examination of LEC local call termination costs.

9 **Q. HAVE OTHER STATES EMPHASIZED THE ADVANTAGES OF**
10 **BILL AND KEEP?**

11 **A.** Yes. Each of the states that have adopted bill and keep, including Michigan,
12 Iowa, Connecticut, Washington, Texas, Oregon, Tennessee, and California,
13 have done so for the very reasons expressed by MFS-FL. For example, the
14 Washington Utilities and Transportation Commission, in recently adopting
15 interim bill and keep, addressed several of the key advantages of bill and keep:

- 16 ● "It is already in use by the industry for the exchange of EAS traffic."
17 ● "Any potential harm would not occur until current barriers to
18 competition are eliminated and competitors gain more than a de
19 minimus market share."
20 ● "Bill and keep offers the best opportunity to get new entrants up and

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1 running, with a minimum disruption to customers and existing
2 companies.”

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

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

18 **A.** Yes. GTE does not refute the simple fact that bill and keep arrangements
19 have been the most common arrangement between LECs for the exchange of
20 local traffic and admits that it currently utilizes bill and keep today. Menard

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1 Direct at 6. While LECs may compensate each other with terminating
2 access charges for certain long distance or toll calls, based on MFS's
3 experience in other states, LECs prefer bill and keep as the simplest form of
4 compensation for local calls.

5 **Q. IS IT TRUE, AS GTE SUGGESTS, THAT CARRIERS CANNOT**
6 **DISTINGUISH BETWEEN LOCAL AND TOLL CALLS?**

7 **A.** GTE suggests that the fact that it cannot determine the originating nature of
8 traffic necessitates a system in which access charges for local and toll calls
9 are identical or close to identical. Beauvais Direct at 26-28. Yet
10 Dr. Beauvais states and GTE has agreed that it will be the responsibility of
11 the originating carrier to "correctly report such traffic or to place such
12 traffic on the appropriate trunk group," subject to audit by the other
13 company, (Beauvais Direct at 28-29) and GTE and MFS-FL have agreed to
14 the establishment of separate trunk groups for local and toll traffic. The
15 capability therefore clearly exists to distinguish between local and toll
16 traffic, and furthermore, the suggestion that a new entrant would define its
17 local calling areas as the entire state of Florida is highly unrealistic
18 considering that no ALEC has ever publicly stated that its local calling areas
19 would not mirror those of the incumbent LECs. GTE also ignores the
20 current reality that Percent Interstate Use ("PIU") reports are currently

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1 utilized to distinguish whether IXC traffic terminated to a LEC is interstate
2 or intrastate. MFS-FL will employ advanced switching equipment that can
3 identify the origin of local and toll traffic. Auditing can also be utilized to
4 determine the origin of local and toll calls, including "ported" calls under a
5 system of interim number portability. To determine the proper
6 jurisdictional nature of ported calls, MFS-FL believes that the PLU
7 percentages based on call records should be applied against the total ported
8 minutes. GTE's argument that determining the origin of calls is somehow
9 not feasible is not based on any technical shortcoming, but is rather a
10 transparent attempt to promote a system based on switched access charges
11 that will impose additional costs on ALECs.

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

15 **A.** No. As demonstrated by my Direct Testimony (Devine Direct at 30-35),
16 charging switched access rates would result in a price squeeze that would
17 make it impossible for ALECs to compete. Dr. Beauvais argues that
18 because GTE offers both flat-rated and measured rate service, MFS-FL can
19 simply offer measured rate service and still cover its costs. Beauvais Direct
20 at 32-33. Dr. Beauvais ignores the fact that MFS-FL will have to price its

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1 services at prices competitive with GTE's services in order to compete.
2 Accordingly, if GTE offers a flat-rate service, the one most attractive to
3 large users, MFS-FL will likewise have to offer a flat-rate service in order
4 to compete. If MFS-FL must pay measured switched access rates, and
5 charge customers a flat-rate rate, it is all the more likely to be caught in a
6 price squeeze. As Dr. Beauvais accurately states, "For very large volume
7 customers, there will indeed be a point at which compensation payments
8 may exceed the price that MFS has established to end users." Beauvais
9 Direct at 33. Competition is apparently acceptable to GTE only if it can
10 effectively insulate its "very large volume customers" from competition.

11 GTE also argues that, because MFS-FL claims that traffic will be in
12 balance, there can be no price squeeze. Beauvais Direct at 32. But MFS-
13 FL never claimed that traffic would be perfectly in balance. In fact, the
14 record evidence on traffic balance presented by MFS-FL indicates that MFS-
15 FL could well be making significant access payments to GTE if a per-minute
16 access charge were instituted. Thus, there is a very real possibility of a
17 price squeeze if excessive, non-LRIC-based access charges are implemented.

18 **Q. DO YOU AGREE WITH DR. BEAUVAIS' SUGGESTION THAT**
19 **COMPENSATION MAY BE PRICED IN SUCH A WAY THAT SOME**

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1 **NEW ENTRANTS COULD FAIL (BEAUVAIS AT 33)?**

2 A. Not entirely. While the Commission does not have a mandate to protect any
3 particular competitor, it does have a mandate to open the market for
4 competition. If local call termination is priced as GTE suggests, it may well
5 preclude the entry of not just select ALECs but *all* ALECs, resulting in no
6 competition at all. This would be the result of the price squeeze as I have
7 described it, a result which would be inconsistent with this Commission's
8 mandate. Furthermore, Dr. Beauvais is completely incorrect when he states
9 that "the price for compensation is, after all, just another price." Beauvais
10 Direct at 34. MFS-FL will pay compensation on virtually every call, and it
11 will make that payment to its direct competitor. Compensation rates also
12 have a disproportionate impact on ALECs: while GTE will complete the
13 vast majority of its local calls on its own network without paying
14 compensation, the vast majority of ALEC local calls will terminate on
15 another network and require payment of compensation. Compensation is
16 therefore a critical price for MFS-FL, and one that, if set at excessive rates,
17 would permit incumbent LECs to preclude competitive entry, or at the very
18 least, significantly erode ALEC profit margins. Compensation is therefore
19 much more than just another price; rather it is the central issue of this
20 proceeding.

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1 **Q. IF THE COMMISSION DOES NOT ADOPT BILL AND KEEP AS AN**
2 **INTERIM SOLUTION, WHAT IS MFS-FL'S RECOMMENDATION**
3 **FOR RECIPROCAL COMPENSATION?**

4 **A.** MFS-FL recommends a reciprocal and equal per minute rate based on
5 GTE's Long Run Incremental Cost ("LRIC"). This LRIC-based rate should
6 not include any contribution, despite the recommendation of GTE that
7 contribution be added to cost-based rates. Even Dr. Beauvais admits that
8 common costs should be recovered in local interconnection charges but "not
9 in the proportion that was done as a matter of public policy in the initial
10 establishment of access charges." Beauvais Direct at 18.

11 **Q. WHY SHOULD GTE BE PROHIBITED FROM ADDING**
12 **CONTRIBUTION TO LRIC IN SETTING PRICES FOR**
13 **RECIPROCAL COMPENSATION?**

14 **A.** Dr. Beauvais believes that contribution should be included in rates for
15 reciprocal compensation. Beauvais Direct at 18. "Contribution" is often
16 defined in the industry as the difference between the incremental cost of a
17 service and the price charged for that service. Such charges force ALECs to
18 recover from their customers not only the ALEC's own overhead costs, but
19 also a portion of GTE's overhead costs. This effectively insulates GTE
20 from the forces of competition. One of the most significant benefits of

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1 competition is that it forces all market participants, including GTE, to
2 operate efficiently, resulting in lower rates for end users. If GTE receives
3 contribution -- in effect, is subsidized by its new entrant competitors --
4 GTE's overhead costs will not be subjected to the full benefits of
5 competition that result from market pressures. Instead, current
6 inefficiencies in GTE's network will become incorporated into GTE's price
7 floor, locking in current inefficiencies in GTE's operations, despite the
8 introduction of competition. The Commission should therefore not require
9 ALECs to provide contribution in reciprocal compensation rates because it
10 would foreclose many of the potential benefits of competition.

11 **Q. DOES GTE RECOMMEND RATES THAT ARE BASED ON THE**
12 **COST OF INTERCONNECTION?**

13 **A.** No. The GTE proposal is not consistent with the federal Act in that its
14 proposed rates are not based on cost. In fact, GTE makes no secret of the
15 fact that its compensation rate is based on the price of a measured local call.
16 Beauvais Direct at 14, 25. GTE also recognizes that switched access
17 charges include significant contribution "as a matter of public policy" when
18 switched access rates were initially set for IXCs (Beauvais Direct at 18).
19 The circumstances of the mid-1980s no longer apply, and under the
20 Telecommunications Act of 1996, the Commission must set compensation

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1 rates based on cost, rather than based on switched access or any other
2 non-cost-based pricing.

3 **Q. ARE THERE OTHER OUTSTANDING ISSUES BETWEEN GTE AND**
4 **MFS-FL OTHER THAN COMPENSATION?**

5 **A.** Yes. GTE would also not agree with MFS-FL on two other issues relating
6 to collocation. The first issue is that GTE would not agree to arrangements,
7 advocated by MFS-FL and ordered by the New York Public Service
8 Commission, that would permit two ALECs collocated at a GTE central
9 office to cross-connect directly without transiting (and, of course, as GTE
10 would prefer, paying to transit) GTE's network.

11 **Q. HOW DOES MFS-FL'S POSITION ON COLLOCATION DIFFER**
12 **FROM THAT OF GTE?**

13 **A.** GTE should enable MFS-FL to directly interconnect to any other entity that
14 maintains a collocation facility at the same GTE wire center at which MFS-
15 FL maintains a collocation facility, by effecting a cross-connection between
16 those collocation facilities, as jointly directed by MFS-FL and the other
17 entity. Devine Direct at 37-38. For each such cross-connection, GTE
18 should charge both MFS-FL and the other entity one-half the standard
19 tariffed special access cross-connect rate. GTE takes the position that it
20 would not permit such interconnection between two collocated entities.

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1 Menard Direct at 4. GTE's refusal to permit such cross-connection is
2 designed to and would impose undue costs on ALECs by refusing cross-
3 connection of adjacent, virtually collocated facilities. GTE states that this is
4 not the purpose of collocation. Menard Direct at 4. The New York Public
5 Service Commission, however, in its Competition II interconnection
6 proceeding did not take this view when it required LECs to permit cross-
7 connection between adjacently collocated ALECs. *Order Instituting*
8 *Framework for Directory Listings, Carrier Interconnection, and Intercarrier*
9 *Compensation* (N.Y. P.S.C., Sept. 27, 1995). The Commission should not
10 permit GTE to impose inefficiencies on all ALECs and should likewise
11 require GTE to permit such cross-connection.

12 **Q. HOW SHOULD MFS-FL COMPENSATE GTE FOR TRANSITING**
13 **TRAFFIC?**

14 **A. MFS-FL should only be required to pay for the GTE intermediary function**
15 of transiting traffic in the limited circumstances in which two ALECs that
16 are not cross-connected at the D-NIP and do not have direct trunks utilize
17 BellSouth trunks to transit traffic. As I have explained, in all cases, ALECs
18 should have an opportunity to cross-connect. In those instances where
19 MFS-FL must pay for this intermediary function, it should pay the lesser of:
20 1) BellSouth's interstate or intrastate switched access per minute tandem

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1 switching element; or 2) a per minute rate of \$0.002.

2 **Q. WHAT OTHER ISSUE REMAINS UNRESOLVED WITH GTE?**

3 **A.** GTE would also impose incremental cross-connect charges where an
4 interconnection occurs via a collocation facility. MFS-FL has requested that
5 no such charges apply. Upon reasonable notice, MFS-FL should be
6 permitted to change from one interconnection method to another (*e.g.*,
7 collocation to a fiber meetpoint) with no penalty, conversion, or rollover
8 charges. This would give MFS-FL the flexibility to reconfigure its network
9 in the most efficient manner without incurring excessive charges that would
10 only serve to penalize MFS-FL for increasing the efficiency of its network.
11 GTE could use such charges to impose additional interconnection costs on
12 MFS-FL. The Commission should address these three issues to ensure that
13 hidden interconnection costs are not imposed on collocated ALECs.
14 Finally, certain operational issues have been left to be negotiated between
15 the parties within 60 days. MFS-FL recommends that the portion of this
16 docket concerning its petition against GTE be left open at least until these
17 issues are fully resolved.

18 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

19 **A.** Yes.

1 MR. RINDLER: Thank you, Madam Chairman.

2 The witness is now ready for cross.

3 CHAIRMAN CLARK: He does not have a summary?

4 MR. RINDLER: Oh, I'm sorry. Yes, he does,
5 Your Honor.

6 Q (By Mr. Rindler) Do you have your summary
7 with you, Mr. Devine?

8 A Yes.

9 MR. RINDLER: Thank you, Madam Chairman.

10 CHAIRMAN CLARK: Go ahead, Mr. Devine.

11 WITNESS DEVINE: Thank you, and good
12 morning. When I testified to the Commission on
13 January 10, 1996, concerning MFS' petition for
14 interconnection with BellSouth, I stated that the
15 establishment of prices, terms, and conditions for
16 interconnection in this docket is one of the most
17 critical steps in establishing an environment that
18 will foster competition and permit alternative local
19 exchange companies, such as MFS, to be in a position
20 to compete against incumbent local exchange carriers.
21 It is the establishment of such conditions that the
22 legislature envisioned in enacting Florida's
23 Telecommunications Reform Act in 1995.

24 While the petitions now before the
25 Commission involve GTE Florida and

1 Sprint-United/Centel, instead of BellSouth, the issues
2 remain the same and remain as critical. GTE and
3 Sprint possess the same benefits of incumbency in
4 their service areas as BellSouth enjoys in its service
5 area. The fact that interconnection is absolutely
6 essential for local competition to even be possible is
7 just as true in this case as it was in the BellSouth
8 case.

9 Certain things, however, are different in
10 this proceeding than in the BellSouth proceeding.
11 While MFS and BellSouth have still been unable to
12 reach an agreement on any issues because of
13 BellSouth's insistence on only agreeing to a total
14 package, MFS and GTE have been able to enter into a
15 partial co-carrier agreement that addresses many of
16 the issues that have not been resolved with BellSouth.

17 Through hard and fair negotiations, GTE and
18 MFS have concluded an agreement which resolves
19 basically all the technical and operational issues
20 involved in this docket. While this partial
21 co-carrier agreement was entered into prior to the
22 Commission's recent action in the BellSouth
23 proceeding, the partial agreement resolves these
24 issues consistent with the Staff recommendations
25 adopted by the Commission in its last meeting.

1 While GTE and MFS are continuing good faith
2 negotiations on various issues, basically the only
3 issues which need to be resolved by this Commission
4 between GTE and MFS at this time are the critical
5 issues of compensation for the termination of local
6 calls and the right of two carriers collocated in a
7 third carrier central office to directly cross
8 connect. These, of course, are also issues the
9 Commission dealt with in the BellSouth proceeding.

10 After careful and extensive examination of
11 the record by the Staff and the Commission, and after
12 consideration of Staff's recommendations and extensive
13 debate among the Commissioners, the Commission voted
14 four to one to adopt a bill and keep compensation
15 mechanism for the termination of local calls. The
16 Commission provided that both BellSouth and MFS could
17 petition the Commission at any time if the carrier is
18 able to demonstrate that bill and keep is unfair to
19 the carrier because of a substantial imbalance of
20 traffic.

21 The Commission also adopted Staff
22 recommendation authorizing MFS to cross connect to a
23 another collocated carrier without transiting
24 BellSouth's switch.

25 MR. FONS: Excuse me, Madam Chairman I'm

1 going to object to this testimony. It's not a
2 summary. There's nothing about this in his testimony;
3 this is supplemental testimony. If they want to put
4 on supplemental, then we should have had a little
5 discussion about that before doing so.

6 CHAIRMAN CLARK: Mr. Rindler.

7 MR. RINDLER: Ma'am?

8 CHAIRMAN CLARK: There's been an objection
9 to his summary that it is not a summary of his
10 testimony. That, in fact, it is introducing new
11 testimony.

12 MR. RINDLER: Madam Chair, to the extent it,
13 in fact, addresses events subsequent to that --
14 events, I believe, only which relate to what the
15 Commission action was, that's correct. I would agree
16 with that.

17 CHAIRMAN CLARK: Mr. Devine, will you stay
18 within the prefiled testimony that you have presented
19 in this docket?

20 WITNESS DEVINE: Okay. I'll have to kind of
21 do that impromptu, so please tell me if I'm --

22 CHAIRMAN CLARK: I'm sure Mr. Fons will.

23 COMMISSIONER DEASON: You have the option of
24 just not doing your summary at all. You know, when
25 you summarize testimony, it's supposed to be the

1 testimony that you prefiled.

2 WITNESS DEVINE: Okay.

3 It is clear that the record in the case so
4 far, in the GTE and Sprint's case, that there's no
5 significant data that tells us that the information
6 that's been offered by GTE and Sprint points us in a
7 direction when it comes to the actual cost of
8 terminating a call.

9 Some other issues that need to be addressed
10 by the Commission deal with the issue of the residual
11 interconnection charge that when there's switched
12 access provided, that the end office provider, under
13 normal events, receives the residual interconnection
14 charge. It's an issue that MFS and GTE have been able
15 to agree upon, but Sprint has been resistant to agree
16 upon that issue even though they currently are
17 oftentimes an end office provider and receive that
18 residual interconnection charge revenue.

19 Additionally, while GTE and MFS were able to
20 agree on the switched access revenue associated with
21 calls that are ported to MFS from Sprint, GTE and MFS
22 were able to agree that we would develop a surrogate
23 to determine the switched access revenue that MFS
24 received under that circumstance. Sprint, while they
25 have agreed with Intermedia to develop a surrogate to

1 give Intermedia the switched access revenue, they have
2 not agreed with MFS to give us the switched access
3 revenue.

4 Additionally, we have not agreed upon an
5 intermediary switching charge that would be applied if
6 MFS were to send a call through Sprint's switch to
7 another ALEC in the area. In that instance it could
8 be MFS transiting the Sprint switch to send a call to
9 MFS if we are not collocated in the same wire center.
10 In that instance, you know, we would recommend that a
11 rate be set at incremental cost, or at least at a
12 minimum rate of less than two-tenths of a penny and,
13 likely, the lesser of that.

14 MFS' ability to reach an agreement on almost
15 all operation and technical issues with GTE is
16 consistent with its experience in other states such as
17 New York, California, Massachusetts and Connecticut.
18 This stands in stark contrast to the continuing
19 inability to resolve these issues with Sprint.
20 Indeed, until Friday afternoon, Sprint had not
21 indicated a willingness to enter into a partial
22 co-carrier agreement, and no partial co-carrier
23 agreement has been agreed to.

24 The issues which appear to be in dispute
25 with Sprint are Items 1, 3, 4, 8, and 12. 1 and 3 are

1 still at issue with GTE. With regard to Sprint, the
2 only portion of Issue 4 which appears to remain at
3 issue is the compensation for certain 800 records;
4 Issue 8, which relates to compensation for white and
5 yellow page directories and, importantly, Issue 12,
6 the issue of which party receives switched access
7 compensation from an IXC in the case of a toll call
8 terminated by MFS from a Sprint-ported number.

9 As was the case with BellSouth, Sprint's
10 proposals have the effect of discriminating against
11 MFS by imposing costs not imposed on other local
12 exchange carriers and seeking to deny MFS its revenues
13 from switched access. MFS has demonstrated its strong
14 interest in providing local exchange service in
15 Florida. MFS has invested millions of dollars in
16 developing fiberoptic networks and switching in
17 Florida.

18 MFS believes that the Commission, in
19 response to the 1995 Florida Telecommunications Act,
20 has taken a number of important steps in addressing
21 the issues that accompany the introduction of such
22 competition. The Commission's decisions with respect
23 to universal service and number portability confirm
24 the Commission's intent to fulfill the procompetitive
25 purpose of the act. Your decision in the BellSouth

1 interconnection proceeding in this docket firmly
2 commits the Commission to opening the local exchange
3 market to full and fair competition.

4 MR. GILLMAN: Chairman Clark, I need to
5 object, again. He's gone beyond his testimony.

6 CHAIRMAN CLARK: Mr. Devine, please keep it
7 to your prefiled direct testimony.

8 WITNESS DEVINE: Okay. I just have two
9 things left to go through.

10 The Commission's actions to date appear to
11 be fully consistent with the requirements of the
12 Telecommunications Act of 1996. MFS urges the
13 Commission to address the GTE and Sprint Petition
14 consistent with its earlier procompetitive decisions
15 to benefit competition for all consumers in Florida.

16 Thank you.

17 MR. RINDLER: Madam Chairman, the witness is
18 available for cross.

19 CHAIRMAN CLARK: Thank you. Ms. Wilson.

20 MR. WILLIS: Thank you. Yes, I have some
21 questions.

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CROSS EXAMINATION

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BY MS. WILSON:

Q Good morning, Mr. Devine. I'm Laura Wilson representing the Florida Cable Telecommunications Association. Would you agree with me that the main service here at issue is the termination of local calls by local providers?

A Yes, that's the key decision to be made.

Q And would you agree that the terms under which the incumbent LEC terminates local calls must be nondiscriminatory?

A Yes.

Q Now, I believe you testified in your summary that as with the case with BellSouth, that Sprint-United/Centel seeks to discriminate against MFS by imposing costs on MFS that are not imposed upon other competitors; is that correct?

A Yes.

Q Would you be concerned in this docket if the Commission approved a usage sensitive rate by which Sprint-United/Centel terminates local calls for MFS for two years and then subsequently approved a bill and keep arrangement for MCI Metro?

A Yes, I would be concerned with that. I would additionally be concerned with the fact that

1 currently incumbents in the state originate and
2 terminate calls between each other on a bill and keep
3 arrangement. So to me, that's pure discrimination.
4 The LEC witnesses in these cases have said that we're
5 co-carriers and equals. But when it comes to
6 compensation for local calls, we are not equal.

7 While MFS long term would prefer a
8 per-minute-of-use based rate, based on incremental
9 cost, the record doesn't have evidence that supports
10 that. So that would be discriminatory if there were
11 two different actions against two different carriers.

12 Q Okay. And in that instance that I just
13 described to you, that would impose additional costs
14 upon MFS that are not imposed upon MCI Metro; is that
15 correct?

16 A Yes.

17 Q And would that -- in that particular
18 instance, would MFS be put at a competitive
19 disadvantage vis-a-vis MCI Metro?

20 A Yes.

21 Q Now, I believe that you've testified about
22 numerous other states that have adopted bill and keep.
23 And I'm just assuming that those states adopted bill
24 and keep over the objections of the incumbent LECs; is
25 that correct?

1 A Yes. The proceedings I'm familiar with,
2 that's correct.

3 Q And I'm just wondering, how would you
4 characterize MFS' working relationship with the
5 incumbent LECs in those states?

6 A Well, I've personally been involved in
7 relationships with all the major LECs nationwide, and
8 I think, you know, once the policy is set, then
9 everybody realizes, "Let's get down to business and
10 move forward." Certainly there's some LECs in some
11 states, one, not to mention, but it's in the southwest
12 that we often run into difficulties with; but
13 generally, once the policy is set and the things start
14 to move forward -- I think GTE in Florida -- actually,
15 GTE I've had my best experience ever in dealing with a
16 LEC nationwide. We've worked very cooperatively
17 together, and it's been a good experience.

18 Q Okay. But would it be fair to say that your
19 experience in the other states has been that you've
20 experienced delays from the incumbent LECs?

21 A Oh, certainly. It's all a big game.

22 Q Okay. Would it be fair to say that if the
23 LECs want to, they can find a thousand tiny ways to
24 delay your entry, all of which are difficult for you
25 to prove?

1 MR. GILLMAN: I object. I mean, the
2 questions going to LECs in other states. He's already
3 testified that his relationship with GTE was good.
4 What happened in other states is not relevant to what
5 happened in Florida.

6 MS. WILSON: But he did not testify
7 regarding Sprint-United/Centel.

8 CHAIRMAN CLARK: Well, Ms. Wilson, would you
9 let me know what part of his direct testimony this
10 relates to?

11 MS. WILSON: It relates to his testimony
12 concerning the adoption of bill and keep. And he has
13 testified that this Commission should adopt bill and
14 keep based upon the experiences in other states. So
15 I'm just wondering what is the total experience in
16 those other states where bill and keep has been
17 adopted to determine whether or not that should be
18 adopted for Florida.

19 I only have a few more questions on this
20 line, too.

21 CHAIRMAN CLARK: Mr. Devine, your testimony
22 is you are recommending bill and keep based on your
23 experience in other states?

24 WITNESS DEVINE: Experience in other states,
25 plus, also, you know, just trying to get into business

1 as soon as possible. It seems to simplify early entry
2 because there's less issues to deal with.

3 CHAIRMAN CLARK: Go ahead, Ms. Wilson.

4 MS. WILSON: Okay.

5 Q (By Ms. Wilson) Based upon your experience
6 in other states, would you recommend to the Commission
7 if they order a bill and keep arrangement for the
8 exchange of local traffic that they should also be
9 vigilant in preventing anticompetitive activity?

10 A Yes, that's critical. What happens is I
11 really see, like, three phases of activities. You
12 know, the first phase is you try to get the policy
13 established in the state. And the second phase is
14 that based on that policy, you have to go and
15 negotiate an agreement to get the fine tuning worked
16 out in terms of all the issues so you can actually
17 turn up service. And then the third phase, which is
18 the most critical phase, is the compliance with the
19 policy and the compliance with the agreement.

20 I, personally, signed agreements in New
21 York, Massachusetts and Connecticut. And I'll tell
22 you, the compliance issue is a critical issue because
23 when you go out to provide a service, if you only have
24 half the salesperson's bag half full, it doesn't
25 really do much for you. You have to be able to have

1 calls interexchanged, you have to have 911, you have
2 to have unbundled loops.

3 I have a personal experience in New York
4 where while the Commission ordered the NYNEX tariff on
5 unbundled loops effective July 1, 1994, it took until
6 April of 1995, before NYNEX started to provide
7 unbundled loops, and that was after I personally had
8 informal and formal complaints at the New York
9 Commission. And it came down to the New York
10 Commission sending a letter to NYNEX in March of '95
11 telling them that they were slowing competition in the
12 state, so my biggest concern -- and I think I talked
13 about it a lot in the other, the BellSouth case -- is
14 that the reason MFS isn't interested in just signing
15 regulatory stipulations is because regulatory
16 stipulations don't address getting us into business.
17 All it does is settle some regulatory issues. I mean,
18 we want business agreements that help us to get into
19 business that at least get us to stage two.

20 Q Okay. And, Mr. Devine, don't you also run
21 the risk when you bring instances of anticompetitive
22 behavior to light, don't you run the risk of making
23 your potential customer mad at you?

24 A Well, I, personally, again was involved in
25 our situation in New York where we stopped selling

1 local service because of all the problems we were
2 having with compliance with the agreements and --

3 MR. FONS: Madam Chairman, I would like to
4 raise an objection at this point. First of all, this
5 is not anything in his testimony. He's now going to
6 give us another litany of experiences in other states,
7 and I don't think that's fair to paint the LECs in
8 Florida with the same brush that he's painted some of
9 the other LECs in other states. This is entirely
10 intended to being bias and prejudice from this witness
11 and that there's somehow or other the LECs in this
12 state are not going to treat the ALECs fairly.

13 MS. WILSON: Madam Chairman, I would
14 withdraw the question.

15 CHAIRMAN CLARK: Go ahead, Ms. Wilson.

16 MR. GILLMAN: Move to strike the answer.
17 He's already answered it, I believe.

18 CHAIRMAN CLARK: Show the question withdrawn
19 and the answer stricken, please.

20 Q (By Ms. Wilson) Now, you did testify just a
21 minute ago that your relationship with GTE is
22 cooperative, isn't that correct, here in Florida?

23 A Yes, in terms of actually executing the
24 agreement, things are very cooperative. But that's
25 the stage we're at at this point.

1 Q And based upon that experience, would you
2 recommend that this Commission encourage cooperation
3 in negotiated settlements to the greatest possible
4 extent?

5 A Yes, if they can. I mean, parties certainly
6 have to be willing, but it's good to keep the process
7 moving forward if there's any way that can happen.

8 MS. WILSON: Okay, I have no further
9 questions.

10 CHAIRMAN CLARK: Let me just follow up on
11 something, Mr. Devine. You indicated that you are not
12 interested in regulatory agreements.

13 WITNESS DEVINE: Well, what we'd rather do
14 is sign a business agreement. What Sprint presented
15 to us on Friday, early afternoon I received it, was
16 like a regulatory stipulation to stipulate out the
17 issues that it seems that we kind of agree on. We've
18 been working with them for months to actually sign a
19 business agreement that has more detail in it. And I
20 guess that's what I'm saying. There's a business
21 agreement that is more of an operational business
22 agreement with detail versus, like, a regulatory
23 stipulation, which is like a high level kind of
24 settlement of the issues to, I guess, minimize the
25 hearings and things.

1 CHAIRMAN CLARK: Well, if I interpret what
2 you are saying, you want more detail in the agreement
3 you reach with respect to interconnection?

4 WITNESS DEVINE: Yes, that's our objective.

5 CHAIRMAN CLARK: Thank you.

6 COMMISSIONER DEASON: Let me ask a question.

7 Ms. Wilson asked you about whether you would
8 consider two different rates for interconnection that
9 would be ordered by this Commission to be
10 discriminatory. I think you agreed that that would be
11 discriminatory?

12 WITNESS DEVINE: Yes.

13 COMMISSIONER DEASON: Well, then am I
14 supposed to take from that then -- and the example was
15 MCI Metro getting a different rate than what MFS got
16 out of this hearing. Is it your position then that
17 MCI Metro should, in fact, be bound then by whatever
18 decision is made and would equally apply to you as
19 well as MCI Metro?

20 MR. RINDLER: Mr. Commissioner, I'll just
21 point out that Mr. Devine is not a lawyer; he's not
22 giving a legal opinion, and was not --

23 COMMISSIONER DEASON: Mr. Rindler, he made
24 an opinion about what discrimination was. That's all
25 I'm asking about.

1 MR. RINDLER: I just wanted to make the
2 record clear.

3 COMMISSIONER DEASON: I understand.

4 WITNESS DEVINE: I guess I put it in the
5 context that if they were available, so if somebody
6 signed an agreement, or got an agreement, or a deal
7 for bill and keep, and then if somebody else wanted to
8 get bill and keep but they could only get out of a
9 negotiation, let's say, a per-minute-of-use rate, that
10 all parties should have an option to elect the best
11 terms available. So if MFS wants to pick between a
12 bill and keep or a minute of use, or let's say the
13 Commission orders bill and keep, but for some reason
14 MFS prefers a minute of use, if they can get an
15 agreement with, you know, the incumbent LEC, then
16 everybody is free to agree with whatever they want.

17 In terms of imposing what happens in this
18 case upon MCI or any other intervenor, our business
19 needs may be different than maybe MCI's. You know,
20 they've been in the business a lot longer than us, and
21 their needs may be different than ours. So it's my
22 interpretation that anyone can petition the Commission
23 at any time to try to seek whatever they want. And,
24 certainly, if MCI wants to do the exact thing as us,
25 if it seems to make sense, that's a decision the

1 Commission would have to make, but --

2 COMMISSIONER DEASON: Mr. Devine, I'm
3 confused. You are saying that if MCI is different,
4 it's okay for them to have something different if they
5 can negotiate it, but you're saying -- and that would
6 not be discriminatory. But if this Commission orders
7 something different than we order for you, that would
8 be discriminatory, even though they may be in
9 different circumstances.

10 WITNESS DEVINE: Okay. Maybe I might be
11 getting confused.

12 COMMISSIONER DEASON: Well, it's just a very
13 simple matter. You've made the very "in fact"
14 statement that if two rates are different it's
15 discrimination. That was your statement.

16 And my question to you is: Am I supposed to
17 take from that then that when we make this decision it
18 should apply equally.

19 And then you said, no, that people should be
20 able -- because some companies are different and if
21 they can negotiate something that they think is
22 better, that's fine. But still, that would be two
23 different rates. That's not discrimination?

24 WITNESS DEVINE: Well, I guess what I mean
25 is if you went and ordered bill and keep but if two

1 parties could agree to something else, I mean, that's
2 at their option.

3 COMMISSIONER DEASON: Okay. And if they
4 could agree to something else because they are in a
5 different situation that would be totally within their
6 right.

7 WITNESS DEVINE: Yeah. I mean, I'm just
8 saying forced upon. People shouldn't be forced upon.
9 Let's say MFS gets an agreement for, you know, bill
10 and keep, but MCI comes in and they want -- if they
11 want bill and keep, but they are not given it. I
12 mean, people should have an option to negotiate
13 whatever they want.

14 COMMISSIONER DEASON: But if the
15 negotiations fail, we've got to give them then what we
16 gave you as a result of this hearing?

17 WITNESS DEVINE: I really don't know. I
18 know when this whole issue came up about petitions and
19 who can file petitions, I mean, I was kind of confused
20 myself if it meant there is a generic proceeding or
21 not. So I really might be stretching my realm of
22 knowledge on the legal interpretation. But if they
23 want to get the same kind of things. So if they want
24 the same thing, if their needs are defined to be the
25 same thing, then it seems that it would apply.

1 If they have a circumstance that's
2 different, then I guess they would have to demonstrate
3 to the Commission that it were different.

4 COMMISSIONER DEASON: So then it could be a
5 different rate ordered by this Commission and that
6 would not be discrimination --

7 WITNESS DEVINE: Yeah. If they could
8 demonstrate that it's different, that their needs are
9 different, fine. But if it turns out to be the same
10 thing and if you order bill and keep but they don't
11 want bill and keep and they want per minute ordered,
12 but they don't demonstrate to you a case why it should
13 be, per minute should be ordered, they're free to go
14 negotiate with Sprint for whatever they want. If
15 Sprint agrees to the per minute, then fine; they can
16 do a per minute deal. But if Sprint doesn't agree to
17 it and if the Commission feels that MCI has come in
18 and they have put the same exact case forward that MFS
19 did and the evidence looks the same, they didn't
20 demonstrate that they are unique or any different than
21 MFS, then, yes, I would think they would be obligated
22 to be under the same terms and conditions.

23 CHAIRMAN CLARK: Mr. Crosby.

24 MR. CROSBY: No questions.

25 CHAIRMAN CLARK: Mr. Gillman.

1 MR. GILLMAN: Go to them first.
2 CHAIRMAN CLARK: Oh, yes, I'm sorry.
3 Mr. Melson?
4 MR. MELSON: No questions.
5 CHAIRMAN CLARK: Ms. Dunson.
6 MS. DUNSON: No.
7 CHAIRMAN CLARK: Mr. Horton.
8 MR. HORTON: No questions.
9 CHAIRMAN CLARK: Ms. Weiske.
10 MS. WEISKE: No questions.
11 CHAIRMAN CLARK: It is you, Mr. Gillman.
12 MR. GILLMAN: See if I had started, they
13 would have had questions after me, I'm sure.

14 Thank you, Madam Chairman.

15 **CROSS EXAMINATION**

16 BY MR. GILLMAN:

17 Q Good morning, Mr. Devine.

18 A Good morning.

19 Q Could you go to Page 10, Line 13 of your
20 testimony. And all of my questions will be directed
21 towards the direct and rebuttal in your GTE testimony.

22 A In the direct you want me to go to?

23 Q Direct now. The only questions that I will
24 ask you will be either from your direct or your
25 rebuttal that you filed with reference to GTE Florida.

1 On Line 13.

2 A What page, sir?

3 Q Page 10. Actually, on Line 10 to 13 where
4 you refer to the term "co-carrier," and you state that
5 neither carrier should be treated as subordinate or
6 inferior. In your definition of "co-carrier," does
7 that mean that both carriers would also have equal
8 obligations?

9 A I'm reading through the whole answer just to
10 make sure I'm in the proper context.

11 When I discussed co-carrier, I'm talking
12 about the relationship between the two carriers. So
13 I'm talking about the terms and conditions in
14 relationship about how we treat each other, that we
15 are co-carriers and that we should treat each other as
16 co-carriers.

17 Q So you would agree then that GTE needs to
18 treat you just as if you were an incumbent LEC, but
19 you would also agree that you don't have the same
20 obligations as that incumbent LEC?

21 A Some of the obligations are the same, but
22 some of the obligations are different. We haven't
23 been involved as a, you know, rate of return based
24 carrier or price cap carrier. We are regulated under
25 a different scheme.

1 Q And would you also agree that another
2 difference is that MFS has much more flexibility in
3 defining its serving territory?

4 A Currently, yes, we could define our service
5 territory different than GTE could.

6 Q In fact, you could define it in very small
7 areas, as small as a city block or a group of city
8 blocks?

9 MR. RINDLER: Mr. Gillman, I would just like
10 to note again for the record that Mr. Devine is not a
11 lawyer and to the extent you're asking as to his legal
12 right to, in fact, change a service area, he would be
13 giving a lay opinion.

14 Q (By Mr. Gillman) I guess I'm asking for
15 your business opinion. Is that part of your plan to
16 define service areas that may be very small?

17 A Certainly not as narrow as you've suggested.
18 I mean our service area in Tampa is pretty broad, as
19 well as Orlando. I mean, once we get collocated into
20 a central office, you know, we'll serve everybody off
21 of that central office, so actually we can get really
22 broad coverage.

23 Q But to the extent you say "broad coverage,"
24 will you be concentrating, won't you, in the
25 metropolitan areas of Tampa and Orlando?

1 A It would be in the urban and suburban areas
2 initially. That makes sense from a business
3 investment standpoint to get our fixed network in
4 place.

5 Q Would it be also fair to say that you will
6 concentrate on business customers, at least initially?

7 A Primarily, yes. That's historically been --
8 the services we've been in there since special access
9 and private line are all used by business customers.
10 We are just starting to branch out into other markets.

11 Q When you say that's been historically the
12 case, do you also believe that that's going to take
13 place initially in the Tampa, Florida area?

14 A Yes, I'd say initially just because that's
15 where our network is right now. So we've only been
16 able to sell special access and private line which are
17 only bought by business customers, so --

18 Our network today doesn't go through a lot
19 of residential areas because that's not where our
20 network was able to earn revenues because we couldn't
21 provide dial tone service to residences.

22 Q In your opinion, does the fact that GTE is
23 proposing to charge MFS a positive price for the use
24 of its network mean that MFS is an inferior
25 co-carrier?

