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1 BELL SOUTH TELECOMMUNICATIONS, INC.  
2 DIRECT TESTIMONY OF ROBERT C. SCHEYE  
3 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION  
4 DOCKET NO. 960833-TP  
5 AUGUST 12, 1996  
6

7 Q. PLEASE STATE YOUR NAME, ADDRESS AND POSITION WITH  
8 BELL SOUTH TELECOMMUNICATIONS, INC. ( HEREINAFTER  
9 REFERRED TO AS "BELL SOUTH" OR "THE COMPANY").  
10

11 A. My name is Robert C. Scheye and I am employed by BellSouth as a Senior  
12 Director in Strategic Management. My business address is 675 West Peachtree  
13 Street, Atlanta, Georgia 30375.

14  
15 Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND  
16 EXPERIENCE.

17  
18 A. I began my telecommunications company career in 1967 with the Chesapeake  
19 and Potomac Telephone Company (C&P) after graduating from Loyola  
20 College with a Bachelor of Science in Economics. After several regulatory  
21 positions in C&P, I went to AT&T in 1979, where I was responsible for the  
22 Federal Communications Commission ("FCC") Docket dealing with  
23 competition in the long distance market. In 1982, with the announcement of  
24 divestiture, our organization became responsible for implementing the  
25 Modification of Final Judgment (MFJ) requirements related to

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1 nondiscriminatory access charges. In 1984, our organization became part of  
2 the divested regional companies' staff organization which became known as  
3 Bell Communications Research, Inc (Bellcore). I joined BellSouth in 1987 as  
4 a Division Manager responsible for jurisdictional separations and other FCC  
5 related matters. In 1993, I moved to the BellSouth Strategic Management  
6 organization where I have been responsible for various issues including local  
7 exchange interconnection, unbundling and resale.

8

9 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

10

11 A. The purpose of my testimony is to provide a framework for BellSouth's  
12 response to AT&T's request for arbitration and to provide responses to the  
13 issues identified by the parties and the Florida Public Service Commission  
14 ("Commission") in this proceeding. My testimony is divided into the  
15 following sections:

16

17 **Section I: General Overview of Negotiations**

18 **Section II: BellSouth's Response to the AT&T Arbitration Petition**

19 **Section III: BellSouth's Discussion of Issues in this Arbitration Proceeding**

20 **Section IV: Summary and Recommendations for the Commission**

21

22 In Section III, my testimony is organized under the following major headings:

23 A) Resale; B) Interconnection; C) Unbundled Network Elements; and, D)

24 Additional Interconnection Requirements/Issues.

25

1 In addition, attached to my testimony as Exhibit RCS-1, is a "red-lined" copy  
2 of AT&T's proposed interconnection agreement (previously provided to  
3 AT&T) containing BellSouth's initial proposed changes. Additions are  
4 underlined and deletions are indicated by strikethrough print. BellSouth has  
5 attached this annotated version of AT&T's agreement in an attempt to more fully  
6 define the resolved and unresolved issues between AT&T and BellSouth.

7

8 **I. GENERAL OVERVIEW OF NEGOTIATIONS**

9

10 Q. PLEASE DESCRIBE BELLSOUTH'S APPROACH TO NEGOTIATING  
11 INTERCONNECTION AGREEMENTS WITH ALTERNATIVE LOCAL  
12 EXCHANGE COMPANIES ("ALECS").

13

14 A. BellSouth has entered into negotiations with prospective ALECs with the full  
15 intention of reaching negotiated agreements covering all relevant issues.  
16 BellSouth established negotiating teams and dedicated resources from all areas  
17 of the Company to develop positions, review ALEC interconnection requests  
18 and proposals, and meet with ALEC representatives either by phone or face to  
19 face in a sincere effort to reach agreements. Some carriers are relatively small  
20 having more limited interests, while others are much larger with more far  
21 reaching needs. Regardless of size or interests, BellSouth has attempted to  
22 provide the necessary information and meet the needs of these companies. In  
23 recognition of certain ALEC business needs, BellSouth has made significant  
24 compromises on many important issues.

25

1 Q. AT&T IS CRITICAL OF THE BELL COMPANIES' APPROACH TO  
2 NEGOTIATIONS AND CITES LCI'S WITHDRAWAL FROM  
3 NEGOTIATIONS AS SUPPORT. IS THIS CRITICISM WELL-FOUNDED?  
4

5 A. No, at least not in BellSouth's case. LCI indicated that a few incumbents  
6 mutually agreed to LCI's request for a suspension of negotiations, one of  
7 which was BellSouth. Additionally, one reason cited by LCI for suspending its  
8 negotiations was its inability to obtain adequate information from the  
9 incumbents. LCI also indicated that the few incumbents, including BellSouth,  
10 that had mutually agreed with the suspension, had also been the most  
11 forthcoming in providing the needed information. To date, BellSouth has  
12 negotiated with more than twenty-five new competitors with diverse interests  
13 and needs. Many of these negotiations are continuing and BellSouth  
14 anticipates that progress will be made in reaching mutually satisfactory  
15 agreements.  
16

17 Q. HOW SUCCESSFUL HAVE THESE NEGOTIATIONS BEEN TO DATE?  
18

19 A. Negotiations have been very successful. Many of the agreements already  
20 reached had their roots in negotiations that began prior to passage of the  
21 Telecommunications Act of 1996 (the "Act"). BellSouth has been negotiating  
22 with companies since mid-1995, or long before Congress determined that  
23 negotiations were the preferred method of reaching interconnection  
24 agreements. In fact, BellSouth reached an agreement with several parties in  
25 Florida in late 1995, allowing local competition to move forward in this state.

1           Since that time, BellSouth has successfully negotiated fifteen additional  
2           agreements within the BellSouth region with facilities based and/or reseller  
3           companies. BellSouth is not aware of any other incumbent LEC that has  
4           reached agreements with this number of diverse new entrants. Eleven of the  
5           following fifteen agreements have been filed with this Commission for  
6           approval and some have also been filed in the other eight BellSouth states:

- 7
- 8           American Communications Services, Inc. (ACSI)
  - 9           American Metrocomm Corporation (MetroComm)
  - 10          Business Telecom, Inc. (BTI)
  - 11          Hart Communications
  - 12          Intermedia Communications, Inc. (ICI)
  - 13          MCImetro
  - 14          MediaOne
  - 15          National Telecommunications
  - 16          NEXTLINK
  - 17          Payphone Consultants, Inc.
  - 18          SouthEast Telephone, Ltd.
  - 19          Telephone Company of Central Florida
  - 20          Teleport Communications Group (TCG)
  - 21          Time Warner
  - 22          TriComm, Inc.

23

24           Contrary to the assertions of AT&T, several of these agreements are  
25           comprehensive and represent reasonable compromises between BellSouth and

1 competitors of BellSouth. These are not cookie-cutter agreements. They differ  
2 in many ways in order to meet the needs of many different carriers. As a result  
3 of these agreements, several carriers are already operating in the state of  
4 Florida in direct competition with BellSouth. While the numbers may be  
5 limited today, they will continue to grow rapidly.

6

7 Q. HOW WOULD YOU DESCRIBE THE SUBSTANCE OF THESE  
8 AGREEMENTS AND THE PARTIES THAT HAVE SIGNED THEM?

9

10 A. The simplest description would be that these agreements are “diverse”. There  
11 are many differences contained in these agreements. Some are indeed partial  
12 agreements. The best examples of partial agreements are the MCImetro  
13 agreement and those agreements which only deal with resale issues. For those  
14 parties desiring resale only, a partial agreement is the only practical answer.  
15 Other agreements are more comprehensive, covering interconnection,  
16 unbundling and resale, but not specifying the precise rates for each and every  
17 item. Some of the agreements include time frames for discussing specific  
18 pricing issues, such as the Time Warner agreement. The rationale for this type  
19 of agreement is that individual new entrants do not all have the same level of  
20 interest for each of the critical items of interconnection, unbundling and resale.  
21 An agreement of this type allows the new entrant to concentrate on its highest  
22 priority items, leaving other areas the subject of later discussions. This is a  
23 very sensible approach for any carrier with such needs.

24

25 Other agreements are somewhat more comprehensive in that they specify rates

1 for each area of interconnection, unbundling and resale. An example would be  
2 the Teleport agreement, though there are several others that are similar, e.g.,  
3 ICI and Hart Communications.

4  
5 It should be quite apparent that these agreements run the full spectrum of  
6 company size and complexity of issues. To characterize these agreements and  
7 competitors as “incomplete” or “niche services” or “not broad-based  
8 competitive offerings” demonstrates less than a full understanding of the  
9 competitive market in Florida. Companies such as Time Warner, Teleport,  
10 MCI, ICI and others, whether signing partial or more comprehensive  
11 agreements with BellSouth, are formidable competitors with strong financial,  
12 technical and marketing capabilities. Additionally, their brands are well  
13 known both within and outside the state of Florida.

14  
15 Q. PLEASE DESCRIBE BELLSOUTH’S APPROACH TO NEGOTIATIONS  
16 WITH AT&T.

17  
18 A. BellSouth has approached the AT&T negotiations with the same sincere desire  
19 to negotiate a reasonable, mutually beneficial agreement as it has with all other  
20 new entrants. BellSouth has proposed compromise positions that would allow  
21 AT&T to effectively compete for customers in the BellSouth region under  
22 reasonable terms and conditions and also provide BellSouth fair compensation  
23 for its facilities and services.

24  
25 Since the passage of the Act, BellSouth has been motivated by even greater

1 incentive to reach agreements that meet the fourteen point checklist set out by  
2 Congress as one of the requirements BellSouth must meet in order to enter and  
3 compete in the interLATA services market. Even as we proceed through this  
4 arbitration phase, BellSouth continues to negotiate with AT&T in a continuing  
5 effort to reach mutually agreeable rates, terms, and conditions for  
6 interconnection, unbundling of network elements, and resale of services.

7

8 Q. PLEASE DESCRIBE AT&T'S APPROACH TO NEGOTIATIONS.

9

10 A. AT&T's approach to negotiations with BellSouth has been "heavy on rhetoric"  
11 and "light on practice". AT&T would have this Commission believe it has  
12 done everything in its power to reach an agreement with BellSouth. AT&T  
13 describes the many teams it has established to conduct negotiations, and AT&T  
14 has inundated the Commission with volumes of "proof" of its willingness to  
15 negotiate. In other words, its style is "heavy on rhetoric". In practice,  
16 however, the story is quite different. From BellSouth's perspective, AT&T did  
17 not enter into negotiations with the intent of reaching a mutually beneficial  
18 agreement. AT&T entered negotiations armed with positions that it fully  
19 understood would not be acceptable to BellSouth and has refused to  
20 compromise on them. It is no wonder that AT&T has been unable to negotiate  
21 a single agreement with any RBOC in any state in the nation.

22

23 AT&T's attitude toward negotiations is best exemplified in an article entitled  
24 "Ready, Set, Devour?" from Business Week, dated July 8, 1996, which quotes  
25 AT&T General Counsel, John D. Zeglis. The article, referring to statements



1 by Mr. Zeglis, states that he “figures that the company will end up in  
2 arbitration in all 50 states and based on his own lack of success with arbitrators  
3 back in AT&T’s monopoly days, he’s confident that the Bells will lose every  
4 time.” With such an attitude, one could hardly expect negotiations to be  
5 successful. Based on Mr. Zeglis’ comments, AT&T fully expects to arbitrate  
6 in all 50 states and to win on every issue. BellSouth, however, continues to  
7 negotiate in good faith, to resolve whatever issues are possible to resolve  
8 outside of arbitration.

9  
10 I find it particularly interesting that in its petition, AT&T states: “Moreover,  
11 AT&T has requested negotiations with the RBOCs in all 50 states, making  
12 AT&T the leading contender to provide real competition for the RBOCs in the  
13 local market.” AT&T appears proud of this “accomplishment”, but clearly  
14 AT&T has nothing to show for its “best efforts”. In comparing negotiations  
15 with AT&T to other parties, it can all be summed up in the current score:  
16 BellSouth agreements with other parties -- “16”; AT&T agreements with  
17 RBOCs -- “0”.

18  
19 **II. BELLSOUTH’S RESPONSE TO THE AT&T ARBITRATION**  
20 **PETITION**

21  
22 **Q. WHAT IS YOUR OVERALL RESPONSE TO AT&T’S PETITION FOR**  
23 **ARBITRATION?**

24  
25 **A. As stated, BellSouth has engaged in numerous meetings and telephone**

1           conversations with AT&T, has traded written correspondence with AT&T  
2           during the negotiation process, and has compromised on a number of issues  
3           during the last several months. Despite AT&T's claims, BellSouth firmly  
4           believes that its proposals on resale, unbundling of network elements,  
5           interconnection and pricing promote competition and meet the requirements as  
6           set forth in the Act. On the other hand, AT&T's requests and mandates have  
7           distorted and confused the nature of the issues and the requirements of the Act.  
8           For example, AT&T demands that BellSouth: 1) offer for resale all of its  
9           services and pricing plans; 2) use AT&T's brand in all contacts with AT&T's  
10          customers; 3) agree to compensate AT&T in the event BellSouth fails to meet  
11          AT&T's "quality standards;" and 4) price interconnection and unbundling at  
12          total service long run incremental cost (TSLRIC). The Act in no way requires  
13          any of these items, nor are they required for competition to flourish.

14  
15          What AT&T demonstrates with these tactics is a strategy based on a dual  
16          purpose: first, to force reductions in BellSouth's prices or to avoid paying for  
17          services rendered by BellSouth; and second, as discussed earlier, to delay  
18          BellSouth's entrance into the interLATA market. AT&T should not be  
19          allowed to prevail on either goal.

20  
21    Q.    IN YOUR OPINION, HAS AT&T CLEARLY IDENTIFIED AND  
22           OUTLINED THE ISSUES REQUIRING ARBITRATION?

23  
24    A.    No. It appears that AT&T's approach has been to attempt to confuse the issues  
25           by combining several different concepts inappropriately in a strained effort to

1 support an AT&T position. For example, AT&T has attempted to  
2 intentionally confuse the resale of retail services with the unbundling of  
3 network elements by attempting to "alter" a current retail service, such as basic  
4 business and residence exchange service, and combine it with AT&T's own  
5 operator and repair services. AT&T wants to apply a discount to a specific  
6 tariffed rate, but not comply with the terms and conditions that govern that  
7 tariffed pricing option, e.g., use and user restrictions.

8  
9 Another attempt to confuse the issues is AT&T's description of several  
10 seemingly different issues that, in reality, are only a single issue. For example,  
11 AT&T states that BellSouth will not unbundle operator systems. As another  
12 issue, AT&T states that BellSouth will not route local calls to AT&T's  
13 operator, directory assistance or repair services without the use of unfamiliar or  
14 different telephone numbers. As another issue, AT&T claims BellSouth will  
15 not provide transport (dedicated or common) separate from switching. Finally,  
16 AT&T states BellSouth will not provide branding on resold services. Though  
17 BellSouth will address these issues in more detail in Section III of this  
18 testimony, the point here is that several seemingly unrelated issues are, in  
19 reality, the same issue. That issue is the routing of calls from a resold basic  
20 exchange service (or unbundled local switch) in a manner quite different from  
21 that which exists today and based on whatever routing AT&T believes should  
22 occur. Whether BellSouth responds to AT&T three or more times or just once  
23 to the real issue, the answer will be the same -- such routing of traffic to  
24 different locations and/or trunks using the same existing dialing arrangements  
25 (0, 411, and 611) is not technically feasible.

1

2 Q. COULD YOU PROVIDE AN EXAMPLE?

3

4 A. Yes. Uniquely branding a "0" call dialed to a BellSouth operator from a resold  
5 line (or for that matter from any local exchange line) requires the dial tone  
6 switch serving that line to distinguish this "0" call from all other calls  
7 emanating from the same switch. If, indeed, the switch could (which it cannot)  
8 differentiate this "0" call, the switch could then route the "0" call to a unique  
9 trunk. The unique trunk, in this instance, would terminate at a BellSouth  
10 operator services position. Because a unique trunk is involved, the operator  
11 would be able to distinguish this "0" call from "0" calls coming from other  
12 trunk groups. The key issue is routing capability.

13

14 Next, AT&T wants the ability from this same resold line to have the "0" call  
15 routed to an operator other than BellSouth's. If, as explained in the first  
16 example, the dial tone switch could distinguish this "0" call from all other "0"  
17 calls and route it to a unique trunk, then this example is essentially identical.  
18 In this case, the unique trunk, instead of terminating at a BellSouth operator  
19 would simply terminate at a different operator location. The critical issue  
20 again is the routing capability.

21

22 The next issue relates to common and dedicated transport. AT&T desires a  
23 local call from its resold lines to route on a unique trunk, rather than  
24 BellSouth's interoffice trunks. For example, if the end user of the resold  
25 service places a regular seven digit dialed local call to a friend served by

1 another BellSouth central office, AT&T wants the dial tone switch to recognize  
2 this call from the resold line and place it on a unique trunk, rather than route it  
3 over the normal trunks that would typically connect the two central offices. To  
4 accomplish this, the dial tone switch would in this case have to recognize that  
5 the seven digit dialed call (as compared to the "0" calls in the prior examples)  
6 is to be routed to a unique trunk. Again, the issue is the same, i.e., the  
7 capability to uniquely route calls from a resold line as compared to non-resold  
8 lines. Whether the call is "0", "411", "611" or "seven digits", doesn't  
9 appreciably change the nature of the issue, or the answer.

10

11 The only possible benefit of AT&T stating the same issue multiple times  
12 without relating it to other "identical" issues is to hope that through the  
13 confusion that has been created, AT&T need only "win" one of the supposedly  
14 unrelated issues in order to get what it wants. The issues, however, involved in  
15 implementing the Act are complex enough. Confusion, obfuscation and  
16 similar tactics only delay resolution and consume time and resources.

17

18 **III. BELLSOUTH'S DISCUSSION OF ISSUES IN THIS ARBITRATION**

19

20 Q. PLEASE DESCRIBE HOW BELLSOUTH INTENDS TO ADDRESS THE  
21 ISSUES IN THIS SECTION.

22

23 A. BellSouth intends to address all issues in this proceeding using the  
24 Commission's tentative list of issues. At the conclusion of this proceeding, it  
25 is BellSouth's hope and intent that with the resolution of issues provided by the

1 Commission, the parties can then finalize a comprehensive agreement, in short  
2 order, to submit to this Commission. BellSouth addresses the issues in a  
3 sequence such that related issues and priority issues can be dealt with in a  
4 manner that enhances their understanding and reflects their importance. In this  
5 testimony, I identify the issues and state the positions of AT&T, as we  
6 understand them, and of BellSouth. For some issues, I provide all of  
7 BellSouth's testimony. In several cases, however, I defer more detailed  
8 discussion to other BellSouth witnesses.

9  
10 The issues in this section are organized under the major headings of A) Resale;  
11 B) Interconnection; C) Unbundled Network Elements; and, D) Additional  
12 Interconnection Requirements/Issues.

13  
14 **A. RESALE**

15  
16 **Issue: WHAT SERVICES PROVIDED BY BELL SOUTH, IF ANY,  
17 SHOULD BE EXCLUDED FROM RESALE?**

18  
19 **AT&T Position:** BellSouth must offer to AT&T for resale any services it  
20 provides to its retail customers. BellSouth must sell all features and functions  
21 available in connection with telecommunications services.

22  
23 **BellSouth Position:** In accordance with Section 251(c)(4)(A) of the Act,  
24 BellSouth must "offer for resale at wholesale rates any telecommunications  
25 service that the carrier provides at retail to subscribers who are not

1 telecommunications carriers....” Certain options or service offerings which are  
2 not retail services or have other special characteristics should be excluded from  
3 resale.

4  
5 Q. WHY DOES BELLSOUTH BELIEVE THESE OPTIONS SHOULD BE  
6 EXCLUDED FROM RESALE?

7  
8 A. Basically, AT&T states that it wants to resell every tariffed or untariffed option  
9 which has been or is currently offered by BellSouth in connection with a retail  
10 service. The Act does not require the resale of all such options nor is AT&T’s  
11 request consistent with what AT&T offers for resale for its own long distance  
12 services.

13  
14 For example, Contract Service Arrangements (CSAs) and promotions are not  
15 unique services, rather they are unique pricing plans for tariffed services which  
16 AT&T can create for itself by using the underlying retail service. The  
17 911/E911 and N11 offerings are not generally available tariffed offerings for  
18 end users but offerings limited to governments/municipalities and Information  
19 Service Providers (ISPs), respectively. These services are offered to a single  
20 entity within an area under unique, abbreviated dialing arrangements and  
21 billing arrangements. LifeLine Assistance Programs are not retail services, but  
22 instead are subsidized programs which provide a credit or waiver of certain  
23 charges to assist low income families. These services are appropriately  
24 excluded from resale.

25

1 Q. IN TERMS OF THE RESALE ISSUES PRESENTED BY AT&T FOR  
2 ARBITRATION, ARE AT&T REQUIREMENTS CONSISTENT WITH  
3 AT&T'S OWN RESALE PROCEDURES?

4  
5 A. No. In many instances, and as previously stated, what AT&T is asking of  
6 BellSouth is inconsistent with AT&T's own behavior.

7  
8 For example, AT&T believes BellSouth's CSAs must be available for resale.  
9 BellSouth has explained that these are unique pricing arrangements responsive  
10 to unique competitive circumstances. However, AT&T's Tariff 15 expressly  
11 provides for competitive pricing plans that "are designed to respond to  
12 competitive circumstances affecting specific customers." AT&T only offers  
13 these types of arrangements to customers that are "similarly situated" in order  
14 to meet the requirements of Sections 201, 202 and 203 of the Communications  
15 Act. Indeed, the FCC has accepted AT&T's claim that a reseller is not  
16 necessarily similarly situated, and the CSA arrangement that AT&T offers to a  
17 retail customer need not be provided at the same rates, terms and conditions in  
18 a resale situation.

19  
20 AT&T provides no explanation why it should be allowed to withhold from  
21 resale specific rates, terms and conditions developed for unique competitive  
22 situations, yet demands that BellSouth do the opposite. While practicing what  
23 one preaches is not a criteria under the Act, it may be a basis for assessing the  
24 reasonableness of a request.

25



1 Q. PLEASE LIST EACH OF THE SERVICES OR OPTIONS IN DISPUTE  
2 AND PROVIDE BELL SOUTH'S RATIONALE FOR ITS EXCLUSION  
3 FROM RESALE.

4

5 A. **Grandfathered** or obsoleted services are no longer available for sale to end  
6 users. To allow grandfathered services to be resold would serve to undermine  
7 this basic definition. Once a customer decides to obtain its services through  
8 another local exchange service provider, that customer is no longer a BellSouth  
9 customer. Further, just as grandfathered services are not available for transfer  
10 between customers, they should likewise not be available to transfer from one  
11 local exchange provider to another.

12

13 **Promotions** are not "services". Promotions are designed to meet competition  
14 through special limited time offerings to encourage the sale of a given service.  
15 In 1995, there were a total of nineteen promotional offerings filed in Florida by  
16 BellSouth. Out of those nineteen promotional offerings, thirteen were simply  
17 waivers of nonrecurring charges that only extended for a two month period. If  
18 a reseller wishes to promote a particular service, there is nothing to stop the  
19 reseller from offering its own promotion of an already discounted BellSouth  
20 resold service or any of its own services.

21

22 **Contract Service Arrangements** are a special rate which the Commission has  
23 authorized BellSouth to charge in lieu of its tariffed rates in order to respond to  
24 a specific competitive threat on a customer-by-customer basis. It would not be  
25 logical or appropriate to require BellSouth to offer for resale a contract service

1 arrangement which was priced specifically for a particular customer's needs in  
2 the face of a competitive threat. In any event, a reseller can buy the underlying  
3 service, receive the applicable wholesale discount, and resell the service, alone  
4 or in conjunction with other offerings, to attract a customer on its own merits --  
5 not by virtue of its ability to obtain an additional discount off an already  
6 discounted rate.

7  
8 **LifeLine Assistance programs are not services.** They are subsidy programs  
9 whereby BellSouth provides qualifying low income subscribers a credit on  
10 their monthly charges and a discount on nonrecurring charges for basic service.  
11 They are set without regard to the cost of the service and should not be resold,  
12 and certainly not at a discount. The LifeLine Assistance programs consist of  
13 both the LifeLine Connection Assistance (or Link-Up) program and the  
14 Subscriber Line Charge (SLC) Waiver (or LifeLine) program, and are typically  
15 certified by either the FCC or state commission. Non-participating carriers can  
16 apply for state commission and/or FCC certification.

17  
18 Upon certification, carriers must contact the National Exchange Carrier  
19 Association (NECA) to enroll in the LifeLine Assistance funding programs. It  
20 is our understanding that any telecommunications carrier can apply for support  
21 from these funds, as appropriate. If an ALEC wishes to market and provide  
22 service to persons eligible for the programs, that ALEC should apply for  
23 certification, offer the same or similar subsidy credit or waiver programs, and  
24 apply for support from the applicable funds just as BellSouth must do. Such  
25 carriers should bear the administrative costs as well as any amount not

1 reimbursed under these programs.

2

3 N11 Service is not a retail offering to end users. It is offered to an  
4 intermediary party for the purposes of allowing the intermediary party to offer  
5 a service to an end user. In one sense the intermediary could be acting in a  
6 manner similar to a reseller. N11 Service is actually a three digit abbreviated  
7 dialing arrangement provided to information service providers. These  
8 companies in turn, provide a service to the end user. N11 Service provides  
9 access to whomever subscribes to local service.

10

11 **E911/911** - E911/911 services are used by counties and other governmental  
12 authorities and are limited to one customer per area. Further, end users do not  
13 pay a charge to BellSouth for these services and therefore, they are not true  
14 retail services. In fact, the only charge assessed the end user states that the  
15 charge is billed on behalf of the appropriate municipality.

16

17 **State specific discount plans or services** - While AT&T mentions state  
18 specific discount plans, there are no such plans or services in Florida.

19

20 **Issue: WHAT TERMS AND CONDITIONS, INCLUDING USE AND**  
21 **USER RESTRICTIONS, IF ANY, SHOULD BE APPLIED TO RESALE**  
22 **OF BELL SOUTH SERVICES?**

23

24 **AT&T Position:** All use and user restrictions and terms and conditions that  
25 limit or restrict the resale of a retail service should be eliminated.

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**BellSouth Position:** Any use or user restrictions or terms and conditions found in the relevant tariff of the service being resold should apply. Use and user restrictions as well as terms and conditions are integral components of the retail service that is being resold and do not impose unreasonable or discriminatory conditions on the resale of these services.

Q. PLEASE EXPLAIN YOUR RATIONALE FOR RETAINING USE AND USER RESTRICTIONS AND TERMS AND CONDITIONS ON SERVICES AVAILABLE FOR RESALE.

A. First, The Act requires BellSouth to offer for resale any telecommunications service that it provides at retail to its subscribers. A retail service is comprised of the stated rates, terms and conditions in the tariff. The rate for a particular offering varies based on the terms and conditions of the service. If the terms and conditions were different, the price would likely be different or the particular retail service might not even be offered. Terms and conditions are an integral part of the service.

Second, use and user restrictions are basically class of service restrictions. The Act specifically permits the Commission to apply such class of service or use and user restrictions. Section 251(c)(4)(B) of the Act states that the LEC is “not to prohibit, and not to impose unreasonable or discriminatory conditions or limitations on, the resale of such telecommunications service, except that a State commission may, consistent with the regulations prescribed by the

1 Commission under this section, prohibit a reseller that obtains at wholesale  
2 rates a telecommunications service that is available at retail only to a category  
3 of subscribers from offering such service to a different category of  
4 subscribers.” The most predominant use and user restriction in place today is  
5 for basic residence and business service such that residence service cannot be  
6 purchased at the lower residence rate and used for business purposes. For  
7 example, the flat monthly rate for rate group 1 in Florida is \$7.30. If AT&T  
8 were to prevail in its request for removal of class of service restrictions and  
9 terms and conditions as well as apply its proposed 72% discount, AT&T would  
10 be able to purchase this service for \$2.04 and resell it to business customers.

11

12 The Act requires the resale of a service, not just the picking and choosing of  
13 various prices. Such terms, conditions and use or user restrictions do not pose  
14 any unreasonable or discriminatory condition on AT&T or any other reseller.  
15 Resellers will be able to offer the same service under the same conditions that  
16 BellSouth offers the service to its own customers. If AT&T wishes to provide  
17 a service with different terms and conditions than BellSouth’s offering, or with  
18 different or no use or user restrictions, it can do so by leasing unbundled  
19 features and combining them with its own capabilities to provide the service.

20

21 Q. DOES AT&T RESELL ITS SERVICES UNDER THE SAME TERMS AND  
22 CONDITIONS AS ITS RETAIL OFFERINGS?

23

24 A. Yes. BellSouth has found no evidence to indicate that AT&T offers services  
25 under different terms and conditions for resale versus retail use. AT&T’s Wide

1 Area Telecommunications Service located in section A12.4 of AT&T's Florida  
2 General Services Tariff is a prime example.

3

4 Q SHOULD THERE BE ANY ADDITIONAL LIMITATIONS ON RESALE  
5 OF SERVICES?

6

7 A. Yes. As stated in the Act, new entrants serving more than 5% of the nation's  
8 presubscribed access lines, which includes AT&T, MCI and Sprint, are not  
9 permitted to jointly market local exchange services obtained through resale,  
10 with interLATA services until such time as the Bell Operating Company is  
11 authorized to provide interLATA services in-region, or until thirty-six months  
12 have passed since the date of enactment of the Act, whichever is earlier  
13 (Section 271(e)(1) of the Federal Act). AT&T seems to have omitted this  
14 requirement of the Act in its discussions.

15

16 **Issue: SHOULD BELLSOUTH BE REQUIRED TO PROVIDE REAL-**  
17 **TIME AND INTERACTIVE ACCESS VIA ELECTRONIC**  
18 **INTERFACES TO PERFORM THE FOLLOWING: PRE-SERVICE**  
19 **ORDERING, SERVICE TROUBLE REPORTING, SERVICE ORDER**  
20 **PROCESSING AND PROVISIONING, CUSTOMER USAGE DATA**  
21 **TRANSFER, LOCAL ACCOUNT MAINTENANCE? IF SO, FOR**  
22 **WHAT PROCESSES AND IN WHAT TIME FRAME SHOULD THEY**  
23 **BE DEPLOYED? WHAT SHOULD BE THE METHODS AND**  
24 **PROCEDURES FOR DELIVERY OF OPERATIONAL INTERFACES?**

25

1        AT&T Position: BellSouth must provide AT&T with real-time and interactive  
2        access to BellSouth operations support systems via electronic interfaces.

3

4        BellSouth Position: For ordering and trouble reporting, BellSouth is providing  
5        functionality similar to the processes that have worked effectively in the  
6        exchange access world. BellSouth has established interfaces to allow ALECs  
7        to obtain pre-ordering information electronically. BellSouth also has provided  
8        electronic customer usage data transfer and is modifying its original design to  
9        accommodate AT&T's requests. The details of these interfaces and other work  
10       efforts are contained in Ms. Calhoun's testimony.

11

12       **Issue: WHEN AT&T RESELLS BELLSOUTH'S SERVICES, IS IT**  
13       **TECHNICALLY FEASIBLE OR OTHERWISE APPROPRIATE TO**  
14       **BRAND OPERATOR SERVICES AND DIRECTORY SERVICES**  
15       **CALLS THAT ARE INITIATED FROM THOSE RESOLD SERVICES?**

16

17       AT&T Position: BellSouth should brand with the AT&T name BellSouth's  
18       operator services and directory assistance services when calls are initiated from  
19       resold services.

20

21       BellSouth Position: Branding is not required by the Act and is not required to  
22       promote competition. In addition to the position explained below, Mr. Milner  
23       describes a significant problem with AT&T's request in that it is not  
24       technically feasible.

25

1 Q. EXPLAIN BELLSOUTH'S POSITION ON THIS ISSUE.

2

3 A. This issue has not been clearly explained in AT&T's petition. It is one of the  
4 many issues which AT&T has intertwined with unbundling or resale in relation  
5 to its request for routing of calls with the designated 0, 411, and 611 codes  
6 which I discussed earlier. In this request, AT&T asks BellSouth to brand with  
7 AT&T's name when an AT&T customer uses BellSouth resold service and  
8 dials a BellSouth operator, directory assistance or repair center. Beyond the  
9 technical problems, BellSouth's retail local exchange service includes access to  
10 BellSouth's operator, repair and directory assistance services through these  
11 specific dialing arrangements, e.g., 0, 411, and 611. Resale of this service by  
12 the very meaning of resale includes these same functionalities. BellSouth  
13 cannot offer branding for AT&T or other resellers when providing resold local  
14 exchange service because BellSouth will not be able to distinguish calls from  
15 the lines AT&T is reselling from customers of other local resellers, or from  
16 BellSouth. However, AT&T could easily provide access and branding for its  
17 own operator or repair services to create the discrete recognition of the AT&T  
18 brand by providing its customers with another designated number to call.

19

20 **Issue: WHEN AT&T RESELLS BELLSOUTH'S LOCAL EXCHANGE**  
21 **SERVICE, IS IT TECHNICALLY FEASIBLE OR OTHERWISE**  
22 **APPROPRIATE TO ROUTE 0+ AND 0- CALLS TO AN OPERATOR**  
23 **OTHER THAN BELLSOUTH'S SERVICE, TO ROUTE 411 AND 555-**  
24 **1212 DIRECTORY ASSISTANCE CALLS TO AN OPERATOR OTHER**  
25 **THAN BELLSOUTH'S, OR TO ROUTE 611 REPAIR CALLS TO A**



1           **REPAIR CENTER OTHER THAN BELLSOUTH'S?**

2

3           AT&T Position: BellSouth must provide direct routing to AT&T's operator  
4           services and directory assistance services from resold services using the  
5           identical digits BellSouth uses to route calls to its own operators, etc. This  
6           issue is another version of the AT&T routing issue, simply described from a  
7           different perspective.

8

9           BellSouth Position: BellSouth will route calls to AT&T's requested service if  
10          AT&T provides the appropriate unique dialing arrangements. BellSouth's  
11          retail service includes access via specified 0, 411, and 611 dialing  
12          arrangements to BellSouth's operator, directory assistance, and repair service.  
13          Therefore, the resold services include the same functionalities. As stated,  
14          routing of calls to various operator providers through the same dialing  
15          arrangements is not technically feasible or otherwise appropriate. Call routing  
16          is described in detail in Mr. Milner's testimony.

17

18    Q       PLEASE EXPAND ON BELLSOUTH'S POSITION.

19

20    A.       AT&T has raised the routing issue as another resale issue. First, BellSouth  
21           will not keep AT&T from directing calls from resold services to AT&T  
22           operators, repair or directory assistance services. The issue is how the call is  
23           dialed, i.e., "0", as opposed to some other code. AT&T has publicized other  
24           options and customers are already accustomed to dialing "00" and 1+800-  
25           XXX-XXXX for various operator services. Similarly, customers dial different

1 directory assistance numbers by area code today. Repair in some states today  
2 is dialed on a seven digit basis rather than using three digits (611).

3

4 The customer confusion or competitive disadvantage issue raised by AT&T is  
5 non-existent. Interestingly, BellSouth at one time used seven digit numbers to  
6 reach repair and moved to a three digit code without causing any particular  
7 problems. Today, large business customers in Florida dial unique seven digit  
8 numbers and not 611.

9

10 As stated, BellSouth's retail service includes access to BellSouth's operator,  
11 repair and directory assistance service through specific dialing arrangements.  
12 Therefore, the resold service includes these same functionalities. Routing calls  
13 to multiple providers through the same dialing arrangements is not technically  
14 feasible, as Mr. Milner discusses in detail in his testimony.

15

16 Finally, in requesting the same routing and dialing arrangements as BellSouth,  
17 AT&T is actually requesting a newly created hybrid service that adds some  
18 type of unique routing capabilities, yet it also continues to employ all of  
19 BellSouth's capabilities via resale. BellSouth is not required, nor should the  
20 Act require BellSouth, to create a new bundled retail service for resale or to  
21 create capabilities when there are reasonable options readily available. The  
22 best solution is for AT&T to provide different dialing arrangements or lease  
23 unbundled elements to combine with its own switch capabilities to provide  
24 access to its operator or repair functions.

25

1 AT&T also ignores a significant problem, i.e., how the end user would reach a  
2 BellSouth operator should it desire to do so. For example, the customer should  
3 still be entitled to obtain BellSouth's intraLATA toll service if it so desires.  
4 Under AT&T's plan to route all calls to the AT&T operator, it would be  
5 impossible for the end user to reach the BellSouth operator. BellSouth's  
6 proposal gives the customer the option to reach both BellSouth's and AT&T's  
7 operators through explicit dialing plans. AT&T's plan would seem to offer the  
8 customer only one choice -- and this from the pro-competition advocate?

9  
10 AT&T also fails to point out that with intraLATA toll presubscription, as it is  
11 being implemented in Florida, any end user presubscribed to AT&T for  
12 intraLATA services, whether AT&T is reselling that customer service or not,  
13 will reach an AT&T operator on any 0+ intraLATA toll call.

14  
15 Q. DO YOU EXPECT THAT NEW DIALING ARRANGEMENTS FOR  
16 OPERATOR SERVICES, DIRECTORY ASSISTANCE, OR REPAIR  
17 CALLS WILL CAUSE CONFUSION?

18  
19 A. No. BellSouth believes our customers are more adept than AT&T implies.  
20 Currently, customers have available to them an array of dialing arrangements  
21 to place operator type calls. In addition to "00" dialing to reach AT&T's or  
22 other IXCs' operators, AT&T markets a 1-800-CALLATT (which apparently  
23 is a replacement for 1-800-OPERATOR). MCI advertises a 1-800-COLLECT  
24 service, though its marketing is predominantly unbranded. Given the number  
25 of carriers and calling arrangements provided, it is doubtful that customers

1 would be particularly confused by dialing "00" to reach an operator or a  
2 different seven digit number to reach a repair center. The issue is even further  
3 simplified by the propensity of inexpensive handsets with speed dialing  
4 capabilities which can be programmed with "1" for operator, "2" for telephone  
5 repair, and "3" for directory assistance. Indeed, it would likely be substantially  
6 cheaper to equip all "potentially confused" customers with an inexpensive  
7 telephone than to replace all of the switches to accomplish what AT&T has in  
8 mind. By further example of dialing differences, AT&T provides, in addition  
9 to access to its operator, AT&T calling cards, AT&T Universal Cards, AT&T  
10 Corporate Calling Cards, and AT&T Global PrePaid Cards as well as several  
11 other options for domestic and international calling.

12

13 End users are becoming increasingly more adept at selecting carriers, cards and  
14 dialing arrangements when placing calls from home, business, public pay  
15 telephones, etc. AT&T's purported "concern" over customer confusion seems  
16 to be inconsistent with the current realities of the marketplace and its own  
17 practices.

18

19 **Issue: WHEN BELLSOUTH'S EMPLOYEES OR AGENTS INTERACT**  
20 **WITH AT&T'S CUSTOMERS WITH RESPECT TO A SERVICE**  
21 **PROVIDED BY BELLSOUTH ON BEHALF OF AT&T, WHAT TYPE**  
22 **OF BRANDING REQUIREMENTS ARE TECHNICALLY FEASIBLE**  
23 **OR OTHERWISE APPROPRIATE?**

24

25 **AT&T Position:** AT&T proposes that when BellSouth personnel or systems

1           communicate with AT&T customers on behalf of AT&T they should: 1) advise  
2           customers they are representing AT&T; 2) provide customer information  
3           materials supplied by AT&T; and, 3) refrain from marketing BellSouth directly  
4           or indirectly to customers.

5

6           BellSouth Position: BellSouth service technicians will advise customers that  
7           they are providing service on behalf of AT&T. Service technicians will not  
8           provide customer information provided by AT&T, but will provide generic  
9           access cards with the appropriate provider's name (AT&T). BellSouth  
10          personnel, when providing services on behalf of AT&T, will not market  
11          directly or indirectly to AT&T customers.

12

13 Q.       PLEASE PROVIDE AN EXPLANATION OF YOUR POSITION.

14

15 A.       In most instances, BellSouth does not expect to communicate with the end user  
16          customer regarding resold services, but will be communicating with the  
17          reseller regarding such services. However, those individuals who must have  
18          customer contact, such as service technicians making installations or repairs at  
19          the customers' premises, have been trained to advise the end user that they are  
20          acting on behalf of the reseller.

21

22 Q.       AT&T PROPOSES THAT IF BELLSOUTH PERSONNEL OR AGENTS  
23          COMMUNICATE WITH AT&T CUSTOMERS ON BEHALF OF AT&T,  
24          THOSE PERSONNEL SHOULD FURNISH ANY CUSTOMER  
25          INFORMATION MATERIALS PROVIDED BY AT&T. DOES

1 BELL SOUTH AGREE?

2

3 A. No. First, while it is not clear exactly what type of “customer information  
4 materials” AT&T intends, BellSouth’s service technicians certainly should not  
5 be required to assist AT&T in its marketing effort by distributing promotional  
6 materials to AT&T’s customers. Further, AT&T’s request is not required by  
7 the Act. While AT&T’s intent in this regard is not clear, the most common  
8 type of “customer information material” employed by BellSouth’s service  
9 technicians is known as a “No Access” Card. This pre-printed card is used to  
10 advise a customer who is not at home when the service technician arrives that  
11 the customer must make additional arrangements for a return visit. BellSouth  
12 has developed a generic, professionally printed no-access card that will be used  
13 on behalf of all ALECs.

14

15 Attempting to use ALEC-specific cards has many difficulties. For example,  
16 each technician’s vehicle would have to be stocked with cards for a  
17 multiplicity of ALECs. In addition, the technician is required to write in  
18 certain customer-specific information on each card. Without uniform cards,  
19 the technicians would be required to recall the different preferences of each and  
20 every ALEC, increasing both training difficulties as well as the potential for  
21 error. Finally, with multiple cards there would be a much greater potential that  
22 the technician could select the wrong provider’s card. A generic card used on  
23 behalf of all ALECs alleviates all these concerns. In addition, a generic  
24 procedure eliminates the possibility of competitive “one upsmanship”, i.e.,  
25 each carrier wanting its “leave behind” information to be bigger and better than

1 the next one.

2

3 Q. AT&T PROPOSES THAT IF BELLSOUTH PERSONNEL OR SYSTEMS  
4 COMMUNICATE WITH AT&T CUSTOMERS ON BEHALF OF AT&T,  
5 THOSE PERSONNEL SHOULD REFRAIN FROM MARKETING  
6 BELLSOUTH DIRECTLY OR INDIRECTLY TO CONSUMERS. DOES  
7 BELLSOUTH AGREE?

8

9 A. Yes. In most instances, BellSouth does not expect to communicate with the  
10 end user customer regarding resold services, but will be communicating with  
11 the reseller regarding such services. However, those individuals who must  
12 have customer contact, such as service technicians making installations or  
13 repairs at the customers' premises, as well as those individuals who might  
14 receive misdirected calls from end users, have received explicit training that  
15 they are not to make any attempt to market BellSouth's services to these  
16 customers.

17

18 Q. AT&T CLAIMS THAT, TO AVOID CONFUSION, BELLSOUTH  
19 PERSONNEL SHOULD REPRESENT THEMSELVES AS AT&T ON  
20 REPAIR CONTACTS. PLEASE COMMENT.

21

22 A. As stated previously, in these limited contacts, BellSouth employees will  
23 represent themselves as providing service on behalf of AT&T, not as AT&T.  
24 Representing themselves as AT&T would be inaccurate and would appear to  
25 create more confusion rather than less, especially if the customer knows that

1 the underlying provider of local service is BellSouth. This condition is fairly  
2 common in the IXC arena where a reseller may state who the underlying  
3 service provider is. Further, in the era of "outsourcing," it is common to  
4 contract with one entity only to have the work performed by another. This is  
5 common practice which appears to work quite well, e.g., Home Depot, cable  
6 companies, carpet companies, heating and air conditioning, etc.

7  
8 Finally, there would be additional costs to provide the branding that AT&T has  
9 requested. Costs would be incurred, not avoided, to meet many of AT&T's  
10 requests for resale.

11  
12 Q. DOES AT&T SUPPORT THE USE OF THE RESELLER'S "BRAND" IN  
13 ITS ACTIONS ON BEHALF OF RESELLERS OF AT&T'S SERVICES?

14  
15 A. While AT&T has tried to minimize these opportunities, there are some  
16 instances of potential branding in the context of billing and collection. For  
17 example, AT&T has performed billing for resellers of services such as  
18 Megacom and Software Defined Network (SDN). Typically, AT&T has  
19 refused to brand the bill on behalf of the reseller. Further, it is BellSouth's  
20 understanding that AT&T will cease performing these functions sometime this  
21 year. In the case of installation and repair matters, the reseller will typically  
22 deal with AT&T on behalf of the end user, giving AT&T little "opportunity" to  
23 brand on behalf of the reseller.

24  
25 Similarly, BellSouth is not aware of any instances where AT&T provides a



1 reseller's brand involving operator services or comparable long distance type  
2 services.

3

4 **Issue: SHOULD BELLSOUTH BE REQUIRED TO PROVIDE NOTICE**  
5 **TO ITS WHOLESALE CUSTOMERS OF CHANGES TO**  
6 **BELLSOUTH'S SERVICES? IF SO, IN WHAT MANNER AND IN**  
7 **WHAT TIME FRAME?**

8

9 **AT&T Position:** BellSouth should provide timely and meaningful notice of  
10 changes in 1) retail services; 2) retail prices; and, 3) operational changes.  
11 Notice should be with the same timing that BellSouth experiences. AT&T  
12 seems to believe this is a competitive equity issue.

13

14 **BellSouth Position:** BellSouth will provide notice to wholesale customers of  
15 changes in services offered for resale at the time BellSouth notifies customers  
16 of such changes.

17

18 Q. PLEASE EXPLAIN THIS ISSUE.

19

20 A. It is my understanding that AT&T and BellSouth have agreed to terms for  
21 notification of technology or operational changes that impact AT&T's use of  
22 services purchased by AT&T from BellSouth. The only outstanding issue is  
23 that AT&T wants BellSouth to provide notice 45 days in advance of the  
24 introduction of new services and changes in prices. In this rapidly fluctuating  
25 competitive environment, it would be impractical to provide advance notice to

1 the extent AT&T has requested. Additionally, such notice in advance might  
2 subject BellSouth to complaints or other obligations should plans for new  
3 service introductions or price changes not occur as originally noticed.  
4 BellSouth plans to notify all resellers of these changes at the same time  
5 BellSouth files public notice of the changes. Further, based on BellSouth's  
6 understanding, the type of parity that AT&T is requesting of BellSouth is not  
7 provided by AT&T to resellers of its services.

8

9 **Issue: SHOULD PREFERRED INTEREXCHANGE CARRIERS (PIC)**  
10 **CHANGES RECEIVED FROM IXC<sub>s</sub> BE TREATED DIFFERENTLY**  
11 **FOR A BELLSOUTH EXCHANGE SERVICE BEING RESOLD BY**  
12 **AT&T THAN FOR A BELLSOUTH RETAIL EXCHANGE SERVICE?**

13

14 **AT&T Position:** AT&T proposes that BellSouth not process long distance  
15 carrier designation changes sent to BellSouth for AT&T customers served by  
16 resold services.

17

18 **BellSouth Position:** BellSouth plans to handle PIC requests for all resellers  
19 under the same guidelines and framework used to handle PIC requests today  
20 for IXC<sub>s</sub>.

21

22 Q. WHY HAS BELLSOUTH REFUSED TO COMPLY WITH AT&T'S  
23 REQUEST TO REJECT ALL PIC CHANGES INITIATED BY OTHER IXC<sub>s</sub>  
24 FOR AT&T'S RESALE CUSTOMERS?

25

1 A. AT&T is asking for other than normal treatment which would raise the issue of  
2 parity among the IXCs. Further, implementation of AT&T's proposal would  
3 appear to hinder a customers' ability to choose their preferred interexchange  
4 carrier. Resale has always had the intended purpose of helping competition,  
5 not hindering it.

6  
7 In addition, BellSouth believes that the local service offered by BellSouth for  
8 resale includes the capability for IXCs with proper end user authorization to  
9 change the PIC on the resold line via the industry's mechanized interface,  
10 known as "CARE".

11  
12 Throughout the industry, PIC changes are made by the IXCs via an electronic  
13 CARE system. For example, if a customer chooses an IXC other than AT&T  
14 for its long distance service, that IXC today would electronically notify  
15 BellSouth of the PIC change through CARE, and BellSouth would update the  
16 line records accordingly. In a resale environment, however, if another IXC  
17 succeeded in being selected as the pre-subscribed IXC for an AT&T local  
18 customer, AT&T would prefer that BellSouth reject the mechanized CARE  
19 transaction from the other IXC, notify AT&T, and await a local service request  
20 from AT&T before processing the PIC change.

21  
22 There are problems, however, with AT&T's approach. First, complying with  
23 AT&T's request would place BellSouth in the position of refusing properly  
24 processed PIC change requests from its other IXC customers. Further,  
25 AT&T's request also would needlessly increase the volume of local service

1 requests submitted by AT&T to BellSouth. BellSouth believes this  
2 Commission should recognize the continued use of the mechanized CARE  
3 process as the appropriate vehicle for processing PIC changes in a local resale  
4 environment.

5  
6 Nonetheless, to accommodate AT&T's concerns about maintaining current  
7 information about its end users' accounts, including PIC information,  
8 BellSouth is analyzing the feasibility of a separate electronic process that  
9 would notify an ALEC that a PIC change has occurred on a resold line. Of  
10 course, cost recovery for that interface must be addressed.

11  
12 Q. PLEASE DESCRIBE HOW BELLSOUTH PLANS TO PROCESS PIC  
13 CHANGES FOR CUSTOMERS OF LOCAL RESOLD SERVICES.

14  
15 A. Existing tariffed processes, procedures, and charges provide the framework for  
16 changes of intraLATA or interLATA presubscription for customers of record  
17 of ALECs operating as resellers.

18  
19 When AT&T is a reseller of BellSouth local service for the provision of local  
20 service to its end user customers, AT&T becomes BellSouth's customer of  
21 record for that line. For these situations, BellSouth will accept PIC changes  
22 from AT&T as the customer of record or from other IXCs. All applicable  
23 charges associated with intraLATA and/or interLATA PIC changes would  
24 apply.

25

1 To process PIC changes differently for AT&T than other resellers could create  
2 parity issues among the IXCs because requests would be processed differently  
3 and possibly under varying time frames.

4  
5 **Issue: WHAT ARE THE APPROPRIATE WHOLESALE RATES FOR**  
6 **BELLSOUTH TO CHARGE WHEN AT&T PURCHASES**  
7 **BELLSOUTH'S RETAIL SERVICES FOR RESALE?**

8  
9 AT&T Position: AT&T recommends an overall discount range from 67%-  
10 72% which is comprised of three components: 1) costs that will be avoided; 2)  
11 operations parity adjustment; and 3) additional adjustments to "jump start"  
12 competition.

13  
14 BellSouth Position: The Act requires that rates for resold services shall be  
15 based on retail rates minus the costs that will be avoided due to resale.  
16 BellSouth proposes a discount to be applied to both residential and business  
17 services based on avoided cost studies.

18  
19 Q. WHAT IS THE RATIONALE FOR BELLSOUTH'S POSITION?

20  
21 A. Section 252(d)(3) of the Act sets forth the standard for a state commission to  
22 use when establishing a resale rate. "a State commission shall determine  
23 wholesale rates on the basis of retail rates charged to subscribers for the  
24 telecommunications service requested, excluding the portion thereof  
25 attributable to any marketing, billing, collection, and other costs that will be

1           avoided by the local exchange carrier.” Therefore, discounts to reflect  
2           “avoided costs” are the only appropriate discounts that should be applied to  
3           resold services. BellSouth conducted a cost study analysis to determine these  
4           avoided costs. Mr. Walter Reid describes the cost study approach and the  
5           detailed analysis as well as the resulting discounts in his testimony.

6

7   Q       WHAT IS BELLSOUTH’S POSITION REGARDING THE DISCOUNTS  
8           THAT AT&T PROPOSES FOR THE RESALE OF ITS RETAIL SERVICES?

9

10   A.     AT&T continues to increase its discount level from state to state and adds new  
11           components to its requested discount rate. For Florida, AT&T has proposed a  
12           discount in the range of 67% to 72% whereas in earlier proceedings it proposed  
13           an overall discount of 35% in Illinois and most recently 38% in Georgia. In  
14           these two states only two discount components were proposed. In this filing,  
15           AT&T has proposed three components: the first to reflect avoided costs  
16           (42%); the second to account for the lack of certain requested operational  
17           interfaces (15%); and, the third to “jump start” competition (10-15%).  
18           AT&T’s position continues to vary but always increases its desired resale  
19           discount presumably to assure itself of a better discount should a Commission,  
20           despite the requirements of the Act, choose to split the difference.

21

22           Overall AT&T’s proposed discount components and levels are totally arbitrary,  
23           without justification, and unrelated to the pricing principles in the Act and  
24           should be rejected. Mr. Walter Reid addresses how an avoided cost study  
25           should be done and identifies the appropriate avoided costs. Ms. Gloria

1 Calhoun addresses the operational interfaces that will be used to provide  
2 services to ALECs and provides an analysis of the request by AT&T. Dr.  
3 Richard Emmerson discusses the appropriate economic principles for resale  
4 and pricing of services. The combination of these testimonies further point out  
5 the deficiencies in AT&T's proposal and its unrealistic discount request.

6

7 Q. WOULD YOU COMPARE AT&T'S REQUEST FOR A RESALE  
8 DISCOUNT WITH ITS OWN RESALE DISCOUNT?

9

10 A. Yes. In offering resale of its own services beginning in 1982 and continuing to  
11 the present, AT&T offers the following resale discounts:

12

13	Avoided (or avoidable) Costs	=	zero
14	Interface Deficiencies	=	zero
15	Jump Start Competition	=	zero
16	Total	=	zero

17

18 While AT&T can argue that it is not obligated under the law to provide an  
19 avoided cost discount, nothing precludes AT&T from passing on the billing  
20 and marketing savings that accrue from a resale situation to the resellers in a  
21 manner that would be consistent with its obligation under Sections 201, 202,  
22 and 203 of the Communications Act. Similarly, if their procompetitive  
23 rhetoric is to be believed, they would gladly pass these savings along to  
24 resellers. Further, its two additional discount components are well beyond the  
25 scope of the Act and are no more relevant to BellSouth than they are to

1 AT&T. Again there appears to be wide and unexplained differences between  
2 what is being practiced and what AT&T has requested of BellSouth.

3

4 Q. YOU CLAIM AT&T PROVIDES NO RESALE DISCOUNTS. WHAT ARE  
5 THE PURPORTED 50% TO 80% THAT HAVE BEEN CLAIMED BY  
6 SOME PARTIES AS DISCOUNTS?

7

8 A. As discussed previously, AT&T provides no discount when it sells a service to  
9 a reseller versus a retail customer. For example, the discount for a standard  
10 long distance call or WATS service is zero. By comparison, the rates for  
11 BellSouth's intraLATA comparable long distance, WATS, local exchange,  
12 vertical services, etc. will be discounted for resale, according to the avoided  
13 costs. (This inequity alone should indicate the unreasonableness of AT&T's  
14 posture.)

15

16 The 50% - 80% data is developed by comparing a high volume, and/or contract  
17 term plan with the basic long distance rate. For example, if the effective per  
18 minute rate for a high volume service of \$.10 (whether used for resale or retail  
19 purposes) is compared to a \$.25 long distance price, an effective discount of  
20 60% exists. However, this is not a resale discount; it is a volume or term  
21 discount, i.e., a discount based on differing circumstances.

22

23 By analogy, one could purchase a case (twenty-four cans) of Coke for \$6.00 or  
24 \$.25 per can in a local grocery store, whereas if the individual can had been  
25 purchased, it might have cost \$.50 The effective discount would be 50% due



1 to volume and circumstances, not resale.

2

3 **B. INTERCONNECTION**

4

5 **Issue: WHAT ARE THE APPROPRIATE TRUNKING**  
6 **ARRANGEMENTS BETWEEN AT&T AND BELLSOUTH FOR**  
7 **LOCAL INTERCONNECTION?**

8

9 **AT&T Position:** BellSouth should interconnect with AT&T using both one-  
10 way and two-way trunk groups. These trunks should carry both intraLATA  
11 and local interconnection traffic.

12

13 **BellSouth Position:** Each interconnecting party should have the right to  
14 determine the most efficient trunking arrangements for its network. Parties  
15 should be free to work together and establish two-way arrangements if both  
16 parties agree; however, such arrangements should not be mandated. Mr.  
17 Atherton addresses this issue in detail in his testimony.

18

19 **Issue: WHAT SHOULD THE COMPENSATION MECHANISM FOR**  
20 **THE EXCHANGE OF LOCAL TRAFFIC BE BETWEEN AT&T AND**  
21 **BELLSOUTH?**

22

23 **AT&T Position:** Mutual traffic exchange (bill and keep) is the most  
24 appropriate compensation arrangement for local interconnection. If the  
25 Commission imposes a specific charge, the rate must be set based on total

1 service long run incremental cost (TSLRIC).

2

3 BellSouth Position: The rate for the transport and termination of traffic should  
4 be set with recognition of the intrastate switched access rate. BellSouth has  
5 negotiated interconnection rates based on these charges exclusive of the  
6 residual interconnection charge (RIC) and carrier common line (CCL) charge  
7 with a 105% cap applied on usage. The Act does not authorize a commission  
8 to mandate that a party accept bill and keep as the method of interconnection,  
9 eliminating the right to recover its costs.

10

11 Q. PLEASE PROVIDE THE RATIONALE FOR BELLSOUTH'S POSITION.

12

13 A. BellSouth proposes in this proceeding, and has negotiated with a number of  
14 carriers in Florida, for local interconnection rates based on switched access  
15 minus the non-traffic sensitive rate elements. Further, BellSouth has  
16 negotiated a cap of 105% on the number of minutes for which one party must  
17 compensate the other based on the lowest number of minutes carried between  
18 them. BellSouth has offered these terms, rates and conditions to AT&T and  
19 proposes the Commission adopt these rates in this arbitration.

20

21 Q. IS BELLSOUTH'S PROPOSED RECIPROCAL TRANSPORT AND  
22 TERMINATION RATE FOR LOCAL CALLS REASONABLE?

23

24 A. Yes. BellSouth believes the local interconnection rate should be based on the  
25 intrastate switched access rate to the extent possible. The components of local

1 interconnection and toll access are functionally equivalent, and therefore, the  
2 rate structure should be similar. This issue seems to be accepted by AT&T and  
3 BellSouth. Basing the local interconnection rate on the switched access rate  
4 will facilitate the transition of all interconnection types into a single  
5 interconnection rate. As technology changes, competition increases, and  
6 interconnection types (e.g., local, toll, independent, cellular/wireless) become  
7 more integrated, such a transition is imperative.

8

9 BellSouth has reached agreements that include a local interconnection rate  
10 based on the current switched access rate minus any non-traffic sensitive rate  
11 elements. In Florida, the resulting negotiated reciprocal compensation rate  
12 averages approximately \$0.01 per minute.

13

14 Q. HOW DOES BELLSOUTH'S PROPOSED RATE COMPARE TO OTHER  
15 AGREEMENTS NEGOTIATED BY OTHER REGIONAL COMPANIES?

16

17 A. A compelling piece of evidence as to the reasonableness of BellSouth's  
18 proposed rate is the agreement MFS reached with Ameritech. MFS agreed to a  
19 local interconnection rate of \$0.009 per minute which is clearly in line with the  
20 \$0.01 BellSouth average rate.

21

22 Q. DOES BELLSOUTH'S PROPOSED RATE MEET THE PRICING  
23 STANDARDS IN SECTION 252(d) OF THE ACT?

24

25 A. Yes. The Act outlines pricing standards for the transport and termination of

1 traffic such that the terms and conditions for reciprocal compensation are  
2 considered just and reasonable when:

3  
4 “(i) such terms and conditions provide for the mutual and  
5 reciprocal recovery by each carrier of costs associated with the  
6 transport and termination on each carrier’s network facilities of  
7 calls that originate on the network facilities of the other carrier;  
8 and, (ii) such terms and conditions determine such costs on the  
9 basis of a reasonable approximation of the additional costs of  
10 terminating such calls.” Section 252(d)(2)(A).

11  
12 BellSouth’s proposed average local interconnection rate of \$0.01 per minute  
13 meets that standard in that it allows for the recovery of BellSouth’s costs and is  
14 reasonable. The reasonableness of BellSouth’s rate is further demonstrated by  
15 the agreements that BellSouth has reached with other facilities based carriers.  
16 Companies such as Time Warner, Intermedia Communications Inc., MCImetro  
17 and others have found BellSouth’s rates to be reasonable, allowing them a fair  
18 opportunity to compete for local exchange customers. If the rates these  
19 companies agreed to were not reasonable, they would not have signed an  
20 agreement but would have filed for arbitration of the local interconnection rate.

21  
22 Q. PLEASE EXPLAIN WHY BELLSOUTH SUPPORTS A CAP ON  
23 INTERCONNECTION COMPENSATION.

24  
25 A. A cap on local interconnection means that neither interconnecting party would

1 be required to compensate the other more than a specified percent of the total  
2 billed local interconnection minutes of use of the party with the lower total  
3 minutes of use. In effect, a cap provides financial stability for an  
4 interconnecting party in circumstances where an imbalance in the traffic flow  
5 could exist. In those situations where traffic is virtually in balance, the cap  
6 would not even come into play. The cap would apply to the total billed local  
7 interconnection minutes of use measured by the local switching element  
8 calculated for each party.

9  
10 Early in the negotiating process BellSouth became aware that many of the  
11 parties wanted this cap. Since that time, each agreement BellSouth has signed  
12 with another party has contained a cap on local interconnection minutes of use  
13 compensation. These agreements have two or three year terms and items such  
14 as the cap can be renegotiated at that time. BellSouth believes that this is a  
15 reasonable approach for all parties in order to provide some stability during the  
16 start-up phase of interconnection.

17  
18 Q. DOES BELLSOUTH AGREE WITH AT&T'S POSITION THAT BILL AND  
19 KEEP SHOULD BE IMPLEMENTED AS A COMPENSATION  
20 MECHANISM FOR LOCAL INTERCONNECTION?

21  
22 A. No. BellSouth recognizes that the Florida Commission ordered bill and keep  
23 for local interconnection in Docket No. 950985-TP. BellSouth disagrees with  
24 that decision and with the Commission's denial of BellSouth's request for  
25 reconsideration on the bill and keep provision. BellSouth plans to appeal that

1 decision.

2

3 First and most fundamentally, it is my understanding that mandatory bill and  
4 keep violates Section 252 of the Act. The Act clearly allows negotiating  
5 parties to relinquish the mutual recovery of costs voluntarily should they so  
6 desire and enter voluntarily into bill and keep arrangements. The Act does not  
7 authorize a state commission to mandate that a party accept bill and keep as the  
8 method of cost recovery.

9

10 Second, as mentioned above, with this arrangement there is no mechanism for  
11 the recovery of costs associated with the termination of local calls. For  
12 example, if it costs BellSouth three cents a minute to terminate a local call and  
13 it costs a new entrant five cents a minute to terminate a local call, this  
14 arrangement will not allow either party to recover its costs. At best, in the  
15 situation illustrated, if the traffic were perfectly balanced, the carrier with the  
16 lower cost might be able to conclude that it was somehow okay because the  
17 payments it avoided making to the other carrier exceeded its own costs. Using  
18 the numbers above, however, the new entrant would be unable to recover the  
19 net difference of two cents per minute under any theory. This problem could  
20 be accentuated if there is a traffic imbalance.

21

22 Third, a compensation arrangement of this type prevents BellSouth from being  
23 compensated for access to, and use of, its valuable, ubiquitous network. Also,  
24 it does not recognize different types of technical interconnection arrangements  
25 that may exist. Because there will be varying interconnection arrangements,

1           there must be a way to differentiate the charges based upon these differences.  
2           Under bill and keep, there would be no way to differentiate the charges and this  
3           would discourage the development of efficient networks by the new entrants.  
4           New entrants would simply take advantage of the functionalities in BellSouth's  
5           network, having no incentive to build their own capabilities because they could  
6           obtain them for free from BellSouth.

7  
8           Fourth, the distinction between local and toll calls can no longer be assured.  
9           The industry must move to a common interconnection structure. Bill and keep  
10          cannot serve that function. Adoption of bill and keep will undermine long  
11          distance competition as well as local competition.

12  
13          Fifth, it should be noted that bill and keep does not eliminate the need for  
14          billing and administrative systems. There will continue to be a need to hand  
15          off toll and 800 traffic to interexchange carriers, to LECs and to new entrants,  
16          which will require the billing of switched access rates. Because new entrants  
17          will bill switched access to many different carriers, BellSouth's proposal to  
18          apply switched access elements for local interconnection places no significant  
19          additional billing requirements on new entrants.

20  
21          Finally, bill and keep establishes an inappropriate arrangement between  
22          competing carriers. Bill and keep is similar to a barter arrangement, which is  
23          not a typical method used for compensating businesses for services provided.

24  
25          **Issue: DO THE PROVISIONS OF SECTIONS 251 AND 252 APPLY TO**

1           **THE PRICE OF EXCHANGE ACCESS? IF SO, WHAT IS THE**  
2           **APPROPRIATE RATE FOR EXCHANGE ACCESS?**

3  
4           AT&T Position: The Act requires BellSouth to provide exchange access at  
5           rates based and set at cost.

6  
7           BellSouth Position: Sections 251 and 252 of the Act do not apply to the price  
8           of exchange access. Therefore, BellSouth does not believe that the  
9           Commission can arbitrate this issue and it should be dismissed.

10  
11    Q.     WHAT IS THE RATIONALE FOR BELL SOUTH'S POSITION  
12           REGARDING INTRASTATE SWITCHED ACCESS PRICING?

13  
14    A.     The Act explicitly addresses resale, unbundling and local transport and  
15           termination services and the associated pricing standards that the Commission  
16           should use for arbitration. Switched access is not a new or insignificant  
17           service since it represents more than three billion dollars annually for  
18           BellSouth. If the intent of Congress was to change the pricing or structure for  
19           switched access, it would have explicitly identified these requirements in the  
20           Act. No such requirements are included in the Act.

21  
22           This is not to say that the Act is totally silent on access matters -- quite the  
23           contrary. The Act spells out that, in designing arrangements between the  
24           incumbent and new LECs, provisions should include the ability of exchanging  
25           both local and access traffic. BellSouth's negotiated agreements explicitly



1 cover meet point, technical and billing arrangements associated with access  
2 services. Why? Because the Act requires it. Further, not one of the sixteen  
3 agreements already signed includes any negotiated access charges or  
4 arrangements similar to what AT&T believes is needed.

5

6 The Act also states clearly that incumbent LECs must continue to meet their  
7 obligation to provide access to IXCs consistent with regulatory requirements.  
8 This provision presumably prohibits an incumbent's ability to interfere with  
9 the long distance market by withdrawing some or all of its existing access  
10 offerings. With this level of specificity on so many access issues, how can one  
11 expect that the need to negotiate access would not have been clearly spelled  
12 out?

13

14 **C. UNBUNDLED NETWORK ELEMENTS**

15

16 Q. **Issue: ARE THE FOLLOWING ITEMS CONSIDERED TO BE**  
17 **NETWORK ELEMENTS, CAPABILITIES, OR FUNCTIONS? IF SO,**  
18 **IS IT TECHNICALLY FEASIBLE FOR BELLSOUTH TO PROVIDE**  
19 **AT&T WITH THE ELEMENTS? (NETWORK INTERFACE DEVICE,**  
20 **LOOP DISTRIBUTION, LOOP CONCENTRATOR/MULTIPLEXER,**  
21 **LOOP FEEDER, LOCAL SWITCHING, OPERATOR SYSTEMS,**  
22 **DEDICATED TRANSPORT, COMMON TRANSPORT, TANDEM**  
23 **SWITCHING, SIGNALING LINK TRANSPORT, SIGNAL TRANSFER**  
24 **POINTS, SERVICE CONTROL POINTS/DATA BASES)**

25

1        AT&T Position: It is technically feasible to unbundle all twelve elements  
2 requested by AT&T from BellSouth's network. A thirteenth item mentioned is  
3 AIN triggers.

4  
5        BellSouth Position: BellSouth and AT&T have agreed on the definitions and  
6 capabilities for four elements requested by AT&T -- tandem switching,  
7 signaling link transport, signal transfer points, and service control points/data  
8 bases. BellSouth has also agreed to provide unbundled loop facilities,  
9 unbundled local switching, operator systems, and dedicated transport. AT&T  
10 has requested additional capabilities of these unbundled elements which are  
11 not technically feasible.

12  
13  
14 Q.    FIRST, DESCRIBE HOW BELLSOUTH DETERMINED WHAT WAS  
15 APPROPRIATE TO BE UNBUNDLED OR INTERCONNECTED BASED  
16 ON THE REQUIREMENTS OF THE ACT?

17  
18 A.    As one would expect and is true with most new endeavors, many of the  
19 specific requirements for unbundled elements and interconnection were  
20 unknown in the beginning. Specific elements were not requested until  
21 negotiations began which was after enactment of the changes to Florida Statute  
22 364. Subsequently, BellSouth used the requirements in the Act as a framework  
23 to develop the initial plan for unbundling and interconnection. Several of the  
24 initial elements, e.g., loops and interoffice transport, are currently available in  
25 the GSST, Private Line or Access Tariffs. The competitive checklist included

1 in Section 271 of the Act establishes an appropriate benchmark for unbundling  
2 and BellSouth has established unbundled capabilities that are consistent with  
3 those requirements. Overall, the additional capabilities that BellSouth plans to  
4 make available immediately on an unbundled basis include:

5

6

7

Sec. 251(c)(6)

8

- Collocation

9

Sec. 271 (c)(2)(B)(iii)

10

- "Nondiscriminatory access to the poles, ducts, conduits and rights-of-way"

11

12

Sec. 271 (c)(2)(B)(iv)(v)(vi)

13

- Exchange Line (Loops), Switching (Ports), and Transport

14

"Local loop transmission from the central office to the customer's

15

premises, unbundled from switching or other services." (iv)

16

"Local transport from the trunk side of a wireline local exchange carrier

17

switch unbundled from switching or other services." (v)

18

"Local switching unbundled from transport, local loop transmission, or

19

other services." (vi)

20

21

Sec. 271 (c)(2)(B)(vii)

22

"Non-discriminatory access to-

23

- Emergency Services

24

"911 and E911 services;" (I)

25

- Directory Assistance (DA)

1           “directory assistance services to allow the other carrier’s customers to  
2           obtain telephone numbers;” (II)

3           - Operator services  
4           “operator call completion services.” (III)

5  
6           Sec. 271 (c)(2)(B)(viii)

7           - Directory Listings  
8           “White pages directory listings for customers of the other carrier’s  
9           telephone exchange service”.

10  
11           Sec. 271 (c)(2)(B)(ix)

12           - Access to Numbers (NXX Codes)  
13           “[Access to telephone numbers for assignment to the other carrier’s  
14           telephone exchange service customers.”

15  
16           Sec. 271 (c)(2)(B)(x)

17           - Centralized Message Database Service (CMS)  
18           - Access to 800 Database  
19           - Line Information Database Service (LIDB)  
20           - Signaling (Signaling System 7)  
21           “Nondiscriminatory access to databases and associated signaling necessary  
22           for call routing and completion.”

23  
24           Sec. 271 (c)(2)(B)(XI)

25           - Interim Service Provider Number Portability

1            “[I]nterim telecommunications number portability through remote call  
2            forwarding, direct inward dialing trunks, or other comparable  
3            arrangements...”

4  
5 Q.        AT&T ALLEGES THAT BELLSOUTH REFUSES TO UNBUNDLE 8 OF 12  
6            REQUESTED ELEMENTS. PLEASE EXPLAIN YOUR  
7            UNDERSTANDING AND POSITION ON THESE REQUESTED  
8            ELEMENTS.

9  
10 A.        It is my understanding that the definition of the unbundled capability  
11            associated with tandem switching, signaling link transport, signal transfer  
12            points, and service control points/data bases are not subject to arbitration.  
13            AT&T has requested eight additional elements: Unbundled Loop Facilities  
14            (Sub-loop elements: Network Interface Device, Loop Distribution, Loop  
15            Concentrator/Multiplexed, Loop Feeder), Switching, Dedicated Transport,  
16            Common Transport, Operator Systems.

17  
18            Contrary to AT&T’s claim, BellSouth does offer unbundled loops, switching,  
19            transport (including dedicated), and operator systems. We disagree primarily  
20            on how AT&T has defined these unbundled elements or how they have  
21            requested that they be provisioned. I will briefly describe these elements that  
22            BellSouth is offering on an unbundled basis. Mr. Milner addresses why the  
23            specific elements or additional capabilities that AT&T has requested are not  
24            technically feasible.

25

1 Local loop facilities -- AT&T is not requesting the unbundling of a loop but  
2 rather "sub-loop" unbundling. The provision of these elements is not  
3 technically feasible as indicated in Mr. Milner's testimony. As information, in  
4 its petition for arbitration with Bell Atlantic in Virginia, AT&T appears to have  
5 agreed that some sub-loop elements requested of BellSouth need not be subject  
6 to arbitration. In that petition on page 27, AT&T states: "Bell has agreed to  
7 provide or already provides through its access tariffs most of the unbundled  
8 network elements AT&T has requested. With regard to the three elements that,  
9 together, comprise the connection typically referred to as the "local loop"  
10 extending from the customer's premise to Bell's end office switch, AT&T has  
11 agreed, that until firms begin marketing the equipment necessary to unbundle  
12 the loop into the three separate "sub-loop" elements, Bell need only unbundle  
13 the loop as a single element."

14  
15 Therefore, it seems that AT&T has agreed in principle that sub-loop  
16 unbundling is not feasible at this time. As I understand it, the only "sub-loop"  
17 element that is left to arbitration in Bell Atlantic is the Network Interface  
18 Device (NID). AT&T leaves unexplained why the equipment necessary to  
19 create these sub-elements is not available to Bell Atlantic but apparently is  
20 available to BellSouth.

21  
22 BellSouth is providing a variety of unbundled loops as a single element.  
23 BellSouth is offering 2-wire and 4-wire analog voice grade loops, 2-wire ISDN  
24 digital grade loops, and 4-wire DS-1 grade loops.

25

1           Local Switching -- AT&T has again raised the routing issue in its request for  
2           unbundled local switching. AT&T also requests access to AIN triggers in its  
3           request for unbundled local switching. Mr. Milner describes the technical  
4           infeasibility of providing these features.

5

6           BellSouth does offer unbundled local switching. The fundamental local  
7           switching capability involves the line termination (port) and the line side  
8           switching (dialtone) capability in the central office. These functions provide  
9           connectivity to the switching features associated with the telephone line and  
10          telephone numbers, routing capability to BellSouth's end users and other  
11          BellSouth capabilities as well as the capability to reach other new entrants and  
12          interexchange carriers. With these functionalities a new entrant, who has not  
13          fully deployed its own switching functionality, can use BellSouth's unbundled  
14          switching to reach a broader base of customers.

15

16          Unbundled elements will generally be used in conjunction with a new entrant's  
17          own facilities and functions to provide competitive local exchange services.  
18          The capabilities that BellSouth provides through its unbundled switching,  
19          including the line termination (port), will meet the needs of carriers as they  
20          begin to develop and ultimately expand their own networks. In addition to line  
21          side local switching, BellSouth will provide unbundled trunk side switching  
22          which is already available in BellSouth switched access tariffs.

23

24          Operator Systems -- AT&T requests that BellSouth's operator services be  
25          unbundled.

1

2

Contrary to AT&T's statements, BellSouth does offer access to stand-alone operator services. AT&T again creates confusion stating that BellSouth is not being responsive by not providing unbundled operator services. In reality, AT&T is again talking about routing of "0" or "411" calls to its operator services under resale arrangements or as part of its request for unbundled switching. AT&T has commingled the provision of BellSouth's unbundled operator services with the provision of its own unbundled operator services.

3

4

5

6

7

8

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11

12

These are two entirely different structures and circumstances. BellSouth does offer unbundled operator services. These capabilities, including Busy Line Verification and Interrupt, operator call assistance and directory assistance, are included in many of BellSouth's negotiated agreements.

13

14

Local Transport -- AT&T requests that Dedicated and Common Transport be unbundled.

15

16

17

18

19

20

21

22

BellSouth does offer unbundled local transport. BellSouth offers dedicated transport through its Special Access Tariff. Common Transport by its nature is used by multiple carriers. As noted in the Commission's March 29th Order in Docket No. 950984, page 8, "ALECs currently have the option to lease these facilities from the LEC or to provide the facilities themselves. .... Thus, we find that it is unnecessary to require BellSouth to create a new pricing element because loop transport facilities are currently available in BellSouth's tariff."

23

24

Once again, AT&T claims that the reason local transport has not been

25

unbundled is because, when used in conjunction with the BellSouth switch,



1 AT&T will not obtain the routing they desire. This is the same routing issue  
2 that has been raised regarding unbundled switching, unbundled operator  
3 systems, and branding for resold services.  
4

5 **Issue: SHOULD AT&T BE ALLOWED TO COMBINE BELLSOUTH'S**  
6 **UNBUNDLED NETWORK ELEMENTS TO RECREATE EXISTING**  
7 **BELLSOUTH SERVICES?**

8  
9 AT&T Position: AT&T is entitled to use unbundled network elements alone  
10 or in any combination in its provision of local services.  
11

12 BellSouth Position: ALECs should be able to combine BellSouth provided  
13 elements with their own capabilities to create a unique service. However, they  
14 should not be able to use only BellSouth's unbundled elements to create the  
15 same functionality as BellSouth's existing service.  
16

17 Q. EXPLAIN THE RATIONALE FOR BELLSOUTH'S POSITION.

18  
19 A. In many instances, combining unbundled elements provided by BellSouth in  
20 conjunction with a new entrant's capabilities is practical and appropriate. It is  
21 not appropriate, however, that the recombination be totally unbundled elements  
22 provided only by BellSouth and, when taken together, create the identical  
23 functionality as an existing BellSouth service. Nowhere in the Act does it  
24 anticipate the recreation of an existing service by the simple reassembling of  
25 the LEC's unbundled elements. If that is what Congress had in mind, it would

1 have eliminated the resale provision.

2

3 Unbundling is the purchase of underlying network elements that can be  
4 combined with a carrier's own elements to offer services, while resale involves  
5 the purchase of underlying network elements that are already combined and  
6 offered as a finished service. Based on this understanding, when the  
7 combination of unbundled elements produces the finished service, then the  
8 recombination should be purchased as a resold service. To do otherwise is to  
9 condone tariff arbitrage without any justification. The most apparent  
10 recombination of elements that would produce a finished service is the loop  
11 and port (local switching) which is the functional equivalent of a basic local  
12 exchange service.

13

14 Q. HOW IS BELL SOUTH'S POSITION CONSISTENT WITH THE  
15 REQUIREMENTS OF THE ACT?

16

17 A. BellSouth's position is entirely consistent with the requirements and the intent  
18 of the Act. Clearly the intent of the Act was to promote both facilities based  
19 and resale competition. The Act clearly obligates BellSouth to both unbundle  
20 components and provide for the resale of its services. Consistent with this  
21 intent, two pricing standards were established. Allowing the same service to  
22 be purchased through unbundled components or through resale at two different  
23 prices would be contrary to this intent. Further, such pricing would lead to  
24 total arbitrage and provide no incentives for a carrier to invest in new  
25 capabilities.

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**Issue: WHAT SHOULD BE THE PRICE OF EACH OF THE ITEMS CONSIDERED TO BE NETWORK ELEMENTS, CAPABILITIES, OR FUNCTIONS?**

**AT&T Position:** Prices of unbundled elements should be set at TSLRIC.

**BellSouth Position:** The price of unbundled network elements according to the Act must be based on cost and may include a reasonable profit. Tariffed prices for existing, unbundled tariffed services meet this requirement and are the appropriate prices for these unbundled elements. The price for a new unbundled service should be set to recover its costs, provide contribution to shared and common costs and provide a reasonable profit.

Q. WHAT IS BELLSOUTH'S POSITION ON THE PRICING OF UNBUNDLED ELEMENTS?

A. As stated previously, BellSouth provides through its tariffs some services which are already unbundled as a general offering to either end users or to other telecommunications providers. Therefore, the prices have already been set and approved by the Commission. These prices meet the pricing standards in the Act and no adjustment is needed. Pricing at rates other than those that currently exist will create opportunities for tariff shopping and arbitrage. For new or additional unbundled elements, BellSouth proposes a price which covers cost, provides contribution to recovery of shared and common costs,

1 includes a reasonable profit and is not discriminatory. BellSouth recommends  
2 the proposed rates for selected unbundled components as provided in  
3 Attachment (RCS-2) of this testimony.

4  
5 Q. WHY ARE BELLSOUTH'S PROPOSED RATES APPROPRIATE?

6  
7 A. BellSouth proposed the special access line rate for the 2-wire analog voice  
8 grade loop in the unbundling Docket No. 950984-TP. The Commission  
9 established the recurring rate for this unbundled loop at \$17.00. Therefore,  
10 BellSouth has proposed and offered this \$17.00 rate to AT&T and other  
11 providers. This rate covers the incremental cost of providing the loop, as well  
12 as some contribution to shared and common costs. This rate is below the  
13 special access rate and has been negotiated and agreed to by such local  
14 competitors as Intermedia Communications, Inc.

15  
16 BellSouth currently offers an unbundled 4-wire voice grade analog loop and a  
17 4-wire digital grade loop service. BellSouth proposes using the existing  
18 tariffed recurring special access rates for these unbundled services for which  
19 BellSouth filed cost studies on May 28, 1996. The proposed rates cover the  
20 cost of the loops and provide a minimal amount of contribution to shared and  
21 common costs.

22  
23 Q. DO THESE PRICES MEET THE PRICING STANDARDS IN THE ACT?

24  
25

1 A. Yes. Section 252(d)(1) of the Act states that the rates for interconnection and  
2 network elements:

3 “(A) shall be --

4 “(i) based on the cost (determined without reference to a  
5 rate-of-return or other rate-based proceeding) of providing  
6 the interconnection or network element (whichever is  
7 applicable), and

8 “(ii) nondiscriminatory, and

9 “(B) may include a reasonable profit.”

10

11 As stated above, BellSouth has filed cost studies on these services. The  
12 proposed rates cover incremental costs and provide a minimal contribution to  
13 shared and common cost. These same rates are available to other providers  
14 who request these unbundled elements.

15

16 Q. WHY ARE THE RATES PROPOSED BY BELL SOUTH FOR  
17 UNBUNDLED ELEMENTS MORE APPROPRIATE THAN THOSE  
18 PROPOSED BY AT&T?

19

20 A. First and foremost, AT&T proposes that TSLRIC should serve as the target  
21 price and the cap for unbundled loops. There is nothing in the Act which  
22 requires that those elements be priced at cost and nothing that indicates that  
23 TSLRIC should be the cost methodology. The Act only requires that prices be  
24 based on cost. Pricing a service at TSLRIC does not take into account joint  
25 and common costs. As Dr. Emmerson explains in his testimony, it is

1 appropriate for the price of all services, including unbundled elements, to  
2 provide a contribution to the recovery of joint and common costs. As  
3 advocated by AT&T, TSLRIC is a measurement of forward-looking costs  
4 when an entire network is being built from scratch, or alternatively, if the  
5 network is being replaced in its entirety. However, BellSouth's current  
6 technology and capital equipment in place in the network do not become  
7 irrelevant for the provision of future services, including unbundled loops. The  
8 cost of such facilities should include the network that is in place rather than  
9 some hypothetical one.

10

11 The Ohio Commission recently recognized that joint and common costs must  
12 be recovered (Order dated June 12, 1996, Case No. 95-845-TP-COI, page 39).  
13 In adopting generic guidelines for competition for local exchange services, the  
14 Commission ruled that interconnection and unbundled element rates should  
15 allow a LEC to recover its long run service incremental costs and an  
16 appropriate allocation of joint costs. Further, LECs were allowed to add 10%  
17 of the sum of the long run service incremental costs and the allocated joint  
18 costs in order to recover common costs.

19

20 AT&T also suggests that BellSouth be required to conduct disaggregated loop  
21 studies for various density zones and thereafter deaverage the statewide loop  
22 rates. Deaveraged pricing of loops has very serious implications that are well  
23 beyond the scope of this proceeding and is inconsistent with existing pricing  
24 practices for retail rates for local exchange service established by this  
25 Commission. The present rate structure in Florida incorporates long standing

1 policies of purposefully pricing some services markedly above incremental  
2 costs in order to price other services at or below cost. Further, basic local  
3 exchange rates have been based on statewide average rates according to the  
4 number of lines in a particular exchange -- the greater the number of lines in an  
5 exchange, the higher the price. As a result of these two policies, Florida  
6 currently has some of the lowest residential rates in the nation, around \$10 per  
7 month. Unbundled loops are the primary component of basic local exchange  
8 service. Pricing these loops based on density and usage would be contrary to  
9 the pricing practices for basic local exchange service. While BellSouth  
10 believes that rate rebalancing and economic pricing should be implemented for  
11 all services in the long run, the Commission should not require such pricing of  
12 unbundled loops until such time as the Commission provides for the pricing of  
13 retail services in the same manner. The current Florida statute caps flat rate  
14 residential and single line business local rates until January, 2001, and flat rate  
15 multi-line business rates until January, 1999. Therefore, rebalancing of these  
16 retail rates to more closely align with cost is not feasible at this time.

17

18 Further, deaveraged pricing of loops would pose an additional barrier to  
19 facilities based competition in the rural areas as compared to metropolitan  
20 areas. Higher rates for the low density, longer loops in these areas would pose  
21 an even greater barrier to the development of facilities based competition in  
22 rural areas.

23

24 In summary, AT&T proposes that prices be equal to TSLRIC. Economic cost  
25 should be a floor for a service price, not the ceiling. Further, AT&T's cost

1 assumptions and adjustments have no relationship to the cost for such elements  
2 provided by BellSouth. BellSouth, on the other hand, has filed costs which are  
3 required by Florida Statutes and should be used as the basis for establishing a  
4 price floor. Prices should be set to cover these costs, shared and common cost  
5 and a reasonable profit. The Commission should reject AT&T's rates and  
6 accept BellSouth's proposed prices for unbundled elements.

7

8 **Issue: DO THE PROVISIONS OF SECTIONS 251 AND 252 APPLY TO**  
9 **ACCESS TO UNUSED TRANSMISSION MEDIA (E.G., DARK FIBER)?**  
10 **IF SO, WHAT ARE THE APPROPRIATE RATES, TERMS, AND**  
11 **CONDITIONS?**

12

13 AT&T Position: BellSouth should allow access to unused transmission media.

14

15 BellSouth Position: BellSouth believes that AT&T is referring to dark or dry  
16 fiber only and knows of no other example of unused transmission facilities.  
17 Sections 251 and 252 do not apply to unused transmission media. Dry fiber is  
18 neither an unbundled network element, nor is it a retail telecommunications  
19 service to be resold. If it is not a network element and it is not a retail service,  
20 there is no other standard under the Act for its provision..

21

22 To be a retail service it must be currently available as a tariffed (or  
23 comparable) service offering. Dry fiber is not. To be an unbundled network  
24 element, it must contain some functionality inherent in BellSouth's network.  
25 Dry fiber is no more a network element than the four walls surrounding a



1 switch are an unbundled element.

2

3 **Issue: WHAT ARE THE APPROPRIATE STANDARDS, IF ANY, FOR**  
4 **PERFORMANCE METRICS, SERVICE RESTORATION, AND**  
5 **QUALITY ASSURANCE RELATED TO SERVICE PROVIDED BY**  
6 **BELLSOUTH FOR RESALE AND FOR NETWORK ELEMENTS**  
7 **PROVIDED TO AT&T BY BELLSOUTH? SHOULD BELLSOUTH BE**  
8 **REQUIRED TO PROVIDE PROCESS AND DATA QUALITY**  
9 **CERTIFICATION FOR CARRIER BILLING, DATA TRANSFER, AND**  
10 **ACCOUNT MAINTENANCE?**

11

12 **AT&T Position:** BellSouth should satisfy quality standards ensuring that  
13 AT&T's customers receive at least the same quality of service as BellSouth  
14 customers. AT&T proposes that BellSouth periodically satisfy specified Direct  
15 Measures of Quality (DMOQs). AT&T proposes liquidated damages in the  
16 form of specific credits in the event BellSouth fails to meet these standards.

17

18 **BellSouth Position:** BellSouth will provide the same quality for services  
19 provided to AT&T and other ALECs that it provides to its own customers for  
20 comparable services. The current Commission rules for service quality and  
21 monitoring procedures should be used to address any concerns. It is premature  
22 to specify DMOQs until adequate experience is available. It is, however,  
23 appropriate to jointly develop quality measurements. Liquidated damages are  
24 not subject to arbitration.

25

1 Q. EXPLAIN BELLSOUTH'S POSITION.

2

3 A. BellSouth will provide the same quality of service, installation and repair  
4 intervals and maintenance procedures for retail services resold to AT&T and  
5 other local carriers that it provides to its own end users. The Commission  
6 currently has service quality rules in place with monitoring and complaint  
7 procedures. These procedures are the appropriate means to address most  
8 service quality concerns.

9

10 BellSouth has always recognized that measurements of quality would be  
11 required for services it provides to other local exchange service providers just  
12 as measurements of quality are required for services it provides to its  
13 customers. Indeed, services sold to AT&T for resale will be subject to the  
14 same quality measurements applicable to the services sold by BellSouth to any  
15 other end user. The question is, what quality measurements should be reported  
16 to AT&T?

17

18 BellSouth's approach has been to reach agreement with ALECs on the basic  
19 elements of interconnection with a commitment to develop mutually agreeable  
20 measurements. The following is BellSouth's proposal to AT&T:

21

22 The parties agree that within 180 days of the approval of this  
23 Agreement, they will develop mutually agreeable specific quality  
24 measurements concerning ordering, installation and repair items  
25 included in this Agreement, including but not limited to

1 interconnection facilities, 911/E911 access, provision of requested  
2 unbundled elements and access to databases. The parties will also  
3 develop mutually agreeable incentives for maintaining compliance  
4 with the quality measurements. If the parties cannot reach agreement  
5 on the requirements of this section, either party may seek mediation  
6 or relief from the Commission.

7  
8 BellSouth believes this is a reasonable approach that allows AT&T to enter the  
9 local market immediately as well as permitting both companies to gain some  
10 experience as they determine what measurements are appropriate. The goal of  
11 any measurements should be to assure AT&T it is receiving from BellSouth a  
12 level of service comparable to the service BellSouth provides to itself or its end  
13 users. BellSouth should not implement AT&T specific measurements but  
14 should assist in developing a set of measurements applicable to the ALEC  
15 industry. Again, the goal of any ALEC quality measurements should be to  
16 assure other local service providers that services obtained from BellSouth are  
17 provided in a non-discriminatory manner.

18  
19 Q. ARE FINANCIAL PENALTIES FOR FAILURE TO MEET QUALITY  
20 STANDARDS APPROPRIATE AT THIS TIME?

21  
22 A. No. BellSouth believes that the issues of financial penalties and other  
23 liquidated damages are not subject to arbitration under Section 251 of the Act.  
24 To the extent that AT&T attempts to include penalties in its request for  
25 arbitration of service standards, the Commission should dismiss that portion of

1 the issue.

2

3 Should the Commission choose to address this issue, BellSouth points out that  
4 any amount AT&T proposes is arbitrary, has no relevance to whether actual  
5 damages have occurred, and is in the nature of a penalty or fine. Such clauses  
6 are not included in the provision of access services for other  
7 telecommunications providers, and based on 15 years of BellSouth experience  
8 in the access arena, such a provision has never been warranted.

9

10 Further, financial penalty and liquidated damages clauses are not appropriate  
11 for negotiated agreements subject to arbitration since Florida law and  
12 Commission procedures are adequate to handle a breach of contract situation  
13 should it arise.

14

15 **D. ADDITIONAL INTERCONNECTION REQUIREMENTS AND ISSUES**

16

17 **Issue: IS IT APPROPRIATE FOR BELL SOUTH TO PROVIDE**  
18 **COPIES OF ENGINEERING RECORDS THAT INCLUDE**  
19 **CUSTOMER SPECIFIC INFORMATION WITH REGARD TO**  
20 **BELL SOUTH'S POLES, DUCTS, AND CONDUITS? HOW MUCH**  
21 **CAPACITY IS APPROPRIATE FOR BELL SOUTH TO RESERVE**  
22 **WITH REGARD TO ITS POLES, DUCTS AND CONDUITS?**

23

24 **AT&T Position:** BellSouth should provide to AT&T copies of pole and  
25 conduit engineering records that include proprietary information to facilitate

1 planning the access to these facilities. BellSouth should only reserve in  
2 advance one year's capacity plus maintenance spares on any given route and  
3 AT&T should have the same right.

4  
5 BellSouth Position: BellSouth will provide structure occupancy information  
6 regarding conduits, poles, and other rights-of-way requested by AT&T and will  
7 allow designated AT&T personnel or agents to examine engineering records or  
8 drawings pertaining to such requests. It is reasonable for BellSouth to reserve  
9 in advance five years of capacity in a given facility. Mr. Milner provides  
10 additional detail on this issue in his testimony.

11  
12 **Issue: WHAT RATES SHOULD APPLY TO COLLECT, THIRD**  
13 **PARTY, INTRALATA AND INFORMATION SERVICE PROVIDER**  
14 **CALLS?**

15  
16 AT&T Position: BellSouth is not totally clear on AT&T's request but believes  
17 that AT&T is asking BellSouth to rate calls through a uniform system  
18 (region/nationwide) for processing intraLATA collect and third number type  
19 calls.

20  
21 BellSouth Position: Such a uniform system for rating of calls for LECs,  
22 Independent Companies and other providers does not currently exist. Current  
23 systems are more state specific. However, BellSouth is investigating the  
24 feasibility of a uniform system.

25

1 Q. DESCRIBE BELLSOUTH'S POSITION ON THIS ISSUE.

2

3 A. It is my understanding that AT&T has requested a uniform regional system for  
4 the processing of intraLATA collect and third number type calls in addition to  
5 information services calls. This issue is not clearly defined in AT&T's petition  
6 for arbitration. Given the lack of specificity of the issue itself, BellSouth is  
7 responding to what it believes to be. Further analysis may determine that there  
8 are other aspects of this issue that can not be discerned by the information that  
9 has been provided.

10

11 As BellSouth understands, the regional system AT&T envisions would be  
12 uniform across states, call types and incumbent LECs (e.g., BellSouth or  
13 independent companies). Such a system may, indeed, simplify matters for  
14 AT&T in processing these types of calls. There appears to be a one "small"  
15 problem -- such a system does not exist today. BellSouth can and will provide  
16 the capabilities AT&T is requesting, but because the current systems are state  
17 specific, the level of uniformity will not exist. BellSouth has also indicated  
18 that it has been examining the feasibility of systems modification based on  
19 some Bellcore proposals which could create national uniformity (if adopted by  
20 all systems users).

21

22 However, BellSouth has no obligation to develop and implement a new system  
23 simply to meet AT&T's desire for uniformity. There are no such obligations  
24 under the Act. Indeed, in AT&T's view of "parity", the same level of non-  
25 uniformity that exists for BellSouth should be acceptable to AT&T.

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Presumably, the information services part of this request is linked to this regional system but the relationship is not clear.

**Issue: SHOULD BELLSOUTH BE REQUIRED TO PROVIDE COPIES OF ALL INTERCONNECTION AGREEMENTS ENTERED INTO BETWEEN BELLSOUTH AND OTHER CARRIERS?**

**AT&T Position:** BellSouth should produce all interconnection agreements including previous agreements, agreements to be reached in the future and, specifically those between BellSouth and other incumbent local exchange carriers.

**BellSouth Position:** The Act does not require that all previous interconnection agreements be filed with the Commission. The Act deals specifically with agreements resulting from a request for interconnection pursuant to Section 251. BellSouth will provide all agreements that have been negotiated pursuant to Section 251 once they become public.

Q. PLEASE PROVIDE THE BASIS FOR BELLSOUTH'S POSITION.

A. BellSouth will file agreements reached as a result of a request for interconnection services or network elements pursuant to Section 251 of the Act. BellSouth has filed several negotiated agreements with the Commission to date. It is my understanding that AT&T believes that all existing

1 agreements must be submitted to the Commission to comply with the statutory  
2 requirements of Section 252 of the Act. Adoption of this position would  
3 mandate the filing of pre-existing agreements between non-competing  
4 incumbent ILECs which are agreements governing the exchange of traffic  
5 between their mutually exclusive service areas. BellSouth strongly disagrees  
6 that the Act requires these agreements to be submitted and further believes  
7 these agreements are not relevant to these proceedings.

8  
9 Section 252 pertains to the procedures for negotiation, arbitration and approval  
10 of agreements negotiated under Section 251 of the Act. In my opinion, Section  
11 252 does not require the submission of all existing agreements relative to  
12 interconnection, but only agreements that have been reached as result of a  
13 request for interconnection or network elements pursuant to Section 251.

14  
15 This interpretation of the Act is also consistent with the intent of the Act and  
16 its practical application. The purpose of the Act was to open local competition.  
17 Sections 251 and 252 are designed to apply to the negotiation, arbitration and  
18 approval of agreements that result from a request to an incumbent LEC carrier  
19 to fulfill its obligation under the Act to open competition. The agreements that  
20 are the target of AT&T's request are between non-competing local exchange  
21 carriers, the majority of which were entered into many years ago under entirely  
22 different circumstances. These local exchange carriers operate in different  
23 service areas and do not compete with one another for local exchange  
24 customers. Thus, these local exchange carriers will not be competing against  
25 new entrants under the terms of these older interconnection agreements. To



1 this extent, these arrangements between non-competing local exchange carriers  
2 are irrelevant to this or other local competition proceedings.

3

4 It is possible that currently non-competing incumbent carriers may request  
5 interconnection under the provisions of the Act and seek to enter and compete  
6 in the adjacent local exchange company's territory. If and when this happens,  
7 BellSouth would submit this negotiated agreement for approval.

8

9 Finally, the Commission has recently addressed this issue at the request of  
10 AT&T in Docket No. 960290-TP. In response to AT&T's interpretation of the  
11 Act and rationale for its request, the Commission in its Order (Order No. PSC-  
12 96-0959-FOF-TP, pages 3-4) states: "We believe that a better interpretation of  
13 the plain meaning of Section 252(a)(1) in context of reading Part II of the Act  
14 is that the agreements to be filed are those negotiated for purposes of  
15 interconnection in a competitive market." The Commission then ruled that  
16 only interconnection agreements between local exchange telecommunications  
17 carriers competing in the same geographic markets entered into before or after  
18 the enactment of the Act should be filed with the Commission. Therefore, the  
19 Commission has already addressed the filing of interconnection agreements,  
20 and BellSouth requests the Commission to not arbitrate this issue.

21

22 **Issue: SHOULD BELLSOUTH BE REQUIRED TO PROVIDE**  
23 **CARRIER BILLING USING INDUSTRY STANDARDS?**

24

25 **AT&T Position:** AT&T has requested BellSouth to bill resold local exchange

1 services via the carrier access billing system (CABS).

2

3 **BellSouth Position:** There is no industry standard requiring billing for  
4 services sold to resellers through CABS, nor is one imminent. Billing through  
5 the Customer Record Information System (CRIS) contains the necessary  
6 infrastructure to provide the line level detail associated with resold services.  
7 Ms. Calhoun addresses this issue and BellSouth's position in her testimony.

8

9 **Issue: SHOULD BELLSOUTH BE REQUIRED TO PROVIDE**  
10 **INTERIM NUMBER PORTABILITY SOLUTIONS IN ADDITION TO**  
11 **REMOTE CALL FORWARDING?**

12

13 **AT&T Position:** BellSouth should provide a wider range of options to AT&T  
14 for interim portability. In addition, BellSouth should be able to transfer a  
15 customer's service to the use of remote call forwarding for number portability  
16 within five minutes.

17

18 **BellSouth Position:** BellSouth offers Remote Call Forwarding and Direct  
19 Inward Dialing as interim number portability solutions. In addition, Mr.  
20 Atherton's testimony addresses the Local Exchange Routing (LERG) solution  
21 requested by AT&T. He also discusses AT&T's request for a five minute  
22 conversion.

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24 Q. WHAT IS THE APPROPRIATE RATE FOR INTERIM NUMBER  
25 PORTABILITY?

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A. With regard to the rate for interim portability, the Commission has approved rates for providing interim portability via Remote Call Forwarding in Florida Docket No. 950737-TP. The Commission determined the following rates for interim number portability via Remote Call Forwarding: \$1.00 per line, per month for one path; \$0.50 for each additional path per month; and, a nonrecurring charge of \$10.00 per customer. BellSouth recommends that these approved rates be applied in this arbitration case with AT&T. The Commission should decide this issue based on its original order in the above referenced proceeding.

The FCC has recently released an order in Docket No. 95-116 which, if and when final, may have implications for interim number portability. The order, however, has not been published in the Federal Register and remains subject to motions for reconsideration and judicial review.

**Issue: SHOULD AT&T RECEIVE, FOR ITS CUSTOMERS, NONDISCRIMINATORY ACCESS TO WHITE AND YELLOW PAGE DIRECTORY LISTINGS?**

AT&T Position: BellSouth understands this issue to be AT&T's request to place their logo on the covers of directories published by BellSouth's affiliates.

BellSouth Position: BellSouth does not believe that the issue of placing a logo on a directory cover is subject to arbitration under Section 251 of the Act, and

1 BellSouth requests that the Commission not arbitrate this issue. The Act  
2 requires inclusion of subscriber listings in White Pages directories. BellSouth  
3 has already agreed to ensure that AT&T and other ALEC subscribers' listings  
4 are included in the White Pages directories. Any Commission action beyond  
5 this agreed upon provision would affect the interests of BellSouth Advertising  
6 and Publishing Company as publisher which is not a party to this proceeding.

7

8 Q. HOW DOES BELLSOUTH RECOMMEND THE COMMISSION DEAL  
9 WITH THE ISSUE OF LOGOS ON DIRECTORIES?

10

11 A. AT&T did not clearly explain this issue in their petition, but from my  
12 understanding of the negotiations, AT&T wants to place their logo on the  
13 directory covers. The Commission should dismiss this issue from arbitration  
14 and recommend that AT&T continue to negotiate with BellSouth Advertising  
15 and Publishing Company (BAPCO) as the appropriate entity for such issues.  
16 BAPCO, which is a separate BellSouth Corporation affiliate, publishes the  
17 White Pages. Where directory publishing is concerned, the contracting party is  
18 BAPCO, not BellSouth. BAPCO should be allowed to determine what it can  
19 provide to all local exchange companies on issues beyond those addressed in  
20 the Act. They have negotiated extensively and independently with AT&T.  
21 Such private negotiations should not be hindered. Therefore, BellSouth is  
22 requesting the Commission not to arbitrate this issue.

23

24

25

1 **IV. SUMMARY AND RECOMMENDATIONS**

2

3 Q. PLEASE SUMMARIZE YOUR TESTIMONY AND PROVIDE  
4 BELLSOUTH'S RECOMMENDATIONS FOR THE COMMISSION.

5

6 A. BellSouth appreciates the opportunity to respond to AT&T's petition for  
7 arbitration. BellSouth has developed a track record in recent months of  
8 negotiating in good faith with numerous ALECs with very diverse interests.  
9 The results of these negotiations have been fruitful, producing sixteen  
10 agreements, eleven of which have been filed in Florida. AT&T, on the other  
11 hand, has produced a lot of rhetoric, but zero negotiated agreements with any  
12 RBOC in any state in the nation.

13

14 BellSouth requests that the Commission find that BellSouth has been  
15 reasonable in its approach to negotiations and BellSouth requests that the  
16 Commission adopt its positions on the issues in this proceeding. Regarding  
17 the major issues identified in my testimony as resale, interconnection and  
18 unbundling, BellSouth recommends the Commission find that: the average  
19 local interconnection rate of \$0.01 in Florida is reasonable and meets the  
20 pricing standards of the Act; the rates proposed by BellSouth for unbundled  
21 network elements are reasonable and meet the pricing standards of the Act;  
22 and, BellSouth's approach to resale of its services is appropriate and the  
23 discount levels addressed by Mr. Reid meet the avoided cost pricing standard  
24 of the Act.

25

1           BellSouth looks forward to a speedy resolution of the issues in this proceeding  
2           and further hopes that the progress made in this arbitration will allow  
3           BellSouth and AT&T to complete a full agreement for filing with this  
4           Commission.

5

6 Q.       DOES THIS CONCLUDE YOUR TESTIMONY?

7

8 A.       Yes.

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