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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

C. WILLIAM STIPE III

ON BEHALF OF

AMERICAN COMMUNICATIONS SERVICES, INC.

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1 DIRECT TESTIMONY OF

2 C. WILLIAM STIPE, III

3
4 I. BACKGROUND AND QUALIFICATIONS

5
6 Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS
7 ADDRESS.

8 A. My name is C. William Stipe III and I am Vice President - Switched
9 Engineering and Operations. My business address is 131 National Business
10 Parkway, Suite 100, Annapolis Junction, Maryland 20701.

11
12 Q. PLEASE DESCRIBE YOUR BUSINESS EXPERIENCE AND
13 BACKGROUND.

14 A. I joined ACSI in 1996 and serve as Vice President - Switched Engineering
15 and Operations. Prior to joining ACSI, I had twenty-four years of
16 experience in the telecommunications industry working for Bell Atlantic
17 Corporation. I have held a number of positions with Bell Atlantic, and
18 most recently, since 1994, as Director - Financial Systems. From 1991 to
19 1994, I served as Director - Product Profitability and Transfer Pricing and
20 operated and enhanced a Product Profitability reporting system. I also
21 developed and implemented a Transfer Pricing process for Line of Business

1 financial reporting. From 1987 to 1991, I was the Director - Customer
2 Business Services, responsible for pricing and costing multi-year service
3 contracts in competitive proposals to Bell Atlantic's largest commercial and
4 government customers. From 1972 to 1987, I held a variety of engineering
5 and management positions of increasing responsibility. I received my
6 Bachelor of Science in Electrical Engineering from Virginia Tech in 1972,
7 and my M.B.A. from Virginia Commonwealth University in 1984.

8
9 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?

10 A. No.

11
12 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

13 A. The purpose of my testimony is to provide technical background to the
14 testimony filed by other ACSI witnesses. Specifically, I will describe: a)
15 from a technical standpoint, what is (and is not) required to unbundle a
16 local loop; and, b) the technical differences between the simple unbundled
17 loop requested by ACSI and the special access type services upon which
18 many ILECs seem to be basing their proposed unbundled loop pricing.

19 Q. DO BELLSOUTH'S NON-RECURRING CHARGES FOR THE
20 UNBUNDLED LOOP SEEM REASONABLE FOR THE WORK
21 REQUIRED?

1 A. They may be reasonable if the expectation is that a new facility must be
2 designed and built for each request for service of that type of facility. They
3 are very unreasonable when all ACSI desires is that the customer's existing
4 service just be unbundled and the existing copper loop be connected to
5 ACSI.

6
7 Q. WHAT IS THE PHYSICAL WORK REQUIRED TO ACHIEVE THE
8 UNBUNDLING YOU DESIRE?

9 A. The physical work required to achieve the unbundling of the local loop
10 should be clearly understood and should not be exaggerated. It is merely
11 removing the wire cross-connect in the BellSouth office which connects the
12 loop facility to the central office and replacing it with one to ACSI's
13 collocated equipment interface. In other words, unbundling the local loop
14 does not require the installation of an entirely new loop.

15
16 Q. HOW DOES THIS COMPARE TO THE SPECIAL ACCESS SERVICE
17 UPON WHICH BELL SOUTH APPEARS TO HAVE BASED ITS
18 UNBUNDLED LOOP PRICING?

19 A. BellSouth's special access service is not an unbundled loop at all.
20 BellSouth has offered an existing tariff for a special access service instead
21 of unbundling its loop plant as required by the FCC.

1 Q. WHAT ARE THE PHYSICAL CHARACTERISTICS OF SPECIAL
2 ACCESS SERVICE?

3 A. It is a digital 64 kilobit channel, capable of transmitting voice or data or a
4 combination of the two with the appropriate customer-provided terminal
5 equipment.

6
7 Q. IS THIS THE FACILITY BELLSOUTH USES TO PROVIDE LOCAL
8 EXCHANGE SERVICE TO ITS CUSTOMERS?

9 A. Not at all. The vast majority of BellSouth's network access lines use
10 ordinary two wire cable facilities. Most of those have no active or passive
11 electrical endorsement at all. Some (probably less than 20%) require
12 passive induction coils, commonly called loop coils, for customers beyond
13 18 kft from BellSouth's switching office and an even smaller percentage
14 (probably less than 5%) require electronics to extend the switches signaling
15 capability for loops whose resistance exceed 1300 or 1500 ohms. I can
16 only estimate these percentages at this time because only BellSouth has the
17 information that would be required to calculate precise percentages.

18
19 Q. DOES BELLSOUTH SERVE ALL OF ITS NETWORK ACCESS LINES
20 SERVICE VIA THE COPPER LOOP FACILITIES YOU HAVE
21 DESCRIBED?

1 A. No. Some percentage is served via pair gain devices such as digital
2 subscriber loop carrier ("DLC"). Again, I do not have access to BellSouth
3 data on the amount of such facilities in its plant, but I would be surprised
4 if it is more than 15 percent of the total.

5
6 Q. CAN YOU DESCRIBE THIS DIGITAL LOOP CARRIER?

7 A. Yes. It is digital multiplexing equipment which creates voice grade
8 equivalent facilities in multiples of 24 channel DS-1 facilities which can
9 ride over either optical or conditioned copper facilities and is returned to
10 an analog state in the BellSouth loop plant near (typically less than 12KF
11 or 900 ohms) the BellSouth network access line customer.

12
13 Q. HOW IS THE BELLSOUTH NETWORK ACCESS LINE SERVICE
14 CONNECTED TO ITS CUSTOMER FROM THE REMOTE DLC
15 TERMINAL EQUIPMENT?

16 A. It is connected to a copper facility just like the one I described earlier. I
17 should explain that the use of DLC is not driven by the need to provide a
18 digital capability to the customer, but by the economic trade offs of
19 expanding copper loop facilities and its supporting conduit and pole line
20 structures versus the cost of the DLC. The customer receives the same
21 3KHz voice compatible service either way.

1 Q. YOU MEAN THAT BELLSOUTH HAS PRICED THE UNBUNDLED
2 LOOP AS A DIGITAL SERVICE THAT PROVIDES 64 KBITS OF
3 CAPACITY WHILE IT USES ANALOG COPPER VOICE GRADE
4 PAIRS TO PROVIDE ITS OWN LOOP SERVICES?

5 A. Exactly.

6

7 Q. WHAT SORT OF PROBLEMS DOES THIS CREATE FOR ACSI IN
8 ATTEMPTING TO COMPETE WITH BELLSOUTH FOR
9 CUSTOMERS?

10 A. It causes ACSI multiple problems. The most obvious problem is cost,
11 which Mr. Richard Robertson has addressed in his Testimony.

12 Both the recurring and non-recurring charges are set to recover
13 costs which ACSI will not cause BellSouth to incur. This in turn, will
14 artificially increase ACSI's rates for both installation and service, making
15 it exceedingly difficult to compete effectively.

16 Q. DOES ACSI HAVE ANY NEED FOR THE TYPE OF FACILITY
17 BELLSOUTH OFFERED AS AN "UNBUNDLED LOOP"?

18 A. Yes, but only in instances where it desires to provide data and other
19 specifically designed services to its customers. It does not need this
20 sophisticated facility to provide most basic local exchange services, which

1 it expects to be the majority of its service over BellSouth's bottleneck
2 facilities.

3

4 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

5 A. Yes.