BELLSOUTH TELECOMMUNICATIONS, INC.

REBUTTAL TESTIMONY OF D. DAONNE CALDWELL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. ████TP

SEPTEMBER 16, 1996

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION WITH BELLSOUTH TELECOMMUNICATIONS, INC.

A. My name is D. Daonne Caldwell. My business address is 675 W. Peachtree St., N.E., Atlanta, Georgia. I am a manager in the Finance Department of BellSouth Telecommunications, Inc. ("BellSouth").

Q. ARE YOU THE SAME D. DAONNE CALDWELL WHO PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?

A. Yes. I filed direct testimony on behalf of BellSouth on September 9, 1996.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my rebuttal testimony is to address the positions regarding charges for unbundled network elements and how they reflect BellSouth's costs taken by ACSI witnesses C. William Stipe, III, Dr. Marvin H. Kahn, and Mr. Richard Robertson in direct testimony in this proceeding.

1 Q. ON PAGE 30 OF HIS DIRECT TESTIMONY, DR. KAHN ASSERTS THAT

2   THE NONRECURRING CHARGES BELLSOUTH CHARGES AN ALEC FOR

3   ESTABLISHING SERVICE (UNBUNDLED LOOPS) SHOULD BE THE SAME

4   AS BELLSOUTH'S NONRECURRING CHARGES APPLICABLE TO AN END

5   USER FOR ESTABLISHING SERVICE. DO YOU AGREE?

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7 A. No. As Mr. Scheye points out in his direct testimony in this proceeding,

8   BellSouth's proposed nonrecurring charges for unbundled loops are only slightly

9   above the nonrecurring costs. The nonrecurring costs for each of the unbundled

10   elements were filed with my direct testimony in this proceeding. The cost study

11   documentation includes a list of work centers involved in provisioning the

12   unbundled loops, as well as the work time required in each center and the cost for

13   each center. These nonrecurring costs are specific to establishing service

14   (unbundled loop) for an ALEC's customer. Dr. Kahn even admits in his testimony

15   on pages 30 and 31 that the LEC should be able to recover the costs associated

16   with the activities required to establish service.

17

18   There are several activities required to provision an unbundled loop for a new

19   customer. Some of the activities significantly impact the cost to BellSouth, and

20   are included in the filed cost study. Examples of these activities include the

21   following:

22

23   • The Circuit Design Group designs the unbundled loop and issues a DLR to

24   the ALEC indicating the basic design information on the DLR and the hand-off

25   interface.

1   • Field work groups (1) ensure all plug-ins are placed into the appropriate slots

2   and are properly optioned; (2) ensure dial tone is available to the ALEC switch; (3)

3   travel to the customer's premises to tag/label the unbundled loop circuit with the

4   circuit identifier and perform the required frequency tests; and (4) connect the loop

5   in the central office to the transport to the ALEC's switch.

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7   Q. ON PAGE 31 OF HIS DIRECT TESTIMONY, DR. KAHN ASSERTS THAT

8   THE ONLY ACTIVITY REQUIRED TO SWITCH A BELLSOUTH END USER

9   TO AN ACSI NODE IS CHANGING A CROSS-CONNECT. MR. STIPE

10   MAKES THE SAME ASSERTION ON PAGE 3 OF HIS DIRECT TESTIMONY.

11   IS THIS TRUE?

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13 A. No. Again, there are several activities required to switch a BellSouth exchange

14   service customer to ACSI. Examples of these activities that significantly impact

15   the cost to BellSouth are as follows:

16

17   • The service order processing activity includes reviewing the request to

18   determine if Remote Call Forwarding (RCF) is required. If RCF is required, then

19   the service request is forwarded to the Local Carrier Service Center where the RCF

20   orders are issued.

21   • In order for the ALEC to use the existing loop, the existing loop must not be

22   on integrated digital loop carrier and the loop must meet the design parameters of

23   the unbundled loop request. If for any reason the existing loop cannot be used, the

24   assignment process becomes manual and another loop is sought that meets the

25   basic requirements of the service request.

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1   • The Circuit Design Group designs the unbundled loop and issues a Design

2   Layout Record (DLR) to the ALEC indicating the basic design information on the

3   DLR and the hand-off interface.

4   • Field work groups verify dial tone is available to the ALEC switch and

5   travel to the customer's premises to tag/label the unbundled loop circuit with the

6   new circuit identifier.

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8 Q. ON PAGE 32 OF HIS TESTIMONY, DR. KAHN STATES THAT "ILECS

9   OFTEN INCLUDE THE COSTS OF SALES AND MARKETING ACTIVITIES

10   WHICH ARE NOT DIRECTLY ATTRIBUTABLE TO ESTABLISHING

11   SERVICE" IN THE NONRECURRING COSTS FOR UNBUNDLED

12   NETWORK ELEMENTS. DOES BELLSOUTH INCLUDE COSTS OF SALES

13   AND MARKETING ACTIVITIES WHICH ARE NOT DIRECTLY

14   ATTRIBUTABLE TO ESTABLISHING SERVICE IN THE NONRECURRING

15   COSTS FOR UNBUNDLED NETWORK ELEMENTS?

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17 A. No. BellSouth does not include the costs of sales and marketing activities which

18   are not directly attributable to establishing service in the nonrecurring costs for

19   unbundled network elements. BellSouth does include the service order processing

20   costs. These costs are a direct result of offering the unbundled element and are the

21   costs of handling the customer's request and establishing the customer's record.

22   Costs for marketing value-added services are not included in the nonrecurring

23   costs for any of the unbundled elements.

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1 Q. IN HIS DIRECT TESTIMONY, MR. STIPE DISCUSSES THE PHYSICAL

2   CHARACTERISTICS OF SPECIAL ACCESS SERVICE AND IMPLIES THAT

3   THE UNBUNDLED LOOP BELLSOUTH IS PROVIDING INCLUDES

4   TRANSMISSION REQUIREMENTS AND, THEREFORE, COSTS THAT ARE

5   NOT NECESSARY TO PROVIDE ANALOG SERVICE. ADDITIONALLY, IN

6   HIS DIRECT TESTIMONY ON PAGE 17, MR. ROBERTSON STATES THAT

7   "BELLSOUTH PROPOSES TO PROVIDE 56 KB/S DIGITAL SPECIAL

8   ACCESS AS ITS 'UNBUNDLED LOOP.'" IS THIS TRUE?

9

10 A. No. The 2-wire analog loop that BellSouth will provide to an ALEC is a 56 kbps

11   analog loop, and the cost study for this loop includes the most efficient and cost

12   effective technologies for providing voice grade service. In fact, the technologies

13   BellSouth studied for the unbundled loops are identical to the technologies

14   BellSouth studies when performing cost studies for any voice grade exchange

15   service BellSouth offers to end users. The most cost efficient method of providing

16   voice grade service is copper when the circuit length from the central office is 12

17   kilofeet or less. If the circuit exceeds 12 kilofeet in total length, the most efficient

18   method of providing voice grade service is digital loop carrier on fiber. A voice

19   grade Plain Old Telephone Service (POTS) plug-in is used in the digital loop

20   carrier systems, not a digital data plug-in as Mr. Stipe implies. The unbundled 2-

21   wire and 4-wire analog cost studies filed with my direct testimony on September 9,

22   1996, include the cost effective technologies I have just outlined.

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24 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

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1   A. Yes.

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