

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of	:	
	:	
In re: Consideration of	:	DOCKET NO. 960786-TL
BellSouth Telecommunications,	:	
Inc.'s entry into interLATA	:	
services pursuant to Section	:	
271 of the Federal	:	
Telecommunications Act of 1996.	:	

FIRST DAY - EVENING SESSION

VOLUME 6

Pages 665 through 731

BEFORE:	CHAIRMAN JULIA A. JOHNSON COMMISSIONER J. TERRY DEASON COMMISSIONER SUSAN F. CLARK COMMISSIONER DIANE K. KIESLING COMMISSIONER JOE GARCIA
PROCEEDING:	HEARING
DATE:	Tuesday, September 2, 1997
TIME:	Commenced at 5:30 p.m.
PLACE:	4075 Esplanade Way, Room 148 Tallahassee, Florida
REPORTED BY:	JANE FAUROT, RPR Notary Public in and for the State of Florida at Largo

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APPEARANCES: (As heretofore noted.)

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FPSC-RECORDS/REPORTING



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28	September 10, 1996 letter from Dender to Allen	695
29	(Late-filed) Update to Late-filed Deposition Exhibit No. 9	714
30	(Late-filed) ILECs for which subscriber information is not made available to BellSouth	720
31	(Late-filed) How Exhibit 27 bill was generated by BellSouth; is BellSouth capable of providing a mechanized bill for unbundled network elements; does this include billing for unbundled local switching and local transport; include billing systems, billing for UNES	

P R O C E E D I N G S

1
2 (Transcript continues in sequence from
3 Volume 5.)

4 ROBERT C. SCHEYE

5 Continues his testimony under oath from Volume 5:

6 CONTINUED CROSS EXAMINATION

7 BY MR. TYE:

8 Q Okay. Do you see the space construction fee
9 there?

10 A Yes.

11 Q Okay. As opposed to \$29,744, the charge you
12 showed there is \$4,500, is that correct?

13 A Yes.

14 Q What occasioned you to revise that charge upwards
15 four or five times?

16 A I'm sorry, could you repeat that one?

17 Q Yes, sir. What caused you to revise -- excuse
18 me, it's more than that. What caused you to revise that
19 charge to a charge that is roughly six times what you showed
20 on this March 21 version of your telecommunications
21 negotiations handbook for collocation?

22 A I believe what we determined was they did some
23 additional cost work, and I'm not sure which is the most
24 current version. It appears that the March 21st is probably
25 a more current, and I would think you would see changes in a

1 variety of rates. However, again, we were deriving the
2 rates from the arbitration case, and that is the handbook
3 that was in the record in that particular proceeding.

4 Q Well, did all the rates go up six times?

5 A No, sir. Some went up, some went down, I
6 believe.

7 Q Okay. The rate that you are now proposing, as I
8 understand it, though, is roughly six times, more than six
9 times what you proposed in your handbook back in March of
10 this year, is that correct?

11 A Yes, that's correct. It looks like, yes, five or
12 six times. You are correct.

13 Q And that's as a result of additional cost work
14 that you did, is that correct?

15 A Yes, sir.

16 Q Thank you, sir. I didn't mean to cut you off.

17 A I just said you will see a variety of the rates
18 changing. That one is clearly the largest change of any of
19 them.

20 MR. TYE: Thank you, sir. I have no further
21 questions.

22 CHAIRMAN JOHNSON: Mr. Canis.

23 MR. CANIS: Mr. Scheye, I'm John Canis for
24 Intermedia.

25

CROSS EXAMINATION

1 BY MR. CANIS:

2 Q I would like to start out by just following up on
3 some discussions you had earlier with both Mr. Melson and
4 Mr. Tye concerning BellSouth and its provision of unbundled
5 loops and ports in different kinds of collocation
6 arrangements.

7 Let me just see if I got your position correct.
8 Is it your position that in a physical collocation
9 arrangement, you would allow parties to go in and recombine
10 the separate loop and port elements. In a virtual
11 collocation arrangement, both parties would be required to
12 negotiate an agreement with BellSouth?

13 A Yes.

14 Q I wasn't clear on your position as to whether
15 BellSouth would merely agree to negotiate or would commit to
16 establishing that kind of an arrangement?

17 A I said what we would do is agree or commit to
18 negotiate. Where the negotiation took us depends on the two
19 parties and what was being requested, like any other
20 negotiation.

21 Q Why is negotiation required in a virtual
22 collocation scenario?

23 A Because in a virtual collocation scenario, all
24 the work is being done by BellSouth, not by the ALEC or the
25 interexchange carrier, so it would fall into a provision

1 whereby BellSouth would be putting all the pieces together
2 technically. And, again, we would go back to the Eighth
3 Circuit, where the Eighth Circuit said that's not a
4 requirement, so we would have to look at that particular
5 provision and see from a business standpoint for both
6 parties whether that made sense.

7 Q Isn't it, in fact, the case that BellSouth's
8 virtual collocation tariffs and arrangements expressly
9 prohibit carriers from going in and gaining access to the
10 central office so that they could do that rebundling
11 themselves?

12 A Again, as you point out, virtual collocation by
13 its definition means that BellSouth will do the work.
14 Virtual collocation under the terms of the Act is not the
15 normal means for an ALEC, physical collocation is. Virtual
16 collocation is left to those situations where for whatever
17 reason physical isn't possible, say lack of space.

18 Q Before the Act, didn't BellSouth require parties
19 seeking collocation to take virtual collocation?

20 A That was the only offering to interexchange
21 carriers, and that's still the case today.

22 Q Well, it didn't always used to be that case.
23 Didn't BellSouth have a physical collocation tariff on file
24 with the FCC for awhile?

25 A Yes, and that was overturned by the courts.

1 Q Well, rather the court overturned the FCC's
2 ability to require BellSouth to provide physical
3 collocation?

4 A Correct.

5 Q And how many -- what percentage of collocation
6 agreements currently in effect in Florida are virtual?

7 A I'm sorry, what percentage of --

8 Q Of collocation arrangements currently in effect
9 in Florida are virtual?

10 A If we are talking about the totality of
11 collocation arrangements in Florida, I would have to guess
12 99 percent of them are virtual, since most of those are
13 interexchange carriers.

14 Q Do you know how long it takes to establish a
15 physical collocation arrangement?

16 A It will vary significantly depending on the
17 configurations involved. Three months in some cases, it can
18 run to six months, it can actually run much longer than that
19 if there is actual construction required at the location.
20 So it's very difficult to pin down a particular date.

21 Q Can it run as long as a year?

22 A It could be, certainly. It's like a construction
23 site, and if you need to do major modifications to the site,
24 certainly a year is not unexpected.

25 Q So is it safe to assume that in 99 percent of the

1 cases in Florida, if I am a collocator, I have a choice, and
2 that is I can either negotiate with BellSouth for glue
3 charges, or I can wait somewhere between three months and a
4 year before I can go in and recombine those elements myself?

5 A No, sir, you have several other options available
6 to you. One is -- and probably the one that might be
7 expected is for you to take these facilities off your own
8 premises and do whatever combination you want there as
9 opposed to a BellSouth collocation arrangement is one
10 option. And, again, while I said a year is possible, I
11 would doubt that in every case we see a year, in many cases
12 it would be much, much less than that. In most offices it
13 is likely to be less than that.

14 Q Mr. Marks recommended that I ask -- that you may
15 be a good person to ask a couple of questions about
16 BellSouth's policies regarding carriers opting into other
17 carrier interconnection agreements.

18 Do you know what BellSouth's position is
19 regarding carriers that currently have an effective
20 interconnection agreement that has not yet expired being
21 able to take service either under the SGAT or opting into an
22 interconnection agreement negotiated by another party?

23 A Yes.

24 Q Could you explain that, please?

25 A Sure. A carrier who has an agreement with

1 BellSouth may opt into another carrier's agreement in its
2 entirety, it may opt into the statement once the statement
3 takes effect for the length of time that that agreement
4 remains.

5 Q If I am a carrier who wants to avail myself of
6 that, do I have to wait until my interconnection agreement
7 expires?

8 A No.

9 Q So if Intermedia had a two-year interconnection
10 agreements with one year remaining, and wanted to opt out of
11 that and opt into an AT&T agreement that was a two-year
12 agreement with one year remaining, it could do so?

13 A Yes.

14 Q And would it opt into the AT&T agreement for the
15 one year remaining in that term, or for the entire two-year
16 period originally negotiated?

17 A The remaining period.

18 Q Mr. Scheye, I would now like to bring your
19 attention to two documents, they are listed in Exhibit 22.
20 They were late-filed exhibits to your Deposition exhibit No.
21 17. They are two studies --

22 A I'm sorry, Number 17?

23 Q Yes, it was Exhibit Number 17 to your deposition,
24 and it has been marked in this proceeding as Exhibit 22.

25 A Thank you. I have a copy.

1 Q Now, there are two documents that I will be
2 referring to here, one is a study dated for the time period
3 March 3rd, 1997 through March 13th, 1997. And the other is
4 -- and it's called an analysis conducted for BellSouth. The
5 other is an executive update dated July 8th, 1997.

6 A Let me make sure I'm with you.

7 Q They may be stapled together.

8 A Okay. The first document I have is dated March
9 13th, it's a letter.

10 Q Okay. To Mr. Edward English?

11 A Yes.

12 Q Okay, that's fine.

13 A Is that okay?

14 Q Yes.

15 A Okay.

16 Q And that starts at Page 002769.

17 A Yes.

18 Q Okay, that's fine.

19 A Okay.

20 Q And then do you have the separate report dated
21 July 8th?

22 A Let's see. Oh, yes. Thank you, I do.

23 Q Now, these reports deal with the BellSouth LCSCs.
24 Are you familiar with the LCSCs?

25 A Yes.

1 Q And is it true that BellSouth maintains two of
2 these?

3 A Yes.

4 Q What are the functions of the LCSCs?

5 A They are basically the interface with the
6 carriers for orders.

7 Q Orders for what kinds of services?

8 A Interconnection, resale and mental network
9 elements.

10 Q Do you consider the LCSC a part of the OSS
11 systems established by BellSouth?

12 A It's sort of the people behind the systems, I
13 guess you could say.

14 Q So the job performed by the people in the LCSC
15 ultimately -- is it safe to say that the job performed by
16 the people in the LCSC ultimately affects the effectiveness
17 of BellSouth's OSS?

18 A It can in those instances where an order requires
19 a manual intervention. Some orders are completely
20 electronic and then they wouldn't be directly involved.

21 Q Do you know what kind of CLEC services -- orders
22 for -- whether they be orders for resale services,
23 interconnection, or unbundled elements currently are handled
24 through the LCSC?

25 A I think they all are in one form or another.

1 Q If I am a BellSouth customer, either a retail
2 customer or an access customer, is my order for whatever
3 service I purchase from BellSouth processed through the
4 LCSC?

5 A No, sir. We keep the CLEC orders separate from
6 our retail orders and our interconnection orders, or access
7 orders.

8 Q Is there another organization within BellSouth
9 that handles retail and access customers for BellSouth
10 services?

11 A Retail, certainly. It's in a whole different
12 part of the company and the data is kept separate. The
13 access piece is part of the same overall organization, our
14 interconnection organization. But, again, a separate group
15 within that or a separate unit.

16 Q Is it safe to say, then, that there are two
17 parallel groups, one LCSC working exclusively for
18 competitive carriers and then another group performing an
19 analogous but different function for BellSouth's own
20 customers?

21 A I think that is a fair assessment, yes.

22 Q Are you familiar with the reports that are in
23 front of you?

24 A Yes, somewhat.

25 Q I'm just going to take about maybe a minute to

1 read a couple of sections from the March 13th report. And
2 like I said, I don't expect to take more than about a
3 minute, minute and a half, but I would like to read a few
4 and then I would like to ask you to respond.

5 A Okay.

6 Q On Page 002775, at the top of the page, in a
7 discussion of the BellSouth supervisors, the report states,
8 quote, "Their --" that is the supervisors -- "basic
9 management style is passive or reactionary, and they tend to
10 deal only with the symptoms of recurring problems."

11 About halfway down through the next paragraph,
12 "We did not say --" and this refers to a ten-day review
13 period conducted by the consultant -- quote, "We did not see
14 any supervisor actively training employees. This
15 corresponds to the attitude that they do not feel
16 responsible for the development of their people. We saw no
17 evidence of any supervisor attempting to reinforce,
18 acknowledge high performance or motivating their people.
19 This passive management style often results in the employees
20 lacking direction and clear expectations, resulting in poor
21 productivity, quality, and excessive lead times, which
22 negatively impacts your levels of service.

23 On Page 002773, top paragraph, third line down.

24 A I'm sorry, 773?

25 Q Yes, 002773.

1 A Yes.

2 Q Top of the page, third line down. "This level of
3 ineffective utilization is a result of unclear expectations,
4 employee skill deficiencies, the lack of process
5 documentation, and control over the work flow. These
6 problems are unnecessarily inflating your operating cost and
7 limiting your ability to deliver a consistently high level
8 of customer service. Excessive errors and rework are
9 lowering the quality of your service due to missed dates and
10 excessive lead times.

11 May I just have your response to those sections?

12 A Sure. As the study will tell you, this was a
13 self-examination that BellSouth conducted beginning in
14 March. As you point out, there were some problems. And the
15 parties that did the study proposed and suggested to
16 BellSouth that they embark on -- I believe it was a 22-week
17 study to correct these problems.

18 BellSouth agreed that there were some issues that
19 needed to be resolved and improvement that could be made.
20 We embarked on the 22-week study, which ended on August the
21 15th of this year. With the exception of one item, which
22 is an item dealing with continuous improvement, all aspects
23 of the study have been fixed, and the process has been
24 improved based on these findings and the 22-week effort by
25 the consultants to fix those problems.

1 Q So is it your position that this report dated
2 March 13th, that was then, this is now, these problems are
3 all behind BellSouth?

4 A Not that we don't have problems. We will
5 continue to have problems. This is a very evolving process,
6 and unfortunately it's a learning process for all of us. We
7 will be learning for the next hopefully five to ten years in
8 this entire process. To the extent that these particular
9 problems as they arose in March, indeed have been fixed by
10 the same parties, and they have so instructed our people
11 that they believe they have been fixed with the exception,
12 as I said, of one item which is an item dealing with
13 continuous improvement. To the extent things occur, they
14 believe that should be an ongoing activity certainly, and I
15 would agree that that is the proper way of doing that.

16 Q I'm referring again now to the top of Page
17 002773, and that was the reference to problems associated
18 with employee skill deficiencies. Do you know were
19 personnel changes effected at BellSouth as a result of this
20 report?

21 A There have been some personnel changes. I can't
22 say that they were directly related to this report. We
23 continue to change personnel to make sure we have the right
24 people in the right slots, though I would not say it's
25 necessarily -- I couldn't correlate it with the report

1 findings.

2 Q So you are not aware of any hirings, firings,
3 reschooling specifically addressed to resolve the employee
4 skills deficiency issues identified in this report?

5 A No, that was exactly -- the skills deficiency
6 issue, as you point out, was dealt with in the 22-week study
7 and that has been given and provided. There has also been,
8 as you have indicated or suggested, there are some personnel
9 changes that have also occurred, though I can't say they
10 were due to the study or not. They may have occurred
11 anyhow.

12 Q I'm referring, again, to that same, the same
13 paragraph. Reference in the second to the last line of that
14 paragraph, reference to excessive errors, rework, missed
15 dates, excessive lead times. Aren't these precisely the
16 issues raised in the testimony of Intermedia, AT&T, MCI,
17 ACSI, and others in this proceeding?

18 A As you indicate, parties have raised concerns
19 about their particular processes or their particular orders.
20 Some problems continue, as I suspect they will continue for
21 a long period of time as we evolve this process. That
22 doesn't mean that was the LCSC's fault. They may have been
23 problems with electronic systems, it could have been an
24 error that the carrier put in the order, there is any number
25 of reasons that can cause that.

1 Q And so it's still your contention that the
2 problems identified in this March 13th report have been
3 resolved?

4 A Yes. It's not my contention. Again, the people
5 that conducted the study, both this particular study and
6 then the corrective action which they estimated to take 22
7 weeks, has indeed been conducted by those same parties.

8 Q I'm referring now to the second document, the
9 July 8th document. Do you know when the total 22-week study
10 was scheduled to conclude?

11 A I believe it was August 15th.

12 Q Has a final report been completed?

13 A A report was issued on August 15th. I can't tell
14 you if that is a final report or not. As I said, there was
15 one item that was left to continue work on, that was the
16 continuous improvement, and that may evolve into a
17 subsequent report, I just don't know.

18 Q I would like to direct your attention to Page 2
19 of the July 8th report.

20 A Yes.

21 Q On Paragraph C, six lines down, at the end of
22 that, starting at the end of that line, the sentence reads,
23 "Therefore, the continued use of the Hopper will be needed
24 until better forecasts from the CLECs is available."

25 A Yes.

1 Q Does that mean that through this study that the
2 study, in fact, relied on test orders as opposed to actual
3 orders by CLECs?

4 A No, I don't read that into that particular
5 statement. I think what that refers to is a system given
6 the name of Hopper, which will have orders in addition, or
7 test orders in addition to live orders to make sure that all
8 kinds of orders are being dealt with by the respective
9 groups. It doesn't mean it relied on test orders.

10 Q Do you know what the relative mix of test orders
11 from the Hopper and real orders used to generate this report
12 was?

13 A No, sir, I don't have that information.

14 Q So you don't know if it was 90 percent test
15 orders and ten percent real orders or vice versa?

16 A I don't know factually, but I can tell you the
17 activity level for live orders has picked up dramatically
18 since March with greater activity, and I would expect that
19 the majority of the orders, therefore, were live orders.

20 Q I would like to direct your attention to about
21 the bottom third of that Paragraph C.

22 A Yes.

23 Q I'm looking at the sentence that is about seven
24 lines from the bottom, the end of that line starts, "For
25 example, the percentage of AT&T and MCI LSRs, local service

1 requests, needing clarification for the week of June 25th
2 was 64.6 percent. And the average number of times these
3 LSRs were sent back in order to complete the processing was
4 1.7."

5 Can you tell us what the clarification process
6 is?

7 A It would sound like to me that what it is
8 suggesting is that orders are being provided to us in error,
9 that there may be some information, some additional training
10 or clarification required for us to provide to the carriers
11 so that their orders come through, a larger percentage of
12 them come through clean. So it sounds like clarifying a
13 particular aspect or aspects of orders as to what needs to
14 be put on those orders.

15 Q Does the clarification process mean that if say
16 I'm the CLEC and I send in an electronic order that needs
17 processing through the LCSC, that order does not go through?

18 A I'm sorry, I didn't get the question.

19 Q Let's say I'm the CLEC, I generate an order for
20 an unbundled loop. I send it in and I get a response that
21 it needs to be clarified. What happens?

22 A Somehow the information is transmitted as to what
23 the problem with the order is and the CLEC needs to fix the
24 order before it can be processed.

25 Q So that order is returned to me?

1 A Yes, it has to be.

2 Q And then in the second sentence I cited there,
3 the average number of times these LSRs were sent back in
4 order to complete the processing was 1.7. Do you know what
5 that means?

6 A It sounds like -- again, I'm just reading the
7 words. It sounds like on average they had to be sent back
8 almost twice, but less than twice per order.

9 Q Now, this covers 64.6 percent of all orders
10 submitted by AT&T and MCI?

11 A Yes.

12 Q Is it BellSouth's position that rejection and
13 returning an order back to a CLEC 65 percent of the time is
14 acceptable?

15 A No, we would like every order to come through 100
16 percent accurate and we never have to return an order to a
17 CLEC. So we would like that number to be zero.

18 Q Do you know what the instance of clarification is
19 for orders processed internally by BellSouth, and that is
20 orders for services from their end user or access customers?

21 A No, I don't believe so, but I'm not sure I
22 followed the question, either.

23 Q In other words, does BellSouth experience a 65
24 percent return rate on orders submitted from end users and
25 carriers who are buying BellSouth's own services?

1 A Well, end users order verbally over the
2 telephone, so there would be no way to do that. Orders from
3 interexchange carriers, I would hope that percentage is a
4 good bit lower. Those carriers have almost 15 years
5 experience with our systems and what they are ordering, and
6 I would hope by now that process is down to a very, very
7 small percentage of returns.

8 Q If I'm an end user customer and I call up and
9 order a new line from BellSouth, I do not submit that
10 electronically, but the person taking my order over the
11 phone submits that electronically, is that true?

12 A It depends on the order. If it's a single line
13 residence, typically that would be the case.

14 Q Okay. Do you know what the clarification rate is
15 for those service orders submitted internally by BellSouth
16 personnel?

17 A No, sir, I don't.

18 Q Do you know why this order only talks about the
19 percentage of clarifications for AT&T and MCI LSRs?

20 A Why this particular paragraph deals with that?

21 Q No, why this report deals with that?

22 A No, I don't.

23 Q Do you know why other CLECs were not referenced
24 in this report?

25 A No, sir. I have not talked to the people who

1 developed the report, nor the basis for them doing so.

2 Q If there is a 65 percent clarification rate for
3 AT&T and MCI orders, is it possible that the clarification
4 rate is actually higher for orders submitted by other CLECs?

5 A It could be higher mathematically. I would
6 guess, if I had to give you an opinion, it's probably lower.

7 Q Do you have any basis for making that estimate?

8 A Yes. Many of the orders from many of the other
9 carriers tend to be slightly more straightforward and
10 simpler and come in a more consistent volume. I think the
11 carriers have become more routine with those and they would
12 tend to process more routinely.

13 Q But you haven't conducted a study, then?

14 A No, sir. As I said, I was not part of the study.

15 Q If BellSouth is providing is providing -- is
16 processing, rather, orders that have a 65 percent
17 clarification rate for a CLECs, and their clarification rate
18 for orders generated by end user customers or from other
19 access customers is significantly lower than 65 percent, can
20 BellSouth meet the parity and non-discrimination provisions
21 required under the Act?

22 A Absolutely. We can ask the carriers to provide
23 us accurate orders, we can give them all the training
24 material to provide us accurate orders, but we can't force
25 them to do so. If they provide inaccurate orders

1 inadvertently, intentionally, or for whatever reason, that
2 is their conduct, not ours.

3 Q Do you think the reason for the 65 percent
4 clarification rate is that MCI and AT&T are intentionally
5 submitting flawed service requests?

6 A I would rather not give you an opinion on that,
7 sir.

8 Q In the middle of Paragraph C --

9 A I'm sorry, what page are we on?

10 Q I'm sorry. Still on Page 2, still on Paragraph
11 C. Right in the middle of that paragraph, the sentence,
12 "Also, a process needs to be installed to provide feedback
13 to the CLECs about their level of incomplete/incorrect
14 orders." Has a process been installed to your knowledge?

15 A I I don't know, sir.

16 Q On Page 5 of this report, four lines, four dots,
17 little bullet points up from the bottom, that paragraph
18 starts, "The service indicators --" and that is referring to
19 indicators of service quality -- "demonstrate a significant
20 improvement, and are currently meeting reasonable
21 expectations." Do you have any idea what reasonable
22 expectations is?

23 A I don't specifically, no, sir.

24 Q Do you know is that a standard recognized by the
25 FCC in its 271 analyses or by the Communications Act?

1 A The term reasonable expectations?

2 Q Yes.

3 A No, I think the term that we typically use is
4 nondiscriminatory and parity.

5 Q I would like to refer you now to your SGAT.

6 A The revised one or the --

7 Q I think the one I'm looking for, it's attached to
8 your direct testimony, so I'm assuming it's the original.

9 A The original. Sure.

10 Q And I'm looking at Page 2 where it talks about
11 unbundled exchange access loops?

12 A Page 2. What was the reference to the section?

13 Q I understand I think it's RCS-2?

14 A You're talking about the rate page?

15 Q Yes.

16 A Oh, I'm sorry. Yes.

17 Q Thanks.

18 A Now we're together.

19 Q What criteria does BellSouth use in establishing
20 the unbundled elements that are listed in this schedule?

21 A What the elements are or the prices for them?

22 Q In identifying what the elements are?

23 A We used basically the outcome of three
24 arbitration cases in Florida, MCI, AT&T, and MFS. And we
25 also used experience and judgment with other carriers as to

1 things that may not have been arbitrated that typically
2 would be included in an agreement and we supplemented with
3 those types of items.

4 Q Do you know that Intermedia did not arbitrate an
5 interconnection agreement with BellSouth, but rather
6 negotiated one?

7 A Yes, I understand that.

8 Q Are the requests for services made by Intermedia
9 factored into this SGAT or this statement?

10 A They would be just like any other carrier.
11 However, I will say that there were certain unique requests
12 or requirements that Intermedia had that we have not
13 experienced from other carriers, and would not necessarily
14 expect carriers taken from a statement to need.

15 Q Do you know whether this Commission, as a
16 procedural matter, limited participation in the arbitration
17 proceedings to the parties in interest and excluded
18 intervention by other parties?

19 A I believe that is the case, but I'm clearly not
20 the procedural expert on that. I don't recall any other
21 parties other than the parties in the case participating.

22 Q Is it BellSouth's position, then, that two party
23 litigation, a series of three -- I'm sorry, three
24 arbitrations involving BellSouth and one other party apiece
25 should be used to establish the ground rules and

1 interconnection -- and to define interconnection -- rather
2 unbundled network elements for the entire industry?

3 A Not necessarily. I don't believe that is what we
4 are doing here, though. The Commission in as you call it
5 three arbitration cases had before it a large number of
6 issues which I think gave the Commission a good view of what
7 the issues were from the major participants in the State of
8 Florida. The Commission has also seen any number of
9 negotiated agreements, Intermedia being one of them, in
10 order to assess anything that's different or anything that
11 is beyond the scope of the arbitration decisions, as well.
12 So I think the Commission is more than well-versed with the
13 amount of information through the three arbitrations and the
14 negotiated agreements to set the ground rules, as you say.

15 Q Do you happen to know whether Florida
16 administrative law allows the Commission to establish
17 generally applicable substantive rules of law for an entire
18 industry based on a hearing between a limited number of
19 parties?

20 A Do I know that for a fact? No, I don't know,
21 sir. I'm not an expert on that subject. Not even a novice.

22 Q I'm referring, again, to the rate schedule.
23 You've got two wire ISDN digital loops, you don't have four
24 wire ISDN digital loops. Why was four wire excluded?

25 A Again, as I mentioned, we used the information we

1 derived from the three arbitration cases and the information
2 we were able to gather from any number of parties with whom
3 we had negotiated agreements or were in discussion. Four
4 wire ISDN was one of those items that I believe came up
5 very, very infrequently, and may have only come up in the
6 discussions with Intermedia. We made a judgment that that
7 was not the type of thing that a party purchasing from a
8 statement would necessarily require.

9 Q Did you get a whole lot of demand for four wire A
10 ADSL/HDSL lines?

11 A We didn't get a lot of demand. If memory serves
12 me right, MFS in their arbitration case had a desire for
13 those for whatever reason, and that's probably why they got
14 included.

15 Q So MFS requested four wire ADSL/HDSL lines and
16 they were included, Intermedia requested four wire ISDN and
17 that was not included?

18 A Again, MFS went through their arbitration
19 process, those rates were derived out of the arbitration
20 process, we simply carried forth the arbitration decisions
21 into the statement, then we used judgment as to what we
22 would expect other parties who might want to purchase from a
23 statement to use. We did not feel that that would be a
24 typical application, a four wire ISDN by a carrier who would
25 generally purchase from a statement.

1 Q Do you know how many -- a four wire is required
2 to provide PRI, primary rate interface ISDN, is that not
3 true?

4 A I believe that is true, sir.

5 Q Do you know how many of those services BellSouth
6 provides to end user customers?

7 A No, I don't.

8 Q Do you know how much -- to what extent carriers
9 like Intermedia who have Internet subsidiaries and MFS that
10 have Internet subsidiaries could use PRI ISDN?

11 A No, I don't. As I said, it has not come up as I
12 can recall with any carrier other than Intermedia.

13 Q But it was BellSouth's judgment, then, that those
14 could be excluded from this?

15 A We absolutely had to make judgments, you're
16 right, sir, as to what to put in the statement to make it
17 useful for all the parties that we expected to buy from the
18 statement. This document is a lot shorter than the AT&T or
19 MCI agreements, for example. There are things there we had
20 to use judgment to not include because we felt it wasn't
21 appropriate.

22 Q Now, I would like to refer you to the very bottom
23 of that chart, the little footnote, Footnote 2. It goes to
24 loop distribution, and says applies only to two wire analog
25 loops.

1 A I'm sorry, I'm trying to find you. I'm on
2 page --

3 Q I'm back on Page 2, the rate sheet.

4 A RCS-2, Page 2? RCS-2, Page 2, loop distribution,
5 yes.

6 Q That's that little footnote at the very bottom
7 there?

8 A Correct, sir.

9 Q Why is that there?

10 A Again, the loop distribution component was only
11 arbitrated in the MCI case, it was not arbitrated in either
12 MFS or AT&T to the best of my knowledge. And the only item
13 at issue was two wire at that point in time.

14 Q Do you use two wire unbundled subloop elements to
15 provide digital services like frame relay?

16 A My guess is we don't, though I'm not a technical
17 expert.

18 Q Do you know what kind of subloop unbundling
19 Intermedia has requested of BellSouth?

20 A No, sir. I assume that is a bonafide request and
21 I have not seen it.

22 Q Does this footnote that we are discussing about
23 limiting the unbundled subloop distribution element to two
24 wire analog loops, does that same footnote appear in the
25 statements filed by BellSouth in Georgia and Alabama?

1 A I don't recall. I don't have them with me.

2 Q Is it your position that the BellSouth account
3 team for Intermedia has not had a specific request for frame
4 relay based UNEs?

5 A No, sir, I don't know what the account team and
6 Intermedia have discussed. I know frame relay has been the
7 discussion amongst the parties for several months.

8 Q So you never made a statement like that?

9 A I never made the statement what?

10 Q That the BellSouth account team for ICI has not
11 had a specific request for frame relay based UNEs?

12 A I may have said -- not to my knowledge. I don't
13 know, they may have.

14 Q Could I refer you to Late-filed Exhibit Number 4
15 attached to your deposition.

16 A I can find it.

17 Q Well, frankly --

18 A If that's what it says --

19 Q To speed matters along, if your counsel doesn't
20 object, I will just show you my copy.

21 MS. WHITE: That's fine.

22 A That's what it says. The account team has not
23 had a specific request for frame relay unbundled network
24 elements.

25 Q And that response was attributed to you.

1 A Yes.

2 MR. CANIS: Madam Chairman, I would at this time
3 like to mark a document. We would be marking this as
4 Exhibit Number 28.

5 CHAIRMAN JOHNSON: We will mark it as Exhibit 28,
6 and a short title is September 10th, 1996 letter from Rich
7 -- is that Dander?

8 MR. CANIS: I believe that is Dender,
9 D-E-N-D-E-R.

10 CHAIRMAN JOHNSON: Okay.

11 (Exhibit Number 28 marked for identification.)

12 BY MR. CANIS:

13 Q Do you have a copy of that, Mr. Scheye?

14 A Yes.

15 Q May I ask you to describe what this letter looks
16 like, as to who it's from and who it's to?

17 A It was written to a Mr. Allen, who was according
18 to this, Vice President of Strategic Planning at Intermedia,
19 from Richard Dender, was the account manager, I assume, for
20 Intermedia, in September of -- I guess that's 1996.

21 Q And can I ask you to read the first paragraph
22 right under Dear Tom?

23 A In regard to your letter of July 11th, 1996, I
24 believe that says, BellSouth can provide the unbundled frame
25 relay loop and the unbundled ISDN loop as requested by

1 Intermedia. However, BSD cannot provided the line side loop
2 unbundling that supports a multi-host environment.

3 Q Does this letter make clear that not only has
4 Intermedia requested unbundled frame relay loops but, in
5 fact, that it did so on July of last year, and that as of
6 September of last year BellSouth had committed to providing
7 that?

8 A It appears that we agreed to provide something
9 called an unbundled frame relay loop, that is correct, sir.
10 And an unbundled ISDN loop, that is correct. And the ISDN
11 loop is in a statement -- there is nothing called a frame
12 relay loop, per se, in the statement, but it's possible that
13 one of the loops that are in there may suffice for frame
14 relay.

15 Q I would like to refer you to Attachment 1.

16 A Of --

17 Q To your direct testimony, and that is actually
18 some of the provisioning performance measurements that you
19 started to discuss -- I believe it's here. I believe you
20 started to discuss that with Mr. Melson a little bit
21 earlier?

22 A Yes, I just have to find a copy. It seems to
23 have escaped me.

24 MR. MELSON: I think it escaped because I loaned
25 you mine last time.

1 THE WITNESS: Oh, thank you. And it's back here,
2 again. Thank you.

3 BY MR. CANIS:

4 Q And I'm referring to, again, Attachment 1, Page
5 2.

6 A Yes.

7 Q Section 2, entitled provisioning performance
8 measurements. It goes on for a couple of pages.

9 A Yes.

10 Q You have a number of established intervals for
11 lines/trunks. What do you mean by lines?

12 A What are lines?

13 Q Uh-huh.

14 A Local service lines, lines to a customer's
15 premises.

16 Q Are they two wire analog lines?

17 A Typically they would be, yes. Lines/trunks with
18 no premises visit, typically that would be a two wire. That
19 would be the most likely.

20 Q Do these proposed provisioning intervals, are any
21 of these relevant to a request for data circuits?

22 A It could, but not likely. Because, again, the
23 odds of the data circuit being able to put in the service
24 with no premises visit is probably a lot less than if it was
25 a standard voice grade 1-FR or 1-FB.

1 Q Do these apply to the unbundled network elements
2 that you have listed in your general statement?

3 A No, sir. These are business lines and residence
4 lines, so this would be resale type arrangements, I believe.
5 Yes, unbundled network elements starts later on Page 3.

6 Q Are any of the standards in the Section 2 germane
7 to ADSL, HDSL, ISDN, or DS-1 loops?

8 A Again, not DS-1, because they are for
9 smaller-sized services. Theoretically, they could, but,
10 again, since this is discussing lines and trunks with no
11 premises visit, the odds of that would be unlikely. And
12 then there is a separate section that says plant or other
13 facilities not available and must be provisioned was more
14 than likely the type that you're talking about.

15 Q Has BellSouth committed to establish service
16 provisioning intervals for DS-1 loops requested by CLECs?

17 A I'm sorry, have they committed to intervals?

18 Q Right.

19 A I don't see one on this chart. DS-1s typically
20 tend to be negotiated, because it depends on the
21 availability of facilities as opposed to standard business
22 or residence lines.

23 Q So is it safe to say that the reporting
24 requirements and provisioning intervals proposed by
25 BellSouth are not particularly relevant to a carrier like

1 Intermedia that is focusing on the provision of voice and
2 data services over digital lines?

3 A Again, it depends on what Intermedia is
4 purchasing. If they are purchasing nothing but DS-1s, then
5 certainly some of these would not be relevant because they
6 tend to be for smaller customer bases and smaller sets of
7 lines. And typically even for our retail customers that
8 would be a negotiated due date kind of arrangement, because
9 circumstances will tend to vary from application to
10 application.

11 Q I would like to refer you back to the July 8th
12 executive update, the LCSC report that we were discussing a
13 little while ago.

14 A Okay. I put that someplace.

15 Q And, again, this is the smaller one, the July 8th
16 report.

17 A Yes. Here it is.

18 Q I would like to refer you to Pages 4 and 5 of
19 that document.

20 A Yes.

21 Q In the middle large paragraph, under Phase 2,
22 main installation, in that paragraph they talk about
23 standards of measuring service quality. Second bullet
24 point, second line, "Quality is measured by two methods;
25 percent first time quality and service orders pending on the

1 questionable activity report. Service indicators are
2 measured by the gross cycle type of an LSR and the speed in
3 which service representatives answer the phone."

4 On the next page -- well, on that and other pages
5 there are also references to percentages of calls abandoned.
6 As we discussed earlier on clarification issues, the
7 duration of clarification. Are any of these service quality
8 standards reflected in the reporting requirements proposed
9 by BellSouth in Attachment 1?

10 A These appear to be different kinds, these are
11 internal measurements, for example, answering the phone and
12 how quickly it's answered. While the measurement intervals
13 that are included in the statement are more to the service
14 and what kind of service the CLEC can expect to get, so I
15 think one is more internal. That's what this report was all
16 about, to improve the internal processes. So the reports
17 would be of that type.

18 Q But they were to report internal processes for
19 services that were provided to CLECs, is that not true?

20 A Yes. But, again, for example, speed in which a
21 service representative answers the phone is typically the
22 type of thing you would use as an internal report to make
23 sure your office was operating efficiently or whether you
24 had a problem. It's not the type of thing that is generally
25 made as a public report.

1 Q Suppose we wanted to determine whether BellSouth
2 was providing the same service provisioning standards to
3 CLECs that are provided internally to its own end user and
4 access customers. Would these service quality indicia be
5 relevant to that determination?

6 A I would guess they wouldn't be. Again, I think
7 we are looking at what a CLEC would be concerned about as
8 well as our retail customers is the final product. Did they
9 get it on time, did they get it accurately. If we committed
10 to a time frame, did we meet the time frame. Did the
11 service work when it was supposed to. If it didn't, did we
12 correct it in the time frame that we had indicated, and
13 those types of things.

14 Q But these service quality requirements were, in
15 fact, put in place by DeWolf and Associates (phonetic) in an
16 attempt to improve the functioning of the LCSC and the
17 service that are provided to CLECs, is that not true?

18 A Oh, absolutely.

19 Q If there was a very substantial difference, let's
20 say, in the gross cycle time of an LSR in the duration of a
21 clarification, in the percentage of calls abandoned, at the
22 speed at which a service representative answers the phone
23 for orders processed for CLECs through the LCSC and for
24 orders processed internally for BellSouth's own customers.
25 Would that create concerns that BellSouth was not providing

1 service at parity to its competitors?

2 A Again, you mixed a lot of things into that
3 question. One of them that probably wouldn't would be the
4 call answer time. Again, if calls aren't being answered,
5 it's probably a sign of bad service of some sort, but parity
6 of ordering and operating is likely to be more electronic ,
7 therefore, you are not going to have calls to the service
8 representative as a retail customer would as the manner in
9 which you placed your order. So I don't think you are going
10 to quite get that association.

11 I think, again, if a supervisor saw that phones
12 weren't being answered in the appropriate number of rings or
13 amount of time, it's probably something wrong with the unit.
14 Either the reps, there aren't enough of them, they're not
15 being trained adequately, and it would be a sign to do
16 something internally. But I don't know necessarily it would
17 mean parity was being met or not being met in all cases.

18 Q Is BellSouth currently conducting these service
19 quality measurement reports that were discussed here in the
20 DeWolf study?

21 A I'm sorry, are we conducting the reports?

22 Q Yes.

23 A Again, I'm just reading from this. It would
24 appear that some of these were implemented. It says back --
25 just the sentence you read, back-off controls were enhanced

1 to measure service quality, et cetera. So, yes, they were
2 implemented according to this report.

3 Q Is it your understanding that BellSouth will
4 continue to generate these reports in order to evaluate the
5 service quality of its LCSC?

6 A I have not reviewed the final report and their
7 recommendation as to whether these things should be improved
8 -- continued. I would have to assume that certainly some of
9 these will be continued beyond the 22-week study rather than
10 just simply stop at that point in time.

11 Q So if this Commission were to determine that the
12 reporting data that we just discussed was, in fact, relevant
13 to determining whether BellSouth was providing service at
14 parity and in a nondiscriminatory matter, that data would be
15 available?

16 A I'm sure if the Commission asked for it we will
17 provide it. Information such as that might be proprietary,
18 but I would wonder whether one could make a determination
19 from that data whether parity was being provided or not.
20 Like I said, I'm not sure whether it gives you that.

21 It might give you an indication and a judgment as
22 to whether you think the operation is as efficient as
23 possible, or whether it could be made more efficient, or in
24 theory it was overly efficient because maybe you had too
25 many service rep or something. But I'm not sure it gives a

1 test of parity from that.

2 Q I would like to refer you now to Page 45 of your
3 rebuttal testimony.

4 A Let me put this back before I take everyone's
5 copy. Page 45 of rebuttal?

6 Q Yes.

7 A Yes, sir.

8 Q At the bottom of that page, Lines 22 through 25,
9 you are responding to ACSI's witness statement concerning
10 CSAs, customer specific arrangements. On Line 24 you state
11 that CSAs are available for resale. Does BellSouth provide
12 CSAs for resale at the wholesale discount prescribed by this
13 Commission?

14 A Well, let me just correct something for the
15 record, it's contract service arrangements.

16 Q Thank you.

17 A Yes, they are provided at the avoided cost of
18 resale discount.

19 Q If Intermedia calls up BellSouth -- let's do a
20 hypothetical where there is a contract service arrangement
21 to an end user customer as a long-term commitment. Let's
22 say it's a five-year contract. Intermedia calls BellSouth
23 and says, "We are going to resale that CSA. Please
24 designate us as the customer of record." Does a termination
25 liability charge apply in that kind of case?

1 A Typically it would not. The only circumstance
2 where it might is if the contract explicitly states that a
3 change of billing responsibility, which is what you have
4 there, would cause the termination liability to apply. But
5 typical it would not.

6 Q Would what they call a move charge or a
7 relocation charge apply, or rehoming charge apply?

8 A I don't know what that is. I have never heard of
9 that charge.

10 Q My understanding is sometimes LECs impose a
11 nonrecurring charge for changes that require changes in a
12 point of termination.

13 A If it was a change in point of termination, that
14 would be some sort of physical change and there may be a
15 charge for that, depending on what it is.

16 Q But in the scenario that we just discussed, it
17 would be a name change for billing purposes, so it would not
18 involve that kind of a charge?

19 A Not the way you described the scenario, it would
20 not be.

21 Q And, again, going back to my original scenario,
22 with a five-year CSA, would BellSouth treat that as the
23 termination of the existing service and an installation of a
24 new service?

25 A No.

1 Q Going back to the termination liability issue, do
2 you know what BellSouth's standard termination liability
3 provision is for intrastate services in Florida?

4 A I don't know that there is a typical one or an
5 average one. If you are talking about contract service
6 arrangements, again, they are unique, and they would be
7 individual to that particular arrangement, if there is one.

8 Q For a long-term contract, or say special or
9 private line service, does BellSouth impose a termination
10 liability charge of about 90 percent of the original
11 contract price?

12 A It's possible in some of them. Now you are
13 talking about -- it sounds like private line volume, not
14 contract service arrangements, though. It's a different
15 circumstance.

16 Q Well, could it impose a 90 percent termination
17 liability provision in a CSA?

18 A I guess it could.

19 Q Just to be clear on what we are talking about,
20 when I talked about a 90 percent termination liability, I
21 mean that if a customer has a five-year contract, takes the
22 contract for one year and cancels it, it is required to pay
23 90 percent of the charges that would have applied during the
24 entire five-year term of that contract. Are we in agreement
25 as to --

1 A Yes. I mean, usually there is a sliding scale,
2 but if you disconnected after one year, you pay X-percent,
3 if you disconnect after two years, obviously there is a
4 smaller percent, and it goes down. It's either done monthly
5 or annually, depending on the individual contract.

6 Q Do you know whether BellSouth is including these
7 termination liability provisions in new CSAs that it is
8 negotiating?

9 A No, sir, I don't know. I haven't seen one.

10 Q If it were to insert termination liability
11 provisions of 90 percent or a lesser amount, could that kind
12 of a provision provide a significant disincentive for a CSA
13 customer to allow a CLEC to resale that service?

14 A I guess. Again, now we are talking about
15 hypothetical circumstances. It depends on the customer, it
16 depends on what deal the CLEC gave the customer, it depends
17 on what the customer understood when the customer entered
18 the contract service arrangement. I'm assuming, if the
19 customer said, yes, that's fine with me, that's what I want,
20 these are the right provisions for me, that they understood
21 all the implications and ramifications of that, and they are
22 fine with it.

23 Q Again, just speaking hypothetically. Let's
24 assume we have two different customers, they both have CSAs,
25 one has a 90 percent termination liability, the other has a

1 zero termination liability. Do you think the carrier with a
2 zero termination liability would be more inclined to pursue
3 a resale arrangement from a CLEC?

4 A I guess I can't speak for the CLEC and what their
5 business interests are and the other circumstances, but on
6 the surface it would seem that if there was no termination
7 liability in case one and there might be some termination
8 liability in case two, that case one may be more attractive
9 to the end user customer.

10 MR. CANIS: Thank you. I have no further
11 questions.

12 CHAIRMAN JOHNSON: Mr. Finch.

13 MR. FINCH: Mr. Scheye, just a few questions.

14 CROSS EXAMINATION

15 BY MR. FINCH:

16 Q In connection with your statement, there are two
17 ordering guides and one collocation handbook that are
18 incorporated into the statement by reference, is that
19 correct?

20 A Incorporated by reference, but not included in
21 the statement.

22 Q That's an external document outside the statement
23 itself?

24 A That's correct, sir.

25 Q And a prospective purchaser under the terms of

1 the agreement would have to review both ordering guides and
2 collocation handbook and agree to be bound by the terms in
3 those three documents, would they not?

4 A Bound is probably a strong word. They are
5 guidelines on how to order, they are the means and mechanism
6 for ordering, so it's not an obligation, it's more of a
7 guideline for practices and procedures. So I wouldn't use
8 the word bound, but --

9 Q But if an ALEC is going to participate in the
10 statement, he would have to comply with the terms and
11 conditions in the ordering guides and the collocation
12 handbook?

13 A Yes, that's correct, sir.

14 Q How often are the ordering guides and collocation
15 handbook updated?

16 A Currently they are updated very, very frequently.
17 We continue to add to them, refine them, clarify them. I
18 would guess over time that will become less frequent as the
19 process matures and what have you. But right now it happens
20 -- I don't know that there is an average schedule, but it is
21 occurring regularly.

22 What we have done since the initial statements
23 which were on paper and they are fairly large and difficult
24 to deal with, they are now provided to carriers on disks to
25 make it a lot easier to manage and control them.

1 Q And you regularly notify the ALECs of the
2 changes?

3 A Yes.

4 Q And do you contact the ALECs prior to a change
5 for their input with respect to a specific change?

6 A No, we do not. Once they are notified the change
7 has been made, it may have been developed because of input
8 we received from them, it could have been because of an
9 internal change, but they are not asked about it at that
10 point in time.

11 Q But all the charges are unilaterally made and
12 then the ALECs are notified?

13 A Yes. We make those decisions, again, with input
14 from the carriers with our own input. But we have to make
15 the decision, they are our guidelines and procedures.

16 MR. FINCH: Thank you, that's all.

17 THE WITNESS: Thank you.

18 CHAIRMAN JOHNSON: Staff.

19 CROSS EXAMINATION

20 BY MS. BARONE:

21 Q Good evening, Mr. Scheye. The first question I
22 have for you relates to your testimony on Page 35. On Lines
23 1 through 3, you state that pole attachments are \$4.20 per
24 pole per year, and that conduits are 56 cents per foot per
25 year. My question is does the 56 cents rate for conduit

1 apply to both full ducts and conduits with interducts?

2 A I have to look. Yes. In some states we have
3 also added an interduct or interduct charge, we have not
4 done so in Florida, so that would apply.

5 Q Sir, were you present in the room when Mr.
6 Varner was on the stand?

7 A For part of the time and part of the time I could
8 hear it out in the hall.

9 Q I asked him questions regarding license
10 agreements and licenses to access poles or ducts, and he
11 referred me to you with respect to this question. If an
12 ALEC chooses to use SGAT rather than negotiate an
13 interconnection agreement with BellSouth, does the ALEC
14 still have to have a license agreement and also apply for a
15 license for each access request?

16 A They do need the former, a license agreement just
17 like any other carrier, and then each application, which is
18 what some people refer to as an individual license. But
19 it's an application for a particular pole, or particular
20 duct, or particular conduit on a case-by-case basis. But
21 it's really a one time process to get the agreement signed,
22 just like a cable company would do, and then it's an
23 application on a per event basis.

24 Q Excuse me, is that an application to BellSouth --

25 A Yes.

1 Q -- per event?

2 A Yes. When you determine what pole or what duct
3 or what conduit you need, we have to examine it to see if
4 the capacity is there.

5 Q I believe Mr. Varner stated that the license
6 agreement would cover access to any of BellSouth's conduits,
7 poles, ducts, et cetera. Can you clarify then what you mean
8 by has to apply each time?

9 A Yes, sure. The agreement basically says you are
10 a carrier and you are interested in our pole, ducts, and
11 conduit. But now let's say a month later you want an
12 attachment to pole number 27, the one outside here. You
13 would have to apply for that particular pole to make sure
14 and then we would have to check that pole to make sure that
15 there is room for your attachment.

16 Q Next, I would like to ask you a few questions
17 regarding your confidential Late-filed Deposition Exhibit
18 Number 9. It would be in the red file, the red folder,
19 because it's confidential.

20 A Unfortunately, I had the whole thing in a red
21 folder. Thank you. I have it now thanks to Mr. Melson.

22 Q You have provided a list by ALEC of virtual and
23 physical collocation requests made to BellSouth?

24 A Correct.

25 Q Can you provide the dates these collocation

1 orders were submitted to BellSouth?

2 A I don't have it with me, but we can certainly do
3 that.

4 MS. BARONE: I would like to ask BellSouth if you
5 it would be possible to produce that by tomorrow. If not,
6 that --

7 THE WITNESS: I don't know about the tomorrow.

8 MS. WHITE: We could sure try, but it wouldn't be
9 the first thing in the morning. I mean, it might have to be
10 in the afternoon.

11 MS. BARONE: Okay. I would like to go ahead,
12 then, and mark that as Late-filed Exhibit Number 29. And
13 that would be -- and I would also like in that late-filed
14 exhibit the dates the orders were received by BellSouth and
15 the dates the orders were complete.

16 THE WITNESS: Okay.

17 CHAIRMAN JOHNSON: Ms. Barone, what is a short
18 title for that document?

19 MS. BARONE: That would be update to Late-filed
20 Deposition Exhibit Number 9, dates orders received and
21 complete.

22 MS. WHITE: By orders, I assume you mean requests
23 for collocation?

24 MS. BARONE: Yes, because there has been
25 confusion about what a request is versus what an order is,

1 and I want to be sure that it's clear that orders that have
2 actually been received, not just a request pursuant to an
3 interconnection agreement.

4 MS. WHITE: We will do our best, and we will try
5 to get it to you as early tomorrow as possible.

6 MS. BARONE: Thank you.

7 (Late-filed Exhibit Number 29 marked for
8 identification.)

9 BY MS. BARONE:

10 Q Mr. Scheye, do all of the requests represented in
11 this exhibit which represent those in progress or complete,
12 represent every request to date for physical and virtual
13 collocation in Florida?

14 A It's suppose to, yes.

15 Q Now, I want to be specific. These are the actual
16 requests for virtual for each of the companies listed?

17 A Correct.

18 Q So you don't have any orders that are outstanding
19 for the companies listed, is that correct?

20 A Not as of the date that this document was
21 produced, which was August 15th. I guess something could
22 have come in between now and then or then and now.

23 Q My next question is are there any outstanding
24 orders by companies that are not represented on this
25 late-filed deposition exhibit?

1 A There should not be, no. Again, this is just
2 Florida?

3 Q Yes.

4 A Yes, there should not be.

5 Q Can you tell me what the provisioning periods are
6 for physical versus virtual collocation?

7 A It's difficult for physical. As I said, it's not
8 unusual to be three months. They could be longer. They
9 could range up to six months. It would not be totally
10 unusual, and I believe Mr. Canis mentioned that one could
11 take potentially up to 12 months, because under physical
12 collocation, again, you are doing potentially construction
13 in the building and it depends on how much construction is
14 required in that particular building. So it could be fairly
15 lengthy.

16 Virtual collocation generally is much shorter,
17 probably a couple of months, because again you are working
18 within simply the BellSouth space. The equipment is going
19 right with all the rest of the BellSouth equipment, and
20 there is not going to be any special construction typically
21 to go on. For example, a cage might be constructed with
22 physical, but you would never use that in virtual
23 collocation.

24 Q Do you consider collocation part of the
25 requirements for providing interconnection?

1 A Physical collocation is required by the Act, and
2 where physical is not, we are not capable of providing
3 physical, virtual is. So it's one of the checklist items,
4 yes.

5 Q Do you consider collocation part of the
6 requirements for providing a UNE?

7 A For providing -- yes. I mean, again, physical
8 collocation, or virtual for that matter, can be used by the
9 carrier as they see fit. That's the big advantage of
10 physical. It's their space, they can put in what they want,
11 they can do with it what they want. It might be in
12 conjunction with unbundled network elements, it could be in
13 conjunction with interconnection, that is clearly totally up
14 to the CLEC to determine that for themselves.

15 Q But do you believe that is a requirement in order
16 to meet the checklist items?

17 A Yes. Physical collocation is a requirement.

18 Q For interconnection and for UNES?

19 A Yes, either one. It's a stand-alone item, so it
20 applies to either.

21 Q But not virtual collocation?

22 A Virtual is only required if physical cannot be
23 provided. For example, the building is out of space, so the
24 next party who comes along we cannot physically collocate
25 then we would be required to give them virtual.

1 Q And, again, what is your basis for your position?

2 A The Telephone Act.

3 Q And which section?

4 A 251. If I can get you that reference, I will do
5 so. It's in there, and I just -- it's another document I
6 didn't bring with me. But I have it, I will find it for
7 you.

8 Q Staff is going to bring you a copy of that, and
9 also we are going to bring you a copy of -- just so you will
10 know, a copy of your Late-filed Exhibit Number 20, because I
11 will also have questions for you about that. That way you
12 don't have to look for it.

13 A Thank you. I'm in 251 -- it looks like (c)(6),
14 collocation. It is a duty to provide rates, terms, and
15 conditions that are just, reasonable, and nondiscriminatory
16 for physical collocation of equipment necessary for
17 interconnection or access to unbundled network elements at
18 the premises of the local exchange carrier.

19 Q Thank you. Mr. Scheye, now I would like for you
20 to take a look at your Late-filed Exhibit Number 20.

21 A Yes.

22 Q And for the Commissioners, that is located in
23 Exhibit 21, which is Mr. Scheye's deposition.

24 Sir, in response to this interrogatory, you state
25 beginning on the second full line, "In order for BellSouth

1 to include the listings of an ALEC's or ILEC's subscribers
2 on the magtape it sells to DA providers, the ALEC or ILEC
3 must agree to sign a supplement --" which is attached to
4 this exhibit -- "to their agreement with BellSouth giving
5 BellSouth permission to release its subscribers'
6 information.

7 Sir, when I reviewed Supplement 2, the only thing
8 that appears to occur on that page is set the compensation
9 rate. What I would like to know is how does BellSouth give
10 permission? Is it contained -- is it orally, is it in
11 another agreement, or is this --

12 A I'm sorry, how do they give us permission? The
13 carriers give us the permission to sell the data base.

14 Q Okay. I'm sorry, let me rephrase that. Where is
15 their permission given, is it by signing this?

16 A Yes.

17 Q And that's all?

18 A That's all it takes.

19 Q And is this attached to the interconnection
20 agreement?

21 A No, it's not. This is a whole separate document
22 totally outside the scope of the interconnection agreements.
23 It's something we have been using with the other incumbents
24 for several years. So it's just simply carried over.

25 Q And this is the extent of the document, there is

1 only one page?

2 A It looks like it is, yes. Page 1 of 1. It's not
3 a big deal.

4 Q Also in that exhibit you state that BellSouth has
5 permission from four ILECs and one ALEC to release their
6 subscriber information. Does BellSouth have access to all
7 of the ILEC subscriber information for BellSouth's
8 customers?

9 A That is a hard one for me to answer. Typically,
10 the smaller independent telephone companies do provide it
11 because they use our directory assistance. What I'm not
12 sure of are GTE and Sprint. They typically operate their
13 own directory assistance services and in some instances it's
14 not unusual for us to have to refer the customer to either a
15 Sprint or GTE directory assistance rather than have it in
16 our data base. And I don't know the precise circumstances
17 as they exist in Florida, though, for those two carriers.

18 Q Would it be possible for you to provide a
19 late-filed exhibit?

20 A Yes.

21 Q And that was GTE Florida and --

22 A Sprint are the two that I know of that have their
23 own directory assistance capability and do not use ours
24 typically. There may be others in Florida. You have a
25 couple of fairly large carriers as well that may do the same

1 thing, and it's done on a case-by-case basis. But we can
2 certainly find that out.

3 MS. BARONE: Madam Chairman, staff would request
4 that Late-filed Exhibit Number 30 be identified, and that
5 will be ILECs for which subscriber information is not made
6 available to BellSouth. Is that a correct characterization?

7 THE WITNESS: Yes, it is.

8 CHAIRMAN JOHNSON: Okay.

9 (Late-filed Exhibit Number 30 marked for
10 identification.)

11 BY MS. BARONE:

12 Q Now, I have a couple of questions regarding
13 Section 7(B)(2) of your SGAT.

14 A I'm sorry, 7(B)(2). Does it make any difference
15 if I use the revised or --

16 Q No, sir, it doesn't.

17 A Okay.

18 Q In the section, what does the term BellSouth
19 directory assistance data base mean? And what I'm looking
20 for, does it include all ALEC and ILEC customer information
21 or just BellSouth customer information?

22 A The directory assistance data base service in
23 (2)(c), is that what you are --

24 Q Yes.

25 A It would include all the BellSouth listings and

1 it would include all the listings from ALECs and other
2 incumbents that allow us to include them in that data base.

3 Q I'm sorry, I didn't hear the last part.

4 A It would include all the BellSouth listings and
5 it would include all the listings for the independent
6 telephone companies and the ALECs that allow us to include
7 their listings in that data base.

8 Q Also in Section 7(B)(2) under BellSouth directory
9 assistance services category, it states, "BellSouth provides
10 ALECs and their subscribers access to its unbranded
11 directory assistance service."

12 Does this mean that this DA service comes
13 unbranded, or must the entrant choose unbranded?

14 A They have the option. Actually, currently
15 BellSouth is moving towards branding its directory
16 assistance services, and the CLEC can either purchase it as
17 branded or it can request their own brand be put on the
18 directory assistance service through selective routing, or
19 they could request it if they wanted it to be unbranded.

20 Q Do you know when that will be available?

21 A It is currently available.

22 Q If a CLEC orders Option C under 7(B)(2), which is
23 the purchase of the data base DADS, is the data base updated
24 at the same intervals as the DA data base that BellSouth
25 uses, or is the purchase a one time snapshot of the DA data

1 base?

2 A Both are offered, and I can't remember which is
3 which. One of them is simply a dump at the time the
4 directory is produced and is not updated. The other is
5 updated at the same intervals we update your directory
6 assistance. Both options are available. One is DADS and
7 the other one is DADAS.

8 Q Next I'm going to refer to a portion of Mr.
9 Martinez' deposition, specifically on Page 107, at Lines 18
10 through 21, he states that under Section 8(F), the reference
11 to listing information confidentiality, if you want to go
12 ahead and turn there. That it is 8(F).

13 A Yes.

14 Q Is interpreted by MCI to mean that such
15 information would not be made available through the DADS
16 service, which provides a copy of BellSouth's data base to
17 requesting parties. Do you agree with Mr. Martinez?

18 A Again, it can or it cannot; it's up to the ALEC
19 or ILEC. We will include their data in those to the extent
20 they provide us permission. MCI, for one, has indicated a
21 strong concern for independents who do not include them. If
22 the independent or the ALEC says do not include them in the
23 data base, we will not.

24 Q On Page 19 of your revised draft SGAT --

25 A Yes.

1 Q -- you state that the rates are set out in
2 Attachment A. Would you indicate for me where the rates for
3 ALI/DMS, that is automatic location identification data
4 management system is located?

5 A There is no price; it's free.

6 Q Has any ALEC requested access to this data base
7 in Florida?

8 A It's part of the 911 data base, so they are
9 getting it through the 911 service.

10 Q And, therefore, access has been provided?

11 A Yes. I'm sorry. Therefore, they are inherently
12 getting it.

13 Q On Page 187 of Mr. Martinez' deposition
14 transcript, at Line 20, he states that the way the SGAT is
15 written, in order for an ALEC to get access to the toll free
16 data base you have to have SS7 or purchase SS7 capability,
17 is this correct?

18 A Yes. That's 800 access and it requires an SS7
19 arrangement.

20 Q It requires an SS7?

21 A Yes. That's the only way right now. It's a
22 link through the signaling network to get into the data
23 base. In other words, it's a data base that hangs off the
24 SS7 signaling network, so it's inherent in that capability.
25 You have to have SS7 capability.

1 Q On Page 188, Line 1 of Mr. Martinez' deposition
2 transcript, he suggests that this requirement is not the
3 same for IXCs, do you agree?

4 A I don't know what he is referring to. It's the
5 exact same service and the exact same capability, so the
6 requirements have to be identical.

7 Q Mr. Scheye, earlier you stated that usage charges
8 are not available electronically yet, but will be sometime
9 in the future. Do the directory assistance charges fall
10 into this usage category?

11 A We can bill the basic directory assistance
12 charge, 25 cents or 30 cents, it is does not include that,
13 because that capability has existed because it's the same
14 charge we would render to an interexchange carrier. What I
15 was referencing was unbundled local usage and common
16 transport would be the two elements specifically that I was
17 referencing.

18 Q So it's your testimony that directory assistance
19 charges do not fall into this usage category?

20 A That's correct.

21 Q Sir, earlier in Exhibit 27 that was identified
22 earlier, and it's the bills AT&T handed out, I would like to
23 ask you were those bills generated by the CABS or CRIS
24 billing system?

25 A Let me caveat this by saying I'm not a billing

1 expert, but this is a CLUB bill, and typically CLUB bills
2 come out of the CRIS system. So I would have to assume it's
3 CRIS, though, again, I'm not a billing expert.

4 Q First of all, what is a CLUB bill?

5 A A CLUB bill is a term whereby a carrier, in this
6 case AT&T, is getting enough individual end user detail, but
7 he is getting it for multiple end users. In this case there
8 are four or five end users that AT&T is testing, so each
9 component is for one of those lines or one of those
10 services, and then they are all summed up to be the total
11 bill. So the term simply means that there are multiple
12 retail customers, so to speak, on the same bill.

13 Adequate detail is being provided to the carrier,
14 in this case AT&T, for each individual account so that they
15 can in turn bill their individual accounts as they see fit.
16 CLUB is an acronym for something -- it's a specialized
17 billing arrangement that does that level of detail, and I
18 can't remember what the acronym stands for.

19 Q Are all CLUB bills handled in this manner or
20 handled by CRIS?

21 A Yes.

22 Q And you stated you are not the billing person ;
23 which witness would I need to follow up on this with?

24 A I don't know that we have any billing experts
25 with us. I could certainly try to find that information and

1 provide it to you as a late-filed exhibit, if that would
2 help.

3 Q If you are not certain that this is from the CRIS
4 billing system that would be helpful.

5 A We can do that.

6 MS. BARONE: That would be Late-filed Exhibit
7 Number 31. Madam Chairman, staff requests that Late-filed
8 Exhibit Number 31 be marked, and that will be type of
9 billing or how Exhibit Number 27 bill was generated.

10 CHAIRMAN JOHNSON: How Exhibit --

11 MS. BARONE: Exhibit 27 bills were generated.

12 CHAIRMAN JOHNSON: How Exhibit 27 bills were
13 generated?

14 MS. BARONE: Yes, ma'am.

15 CHAIRMAN JOHNSON: Okay. That will be the short
16 title.

17 (Late-filed Exhibit 31 marked for
18 identification.)

19 BY MS. BARONE:

20 Q Sir, I'm going to ask you a couple more questions
21 about billing and if you can answer them I would like that.

22 A I will try.

23 Q Particularly since there has been a bill entered.
24 Do you know whether BellSouth is capable of providing
25 mechanized billing for UNEs today?

1 A I believe we are, but, again, I can check or you
2 might be able to ask that question of Ms. Calhoun. But I
3 will certainly try to confirm that for you.

4 MS. BARONE: If I may ask Ms. White if Ms.
5 Calhoun would be the appropriate one, or would it be better
6 to include this information in the other late-filed exhibit?

7 MS. WHITE: Probably to be on the safe side, we
8 ought to include it. Maybe we can include it in Exhibit 31,
9 and then if she can then you can get it on the record that
10 way, as well. But just to be on the safe side.

11 MS. BARONE: And to go further then to make sure
12 that this late-filed is complete, I would also like to know
13 if BellSouth is capable of providing mechanized billing for
14 UNEs. Does this include building for unbundled local
15 switching and local transport? And the next question would
16 be --

17 MS. WHITE: So 31 is how the Exhibit 27 bill was
18 generated by BellSouth, the second part of it is BellSouth
19 capable of providing a mechanized bill for unbundled network
20 elements, and the third part?

21 MS. BARONE: Would be does this include billing
22 for unbundled local switching and local transport, that
23 would be a subpart of that.

24 MS. WHITE: Thank you.

25 MR. MELSON: Chairman Johnson, I believe that Mr.

1 Milner may know those answers. I think we went into that
2 with him during his deposition.

3 MS. BARONE: But I think he referred to Mr.
4 Scheye, so I want to be sure we have it somewhere. And then
5 finally, this would be the next part if Mr. Scheye cannot
6 answer this question, as well.

7 BY MS. BARONE:

8 Q Does BellSouth have a billing system today that
9 can generate mechanized bills for combinations of UNES?

10 A Let's put it on the same list and get them all at
11 once. We have rendered a bill here to AT&T for a
12 combination of loop and port, but I think we ought to
13 confirm it with all the rest of them to make sure we give
14 you a consistent answer.

15 MS. BARONE: So perhaps our Late-filed Exhibit 31
16 title needs to be expanded to include billing systems,
17 billing for UNES.

18 CHAIRMAN JOHNSON: And billing for UNES.

19 MS. BARONE: Yes, ma'am. Thank you, Mr. Scheye,
20 that's all I have.

21 THE WITNESS: Thank you.

22 CHAIRMAN JOHNSON: Commissioners. No questions.
23 How much redirect do you have?

24 MS. WHITE: I do have some redirect. I don't
25 know whether you would want to go for it tonight or if you

1 want to come back with it tomorrow morning in light of the
2 fact that Mr. Scheye may be back on the stand.

3 CHAIRMAN JOHNSON: We will recess for tonight and
4 allow you to do your redirect in the morning. And did you
5 have something else to add?

6 MS. WHITE: Yes. I guess I would like to make
7 one point. If we bring Mr. Scheye back with regard to this
8 ESSX audit of the Commission, I think it's Exhibit 26, I
9 just would want to make it clear that he comes back with the
10 expressed purpose of answering AT&T's questions regarding
11 that exhibit.

12 CHAIRMAN JOHNSON: Yes, it would be limited to
13 that.

14 MS. WHITE: Thank you very much.

15 MR. MELSON: Chairman Johnson.

16 CHAIRMAN JOHNSON: Yes, sir.

17 MR. MELSON: I just wanted to inquire about the
18 status of some late-filed deposition exhibits for Ms.
19 Calhoun. It appears she may get on the stand tomorrow, and
20 as of the last report those were still in process, and I'm
21 just wondering if we are going to have an opportunity to
22 review those before we have to cross her.

23 CHAIRMAN JOHNSON: Staff.

24 MS. BARONE: We are waiting for Ms. White to let
25 us know the status of that.

1 MS. WHITE: Yes. Apparently we filed -- there
2 are only two still outstanding. We filed some more today.
3 Apparently Number 10 and Number 16 are the ones that are
4 still missing, and we will be working work on that to get
5 them in as soon as possible.

6 CHAIRMAN JOHNSON: I'm sorry, what --

7 MS. WHITE: We filed all of them now but Number
8 10 and Number 16, and we are still working on getting that
9 information.

10 MS. BARONE: And we will be sure to have those
11 that we have in-house available tomorrow.

12 CHAIRMAN JOHNSON: Hold on one second, Mr.
13 Melson. Your request, Mr. Melson? I know you stated you
14 wanted to have ample time to review those.

15 MR. MELSON: The copy was delivered to my office.
16 I would like to have one here, but I will work with Ms.
17 White on that.

18 CHAIRMAN JOHNSON: Okay. Any other questions for
19 tonight? Seeing none, we will reconvene at 9:00 o'clock
20 tomorrow morning.

21 (Transcript follows in sequence with Volume 7.)
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25