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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

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 - AFTERNOON SESSION

VOLUME V

PAGE 568 through 664

PROCEEDINGS: HEARING  
BEFORE: CHAIRMAN JULIA L. JOHNSON  
COMMISSIONER J. TERRY DEASON  
COMMISSIONER SUSAN F. CLARK  
COMMISSIONER DIANE K. KIESLING  
COMMISSIONER JOE GARCIA  
DATE: Monday, September 2, 1997  
TIME: Commenced at 3:00 p.m.  
PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida  
REPORTED BY: NANCY S. METZKE, RPR, CCR  
APPEARANCES:

(As heretofore noted.)

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FPSC-RECORDS/REPORTING

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1  
2  
3 (Transcript continues in sequence from Volume  
4 III)

5  
6 ROBERT C. SCHEYE

7  
8 Continues his testimony under oath from Volume III:  
9

10 CONTINUED CROSS EXAMINATION

11  
12 BY MR. MELSON:

13 Q So that is not included in the price that you  
14 have put forth in the SGAT for the unbundled local  
15 switching element?

16 A No, sir, it's not. The only thing we have in  
17 there is to bill it at its structure.

18 Q Let me change gears on you now.

19 A Sure.

20 Q As of today, BellSouth has not filed its  
21 statement of generally available terms and conditions; is  
22 that correct?

23 A Correct.

24 Q When do you anticipate filing that?

25 A I believe I heard earlier it's sometime later

1 this week. I don't have the precise date though.

2 Q Do you know a precise date?

3 A I do not is what I added on.

4 Q Did you participate in the decision not to file  
5 the SGAT earlier and not to waive the 60-day time period  
6 for the Commission review of a filed SGAT?

7 A I'm sorry, did I participate in the discussion?

8 Q In the decision not to file the SGAT at an  
9 earlier point in time.

10 A Yes.

11 Q Why did BellSouth choose not to file the SGAT  
12 until time in midst of these proceedings?

13 A The decision that we made was based on activities  
14 in all nine states, and we saw that the hearing process and  
15 the decisional process by each of the commissions was  
16 somewhat unique and different, every commission having  
17 their own schedule. What we chose to do was get the  
18 statement in front of the commissions as absolutely as  
19 early as possible, which in some cases was very clear that  
20 that would be longer than the 60-day approval process, so  
21 we chose to provide a draft to each of the commissions in  
22 that case; and then we estimated when the 60-day clock  
23 would end. We backed up essentially 60 days in order to  
24 file the formal statement at that point in time so that we  
25 would comply with the 60-day requirements of the Act.

1 Q So you made a decision then not to waive the  
2 60-day requirement but simply to count backwards and try to  
3 file on exactly the day that would leave the Commission 60  
4 days to act?

5 A Basically that is the process we used. In  
6 Georgia we already have waived the 60 days, so it's not  
7 implausible or impossible for BellSouth to do so, but we  
8 thought going into the process it made more sense to set it  
9 up in accordance with their own schedules.

10 Q Now Mr. Scheye, in your direct testimony you  
11 state in general that when an issue has been arbitrated  
12 BellSouth has included provisions in the statement based on  
13 those decisions. Is that a fair summary of the approach  
14 you took?

15 A Yes, sir.

16 Q Are you aware of the Florida Public Service  
17 Commission ruling on the interval in which BellSouth should  
18 provide physical collocation?

19 A Not specifically.

20 MR. MELSON: Commissioners, let me hand out an  
21 exhibit, and I'm actually going to hand out two to actually  
22 get them both out at the same time.

23 BY MR. MELSON:

24 Q Mr. Scheye, let's start with the document that is  
25 an excerpt from page 102 of Order PSC 961579.

1           Commissioners, this is one of the documents that  
2 has been identified for official recognition, so I don't  
3 think there is a separate need to identify this.

4           Mr. Scheye, would you read for the record the  
5 last paragraph on that page?

6           A     Sure. "Upon consideration, we conclude that  
7 maximum time periods for the establishment of physical  
8 collocation of three months and virtual collocation of two  
9 months are reasonable for ordinary conditions. If MCI and  
10 BellSouth cannot agree to a required time for a particular  
11 collocation request, BellSouth must demonstrate why  
12 additional time is necessary."

13          Q     And would you agree with me that except in  
14 situations when there are environmental hazards identified  
15 that the interconnection agreement between MCI and  
16 BellSouth calls for physical collocations to be completed  
17 within three months?

18          A     I'll accept that; I don't have it in front of me.

19          Q     But that's part of the record in this docket, and  
20 the Commission could refer to that if they wanted to see  
21 it?

22          A     Yes, sir, sure.

23          Q     All right. Your SGAT does not contain any time  
24 limit for providing either physical or virtual collocation,  
25 does it?

1           A     It does not.

2           Q     If we could turn for a minute to your Exhibit  
3 RCS-2, which is the Florida price list.

4           A     Yes.

5           Q     And unless I'm mistaken, RCS-2 is a copy of what  
6 is also Attachment A to your SGAT; is that correct?

7           A     Correct.

8           Q     In general, what are the sources of the prices  
9 reflected on Exhibit RCS-2?

10          A     The vast majority of them are from the  
11 arbitration agreements. There were some that were not  
12 arbitrated in the State of Florida, and they have come from  
13 other sources because of that.

14          Q     Could you turn to page 4 of that document and  
15 look at the charge for selective routing of \$3.90 monthly  
16 recurring charge and \$10 nonrecurring charge?

17          A     Yes, selective routing three -- Yes, I have it.

18          Q     Now the Florida Commission required BellSouth to  
19 provide selective routing or what we sometimes called  
20 customized call routing; is that correct?

21          A     Yes.

22          Q     And there was no charge for that established in  
23 the Commission's orders; is that correct?

24          A     Correct.

25          Q     Is it fair to say that this price for selective

1 routing is something that BellSouth is essentially  
2 unilaterally proposing?

3 A No.

4 Q What is the source of this number?

5 A It's been used in several other states. This  
6 particular number comes from agreements in Alabama and  
7 Kentucky.

8 Q Is it fair to say there has been no cost  
9 documentation for those prices filed in Florida?

10 A I think that's a fair statement, yes, sir.

11 Q Now a number of the prices shown on here were  
12 prices that were set on an interim basis in the MCI and  
13 AT&T arbitration proceedings; is that correct?

14 A Yes.

15 Q And that would be, for example, the per-line  
16 charge for loop distribution, the network interface device  
17 and a number of the other rates?

18 A Correct. Those are good examples of those, yes.

19 Q Does BellSouth intend to change the prices in its  
20 SGAT when the Commission completes its review of the  
21 current cost studies for those elements?

22 A I believe, as I tried to describe and maybe not  
23 completely in my rebuttal testimony, that is really at the  
24 Commission's discretion. These rates we feel are  
25 permanent, other than in the case of the couple you picked

1 out which were described as interim. The Commission will  
2 have a cost proceeding. They could either implement those  
3 changed rates for the remaining period of the statement, or  
4 they could simply hold those for the next period of time or  
5 when the next set of rates were being determined. But that  
6 would clearly be totally in the discretion of the  
7 Commission.

8 Q So in the event the Commission were to -- after  
9 reviewing the cost studies the Commission were to approve  
10 different rates, do you intend to change the rates in the  
11 SGAT to reflect that decision, or do you intend to leave  
12 them the way they are?

13 A We will leave them the way they are unless  
14 ordered by the Commission to change them.

15 Q So if the Commission were to determine that  
16 cost-based rates for these items are lower than what you've  
17 shown here as rates, unless you were ordered to change  
18 them, you would not change them in the SGAT?

19 A Again, it's the Commission's discretion; that's  
20 the way they set up the proceeding. At least that's my  
21 understanding of the way the proceeding is set up.

22 Q Mr. Scheye, turn to the first page of this  
23 exhibit and tell me the source of the prices for physical  
24 collocation.

25 A I believe that's from the arbitration decision.

1 That's basically the rates that were included in the  
2 physical collocation handbook that was used in that  
3 proceeding.

4 Q Do they match the rates currently in BellSouth's  
5 physical collocation handbook?

6 A Now you are really going to test my memory. This  
7 handbook was from the arbitration. It was several months  
8 old. The handbook has been updated. It is possible that  
9 some of the rates in the more current handbook have  
10 changed, but I can't say with certainty which ones may have  
11 changed.

12 Q Mr. Scheye, would you accept subject to check,  
13 and again the MCI interconnection agreement has been  
14 identified as an exhibit in this document, that these  
15 proposed rates on page 1 of your price list do not match  
16 the rates in the MCI/BellSouth arbitrated agreement?

17 A That's very possible. That wasn't the source.

18 Q I thought you told me that the source was the  
19 physical collocation handbook in place at the time --

20 A Of the AT&T arbitration.

21 Q -- of the AT&T arbitration.

22 A Yes.

23 Q It was at the same time as the MCI arbitration?

24 A And subsequent to that BellSouth and MCI may have  
25 agreed to a different set of rates certainly.

1 Q So to the extent the rates in the MCI/BellSouth  
2 interconnection agreement are different than these, it's  
3 your testimony that that agreement does not follow the  
4 Commission's arbitration decision?

5 A No, the agreement follows the Commission  
6 arbitration decision. If subsequent to the Commission's  
7 order the two parties agreed to a different condition or a  
8 different rate or added something, the agreement was then  
9 subsequently provided to the Commission for their approval  
10 and they approved it; so they were certainly provided --  
11 given notice that there may have been a change to it.

12 Q There is a price in this attachment for poles,  
13 ducts and conduits; is that correct?

14 A Yes.

15 Q That's at the top of page 2?

16 A Yes.

17 Q And those rates were not set in any Florida  
18 arbitration proceeding; is that correct?

19 A That's correct, sir.

20 Q And what is the source of those two prices?

21 A Those two prices are out of existing license  
22 agreements and are founded on an FCC formula that all  
23 incumbent local exchange carriers are required to follow.

24 Q On the -- excuse me, I'm hopping around a  
25 little.

1 A That's okay.

2 Q On page 1 of this, the third line, intermediary  
3 tandem switching, what is the source of that per-minute  
4 rate?

5 A The AT&T order of 10/1/96.

6 Q Was that an arbitration order?

7 A No, sir.

8 Q What was that?

9 A I'm going to guess. I don't recall which order  
10 that was. That sounds like the order from the generic  
11 docket on interconnection, but I don't have that order in  
12 front of me.

13 Q There are rates in here for -- on page 4 of this  
14 attachment, non-sent paid report system and OLEC daily  
15 usage file. Those rates were not set by the Commission in  
16 arbitration proceedings; is that correct?

17 A Correct. They were not arbitrated, you're  
18 correct.

19 Q And you have submitted no cost data to the  
20 Florida Commission to support those rates; is that correct?

21 A Correct. Those are regionally developed rates  
22 and are contained in some of the arbitrated agreements --  
23 or negotiated agreements, excuse me.

24 Q The advanced intelligent network, AIN, per  
25 message rates, those rates were not set in the arbitration

1 based on any cost studies; is that correct?

2 A It was in the AT&T order. They were -- that  
3 rate, excuse me, is derived from the AT&T order.

4 Q Isn't it true that that was a negotiated rate  
5 that was negotiated between BellSouth and AT&T after the  
6 Commission's initial arbitration decision?

7 A Yes, because, again, it was not arbitrated  
8 initially.

9 Q Thank you. That was what I had thought my  
10 question was.

11 A Oh, sorry.

12 Q On page 2 of this exhibit, you've got a loop  
13 distribution per line per month charge of \$7, and then  
14 non-recurring charges, it says subject to BFR. Does that  
15 mean that if an ALEC wanted to purchase a hundred loop  
16 distribution elements at \$7 a piece, before it could do  
17 that, it would have to go through a BFR process with  
18 BellSouth to establish a non-recurring charge?

19 A Yes.

20 Q BellSouth did not propose a non-recurring charge  
21 for loop distribution in the arbitration proceedings, did  
22 it?

23 A No, sir.

24 Q And the Commission -- Strike that.

25 Assume that MCI wanted to purchase an unbundled

1 loop and an unbundled port and combine them itself. What  
2 rates would apply to that transaction?

3 A The rate for the unbundled loop, depending on the  
4 type, let's say a two-wire analog, and the rate for the  
5 comparable port, again the two-wire analog, both the  
6 recurring and non-recurring charges.

7 Q And how would BellSouth deliver that loop to MCI?

8 A I'm sorry, how would --

9 Q How would you deliver the loop to MCI?

10 A Probably based on the way MCI ordered it. It  
11 more than likely would be ordered either to a collocation  
12 location of MCI's or requested to be connected to some sort  
13 of transport, to transport that loop to some other MCI  
14 location or the location desired by MCI.

15 Q Let's assume MCI asks for it to be delivered to  
16 its collocation space.

17 A Okay.

18 Q How would BellSouth deliver the unbundled port to  
19 MCI?

20 A I'm not sure, other than they would deliver it to  
21 the collocation -- Let's assume it was physical  
22 collocation. It would be delivered to the MCI cage or  
23 equivalent or MCI equipment.

24 Q And I guess I'm asking you, how do you deliver a  
25 loop to a cage, and how do you deliver a port to a cage?

1           A     Are you asking me technically how you do that? I  
2 mean I'm not sure what -- I'm not trying to be -- I just  
3 don't understand the gist of your question.

4           Q     I guess I'm asking you technically, if you know,  
5 and if you don't, in walking-around language, if BellSouth  
6 is not going to combine the loop and the port itself but is  
7 going to deliver them both to MCI, I'm trying to understand  
8 how that delivery takes place.

9           A     I guess, and I'm not a technical person so I  
10 unfortunately cannot give you a technical description. The  
11 only thing I can give you is sort of a comparable  
12 situation. Today a competitive access provider can deliver  
13 its own piece of transport, which could be comparable to  
14 this loop, and have it collocated or have BellSouth  
15 collocate it. It goes to, I believe, some sort of frame in  
16 the office that at that point is where its terminated, so I  
17 think it would be something comparable to that; but again,  
18 please be mindful that I'm not the technical expert.

19          Q     Is there -- has BellSouth considered its  
20 technical capability to deliver a port to a collocation  
21 space?

22          A     Have we considered doing it? I'm sorry, again,  
23 I'm --

24          Q     Yes, sir.

25          A     Yes, we will do it. We have indicated that.

1 Q And I guess, which of your witnesses would tell  
2 me whether BellSouth is technically capable of doing that,  
3 and if so, how it would be done?

4 A I guess I can try to answer the first part. We  
5 will do it because we have indicated we will do it. I'm  
6 not sure there is any witness that can tell you how it can  
7 be done technically because I don't know that we have a  
8 technical witness to that specific level of specificity.

9 Q Have you ever delivered an unbundled port to a  
10 collocation space?

11 A It has not been ordered, sir.

12 Q What about the situation where an ALEC says I  
13 want to buy an unbundled loop and an unbundled port and  
14 combine the two but I don't have physical collocation, I've  
15 got virtual collocation, in that situation would BellSouth  
16 combine the loop and the port at the virtual collocation?

17 A We'd have to look at that. That was the  
18 provision I was trying to describe earlier and was asked  
19 not to do it, so I'll try to do it here.

20 In terms of combinations in the change we made to  
21 the statement in section, Roman Numeral II-F, it indicates  
22 where a carrier requested BellSouth do some form of  
23 combination, and obviously that is a very generic  
24 statement, but it could apply to the instance that you just  
25 raised, BellSouth would negotiate that with the particular

1 carrier with that particular instance; and if we could do  
2 it, we would do it, as long as the two parties could come  
3 to an accord on the price and the terms and conditions.

4 Q And that price that you would charge for  
5 combining the two was what was referred to earlier as I  
6 believe a glue charge?

7 A It could be. Yes, that could be an application  
8 of that, that's correct, sir.

9 Q Did I misunderstand Mr. Varner then? Because I  
10 thought Mr. Varner told us that as a matter of policy  
11 BellSouth was not going to do any combinations, therefore,  
12 it didn't need to set a price for doing something it wasn't  
13 going to do?

14 A I believe -- and first of all, no, I don't  
15 believe Mr. Varner misspoke. In the context of what was  
16 offered and what is required of BellSouth, it is not  
17 required. Again, if you look at the modification we made  
18 to that particular section of the statement, it does  
19 provide the capability of the carrier to request that type  
20 of situation, and BellSouth offers to negotiate that with  
21 the particular carrier. It is not, quote, a requirement  
22 per se, so I don't believe that there was any misstatement.

23 Q So it's your testimony, just so I'm clear, that  
24 BellSouth will combine a loop and a port but only after it  
25 negotiates with the purchaser for some charge for

1 performing that function?

2 A I think you put a few words in my mouth, so let  
3 me try to clarify it. I said in accordance with the  
4 statement, as it is currently filed with the Commission, it  
5 indicates that if a carrier requests that, we will  
6 negotiate it. We are not making a commitment yes, no, or  
7 maybe. Obviously that is what negotiations are all about.

8 COMMISSIONER CLARK: You know, Mr. Scheye, I  
9 think you can answer his question yes or no. I don't think  
10 he misquoted you. It seems to me he has asked you if you  
11 will negotiate putting them together.

12 WITNESS SCHEYE: Yes.

13 COMMISSIONER CLARK: And the question is will you  
14 charge for that?

15 WITNESS SCHEYE: Yes. He said would we -- what I  
16 was trying to clarify was, in some instances we may not be  
17 able to actually do it. I was trying to make clear that  
18 not in every instance would we necessarily do it. I  
19 indicated we would negotiate it in each case and we would  
20 apply a price in each case when we can do it.

21 COMMISSIONER CLARK: So there would be a glue  
22 charge?

23 WITNESS SCHEYE: Yes, there would be a glue  
24 charge.

25 Q And did I understand you to say there would be a

1 glue charge if the negotiations were successful but that  
2 you're not committing that you would always negotiate to do  
3 a particular combination?

4 A Again, we would negotiate it. I don't know what  
5 the outcome of the negotiations -- We would certainly try  
6 to accommodate the needs of each and every carrier in order  
7 to do it, but there are a million possibilities, and it's  
8 an awfully general question to try to answer simply.

9 Q Could you turn to page 33 of your direct  
10 testimony?

11 A I'm sorry, 33?

12 Q Yes, sir.

13 A Yes.

14 Q At line 22, or at lines 18 through 23, actually,  
15 there is a question, "How is switched access treated when  
16 an ALEC recombines elements or purchases unbundled  
17 switching?" The answer is, "The statement provides that  
18 existing tariffed switched access charges will apply until  
19 switched access charges are restructured."

20 Frankly, I don't understand either the question  
21 or the answer and was wondering if you could tell me what  
22 you meant by your answer.

23 A Certainly. At the time my testimony was filed  
24 and the accompanying statement, it had a different  
25 provision in there for Section II-F. It indicated

1 basically subject to further Commission rulings that the  
2 combination of unbundled network elements to create a  
3 retail service would be treated as resale, in other words,  
4 as a retail service minus the avoided cost discount. In  
5 those instances, if a toll call was made, BellSouth would  
6 have applied switched access charges. So that sentence  
7 reflected the statement as it existed at that point in  
8 time. That particular reference in the statement has now  
9 been changed and, therefore, this sentence -- or this  
10 statement could also be changed or would have been.

11 Q All right. Turn if you would to page 42, line  
12 11. You indicate that ordering and provisioning of all  
13 services purchased from BellSouth by an ALEC are set forth  
14 in the local interconnection facilities-based ordering  
15 guidelines which is RCS-5?

16 A Yes.

17 Q Can you show us in RCS-5 how an unbundled loop --  
18 or excuse me, how unbundled loop distribution is ordered?

19 A I don't have it in front of me, and I don't know  
20 if it gives you that level of detail in that document. It  
21 probably gives you instructions to the extent that it's not  
22 spelled out with specificity that you would talk to your  
23 particular account team to work out those details.

24 Q So that document is one of your exhibits?

25 A Yes.

1 Q Okay. Would you accept subject to check that  
2 that document says nothing about ordering unbundled loop  
3 distribution?

4 A Yes, and I think that would be appropriate  
5 because unbundled loop distribution is going to vary  
6 significantly from area to area, and it's difficult to say  
7 generically how one would do it.

8 Q So if I'm told to find out how to order things  
9 from BellSouth and I'm referred to a document and that  
10 document makes no reference to the element that I want to  
11 purchase, what am I supposed to do?

12 A At that point you would contact your account  
13 team, and they would instruct you on how to do it or walk  
14 you through it or help you process the order, whatever it  
15 took to get it done.

16 Q Because my account team is my advocate within  
17 BellSouth?

18 A Your account team is your advocate in BellSouth,  
19 that is correct, sir.

20 Q You testify about BellSouth providing  
21 nondiscriminatory access to numbering resources. Do I  
22 understand that your testimony refers only to the situation  
23 where an entire NXX is assigned to an ALEC and not to a  
24 situation where individual telephone numbers are assigned  
25 out of an existing BellSouth NNX?

1           A     I think the answer to that is yes. I'm not sure  
2 of the second circumstance, that's why I'm being a little  
3 hesitant; but predominantly I'm talking about providing an  
4 NXX code to a CLEC, a facility-based.

5           Q     Let me ask you this, are you talking about  
6 anything other than providing an entire NXX code to a CLEC?

7           A     No, I don't believe so.

8           Q     You indicate on Exhibit 20, which was the little  
9 two-page summary that you -- excuse me, two-page document  
10 that you used during your summary, Item 2, collocation, you  
11 indicate that 140 -- well, let me look at the Florida  
12 numbers. 34 in place and 31 in progress; is that correct?

13          A     In Florida.

14          Q     In Florida.

15          A     Yes, sir.

16          Q     None of those in Florida are physical  
17 collocations; is that correct? None of the ones in place  
18 are physical collocations?

19          A     None of those in place are physical, that is  
20 correct, sir.

21          Q     Let me go back just for a minute to the, sort of  
22 the first question I asked you which was our ALEC buying an  
23 unbundled loop and an unbundled port having a call placed  
24 via WorldCom. I believe you indicated that that -- you  
25 would provide the ALEC a bill for the loop and the port

1 based on your rates in the SGAT for that service?

2 A Yes.

3 Q And I believe you indicated that would be  
4 rendered electronically?

5 A I said it could be.

6 Q Could be. Can it be rendered electronically  
7 today?

8 A Currently it cannot be.

9 Q All right. Do you know when it's going to be  
10 able to be rendered electronically?

11 A It's my understanding that the system should be  
12 in place I believe later this month. I'm sorry, for the  
13 usage component. I believe the loop and the port component  
14 probably today.

15 Q But today a complete bill for that service cannot  
16 be rendered?

17 A Electronically, correct, sir.

18 Q Do you recall -- strike that.

19 When BellSouth sells its directory assistance  
20 data base to an ALEC for the purpose of that ALEC  
21 presumably setting up its own directory assistance service,  
22 does the data base that BellSouth provides include  
23 telephone number listings for customers of independent  
24 telephone companies?

25 A Yes, to the extent that the independent telephone

1 company allows us to include their listings in that data  
2 base.

3 Q And does the independent telephone company have  
4 to affirmatively tell you to include the listings, or is it  
5 something that you do unless you've been told not to?

6 A I believe they have to affirmatively tell us.

7 Q Do you know whether all of the independent LECs  
8 in Florida who have directory assistance numbers in your  
9 data base have told you that you may provide those numbers  
10 to purchasers of the data base?

11 A I believe there are some that have not told us,  
12 or will not allow us is probably a better way to say that.

13 Q Are you aware of some testimony in this docket  
14 regarding interconnection or ability to interconnect at a  
15 local tandem?

16 A I'm sorry, testimony?

17 Q Yes, sir.

18 A Yes, I believe I did -- I can't recall the  
19 witness, but someone requested it or mentioned it.

20 Q Does BellSouth permit interconnection at local  
21 tandems?

22 A It will allow it. It's not included in the  
23 statement in that fashion. It's not included in any of the  
24 existing agreements because of the way the agreements were  
25 set, but it is allowed and it would go through the bona

1 fide request process if, indeed, there was such a request.

2 Q So it's your testimony that interconnection at  
3 the local tandem is not allowed under any of the existing  
4 agreements?

5 A It's not included, yes, that's correct. The  
6 specifications of the agreements and the statement deal  
7 with the access tandem basically, or the end office.

8 Q All right. Mr. Scheye, I handed you out --

9 COMMISSIONER CLARK: Let me ask a question. You  
10 asked the question that they are not allowed. You said  
11 they are not included, and I don't understand the point.

12 WITNESS SCHEYE: The difference?

13 COMMISSIONER CLARK: Uh-huh.

14 WITNESS SCHEYE: It's not that we have a  
15 prohibition against it. The current agreements that we  
16 have, for example, with MCI does not provide for it. Yet  
17 that agreement also says if there is anything else that the  
18 carrier requires they would go through the bona fide  
19 request process, and this would be an application of that.

20 COMMISSIONER CLARK: Okay.

21 Q So just to be clear, if MCI wanted to  
22 interconnect at the local tandem, it's your testimony that  
23 since that's not -- since that is not covered by the  
24 existing agreement, MCI would have to go through the BFR  
25 process?

1 A Correct, as well as any other carrier.

2 Q All right. I handed you two documents earlier.  
3 Could you pick up the second one that is labeled  
4 MCI-BellSouth Florida Interconnection Agreement.

5 And Commissioner Johnson, I think I would like to  
6 have these two pages identified if I could as Exhibit 23.

7 CHAIRMAN JOHNSON: The attachment, the  
8 interconnection attachment?

9 MR. MELSON: Yes, ma'am. This is part of the  
10 larger interconnection agreement that has been previously  
11 identified as Exhibit 14 but which was too voluminous to  
12 copy, so I have just tried to copy the relevant pages.

13 CHAIRMAN JOHNSON: Okay.

14 BY MR. MELSON:

15 Q Mr. Scheye, would you turn to page, the second  
16 page --

17 CHAIRMAN JOHNSON: I'm sorry, but you said you  
18 would like to have this excerpt identified, did you not?

19 MR. MELSON: Yes, ma'am, and that's Number 23?

20 CHAIRMAN JOHNSON: Uh-huh.

21 MR. MELSON: Thank you.

22 BY MR. MELSON:

23 Q Mr. Scheye, would you turn to the second page of  
24 this document?

25 A Yes.

1           Q     Would you read to me -- well, rather than that,  
2 read to yourself, if you would, paragraph 1.2.2 and 1.2.2.1  
3 and tell me whether your interpretation is that MCI is not  
4 permitted under those provisions to interconnect at local  
5 tandems without a further BFR process.

6           A     My interpretation would be that local tandems  
7 would not be included in that in the context of the  
8 entirety of Sections 1.1 and 1.2 of the agreement.

9           Q     And why is that?

10          A     The way the agreement is constructed with MCI,  
11 which is also fairly typical of agreements such as this  
12 with interexchange carriers, typically talks about trunking  
13 for local traffic and trunking for access or toll traffic  
14 and where it is to be divided. Typically they are always  
15 going to the same designation or designated points, in  
16 which case it then describes what is on one trunk and what  
17 is on the other trunk. In order for that to occur with a  
18 carrier such as MCI, or for that matter any other  
19 interexchange carrier, the only possible termination points  
20 for that kind of trunking arrangement would either be an  
21 axis tandem or directly to an end office, not a local  
22 tandem.

23          Q     Are there some independent companies that  
24 interconnect with BellSouth at, for local tandems?

25          A     For local traffic, is that what you're asking?

1 Q Yes, sir.

2 A Yes, they can.

3 Q Mr. Scheye, do you have a copy of your  
4 proprietary Late-filed Exhibit Number 9?

5 A I think so.

6 MR. MELSON: And Commissioners, my question won't  
7 require you all to see it.

8 A I'm sorry, sir, was it Number 9?

9 Q Number 9, yes, sir.

10 (Document tendered to the witness)

11 Q Mr. Scheye, that exhibit purports to show the  
12 number of virtual and physical collocations in progress for  
13 a number of different carriers, including MCImetro.

14 A Yes.

15 Q Is the number shown for MCImetro a region-wide  
16 number, or is that a Florida number?

17 A I would say that's a region-wide number.

18 Q All right. Thank you. That keeps it from being  
19 incorrect.

20 Could you turn to page 4 of your revised  
21 statement of generally available terms?

22 A Is that the one in legislative format?

23 Q Yes, sir.

24 A Yes.

25 MR. MELSON: And Commissioners, at this point I'm

1 got to confess, I'm not sure whether this has been  
2 identified as an exhibit. The Prefiled -- the prefiled  
3 version of it was identified as an exhibit. Has there been  
4 a separate identification of the revised SGAT?

5 MS. BARONE: Not yet.

6 MS. WHITE: Okay. Then we would ask that the  
7 revised version of the SGAT filed on August 25th, 1997 be  
8 identified as an exhibit.

9 CHAIRMAN JOHNSON: Do we -- Staff, do you have  
10 the documents? Do we have the documents?

11 MS. BARONE: Yes, we have the revised SGAT.

12 CHAIRMAN JOHNSON: Okay.

13 MS. BARONE: We don't have a lot of copies of it.

14 CHAIRMAN JOHNSON: That's fine.

15 MR. MELSON: Well, actually --

16 MS. BARONE: Actually I did provide that to all  
17 the Commissioners in your packet.

18 CHAIRMAN JOHNSON: Okay.

19 MS. WHITE: Yeah, the parties already have it  
20 through the filing process. We copied them with this.

21 CHAIRMAN JOHNSON: Okay. I'll have to look for  
22 it.

23 MR. MELSON: Actually I think Mr. Scheye --

24 CHAIRMAN JOHNSON: We need to identify it as 24.

25 MS. WHITE: Yes.

1 BY MR. MELSON:

2 Q I believe my question relates to a paragraph that  
3 hasn't changed in the revision so it doesn't matter whether  
4 you are looking at the original or the revised copy. Page  
5 4, paragraph number 3, "For originating and terminating  
6 toll traffic, each company shall pay the other BellSouth's  
7 intrastate or interstate, whichever is appropriate,  
8 switched network access service rate elements on a per  
9 minute of use basis." Do you see that language?

10 A Yes, sir.

11 Q Does that mean that a party who takes under the  
12 SGAT must charge BellSouth the same per minute rate for  
13 switched access that is contained in BellSouth's tariffs?

14 A Yes.

15 Q And that is irrespective of whether the rate in  
16 the ALEC's tariff may be higher or lower than the BellSouth  
17 tariffed rate?

18 A I believe if the -- It would be irrespective,  
19 you're correct. And I believe if the ALEC in this case had  
20 a different rate in its tariff before this Commission or  
21 the FCC, it would simply need to negotiate an agreement  
22 with all of the terms of the statement, with some  
23 modification of this particular one to recognize the  
24 difference in access charge.

25 Q But since the SGAT is designed for people who

1 don't want to negotiate, without negotiation the rate that  
2 would apply would be the BellSouth rate in both directions?

3 A Yes, and our understanding is many of the smaller  
4 carriers who might want to take from a statement such as  
5 this are likely to mirror our rates for access, so it was  
6 consistent with that.

7 Q One of the network elements that you offer under  
8 SGAT is called common transport.

9 A Yes.

10 Q Can you describe for me what common transport is?

11 A Sure. Common transport is the capability of  
12 getting between either two BellSouth end offices or between  
13 a BellSouth end office and a BellSouth tandem or in some  
14 instances between two BellSouth tandems. In other words,  
15 it's the facility that connects two of BellSouth's  
16 switches, and a CLEC or ALEC's call may traverse that as  
17 well as the traffic of BellSouth and any other carrier.

18 Q So when BellSouth uses the term "common  
19 transport," you use it to mean a facility that carries  
20 traffic of BellSouth as well as traffic of ALECs?

21 A That's correct, sir.

22 Q Where would I find the performance measurements  
23 that BellSouth proposes for inclusion in the SGAT?

24 A I believe we've adopted, and I'm going to have to  
25 try and find the section.

1 Q Try Attachment I.

2 A Attachment I, which I don't seem to have in front  
3 of me. I'm sorry, I don't have that with me, but I'll  
4 certainly accept that if that's the location of it.

5 Q Well, let me ask you this if you know, does  
6 Attachment I indicate various performance measurements that  
7 will be made for an ALEC who purchases under the SGAT?

8 A Yes, sir.

9 Q Does it indicate what would be an acceptable  
10 level of performance under the SGAT?

11 A I believe it does. Again, I'm unfortunate that I  
12 don't have it in front of me, but I'd be happy to look at  
13 it if you'd provide me a copy.

14 Q This is one of your exhibits?

15 A Yes, I just didn't bring it up here, I'm sorry.

16 (Document tendered to the witness)

17 A Okay.

18 Q And I guess I'm asking you to -- let me ask you  
19 to show me in that Attachment I where there are any  
20 specific standards or benchmarks that BellSouth's  
21 performance must meet.

22 A Well, I'm just looking right here, 2.1, it says  
23 desired due date, and it indicates the service, and it  
24 indicates an interval that will be met.

25 Q Does it indicate what percentage of time those

1 intervals will be met?

2 A No, not specifically. It indicates, for example,  
3 2.2 says commit a due date and how that formula will be  
4 derived based on the data.

5 Q Does it indicate what an acceptable percentage  
6 result is in terms of meeting committed due dates?

7 A No, sir, it does not give you a precise  
8 percentage to that effect.

9 Q And if I were to ask you the same question about  
10 each of the other performance measurements, would the  
11 answer be that there is no benchmark or standard set forth  
12 for any of them?

13 A That's -- I think, as Mr. Stacy's testimony talks  
14 about, the benchmarks will be developed from the live date,  
15 so they will be in here, and they will be included. And in  
16 one case I'm looking at 4.2, it says plus or minus 98% of  
17 all records delivered within 30 days of the message  
18 creation. So where there are data available, they are  
19 included. Others are in the process of being developed and  
20 will be applied.

21 Q Would Mr. Stacy be the better witness to talk  
22 about some of those details with?

23 A Yes, sir, I believe so.

24 Q Do you have in front of you a copy of -- I'm  
25 getting close to finishing, Commissioners -- of RCS-5, your

1 resale ordering guideline?

2 A Again, I did not bring them with me. I know they  
3 are included in my testimony.

4 Q Let me ask you a general question then. Does  
5 BellSouth permit an ALEC to reserve up to a hundred numbers  
6 in a BellSouth NNX to be assigned to the ALEC's customers?

7 A I believe that's correct, sir, if memory serves  
8 me right.

9 Q And is it correct that while the CLEC may assign  
10 a reserved number as appropriate during negotiations with  
11 end users, the CLEC has to advise the end user that that  
12 number cannot be guaranteed until service is installed?

13 A I believe in the testimony of Ms. Calhoun she  
14 discusses how numbers can be reserved by a CLEC in that  
15 particular instance.

16 Q Let me ask you to look at a page that I've taken  
17 from Tab 4 of the, I believe it's the preordering section  
18 of your Exhibit 5, resale ordering guideline and ask you to  
19 read for me the highlighted paragraph.

20 A It says, "The CLEC may assign a reserved  
21 telephone number as appropriate during negotiations with  
22 end users, however, the CLEC must advise the end user that  
23 the number cannot be guaranteed until service is  
24 installed."

25 There is obviously some clarifying language above

1 that as well, but there are means for the carrier to be  
2 able to obtain that through some ordering arrangements, to  
3 hold numbers if they need to.

4 Q Is there anything in the clarifying language  
5 above that would indicate that once a CLEC has reserved a  
6 number that it can guarantee to the customer that that  
7 number is available?

8 A No, sir, not in this particular section.

9 Q And can you describe for me what the purpose is  
10 of the resale ordering guide out of which this page came?

11 A Again, all these are guidelines for the carriers  
12 to use to understand the processes and procedures, not each  
13 and every piece part can be put down in any one document;  
14 that's why we have account teams to work with the carriers.  
15 And to the extent there is difficulty or ambiguity or  
16 uncertainty, they would refer those types of things to  
17 their account team for resolution.

18 Q Well, that one didn't seem ambiguous, did it,  
19 Mr. Scheye? That seemed pretty clear. You can't guarantee  
20 the number despite the fact that you've reserved it.

21 A Again, I was making a general statement.

22 Q I believe that's all I've got.

23 MR. MELSON: Thank you, Mr. Scheye.

24 MS. WHITE: Commissioners, would it be  
25 appropriate to take a break at this time?

1           CHAIRMAN JOHNSON: We are going to take a  
2 15-minute break.

3           (Brief recess)

4           CHAIRMAN JOHNSON: If you could settle in, we are  
5 going to go back on the record. I think -- Mr. Melson,  
6 had you completed your questioning?

7           MR. MELSON: I had completed, but during the  
8 break we discussed with Mr. Scheye the need to readdress  
9 one question that I had asked him.

10          CHAIRMAN JOHNSON: Okay.

11                           CONTINUED CROSS EXAMINATION

12 BY MR. MELSON:

13           Q     Mr. Scheye, I had asked you on Confidential  
14 Late-filed Exhibit Number 9 whether the number of  
15 collocations in progress for MCI in Florida are in progress  
16 for MCI for physical collocations was a Florida number or a  
17 region number, and I believe you told me that was a region  
18 number?

19           A     Yes, sir, I did.

20           Q     Was it, in fact, supposed to be a Florida number?

21           A     Yes, the number should have been represented as a  
22 Florida number, and the number is incorrect. The correct  
23 number is four.

24           MR. MELSON: Thank you.

25           CHAIRMAN JOHNSON: Okay.

1 MR. TYE: Thank you, Madam Chairman.

2 CROSS EXAMINATION

3 BY MR. TYE:

4 Q Mr. Scheye, I'm Mike Tye, and I represent AT&T.  
5 Good afternoon.

6 A How are you, sir?

7 Q Mr. Scheye, would you take a look for a moment at  
8 the document that has been designated Exhibit 20, the  
9 Florida cross reference document?

10 A Yes, sir.

11 Q Now that document was not, is not contained in  
12 your testimony, as we see it here; is that correct?

13 A Correct, sir.

14 Q Okay. When did you prepare the document, sir?

15 A Yesterday.

16 Q Okay. And what occasioned the preparation of  
17 this document?

18 A We had done a comparable document in Kentucky and  
19 felt that it might be appropriate and of interest to the  
20 Commission to indicate where in the two arbitration  
21 decisions the comparable information to the statement  
22 resided.

23 Q Okay. When did you prepare the Kentucky  
24 document?

25 A When I was in Kentucky, I believe. Probably

1 Sunday a week ago.

2 Q Okay. A week ago last Sunday?

3 A If memory serves me right, that is correct, sir.

4 Q Okay. And what occasioned the preparation of  
5 that document in Kentucky?

6 A It was the same basic rationale; however, as you  
7 are probably aware, the Commission was considering  
8 dismissing the statement in Kentucky, and we felt it was  
9 also appropriate for that purpose.

10 Q Am I correct in understanding that the commission  
11 in Kentucky did, in fact, dismiss your SGAT?

12 A Yes, that's correct, sir.

13 Q Okay. Now Mr. Scheye, if I look at this  
14 document, I note that there is a reference to your direct  
15 testimony here then a reference to the AT&T agreement, a  
16 reference to the MCI agreement and a reference to the SGAT;  
17 is that correct?

18 A Yes, sir.

19 Q Okay. Let's take the first item on the document,  
20 Item 1 and 13. If I look on pages 14 through 21 of your  
21 testimony, where will I find a reference to page 48,  
22 Attachment 2 of the AT&T agreement?

23 A You won't, sir.

24 Q Okay.

25 A It's simply a reference to interconnection,

1 or reciprocal compensation is what that was intended for.

2 Q I'm sorry, I didn't mean to cut you off.

3 A That's all right.

4 Q Is that the case with each and every one of these  
5 references on this document?

6 A Yes, sir, they are independent references. They  
7 are not connected to each other.

8 Q Okay. They are not contained anywhere in your  
9 direct testimony; is that correct?

10 A Obviously the one that says direct testimony is  
11 reference to the testimony. The others are where they are  
12 in those particular documents.

13 Q But the reference to the AT&T agreement, the MCI  
14 agreement and the SGAT are not contained in your direct  
15 testimony; is that correct?

16 A Actually, in my testimony attached to, if I can  
17 find it for you, Exhibit RCS-4 does actually give some  
18 reference to the AT&T agreement. It does not give  
19 reference to the MCI agreement as such.

20 Q Okay. Mr. Scheye, Mr. Melson asked you a few  
21 questions about the draft SGAT that you filed and the fact  
22 that you could have filed this SGAT in final form and  
23 waived the 60-day time constraint on the Commission's  
24 review; is that correct?

25 A That certainly was an option.

1 Q Okay. And that's an option that you pursued  
2 before the Georgia commission; is that correct?

3 A Not in quite the same fashion. We originally  
4 filed, just like we did in Florida where we filed a draft.  
5 We followed it up with a final, which we envisioned to be  
6 within the 60 days. The Georgia commission issued an  
7 order, indicated subsequent proceedings, and we had to  
8 refile it; and at that point it looked like we were going  
9 to get beyond 60 days, so we simply extended it for about  
10 two weeks.

11 Q Okay. Now is this the SGAT that you have pending  
12 before the Georgia commission now, or is this the SGAT that  
13 the Georgia commission rejected earlier this year?

14 A I believe there was an extension of the original  
15 one because I believe the Commission delayed their decision  
16 date, and I believe it may have applied also to the one  
17 that is currently pending.

18 Q Okay. So the initial filing that you made that  
19 was rejected by the Georgia commission was a final filing;  
20 am I correct in that understanding?

21 A I'm sorry, it was a final filing?

22 Q Yes, sir.

23 A We did not--

24 Q It was not a draft SGAT; is that correct?

25 A Again, we did the exact same thing we did here.

1 We filed a draft, and then we submitted a final one.

2 Q Okay. Now it's my understanding that you plan to  
3 file this final SGAT sometime this week; is that correct?

4 A Yes, sir.

5 Q Okay. And that's dictated solely by the 60-day  
6 time period; is that correct?

7 A Yes.

8 Q The revised SGAT that you filed on August the  
9 25th is a document that has been identified as Exhibit 24;  
10 is that correct?

11 A Yes.

12 Q Okay. Now those revisions, as I understand it,  
13 were made to, in your opinion, comport with the eighth  
14 circuit opinion; is that correct?

15 A Correct.

16 Q Okay. And that opinion was issued on July the  
17 18th; is that correct?

18 A Yes.

19 Q Okay. Now Mr. Scheye, are you aware of the fact  
20 that the last day that parties could serve discovery in  
21 this case was August the 11th?

22 A I'll accept that, sir.

23 Q Okay. And the last day that discovery was  
24 returnable in this docket was August 22nd?

25 A Again, I'll accept that.

1 Q Okay. And your deposition was taken on August  
2 15th; is that correct?

3 A I'll accept that.

4 Q Okay. So then it would be safe to assume that  
5 parties did not have the opportunity to take this document,  
6 which you filed on August 25th, and conduct discovery on  
7 it; is that correct?

8 A That would be correct, sir.

9 Q Okay. Mr. Scheye, following up on something  
10 that Mr. Melson asked you, I'm not sure if I understood it  
11 clearly. Does BellSouth offer interconnection at the local  
12 tandem in this SGAT that you filed here?

13 A No, sir.

14 Q It does not?

15 A It offers it only through the bona fide request  
16 process.

17 Q Meaning that there is no provision in there until  
18 somebody requests it; is that correct?

19 A That's correct, sir.

20 Q Okay. Now Mr. Melson asked you some questions  
21 about the prices in the draft SGAT, and I want to make sure  
22 I understand how those prices were derived. First, you  
23 took rates that were ordered in various arbitration cases  
24 and included those for various elements; is that correct?

25 A Yes.

1 Q Okay. And when a rate was not arbitrated, you  
2 used BellSouth's proposed price list or voluntary  
3 negotiated agreements; is that correct?

4 A Yes, or existing tariffs or license agreements.

5 Q Or you used tariffed rates; is that correct?

6 A And license agreements, yes, sir.

7 Q Excuse me?

8 A License agreements, I'm sorry.

9 Q Okay. Mr. Scheye, you were asked some questions  
10 by Mr. Melson about the cost studies with respect to these  
11 various rate elements that were not arbitrated. Those  
12 studies haven't been entered into the record here; is that  
13 correct?

14 A Correct.

15 Q Okay. Mr. Scheye, there are a number of rates  
16 that were -- excuse me, a number of elements requested in  
17 the arbitration cases for which the cost studies were not  
18 included in the arbitration cases; is that correct?

19 A I'm sorry, could you repeat that?

20 Q Yes. There were several elements that were  
21 requested, several unbundled network elements that were  
22 requested in the arbitration cases for which cost studies  
23 were not available at the time of the arbitration case; is  
24 that correct?

25 A BellSouth had not submitted them. I believe in

1 some cases the Hatfield model may have had some of those  
2 elements.

3 Q Okay. BellSouth subsequently filed cost studies  
4 with this Commission with respect to several elements; is  
5 that correct?

6 A That's correct.

7 Q Mr. Scheye, I want to hand you a document, which  
8 is a copy of a letter from Edward L. Rankin, general  
9 attorney for BellSouth.

10 Madam chairman, I would ask that this document be  
11 marked for identification purposes as Exhibit 25, I believe  
12 that's the next exhibit number.

13 CHAIRMAN JOHNSON: It will be marked as Exhibit  
14 25 with a short title, March 3rd, 1997 letter to PSC from  
15 Mr. Rankin.

16 BY MR. TYE:

17 Q Mr. Scheye, this letter indicates that various  
18 cost studies have been filed with this Commission with  
19 respect to a number of unbundled network elements; is that  
20 correct?

21 A Yes, that's what it appears to be.

22 Q Okay. Now are the prices of these unbundled  
23 network elements also contained in your SGAT?

24 A Certainly for some of those. The only one I'm  
25 not -- I would have to check a few of them, but certainly

1 some of them are. Some of them are not though.

2 Q Now Mr. Scheye, is it safe to say that these cost  
3 studies have not yet been the subject of a hearing before  
4 this Commission?

5 A Yes, that's correct.

6 Q In fact, these, this matter is set for hearing  
7 sometime towards the end of January; is that correct?

8 A I don't know the date, but I'll accept that.

9 Q Okay. And discovery hasn't been concluded in  
10 that case, nor has testimony been filed; is that correct?

11 A That's correct.

12 Q But these cost studies do provide the basis for  
13 various unbundled network elements that are contained in  
14 your draft SGAT; is that correct?

15 A I'm sorry, they are elements for which there are  
16 rates in this statement, if that's what you are asking me,  
17 yes.

18 Q Well, are those -- well, maybe I need to be more  
19 specific with my question then, sir.

20 A Okay.

21 Q Are the rates contained in your SGAT, with  
22 respect to these particular elements, based on the cost  
23 studies that were submitted to this Commission on March  
24 3rd, 1997?

25 A No, sir.

1 Q They are not?

2 A They are based on the decisions of the Commission  
3 in the arbitration case.

4 Q So they are based on rates that the Commission  
5 had no cost studies to support at the time that they were  
6 approved; is that correct?

7 A The Commission had the basis. They had BellSouth  
8 cost studies in some cases. They had Hatfield studies in  
9 other cases, and they may have relied on other studies,  
10 tariffed rates, et cetera, that had underlying costs, but  
11 they did not have these particular studies.

12 Q Well, Mr. Scheye, help me out with this. I was  
13 under the impression that the reason that these studies  
14 were submitted on March 3rd was that BellSouth did not have  
15 cost studies available at the time that the Commission  
16 reached its arbitration decision and ordered BellSouth to  
17 submit new cost studies -- or excuse me, submit cost  
18 studies; is that correct?

19 A Yes, that's my understanding.

20 Q Okay. So then if that is the case, how could the  
21 rates with respect to these elements contained in your  
22 draft SGAT be based on BellSouth cost studies that the  
23 Commission had at the time of the arbitration case?

24 A They were not obviously based on these cost  
25 studies. That doesn't mean the rates aren't cost based,

1 however. For example, the rates for collocation have an  
2 underlying cost basis, and those are equally, comparably  
3 cost based.

4 Q But there was not a cost study submitted to the  
5 Commission on which it relied to set that rate; is that  
6 correct?

7 A That's correct, sir.

8 Q The rate for physical collocation came out of the  
9 BellSouth handbook; isn't that correct?

10 A Yes, that doesn't make it not cost based though.

11 Q Okay. But did you not have a cost study that you  
12 submitted to the Commission at the time that rate was set  
13 in the arbitration case on which the Commission relied; is  
14 that correct?

15 A Correct.

16 Q Okay. And the same is true for each and every  
17 one of these unbundled network elements shown on this  
18 sheet; is that correct?

19 A You're correct as far as BellSouth. I believe  
20 some of these items, for example, Item Number 7, the  
21 Commission relied on the Hatfield model, I believe, for  
22 that one, the network interface device, for example.

23 Q But the rate that you have set forth in your  
24 draft SGAT is based on the BellSouth cost study; is that  
25 correct?

1           A     No, sir. And again, the case of the network  
2 interface device, the Commission, in the arbitration  
3 decision, using the Hatfield model, ordered a rate, and  
4 that's the rate that's in there.

5           Q     Okay. So that is the rate you have included  
6 there?

7           A     Yes.

8           Q     Okay. The other elements though are rates that  
9 were based on BellSouth's price list or something other  
10 than the cost studies; is that correct?

11          A     And ordered by the Commission, that's correct,  
12 sir.

13          Q     And BellSouth -- at the same time these rates  
14 were ordered by the Commission, the Commission ordered  
15 BellSouth to do cost studies on these elements and to  
16 provide them to the Commission for further proceedings; is  
17 that correct?

18          A     Yes.

19          Q     And those proceedings are not concluded as we  
20 speak; is that correct?

21          A     Correct.

22          Q     Okay. Mr. Scheye, you made reference several  
23 times in your testimony and in your response to cross  
24 examination to a bona fide request process in your SGAT; is  
25 that correct?

1           A     Yes.

2           Q     Okay. Can you explain to us how that process  
3 works?

4           A     In broad terms. It's a process that was evolved  
5 from the open network architecture bona fide request  
6 process, so it's a comparable process. Basically, the  
7 carrier in question submits a request for a particular  
8 item. BellSouth responds initially within 30 days,  
9 typically, providing an initial review of the capability,  
10 whether it can be offered, determines with the carrier on  
11 that date, or thereabouts, whether the carrier wishes  
12 BellSouth to continue with their investigation; and  
13 approximately in 90 days it provides the final offer back  
14 to the carrier as to the service and the price and the  
15 capability.

16          Q     Okay. So the final offer takes 90 days to get  
17 back from BellSouth; is that correct?

18          A     It can. It could certainly take less time if  
19 it's something we have done in one state and it's a  
20 comparable request in another state. That's the guideline,  
21 is 90 days though.

22          Q     Okay. And when that offer comes back to the  
23 carrier, that offer will include both the terms and  
24 conditions on which BellSouth would agree to provide the  
25 element and would also include a price; is that correct?

1           A     Correct, sir.

2           Q     Okay. Now suppose those, the offer is not  
3 acceptable to the carrier, where does the carrier go?  
4 Where does the ALEC go from there?

5           A     I guess they've got several routes. One they  
6 could ask BellSouth to go back and revisit it, maybe there  
7 was something different in the assumptions set. Two, if  
8 the carrier was aggrieved and they don't think BellSouth  
9 properly responded, depending on their particular agreement  
10 and/or if they are operating under the statement, they  
11 could come to the state commission or they could go through  
12 some other form of dispute resolution to the extent that is  
13 covered in their agreement.

14          Q     Okay. Let's assume for a moment that they are  
15 operating under your draft SGAT, and let's assume that I'm  
16 an alternative local exchange company, I come to you and  
17 say, I want to order loop distribution -- or excuse me,  
18 feeder loops under your SGAT. Now there is not a price set  
19 in there; is that correct?

20          A     For feeder, that is correct, sir.

21          Q     Okay. That is subject to the bona fide request  
22 process; is that correct?

23          A     Yes.

24          Q     Okay. Now BellSouth would then take that request  
25 under advisement, as I understand it, and come back to me

1 with an offer within 90 days to provide feeder loop with --  
2 at X-amount of money; is that correct?

3 A You would have gotten a preliminary view at 30  
4 days. At that point you'd probably have a pretty good idea  
5 of whether you were in agreement or not in agreement. You  
6 would have told BellSouth, yes, go ahead, we think we are  
7 in the same ball park so to speak; and then 60 days later  
8 you would have gotten your final offer.

9 Q Now let's suppose that I get the final offer and  
10 I think that the price that you're quoting me is not cost  
11 based. What are my options there under the bona fide  
12 request process in your SGAT?

13 A I mean, one, you can certainly ask BellSouth to  
14 revisit it, review the study, see if maybe there is an  
15 error in it, an assumption in it that is incorrect. If  
16 that is not acceptable to you, then you can certainly come  
17 to the Commission and be aggrieved and say BellSouth did  
18 not provide service satisfactorily to you.

19 Q So then does the draft SGAT state clearly that I  
20 have the right to come to the Commission and make such a  
21 request, or do I have to proceed under some provision of  
22 the federal act?

23 A No, sir, I mean it doesn't spell out that you can  
24 come to the Commission. I think that is stated or implied  
25 that you always have that right to the extent you are not

1 satisfied with performance.

2 Q Does the draft SGAT set a time period on which  
3 the parties would hope the Commission would resolve that  
4 dispute?

5 A No, sir, it doesn't.

6 Q Okay. So in the meantime the ALEC that needs  
7 this particular UNE component or this particular service is  
8 without service until the dispute is resolved by the  
9 Commission; is that correct?

10 A If it didn't accept the offer, yes, it doesn't  
11 have service, you're correct.

12 Q Okay. So with respect to an ALEC that needs to  
13 get into business very quickly, the bona fide request  
14 process leads to a conclusion where the ALEC either accepts  
15 BellSouth's offer or submits a question to the Commission  
16 and takes their chances with the amount of time that it  
17 will take to resolve that question; is that correct?

18 A I don't I think I can agree with your conclusion,  
19 and let me just spend a moment. A carrier that wants to go  
20 into business quickly, as you indicated, is not likely to  
21 need anything under the bona fide request process. They  
22 should be able to get into business very, very quickly  
23 using that which is in the statement or in an agreement.  
24 That which is required under the bona fide request process  
25 tends to be that which is unusual and that which has

1 typically not been requested by carriers as a general  
2 matter, so I don't agree with your assumption.

3 Q Okay. Well, we are talking about feeder loop.  
4 That is a component of an unbundled loop, is it not --  
5 excuse me, subloop unbundling; is that correct?

6 A Yes.

7 Q And wasn't subloop unbundling ordered by this  
8 Commission in both the MCI and the AT&T arbitration cases?

9 A To the extent it was requested. Neither MCI nor  
10 AT&T requested feeder.

11 Q Okay. How can it be unusual if the Commission  
12 recognizes it can be done and it's been ordered?

13 A It hasn't been, as I just explained, sir.  
14 Neither MCI nor AT&T requested in the arbitration unbundled  
15 feeder. Both carriers indicated no interest in that  
16 particular subloop element.

17 Q You set a rate in your draft SGAT for  
18 distribution loops, do you not?

19 A Yes.

20 Q Is that the portion of the total loop that hooks  
21 into the feeder loop?

22 A It can. Typically there would be a multiplexor  
23 or a concentrator in between those two.

24 Q So apparently it's not uncommon for a carrier to  
25 ask for a distribution loop, but it would be uncommon to

1 ask for the portion of the loop, the feeder cable that  
2 hooks from the distribution loop into the switch?

3 A Well, I guess you would have to go by carrier.  
4 AT&T indicated interest in neither distribution nor  
5 feeder. MCI indicated an interest in only distribution.

6 Q Mr. Scheye, there were a lot of questions asked  
7 about BellSouth's position with respect to reconnection of  
8 unbundled elements. I think I understand what you said and  
9 what Mr. Varner said with respect to the glue charge, but I  
10 think there was one question I haven't heard asked, and  
11 that is this: If, in fact, you were serving a customer  
12 today and AT&T comes to you and wants to serve that  
13 customer using unbundled network elements and AT&T asks to  
14 use the loop and the port that you already have connected  
15 to that customer, are you going to disconnect the loop and  
16 port and require AT&T to reconnect it?

17 A If that's all that AT&T, or the carrier  
18 requested, yes, because at that point we would provide the  
19 loop and we would provide the port, and AT&T, or whoever  
20 the CLEC is in that case, would reconnect them; so they  
21 would have to be -- if they happened to be the same ones  
22 connected, they would have to be taken apart.

23 Q Well, excuse me a minute. Okay, so then your  
24 answer is that you will have to take those apart and then  
25 AT&T will then have to figure out a way to reconnect them;

1 is that correct?

2 A If the same two actual facilities are the ones  
3 that happen to get used, which may or may not occur in that  
4 particular instance.

5 Q Well, if the customer has already got a loop and  
6 a port already hooked together --

7 A Yes.

8 Q -- and AT&T requests an unbundled loop and an  
9 unbundled port to serve that customer, wouldn't it be most  
10 efficient for you to go ahead and use the same loop and  
11 port that are already hooked together to meet that request?

12 A And that is certainly possible. That is called  
13 resale. Since that is a retail service --

14 Q So it's your --

15 A Can I finish my answer, sir?

16 Q Yes, go ahead, I'm sorry.

17 A Thank you. The scenario you just painted for me  
18 was a customer that had a retail service from BellSouth, a  
19 residence or a business line presumably, and AT&T wants to  
20 take it over in an efficient manner, and they can certainly  
21 do that, and that is called resale of residence or business  
22 service.

23 Q So it's your testimony then that BellSouth would  
24 disconnect these various elements and would require AT&T to  
25 hook them back together, even if they were already

1 connected when AT&T made the request; is that your  
2 testimony?

3 A No, sir, I didn't say anything like that. I  
4 don't know how you got that from my testimony.

5 Q I thought that's exactly what you said.

6 A Let me try it again. The scenario you painted  
7 for me was AT&T wanted to take over an account or a service  
8 from an existing customer, and you said you wanted to do it  
9 in an efficient manner. One such scenario for doing that  
10 is to take that exact customer and that exact service to  
11 that customer and do something called change as-is, which  
12 is to take over everything sort of lock, stock and barrel,  
13 whatever that customer has, without changing one thing,  
14 change the billing to AT&T or a CLEC and purchase it via  
15 resale. And that's a very efficient manner to operate in,  
16 and any CLEC is entitled to do that.

17 Q Okay. Now let's go back and let's talk about  
18 AT&T's request to serve that customer using unbundled  
19 network elements.

20 A Okay.

21 Q And let's assume for a moment that there is  
22 already a loop and a port hooked together serving that  
23 customer. Is it your testimony that AT&T -- you would  
24 disconnect the loop and the port and then you would require  
25 AT&T to somehow hook those back together to serve the same

1 customer that you already have a loop and a port out there  
2 serving?

3 A AT&T would force me to do that, sir, because AT&T  
4 just ordered a loop and a port, happens to be a particular  
5 existing customer. AT&T has now chosen to combine them  
6 themselves, therefore, I have no option and no choice but  
7 to do exactly what you just said.

8 Q So it's your testimony then that by virtue of  
9 making the request, AT&T has required you to disconnect  
10 elements that are previously connected and then require  
11 AT&T to rebundle them?

12 A Again, I don't -- trying not to talk past each  
13 other, there are two different options we are talking about  
14 here, maybe three options, and maybe I ought to go through  
15 each one of.

16 Q Let's forget about resale for a moment so we  
17 don't bump past each other.

18 A Okay.

19 Q And let's talk about a loop and a port that are  
20 connected today.

21 A Okay.

22 Q And AT&T comes to you and says I want to buy that  
23 loop, and I want to buy that port so I can serve that --

24 A Okay, the only --

25 Q Let me finish my question, please, sir.

1           A     Sure.

2           Q     Is it your position that the loop and the port  
3 would then have to be disconnected from one another and  
4 then AT&T would have to figure out some way to make that  
5 connection prior to serving the customer?

6           A     The answer to that question is yes if AT&T orders  
7 a loop and port under the current conditions of our  
8 statement and under the terms of the eighth circuit court  
9 decision. In addition, as the statement talks about, if  
10 AT&T wanted to come to BellSouth and said, we would like  
11 you to do some form of combination of those elements for  
12 you, that's what I indicated earlier, it could be  
13 negotiated between the parties; and if appropriate  
14 conditions develop between AT&T and BellSouth, it could be  
15 accommodated potentially. But that is something that is  
16 beyond the scope of the statement and would have to  
17 subsequently be negotiated.

18          Q     Mr. Scheye, is it your testimony that the policy  
19 that you just articulated is in compliance with the eighth  
20 circuit court decision?

21          A     Absolutely, sir, that's why we changed the  
22 statement to make sure we could reflect that properly.

23          Q     So it's your testimony that the eighth circuit  
24 decision allows BellSouth to unbundle -- or excuse me,  
25 unconnect elements that are previously connected in order

1 to require a requesting carrier to then make the  
2 connection?

3       A     I don't believe I said that, and let me try it a  
4 different way. We are talking about a customer to start  
5 with -- our scenario started with a customer with an  
6 existing telecommunication service provided by BellSouth.  
7 The capabilities provided in that particular  
8 telecommunication service, call it a 1FR or a 1FB, uses all  
9 the components of BellSouth's network. It uses everything  
10 that we provide today in our local network, that is why we  
11 have it. Now that is a basic retail service that is out  
12 there. Now AT&T comes and says, I want to use a loop and  
13 port component. We are not taking apart unbundled network  
14 elements. We're simply -- you're asking me about a retail  
15 service, and now AT&T could subsequently order the pieces.

16       Q     Mr. Scheye, I'm really not trying to talk past  
17 you. You know, I think you and I both understand we are  
18 talking about the use of unbundled network elements.

19       A     Yes, agreed.

20       Q     We are not talking about a resale service.

21       A     That is where we started, sir.

22       Q     We are talking about using unbundled elements to  
23 serve an existing customer. Now is it my understanding  
24 that the only way -- that there are only two ways, excuse  
25 me, that I can use, as an ALEC, I can use those elements to

1 serve an existing customer? One way would be for you to  
2 unconnect the service that is connected out there today and  
3 sell me that piece part and require me to somehow figure  
4 out a way to rebundle it; or in the alternative, I could  
5 make a bona fide request to BellSouth and pay what is known  
6 as the glue charge; is that correct?

7 A Or you could resell the service.

8 Q But we are talking about the use of unbundled  
9 elements, are we not, Mr. Scheye?

10 A We're not, that's the problem. You want to  
11 assume that this customer has a series of unbundled network  
12 elements, and what I'm suggesting to you is that the  
13 customer in question has a retail service that uses all of  
14 BellSouth's network. It happens to use loops, ports,  
15 transport, everything that is unbundled obviously, but it  
16 is buying a retail service. And now you are asking me to  
17 tear apart piece parts of something or other; it is not  
18 unbundled network elements. You are asking me to provide  
19 AT&T components of network, and I am willing to do that.  
20 I'm willing to do that in accordance with our statement,  
21 and I'm willing to do that in accordance with the eighth  
22 circuit decision.

23 Now what the eighth circuit decision tells me is  
24 in providing unbundled network elements, BellSouth, quote,  
25 doesn't have to do all the work. The carrier, in this case

1 AT&T, should do or can do the combination of elements. I  
2 have also indicated that BellSouth is willing to negotiate,  
3 if you want us to do some additional work, which has been  
4 called the glue charge.

5 Q Mr. Scheye, isn't it a fact that the eighth  
6 circuit left FCC Rule 51.315(b) standing?

7 A Yes, but I don't believe that --

8 Q And doesn't that rule --

9 A Can I finish my answer, sir?

10 Q Yes, sir, go ahead.

11 A That rule and the paragraph that led to that rule  
12 does not change anything that we have just talked about.

13 Q Mr. Scheye, doesn't that also -- doesn't that  
14 rule provide that except upon request an incumbent LEC  
15 shall not separate requested network elements that the  
16 incumbent LEC currently combines?

17 A Correct, and we are not doing that.

18 Q Mr. Scheye, let's talk for a minute about how I  
19 would go about serving a customer if I were able to use  
20 unbundled network elements. The first thing I would need  
21 would be a NID; is that correct?

22 A Yes, you can purchase a NID.

23 Q Network interface device. And that would cost 76  
24 cents a month; is that correct?

25 A In the statement? Are we referring to the prices

1 in the statement?

2 Q Yes, in the statement.

3 A Yes. Correct, sir.

4 Q And then I would need a loop running from that  
5 NID into the central office; is that correct?

6 A No, sir, the NID is included with the loop.

7 Q Okay. The NID is included in the loop. So if I  
8 buy a loop for \$17 a month, I get the NID thrown in; is  
9 that correct?

10 A You get it thrown in at no extra charge.

11 Q Okay. So then I need to connect that loop into  
12 your switch, and I need a port; is that correct?

13 A Yes.

14 Q And under your statement the port costs \$2 a  
15 month; is that correct?

16 A For a two-wire analog, that's correct, sir.

17 Q Okay. Now then I'm going to need some switching;  
18 is that correct?

19 A Usage, yes.

20 Q Okay. And that's a usage charge; is that  
21 correct?

22 A That's correct, sir.

23 Q And that under your statement is one and three  
24 quarters cent for the first minute and a half cent for  
25 every minute thereafter; is that correct?

1           A     Correct, sir.

2           Q     Okay. And then you need interoffice transport;  
3 is that correct?

4           A     Correct.

5           Q     And you've got charges in the SGAT for that,  
6 right?

7           A     Correct.

8           Q     Now am I correct in assuming then that just to  
9 get the loop and the port into the switch I pay \$19 a month  
10 for the unbundled elements?

11          A     Yes, right.

12          Q     Okay. Now you don't have in your SGAT, you don't  
13 have any deaveraged loop rates; is that correct?

14          A     That's correct, sir. I assume you meant  
15 geographically deaveraged.

16          Q     Yes, geographically deaveraged.

17          A     We do not. We have, certainly, types of loop,  
18 but not geographically deaveraged.

19          Q     Okay. Do the prices of loops vary according to  
20 length?

21          A     No, sir.

22          Q     Excuse me, do cost of loops vary according to  
23 length?

24          A     They can to some degree. It certainly is a  
25 variable.

1 Q Isn't a loop a pair of wires that runs from your  
2 central office to the customer's premise?

3 A In its simplest fashion it is. Typically, it's  
4 obviously distribution plant out to concentration device  
5 and then broken down, but it can be discussed as a pair of  
6 wires, but it's more than that.

7 Q So the longer that pair of wire is, wouldn't it  
8 make sense that it would cost more?

9 A Again, if it was a pair of wires physically all  
10 the way, you would be absolutely correct, but today that is  
11 not the way it is typically provided. It is taken out in  
12 large capacity to a concentrator and then broken down, so  
13 while distance can be a variable, it need not be a primary  
14 one in all cases.

15 Q Does cost of a loop vary according to the  
16 density?

17 A Sure, it can.

18 Q Okay. And by density we mean the number of  
19 customers served in a given area?

20 A It certainly can.

21 Q The size of the cable you can run in there?

22 A Oh, absolutely.

23 Q Okay. Mr. Scheye, I want you to assume for a  
24 moment that there is a customer in Miami that moves into an  
25 apartment there that has just been vacated by a previous

1 BellSouth customer. So in that case there would be  
2 facilities to serve that customer in place in that  
3 apartment; is that correct?

4 A Presumably, unless it got used for somebody else  
5 that got there quicker, but we'll assume it is, sure.

6 Q Okay. Now if I move in there, if I'm this new  
7 customer that moves in and I call BellSouth and I ask for  
8 service, what kind of a non-recurring charge do I pay  
9 BellSouth for that service?

10 A Today?

11 Q Yes, sir.

12 A If a business or residence, whatever the tariff  
13 rate is for that.

14 Q It's about \$35 for residential?

15 A I'll accept that, sir, sure.

16 Q Okay. Now let's assume that six months later the  
17 customer desires to change to an ALEC and that ALEC wants  
18 to use unbundled network elements to serve the customer.  
19 Now just to get the loop to serve that customer, BellSouth  
20 would charge the ALEC \$140 for a non-recurring charge; is  
21 that correct?

22 A Yes, for a two-wire.

23 Q Okay. And then to hook that loop into the  
24 switch, to the port, BellSouth would charge another \$38; is  
25 that correct?

1 A I think that's the non-recurring for the port.

2 Q Yes, sir. That's the charge --

3 A It's not hooking the loop to the port; that's  
4 just for the port.

5 Q Okay. I'm sorry, the glue charge would apply for  
6 hooking the loop to the port under your SGAT; is that  
7 correct?

8 A Under our assumption -- again, let me make sure I  
9 understand your scenario. Assuming BellSouth and this ALEC  
10 have negotiated an appropriate glue charge, it would be --  
11 there could be a charge for that, that's correct, sir.

12 Q Okay. So to get the loop, the ALEC is going to  
13 pay \$140; is that correct?

14 A Correct.

15 Q To get the port, the ALEC is going to pay \$38; is  
16 that correct?

17 A Correct.

18 Q And then to hook the two together there is a glue  
19 charge?

20 A Could be, yes.

21 Q Okay. And that is opposed to the \$35 that we  
22 previously discussed that you charge your customer to  
23 install the same service; is that correct?

24 A Sure.

25 Q Okay. Now Mr. Scheye, are you familiar with ESSX

1 service?

2 A ESSX, multi-serve? Yes.

3 Q It's a central office based service, is it not?

4 A Yes.

5 Q For the business customers?

6 A Yes.

7 Q Mr. Scheye, the way that ESSX works, as I  
8 understand it, is a customer who might otherwise buy a PBX  
9 and have the PBX on his or her premise can buy a central  
10 office based service from BellSouth that is hooked -- where  
11 all of the stations off the ESSX service are hooked  
12 together by local loops and the switching that the PBX  
13 would do is done in BellSouth's central office. Is that  
14 the way ESSX works?

15 A I believe so, yes, sir.

16 Q Okay. Now Mr. Scheye, I've just handed you a  
17 document here that is an audit report from the Commission  
18 that was dated February 16th, 1996, and it refers to an  
19 audit of BellSouth ESSX customers, specifically for  
20 prisons, I believe. Can you take a minute and look at that  
21 document?

22 A Sure.

23 MR. TYE: Madam Chairman, I would request this  
24 document be marked for identification as Exhibit 26.

25 CHAIRMAN JOHNSON: It will be marked as Exhibit

1 26, short title, ESSX audit review, February 16, 1996  
2 memorandum.

3 A Okay, I've glanced at it, sir. I have never seen  
4 it before.

5 Q Well, Mr. Scheye, does this document indicate  
6 that BellSouth uses a forward-looking cost methodology to  
7 study its ESSX service?

8 A Let me go back and look. I wasn't looking for  
9 that particular item.

10 Q Okay. You can look over at page 5. That's  
11 probably the best place to get the information.

12 A Okay. Thank you. It says BellSouth does not  
13 capture fully distributed costs. At a glance, all I can  
14 tell is that we didn't use fully distributed costs on page  
15 5.

16 Q Excuse me. Look at the next sentence underneath  
17 that, Mr. Scheye. Doesn't it indicate that ESSX service is  
18 provided on a 60-month basis and the cost for providing  
19 this service is estimated on a going-forward basis?

20 A On page 5?

21 Q Yes, sir.

22 A Oh, it's based on historical cost which -- yes,  
23 is estimated on a going-forward basis, that's correct, sir.

24 Q Okay. Now is that the same type of cost  
25 methodology that you have used in deriving the rates

1 contained in your SGAT?

2 A Given that I am not at all familiar with the  
3 costing methodology used for ESSX nor did I sponsor any of  
4 the cost studies used in any of the Commission's  
5 proceedings, I think I would be way out of my element to  
6 try to give you an opinion about the similarities between  
7 these cost studies and any other cost studies provided to  
8 this Commission.

9 Q Okay. Is it your testimony though that you have  
10 used a going-forward costing methodology to set the rates  
11 contained in your SGAT?

12 A In many instances they were. They were -- I  
13 believe the Commission required total service long-run  
14 incremental cost, if memory serves me right.

15 Q Is that a going-forward costing methodology?

16 A It can be, yes, sure.

17 Q Well, with respect to the loop cost, the \$17 a  
18 month loop cost that is contained in your SGAT, was that  
19 loop cost set on the basis of a going-forward cost  
20 methodology?

21 A Again, I believe it was a total service long-run  
22 incremental cost study that the Commission relied on, yes.

23 Q Okay. Now Mr. Scheye, if I were to as an ALEC  
24 decide I want to set up an ESSX type service and serve one  
25 of these correctional institutions that is depicted in this

1 study and I went to BellSouth and said I want to buy loops  
2 out to the various stations off that PBX, I would pay \$17 a  
3 month for each of those loops; is that correct?

4 A Yes, they would be loops.

5 Q Okay. And I would also pay a non-recurring  
6 charge of \$140 for each of those loops; is that correct?

7 A Yes. Correct, again if we're buying -- You are  
8 talking about two-wire analog loops?

9 Q Yes, sir.

10 A Yes.

11 Q Now is it my understanding from reading page 5  
12 here that Southern Bell's cost for providing that loop is  
13 \$5.68 cents per month?

14 A No.

15 Q Isn't that what is shown on this study?

16 A No, you asked me about a two-wire analog loop  
17 that is \$17 and you want me to compare it to an ESSX cost  
18 per line for a loop that is \$5.68 in this study.

19 Q Okay. Let's turn around. Maybe I need to make  
20 the example a little bit different. Let's say that I come  
21 to you and say I want to provide ESSX service to Brevard  
22 Correctional Institution, and I want to buy those loops  
23 that you are currently using to provide ESSX service from  
24 you, and I want to hook them into a switch, and I want to  
25 provide the same service. I would have to pay you \$17 a

1 month for each of those loops; is that correct?

2 A If that's what is running out to that particular  
3 correctional institution as opposed to a DS-1 or DS-3 or  
4 something. I don't know what is out there.

5 Q Well, let's say I told you, Mr. Scheye, that I  
6 want to buy the exact same line you're using out there  
7 today.

8 A Right, and I told you I don't know what is  
9 running out there. It's possible it's high capacity  
10 service.

11 Q Okay. But this study, this audit of BellSouth's  
12 cost study indicates your cost of that loop is \$5.68; isn't  
13 that correct?

14 MS. WHITE: And I'm going to object to this from  
15 the standpoint that Mr. Scheye has said at least three  
16 times he is not familiar with this document and hasn't seen  
17 this document before. So if Mr. Tye is asking, is that  
18 what is written on the page, that may be the case, but if  
19 he is asking if Mr. Scheye knows for a fact this is what  
20 ESSX costs and what went into this audit report, he is not  
21 the right person to ask.

22 MR. TYE: Who is the right person to ask then?  
23 Because I will be glad to ask whoever I need to ask about  
24 this.

25 CHAIRMAN JOHNSON: Mr. Tye, what was your

1 comment? I didn't hear you.

2 MR. TYE: Madam Chairman, I'm just trying to  
3 establish that the study which is, in fact, an audit of a  
4 BellSouth cost study, which is an attested copy that we  
5 obtained from the clerk of this Commission, indicates a  
6 cost of the loop in this case would be \$5.68 a month. Now  
7 I'm not asking Mr. Scheye if he did the study, I'm just  
8 asking if that is what is indicated on the page.

9 MS. WHITE: Well, I mean if we want to do that,  
10 we can take official recognition. Apparently it's a  
11 Commission document, so we could take official recognition  
12 of the document.

13 MR. TYE: That's fine. That's fine.

14 CHAIRMAN JOHNSON: Are you asking that we take  
15 official recognition of the document?

16 MR. TYE: Yes, ma'am. Yes, ma'am, I would  
17 request that the Commission take official recognition of  
18 the document that has been designated as Exhibit 26.

19 CHAIRMAN JOHNSON: There is no objection?

20 (NO RESPONSE)

21 CHAIRMAN JOHNSON: Staff, this document is an  
22 audit report. I know that the parties aren't objecting to  
23 us taking official recognition, but is this the type  
24 document that we generally take official recognition of?

25 MS. BARONE: No, ma'am, we don't, and it's an

1 audit report. It's not a statute, an order or the type of  
2 information that is usually taken judicial note of or that  
3 you may take judicial notice of; so I do not believe it's  
4 the type of document contemplated under the rules of civil  
5 procedure.

6 CHAIRMAN JOHNSON: Mr. Tye.

7 MR. TYE: I guess I understood, Madam Chairman,  
8 that the opposing party, BellSouth, has no objection to  
9 taking official recognition.

10 CHAIRMAN JOHNSON: Well, I understood that too,  
11 but I don't -- and my question to staff, given the fact  
12 that there is no objection, but do we even have the  
13 authority to take official recognition of this type  
14 document?

15 COMMISSIONER CLARK: Madam Chairman, what  
16 difference does it make if we do it as an exhibit or  
17 officially recognized? The real issue is the validity of  
18 the numbers, and it seems to me that these are BellSouth's  
19 numbers. If you want to refute them, you would have the  
20 opportunity to do so. I mean I think it's legitimate to  
21 compare studies that are provided in one docket with  
22 another to get some clarification. If he can't do it now,  
23 maybe he can do it later. I would like to know.

24 MS. WHITE: I guess all I'm trying to say is this  
25 witness obviously is not familiar with this document, isn't

1 familiar with these costs. Now if the Commission wants a  
2 late-filed exhibit from someone who is familiar with these  
3 costs that explains this, I'll be happy to put that  
4 together; we'll be happy to get that for the Commission.

5 COMMISSIONER CLARK: It seems Mr. Scheye could  
6 verify the costs at some point.

7 MR. TYE: Commissioner Clark, I think Mr. Scheye  
8 or BellSouth would be in the position to go back and pull  
9 the underlying support for this audit, and if they think  
10 it's wrong, then they can let us know; otherwise, it  
11 appears to me it's the kind of document that the Commission  
12 ordinarily admits in these hearings.

13 CHAIRMAN JOHNSON: I don't think there is a  
14 question of whether or not, or at least the objection  
15 hasn't been raised to its admissibility. It's been marked  
16 as an exhibit. And I understood -- well, perhaps I didn't,  
17 but I thought Ms. White was suggesting that, almost that  
18 the document speaks for itself.

19 MS. WHITE: I'm sorry, I didn't hear that last  
20 part.

21 CHAIRMAN JOHNSON: I thought you were suggesting  
22 that the document speaks for itself and that Mr. Scheye  
23 could certainly regurgitate that it says what it says.

24 MS. WHITE: Well, I mean he can -- anybody can  
25 regurgitate that it says what it says, but the problem is

1 Mr. Tye is cross examining Mr. Scheye about this document,  
2 a document that Mr. Scheye does not recognize, has not  
3 sponsored and knows nothing about. I think that is  
4 improper.

5 CHAIRMAN JOHNSON: Mr. Tye.

6 MR. TYE: Chairman Johnson, if it will speed  
7 things along, I will be glad to give Mr. Scheye a chance to  
8 confirm this document, and then I would like to recall him  
9 and continue questioning him on it. I think it is  
10 something that we are entitled to question Mr. Scheye on,  
11 or BellSouth can stipulate that the document is what it  
12 says. You know, basically all I was doing was drawing a  
13 comparison between a number on the document and a number in  
14 the SGAT. You know, I'm not sure I understand what the  
15 objection is because BellSouth, number 1, said that we  
16 could take official recognition, which is the same thing as  
17 having the document admitted, and then on the other hand  
18 say, but I can't ask a question about it.

19 CHAIRMAN JOHNSON: Ms. White.

20 MS. WHITE: Well, I guess one of the things I'm  
21 concerned about is that this case has been going on for  
22 over a year. If they wanted to ask about ESSX costs and  
23 the price of ESSX lines and specifically in prisons, they  
24 could have done that. That has not been done. Instead, we  
25 have waited until the day of hearing, tried to produce it

1 with a witness who is not familiar with it, who doesn't  
2 know anything about it, and I just think that is improper.

3 CHAIRMAN JOHNSON: Ms. White, then how else could  
4 we -- I understand your concerns, but I do believe that  
5 it's in the proper course of this hearing for them to ask  
6 these questions at this point in time. But to the extent  
7 that this information is not available through this  
8 witness, Mr. Tye's suggestion then that we allow Mr. Scheye  
9 an opportunity to review and determine the validity of this  
10 information so that we can make those comparisons, how  
11 would you suggest we do that?

12 MS. WHITE: Well, we could produce a late-filed  
13 exhibit.

14 MR. TYE: I don't think that that serves the  
15 purpose, Chairman Johnson. The purpose is to ask the  
16 witness questions on the document while he is on the stand.  
17 Now that is the purpose of cross examination. I don't know  
18 of any rule of cross examination that says we have to tell  
19 the witness every document we are going to ask him about or  
20 any matter we are going to inquire into.

21 MS. WHITE: I don't think that is what we are  
22 complaining about. We are complaining about Mr. Tye cross  
23 examining a witness on a document about which he has  
24 absolutely no knowledge.

25 CHAIRMAN JOHNSON: Mr. Tye, what was your

1 suggestion as to --

2 MR. TYE: I've got several suggestions, Chairman  
3 Johnson. Maybe one of them will work. We can do several  
4 things.

5 One, BellSouth has offered to not object to  
6 official recognition of this document. Given that, I'm  
7 willing to live with that. If the document goes into the  
8 record, that's fine; I'll quit asking questions about it.

9 MS. BARONE: Madam Chairman, and I can add to  
10 what Mr. Tye is stating here. I just found that under  
11 92.202 that you may take judicial notice of facts that are  
12 not subject to dispute because they are capable of accurate  
13 and ready determination by resort to sources whose accuracy  
14 cannot be questioned, and again, we would need BellSouth to  
15 comment on that.

16 CHAIRMAN JOHNSON: Well, BellSouth stated earlier  
17 that they would not object to us taking official  
18 recognition of this particular document. Mr. Tye, were you  
19 going to add something?

20 MR. TYE: No, ma'am, if that's the case --

21 CHAIRMAN JOHNSON: And if we have the authority  
22 to do so, and there was no objection.

23 MR. TYE: If that's the case, then we can move  
24 on.

25 CHAIRMAN JOHNSON: Okay. Then --

1 MS. WHITE: As I said, there is no objection from  
2 the standpoint of taking official recognition of it and  
3 giving it the weight that its worth. We are not agreeing  
4 that it's correct, incorrect, it's just an audit report  
5 that has been put out by the Commission, and it has -- it  
6 says what it says.

7 MS. BARONE: Then Madam Chairman, I'm concerned.  
8 Because if the parties cannot agree that the facts are not  
9 subject to dispute, then this is not the type of  
10 information that you would take official recognition of, so  
11 we are back to it's an exhibit, and the concern is being  
12 able to ask questions about the exhibit; and I would not  
13 recommend taking official recognition of it.

14 CHAIRMAN JOHNSON: Mr. Tye.

15 MR. TYE: Madam Chairman, then the other  
16 alternative is for Mr. Scheye to, for us to pass on  
17 crossing Mr. Scheye on this document, give him a day or  
18 whatever he needs to confirm that this document is, in  
19 fact, based on BellSouth cost studies and then recall him  
20 to the stand and continue this cross examination. I think  
21 the Commission is entitled to hear this evidence, you know,  
22 whether -- or there is one other option. If BellSouth will  
23 stipulate that this document is what it purports to be and  
24 allow it into the record, we'll quit crossing on it now and  
25 we'll move on.

1           CHAIRMAN JOHNSON: Ms. White.

2           MS. WHITE: Well, the first problem is, is that  
3 in this document it states that the company may respond at  
4 a later date, meaning BellSouth. I do not know whether  
5 BellSouth responded at a later date. So at the very least  
6 I think that needs to be looked into to see whether you'd  
7 have something complete.

8           Second of all, I go back to the point, again,  
9 that Mr. Scheye is not a cost witness. He is not familiar  
10 with this document, and I don't see how you can examine  
11 someone on a document that is not in their realm, has  
12 nothing to do with what they are testifying about and they  
13 haven't seen before.

14          CHAIRMAN JOHNSON: Ms. White, are you suggesting  
15 if we allowed Mr. Scheye the opportunity to review this  
16 with the appropriate members of BellSouth that he still,  
17 if we were to put him back on the stand, that he would not  
18 be able to respond to the questions adequately?

19          MS. WHITE: Well, I mean he could tell you what  
20 he has been told, but as I said, I guess it would depend on  
21 how far the cross examination would go because he is not a  
22 cost expert.

23          MR. TYE: Madam chairman, he has been testifying  
24 about costs ever since he climbed on the stand. That is a  
25 big part of his testimony, that the rates in this draft

1 SGAT are based on cost. Now I don't think he can have it  
2 both ways. I don't think he can come in here and testify  
3 that, yes, they are cost based, and then say, but I don't  
4 know what the cost is, and I don't know about this cost and  
5 that cost. BellSouth, he is the only cost witness that  
6 BellSouth has put on the stand in this case; and if he is  
7 not a cost expert, then I submit to you there is not  
8 adequate testimony in the record of this case to support  
9 any kind of a finding that the rates in this SGAT are cost  
10 based.

11 CHAIRMAN JOHNSON: Ms. White.

12 MS. WHITE: I disagree with that. If we are  
13 going to get into an argument on the merits, which it  
14 sounds like Mr. Tye is going to do, the prices in the SGAT  
15 are for the most part based on permanent prices, permanent  
16 rates set by this Commission in the arbitration  
17 agreements. Be that as it may, in order to move this  
18 hearing forward, we will take this document, we will look  
19 at it tonight, we will see what we can do, and we will  
20 report back to the Commission and AT&T tomorrow morning.

21 CHAIRMAN JOHNSON: Okay. And that would mean  
22 that perhaps if Mr. Scheye has an opportunity to review  
23 this he may be, indeed, the correct witness?

24 MS. WHITE: He may. I cannot, you know, state  
25 unequivocally that, but that's what we would be looking at.

1 CHAIRMAN JOHNSON: Let's try that then. So you  
2 will be allowed --

3 MR. TYE: That means we will argue about it again  
4 tomorrow?

5 CHAIRMAN JOHNSON: Yes.

6 MR. TYE: Okay. Thank you, Madam Chairman. I  
7 won't look forward to that, but I understand the ruling.  
8 Thank you.

9 BY MR. TYE:

10 Q Mr. Scheye, is it a fact that AT&T has asked  
11 BellSouth to run a test of unbundled network elements in  
12 Florida?

13 A Yes.

14 Q Does part of that test involve billing for the  
15 use of unbundled network elements?

16 A I believe it does.

17 Q Okay. And is it a fact the most recent bills  
18 rendered in that test were for the billing period ending  
19 June 20th, 1997?

20 A That I can't attest to one way or the other.

21 Q You've seen the most recent bills, have you not?

22 A I was given a bill in the deposition. It may  
23 have been the last one, and I don't recall the date of it,  
24 but I'll accept your date if that is --

25 Q Okay. Have you checked since the deposition to

1 determine if there are any more recent bills than the ones  
2 you have used?

3 A No.

4 Q Mr. Scheye, I'm going to hand you a copy of a  
5 package of bills and ask you if these are the bills that  
6 you discussed in the deposition.

7 And Madam Chairman, I would request that the  
8 package that Mr. Hatch is handing out now be marked for  
9 identification purposes as Exhibit 27.

10 CHAIRMAN JOHNSON: It will be marked as Exhibit  
11 27 with a short title of BellSouth's summary of charges  
12 billed.

13 Q Mr. Scheye, this is a document you've seen  
14 before, is it not?

15 A Some of it looks familiar. Honestly, the front  
16 page does not, but that may not -- that may just be my  
17 memory failing me.

18 Q Okay.

19 A The \$19 on -- I can't see what page; it doesn't  
20 have a page number -- page 4, it looks like, looks to be a  
21 loop charge.

22 Q I'll tell you, we'll go through them. I just  
23 want you to familiarize yourself with them.

24 A Okay, these may be the same ones, but they look  
25 like -- these are bigger than what I saw the other day.

1 Q Okay. Well, let's go over -- Mr. Scheye, if you  
2 would, turn over to the second page of the exhibit.

3 A Okay.

4 Q And that's the page that the heading is Index  
5 Sheet 1.

6 A Yes.

7 Q Now on this particular page there are four  
8 separate line items or excuse me, boxes here so to speak;  
9 is that correct?

10 A Yes.

11 Q Okay.

12 COMMISSIONER GARCIA: Mr. Tye, where are you at,  
13 please?

14 MR. TYE: I'm sorry, Commissioner, I'm on the  
15 second page of the package that you have been handed out,  
16 and it's marked Index Sheet 1 at the top.

17 COMMISSIONER GARCIA: Yeah, index of current  
18 charges billed; is that the title?

19 MR. TYE: Yes, sir.

20 COMMISSIONER GARCIA: Okay.

21 BY MR. TYE:

22 Q Now Mr. Scheye, each one of these boxes that is  
23 headed "Charges billed from earning Number 305," and then  
24 the rest of it is whited out, each one of those represents  
25 a customer that is being served using unbundled network

1 elements as part of this test; is that correct?

2 A It looks like -- this says the bill reflects the  
3 applicable resale discounts. This looks like a resale  
4 bill. And a Club bill which is -- the first page says  
5 "Club Service," that would be typically provided as a  
6 resale bill.

7 Q Is AT&T running a resale trial in Florida?

8 A I don't know, sir. The bill I saw in the  
9 deposition, if memory serves me right, was a bill for  
10 unbundled network elements, which does not appear to be  
11 this bill.

12 Q Mr. Scheye, is that the bill that was -- excuse  
13 me, is that the package of bills that was identified as  
14 Exhibit Number 19 in your deposition?

15 A This particular package?

16 Q No, sir, I mean the bill you are talking about  
17 you saw in the deposition.

18 A I believe so, and that may be part of this.

19 Q All right. Take a look at the bill that Ms. Rule  
20 is handing you now.

21 A Okay.

22 Q Is that the bill that was identified as Exhibit  
23 19 in your deposition?

24 A Yes.

25 Q And in your deposition you indicated that that

1 was, in fact, a bill rendered as part of the AT&T unbundled  
2 network element trial in Florida; is that correct?

3 A I was told that, sir.

4 Q Now is that, in fact, the same bill that I've  
5 handed you a few minutes ago that has been marked as  
6 Exhibit 27 here?

7 A No.

8 Q Okay. What is different on the page that we were  
9 just talking about?

10 A This one, the one that was Exhibit Number 19  
11 looks like a May bill, and this was a June bill the one you  
12 just handed me a little while -- the first one you handed  
13 me, so it looks like for a different period of time.

14 Q Okay. Turn back into Exhibit 19 and find the  
15 first bill that begins June 20th, 1997.

16 A Okay. I'm sorry, June 20th, 1997?

17 Q June 20th, yes, sir.

18 A Okay, that's the one you just handed me earlier.

19 Q No, I'm sorry, you can look in the late-filed --  
20 excuse me, the Deposition Exhibit 19, you'll find the same  
21 page there. It's just in reverse order.

22 A Oh, okay. Yes.

23 Q Okay.

24 A June.

25 Q Now that's the same page we were talking about on

1 Exhibit 27; is that correct?

2 A It appears to be, yes, sir.

3 Q So, in fact, these are bills that BellSouth has  
4 rendered as part of a UNE trial; is that correct?

5 A Again, that's what I was told. I don't know  
6 that.

7 Q Okay. Now can you explain to me, let's look  
8 at -- let's go back now since we've verified they are the  
9 same bills. Let's go back to Exhibit 27, since that's the  
10 one the Commissioners have.

11 A Okay.

12 Q Okay. And let's look at page, the second page of  
13 that bill, the one marked "Index Sheet 1," okay?

14 A Yes.

15 Q Okay. Now each one of these customers here is a  
16 customer receiving service using unbundled network  
17 elements; is that correct?

18 A I don't know, sir. That's what you are telling  
19 me, I'll accept that. You are telling me this is a bill  
20 from the trial, and I don't know that it is or it isn't.  
21 All I --

22 Q Mr. Scheye, you saw this bill on August 15th, did  
23 you not?

24 A Yes, and I was told --

25 Q And at that time you accepted it as a bill that

1 has to do with the testing of the unbundled network  
2 elements in Florida?

3 A Right, and I do today.

4 Q Is that correct?

5 A Yes.

6 Q Now did you go back and did you verify that, or  
7 did you continue to accept it?

8 A I continue to accept it.

9 Q Okay. Now why don't you accept it here today?

10 A I do.

11 Q Okay. Now would you tell us on the first box on  
12 the page we are talking about, which is Index Sheet 1, what  
13 the \$20.44 relates to?

14 A Monthly service.

15 Q Okay.

16 A Item 1.

17 Q Now how is that derived?

18 A I don't know.

19 Q Okay. Mr. Scheye, if you would turn over to page  
20 6?

21 A Page 6?

22 Q Yes, sir.

23 A Yes.

24 Q Okay. If you would turn over to page 6, is there  
25 a charge there for an unbundled port, slash, loop?

1           A       There isn't -- There is and there isn't. If  
2 you look down at the bottom, it says "Quantity," and it  
3 says "USOC 1MR" -- I'm sorry, it says "Quantity two," and  
4 it says "USOC 1MR," and next to that it says "Description  
5 of residential message rate line," and in the recurring  
6 charge column it says \$4. The port rate is \$2, so two  
7 ports would be \$4. So while the representation here says  
8 1MR, it's my understanding that that may be the rate --  
9 that is the rate for a port and it's not the rate for a  
10 message rate service.

11                   COMMISSIONER CLARK: What page are you on?

12                   MR. TYE: We are on page 6, Commissioner Clark.  
13 In the package that you have been handed it is.

14                   COMMISSIONER GARCIA: I imagine, Mr. Scheye,  
15 you're reading more into this than we can actually see, but  
16 you just went on for about three minutes there. Where are  
17 you reading from, Mr. Scheye?

18                   WITNESS SCHEYE: Okay. I'm on the bottom of page  
19 6.

20                   COMMISSIONER GARCIA: I see the 1MR, but before  
21 that you --

22                   WITNESS SCHEYE: In the first column it says the  
23 quantity is two, at least on my copy.

24                   COMMISSIONER GARCIA: Okay.

25                   WITNESS SCHEYE: It says USOC, U-S-O-C, it says

1 1MR.

2 COMMISSIONER GARCIA: Got you. All right.

3 WITNESS SCHEYE: In the next column it says  
4 "Description," it says, "Residential message rate line."  
5 And then if you get over to the recurring charge column, it  
6 says \$4. So what that tells me is that the unit price,  
7 since there are two of these, must be \$2, which happens to  
8 be the rate for a port and is not the rate for a message  
9 rate line in -- I believe this trial was in Miami.

10 BY MR. TYE:

11 Q Okay. And now that is the port charge that is  
12 contained in your SGAT; is that correct?

13 A Yes.

14 Q And that's also the port charge that is contained  
15 in the AT&T interconnection agreement; is that correct?

16 A Yes.

17 Q Okay. Now if we go up here and we look at the  
18 unbundled port loop, slash, combination element, there is a  
19 \$34 charge; is that correct?

20 A Yes.

21 Q Okay. Now if we apply the same rationale that we  
22 just applied to the \$4 charge, we divide that in half and  
23 it would be \$17; is that correct?

24 A Correct.

25 Q And that's the charge for an unbundled loop in

1 your SGAT and in your AT&T interconnection agreement; is  
2 that correct?

3 A Correct.

4 Q Okay. Now to get the \$20.44, we would add \$17,  
5 half of one of those charges and half of the other charge?

6 A Correct.

7 Q And we'd come up with \$19, and then we also add  
8 in the \$1.44 shown on the second line of page 6, listing  
9 not in directory; is that correct?

10 A That's correct, because that is quantity of one.

11 Q Okay. And that is how BellSouth came up with the  
12 \$20.44; is that correct?

13 A Yes.

14 Q Okay. Now is there a rate set in your SGAT or in  
15 any of your interconnection agreements for listing not in  
16 directory?

17 A No.

18 Q Okay. That, in fact, is not a rate set for any  
19 unbundled network element; is that correct?

20 A Correct.

21 Q But it is being billed as part of this bill for  
22 unbundled network elements; is that correct?

23 A Yes.

24 Q Okay. Now underneath -- let's go back over to  
25 the second sheet of Exhibit 27 and go to Index Sheet 1

1 again and look underneath the \$20.44. There is a rate  
2 of -- excuse me, a charge of 11 cents set there; is that  
3 correct?

4 A Yes.

5 Q Okay. Now what does that charge relate to?

6 A I don't know.

7 Q Is it, in fact --

8 A It looks like it's a non-recurring manhole  
9 charge.

10 Q Okay. It is a manhole charge; is that correct?

11 A Yes, south Miami manhole charge.

12 Q Now where is that charge set in your SGAT or in  
13 your AT&T interconnection agreement?

14 A It is not.

15 Q Okay. Now Mr. Scheye, also as a part of  
16 unbundled network elements, there would be switching costs  
17 associated with this service; is that correct?

18 A Yes, could be.

19 Q Okay. There is no switching cost contained on  
20 these bills; is that correct?

21 A Correct.

22 Q Is that because BellSouth is unable currently to  
23 render an electronic bill for switching of unbundled  
24 network elements; is that correct?

25 A For the usage component we were unable to. The

1 offer, or for any carrier purchasing it, we will either  
2 render a manual bill or hold the usage until we can bill it  
3 electronically, and apparently AT&T did not want the manual  
4 bill.

5 Q So you would hold the usage until you can bill it  
6 electronically. And it's my understanding that -- excuse  
7 me. Is that the feature that you -- excuse me, the element  
8 that you indicated to Mr. Melson that you should be able to  
9 bill electronically in the future?

10 A Yes.

11 Q Okay. But that will need to be tested also, will  
12 it not?

13 A Yes.

14 Q Okay. Now given the charges on these bills that  
15 are not either in the interconnection agreement nor the  
16 SGAT, there is good reason to test the billing of unbundled  
17 network elements before a carrier goes full bore into  
18 providing service with them, wouldn't you agree?

19 A I don't know that I could conclude that from this  
20 particular bill. Again, this is, as you pointed out, a  
21 bill from a unique trial between BellSouth and AT&T, the  
22 provisions which were developed between BellSouth and AT&T.  
23 We are billing other unbundled network elements to other  
24 carriers and without a particular problem.

25 Q But with respect to this bill, the bill contains

1 charges for elements that are neither in the agreement nor  
2 in the SGAT; is that correct?

3 A Yes, because it's under a unique trial, and I  
4 believe the correspondence between BellSouth and AT&T would  
5 indicate that we are billing this at according -- just  
6 because of the trial and that if this were a, quote, real  
7 service, that it would be billed at the retail price minus  
8 the avoided cost discount based on the configuration here,  
9 in which case the nonpublished charge would be applicable;  
10 and I have to assume, but I'm not that familiar with, the  
11 south Miami manhole charge would be applicable.

12 Q So it's your testimony that AT&T is not entitled  
13 to get this type of service except as a resale service; is  
14 that correct?

15 A I believe that if you review the correspondence  
16 between BellSouth and AT&T that is understood between the  
17 parties, that if this was a real service, not a trial, that  
18 would be the applicable rates.

19 Q Well, let's analyze that statement a minute. You  
20 have said it is understood between the parties. It is not  
21 agreed between the parties that that is what the Act or the  
22 interconnection agreement requires, is it?

23 A I will accept that the two parties remain  
24 somewhat apart on that issue.

25 Q Okay. Mr. Scheye, did BellSouth recently enter

1 into an interconnection agreement with Sprint-Florida, the  
2 local exchange carrier?

3 A Did BellSouth -- I'm sorry, could you repeat  
4 it?

5 Q Did BellSouth recently -- And I will amend it a  
6 little bit. Did BellSouth recently enter into a revised  
7 interconnection agreement with Sprint-Florida, the local  
8 exchange -- the incumbent local exchange carrier?

9 A That's possible. I was not directly involved in  
10 it.

11 Q Okay. You have not seen that agreement?

12 A I have not seen it, but that is certainly  
13 possible.

14 Q Okay. And you didn't negotiate it?

15 A No, that's one I did not negotiate, that's  
16 correct, sir.

17 Q Okay. Just a couple more questions, Mr. Scheye,  
18 and we'll be done.

19 A Sure.

20 Q Mr. Scheye, could you take a look at your exhibit  
21 RCS-2 for a moment, please?

22 A I'm sorry, RCS-2?

23 Q Yes, sir.

24 A Yes, the price list.

25 Q Okay. Would you go down to the item, Item 2,

1 nondiscriminatory access to network elements shown there  
2 under collocation physical? Do you see where that is?

3 A Yes.

4 Q Okay. Go down three lines down, the space  
5 construction fee.

6 A Yes.

7 Q Okay. There you show in the proposed rates, you  
8 show a non-recurring charge of \$29,744; is that correct?

9 A Yes.

10 Q Mr. Scheye, I want you to -- do you also have  
11 your RCS Exhibit Number 7, which is the BellSouth  
12 Telecommunications Negotiations Handbook for Collocation?

13 A Yes.

14 Q Now would you turn over to page 20 of that  
15 document, please, sir?

16 A It says "Interconnection arrangement schematic?"

17 Q No, I don't think so. I'm looking at page 20,  
18 Handbook Collocation, Handbook Version 5, 3/21/97. It says  
19 May 20 at the bottom. It's titled "Rates for Negotiated  
20 Interconnection."

21 A Version 5.1, dated June 4th, 1997. Are we on the  
22 same document?

23 Q No, we are not.

24 A Oh, okay, different version. Sorry, you've got  
25 an older version. You have one dated March 21st?

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Q Yes, sir.

A Yes. Ms. White just handed me that version.

(Transcript continues in sequence in Volume VI)

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