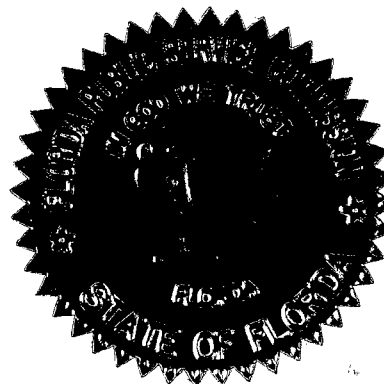


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of
Request for arbitration
concerning complaint of
MCImetro Access Transmission:
Services LLC for enforcement:
of interconnection agreement:
with BellSouth
Telecommunications, Inc.

DOCKET NO. 981121-TP



PROCEEDINGS: HEARING

BEFORE: CHAIRMAN JOE GARCIA
COMMISSIONER J. TERRY DEASON
COMMISSIONER SUSAN F. CLARK
COMMISSIONER JULIA L. JOHNSON
COMMISSIONER E. LEON JACOBS, JR.

DATE: Wednesday, February 3, 1999

TIME: Commenced at 9:30 a.m.
Concluded at 12:05 p.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: JOY KELLY, CSR, RPR
Chief, Bureau of Reporting
Florida Public Service Commission and
KIM BERENS, CSR, RPR
Official Commission Reporter

DOCUMENT NUMBER - DATE

981121-TP
FEB -99

FPSC-RECORDS/REPORTING

1 **APPEARANCES:**

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10 #4300, Atlanta, Georgia 30375, appearing on behalf of
11 **BellSouth Telecommunications, Inc.**

12 **MARTHA CARTER BROWN** and **JOHN MILLER**, Florida
13 Public Service Commission, Division of Legal Services,
14 2540 Shumard Oak Boulevard, Tallahassee, Florida
15 32399-0870, appearing on behalf of the **Commission**
16 **Staff.**

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P R O C E E D I N G S

(Hearing commenced at 9:35 a.m.)

CHAIRMAN GARCIA: Good morning. Do you know what, Martha, may I ask you a favor? I'd like you to keep the exhibit list for me.

MS. BROWN: All right.

CHAIRMAN GARCIA: I thought it might be easier -- just in case.

All right. We'll bring this hearing to order. Will you read the notice?

MS. BROWN: By notice issued January 5th, 1999, this time and place was set for a hearing in Docket No. 981121-TP, request for arbitration concerning complaint of MCImetro Access Transmission Services LLC for enforcement of interconnection agreement with BellSouth Telecommunications, Inc. The purpose of the hearing is set forth in the notice.

CHAIRMAN GARCIA: We'll take appearances.

MR. CARVER: Good morning. Phillip Carver and Nancy White for BellSouth, my business address is 675 West Peachtree Street, Atlanta, Georgia. Ms. White's address is 150 West Flagler Street, Miami, Florida.

CHAIRMAN GARCIA: Okay.

MR. MELSON: Richard Melson of the law firm

1 Hopping Green Sams & Smith PA, Post Office Box 6526,
2 Tallahassee, on behalf of MCImetro Access Transmission
3 Services LLC, and in the future I'll just say "MCI."

4 **MS. BROWN:** Martha Carter Brown and John
5 Miller on behalf of the Florida Public Service
6 Commission Staff.

7 **CHAIRMAN GARCIA:** Ms. Brown, are there any
8 other preliminary matters?

9 **MS. BROWN:** We have just a couple. Nothing
10 major that I'm aware of.

11 I'd point out that the Prehearing Officer
12 granted five minutes opening statements to the
13 parties.

14 We have an Official Recognition List that's
15 been passed out to all of the parties. My
16 understanding is that MCI has one also. And if there
17 are no objections to those lists, I would suggest that
18 we could mark them and admit them into the record.

19 **CHAIRMAN GARCIA:** Okay.

20 **MS. BROWN:** And I think that's all that I'm
21 aware of. I don't know about the parties.

22 **CHAIRMAN GARCIA:** All right. Do you want to
23 number these or do you want a composite?

24 **MS. BROWN:** Yes. I'd like to have this
25 exhibit marked for identification and then admitted.

1 I think it would be helpful if we put them all as one
2 composite.

3 **CHAIRMAN GARCIA:** Very good. So,
4 Mr. Carver, there's no objection to MCI's official
5 recognition list?

6 **MR. CARVER:** No, sir, no objection.

7 **CHAIRMAN GARCIA:** So then we'll put the
8 Official Recognition List that Staff provided, as well
9 as MCI's, and that would be Exhibit 1?

10 **MS. BROWN:** Yes, sir.

11 (Composite Exhibit 1 marked for
12 identification.)

13 **CHAIRMAN GARCIA:** Okay. Very good. We
14 also, if I'm not mistaken, Ms. Brown, agreed to take
15 rebuttal and direct simultaneously.

16 **MS. BROWN:** Yes, Mr. Chairman, that's
17 correct.

18 **CHAIRMAN GARCIA:** Is there anything else?

19 **MS. BROWN:** Not that I'm aware of.

20 **CHAIRMAN GARCIA:** Mr. Melson?

21 **MR. MELSON:** Just one preliminary matter.

22 MCI, while we have not completed our
23 analysis of the Supreme Court Order that was issued
24 last week in Iowa Utilities Board, believes that that
25 decision may have some impact on this case in terms of

1 reenforcing MCI's position. I just wanted to let the
2 Commission know that we intend, in our briefs at the
3 end of the case, to address the legal effect of that
4 order, and just wanted to do that now so Bell would
5 not be surprised when they saw that in our briefs.

6 **CHAIRMAN GARCIA:** Mr. Carver.

7 **MR. CARVER:** That's fine. Actually, I had
8 planned to address the order briefly in my opening as
9 well.

10 **CHAIRMAN GARCIA:** Okay. Well, good. All
11 right. That said, we need to swear the witnesses.

12 (Witnesses collectively sworn.)

13 **CHAIRMAN GARCIA:** We will then take five
14 minutes apiece. Likewise, I'd like to warn you that I
15 have some meetings up on The Hill, as may Commissioner
16 Johnson, if I can persuade her to help me out with
17 something that's occurring up there. So we'd like to
18 try to deal with this in quick fashion. So for those
19 of you who have a tendency of running on, we hope that
20 you will try to be as direct and as brief in dealing
21 with the questions posed by counsel and the
22 Commissioners so we can deal with this in a quick
23 fashion. And you have five minutes apiece. I would
24 assume you go first, Mr. Melson. Very good.

25 **MR. MELSON:** Thank you, Commissioners.

1 Let me start by saying that I think this is
2 ultimately a simple case, and I hope as you listen to
3 the testimony today you don't lose sight of that fact.

4 The only question you really have to decide
5 is what price applies when MCI buys a combination of
6 two specific unbundled network elements, or UNEs, from
7 BellSouth, and connects them to an MCI switch in order
8 to provide competitive local exchange service to an
9 MCI local customer. The specific limits, or UNEs,
10 that we're concerned with are DS1 loop and DS1
11 transport. And when those two UNEs are ordered
12 together in a combination, they essentially provide a
13 high speed digital pathway between the premises of a
14 MCI local customer and an MCI Class 5 local switch.
15 It's basically the equivalent of 24 local loops
16 between the customer and MCI's switch at the other
17 end.

18 I don't believe anybody disputes that under
19 the Interconnection Agreement BellSouth is required to
20 offer those two UNEs to MCI on a combined basis. As I
21 said before, the only issue is pricing.

22 MCI believes that it has the right to
23 purchase that UNE combination by paying the arbitrated
24 price for the DS1 loop, plus the arbitrated price for
25 the DS1 transport. And that's the normal rule for

1 pricing UNE combinations under the MCI Interconnection
2 Agreement. You simply add up the prices of the
3 component parts.

4 As you probably can tell by the fact that
5 we're here today, BellSouth disagrees with that.
6 BellSouth starts with the Commission's ruling that
7 when MCI purchases an UNE combination from BellSouth
8 and uses that combination to recreate a BellSouth
9 retail service, the normal pricing role doesn't apply.
10 MCI has to negotiate what price to pay to BellSouth.
11 There's no question that's what the Commission has
12 said. We think that ruling was wrong but we're not
13 here today trying to change it. We're living within
14 the confines of that ruling. And the place where we
15 disagree is on what you meant in that ruling when you
16 said to use a combination of UNES to recreate a
17 BellSouth service.

18 BellSouth says that a DS1 loop, plus DS1
19 transport, recreates BellSouth's service called
20 MegaLink, which is a private line service that
21 provides high speed transmission between two fixed
22 locations. BellSouth takes the next step and says
23 because MegaLink is a retail service, we can obtain
24 the DS1 loop transport combination between our
25 customer and our switch only by ordering that MegaLink

1 service on a resale basis and paying a resale price.
2 We think that's simply wrong.

3 I think in order to decide whether MCI is
4 using a combination of UNEs to recreate a BellSouth
5 service, you've got to look at that issue from the
6 point of view of the customer. And let me use the
7 chart, if I could.

8 Commissioners, what is a customer buying
9 from MCI? A customer is not buying a typical private
10 line which connects to its own locations. It's buying
11 a total local exchange service. You've got the
12 customer at one end, MCI's switch at the other, and
13 the customer is buying a local service that allows
14 them to call the world. They get dial from an MCI
15 switch that allows them to make local calls; they get
16 access to operator services, directory assistance,
17 911, and they get access to long distance, and all of
18 that intelligence is provided out of the MCI switch.

19 The piece of this that MCI is buying from
20 BellSouth is the connection between the customer
21 premises and the MCI switch. And for simplification
22 purposes that the DS1 loop, which runs from the
23 customer premises to the BellSouth wire center. In
24 this case assuming MCI is served out the different
25 wire center, it's then DS1 transport, essentially the

1 next wire center, and then another DS1 loop or some
2 other means of getting from a second wire -- second
3 wire center to MCI's local switch.

4 What the customer is buying is not a private
5 line service. They are not buying MegaLink. They are
6 buying local service. And importantly, in providing
7 that service to the customer, that service is not made
8 up 100% of BellSouth UNEs, which is what we think you
9 meant when you said if you recreate a service, you pay
10 a resale price. It's made up primarily of MCI's local
11 switch which is provided --

12 **CHAIRMAN GARCIA:** Walk me through a "would
13 be," if you don't mind for a quick second, how
14 BellSouth would be right. What would you not be doing
15 to make BellSouth right in this argument?

16 **MR. MELSON:** To make BellSouth right in this
17 argument we would be buying a DS1 loop from BellSouth,
18 and we would be buying switching from BellSouth. We
19 would not have a switch involved in the process at
20 all. And there wouldn't be any transport because a
21 DS1 loop would simply come into BellSouth's switch.

22 In that situation we don't agree even there
23 that we would be recreating, but that's the situation
24 that -- you said loop and port switching alone aren't
25 enough. If we purchased 100% from BellSouth, loop,

1 switching, DA access, operator services, and
2 essentially we're saying take the customer today and
3 simply switch them for your resale product --

4 **CHAIRMAN GARCIA:** Right.

5 **MR. MELSON:** -- that's the situation we
6 believe you all addressed.

7 **CHAIRMAN GARCIA:** Okay.

8 **MR. MELSON:** What's BellSouth's position?
9 BellSouth's position in this case I think put the
10 blinders on. It says ignore what MCI is providing.
11 Look solely at the UNEs within BellSouth's network
12 that BellSouth is selling to MCI and decide is there
13 some service we provide that's made up of these
14 elements. In this case, DS1 loop and DS1 transport.
15 BellSouth says, "Yes. We sell that as MegaLink
16 service, and, therefore, MCI is recreating our
17 MegaLink service when they order this combination to
18 provide local service."

19 **Commissioners,** the real question is what you
20 meant in your Order 980810 when you said the
21 Interconnection Agreement did not address pricing for
22 UNE combinations that recreate a service. We think
23 you meant to look at the service from the point of the
24 view of the customer; point of view of what service is
25 being provided and ask yourself is that provided

1 entirely using things purchased from BellSouth? In
2 which case there is a recreation argument. Or is it
3 provided using some pieces from BellSouth and some
4 pieces from MCI, which is the case here?

5 **COMMISSIONER DEASON:** Let me ask a question.
6 Is there a restriction in BellSouth's tariff which
7 limits MegaLink to affiliated entities or is it open
8 to anyone for any purpose?

9 **MR. MELSON:** We believe it's limited to
10 affiliated entities and we intend to get into that in
11 some cross examination a little later.

12 Commissioners, I said we believe that what
13 you meant was to look at the entire service. Why,
14 from a policy perspective, do we believe that's what
15 you meant. It's because the concerns that you
16 expressed in the earlier orders was that if MCI was
17 allowed to purchase all of the network elements needed
18 to provide local service as an UNE platform rather
19 than as resale, then two bad things would happen. MCI
20 would be able to avoid a joint marketing restriction
21 which says we cannot offer resold local service in
22 combination with long distance service. And because
23 MCI in that situation would be able to collect access
24 charges, which it could not collect in a resale -- in
25 a resale environment.

1 In this case, MCI's providing service using
2 its switch because we're providing the switch
3 functions. The joint marketing restriction would not
4 apply in this situation.

5 **CHAIRMAN GARCIA:** Mr. Melson, you're about
6 out of time.

7 **MR. MELSON:** I understand.

8 And because we're using the switch, we'd
9 clearly be entitled to collect the access charges. So
10 none of the policy reasons for your prior decision
11 support BellSouth's position in this case.

12 Now, two more comments. There's maybe a
13 little finger-pointing in this case about how much the
14 parties negotiated about what does and does not
15 recreate BellSouth's service.

16 Let me say the going-in positions were black
17 and white, and neither party indicated any willingness
18 to compromise. We both believe we are right. And
19 while there was not a lot of negotiation, that just
20 tells us this is a case the Commission is going to
21 have to decide. What are we asking you to do? We're
22 asking you to rule in this situation there's no
23 recreation; that we're entitled to buy that loop and
24 transport and pay the sum of the element prices for
25 them. And we're asking to go back to November of 1997

1 when we first tried to buy them under the
2 Interconnection Agreement, and tell BellSouth it's got
3 to refund us the difference between what it has been
4 charging us for those elements, the way we have been
5 purchasing them today, and what they should have been
6 charging us.

7 **CHAIRMAN GARCIA:** Thank you, Mr. Melson. I
8 don't know if this appears somewhere -- do you want to
9 the put this as an exhibit?

10 **MR. MELSON:** Commissioner, I think I'd like
11 to identify it as an exhibit simply so that it's in
12 the record to make sense out of the opening. But I
13 don't want to move its admission because it doesn't
14 independently prove anything.

15 **CHAIRMAN GARCIA:** Ms. Brown. That's
16 Exhibit 2.

17 (Exhibit 2 marked for identification.)

18 **CHAIRMAN GARCIA:** What did you just say
19 about access? You're collecting access, did you say?
20 I was busy looking at the time and not listening to
21 you. I'm sorry.

22 **MR. MELSON:** If MCI enters the market by
23 reselling BellSouth service, MCI buys the service from
24 Bell at a wholesale discount and we resell it to our
25 customer. In that situation BellSouth gets the access

1 charges for the long distance calling over that
2 circuit. Whereas, in a situation where MCI provides
3 the switching, I don't think there's any dispute that
4 MCI is entitled to the access charges.

5 **COMMISSIONER DEASON:** Let me ask one quick
6 question in a follow up to that. You're saying the
7 policy reasons for our decision concerning putting
8 together UNES to reconstitute an existing service,
9 that the policy reasons for that decision, i.e., joint
10 marketing restrictions and access charges that don't
11 apply, that rationale does not apply here. Is that
12 because MegaLink does not provide long distance
13 service? Why does it not apply?

14 **MR. MELSON:** Well, the question is when you
15 set that restriction in place, what does the
16 restriction really mean? We say it meant you have to
17 look at the finished service MCI provides to its
18 customer and say is that totally put together using
19 BellSouth elements? BellSouth takes a different view.
20 BellSouth says no, you look only --

21 **CHAIRMAN GARCIA:** I think that was part of
22 the discussion when we voted out the order: Is there
23 any piece of the full product that includes a service
24 provided -- I may be quoting myself -- but I think we
25 had that discussion. And where some piece was

1 inserted we sort of -- at least discussed the fact
2 that that wasn't the exact same service.

3 **MR. MELSON:** And, Commissioner, if BellSouth
4 had heard you as clearly as we had heard you, we
5 wouldn't be here today.

6 **CHAIRMAN GARCIA:** BellSouth may have heard
7 something else. Very good. Mr. Carver.

8 Mr. Carver, Mr. Melson took about seven
9 minutes in his presentation, and I think we extended
10 it by asking questions, so I'll give you the same.
11 And if we ask questions, you can bear with us.

12 **MR. CARVER:** Thank you.

13 Last June, the last time the parties were
14 before you on a recombination case, the Commission
15 entered an order in which the parties were told to do
16 two things: One, negotiate the price for combinations
17 of UNEs that recreate a BellSouth service, and two,
18 negotiate to define exactly what that means.

19 Now, that hasn't happened. And I don't want
20 to engage in a lot of what Mr. Melson was calling
21 finger-pointing so I'll just say that BellSouth has
22 tried to negotiate that. MCI has declined.

23 But we believe that given that it's not
24 exactly accurate to characterize this as a pricing
25 issue at this point, because you really can't quite

1 reach the pricing issue yet. The threshold issue is
2 whether or not the UNE combinations recreate MegaLink,
3 and we believe they do. So we believe that the
4 appropriate decision would be to say that on the basis
5 of that the parties should go back and try to
6 negotiate a price. So in our view we really can't set
7 a price today because of the threshold question, which
8 is not whether or not MegaLink is recreated.

9 And, again, that question is pretty simple
10 and it's pretty straightforward. And there's not too
11 much dispute on the issue in the case as it's been
12 framed. The issue is simply if you take a DS1 channel
13 and you combine it with DS1 transport, does that
14 recreate MegaLink? And every witness in the case I
15 believe will essentially tell you that from a
16 functional standpoint there is no distinction; that a
17 DS1 channel and DS1 transport are exactly the same as
18 MegaLink, functionally. Yet there may be differences
19 because MegaLink is under tariff and the UNEs
20 combinations are not. But in terms of what they do,
21 there's no distinction.

22 **COMMISSIONER DEASON:** Mr. Carver, are you
23 going to address tariff restrictions for MegaLink
24 either in your summary or are your witnesses going to
25 address that?

1 **MR. CARVER:** I was not going to address that
2 in my opening but certainly our witnesses -- I believe
3 Mr. Hendrix would be the appropriate witness to
4 address that.

5 **COMMISSIONER DEASON:** That's fine. Thank
6 you.

7 **COMMISSIONER JOHNSON:** Mr. Carver, let me go
8 back to the earlier point, and maybe it's just to
9 refresh my recollection.

10 Our Order, in your opinion, states that if
11 you recreate any BellSouth service, if there's any
12 combination that you put together that there's a
13 tariff for, then they have to pay the tariffed price?

14 **MR. CARVER:** No, ma'am. Actually the
15 pricing issue wasn't really reached. I think what the
16 Order said was looking at the negotiations between the
17 parties and evidence it was clear that that pricing
18 issue really wasn't reached. MCI believes that the
19 price should be the aggregate price of the UNEs.
20 BellSouth believes it should be something else. So
21 what we were ordered to do was to go back and first of
22 all determine when a BellSouth service is recreated.
23 And then, once we've done that, then we were to
24 negotiate the price.

25 So I don't think the Commission really gave

1 us a formula. I mean you didn't tell us it will be
2 the resell price minus the discount, or it will be the
3 UNE price with a glue charge. I mean, there was no
4 specific instruction to do one thing or the other.
5 There was simply, basically -- I believe the way it
6 left it is that the parties should negotiate the
7 price. And that's never occurred.

8 So I don't believe that the Order gave us
9 much guidance as to what the price should be. And I
10 think we're still not at that point because we have
11 that threshold issue of what it means to recreate the
12 BellSouth service.

13 Now, one other thing I wanted to respond to.
14 In the Order what was at issue was local service. And
15 we were talking about the platform and the seven
16 elements. But the issue that really came out of it
17 was one that I think applies not just to local service
18 but, really, to any service. Because what the
19 Commission told us was to determine when a BellSouth
20 service is recreated; not just local service. Now, as
21 it's turned out, we haven't negotiated that larger
22 issue and we find ourselves here kind of looking at
23 that larger issue in the context of a different
24 service. Because what they are recreating in this
25 instance, it's not local service. That's not really

1 the issue. The issue is that they are buying a high
2 capacity, high speed channel and transport, and when
3 you put those two things together it's MegaLink
4 service. So a lot of what you said in that Order in
5 terms of what does or does not constitute local
6 service really doesn't have a lot to do with whether
7 it does or does not constitute MegaLink.

8 **COMMISSIONER JOHNSON:** Let me go back then
9 because that's a good clarification. I know during
10 those deliberations I did focus on the recreation of
11 local. But the way you said the Order is written, we
12 talk about if you recreate a BellSouth service, any
13 service.

14 **MR. CARVER:** Yes, ma'am.

15 **COMMISSIONER JOHNSON:** That the next step --
16 it wasn't pricing, but when a service is recreated,
17 then the Order states that the -- any service that the
18 parties must go and negotiate.

19 **MR. CARVER:** Yes, ma'am. Must negotiate the
20 price of that service.

21 **COMMISSIONER JOHNSON:** Now, we didn't say
22 what the price would be; whether it would be just the
23 combination, the price -- if we were to determine
24 yeah, this is a BellSouth service, but we didn't say
25 how that service had to be priced in our Order. We

1 gave you no directions other than to negotiate.

2 **MR. CARVER:** Yes, ma'am. That is correct.

3 **CHAIRMAN GARCIA:** We didn't call it resale.

4 In that Order we didn't call it resale.

5 **MR. CARVER:** No, sir, you didn't. I
6 misspoke. I said you told us to negotiate the price
7 of the service. What we would actually be negotiating
8 was the price of the UNE combination.

9 **COMMISSIONER JOHNSON:** Okay.

10 **MR. CARVER:** But essentially I don't think
11 you gave us guidelines to follow to do those
12 negotiations. You just told us to do that. And that
13 hasn't occurred. So we think the result is that you
14 should find that these two elements are the same as
15 MegaLink, therefore, they recreate it, and then we
16 should go back and renegotiate the price.

17 I'd like to respond a little bit to
18 Mr. Melson's charge, the point he made there.

19 Essentially, I think if you look at
20 MegaLink, if you look at the elements of MegaLink, the
21 decision you have is very straightforward because
22 functionally they are equivalent. I think what MCI
23 has done is, in essence, they've attempted to change
24 the question. Because the position they are arguing
25 is that you don't look at what they buy and compare it

1 to what we sell. They are arguing now that you look
2 at what they sell to their customer and compare it to
3 what we sell to our customer. So their argument would
4 be if the UNE combination they buy recreates MegaLink,
5 but they do something to the MegaLink before they sell
6 it to the customer, such as adding a switching
7 functionality, that what they sell to their customer
8 is different than MegaLink. So, in effect, what
9 they've done is they've posited a different test that
10 comes in at a whole different part of the process. I
11 think what Mr. Melson has told you and I think what
12 their witnesses argued is that that test is somehow
13 inherent in your earlier order. That in your earlier
14 order you told us that's what you really wanted us to
15 do.

16 BellSouth fundamentally disagrees with that.
17 BellSouth believes that you told us to negotiate that
18 issue. And since those negotiations didn't take
19 place, we believe you should look at, if you will, our
20 standard or our test and their test, and judge them on
21 their merits. We don't believe that this has been
22 prejudged or that you have already dealt with this
23 issue.

24 Again, I think the question is as BellSouth
25 has defined it. But let me just address for a moment

1 what would happen if you did apply --

2 **CHAIRMAN GARCIA:** Mr. Carver, let me
3 interrupt you. Give me the tests again just to
4 understand it, how you distinguished it.

5 **MR. CARVER:** Yes, sir. The BellSouth
6 test -- and it's actually the one that's captured by
7 the issue -- which is do the UNEs combinations, that
8 is the two elements, the loop and the transport, do
9 they recreate MegaLink service? In other words, do
10 those two things that MCI as our wholesale customer
11 buy, do they recreate our service?

12 Now, what MCI has done is they've said
13 that's not really the test. Test is you look at what
14 they sell to their customers and you compare to what
15 we sell to our customers. So if they take those
16 elements that recreate MegaLink and then do a little
17 something to -- and I say a little something because
18 I'll get into it in a minute -- they don't think they
19 have to change it much. But if they change it just a
20 little bit, then they have something that's different
21 than our service, and, therefore, it doesn't recreate
22 MegaLink.

23 **COMMISSIONER CLARK:** Why isn't that the
24 right test?

25 **MR. CARVER:** I don't think it's the right

1 test because, I mean, Mr. Melson made some comments
2 about policy. But in our view was that what we were
3 trying to do here was to avoid -- basically to make a
4 meaningful distinction between resale and between the
5 unbundled network elements. That what they're doing
6 would allow them to tweak it just a little bit to
7 engage in pricing arbitrage. I mean, the question
8 here we think is what do they, as our customer, buy
9 and how does that compare to what we sell? Because
10 under the Act there's a clear scheme laid out for what
11 you pay when you buy services as opposed to what you
12 pay when you --

13 **COMMISSIONER CLARK:** Well, it strikes me,
14 then, what you could do is take each UNE and say we're
15 going to make this a retail service and offer it, and
16 that way everything -- every UNE would have to be
17 resold.

18 **MR. CARVER:** That's theoretically possible.
19 I don't think that will happen for two reasons. One
20 is what the standard is, is does it recreate an
21 existing service? So we'd have to go out and do this
22 before the fact, sort of a preemptive strike. The
23 second thing is it would require a tremendous amount
24 of effort to take absolutely every network element,
25 break it down and make it a service. Secondly, we

1 still do have to submit our tariffs for some sort of
2 review. And I think it would be pretty obvious that
3 that was what we were doing.

4 **CHAIRMAN GARCIA:** Mr. Carver, but BellSouth
5 doesn't still hold to the view that if it sells a loop
6 and a port, that's service, and, therefore, anything
7 stemming from that is resale of existing service,
8 right?

9 **MR. CARVER:** I think the Commission has
10 ruled that that doesn't recreate local service, so we
11 certainly accept that ruling.

12 What we're talking about here, again, is not
13 a loop and a port, because we're not dealing with a
14 service that has a port as a part of it.

15 I'll certainly -- just to address
16 Commissioner Clark's point a little bit further --
17 certainly there's a possibility we could do that with
18 the service. I think it's unlikely we would go out
19 and try to tear up every single network element. What
20 I think is much more likely is that if you adopt the
21 MCI test, it will be used in such a way that these
22 elements will never ever, ever recreate a BellSouth
23 service for two reasons.

24 First of all, their test is what do they
25 sell to their customer? We don't know what they sell

1 to their customers. And at least so far they haven't
2 volunteered to tell us. And there's nothing in the
3 contract at all which provides an obligation on their
4 part to tell us. So practically speaking, that test,
5 what they sell to their customer, is just never going
6 to get applied.

7 **CHAIRMAN GARCIA:** But you'd imagine that
8 this Commission would have something to say if you
9 went out and priced every single network element as a
10 final service so that they were in a position that
11 there was -- everything was resale.

12 **MR. CARVER:** Yes, sir. My assumption is you
13 wouldn't let us do that. Frankly, I can't imagine
14 we'd even try.

15 But under their test, the alternative one,
16 we would never really know what they sell to their
17 customer because there's no mechanism for us to know
18 that. Therefore, what we would have is a situation
19 that would sort of grow out of what happened in this
20 case. They have something that they are doing. They
21 think it doesn't recreate a service. They try to
22 order it. We say it doesn't. And we have a dispute.
23 If it was simply a question of what they sell to their
24 end user customer, they'd look at a situation like
25 this, decide it didn't recreate our service and then

1 never even tell us about. So first of all, as a
2 practical matter, their test would ensure that this
3 issue wouldn't come up.

4 The second thing is if you look at their
5 service and say is it the same or is it different than
6 our service? Based on the depositions we have in the
7 case, and based on what I think you'll hear today,
8 you'll see that they believe that their service should
9 be distinguished from ours on the basis of very, very
10 minute distinctions; terms and conditions, price,
11 whether it's bundled with other services that maybe
12 BellSouth can't sell.

13 So to me the greater danger is that they
14 would take their service offerings, which are going to
15 be narrower than BellSouth's, and which they have
16 considerably more latitude in creating, and they would
17 create their service so that it's just a little bit
18 different than the BellSouth service in order to
19 ensure that it never recreates the BellSouth service.

20 **COMMISSIONER CLARK:** What's wrong with that?

21 **MR. CARVER:** It basically avoids the
22 Commission's order. I mean, what the Commission has
23 told us to do is you basically looked at the contract
24 and you said to us what the parties have negotiated is
25 that there really should be some different price when

1 you recreate a BellSouth service. Now, I think it's
2 inconsistent to come back now and say, however, you
3 can never, ever recreate a BellSouth service. I mean,
4 the view that we're taking is that because the
5 Commission told us to negotiate what recreation is, it
6 must be something. And it must be something
7 meaningful. And we need to come up with test that
8 actually has some substance to it.

9 What they have done is they've proposed a
10 test that will never be met. And I think what's wrong
11 with that is that it avoids your Order. It basically
12 takes the Order that says determine what recreates an
13 existing service and it just tosses it out the window.

14 **COMMISSIONER JACOBS:** I kind of see this as
15 as wholly different scenario.

16 In my mind what you're going to have is
17 somebody who is going to resale or do facilities-based
18 provision. And if they are going to be
19 facilities-based, whatever they don't have, they are
20 going to come to you to buy. I find it hard to
21 imagine that somebody is going to sit back and make
22 the business plan up according -- well, I guess in
23 this world, in this day and age, I shouldn't find that
24 hard to imagine -- but it seems weird that somebody
25 would sit back and develop their business plan around

1 how to do arbitrage to your system.

2 **MR. CARVER:** Well, I think that's exactly
3 what's going to happen, and I'll give you two reasons
4 for that. One, in Mr. Martinez's prefiled testimony
5 he says that if they buy off-net T-1s as they have,
6 the cost per unit is twice what they believe the cost
7 should be if they buy UNEs.

8 So, in effect, what we're talking about here
9 is something that depending on how you look at it,
10 either doubles the price or halves the price. So in
11 terms of what they would pay for those elements,
12 there's a tremendous difference. And we believe for
13 that reason they would try to avoid a finding that
14 they are recreating our service.

15 Secondly, it's not a question of changing
16 their business plan or redoing their business plan.
17 It's a question of taking their service and just
18 tweaking it a little bit so that it's different than
19 ours. Because in their view that's all they have to
20 do.

21 **COMMISSIONER DEASON:** Mr. Carver, are you
22 indicating that what the issue in front of us here
23 today is just a small tweaking of MegaLink to offer
24 local service? Seems to me there's a big difference
25 between MegaLink, as you tariff it and what it's used

1 for, and the provisioning of local service to an end
2 use customer.

3 **MR. CARVER:** There is a big difference in
4 that specific context. But the point I was trying to
5 make is that the issue is how do those elements
6 compare to MegaLink? They proposed a test, which if
7 you accept it, has much broader ramifications, because
8 what -- well, again, what the testimony has been in
9 depositions is that their service really doesn't have
10 to be much different than ours to not recreate ours.

11 **CHAIRMAN GARCIA:** Let's say we accept their
12 test. How would you distinguish their test? Let's
13 say we accepted Mr. Melson's test. You call it a mere
14 tweaking. Where would tweaking go -- what would
15 distinguish -- if we accepted Mr. Melson's test, yet
16 we said, well, there has to be more than that. What
17 is more than what Mr. Melson is providing that would
18 be sufficient for BellSouth for this not to be a
19 resold service?

20 Just set the parameters under his test but
21 you can set the standard within the test. What is not
22 a tweaking for you? What would they have to provide
23 their customer that would distinguish this from resale
24 as opposed to an unbundled network element?

25 **MR. CARVER:** First of all, if I may, let me

1 reserve the right to have my witnesses address that
2 because they are the experts. But with that caveat,
3 I'll never hesitate to give an opinion, so I'll tell
4 you what I think. To me the question should be
5 whether they are functionally the same. And in this
6 instance -- well, I guess --

7 **CHAIRMAN GARCIA:** Let me ask you the
8 question. If MCI is offering local service and they
9 are using your DA; they offer everything else. They
10 get to the house. They offer the line, the loop, but
11 they decided to use BellSouth DA. Is that a
12 recreation of your service?

13 **MR. CARVER:** Under my definition, yes, it
14 would be.

15 **CHAIRMAN GARCIA:** Okay. Now, I want you to
16 give me one where there's not a recreation of a
17 service.

18 **MR. CARVER:** Where there's not a recreation
19 of a service.

20 **CHAIRMAN GARCIA:** Yes. All he bought from
21 you was Directory Assistance and you said that is a
22 recreation of a BellSouth local service. Give me an
23 example of something that Mr. Melson can provide to
24 his clients that is not a resold service from your
25 company.

1 **MR. CARVER:** If you don't mind, I'd rather
2 let my witnesses respond to that because I'm in over
3 my head at this point.

4 **CHAIRMAN GARCIA:** Okay. Who do you think I
5 should ask that question to?

6 **MR. CARVER:** I don't see any volunteers.

7 (Laughter)

8 **MR. MELSON:** Mr. Gillan.

9 **MR. CARVER:** It looks like Mr. Hendrix is
10 here, Mr. Milner. I guess Mr. Milner.

11 The other thing -- basically, I think I've
12 said what I have had to say on this particular part of
13 the issue, which I don't think their test that they
14 are proposing is meaningful. And, again, I think we
15 have to get back to the narrow issue in this case
16 which is do the particular elements they are buying
17 recreate a service, a BellSouth service? And if you
18 take the issue as it's framed here, and we believe in
19 the previous Orders, the question is obviously yes, it
20 does.

21 If I may, just take a moment to talk about
22 the Supreme Court opinion, and I'll make it really
23 quick.

24 **CHAIRMAN GARCIA:** We've got time. We've
25 exhausted your time.

1 **MR. CARVER:** Our position is that the
2 Supreme Court opinion really has nothing to do with
3 this case. I won't say nothing, but it really doesn't
4 have a direct effect on the case for three reasons.

5 First reason is that the Commission here is
6 dealing with a contract between two parties that's
7 already in place, and the Commission's interpretation
8 of that contract and some direction as to what we
9 should do. Now, certainly the contracts have
10 provisions in them that say that based on changes in
11 the law they can try to renegotiate. But no one has
12 raised that yet. So I think at this point you have to
13 take the contract as it is and your Orders as they are
14 and go from there. So the Supreme Court Order for
15 that reason wouldn't affect it.

16 The second reason it doesn't effect it is
17 because it's not final. And the third reason is that
18 even after it does become final, I think at this
19 juncture nobody really knows exactly what's going to
20 happen with it. In fact, in the Order itself the
21 Supreme Court made the observation that depending on
22 what occurs on remand, the entire UNE combination
23 issue may be moot. Because one possibility is that
24 the FCC will define the UNES that must be offered in
25 such a way so that recreation is impossible.

1 So given the fact that there's so much to be
2 done with that Order, to sort it out and to put it in
3 effect, I really don't think you can -- be the basis
4 of your decision in this case. And with that I'll
5 end. Thank you.

6 **CHAIRMAN GARCIA:** Very good. All right.
7 Our first witness is Mr. Martinez, and we'll pronounce
8 his name properly from now on. It's Martinez as
9 opposed Martinez. Mr. Martinez, let's -- let me ask a
10 favor, I'm going to ask, unless --

11 **COMMISSIONER CLARK:** What's the right way to
12 pronounce it?

13 **CHAIRMAN GARCIA:** It's probably "Martanez".
14 But it's properly pronounced Martinez. It's just a
15 derivation. He's been in the north too long.

16 Let's take two minutes. I'm going to ask
17 you if it's all right with the parties, and the
18 Commissioners, that each of you briefly summarize.
19 Because the testimony was short enough here that I
20 think all of the Commissioners have a good idea. So
21 just ask you to be very short in presenting your
22 summary, if you've got one at all. Because I think it
23 would be appreciated since -- we'll wade through it.
24 We don't really need much summary. Do you need a
25 moment?

1 **MR. MELSON:** Commissioners, I would estimate
2 Mr. Martinez's summary is about three minutes. It is
3 not a lengthy one.

4 **CHAIRMAN GARCIA:** You could probably get to
5 his testimony in three minutes but go ahead.

6

- - - - -

7

RON MARTINEZ

8 was called as a witness on behalf of MCImetro Access
9 Transmission Services, Inc. and, having been duly
10 sworn, testified as follows:

11

DIRECT EXAMINATION12 **BY MR. MELSON:**

13 **Q** Mr. Martinez, would you state your name and
14 address for the record, please?

15 **A** Ronald Martinez, 780 Johnson Ferry Road,
16 Atlanta, Georgia 30342.

17 **Q** By whom are you employed and what capacity?

18 **A** MCI WorldCom. I work in the Law and Public
19 Policy Department and work with the business units.

20 **Q** Have you prefiled in this docket direct
21 testimony of 12 pages and rebuttal testimony of four
22 pages?

23 **A** Yes.

24 **Q** Do you have any changes or corrections to
25 that testimony?

1 A Yes, I do have one change.

2 Q And is that in your direct or your rebuttal?

3 A It would have been the direct.

4 On Page 7 there was a typo, Line 2, Order

5 No. PSC-98-0818-FOF-TP should read Order

6 No. PSC-98-0810-FOF-TP.

7 Q And with that correct, if I were to ask you
8 today the same questions that are in your prefiled
9 direct and rebuttal testimonies, would your answers be
10 the same?

11 A Yes, they would.

12 MR. MELSON: Mr. Chairman, I'd ask that
13 Mr. Martinez's prefiled direct and rebuttal testimony
14 be inserted into the record as though read.

15 CHAIRMAN GARCIA: Okay. So be it.

16 Q (By Mr. Melson) And Mr. Martinez, you had
17 11 exhibits attached to your direct testimony
18 identified as RM-1 through the RM-11.

19 A That is correct.

20 Q Do you have any changes or corrections to
21 those exhibits?

22 A No, I don't.

23 Q (By Mr. Melson) I ask they be identified
24 as Composite Exhibit 3.

25 CHAIRMAN GARCIA: Very good.

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CHAIRMAN GARCIA: Martha, did you get that?

MS. BROWN: Yes, sir.

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **DIRECT TESTIMONY OF RON MARTINEZ**

3 **ON BEHALF OF**

4 **MCImetro ACCESS TRANSMISSION SERVICES, INC.**

5 **DOCKET NO. 981121-TP**

6 **November 25, 1998**

7

8 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION.**

9 A. My name is Ron Martinez. My business address is MCI Telecommunications
10 Corporation, 780 Johnson Ferry Road, Suite 700, Atlanta, GA, 30342. I am
11 employed by MCI Telecommunications Corporation in the Law and Public Policy
12 Group as an Executive Staff Member II. My responsibilities in my current position
13 include working with the MCI business units to ensure timely introduction of
14 products and services.

15

16 **Q. PLEASE PROVIDE INFORMATION ON YOUR BACKGROUND AND**
17 **EXPERIENCE.**

18 A. In my previous position at MCI, I managed the business relationships between MCI
19 and approximately 500 independent local exchange companies in twenty-one
20 states. I have experience in network engineering, administration and planning;
21 facilities engineering, management and planning; network sales; and technical sales
22 support. Prior to joining MCI, I was the Director of Labs for Contel Executone for
23 several years. Before that, I worked for sixteen years in the Bell system in
24 numerous engineering, sales and sales support functions. I have a Master of
25 Science degree in Operations Research and a Bachelor of Science Degree in

1 Electrical Engineering from the University of New Haven.

2

3 **Q. ARE YOU FAMILIAR WITH THE INTERCONNECTION AGREEMENT**
4 **BETWEEN MCIMETRO AND BELL SOUTH AND WITH THE**
5 **CONTROVERSY SURROUNDING THE PURCHASE OF DS1**
6 **LOOP/TRANSPORT COMBINATIONS THAT IS THE SUBJECT OF THIS**
7 **PROCEEDING?**

8 A. Yes. I was heavily involved in the negotiation of the Interconnection Agreement
9 (the Agreement) between BellSouth and MCI metro Access Transmission Services,
10 Inc. (MCI metro), which is the MCI subsidiary that provides local telephone
11 service. Although I am not a lawyer, I am quite familiar with the provisions
12 referred to below and with the parties' intentions when negotiating and drafting
13 those provisions. I am also familiar with BellSouth's refusal to provide MCI metro
14 with DS1 loop and DS1 local transport combinations at the price set forth in the
15 Agreement.

16

17 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

18 A. The purpose of my testimony is to describe the dispute between BellSouth and
19 MCI metro regarding the purchase of unbundled network element (UNE)
20 combinations consisting of a DS1 loop and DS1 dedicated transport, to identify the
21 provisions in the Agreement which control the provisioning and pricing of this
22 UNE combination, to estimate the amount that MCI metro has been overcharged by
23 BellSouth due to its refusal to comply with the Interconnection Agreement, and to
24 summarize the relief that MCI metro is seeking in this case. Mr. Gillan will provide
25 more detail on why MCI metro's position on the correct pricing of this UNE

1 combination is consistent with the prior Commission decisions interpreting the
2 Agreement.

3

4 **BACKGROUND**

5 **Q. MR. MARTINEZ, WHAT IS A DS1 LOOP AND HOW ARE SUCH LOOPS**
6 **PRICED UNDER THE AGREEMENT?**

7 A. A DS1 loop is a four-wire facility and associated electronics that connects a
8 customer's premises to the customer's serving wire center. A DS1 loop provides
9 1.5 MBPS of bandwidth, which is the equivalent of 24 voice grade channels. DS1
10 loops provided by BellSouth are available to MCImetro as unbundled network
11 elements under Sections 2.7 and 4.1.1 of Attachment III of the Agreement, copies
12 of which are included in Exhibit 3 (RM-1). Such four-wire DS1 loops are priced
13 at \$80 per month. (Agreement, Attachment 1, Table 1-1)

14

15 **Q. WHAT IS DS1 DEDICATED TRANSPORT AND HOW IS IT PRICED**
16 **UNDER THE AGREEMENT?**

17 A. DS1 dedicated transport is a four-wire interoffice facility and associated electronics
18 that provide a 1.5 MBPS connection between the customer's serving wire center
19 and a point of interconnection (POI) at MCImetro's local switch location. DS1
20 dedicated transport provided by BellSouth is also available to MCImetro as an
21 unbundled network element under Sections 2.7 and 10.1 of Attachment III of the
22 Agreement, copies of which are included in Exhibit 3 (RM-1). The contract rate
23 for DS1 dedicated transport consists of two rates elements -- one rate per
24 termination per month, plus a separate rate per mile per month. (Agreement,
25 Amendment 1, Exhibit A)

1 **Q. WHAT IS A DS1 LOOP / DS1 DEDICATED TRANSPORT**
2 **COMBINATION?**

3 A. A DS1 loop / DS1 dedicated transport combination is a combination of the two
4 previously described unbundled network elements to form a continuous 1.5 MBPS
5 transmission path between a customer location and a POI at MCImetro's local
6 switch location.

7
8 In a prior enforcement complaint by MCImetro against BellSouth, the Commission
9 confirmed that BellSouth is required by Section 2.4 of Attachment III and Sections
10 2.2.15.1 and 2.2.15.3 of Attachment VIII of the Agreement to provide MCImetro
11 with combinations of network elements. (Order No. PSC-98-0810-FOF-TP at
12 pages 23-24). Copies of the referenced portions of the Agreement are included in
13 Exhibit 3 (RM-1) and copies of relevant excerpts from the Order are included in
14 Exhibit 3 (RM-2).

15
16 **Q. WHAT IS A T-1 CIRCUIT?**

17 A. A T-1 circuit is the access tariff name for a 1.5 MBPS facility. For circuits with the
18 same starting and ending points, there is no technical difference between a T-1
19 circuit and a DS1 circuit consisting of a DS1 loop and DS1 dedicated transport.

20
21 **Q. HOW DOES MCIMETRO USE THE DS1/T-1 FACILITIES THAT IT**
22 **PURCHASES FROM BELLSOUTH?**

23 A. MCImetro uses these facilities to connect a business customer's premises to an
24 MCImetro Class 5 local switch. This UNE combination provides the functional
25 equivalent of 24 local loops between the customer premises and MCImetro's

1 switch. MCImetro's switch is used to provide local service to the customer,
2 including dial-tone, local calling, vertical features, access to operator services,
3 access to 911 service, and switched access to the customer's preferred long distance
4 carrier.

5

6 **Q. WHAT IS AN "OFF-NET" T-1?**

7 A. This is the name that MCImetro uses internally to describe this type of DS1/T-1
8 facility. In MCImetro's terminology, an "on-net" customer is one that MCImetro
9 serves directly with its own local fiber loops without using any local exchange
10 company facilities. Such a customer is "on" the MCImetro local network. An "off-
11 net" customer is one that MCI serves by purchasing copper or fiber loop facilities
12 from the local exchange company to connect the customer's premises to
13 MCImetro's switch. Such a customer is "off" the loop portion of MCImetro's local
14 network.

15

16 **HISTORY OF DISPUTE WITH BELLSOUTH**

17 **Q. WHEN DID MCIMETRO FIRST ASK BELLSOUTH TO PROVIDE IT**
18 **WITH A DS1 LOOP / DS1 DEDICATED TRANSPORT COMBINATION?**

19 A. MCImetro first requested that BellSouth provide this type of unbundled network
20 element combination at the UNE pricing contained in the Agreement on November
21 10, 1997.

22

23 **Q. WHAT WAS BELLSOUTH'S RESPONSE?**

24 A. BellSouth initially agreed to provision and price these facilities as a UNE
25 combination under the Agreement. BellSouth then changed its position, and

1 refused to provide this combination at the sum of the UNE prices contained in the
2 Agreement.

3

4 **Q. WHAT REASON DID BELLSOUTH GIVE FOR REFUSING TO HONOR**
5 **MCIMETRO'S ORDER FOR THIS DS1 COMBINATION?**

6 A. BellSouth claimed that it was not required by the Agreement to provide DS1 loops
7 and DS1 dedicated transport on a combined basis. BellSouth stated that if
8 MCI metro desired such a combination, it would have to obtain a collocation space
9 in the BellSouth wire center, order DS1 loops and DS1 dedicated transport
10 delivered to the collocation cage, and perform the combination itself.

11

12 **Q. WHAT DID MCIMETRO DO WHEN BELLSOUTH REFUSED TO**
13 **PROVIDE THE REQUESTED UNE COMBINATION?**

14 A. In order to obtain the necessary loop facilities to provide local service to its
15 customers, MCI metro was forced to purchase T-1 circuits from BellSouth's access
16 tariff. The cost of these circuits averages approximately \$400 per month, versus
17 the price of approximately \$200 per month to which MCI metro is entitled under the
18 UNE combination pricing in the Agreement. MCI metro placed the orders for these
19 circuits using Access Service Requests (ASRs).

20

21 **Q. WHAT ELSE WAS HAPPENING DURING THIS TIME FRAME?**

22 A. On October 27, 1997, MCI metro filed a motion to compel compliance which asked
23 the Commission to interpret and enforce various provisions of its Agreement with
24 BellSouth relating to the provisioning and pricing of UNE combinations. The
25 hearing in that docket was held in March, 1998, and the Commission decided the

1 issues in the case at a special agenda conference on May 14, 1998. This decision
 2 was set forth in the Commission's final order (Order No. PSC-98-081⁹-FOF-TP)
 3 which held that:

- 4 • BellSouth has undertaken a contractual obligation to provide network elements
 5 in combination to MCI metro, whether or not the elements are already combined
 6 at the time of MCI metro's order. (Order, page 24)
- 7 • Except when a combination of UNEs recreates an existing BellSouth service,
 8 MCI metro is entitled to purchase the combination at the sum of the prices for
 9 the individual UNEs, with no other charge for BellSouth performing the
 10 combination. (Order, page 25)
- 11 • When a combination of UNEs does recreate an existing BellSouth service,
 12 BellSouth and MCI metro should negotiate a price for such combination.
 13 (Order, pages 25-26)

14 Copies of the relevant pages of the Order are included in Exhibit 3 (RM-2).
 15

16 **Q. WHAT DID MCIMETRO DO AFTER THIS DECISION WAS**
 17 **ANNOUNCED BY THE COMMISSION?**

18 A. After the Commission's vote, MCI metro on June 1, 1998 sent a letter to BellSouth
 19 renewing its request that BellSouth provide MCI metro with DS1 loop / DS1
 20 dedicated transport combinations at the sum of the UNE prices contained in the
 21 Agreement. A copy of this letter is attached as Exhibit 3 (RM-3). That letter
 22 also notified BellSouth that MCI metro would be migrating all existing T-1 circuits
 23 previously ordered out of BellSouth's access tariffs to DS1 loop and transport
 24 combinations and that all pending T-1 orders should be treated as orders for DS1
 25 loop and transport combinations. MCI metro also requested credit for the difference

1 in price between the T-1s ordered from the access tariff and the price of the
2 component UNEs at the rates contained in the Agreement. Finally, MCImetro
3 requested a meeting no later than June 10, 1998 to discuss how to implement
4 MCImetro's request.

5
6 **Q. HOW DID BELLSOUTH RESPOND?**

7 A. On June 4, 1998, BellSouth responded by acknowledging receipt of MCImetro's
8 request and suggesting that the requested meeting be deferred until after the entry
9 of a written order reflecting the Commission's decision. A copy of BellSouth's
10 response is attached as Exhibit 3 (RM-4).

11
12 **Q. WHAT HAPPENED NEXT?**

13 A. On June 12, 1998, the Commission entered its final order and on July 8, 1998,
14 MCImetro met with BellSouth to discuss the renewed request for DS1
15 loop/transport combinations. At that meeting, BellSouth indicated that it would not
16 honor MCImetro's request on the grounds that the requested combination
17 "recreated" MegaLink service and the parties were thus required by the
18 Commission's order to negotiate a price for such combination. BellSouth further
19 took the position that these negotiations should be a part of larger negotiations on
20 the global issue of what combinations of UNEs constitute the recreation of an
21 existing BellSouth service.

22
23 **Q. WHAT WAS MCI'S RESPONSE TO BELLSOUTH'S POSITION?**

24 A. MCImetro responded that it was using the combination of 4-wire DS1 loop and
25 DS1 dedicated transport in order to connect customers to MCImetro's Class 5 local

1 switch, out of which MCImetro was providing dial tone to the customer, as well as
2 vertical features, operator services, directory assistance information, and access to
3 long distance networks. MCIIm pointed out that this serving arrangement did not
4 "recreate" any existing BellSouth service within the meaning of the Order, and that
5 the UNE rates in the Agreement therefore applied to this combination under the
6 Commission's Order.

7
8 Further, since MCImetro was requesting only one type of UNE combination -- the
9 DS1 loop/transport combination -- MCImetro saw no need to have this request held
10 hostage to some global resolution of the "recreation" issue, particularly when
11 BellSouth's position was costing MCImetro over \$300,000 per month in excess
12 charges. By letter dated July 14, 1998, MCImetro asked BellSouth to reconsider its
13 position. A copy of that letter is attached as Exhibit 3 (RM-5).

14
15 **Q. HOW DID BELLSOUTH RESPOND?**

16 A. By letter dated July 21, 1998, BellSouth declined to reconsider its position and
17 invited MCImetro to negotiate pricing for the requested UNE combination. A copy
18 of this letter is attached as Exhibit 3 (RM-6).

19
20 **Q. WHAT HAPPENED NEXT?**

21 A. There was a further exchange of correspondence which is attached as Exhibits 3
22 (RM-7) to 3 (RM-9) in which each party reiterated its position on the issue of
23 whether the requested DS1 loop/transport combination did or did not "recreate" an
24 existing BellSouth retail service within the meaning of the Commission's order. It
25 was during this time that Mr. Stacy of BellSouth testified in Docket No. 980281-TP

1 that BellSouth did not intend to change its position on this issue. A copy of the
2 relevant pages of the transcript are attached as Exhibit 3 (RM-10)

3
4 By September 14, 1998, it became clear to MCImetro that an impasse had been
5 reached on this issue, and MCImetro filed its Complaint in this docket.

6
7 **Q. WHAT ACTION IS MCIMETRO ASKING THE COMMISSION TO TAKE**
8 **AT THIS TIME?**

9 A. MCImetro is asking the Commission to do three things:

- 10 1. Determine that a DS1 loop and DS1 dedicated transport combination furnished
11 to MCImetro between its customer's location and MCImetro's local switch, and
12 used in the provision of MCImetro's switch-based competitive local exchange
13 service, does not "recreate" an existing BellSouth service within the meaning of
14 the Order the reasons stated above and in the testimony of Mr. Gillan.
- 15 2. Order BellSouth to credit or refund MCImetro with the difference between the
16 amounts charged to MCImetro for T-1s ordered pursuant to the access service
17 tariff and the amounts MCImetro should have been charged for DS1
18 loop/transport combinations under the Agreement for the period from
19 November 17, 1997 to the date of the Commission's order.
- 20 3. Order BellSouth in the future to provision and price these UNE combinations
21 pursuant to the Agreement.

22
23 **Q. WHAT IS THE AMOUNT OF THE CREDIT OR REFUND THAT**
24 **MCIMETRO IS SEEKING?**

25 A. The accumulated difference is over \$3 million as of the date of this testimony, and

1 is continuing to increase at a rate of over \$300,000 per month. MCImetro believes
2 that once the Commission reaffirms that UNE pricing is appropriate for these
3 combinations and orders BellSouth to make the appropriate credit, the precise
4 amount can be determined by the parties through their normal billing resolution
5 processes.

6
7 **Q. DOES THE FACT THAT MCIMETRO ORDERED THESE CIRCUITS AS**
8 **T-1s USING THE ACCESS SERVICE REQUEST (ASR) PROCESS**
9 **PRECLUDE MCIMETRO FROM NOW CLAIMING THAT A REFUND IS**
10 **DUE?**

11 A. No. As I stated earlier, MCImetro ordered these facilities from the access service
12 tariff out of necessity and under duress when BellSouth refused to process orders
13 for the requested UNE combinations. In another enforcement case brought by
14 MCImetro against BellSouth involving the Agreement, the Commission recently
15 confirmed that MCImetro has the right to use ASRs to place orders for network
16 elements used to provide local service until such time as BellSouth has provided an
17 electronic interface for ordering such elements. See Order PSC-98-1484-FOF-TP
18 at pages 29-33, a copy of which is attached as Exhibit 3 (RM-11). That decision
19 was made with reference to the same "off-net T-1s" that are at issue in this docket.

20
21 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

22 A. MCImetro has been attempting since November 17, 1997 to order DS1 loop / DS1
23 dedicated transport combinations under its Agreement in order to connect business
24 customers to its local switch so that MCImetro can provide them with competitive
25 local exchange service. BellSouth has steadfastly refused to provide such

1 combinations under the Agreement. There is a fundamental difference of opinion 51
2 between MCImetro and BellSouth as to what the Commission meant in Order No.
3 PSC-98-0818-FOF-TP by the term "network element combinations that recreate an
4 existing BellSouth retail service." I have presented a description of the requested
5 UNE combination and how MCImetro will utilize this UNE combination in
6 conjunction with its local switch to provide competitive local service to
7 MCImetro's customers. Mr. Gillan will present further testimony about why this
8 combination does not "recreate an existing BellSouth retail service" within the
9 meaning of the Order.

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Q. DOES THAT CONCLUDE YOUR TESTIMONY?

A. Yes it does.

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **REBUTTAL TESTIMONY OF RON MARTINEZ**

3 **ON BEHALF OF**

4 **MCImetro ACCESS TRANSMISSION SERVICES, INC.**

5 **DOCKET NO. 981121-TP**

6 **December 16, 1998**

7

8 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION.**

9 A. My name is Ron Martinez. My business address is MCI Telecommunications
10 Corporation, 780 Johnson Ferry Road, Suite 700, Atlanta, GA, 30342. I am
11 employed by MCI Telecommunications Corporation in the Law and Public Policy
12 Group as an Executive Staff Member II

13

14 **Q. HAVE YOU PREVIOUSLY PROVIDED DIRECT TESTIMONY IN THIS**
15 **DOCKET?**

16 A. Yes.

17

18 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

19 A. The purpose of my rebuttal testimony is to respond to the claim by Mr. Hendrix
20 and Mr. Milner that MCImetro's use of a combination of DS1 loop and DS1 local
21 transport UNEs in conjunction with its Class 5 local switch to provide competitive
22 local exchange service somehow recreates BellSouth's MegaLink service.

23

24 **Q. MR. MILNER DESCRIBES MEGALINK SERVICE AS A HIGH**
25 **CAPACITY TRANSPORTATION PIPELINE AND STATES THAT**

1 **CONNECTING SUCH A TRANSPORT FACILITY TO A SWITCH DOES**
2 **NOT ALTER THE NATURE OF THE TRANSPORT FACILITY. (PAGE 8)**
3 **DO YOU AGREE?**

4 A. I can agree that both MegaLink and a DS1 loop/DS1 dedicated transport
5 combination are high speed transport facilities. However, I strongly disagree that a
6 MegaLink circuit provided to an end use customer by BellSouth and a DS1
7 loop/DS1 dedicated transport combination used by MCImetro as part of an MCI-
8 switch-based local service offering are in any way equivalent in the eyes of the
9 customer.

10

11 **Q. WHY?**

12 A. When a business customer purchases MegaLink service, it is getting a point-to-
13 point private line service subject to all the restrictions and limitations of BellSouth's
14 Private Line Services Tariff. In fact, BellSouth's tariff contains 73 pages of rules
15 and regulations that apply to private line services. These provisions, for example,
16 require that the private line can only be used to connect two locations of the same
17 customer (or the customer and its affiliates) and limit the customer's right to
18 connect private line services to the public switched network.

19

20 In contrast, when a customer purchases MCImetro's competitive local exchange
21 service, it is getting the ability to place local calls and to access the long distance
22 carrier of its choice. None of the restrictions typically associated with private line
23 service apply. Private line service and switch-based local service thus are two
24 fundamentally different offerings.

25

1 More importantly, from the customer's point of view, the high-speed connection to
2 MCImetro is not a separate service, it is simply part and parcel of MCImetro's local
3 service offering -- an offering which uses a combination of leased UNEs and
4 MCImetro's own switch to provide an alternative to BellSouth's local exchange
5 service.

6

7 Although I do not believe that the answer should be any different, the Commission
8 would certainly be facing a different issue if MCImetro was purchasing a DS1 local
9 loop and DS1 dedicated transport combination to offer a private line service which
10 did not involve an MCImetro switch or any other facilities owned by MCImetro.
11 That service might at least be perceived by the customer as a substitute for
12 BellSouth-provided MegaLink service.

13

14 **Q. IS THERE ANYTHING IN THE INTERCONNECTION AGREEMENT**
15 **ITSELF WHICH SUPPORTS YOUR POSITION THAT HIGH SPEED**
16 **TRANSPORT FACILITIES ARE GOVERNED BY THE UNE PROVISIONS**
17 **OF THE AGREEMENT AND NOT BY THE RESALE PROVISIONS?**

18 **A.** Yes. Attachment III of the Interconnection Agreement, which deals with Network
19 Elements, contains extensive provisions dealing with transport facilities,
20 particularly the type of high speed facilities that are at issue in this docket. In
21 contrast, Attachment II of the Interconnection Agreement, which deals with resale,
22 contains no reference to any transport services or any type of high speed facilities.
23 I believe this reflects the intention of the parties that DS1 transport facilities were
24 to be viewed as UNEs, not as some form of service resale.

25

1 Q. DOES THAT CONCLUDE YOUR REBUTTAL TESTIMONY?

2 A. Yes it does.

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1 Q (By Mr. Nelson) Mr. Martinez, could you
2 give a summary of your testimony that is either as
3 brief or briefer than the one you had prepared.

4 A Good morning, Commissioners. As you heard
5 in the opening statements, this is a dispute about the
6 price that MCI should pay BellSouth when MCI orders a
7 DS1 loop, DS1 transport or a combination for an MCI
8 customer at the MCI local switch.

9 Under the contract that I negotiated for
10 MCI, BellSouth is required to sell us the UNE
11 combination at the sum of the prices of the individual
12 elements.

13 My testimony begins by describing the
14 technical characteristics of this combination, which
15 provides 1.5 megabit per second connection from the
16 MCI customer to the switch, to the MCI switch. This
17 facility is basically a high speed local loop which
18 MCI uses in combination with our own switch to provide
19 local service to business customers.

20 MCI first attempted to order this DS1 loop
21 transport combination from BellSouth under our
22 Interconnection Agreement in November 1997. BellSouth
23 initially agreed to provide this combination but then
24 quickly changed its position and said that MCI would
25 have to buy the elements separately and combine them

1 and sell them in an MCI collocation space.

2 My testimony then describes various meetings
3 and correspondence between MCI and BellSouth on this
4 issue after the Commission ruled in June 1998 that
5 BellSouth is required to provide UNE combinations to
6 MCI. That process ended in the filing of this
7 complaint when BellSouth never responded to our final
8 letter.

9 My rebuttal testimony takes exception to
10 Mr. Hendrix's and Mr. Milner's claim that the DS1
11 transport combination recreates BellSouth's MegaLink
12 service. MegaLink is a point-to-point private line
13 service that is subject to numerous tariff
14 restrictions.

15 Let me also emphasize that MCI is not
16 offering its customer a private line service. We're
17 offering a full array of local services. We're simply
18 using the high capacity loop from BellSouth to connect
19 customers to our switch from which those services are
20 provided.

21 In closing we are asking the Commission to
22 rule in MCI's favor that we are not recreating a
23 BellSouth service and to order BellSouth to refund the
24 difference between the prices they have charged us
25 under the access tariff and the prices they should

1 have been charging us under our Interconnection
2 Agreement.

3 That concludes my summary.

4 **MR. MELSON:** Mr. Martinez is tendered for
5 cross.

6 **CHAIRMAN GARCIA:** Mr. Carver.

7 **CROSS EXAMINATION**

8 **BY MR. CARVER:**

9 Q Good morning, Mr. Martinez.

10 A Good morning.

11 Q I notice you're going through some papers
12 there.

13 A I'm just getting the index out.

14 Q Should I go ahead or wait for you?

15 Let me ask you first of all, would you agree
16 that from a functional standpoint a DS1 loop and
17 transport are the same as MegaLink service?

18 A The DS1 loop and the DS1 transport that we
19 buy would be equivalent to the DS1 loop and DS1
20 transport under MegaLink.

21 Q Thank you. So that would be a yes?

22 A Well, I framed it that way because as I
23 pointed out, there are additional equipment, when you
24 try to replicate something we were doing in a switch,
25 you would put in a network access register if you were

1 trying to a switch. So --

2 Q Well, a network access register is part of a
3 switch, isn't it? In other words, it's not part of
4 MegaLink service per se?

5 A It's tied to MegaLink service.

6 Q But a network access register is part of the
7 switch, though, correct?

8 A It could be. It could also be an external
9 piece of equipment. I'm not sure how you designed
10 that.

11 Q But aside from the network access register,
12 from a functional standpoint, the channel and loop,
13 the DS1 channel and the loop and MegaLink service are
14 functionally the same thing, correct?

15 A That's correct.

16 Q Okay. I want to ask a little bit about the
17 refund that MCI is seeking.

18 Now, in your prefiled testimony you don't
19 say the total amount of refund that you believe MCI is
20 due, do you?

21 A No, I don't.

22 Q Have you calculated that amount?

23 A There were calculations. The reason that
24 they are not anywhere near final is that there's a
25 process that we go through when we have a dispute

1 between our two companies once we come to the
2 conclusion the the dispute is valid and we're going to
3 carry it off. We then go circuit by circuit and
4 determine the actual -- in this case the primary
5 difference is while there's a monetary difference in
6 the local chan term, the transport costs are
7 different. The transport between your wire centers
8 and either the central office that we've leased
9 facilities that carry that to our switch, or the
10 facility that we have collocated where we're asking
11 you to go varies. And each and every one of them will
12 have to be determined. There will also be some
13 circuits that are actually hosted off the switch where
14 we have the facilities or where we have the
15 collocation to which transport wouldn't apply.

16 So the long and short of it, there's a long
17 process that goes through that our -- both companies
18 are familiar with where we go through and finalize
19 that.

20 Q Okay. My question was just have you
21 calculated a final amount. I take it your answer is
22 no, you haven't?

23 A That's correct.

24 Q Okay. You have reviewed Mr. Hendrix's
25 testimony, have you not?

1 A Yes, I have.

2 Q Now, in Mr. Hendrix's testimony he describes
3 BellSouth's efforts to meet with MCI to negotiate what
4 UNE combinations would constitute a recreated
5 BellSouth service. And I believe this appears on Page
6 3 of his testimony through Page 6. Let me ask you, is
7 his description of the events that occurred accurate?

8 A Yes. Chronologically they follow -- in
9 fact, the same letters he attached to his are attached
10 to mine.

11 Q Now, personally you were not involved in
12 these negotiations, were you?

13 A No, I wasn't.

14 Q Who was involved on behalf of MCI?

15 A It would have been Wally Schmidt.

16 Q Now, in your testimony on Pages 5 and 6 you
17 describe what you refer to as the history of the
18 dispute, I believe, is that correct?

19 A That's correct.

20 Q And you were not personally involved in any
21 of those events either, were you?

22 A No, I wasn't.

23 Q Again, that would be Mr. Schmidt who was
24 involved in that?

25 A That's correct.

1 Q And based on what you do know, to the best
2 of your knowledge, have there be any substantive
3 discussions between BellSouth and MCI as to what
4 constitutes a recreated BellSouth service?

5 A No, there haven't.

6 Q So I guess obviously there haven't been any
7 substantive discussions about what the price of that
8 recreated service would be either, have there?

9 A No, there haven't.

10 Q Has MCI refused to negotiate this issue?

11 A The global issue, yes. We, at MCI, never
12 believed that we were ever buying a recombination that
13 recreated your service. That's why we wanted to, from
14 a business perspective, narrow the focus of this. And
15 that's what the intent of our letters were to you: To
16 narrow the focus to the issue at hand because we were
17 providing the totality of local services and all we
18 were looking for was a loop. We did not feel that
19 this in any way, shape or form was as recreation. Nor
20 did we have any intention of buying services that
21 were, in fact, recreating the services.

22 Q Moving to a slightly different area, you
23 obviously heard the opening statements and the
24 positions of the parties, correct?

25 A Yes.

1 Q Basically, just to -- sort of a marker to
2 get us on the same page of this question, would you
3 agree tht it's MCI's position that the Commission
4 should determine this issue based on what MCI sells to
5 its end user customer?

6 A That's correct.

7 Q How would BellSouth know what you sell to
8 your customer?

9 A How would they know which part?

10 Q Well, if you say that the Commission has to
11 look at what you sell to your customer and make the
12 determination based on that or basically that the
13 pricing issue should resolve on that --

14 A Under the ordering documents --

15 Q Let me finish the question. I'm sorry, I'm
16 not quite through yet.

17 The question is that the standard is
18 basically you look at what you sell to your customers
19 on a going-forward basis. When other possible
20 recombination issues come up, how would BellSouth know
21 what you sell to your customers?

22 A There would have been, had the OBF dutifully
23 created the elements necessary for the LSR, working
24 off of an ASR, which is our contracted right, you have
25 an A-to-Z location. The A location would have been

1 customer location. Z location would have been another
2 customer location, in which case we would be
3 replicating a private line service. Under that
4 constraint, you would have perhaps had a -- still held
5 depending on what the services did, whether that
6 constituted a resale. But the --

7 **CHAIRMAN GARCIA:** Mr. Martinez, do me a
8 favor. I have no idea what you're talking about.

9 **WITNESS MARTINEZ:** Oh. An access service
10 request is a document that is issued by a person
11 wishing to purchase basically a DS1 or DS3. On that
12 request form you must signify, or identify, the
13 locations that this circuit at one end or the other is
14 going to be. So if this were a private line service
15 under the A to Z location, there would have been no
16 MCI location involved. It would have been a
17 point-to-point circuit between the customer's location
18 at A and a customer's location at Z.

19 In this instance here, the document clearly
20 stated that it was to go into our switching function.
21 So at that point this time there would have been a
22 clear distinction that this was a switching function
23 and being used as a loop.

24 **COMMISSIONER JACOBS:** Is there some industry
25 standard -- looking at what you're going to provide to

1 your customer, okay. You're going to take the loop
2 and transport and then you're going to add some
3 switching to it. And I guess some other facilities to
4 constitute a final product that you're going to offer.

5 As to the technical components of that, are
6 you following some industry guide as to what must be
7 in that soup, or can it be anything you want it to be?

8 **WITNESS MARTINEZ:** We are following the
9 guides that exist today.

10 **COMMISSIONER JACOBS:** Where do those come
11 from?

12 **WITNESS MARTINEZ:** Those came from the OBF.

13 **COMMISSIONER JACOBS:** What's the OBF now?

14 **WITNESS MARTINEZ:** Ordering billing form.

15 **COMMISSIONER JACOBS:** That's something you
16 specified to BellSouth.

17 **WITNESS MARTINEZ:** That's the access service
18 request.

19 But I don't want to mislead you. The intent
20 of the OBF was to develop the combinations for UNES on
21 a LSR, a local service request.

22 After the 8th Court's decision, there was a
23 push back at the OBF where one side was basically
24 stating that because they believed that the Court told
25 them they didn't have to combine, they were not going

1 to create the elements that we needed to define on the
2 LSR so that we could actually order combinations of
3 UNEs. However, in our contract we recognized --

4 **COMMISSIONER JACOBS:** When you say they
5 weren't going to create, you mean that in your
6 attempts to order the elements, they weren't going to
7 separate them out; that you just had to buy them in a
8 bundle?

9 **WITNESS MARTINEZ:** Yes. The only avenue we
10 have today is to use an access service request.

11 **COMMISSIONER JACOBS:** Which is a bundled
12 request?

13 **WITNESS MARTINEZ:** Right. Which is a
14 bundled request. The LSR would have -- if the OBF
15 followed through -- would have created what we call
16 network elements.

17 **COMMISSIONER JACOBS:** Okay.

18 **WITNESS MARTINEZ:** Network elements would
19 have been assigned on the LSR to explain exactly what
20 these elements were and what we wanted them for.

21 **COMMISSIONER JACOBS:** If I can say it again,
22 you attempted to order them under the unbundled
23 request and were informed that you had to order them
24 under the bundled request. Is that correct?

25 **WITNESS MARTINEZ:** That was the only avenue

1 we had.

2 In our contract negotiations, we originally,
3 in our contract, wanted to the set these elements
4 ourselves between the two parties. BellSouth pushed
5 back and rightfully so. They wanted to wait until the
6 OBF. Because they wanted to push back, we changed
7 that paragraph in the contract, stated that we would
8 abide by the OBF standards, but in the meantime we
9 would use the access service request for the ordering
10 of unbundled network elements, full knowing that the
11 elements that we put on there didn't represent the
12 individual components we wanted. So we had to tell
13 them that that's what we were doing.

14 **COMMISSIONER JACOBS:** Was there some
15 anticipation that you'd modify that later?

16 **WITNESS MARTINEZ:** Yes. That was put on
17 there waiting for the OBF to set the elements in place
18 so we could actually order them correctly on a LSR, in
19 which way they would be only to price them correctly.
20 That's one of their problems.

21 **COMMISSIONER JACOBS:** Do you recall what the
22 circumstances would be under which those changes would
23 occur? When they would -- I assume they would come
24 after the old OBF would come out, but who would sit
25 down and do that once that occurred?

1 **WITNESS MARTINEZ:** The OBF is a composite
2 group made up of all seven RBOCs and ALECs plus --

3 **COMMISSIONER JACOBS:** So you all would sit
4 down and you all would figure out --

5 **WITNESS MARTINEZ:** All sit down and it has
6 to be a consensus. It is not a standard. It is a
7 consensus in the industry of how to do something. And
8 that is the proper body by which the elements would be
9 defined so you that could write an LSR, which is the
10 proper document to order the service. ASR is not a
11 proper document from a CLEC's perspective for
12 ordering. That's why there was an exception made in
13 our contract to do that.

14 **COMMISSIONER JACOBS:** So you would take the
15 result of that conference, if I can call it that, and
16 that -- whatever was decided there as the makeup of a
17 local provisioning, and you'd order that on your LSR
18 with all of the components, unbundled elements that
19 would go into that.

20 **WITNESS MARTINEZ:** Yes.

21 **Q** **(By Mr. Carver)** Let me get back to my
22 question. I'll just ask it again.

23 If it's MCI's position that the Commission
24 or BellSouth, basically, in setting pricing in the
25 future, should determine whether or not you're

1 recreating a BellSouth service by looking for the MCI
2 service, that is what you sell to your end user
3 customer, if that's the test, then my question is
4 simply how would BellSouth know what you're selling to
5 your customers?

6 **A** I guess I'll repeat myself.

7 On the access service request, or the LSR
8 when it's finalized, there will be an A-to-Z location.

9 **CHAIRMAN GARCIA:** Mr. Martinez, let's try to
10 answer the question directly. I understand you
11 answered it in your mindset, but let's make sure
12 you're answering the question Mr. Carver asked,
13 because you're walking us long and far to get there
14 and we heard that answer. Maybe, Mr. Carver, you can
15 specify based on his answer to get him to answer.

16 **MR. CARVER:** Yes, sir.

17 **Q** **(By Mr. Carver)** Let me see if I understand
18 your answer, Mr. Martinez.

19 Are you saying that you would order the
20 elements from BellSouth in such a way that it would be
21 obvious what you're doing with them?

22 **A** Yes.

23 **Q** And you believe that would be the case
24 across the board with any elements you ordered?

25 **A** Yes.

1 **Q** And in the future, to the extent you buy
2 elements, you believe that when you order them or in
3 the way that you order them will always tell us what
4 you're going to do with them?

5 **A** Yes. It will differentiate between the
6 switched and private line services.

7 **CHAIRMAN GARCIA:** So the distinction you're
8 making is the switch?

9 **WITNESS MARTINEZ:** Yes. We're using it is a
10 loop versus a private line.

11 **CHAIRMAN GARCIA:** And that's all you need is
12 for it to be an unbundled network element that your
13 switch is involved?

14 **WITNESS MARTINEZ:** Yes. And the combination
15 of those elements to make our service work. We're
16 going to be reliant on pieces and parts of their
17 network for some time.

18 **CHAIRMAN GARCIA:** Right.

19 **Q** **(By Mr. Carver)** My question, I guess, is a
20 little bit broader, which is not in this specific
21 instance. But more generally speaking, if you're
22 buying elements from BellSouth, how would we know
23 whether -- and, again, we're accepting the MCI test
24 for purposes of this question -- how would we know
25 whether you're simply taking them and reselling them,

1 or whether you're taking them and adding something
2 else to them?

3 **MR. MELSON:** Commissioner Garcia, I'm going
4 on object. I think even in the question Mr. Carver
5 indicated that that question goes beyond this docket.

6 MCI is not in this docket trying to
7 establish a general test. We're trying to determine
8 whether a DS1 loop and a DS1 transport connected to
9 MCI's switch does or does not recreate a service.
10 While it would be nice if we got a general test, we're
11 not asking for one. And this question carries
12 Mr. Martinez beyond the scope of the proceeding.

13 **CHAIRMAN GARCIA:** Mr. Melson, I'm going to
14 deny your objection. I think we've created an area
15 here that we're interested in and I think Mr. Carver
16 is trying to specify it a little bit for us.

17 **WITNESS MARTINEZ:** Could you ask the
18 question again?

19 **Q (By Mr. Carver)** I'll try. Let's assume
20 that MCI simply buys elements from BellSouth. And my
21 question is, given that, given that you simply
22 purchase them, and again, we're assuming that we're
23 going to use MCI's, how would BellSouth know whether
24 you're simply taking those elements and then selling
25 them to your end user customer or whether you're

1 taking those elements, adding something of your own,
2 and then reselling it? How would we know that based
3 on your simply putting in an order?

4 A I'm going to apologize. I thought it was
5 the same question, but again, I'll go back to the
6 ordering document itself. The document itself, if I
7 were reselling directly to the end user as a private
8 line service, the A to Z locations would both be that
9 customer's location. It would not be an MCI location.

10 Q Maybe this is the confusion, Mr. Martinez.
11 It seems to me like you're telling us what the facts
12 are that would establish as one or the other. My
13 question is more fundamental. My question is how
14 would we know those facts? If you simply come to us,
15 place an order for elements, and that's all BellSouth
16 knows, how would it know what MCI is going to do with
17 those?

18 A I guess I am not understanding the question.
19 Because the order -- we deal in an electronic world of
20 orders. That order would specify basically a customer
21 location that were totally different and distinct from
22 MCI. At that point in time you wouldn't know that
23 that's a private line service that I was selling.

24 Q So it's your position that on the basis of
25 the order, we would always be able to tell what MCI is

1 doing with the UNES on the basis of the way the order
2 is placed?

3 A You would not know the totality of the
4 service we were offering. Obviously you are a
5 competitor and if I've got something that I am going
6 to be providing uniquely to the customer, you wouldn't
7 know that. But you would know the basis by which your
8 tariffs are formed.

9 Q Well, my question is, if we don't know the
10 totality of it, if we don't know whether you're adding
11 something or you're not adding something or what
12 you're adding, how would we be able to determine
13 whether you're recreating a BellSouth service?

14 A In a market world, you wouldn't know.
15 Because I'm not going to share with you all the
16 secrets that I'm going to sell to the customer nor the
17 pricing plans that I'm going to use nor a lot of other
18 things. But with respect to whether I cut a private
19 line service out of your tariff, that you would know.

20 **COMMISSIONER JACOBS:** I guess an associated
21 question is, will you always be ordering whatever it
22 is that comes out -- let me get that. The LSR. The
23 LSR will always be a constant for local service or
24 will it vary over time or circumstances?

25 **WITNESS MARTINEZ:** Once all the elements are

1 defined at the OBF then the LSR will be the document
2 that will be used exclusively by the CLEC community to
3 order all of the services. Until that document is
4 finalized, and in this case the combination elements
5 are necessary, and the ASR would also be used.

6 **COMMISSIONER JACOBS:** And it will vary? The
7 components could vary?

8 **WITNESS MARTINEZ:** The element names vary.
9 The service still defines -- the locations I'm talking
10 about aren't dealing with the network elements because
11 loop and transport would be the same. What I'm
12 dealing with are the customer locations. That A to Z
13 locations are both for the same customer and have no
14 bearing to MCI. Hence, they would know that that's a
15 private line versus something that was being used for
16 switching services.

17 **Q** **(By Mr. Carver)** One last question, Mr.
18 Martinez. In the Interconnection Agreement between
19 MCI and BellSouth, does it require MCI to tell
20 BellSouth what services it will make from UNEs when it
21 services customers?

22 **A** No, it does not.

23 **MR. CARVER:** Thank you. That's all that I
24 have. We have a deposition of Mr. Martinez and we
25 would like to mark that for identification and move it

1 into evidence. I've spoke with counsel for MCI and he
2 is telling me he has no objection to the admission.

3 **CHAIRMAN GARCIA:** This will be marked
4 exhibit number 4 and it will be -- you're asking to
5 move it in?

6 **MR. CARVER:** Yes, sir. Please.

7 **CHAIRMAN GARCIA:** Okay. And it will be
8 moved in as an exhibit.

9 (Exhibit 4 marked for identification and
10 received in evidence.)

11 **MS. BROWN:** Mr. Chairman, we just have one
12 question.

13 **CHAIRMAN GARCIA:** Very good.

14 **CROSS EXAMINATION**

15 **BY MS. BROWN:**

16 **Q** Good morning, Mr. Martinez. Would you
17 please explain in a little more detail exactly what is
18 a network access register?

19 **A** A network access register could be nothing
20 more than a USOC component. However, it is a register
21 that is placed on a service, in this case the MegaLink
22 service, whenever it is -- it is to be used to
23 connect, and I think their tariff says to the local
24 exchange network. Hence, any effects, any service
25 that would have access to the local exchange network

1 has to have a network access register. And that
2 network access register was used to determine the
3 access charges and/or charges associated with that
4 line that might have been missed had it not been on
5 there.

6 Q It's a software program in the switch or
7 what?

8 A Originally they were hardware, and I've not
9 followed the switching technology. To my mind it
10 probably would, in certain switches, be a software
11 element. However, there is references on call
12 forwarding what it has to be routed through a network
13 access register, which tends to make me believe that
14 it's still a hardware element that's there. The
15 tariffs were created, obviously, years before the
16 technologies improved. There might be somebody from
17 BellSouth that could better define that.

18 MS. BROWN: All right. We'll ask it again.
19 Thank you. That's all that we have.

20 CHAIRMAN GARCIA: Commissioners.

21 COMMISSIONER CLARK: I had a question. It
22 seemed to me reading the testimony that MegaLink is a
23 relatively recent service offering from BellSouth. Am
24 I correct or incorrect?

25 WITNESS MARTINEZ: I don't think so. It's

1 been around as long as I can recall. They've always
2 had a private line. They go through marketing changes
3 to names.

4 **COMMISSIONER CLARK:** That was probably it.

5 **WITNESS MARTINEZ:** But, as far as I know,
6 it's been their name for private -- you know, their
7 private line.

8 **COMMISSIONER CLARK:** What retail customer
9 buys MegaLink?

10 **WITNESS MARTINEZ:** I would imagine large
11 business customers. You wouldn't find it in the
12 residential market. Banking institutions for their
13 local ATM networks because --

14 **COMMISSIONER CLARK:** And is it my
15 understanding that they would do the bottom figure
16 essentially? Is it -- would that MegaLink go through
17 the local switch or is it just a dedicated loop and
18 then a transport and then another dedicated loop back
19 out to that customer?

20 **WITNESS MARTINEZ:** Well, depending on what
21 service you were purchasing with the MegaLink.
22 MegaLink is, in and of itself, a private line. In and
23 of itself as a private line that bottom is a total
24 correct representation.

25 **COMMISSIONER CLARK:** What can a retail

1 customer -- can a retail customer just buy MegaLink
2 and nothing else?

3 **WITNESS MARTINEZ:** Yes.

4 **COMMISSIONER CLARK:** And all MegaLink is is
5 that line?

6 **WITNESS MARTINEZ:** That's all it is. The
7 local chan terms and the transport between the offices
8 to connect them.

9 **COMMISSIONER CLARK:** Okay. And what does
10 that customer typically use it for? You say ATM is
11 one?

12 **WITNESS MARTINEZ:** ATM, the distribution of
13 data networks, private lines, what are called tie
14 lines, are lines between PBXs so if you had a PBX on
15 either side, you could bring that in to the PBX and
16 that would create a communication path so if you had
17 two major locations and you wanted to communicate a
18 lot together, you could do it across those tie lines.

19 **COMMISSIONER CLARK:** Is it your testimony --
20 suppose it's City National Bank here in town and they
21 buy a bunch of MegaLink. I know BellSouth isn't here.
22 But they would buy MegaLink to tie all their branch
23 locations together.

24 **WITNESS MARTINEZ:** They could in what we
25 call an electronic tandem network. And that's where

1 the community of interest is really, from a business
2 perspective, the interest between the workers. So
3 they link all of the PBXs together and then they would
4 bridge that across in the access world and tie it to
5 other switches in other states so that this -- what
6 they create is a private little network that is all to
7 themselves.

8 **COMMISSIONER CLARK:** Now, is it your
9 testimony that if you had a customer like the bank who
10 wanted to tie all its ATMs together and you offered to
11 sell them that service, would you be reselling
12 MegaLink?

13 **WITNESS MARTINEZ:** In that instance, where
14 the A to Z location is the customer location, yes,
15 that would be a MegaLink service.

16 **COMMISSIONER CLARK:** And you would agree
17 that you are reselling basically a service and then,
18 in a sense, you could not buy the UNEs and then
19 recreate the MegaLink?

20 **WITNESS MARTINEZ:** I think we would disagree
21 in the sense that we have the right to buy the network
22 elements. However, it would be obvious that that is a
23 private line because the two locations referenced on
24 the order were, in fact, the customer's locations and
25 we were simply tying them together.

1 **COMMISSIONER CLARK:** So then according to
2 the order we put out, would you contest that that is
3 a -- combining the UNES to recreate an existing
4 service?

5 **WITNESS MARTINEZ:** Under that circumstance,
6 I would have negotiated with BellSouth.

7 **COMMISSIONER CLARK:** Okay.

8 **WITNESS MARTINEZ:** If I were Wally Schmidt.

9 **COMMISSIONER CLARK:** And your view is
10 because you have a switch and essentially you're going
11 to do -- it's not a complete end user service, then it
12 is not recreating a service they offer?

13 **WITNESS MARTINEZ:** No. To go it a step
14 further, it is a loop. And it's an economic loop. At
15 a certain point it's neither cost effective for either
16 party, for BellSouth, myself or the customer, to put
17 copper and perpetuate the existence of copper. Once
18 you get over a certain number of channels, it's far
19 more costly to actually create a digital loop rather
20 than a metallic loop. And that's all this is. That
21 these customers are of a significant size where they
22 pass that threshold point where it's far more
23 economical for all parties to provide it in a digital
24 loop.

25 **COMMISSIONER CLARK:** That's consistent with

1 your argument that if we said a loop and a port is not
2 recreating then this can't be recreating just because
3 it's just an order of magnitude bigger.

4 **WITNESS MARTINEZ:** Yes.

5 **COMMISSIONER CLARK:** Same service.

6 **WITNESS MARTINEZ:** Same service.

7 **COMMISSIONER CLARK:** Okay.

8 **CHAIRMAN GARCIA:** I'm sorry. I might have
9 missed that discussion. Tell me -- Mr. Carver made a
10 point and maybe it will clarify what Commissioner
11 Clark asked. Let's say a bank asked for MegaLink.
12 Tell me how you providing that to the bank would be
13 any different.

14 **WITNESS MARTINEZ:** I am not contending that
15 it would be different. I am contending that under my
16 contract I could still order it. However, under that
17 rule, where it's a point-to-point private line, the
18 bank is on both sides, under that order I would have
19 been obligated to sit down and discuss what the actual
20 cost would have been.

21 **CHAIRMAN GARCIA:** As a resale of an
22 existing --

23 **WITNESS MARTINEZ:** Yes. Because --

24 **CHAIRMAN GARCIA:** Because if you provided to
25 that same service -- let's say the bank asked you for

1 that and you attached your loop and just flipped it
2 back through your loop to them or provided a DA
3 assistance that is unnecessary to that line, for
4 example, just to be able to say that it's an unbundled
5 network element, would that then reclassify it?

6 **WITNESS MARTINEZ:** Well, my own personal
7 belief is we wouldn't need to reclassify it. But I
8 don't even know how I would tie the DA to it because
9 it's their switch. It's not my switch. It's really
10 just a private line between those two parties. Most
11 of them --

12 **CHAIRMAN GARCIA:** So you don't contend that
13 that would be an unbundled network element? That is a
14 resale issue?

15 **WITNESS MARTINEZ:** I would still hold that
16 our contract allows us to buy it, but under that
17 scenario, I would have been required to sit down and
18 talk about what that price of the recombination at
19 that point was. Because it's basically -- that ends
20 the transmissions. It's between those two points and
21 those two points alone.

22 **COMMISSIONER JACOBS:** You're not doing
23 anything else? You're not doing any switching or
24 anything else to it?

25 **WITNESS MARTINEZ:** Not under that scenario,

1 no.

2 **COMMISSIONER JACOBS:** That's why you say
3 that?

4 **WITNESS MARTINEZ:** Yes.

5 **COMMISSIONER JACOBS:** Okay.

6 **CHAIRMAN GARCIA:** Mr. Melson.

7 **MR. MELSON:** You all asked my redirect
8 questions, so I will pass. I would move Exhibit 3.

9 **CHAIRMAN GARCIA:** Okay. There being no
10 objection, Exhibit 3 is admitted into the record. Is
11 that it?

12 (Exhibit 3 received in evidence.)

13 **MR. MELSON:** Can Mr. Martinez be excused?

14 **MS. BROWN:** Mr. Chairman, if I might just
15 inquire about Exhibit 2 and what the status of that
16 is? It was marked?

17 **MR. MELSON:** It has been identified but has
18 not been moved into the record. If there is no
19 objection, I will move it into the record.

20 **CHAIRMAN GARCIA:** Mr. Carver, is there an
21 objection?

22 **MR. CARVER:** I apologize. What is No. 2?

23 **CHAIRMAN GARCIA:** No. 2 is the little chart
24 right there.

25 **MR. MELSON:** The diagram.

1 **MR. CARVER:** No objection.

2 **CHAIRMAN GARCIA:** Very good. So show that
3 also admitted into the record.

4 (Exhibit 2 received in evidence.)

5 **CHAIRMAN GARCIA:** We're going to take 15
6 minutes. So we will start up again at 11:00 o'clock.
7 I would request that those who are left reduce their
8 introduction to two minutes. This will give you a
9 little bit of time to do that. Thank you,
10 Mr. Martinez.

11 (Brief recess.)

12 **CHAIRMAN GARCIA:** We will go back on the
13 record and the next witness is Mr. Gillan.

14 - - - - -

15 **JOSEPH GILLAN**

16 was called as a witness on behalf of MCImetro Access
17 Transmission Services, Inc. and, having been duly
18 sworn, testified as follows:

19 **DIRECT EXAMINATION**

20 **BY MR. MELSON:**

21 **Q** Mr. Gillan, would you state your name and
22 address for the record, please?

23 **A** Joseph Gillan, P.O. Box 541038, Orlando,
24 Florida 32854.

25 **Q** What's your occupation or profession?

1 A I'm a consultanting economist.

2 Q And you're appearing on behalf of MCI in
3 this docket?

4 A Yes.

5 Q You prefiled direct testimony consisting of
6 eight pages and rebuttal testimony consisting of 11
7 pages?

8 A Yes.

9 Q Do you have any changes or corrections to
10 your testimony?

11 A Yes. There is one typographical error in
12 the rebuttal testimony. On Page 7, Line 7, I am
13 citing some testimony from Mr. Milner and instead of
14 the word "combining," it should say "connecting."

15 Q And with that change, if I were to ask you
16 the same questions today that are in your prefiled
17 testimony, would your answers be the same?

18 A Yes.

19 **MR. MELSON:** Mr. Chairman, I ask that both
20 the direct and rebuttal testimony be inserted into the
21 record.

22 **CHAIRMAN GARCIA:** So inserted. Is that what
23 I should respond? Okay. Very good.

24 Q **(By Mr. Melson)** Mr. Gillan, you had no
25 exhibits, is that correct?

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A That's correct.

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **DIRECT TESTIMONY OF**

3 **JOSEPH GILLAN**

4 **ON BEHALF OF**

5 **MCIMETRO ACCESS TRANSMISSION SERVICES, INC.**

6 **DOCKET NO. 981121-TP**

7 **November 25, 1998**

8
9
10 **Q. Please state your name, business address and occupation.**

11
12 A. My name is Joseph Gillan. My business address is P.O. Box 541038, Orlando, Florida
13 32854. I am an economist with a consulting practice specializing in
14 telecommunications.

15
16 **Q. Please briefly outline your educational background and related experience.**

17
18 A. I am a graduate of the University of Wyoming where I received B.A. and M.A. degrees
19 in economics. From 1980 to 1985, I was on the staff of the Illinois Commerce
20 Commission where I had responsibility for the policy analysis of issues created by the
21 emergence of competition in regulated markets, in particular the telecommunications
22 industry. While at the Commission, I served on the staff subcommittee for the NARUC
23 Communications Committee and was appointed to the Research Advisory Council
24 overseeing NARUC's research arm, the National Regulatory Research Institute.

25

1 In 1985, I left the Commission to join U.S. Switch, a venture firm organized to develop
2 interexchange access networks in partnership with independent local telephone
3 companies. At the end of 1986, I resigned my position of Vice President-
4 Marketing/Strategic Planning to begin a consulting practice. Over the past decade, I
5 have provided testimony before more than 25 state commissions, four state legislatures,
6 the Commerce Committee of the United States Senate, and the Federal/State Joint
7 Board on Separations Reform. I currently serve on the Advisory Council to New
8 Mexico State University's Center for Regulation.

9
10 **Q. On whose behalf are you testifying?**

11
12 **A.** I am testifying on behalf of MCImetro Access Transmission Services, Inc. (MCIIm).

13
14 **Q. What is the purpose of your testimony?**

15
16 **A.** The purpose of my testimony is to explain that the DS-1 loop/transport combination
17 at issue here is not a "... combination of network elements that recreates a BellSouth
18 retail service." This phrase is important because the Commission has established a
19 narrow exception to otherwise applicable network element prices when the network
20 elements are used to "recreate" a BellSouth service.

21
22 In the (very short) testimony that follows, I explain that the Commission's decision in
23 this proceeding is quite simple. The Commission has already determined that a loop
24 and port combination does not recreate local service (Order PSC-98-0810-FOF-TP,
25 Combinations Order). The very same analysis is appropriate here, where MCIIm intends

1 to use a loop and transport combination interconnected to an MCIIm local switch to
2 provide local service. If a loop and port combination do not recreate basic local
3 service, then it is obvious that a loop without the port combination cannot as well.

4
5 In fact, the loop/transport combination does not even *qualify* as a candidate to be a
6 "recreated service" because the combination does not satisfy the Commission's
7 threshold criteria that the combination be sufficient, in and of itself, to provide the
8 service being "recreated." As shown by the Commission in the Combinations Order,
9 even this threshold criteria can only be satisfied if the retail service is provided *entirely*
10 using network elements purchased from BellSouth. In contrast, the loop/transport
11 combination at issue here will be used with MCIIm's own local switch to provide local
12 service(s) to MCIIm's customers. The framework used by the Commission to
13 determine that the loop/port combination does not "recreate" local service applies with
14 even greater force here, and BellSouth should be ordered to provide MCIIm with the
15 requested combination at a charge equal to the sum of the rates for each individual
16 network element.

17
18 **Q. Please describe the loop/transport combination and explain how it will be used**
19 **by MCIIm to provide retail service.**

20
21 A. The loop/transport combination requested by MCIIm provides a DS-1 level digital
22 transmission capability from the end-user to MCIIm's switch. Because this combination
23 "extends" the customer's loop from its serving wire-center to a wire-center where
24 MCIIm's local switch is interconnected, the combination is sometimes referred to as an
25 "extended loop."

1 As is the case when an entrant provides service with unbundled loops (without
2 transport), the principle attributes of the retail service as seen by the customer are
3 provided by MCI's local switch. This switch provides the customer dial tone, custom
4 features and determines the routing of its calls. There is no material difference (from
5 the perspective of the customer) between service provided with an unbundled loop
6 alone, and the same service "extended" to the customer using a combination of the
7 unbundled loop and transport.

8
9 **Q. Has this use of unbundled network elements previously been endorsed by**
10 **BellSouth?**

11
12 **A.** Yes. According to BellSouth (as summarized by the Commission in Order 96-1579-
13 FOF-TP, Arbitration Order, page 36):

14
15 BellSouth states that unbundled network elements should only be
16 combined with AT&T's or MCI's own capabilities to create a unique
17 service.

18
19 This is precisely the use to which the loop/transport network element combination will
20 be put — MCI will combine these network elements with its own local switch to
21 create a unique service in exactly the same way that an unbundled loop (by itself) would
22 be combined with the MCI switch.

23
24 **Q. Does the MCI/BellSouth contract address how network element combinations**
25 **should be priced?**

1 A. Yes. As explained in the testimony of Mr. Martinez, the Commission has already
2 determined that the rate charged for a network element combination (such as the loop
3 and transport combination) should be the sum of the prices for the individual network
4 elements, unless the network elements "recreate" a BellSouth retail service.
5 Consequently, the single issue that needs to be resolved in this proceeding is whether
6 MCI is "recreating" a BellSouth service when it uses an "extended loop"
7 configuration with its own local switch to provide the customer local exchange service.

8

9 **Q. Has the Commission determined what it means to "recreate" a retail service?**

10

11 A. Although the Commission has not determined *all* of the criteria that must be satisfied
12 before a combination of network elements would "recreate" a retail service, it has
13 adopted a framework which establishes the *minimum* conditions that must be met. In
14 Order PSC-98-0810-FOF-TP (pages 56-58), the Commission determined that a
15 loop/port combination does not recreate BellSouth's retail service because the retail
16 service provided to the end-user requires a number of additional functions/network
17 elements:

18

19 Our discussion on access to services is important in determining which
20 network elements are necessary to provide basic local service [i.e., the
21 service offered by the entrant]. When an ALEC purchases a loop and
22 port combination, those are the only elements it receives. Not only are
23 operator services, DA, 911 and signaling system databases separate
24 network elements, but the trunks to access each of them are also
25 separate elements.

1 A loop and switch port serving an end user will not provide a capability
2 to reach all other end users in the local calling area.

3

4

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6

The functions of OSSs are pre-ordering, ordering, provisioning,
7 maintenance and repair, and billing. OSSs are essential to providing
8 basic local service. Without OSSs, an ALEC cannot provide billing
9 statements to its customers. We find, therefore, that OSS functions are
10 also a necessary network element in the provision of basic local service.

11

12

13

14

If AT&T or MCI orders only a loop and port combination from
15 BellSouth, then to recreate basic local service, we find that they may
16 have to pay either transport or additional switching charges, or both,
17 when a call terminates to a BellSouth customer.

18

19

20

21

Therefore, we further conclude that a loop and local switching element
22 combination are insufficient to provision or recreate basic local service.

23

24

Obviously, if the loop and local switching network elements are insufficient to recreate
25 basic local service, then the loop without the local switching network element (i.e., the

1 issue here) is even more deficient.

2
3 I also note that even if the loop/transport combination encompassed all the *network*
4 *functions* necessary to provide the retail service, this *would not* be sufficient in itself to
5 conclude that BellSouth's retail service had been recreated. The Commission
6 recognized, but did not rule on, the additional arguments by AT&T/MCI that a
7 "service" is more than its network functions:

8
9 Based on the evidence in the record, and having concluded that a loop
10 and local switching element are insufficient by themselves to recreate a
11 BellSouth retail service, we also conclude that it is appropriate for us
12 to leave it to the parties to negotiate what precisely does constitute the
13 recreation of a BellSouth retail service. We note, without endorsement,
14 the argument of AT&T and MCI that combinations of network
15 elements alone serving an end-user will not constitute the recreation of
16 a BellSouth retail service and that it is necessary to put into the
17 equation management competency and skills, quality of service,
18 customer support, and marketing.

19
20 ***

21
22 We choose, however, to impose no restrictions on these negotiations
23 apart from our conclusion that something more than a loop and local
24 switching element is necessary.

1 The clear conclusion here, however, is that the combination requested by MCI is not
2 sufficient to "recreate" local service and, as a result, BellSouth is obligated to charge
3 MCI for the combination at the sum of the rates for each element individually.

4

5 **Q. Does this conclude your direct testimony?**

6

7 **A. Yes.**

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **REBUTTAL TESTIMONY OF**

3 **JOSEPH GILLAN**

4 **ON BEHALF OF**

5 **MCIMETRO ACCESS TRANSMISSION SERVICES, INC.**

6 **DOCKET NO. 981121-TP**

7 **December 16, 1998**

8
9 **Q. Please state your name and business address.**

10
11 A. My name is Joseph Gillan. My business address is PO Box 541038, Orlando, Florida,
12 32854.

13
14 **Q. What is the purpose of your rebuttal testimony?**

15
16 A. The purpose of my rebuttal testimony is to address BellSouth's contention that MCI
17 is "recreating" a BellSouth service when it proposes to use a loop/transport network
18 element combination purchased from BellSouth, in combination with MCI's own local
19 switch, to provide retail service. This claim goes much farther than BellSouth's
20 previous objections to network element combinations and would render BellSouth's
21 contractual obligation to combine network elements virtually irrelevant.

22
23 In prior testimony, BellSouth opposed the particular configuration of an entrant
24 providing service *entirely* using network elements purchased from BellSouth. Here,
25 BellSouth seeks to extend this opposition to an totally new category of services --

1 services that the entrant creates by combining network elements with its own facilities.
2 With its new position, BellSouth renders *irrelevant* the distinction it had previously
3 insisted was *essential* -- i.e., that the entrant should *only* use network elements in
4 connection with entrant-provided facilities.

5
6 The rebuttal testimony of MCI witness Ron Martinez explains *why* the loop/transport
7 network element arrangement requested by MCI is not equivalent to BellSouth's
8 Megalink service. More fundamentally, my rebuttal testimony explains why the
9 Megalink comparison is *irrelevant*. To determine whether MCI "recreates" a
10 BellSouth service requires a comparison that considers the service *MCI* offers. The
11 service offered by MCI uses network elements in *exactly* the way BellSouth has (until
12 now) argued that it should -- in combination with MCI's own facilities -- and
13 BellSouth's instant claim that even this arrangement "recreates" a BellSouth service
14 should be rejected.

15

16 **Q. What has been (until now) BellSouth's objection to network element combinations**
17 **that it claims "recreate" BellSouth service?**

18

19 **A.** BellSouth has continuously objected to a particular network configuration, the so-called
20 network element "platform", wherein the entrant provided its service entirely using
21 network elements obtained from BellSouth. This is the fundamental position that
22 BellSouth expressed during the AT&T/MCI Arbitration (Docket No. 960833-TP):

23

24 Issue: Should AT&T be allowed to combine BellSouth's unbundled network elements
25 to recreate existing BellSouth services?

1 instances where the entrant provides service entirely using network elements obtained
 2 from BellSouth. In contrast, as the above position statements show, BellSouth
 3 *affirmatively endorsed* the use of network elements in connection with the entrant's
 4 own facilities to provide service. This is precisely the manner in which MCIIm intends
 5 to use the network element combination requested here.

6
 7 **Q. Did the Commission adopt BellSouth's proposal to limit network elements to *only***
 8 **those instances where they would be used with the entrant's own facilities?**

9
 10 **A.** No. As required by effective federal rules (later endorsed by the Eight Circuit) the
 11 Commission determined that entrants are entitled to provide service entirely using
 12 network elements provided by BellSouth. During reconsideration, however, the
 13 Commission conclude that the price that would apply to this contested configuration
 14 had not been determined (Order PSC-97-0298-FOF-TP, page 8, emphasis added):

15
 16 ... it is not clear from the record in this [arbitration] proceeding that our
 17 decision included rates for all elements necessary to recreate a complete
 18 retail service. Thus, it is inappropriate for us to make a determination
 19 on this issue at this time.

20
 21 Consistent with the issue as BellSouth *then* framed it, the sole issue deferred at the
 22 conclusion of the arbitration proceeding were the rates to be charged when "...all
 23 elements ... recreate a complete retail service." BellSouth never raised a more general
 24 objection that *any* combination -- including combinations that are far less than the
 25 service provided to the end-user — should be held to a different pricing standard under

1 the Act.

2

3 **Q. Are there other examples of BellSouth equating "service-recreation" to instances**
4 **where the service is provided entirely using network elements obtained from**
5 **BellSouth?**

6

7 A. Yes. During Docket 971140-TP (the Combinations Proceeding) BellSouth consistently
8 characterized the issue as arising when the entrant provided service entirely using
9 network elements obtained from BellSouth, but not applying if the network elements
10 were combined with other facilities owned by the entrant:

11

12 If AT&T were to use unbundled network elements combined with
13 facilities of its own, unique services could be developed. However, by
14 simply using combined UNEs that recreate retail services, no additional
15 capabilities beyond resale can be gained. (Varner, Tr. 419).

16

17 And, when discussing one of BellSouth's proposed consequences for using network
18 elements to "recreate" a retail service (the extension of the joint-marketing restriction
19 to the "recreated" service), Mr. Varner made clear:

20

21 ... if they were to do like other ALECs have done and purchase UNEs,
22 combine them with their own facilities, they can joint market that. They
23 can joint market that arrangement with whatever it is that they want.
24 The only thing they could not joint market would be this combination
25 of UNEs that's solely provided by BellSouth that replicates the retail

1 service. (Varner, Tr. 542).

2

3 **Q. Has BellSouth previously suggested an objective standard to determine when a**
4 **service is "recreated" that would clearly exclude services offered in the manner**
5 **requested by MCI in this proceeding?**

6

7 A. Yes. During the Combinations Proceeding, BellSouth witness Hendrix cited the
8 Georgia decision which states:

9

10 ... when AT&T recombines unbundled elements to create services
11 identical to BellSouth's retail offerings, the prices charged to AT&T for
12 the rebundled services should be computed as BellSouth's retail price
13 less the wholesale discount and offered under the same terms and
14 conditions, including the same application of access charges and the
15 imposition of joint marketing restrictions. In this situation, "identical"
16 means that AT&T is not using its own switching or other functionality
17 or capability together with unbundled elements in order to produce its
18 service.

19

20 Georgia Commission Order Docket No. 6801-U (emphasis added).

21

22 **Q. How do these positions differ from BellSouth's new position in this proceeding?**

23

24 A. BellSouth now maintains that the fact the CLEC uses the network elements in

1 combination with its own facilities is irrelevant (Milner, page 8):

2

3

"Q. Does the use to which MCI would place the requested
4 combined arrangement make a difference in whether the
5 arrangement recreates an existing BellSouth service?

6

7

"A. No. ^{Connecting}~~Combining~~ a high-speed transport facility to a
8 switch does not alter the nature of the transport facility."

9

10

Under BellSouth's new position, it makes no difference that a network element
11 combination is being used in connection with the entrant's own facilities to provide
12 service.

13

14

**Q. Is BellSouth's new position even consistent with the *reasons* that BellSouth had
15 used to justify its prior position?**

16

17

A. No. BellSouth had offered essentially three reasons for its position that the terms,
18 conditions and prices for resale should apply to network element combinations that
19 recreated a retail service:

20

21

* To maintain inflated prices that had been established to achieve a "social
22 agenda" by the Commission.

23

24

* To apply the joint-marketing restriction to network element combinations that
25 would otherwise apply to resold services.

1 * To assure that BellSouth retained the entitlement to access charges.

2
3 None of these explanations, however, apply to the configuration being discussed here.
4 BellSouth has never claimed that Megalink service is priced artificially high to promote
5 a Commission social agenda. Even BellSouth would admit that the service *MCIm* will
6 offer does not "recreate" BellSouth's basic local service; consequently, nothing should
7 prevent MCIm from jointly marketing its local service with other products. Finally, like
8 any other ALEC that uses its own local switch to provide local exchange service, MCIm
9 is entitled to the access charges from other interexchange carriers. It is hard to
10 understand how BellSouth can possibly argue that a "recreated service" *conclusion* is
11 appropriate (with its accompanying limitations) when none of the claimed
12 "*justifications*" for such a restrictive interpretation apply.

13
14 **Q. What is the practical effect of BellSouth's new position?**

15
16 **A.** The practical effect of BellSouth's new position is to render the *entrant's* service -- as
17 well as the network configuration used to provide it -- irrelevant to the determination
18 of whether a BellSouth service is being "recreated." BellSouth now argues that the
19 comparison should be between two *BellSouth* arrangements -- (1) the requested
20 network element combination, and (2) *any* BellSouth retail service (in this instance,
21 Megalink), even if it bears *no* similarity to the retail service offered by the entrant. Such
22 a unilateral approach, however, is contrary to FCC rules, the Eight Circuit's opinion,
23 and this Commission's orders.

24
25 According to BellSouth, BellSouth's obligation to provide a network element

1 combination should be constrained by whether BellSouth offers some similar retail
2 service. Under this logic, BellSouth could evade its contractual obligations simply by
3 offering "retail" services functionally equivalent to any requested combination. The
4 FCC recognized the inherent danger of such an approach and found:

5
6 We [the FCC] disagree with those incumbent LECs which argue that
7 features that are sold directly to end users as retail services, such as
8 vertical features, cannot be considered elements within incumbent LEC
9 networks. If we were to conclude that any functionality sold directly to
10 end users as a service ... cannot be defined as a network element, then
11 incumbent LECs could provide local service to end users by selling them
12 unbundled loops and switch elements, and thereby entirely evade the
13 unbundling requirement in Section 251(c)(3).

14
15 First Report and Order, Docket 96-98, Adopted August 1, 1996,
16 paragraph 263.

17
18 Similarly, the Eighth Circuit concluded:

19
20 Simply because these capabilities can be labeled as "services" does not
21 convince us that they were not intended to be unbundled as network
22 elements ... We agree with the FCC that such an interpretation would
23 allow the incumbent LECs to evade a substantial portion of their
24 unbundling obligation under subsection 251(c)(3).

1 The fears of the FCC and Eighth Circuit are particularly acute here where the
2 Commission's authority to review BellSouth's proposed retail offerings is seriously
3 limited by price-cap regulation. Even if the Commission ultimately rejected BellSouth's
4 claim that a new "retail" offering duplicated a network element combination, BellSouth
5 could succeed in delaying (as it has here) the entrant's ability to use the network
6 elements in the requested manner.

7

8 **Q. Do the Florida Commission's orders support the view that only BellSouth**
9 **offerings are relevant to determining whether a service is being "recreated"?**

10

11 A. No. To the contrary, the Commission's Orders indicate that the Commission was
12 concerned with how the *entrant* used a network element combination and whether the
13 *entrant* recreated a BellSouth service. For instance (*emphasis added*):

14

15 ... since it appears, based on the above, that the FCC's Rules and Order
16 permit AT&T and MCI to combine unbundled network elements in *any*
17 *manner that they choose, including recreating existing BellSouth*
18 *services*, that they may do so for now.

19

20 Arbitration Order, page 38.

21

22 We continue to find it troublesome that a *service provisioned* through
23 unbundled network access would have all the attributes of service resale
24 but not be priced based on the Act's resale price standard.

25

1 Combinations Order, page 25.

2

3

BellSouth's position that it is not obligated to provide MCIIm with usage data for intrastate interLATA calls rests on its contention *that the service MCIIm provides* when provisioned with a BellSouth loop and port combination recreates an existing BellSouth retail service.

7

8

Combinations Order, page 31.

9

10

BellSouth would render these passages meaningless by eliminating the role of the entrant's configuration -- including whether the entrant was using its own facilities -- in determining whether the entrant recreated a BellSouth service. Where before BellSouth had insisted that an entrant *must* combine network elements with its own facilities, it now claims that the entrant's configuration has *no* bearing on whether a BellSouth service is being recreated. There is no room for an interpretation that MCIIm recreates Megalink service when it connects the requested loop/transport combination to the MCIIm local switch to provide local service.

11

12

13

14

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19

Q. Does this conclude your rebuttal testimony?

20

21

A. Yes.

22

23

24

25

1 **Q** **(By Mr. Melson)** Could you please summarize
2 your testimony?

3 **A** Yes. And on the theory that I had a
4 professor once who said a picture is worth a thousand
5 words and an equation is worth a thousand pictures,
6 I've drawn a picture of an equation, thereby reducing
7 my summary by roughly a million words.

8 **CHAIRMAN GARCIA:** For some reason I still
9 think we will have problems with the two minutes. Go
10 on, Mr. Gillan.

11 **WITNESS GILLAN:** I think I will guarantee
12 that it will come in at the two minute marker.

13 Basically, I think there is a very simple
14 issue in the proceeding. The MCI view is that the
15 Commission set forth a partial recreation standard in
16 the previous order that basically said, if you look at
17 a Bell service and you break it into its network
18 elements and then MCI uses all of those network
19 elements to provide its service, if you have this
20 rough equality, then it can be said that MCI may be
21 recreating the BellSouth service because the BellSouth
22 service equals the entire set of network elements and
23 MCI purchased that entire set of network elements to
24 provide a service.

25 I say may recreate because as I read that

1 Order the Commission basically said, "Well, this must
2 be true. There may be other things in order for it to
3 be a recreated service. We're not going to address
4 what those other things will be. We'll leave that for
5 the parties to negotiate but this is the threshold
6 test." Fortunately for this proceeding we're not here
7 at all asking you to address what all those others
8 things may need to be or not be that would answer the
9 question: does MCI in this instance really recreates
10 the BellSouth service? Here you have a much simpler
11 question.

12 Bell's view of that order is quite
13 different. BellSouth argues that if a BellSouth
14 order -- BellSouth service can be broken into its
15 component network elements, that MCI buys those same
16 network elements and MCI adds transmission and MCI
17 adds switching or MCI adds anything and adds an MCI
18 service to create the MCI service, that this could
19 still be service recreation because BellSouth says,
20 you look solely at these factors, what BellSouth --
21 the BellSouth service and whether or not it represents
22 a similar collection of network elements, and you
23 ignore what MCI does with them. And in our view, the
24 BellSouth view falls below the threshold even needed
25 for there to be an issue about whether our service is

1 being recreated. And we base that on basically four
2 arguments that are described in the testimony. First,
3 that when you read the Order, it's clear that the
4 Commission was constantly focused on the service that
5 the entrant is providing. In fact, the word
6 "recreate" implies that you're looking at what the
7 service MCI offers to recreate a BellSouth service.

8 Secondly, the Commission couldn't have meant
9 this situation because this is precisely the way
10 BellSouth has, until today, told you entrants were
11 supposed to use network elements: Buying the network
12 elements and combining with their own facilities to
13 provide a service.

14 Third, as Mr. Melson indicated, the policy
15 reasons the Commission's used or was concerned about
16 don't apply in this situation concerning pricing,
17 access charges and joint marketing. And finally, if
18 you adopt the BellSouth view, which is to say, MCI is
19 essentially a bystander to the entire question of
20 whether they've recreated a service, then BellSouth,
21 in its own discretion, has the ability to avoid its
22 unbundling and network element and combining
23 obligations simply by always having services that
24 equal the network elements, which was Commissioner
25 Clark's point, and also the point of the Eighth

1 Circuit and the FCC. I think I made it with five
2 seconds to go. Thank you.

3 MR. MELSON: Tender the witness for cross.

4 CHAIRMAN GARCIA: Mr. Carver, do you need
5 Mr. Gillan to move the sign so you can look deeply
6 into his eyes or is that --

7 MR. CARVER: Maybe a little bit.

8 MR. MELSON: I will get it.

9 CROSS EXAMINATION

10 BY MR. CARVER:

11 Q Good morning, Mr. Gillan.

12 A Good morning.

13 Q Let me ask you, first of all, would you
14 agree that from a functional standpoint there's no
15 difference between, on the one hand, MegaLink, and on
16 the other hand, DS1 channels and transport?

17 A I think that's correct, yes.

18 Q In other words -- fair enough. I think you
19 answered that one. Let me ask you this. Basically,
20 your belief as an expert is that a combination of UNES
21 that MCI purchases from BellSouth can never recreate a
22 BellSouth service, correct?

23 A Yes, that's been my position. It's not
24 relevant to this proceeding because that goes to under
25 what circumstances in the top view does MCI recreate a

1 BellSouth service, but that would be my position if we
2 were actually debating the top view on this graph.

3 Q So, in effect, what you're saying is that
4 even if the Commission were to adopt MCI's position,
5 you're really not even conceding that that would be a
6 recreated service, then there would have to be more
7 discussion and more factors that would be considered,
8 correct?

9 A No. I don't think that's correct because I
10 don't think that issue is -- I don't see that issue
11 even raised in this proceeding, so it's not a germane
12 question for the Commission to issue a decision on. I
13 certainly didn't file any testimony on that point. My
14 understanding is that the Commission addressed that
15 issue, which is this notion of -- that Bell service
16 equals a set of network elements and MCI buys the
17 entire set. They addressed that in the earlier
18 proceeding. They ruled that at least in the loop and
19 the port weren't sufficient and deferred into some
20 future negotiation what else it might take. I have
21 not filed testimony on that question in this
22 proceeding.

23 Q So you really haven't proposed an
24 affirmative test as to what would constitute a
25 recreation of services?

1 **A** Correct. I am really just simply saying
2 that I believe that the Commission established a
3 threshold requirement that doesn't apply here and that
4 they don't have to go into those other nuances.

5 **MR. CARVER:** Thank you. Basically, I
6 believe every question I have for Mr. Gillan I already
7 asked him in his deposition. So rather than
8 recreating his deposition, I think to move this along,
9 I'd like to just move his deposition into evidence and
10 I will stop.

11 **CHAIRMAN GARCIA:** So you didn't want to buy
12 the unbundled elements of his whole testimony today,
13 right?

14 **MR. CARVER:** Yes.

15 **CHAIRMAN GARCIA:** Martha. Five minutes or
16 five questions?

17 **MS. BROWN:** That would be Exhibit 5.

18 **CHAIRMAN GARCIA:** Okay. All right.

19 (Exhibit 5 marked for identification.)

20 **MR. CARVER:** I believe that's been handed
21 out, so yes, we'd like to have that marked for
22 identification and if there's no objection, admitted.

23 **MS. BROWN:** Staff has no questions.

24 **CHAIRMAN GARCIA:** Okay. Commissioners, any
25 questions?

1 **COMMISSIONER JACOBS:** Mr. Gillan, you seem
2 to dispose a fairly liberal standard, at least by the
3 quotes in your testimony. You would assert that a
4 product is distinguished even if you add marketing to
5 it. If you buy everything else but then add your
6 marketing to it, that it could be -- that that could
7 be an unbundled element?

8 **WITNESS GILLAN:** Yes. I mean, that isn't a
9 question in this proceeding but certainly in the
10 proceeding where the Commission addressed the large
11 question of whether you could recreate a service when
12 you bought 100% of the network elements from
13 BellSouth, that was the position that I took.

14 And I think that -- and the reason is that's
15 a very -- that's a logical extension of the way this
16 industry operates today. When BellSouth gets long
17 distance authority, they have signed a contract with
18 AT&T. And I don't know the specifics of that
19 contract, but basically, BellSouth's long distance
20 calls will travel on the AT&T network. BellSouth
21 won't be adding any network facilities of its own to
22 provide long distance service. They will be using, in
23 its entirety, the AT&T network to provide service.
24 But nobody would come in here and suggest to you that
25 BellSouth is recreating AT&T's long distance service

1 just because they were using the AT&T network to
2 provide their service. Everyone would understand that
3 this was BellSouth's service that it was offering.
4 And I don't see any difference between how BellSouth
5 would offer long distance service and how other
6 entrants would offer local service. If they use the
7 BellSouth network to provide local service, I don't
8 think they're recreating BellSouth's service. But, I
9 mean, fundamentally that issue really isn't before you
10 today. It was before you before and the Commission
11 more or less deferred it and said negotiate on it and
12 nobody is bringing that back to you in that form
13 today.

14 **COMMISSIONER JACOBS:** Thank you.

15 **MR. MELSON:** One redirect.

16 **REDIRECT EXAMINATION**

17 **BY MR. MELSON:**

18 **Q** Mr. Gillan, Mr. Carver asked you, and I
19 believe you agreed that there was no functional
20 difference between a DS1 loop, a DS1 transport
21 combination and MegaLink. Is it also fair to say that
22 there is no functional difference between those and a
23 T-1 circuit between the two same beginning and ending
24 points purchased under the special access tariff?

25 **A** That would be correct. Functionally they're

1 the same even though BellSouth offers them as
2 completely difference services at different prices.

3 **MR. MELSON:** That's all that I had. Thank
4 you, Mr. Gillan. And I had no exhibits to move.

5 **CHAIRMAN GARCIA:** Very good.

6 **MR. CARVER:** No objection. Did I move
7 Exhibit 5 in? If not, I'd like to.

8 **CHAIRMAN GARCIA:** Okay. I show it admitted
9 without objection. Thank you, Mr. Gillan. You are
10 excused.

11 (Exhibit 5 received in evidence.)

12 **MS. WHITE:** BellSouth would call Keith
13 Milner.

14 - - - - -

15 **W. KEITH MILNER**

16 was called as a witness on behalf of BellSouth
17 Telecommunications, Inc. and, having been duly sworn,
18 testified as follows:

19 **DIRECT EXAMINATION**

20 **BY MS. WHITE:**

21 **Q** Mr. Milner, would you please state your
22 name, address, the name of your employer and in what
23 capacity you're employed for the record?

24 **A** Yes. My name is Keith Milner. My business
25 address is 675 West Peachtree Street, Atlanta,

1 Georgia. I'm employed by BellSouth Telecommunications
2 Incorporated as Senior Director Interconnection
3 Services.

4 Q And have you caused to be prefiled in this
5 case direct testimony consisting of nine pages and
6 rebuttal testimony consisting of ten pages?

7 A Yes.

8 Q Do you have any changes to your direct or
9 rebuttal testimony at this time?

10 A No.

11 Q If I were to ask you the questions that are
12 contained in your direct and rebuttal testimony today
13 would your answers be the same?

14 A Yes, they would.

15 MS. WHITE: Mr. Chairman, I'd ask that the
16 direct and rebuttal testimony of Mr. Milner be
17 inserted into the record as if read from the stand.

18 CHAIRMAN GARCIA: Okay. I'm sorry.

19 MS. WHITE: I'd ask that the testimony be
20 inserted into the record.

21 CHAIRMAN GARCIA: Yes. It is inserted into
22 the record.

23 Q (By Ms. White) Mr. Milner, you had two
24 exhibits attached to your direct testimony, WKM-1 and
25 WKM-2, is that correct?

1 A Yes.

2 Q Do you have any changes to those exhibits at
3 this time?

4 A No.

5 MS. WHITE: Mr. Chairman, I ask that those
6 two exhibits attached to Mr. Milner's direct testimony
7 be identified for the record as the next exhibit
8 number.

9 CHAIRMAN GARCIA: That would be Exhibit No.
10 6.

11 (Exhibit 6 marked for identification.)

12

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1 BELL SOUTH TELECOMMUNICATIONS, INC.
2 DIRECT TESTIMONY OF W. KEITH MILNER
3 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
4 DOCKET No. 981121-TP
5 November 25, 1998
6

7 **Q. PLEASE STATE YOUR NAME, ADDRESS, AND POSITION WITH**
8 **BELL SOUTH TELECOMMUNICATIONS, INC.**
9

10 A. My name is W. Keith Milner. My business address is 675 West Peachtree
11 Street, Atlanta, Georgia 30375. I am Senior Director - Interconnection
12 Services for BellSouth Telecommunications, Inc. ("BellSouth"). I have
13 served in my present role since February 1996, and have been involved
14 with the management of certain issues related to local interconnection,
15 resale and unbundling.
16

17 **Q. PLEASE SUMMARIZE YOUR BACKGROUND AND EXPERIENCE.**
18

19 A. My business career spans over 28 years and includes responsibilities in
20 the areas of network planning, engineering, training, administration and
21 operations. I have held positions of responsibility with a local exchange
22 telephone company, a long distance company and a research and
23 development laboratory. I have extensive experience in all phases of
24 telecommunications network planning, deployment and operation
25 (including research and development) in both the domestic and

1 international arenas.

2

3 I graduated from Fayetteville Technical Institute in Fayetteville, North
4 Carolina, in 1970, with an Associate of Applied Science in Business
5 Administration degree. I later graduated from Georgia State University in
6 1992 with a Master of Business Administration degree.

7

8 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE ANY STATE PUBLIC**
9 **SERVICE COMMISSION, AND IF SO, BRIEFLY DESCRIBE THE**
10 **SUBJECT OF YOUR TESTIMONY?**

11

12 A. I testified before the state Public Service Commissions in Alabama,
13 Florida, Georgia, Kentucky, Louisiana, Mississippi and South Carolina, the
14 Tennessee Regulatory Authority and the Utilities Commission in North
15 Carolina on the issues of technical capabilities of the switching and
16 facilities network regarding the introduction of new service offerings,
17 expanded calling areas, unbundling and network interconnection.

18

19 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY BEING FILED**
20 **TODAY?**

21

22 A. In my testimony, I will address the technical specifications that relate to
23 BellSouth's MegaLink[®] service and the 4-wire DS1 local loop combined
24 with DS1 dedicated transport requested by MCImetro Access

[®] Registered Service Mark of BellSouth Corporation

1 Transmission Services Inc. ("MCI"). I will establish that the arrangement
2 requested by MCI recreates BellSouth's MegaLink® Service.

3

4 **Q. WHAT IS MEGALINK® SERVICE?**

5

6 A. MegaLink ® service is a service by which digital signals are transmitted
7 over digital facilities at a rate of 1.544 million bits per second (mbps).
8 These digital signals can be voice, data, video, or control signals. The
9 facilities over which these signals are sent are DS1 loops and DS1
10 dedicated transport facilities.

11

12 **Q. WHAT DOES DS1 MEAN?**

13

14 A. "DS" stands for digital service, and the number is a reference to the
15 transmission speed. DS1 refers to a circuit transmitting 1.544 mbps of
16 information. DS0 is a circuit transmitting 64 kilobits per second (kbps),
17 while DS3 transmits at a rate of 44.6 mbps. The DS1 facilities utilized by
18 MegaLink® transmit at a rate of 1.544 mbps.

19

20 **Q. WHAT DOES MEGALINK® DO?**

21

®Registered Service Mark of BellSouth Corporation
*Service Mark of BellSouth Corporation

1 A. MegaLink® allows digital signals to be transmitted simultaneously in a 1 2 0
2 two-way communication at 1.544 mbps. It can be provided on a link basis,
3 which is a partial channel, or as an end to end service. MegaLink® uses
4 digital carrier technology, often referred to as T1, to transmit DS1 signals
5 to and from customers' premises.

6

7 **Q. IS MEGALINK® SERVICE AVAILABLE TO BELLSOUTH'S RETAIL**
8 **CUSTOMERS AS A TARIFFED OFFERING?**

9

10 A. Yes. BellSouth offers MegaLink® service in its Private Line Services
11 Tariff, Section B7.1, Pages 1-8, a copy of which is attached as Exhibit
12 WKM-1.

13

14 **Q. HAVE BELLSOUTH'S RETAIL CUSTOMERS IN FLORIDA**
15 **SUBSCRIBED TO MEGALINK® SERVICE?**

16

17 A. Yes. In Florida, as of October 1, 1998, MegaLink® local channels totaled
18 4,009 and MegaLink® interoffice channels totaled 12,003. The
19 corresponding BellSouth regional numbers were 17,947 and 57,209
20 respectively.

21

1 **Q. IS MEGALINK®SERVICE AVAILABLE FOR RESALE BY**
2 **ALTERNATIVE LOCAL EXCHANGE COMPANIES (ALECS) IN**
3 **FLORIDA?**

4
5 A. Yes. As of November 1, 1998, 72 MegaLink® service arrangements were
6 in place in Florida on a resale basis.

7
8 **Q. MCI HAS REQUESTED THAT BELLSOUTH PROVIDE IT WITH A**
9 **COMBINED 4-WIRE DS1 LOOP AND DS1 DEDICATED TRANSPORT.**
10 **WHAT IS A 4-WIRE DS1 LOOP?**

11
12 A. A 4-wire DS1 loop is a digital facility capable of providing simultaneous
13 two-way transmission of a bit stream operating at 1.544 mbps. It uses
14 digital technology to transmit DS1 signals from one point to another point.

15
16 **Q. WHAT IS DS1 DEDICATED TRANSPORT?**

17
18 A. DS1 dedicated transport is a digital facility capable of providing
19 simultaneous two-way transmission of a bit stream operating at 1.544
20 mbps. It uses digital technology to transmit DS1 signals between network
21 switches.

22

1 **Q. CAN A 4-WIRE DS1 LOOP(S) AND DS1 DEDICATED TRANSPORT BE**
2 **COMBINED TO FUNCTION IN A UNITARY MANNER?**

3

4 A. Yes. Such an arrangement would, for example, permit an end user to
5 originate a call at the end user's premises, be carried to the end user's
6 serving central office, be transported to a foreign central office, and
7 receive dial tone from the foreign central office switch.

8

9 **Q. IS THE SERVING ARRANGEMENT YOU HAVE JUST DESCRIBED**
10 **IDENTICAL TO THE SERVING ARRANGEMENT FOR BELLSOUTH'S**
11 **MEGALINK® SERVICE DESCRIBED EARLIER?**

12

13 A. Yes. To illustrate this point, I have prepared Exhibit WKM-2 that contains
14 four schematics showing the network facilities involved in each service.
15 Page 1 is a schematic showing the serving arrangements for the digital
16 local channel of a MegaLink® service. Page 2 is a schematic showing the
17 serving arrangements for the 4-wire DS1 local loop requested by MCI.
18 Page 3 is a schematic showing the service arrangements for a MegaLink®
19 interoffice channel. Page 4 is a schematic showing the service
20 arrangements for the dedicated transport arrangement being requested by
21 MCI. As you can see, Pages 1 and 2 are identical, as are Pages 3 and 4.¹

¹ A complete description of a MegaLink® digital local channel or the 4-wire DS1 requires five drawings. Similarly, a complete description of the interoffice channel/dedicated transport requires 13 drawings. The full set for each is identical. For purposes of this testimony, I selected the most frequently used configuration from each category.

1

2 **Q. ARE THERE ANY DIFFERENCES BETWEEN THE COMBINED 4-WIRE**
3 **DS1 AND DS1 DEDICATED TRANSPORT BEING REQUESTED BY MCI**
4 **AND BELLSOUTH'S MEGALINK® SERVICE?**

5

6 A. There are no differences. Both the MegaLink® service and MCI's
7 proposed combination of unbundled DS1 loop and unbundled DS1
8 dedicated transport terminate on the end user's premises at a Network
9 Interface Device (NID). The drawings in Exhibit WKM-2 show an RJ11
10 jack as the modem on the premises side of the network interface, but this
11 is for illustrative purposes only. The customer may choose to terminate
12 the service in any technically compatible device. MCI has stated its
13 intention to connect this arrangement to MCI's end office local switch.

14

15 **Q. WHAT HAS MCI STATED AS ITS PURPOSE IN ORDERING THIS**
16 **COMBINED 4-WIRE DS1 LOCAL LOOP AND DS1 DEDICATED**
17 **TRANSPORT FACILITY?**

18

19 A. In its complaint in this proceeding, MCI stated that it requested this
20 combination "...in order to provide its customers with a high speed (1.544
21 mbps) transmission path or loop to connect to MCI's Class 5 local
22 switch..." from which it will provide its customers "...with dial tone, as well

1 as vertical features, operator services, directory assistance information,
2 emergency 911 services and access to long distance networks....”

3

4 **Q. DOES THE USE TO WHICH MCI WOULD PLACE THE REQUESTED**
5 **COMBINED ARRANGEMENT MAKE A DIFFERENCE IN WHETHER**
6 **THE ARRANGEMENT RECREATES AN EXISTING BELLSOUTH**
7 **SERVICE?**

8

9 A. No. Connecting a high-speed transport facility to a switch does not alter
10 the nature of the transport facility. MegaLink® service is a high capacity
11 transportation pipeline. Each customer decides what features or services
12 will be accessed over this pipeline, but the features selected for access do
13 not change the characteristics of the pipeline. MegaLink® could be
14 thought of as a freight train which may haul different types of goods but
15 remains largely unchanged regardless of the payload. Similarly, the
16 proposed combined 4-wire DS1 loop and dedicated transport would
17 likewise constitute a 1.544 mbps pipeline, which could be used in
18 conjunction with a wide range of features or services.

19

20 **Q. GIVEN THE ABOVE INFORMATION, DOES THE COMBINED 4-WIRE**
21 **DS1 LOOP AND DS1 DEDICATED TRANSPORT FACILITY BEING**
22 **REQUESTED BY MCI RECREATE BELLSOUTH'S MEGALINK®**
23 **SERVICE TARIFF OFFERING?**

1

2 A. Yes.

3

4 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

5

6 A. Yes.

1 BELL SOUTH TELECOMMUNICATIONS, INC.
2 REBUTTAL TESTIMONY OF W. KEITH MILNER
3 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
4 DOCKET No. 981121-TP
5 December 16, 1998
6

7 **Q. PLEASE STATE YOUR NAME, ADDRESS, AND POSITION WITH**
8 **BELL SOUTH TELECOMMUNICATIONS, INC.**
9

10 A. My name is W. Keith Milner. My business address is 675 West Peachtree
11 Street, Atlanta, Georgia 30375. I am Senior Director - Interconnection
12 Services for BellSouth Telecommunications, Inc. ("BellSouth"). I have
13 served in my present role since February 1996, and have been involved
14 with the management of certain issues related to local interconnection,
15 resale and unbundling.
16

17 **Q. ARE YOU THE SAME W. KEITH MILNER THAT FILED DIRECT**
18 **TESTIMONY IN THIS PROCEEDING?**
19

20 A. Yes.
21

22 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY BEING FILED**
23 **TODAY?**
24

25 A. In my testimony, I will provide rebuttal to the testimony of MCI's witnesses

2
3 **Rebuttal to Mr. Martinez' testimony**

4 **Q. ON PAGE 4 OF HIS DIRECT TESTIMONY, MR. MARTINEZ STATES "A**
5 **DS1 LOOP / DS1 DEDICATED TRANSPORT COMBINATION IS A**
6 **COMBINATION OF THE TWO PREVIOUSLY DESCRIBED**
7 **UNBUNDLED NETWORK ELEMENTS TO FORM A CONTINUOUS 1.5**
8 **MBPS TRANSMISSION PATH BETWEEN A CUSTOMER LOCATION**
9 **AND A POI AT MCImetro's LOCAL SWITCH LOCATION." DO YOU**
10 **AGREE WITH MR. MARTINEZ' CHARACTERIZATION THAT THE**
11 **REQUESTED FUNCTIONALITY IS PROVIDED BY A COMBINATION**
12 **OF UNBUNDLED NETWORK ELEMENTS?**

13
14 **A.** Yes. Mr. Martinez has correctly narrowed the scope of the decision before
15 this Commission to be whether the combination of the unbundled loop with
16 unbundled interoffice transport recreates BellSouth's retail service referred
17 to as MegaLink®.

18
19 **Q. ON PAGE 11 OF HIS DIRECT TESTIMONY, MR. MARTINEZ**
20 **DISCUSSES CIRCUITS THAT MCI REFERS TO AS "OFF-NET T1s"**
21 **AND POINTS OUT THAT MCI ORDERED THESE CIRCUITS VIA THE**
22 **ACCESS TARIFF USING THE ACCESS SERVICE REQUEST**
23 **PROCESS. IS THE FUNCTIONALITY PROVIDED BY THE SERVICES**
24 **MCI ORDERED VIA THE ACCESS TARIFF THE SAME AS THE**
25 **FUNCTIONALITY PROVIDED BY MegaLink®?**

1

2 A. Yes. The same functionality as is provided via what is referred to as a
3 special access point-to-point circuit ordered from the access tariff is
4 provided by the retail service called MegaLink®. I disagree, however, that
5 MCI ordered these circuits from the access tariff “out of necessity and
6 under duress” as Mr. Martinez characterizes the situation. Rather, MCI
7 made a decision to acquire these circuits via the access tariff rather than
8 to establish collocation arrangements within BellSouth’s central offices
9 and then combine the unbundled loops with unbundled transport to create
10 the same functionality. Alternatively, MCI might have chosen to acquire
11 the same functionality provided by BellSouth’s MegaLink® service and
12 resell MegaLink® to MCI’s end user customers. These are clearly MCI’s
13 choices to make, and other Alternative Local Exchange Companies
14 (ALECs) have similarly chosen to acquire facilities via the access tariff
15 rather than to acquire and combine Unbundled Network Elements (UNEs)
16 or to resell BellSouth’s retail services. MCI wants to “have its cake and
17 eat it too” in that MCI wants to order finished services (MegaLink®) and
18 thus avoid the associated work of combining the UNEs; however, MCI still
19 wants the lower pricing effect as if MCI had instead used UNEs.

20

21 **Q. ON PAGE 12 OF HIS DIRECT TESTIMONY, MR. MARTINEZ STATES**
22 **MCI’S INTENT TO “UTILIZE THIS UNE COMBINATION [THAT IS, THE**
23 **COMBINATION OF THE UNBUNDLED LOOP WITH UNBUNDLED**
24 **INTEROFFICE TRANSPORT] IN CONJUNCTION WITH ITS LOCAL**
25 **SWITCH TO PROVIDE COMPETITIVE SERVICE TO MCImetro’s**

1 CUSTOMERS.” DOES THE FACT THAT MCI WILL USE THIS
2 COMBINATION OF UNEs IN CONJUNCTION WITH MCI’S LOCAL
3 SWITCH IN ANY WAY ALTER THE FUNCTIONALITY PROVIDED BY
4 THE UNE COMBINATION?

5
6 A. No. BellSouth provides two different finished services to its customers
7 and the services provide identical functionality. The service can be
8 ordered as an “off net T-1” via the access tariff (as MCI has done
9 heretofore) or as MegaLink® service via BellSouth’s retail tariffs,
10 specifically in its Private Line Services Tariff, Section B7.1, Pages 1-8, a
11 copy of which was attached to my direct testimony in this proceeding as
12 Exhibit WKM-1. Those tariffs recognize that the transport functionality
13 may indeed be used in conjunction with either local or toll switches.
14 Simply attaching the transport facility to a local switch, to a toll switch, or
15 to no switch at all, in no way alters the nature of the transport facility. As
16 an illustration, imagine the transport facility as a truck. The truck itself is
17 unchanged by whether it hauls potatoes or scrap iron. The truck itself is
18 also unchanged by whether a trailer is connected to the rear bumper or
19 not. Lastly, the truck itself is unchanged by whether it is driven to a
20 warehouse or to the truck driver’s home. However much MCI may wish to
21 the contrary, the proposed combination of UNEs and MegaLink® service
22 provide identical functionality regardless of whether MCI connects either to
23 MCI’s switch.

24
25 Rebuttal to Mr. Gillan’s testimony

1 Q. ON PAGE 3 OF HIS DIRECT TESTIMONY MR. GILLAN STATES "IN
2 FACT, THE LOOP/TRANSPORT COMBINATION DOES NOT EVEN
3 QUALIFY AS A CANDIDATE TO BE A "RECREATED SERVICE"
4 BECAUSE THE COMBINATION DOES NOT SATISFY THE
5 COMMISSION'S THRESHOLD CRITERIA THAT THE COMBINATION
6 BE SUFFICIENT, IN AND OF ITSELF, TO PROVIDE THE SERVICE
7 BEING "RECREATED". DO YOU AGREE?
8

9 A. No, and I believe the many customers in Florida and elsewhere in
10 BellSouth's region using the thousands of facilities provided as
11 MegaLink® service would likewise disagree that they are somehow not
12 receiving the service they are paying for. Mr. Gillan points to absolutely
13 no equipment or facility (other than MCI's local switch) that would be
14 required to recreate an equivalent service to MegaLink® service; thus, I
15 conclude that he is aware of no other such required components or
16 unbundled network elements. Instead, Mr. Gillan simply recasts Mr.
17 Martinez' testimony without adding anything new to the discussion. He
18 simply repeats Mr. Martinez' assertion that the interconnection to MCI's
19 switch provides the distinguishing characteristic. Mr. Gillan is incorrect for
20 the very same reasons that Mr. Martinez is incorrect. MegaLink® service
21 and MCI's proposed combination of unbundled loops with unbundled
22 interoffice transport provide identical functionality. That functionality is
23 unchanged by MCI's decision to connect the transport facility to MCI's
24 local switch.
25

1 Q. BEGINNING ON PAGE 3 OF HIS DIRECT TESTIMONY, MR. GILLAN
2 DESCRIBES WHAT HE CALLS THE "EXTENDED LOOP." COULD
3 MEGALINK® SERVICE BE USED TO PROVIDE IDENTICAL
4 FUNCTIONALITY AS THE "EXTENDED LOOP?"

5

6 A. Yes. Mr. Gillan has simply applied a new name to old services called
7 foreign central office service and foreign exchange service. Both those
8 retail services allow an end user customer to draw dial tone from a switch
9 distant from the central office in which the customer's loop is terminated.
10 Correspondingly, MegaLink® service allows an end user customer to have
11 its telephones connected to MCI's switch, which is "foreign" to the
12 BellSouth central office in which the end user customer would otherwise
13 be served from.

14

15 Q. ON PAGE 4 OF HIS TESTIMONY, MR. GILLAN STATES "THERE IS NO
16 MATERIAL DIFFERENCE (FROM THE PERSPECTIVE OF THE
17 CUSTOMER) BETWEEN SERVICE PROVIDED WITH AN UNBUNDLED
18 LOOP ALONE, AND THE SAME SERVICE "EXTENDED" TO THE
19 CUSTOMER USING A COMBINATION OF THE UNBUNDLED LOOP
20 AND TRANSPORT." DO YOU AGREE?

21

22 A. No. Obviously, customers believe foreign central office and foreign
23 exchange services provide a material difference in functionality compared
24 to local exchange service. Foreign exchange service and foreign central
25 office service are created by connecting a loop serving a given end user

1 customer (appearing in the "serving wire center) to interoffice transport
2 facilities extending to a "foreign" central office for connection to a switch
3 housed within the "foreign" central office. Customers evidence their belief
4 that a material difference in functionality is provided by their willingness to
5 pay rates for foreign exchange service or foreign central office service that
6 are above the rates for local exchange service. This is clear evidence of a
7 "material difference" in functionality provided over a loop by itself
8 compared with a loop used in conjunction with interoffice transport to
9 reach a "foreign" central office switch.

10
11 **Q. ON PAGE 4 OF HIS DIRECT TESTIMONY, MR. GILLAN STATES "...**
12 **MCI WILL COMBINE THESE NETWORK ELEMENTS WITH ITS OWN**
13 **LOCAL SWITCH TO CREATE A UNIQUE SERVICE IN EXACTLY THE**
14 **SAME WAY THAT AN UNBUNDLED LOOP (BY ITSELF) WOULD BE**
15 **COMBINED WITH THE MCI SWITCH." DO YOU AGREE?**

16
17 **A.** No. Mr. Gillan goes to great lengths to find different ways of saying the
18 same thing. Mr. Gillan ignores the simple fact that not all retail
19 telecommunications services are "switched" services. Retail services
20 include transport services that carry traffic from one point to another.
21 MegaLink® service is one such transport service. Mr. Gillan points to no
22 other transport components or elements required to make MegaLink®
23 service "work" when attached to MCI's switch other than the unbundled
24 loop and the unbundled interoffice transport. Thus, he proffers no
25 modification or enhancement to the MegaLink® service required to create

1 the "unique service" to which he refers. In fact, there is no "unique
2 service." There is only the use of MegaLink® service in conjunction with
3 local switching, an option clearly set forth in BellSouth's MegaLink®
4 service tariff.

5
6 **Q. ON PAGE 6 OF HIS DIRECT TESTIMONY, MR. GILLAN STATES**
7 **"OBVIOUSLY, IF THE LOOP AND LOCAL SWITCHING NETWORK**
8 **ELEMENTS ARE INSUFFICIENT TO RECREATE BASIC LOCAL**
9 **SERVICE, THEN THE LOOP WITHOUT THE LOCAL SWITCHING**
10 **NETWORK ELEMENT (I.E., THE ISSUE HERE) IS EVEN MORE**
11 **DEFICIENT. IS HE CORRECT?**

12
13 **A.** No. Mr. Gillan's own reference to this Commission's Order PSC-98-0810-
14 FOF-TP is sufficient to refute his claim.

15 "Our discussion on access to services is important in determining
16 which network elements are necessary to provide basic local
17 service [i.e., the service offered by the entrant]. When an ALEC
18 purchases a loop and port combination, those are the only
19 elements it receives. Not only are operator services, DA, 911 and
20 signaling system databases separate elements, but the trunks to
21 access each of them are also separate elements."

22 While the Commission's Order pointed to other UNEs required to recreate
23 local exchange service, Mr. Gillan points to no other UNEs required to
24 recreate MegaLink® service other than the unbundled loop and unbundled
25 interoffice transport. Thus, the very criteria he points to are sufficient for

1 this Commission to find that the combination of an unbundled loop with
2 unbundled interoffice transport recreates MegaLink® service.

3
4 **Q. ON PAGE 7 OF HIS DIRECT TESTIMONY, MR. GILLAN QUOTES**
5 **FROM THE PREVIOUSLY CITED ORDER REGARDING “ADDITIONAL**
6 **ARGUMENTS BY AT&T AND MCI THAT A SERVICE IS MORE THAN**
7 **ITS NETWORK FUNCTIONS.” WHAT IS YOUR UNDERSTANDING OF**
8 **THIS COMMISSION’S VIEW OF “MANAGEMENT COMPETENCY AND**
9 **SKILLS, QUALITY OF SERVICE, CUSTOMER SUPPORT, AND**
10 **MARKETING” AS DIFFERENTIATORS OF ONE SERVICE COMPARED**
11 **TO ANOTHER?**

12
13 **A.** The Order simply noted AT&T’s and MCI’s arguments and did so without
14 endorsing them. Mr. Gillan does not explain how or why he believes such
15 management skills would somehow differentiate the combination of the
16 unbundled loop and unbundled interoffice transport from BellSouth’s
17 MegaLink® service. Even if Mr. Gillan had elaborated or provided such
18 an explanation, it would be irrelevant to the issue at hand. Management
19 competency, service price, and the like may indeed compel a customer to
20 buy from Provider A rather than Provider B. However, that is not the point
21 in this proceeding. What is at question in this proceeding is whether the
22 combination of an unbundled loop with unbundled interoffice transport
23 recreates BellSouth’s MegaLink® service. It is clear that the “extended
24 loop” Mr. Gillan refers to (that is, the combination of the unbundled loop
25 with unbundled interoffice transport) is a recreation of BellSouth’s

1 MegaLink® service.

2

3 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

4

5 **A. Yes.**

1 Q (By Ms. White) And Mr. Milner, would you
2 please give your summary.

3 A Yes. Thank you. Good morning,
4 Commissioners.

5 I am here to provide information that will
6 demonstrate that the combination of a 4-wire digital
7 loop with dedicated DS1 interoffice transport has the
8 identical, functional, and technical characteristics
9 of BellSouth's retail service called MegaLink. I
10 filed direct and rebuttal testimony responding to the
11 information in MCI's complaint and to the testimony of
12 MCI's witnesses.

13 As I showed in that testimony, there is no
14 difference from a technical viewpoint between the
15 combination of the 4-wire digital loop and the
16 dedicated DS1 interoffice transport and MegaLink
17 service. The MegaLink tariff states that the customer
18 may choose to terminate the MegaLink service in any
19 technically compatible device, including what the
20 tariff refers to as, quote, "a customer provided
21 tele --" pardon me -- "Customer provided
22 communications system." End of quote. I believe that
23 to mean a switching system or PBX.

24 There are three general uses for MegaLink
25 service and one of those uses is to terminate the

1 MegaLink service to a customer provided PBX or
2 switching equipment. Similarly, MCI intends to
3 connect the combination of the digital loop and
4 dedicated transport to MCI's customer provided
5 communications system; that is, MCI's switch. The two
6 applications are identical.

7 MCI makes the claim that the combination of
8 the 4-wire loop and the transport is somehow altered
9 once that combination is connected to MCI's switch.
10 However, the MegaLink tariff clearly contemplates that
11 the transport functionality may, indeed, be used in
12 conjunction with switches. Simply attaching the
13 transport facility to a local switch, to a toll switch
14 or to no switch at all in no way alters the nature of
15 the transport facility itself. However much MCI
16 would wish to the contrary, the requested combination
17 of UNEs provides identical functionality to MegaLink
18 service regardless of whether MCI connects the circuit
19 to MCI's switch.

20 Not all retail telecommunications service
21 are switched services. Retail services include
22 transport services that carry traffic from one point
23 to another. And MegaLink service is one such
24 transport service. MCI has pointed to no other
25 transport components or elements required to make

1 either the UNEs or MegaLink service work when attached
2 to MCI's switch other than the unbundled loop and the
3 unbundled interoffice transport.

4 Further, MCI's pointed to no modification or
5 enhancement to either the UNEs or to MegaLink service
6 required to make them work with MCI's switch. In
7 fact, there are no required modifications. There's
8 only the use of MegaLink service in conjunction with
9 local switching, an option clearly set forth in
10 MegaLink's -- in BellSouth's MegaLink service tariff.

11 Thank you. That concludes my summary.

12 **MS. WHITE:** Mr. Milner is available for
13 cross.

14 **CROSS EXAMINATION**

15 **BY MR. MELSON:**

16 **Q** Mr. Milner, Rick Melson representing MCI.
17 You would agree with me that MegaLink is a private
18 line service, correct?

19 **A** Yes.

20 **Q** I am going to have several questions for you
21 at various points about your exhibit WKM-1, which is
22 the MegaLink tariff, so if you could turn to that.
23 And if you turn, in fact, to First Revised Page 1 of
24 that tariff, which is the second page of your exhibit.
25 Section B7.1 -- excuse me. B7.1.1.A, in fact,

1 identifies MegaLink as a private line service, is that
2 correct?

3 A It does, yes.

4 Q And would you agree with me that private
5 line services are typically used to connect two
6 locations of a single customer?

7 A Well, that's one -- that's only one of three
8 possible uses that are laid out in the MegaLink
9 tariff. That is one of the uses, however.

10 Q Okay. For your total end-to-end MegaLink
11 service -- and for purposes of discussion I'm going to
12 focus on that rather than on any of the partial
13 channels. The primary purpose -- the primary way
14 that's used is to connect two customer locations; is
15 that right?

16 A Yes, that's one of the three. In fact, let
17 me briefly describe those three and maybe I can refer
18 to these three methods in shorthand later on. But the
19 three ways that MegaLink can be used are to connect an
20 end user customer to a BellSouth central office, for
21 example, or to another end user customer, or to
22 connect to BellSouth's central offices. So there are
23 three different uses of MegaLink, all three described
24 in the tariff.

25 Q Mr. Milner, looking at the bottom part of

1 the diagram that's been identified as Exhibit 2, I've
2 drawn a very inartful representation of what is
3 supposed to be two telephones at two customer premises
4 on both ends of a MegaLink service. Subject to the
5 drawing, will you accept that's what it's intended to
6 represent?

7 A Certainly. My artistic merits are no
8 higher.

9 Q And I believe you told me during your
10 deposition that you are not aware of any tariff
11 restrictions that would require that that private line
12 service be provided between two locations of the same
13 customer or a customer and an affiliate, is that
14 correct?

15 A I don't recall us discussing the topic of
16 affiliates.

17 Q Okay. Well, then let me ask you, are you
18 aware of any tariff restriction that would require
19 those to be two locations of the same customer?

20 A No.

21 Q Are you aware of any tariff restriction that
22 would require them to be customer and customer or
23 customer and affiliate?

24 COMMISSIONER CLARK: What was that last
25 thing? Customer and what?

1 **MR. MELSON:** Customer and an affiliate.

2 **WITNESS MILNER:** First of all, let me make
3 sure that I am clear on what -- how we are using the
4 term "affiliate." I presume you mean an employee of
5 another affiliated company of the company who is the
6 customer of that MegaLink service.

7 **Q** An affiliated company or an employee of an
8 affiliated company. Some sort of preexisting business
9 relationship.

10 **A** I don't see any reference in the tariff to a
11 restriction of that nature, no.

12 **Q** All right. Let me turn you to your
13 testimony for a minute. Your direct testimony, Page 5
14 at Line 5. You indicate that as of November 1, 1998
15 there were 72 MegaLink service arrangements in place
16 in Florida on a resale basis. Do you know how many of
17 those resold MegaLinks were being used to provide a
18 private line service and how many of them were
19 connected to a switch and were being used to provide a
20 switched service?

21 **A** First of all, they're all private line
22 services because they're all out of the private line
23 tariff.

24 Again, there are three different uses. One
25 of which is to connect a customer's location to a

1 switch location. And these are all set out in the
2 tariff, Section B7.1.2.A.6. So these are all -- all
3 72 of these are private line arrangements of one type
4 or another.

5 Q I will get to the tariff provision in a
6 minute. Do you know whether any of these 72 resold
7 private lines were connected to an ALEC switch and
8 used by the ALEC in the provision of local service?

9 A I don't have that breakdown, no.

10 Q So you don't know if any of them were used
11 in that fashion?

12 A That's right.

13 Q I believe you said during your summary, and
14 you also say several places in your testimony, that a
15 MegaLink customer can choose to terminate that
16 MegaLink at any technically compatible device, and
17 that that specifically would include either a local or
18 a toll switch. Is that a fair representation of what
19 your testimony says?

20 A It includes those phrases, yes.

21 Q And could you point me to the place in the
22 MegaLink service tariff that's attached as your
23 exhibit WKM-1 where it makes a reference to connection
24 to a local switch or to a toll switch?

25 A Yes. The first part -- well, let me say it

1 a different way. Section B7.1.1.A says that MegaLink
2 services furnished for private line intraLATA
3 communications by the company. And it draws no
4 distinction between what I'll call local and intraLATA
5 toll so both of those being intraLATA traffic connotes
6 to me that MegaLink service can handle both local as
7 well as intraLATA toll traffic. As to the second part
8 of your question, as to what type of facility can it
9 be connected to, that's set out, let's see, in Section
10 B7.1.2.D, and the general heading is Connections and
11 then it -- let me just read it.

12 Q That's on Page 3 of your exhibit?

13 A Yes, it is. Says "Customer provided
14 terminal equipment, customer provided derivation
15 equipment and customer provided communications
16 systems." My interpretation of the term
17 "communication system" could be a switch of some type.

18 Q All right. I guess you've pointed out to me
19 the provisions that you believe allow MegaLink to be
20 connected to a local or toll switch. I guess I asked
21 you, are there any provisions in your MegaLink tariff
22 that use the term "local switch" or "toll switch"?

23 A No.

24 Q So you are relying on these two provisions
25 to support your conclusion that MegaLink can be

1 connected to a local switch or a toll switch?

2 A Yes.

3 Q Now, would you also agree with me that as a
4 private line service, MegaLink is subject to the
5 general provisions of your private line tariff?

6 A Yes, it is.

7 Q And, in fact, on Page 1 of your exhibit,
8 B7.1.1.E indicates that MegaLink is -- the regulations
9 in the MegaLink tariff were in addition to those in
10 Section B2 of the tariff; is that right?

11 A Yes, that's right.

12 Q Okay.

13 MR. MELSON: Commissioners, I have handed
14 out a copy of BellSouth's private line service tariff
15 B2. It should be on the desk in front of you.

16 Q (By Mr. Melson) Mr. Milner, it's actually
17 on the other side of the pitcher there. If you could
18 grab those. It's the next one. (Witness complies.)

19 A Okay. I found it.

20 Q Could you -- what I want to explore is
21 whether, as a private line service, MegaLink, under
22 the private line tariff restrictions, could, in fact,
23 be connected to a local switch as you have said in
24 your testimony. And I'd like to start by asking
25 you --

1 **MR. MELSON:** Commissioners, if I could have
2 the Private Line Tariff marked as Exhibit 7.

3 **CHAIRMAN GARCIA:** Very well.

4 (Exhibit 7 marked for identification.)

5 **Q** **(By Mr. Melson)** Mr. Milner, let me
6 represent to you that I asked the Commission's
7 Division of Records and Reporting last week to get a
8 current copy of BellSouth's Private Line Service
9 Tariff and to certify that and you can see Kay Flynn's
10 signature is on this indicating that's a copy on file
11 with the Commission. Would you turn four pages in to
12 the sheet that is labeled "original Page 1."

13 **A** Yes, I'm there.

14 **Q** And do you see in Section B2.1.1.A at the
15 very top of the page, that it says "Private line
16 service is the provision of company facilities for
17 communication between specified locations of customers
18 or authorized users"?

19 **A** I see that.

20 **Q** All right. Could you turn to original page
21 35 of the tariff?

22 **A** I am there.

23 **Q** And could you read to yourself the
24 definition of authorized user that appears in the
25 middle of that page?

1 A Yes, I read it.

2 Q And would you agree with me that based on
3 that definition the persons on either end of a private
4 line service have to be designated as authorized users
5 at the time the service is put into place?

6 A Yes. It says they must be specified in the
7 contract, yes.

8 Q Now, could you turn to Page 9 of the Private
9 Line Tariff and look in the middle of the page,
10 Section B2.2.1.A, and let me ask you to read that
11 little introductory sentence in the A paragraph out
12 loud into the record?

13 A Yes. "A private line service may be used
14 for one or more of the purposes specified in A through
15 H following." And then you asked me to read part A?

16 Q Yes, sir.

17 A "For the transmission of communications to
18 or from the customer and relating to the customer's
19 business. No one may be a customer for a private line
20 service who does not have a communication requirement
21 of his own for its own use except as provided in C and
22 G following."

23 Q And now, would you also read Paragraph C,
24 which is referred to -- has been referred to in the
25 part you just read?

1 A "For the transmission of communications
2 relating directly to the business of a subsidiary
3 corporation over which the customer exercises control
4 through the ownership of more than 50% percent of the
5 voting stock." There two notes. Would you like me to
6 read those?

7 Q No. And finally, if you would turn to Page
8 10, the next page, Section 2.2.3.B, and read that
9 provision out loud to me.

10 A I am sorry. Did you say 2.2.3.D?

11 Q B as in "boy."

12 A Oh, B. "Private line services are furnished
13 for use between two or more designated premises. The
14 services are intended only for communications in which
15 the customer or an authorized user has a direct
16 interest."

17 Q And then let me read to you the last
18 sentence of Section B.2.2.3.C which talks about resale
19 of private line services. And it says -- and tell me
20 if I'm wrong. "Any entity certified as an AAV," which
21 would be an alternative access vendor, "or an IC,"
22 which would be an interexchange carrier, "may purchase
23 and resell a local exchange company's private line
24 service only between affiliated entities." Do you see
25 that?

1 A Yes.

2 Q Based on those tariff provisions, would you
3 agree with me that private line service is only
4 available to provide point-to-point communications
5 between a customer and another customer location or a
6 customer and a designated authorized user, which in
7 this case, could be an affiliated company?

8 A Again, it's that last part that I'm having a
9 little problem with because the last section that you
10 referred me to puts restrictions only on AAVs and
11 interexchange carriers who purchase and resell and
12 there limits those providers to only their own
13 affiliated entities. That is, a long distance
14 company, for example, could resell MegaLink only to
15 affiliates of that same interexchange company, which I
16 don't think is the issue that we have before us.

17 Q Mr. Milner, isn't what that paragraph really
18 says that an AAV that wants to resell MegaLink service
19 can resell it to connect a bank location to another
20 bank location, but it can't resell it to connect a
21 bank location to a law firm location because those are
22 not two premises of the same customer?

23 A No, I don't believe that's what that says.
24 Again, I think that this is -- the part that you've
25 referred me to here puts very specific restrictions

1 around two kinds of carriers. And it doesn't say
2 anything about a CLEC's use of MegaLink because a CLEC
3 is neither an AAV or an interexchange carrier.

4 Q And so it is your position that a CLEC could
5 purchase MegaLink service and connect it between any
6 two points?

7 A Yes. The CLEC is BellSouth's customer.

8 Q So a CLEC -- if a CLEC wanted to provide,
9 say, long distance special access -- do you know what
10 special access is?

11 A Yes, I do.

12 Q Wanted to connect a customer to a long
13 distance carrier, is it your testimony that the CLEC
14 could purchase MegaLink service and resell it in a way
15 that typically would have been purchased out of the
16 special access tariff?

17 A That's an interesting question. I'm not
18 sure of the answer. MegaLink itself is an intraLATA
19 service and you said that the company intends to make
20 a long distance service, and I believe by that you
21 mean an interLATA service, so I'm not a lawyer, but
22 I'm not sure that MegaLink could be used to provide
23 interLATA services.

24 Q No, sir. Assume for purposes of this
25 question that the customer and the toll switch are in

1 the same LATA.

2 A In that case, I see no reason why MegaLink
3 could not be connected to that CLEC switch to be used
4 to create other services.

5 Q I'm not asking about connection to a CLEC
6 switch. I'm asking about connecting a customer having
7 a CLEC purchase a service and resell it to a customer
8 in a way that connects the customer to a long distance
9 switch --

10 A For intraLATA services?

11 Q For any services.

12 A Well, again, we are back to the notion of
13 whether MegaLink can be used as part of interLATA
14 services and I've already said that I don't know the
15 answer to that. I believe that they cannot because
16 the tariff itself says that MegaLink is an intraLATA
17 service.

18 Q So if MCI is using MegaLink in connecting to
19 its local switch and is providing long distance
20 service out of that switch, that would not be a proper
21 use of MegaLink?

22 A Yes, that could be a proper use of MegaLink
23 because MCI is using that switch both as a local
24 switch and apparently as a gateway to its long
25 distance network.

1 Q And the basis for your conclusion that
2 MegaLink could be connected to the local switch was
3 language we looked at in Section B7.1.D that said
4 MegaLink could be connected to a customer provided
5 communication system?

6 A Yes.

7 Q All right. Could you turn to Page 36 of the
8 Private Line Tariff which is a definition of
9 communication system. And would you agree with me
10 that in tariff terminology MCI would be an "Other
11 Carrier" under BellSouth's tariff?

12 A Yes. I believe that MCI would be
13 categorized as an "Other Carrier" under this
14 definition.

15 Q Could you read me the second paragraph of
16 the definition that talks about what communication
17 systems means when you are dealing with an other
18 carrier such as MCI?

19 A It says "The term 'Communications Systems'
20 denotes channels and/or other -- and other facilities,
21 rather, which are capable, when not connected to
22 private line services, of communications between
23 terminal equipment or Company stations."

24 Q Would you read the next paragraph which is
25 really the one that deals with the "Other Carrier"

1 situation?

2 A I'm sorry. Yes. "The term 'Communications
3 Systems' when used in connection with communications
4 systems provided by an Other Carrier, (OC), denotes
5 channels and other facilities furnished by the OC for
6 private line services as such OC is authorized by the
7 Federal Communications Commission or Public Service
8 Commission to provide."

9 Q So when you read this together with the
10 provision that says MegaLink can be connected to a
11 communications system of an Other Carrier, doesn't
12 this say that the Other Carrier's communication system
13 has to be a system for private line services?

14 A Doesn't say that at all. It says that it
15 would be -- that it's capable when not connected to
16 private line services of communications. The switch
17 is capable regardless of whether it's connected to a
18 MegaLink service or not.

19 **COMMISSIONER CLARK:** I thought the question
20 was what does the tariff allow, not what it's capable
21 of. And it seems like the tariff says that it has to
22 be connected by another carrier for purposes of
23 furnishing private line services.

24 **WITNESS MILNER:** I believe it satisfies that
25 definition. An MCI switch, for example, will also

1 serve its own loops and other things.

2 **COMMISSIONER CLARK:** Well, it seems as if
3 your private -- this tariff would prevent MCI from
4 purchasing MegaLink to provide the type of service
5 they want to provide when they hook it up to their
6 switch, because, as I understand it, by putting it
7 in -- by adding the switch and adding other types of
8 features, it would no longer be a private line
9 service.

10 **A** I'm relying on the words "which are capable"
11 when it refers back to the system itself, of providing
12 other kinds of -- other types of communications
13 between either terminal equipment, that is, other
14 devices in the switch, or company stations, which here
15 would be other loops or access lines or something like
16 that.

17 **COMMISSIONER CLARK:** Then why do you have
18 down in the second part of communications, why do you
19 add the qualifier, "furnished by the OC for private
20 line services"? Why did you add that in there?

21 **WITNESS MILNER:** I believe this is meant to
22 show that the other carrier can provide its own
23 facilities to be used along with that same system.

24 **COMMISSIONER CLARK:** You don't interpret
25 that as limiting it, saying that you can only

1 purchase -- an other carrier can only purchase
2 MegaLink when it intends to provide it as part of a
3 private line service to its end customers?

4 **WITNESS MILNER:** That is not my
5 understanding of this part of the tariff.

6 **MR. MELSON:** That's all the questions that I
7 had. Thank you, Mr. Milner.

8 **WITNESS MILNER:** Thank you.

9 **CHAIRMAN GARCIA:** Staff.

10 **MS. BROWN:** Just one question.

11 **CROSS EXAMINATION**

12 **BY MS. BROWN:**

13 **Q** You have that Private Line Services Tariff
14 before you, Mr. Milner?

15 **A** Yes.

16 **Q** And if you would go to Page 41 and read for
17 me the section on Private Line Channel Service?

18 **A** Yes, ma'am. "The term 'Private Line Channel
19 Service' denotes a channel which provides a path for
20 intraLATA communication capabilities between station
21 locations or Company offices and the channel service
22 is not directly connected to the public switched
23 network."

24 **Q** Okay. Thank you.

25 **MS. BROWN:** No further questions.

1 **CHAIRMAN GARCIA:** Commissioners?

2 Mr. Carver?

3 **MS. WHITE:** No questions. Thank you.

4 **CHAIRMAN GARCIA:** Very good.

5 **MR. MELSON:** Commissioner Garcia, I would
6 move Exhibit 7 and I also handed out and neglected to
7 identify Mr. Milner's deposition. I would like to ask
8 that that be marked as Exhibit 8.

9 **CHAIRMAN GARCIA:** Is there any objection?

10 **MR. CARVER:** No objection.

11 (Exhibit 8 marked for identification.)

12 **MR. MELSON:** I would move both Exhibit 7 and
13 8.

14 **CHAIRMAN GARCIA:** Okay. Any objection?
15 Very good. Show those admitted. No objection to that
16 one. Show that admitted.

17 (Exhibits 7 and 8 received in evidence.)

18 **MS. WHITE:** BellSouth will call Jerry
19 Hendrix to the stand.

20 **CHAIRMAN GARCIA:** All right. Very well.

21 - - - - -

22

23

24

25

1 **JERRY HENDRIX**

2 was called as a witness on behalf of BellSouth
3 Telecommunications, Inc. and, having been duly sworn,
4 testified as follows:

5 **DIRECT EXAMINATION**

6 **BY MS. WHITE:**

7 **Q** Mr. Hendrix, would you please state your
8 name and address and whom you're employed with and in
9 what capacity for the record?

10 **A** Yes. Thank you. My name is Jerry D.
11 Hendrix. My address is 675 West Peachtree Street,
12 Atlanta, Georgia. I'm Director of Pricing for
13 BellSouth.

14 **Q** And have you caused to be prefiled in this
15 case direct testimony consisting of 11 pages and
16 rebuttal testimony consisting of five pages?

17 **A** Yes, I did.

18 **Q** Do you have any changes to make to your
19 direct or rebuttal testimony?

20 **A** No, I do not.

21 **Q** And if I were to ask you the same questions
22 today that are in your prefiled testimony, would your
23 answers to those questions be the same?

24 **A** Yes, they would be.

25 **MS. WHITE:** I ask that Mr. Hendrix's direct

1 and rebuttal testimony be admitted into the record as
2 if read from the stand.

3 **CHAIRMAN GARCIA:** Yes. It's admitted into
4 the record.

5 **Q** **(By Ms. White)** And attached to direct
6 testimony, Mr. Hendrix, did you have seven exhibits,
7 JDH-1 through 7?

8 **A** Yes, I did.

9 **Q** Do you have any corrections to those
10 exhibits at this time?

11 **A** No, I do not.

12 **MS. WHITE:** I ask that the exhibits attached
13 to Mr. Hendrix's direct testimony be identified for
14 the record.

15 **CHAIRMAN GARCIA:** Yes. That's Exhibit 9.

16 **(Exhibit 9 marked for identification.)**

17

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1 BELL SOUTH TELECOMMUNICATIONS, INC.
2 DIRECT TESTIMONY OF JERRY HENDRIX
3 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
4 DOCKET NO. 981121-TP
5 November 25, 1998

6
7 Q. PLEASE STATE YOUR NAME AND COMPANY NAME AND
8 ADDRESS.

9
10 A. My name is Jerry Hendrix. I am employed by BellSouth
11 Telecommunications, Inc., as a Director in the Interconnection Services
12 Pricing Department. My business address is 675 West Peachtree
13 Street, Atlanta, Georgia, 30375.

14
15 Q. PLEASE SUMMARIZE YOUR BACKGROUND AND EXPERIENCE.

16
17 A. I graduated from Morehouse College in Atlanta, Georgia, in 1975, with
18 a Bachelor of Arts Degree. I began employment with Southern Bell in
19 1979, and have held various positions in the Network Distribution
20 Department before joining the BellSouth Headquarters Regulatory
21 organization in 1985. On January 1, 1996, my responsibilities moved
22 to the Interconnection Services Pricing Department in the
23 Interconnection Customer Business Unit. In my position as Director, I
24 oversee the negotiation of interconnection agreements between
25 BellSouth and Alternative Local Exchange Carriers (ALECs).

1 Q. HAVE YOU TESTIFIED PREVIOUSLY?

2

3 A. Yes. I have testified in proceedings before the Alabama, Florida,
4 Georgia, Kentucky, Louisiana, Mississippi, and South Carolina Public
5 Service Commissions, the Tennessee Regulatory Authority, and the
6 North Carolina Utilities Commission.

7

8 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

9

10 A. The purpose of my testimony is to discuss whether the request of
11 MCImetro Access Transmission Services, Inc., (MCIIm) for a
12 combination of 4-wire DS1 loops and DS1 dedicated transport
13 constitutes a request for an existing BellSouth retail service.

14

15 Q. WHAT IS BELL SOUTH'S POSITION REGARDING MCIIm'S
16 REQUEST?

17

18 A. BellSouth believes the combination of 4-wire DS1 loops and DS1
19 dedicated transport recreates an existing BellSouth retail service known
20 as MegaLink® Service.

21

22 Q. HAS THIS ISSUE BEEN ADDRESSED BY THIS COMMISSION?

23

24 A. This issue has been generally but not specifically addressed by this
25 Commission. Following an arbitration proceeding between BellSouth

1 and MCI, this Commission held in Order No. 98-0810-FOF-TP issued
2 June 12, 1998, that the parties were to "determine through negotiation
3 what services provisioned through unbundled access, if any, do
4 constitute the recreation of a BellSouth retail service." Commission
5 Order, p. 50.

6

7 Q. HAVE BELLSOUTH AND MCI BEEN ABLE TO DETERMINE WHAT
8 "COMPETITIVE LOCAL TELECOMMUNICATIONS SERVICES
9 PROVISIONED BY MEANS OF UNBUNDLED ACCESS, IF ANY,
10 CONSTITUTED THE RECREATION" OF A BELLSOUTH RETAIL
11 SERVICE AS ORDERED BY THE COMMISSION IN ITS JUNE 12,
12 1998 ORDER?

13

14 A. No. BellSouth has attempted numerous times to meet with MCI
15 regarding implementation of the Commission's Order. In its first
16 attempt, BellSouth sent MCI a letter dated June 23, 1998, advising
17 MCI that BellSouth "would like to meet with MCI as early as
18 possible the week of July 6, 1998, to discuss how we can implement
19 the order." A copy of this letter is attached as Exhibit JDH-1.

20

21 Q. DID THE PARTIES HOLD SUCH A MEETING?

22

23 A. Yes. On July 8, 1998, the parties met for less than one hour to discuss
24 implementation of the Commission's Order. BellSouth attempted to
25 discuss the Commission's requirement that the parties were to

1 negotiate what "competitive local telecommunications services
2 provisioned by means of unbundled access, if any, constituted the
3 recreation" of a BellSouth retail service, but MCIIm refused to discuss
4 this issue. Instead, MCIIm insisted that it be allowed to purchase
5 combinations of a DS1 loop and DS1 dedicated transport for the sum of
6 the network elements. BellSouth maintained, and continues to
7 maintain, that this particular combination recreates the retail service
8 known as MegaLink® Service, and that the resale discount should
9 apply. In this meeting, BellSouth suggested an extension of time to
10 further discuss how to implement the Order. MCIIm refused to consider
11 this option and instead chose to adopt a piece by piece approach to
12 implementing the Commission's Order.

13

14 Q. DID BELLSOUTH FURTHER ATTEMPT TO DISCUSS WITH MCIIm
15 THE IMPLEMENTATION OF THE COMMISSION'S ORDER?

16

17 A. Yes. On July 10, 1998, BellSouth sent another letter to MCIIm
18 suggesting that the parties file a joint request for an extension of time to
19 implement the Commission's Order. See Exhibit JDH-2. BellSouth did
20 not believe MCIIm's proposed amendment, which was filed by MCIIm on
21 July 13, 1998, without BellSouth's signature, addressed all of the
22 Commission's directives.

23

24 Q. WAS MCIIm AGREEABLE TO THIS SUGGESTION?

25

1 A. No. On July 14, 1998, MCIIm wrote BellSouth a letter stating that MCIIm
2 did not "believe that it makes a difference whether combined elements
3 recreate an existing BellSouth service," and that in any event a
4 combination of a 4-wire DS1 loop and DS1 dedicated transport "does
5 not recreate an existing BellSouth retail service. " See Exhibit JDH-3.

6

7 Q. DID BELLSOUTH MAKE ANY OTHER ATTEMPTS TO MEET WITH
8 MCIIm REGARDING THIS ISSUE AND MCIIm'S REQUEST?

9

10 A. Yes. BellSouth responded to MCIIm on July 21, 1998, again requesting
11 a second meeting to discuss the implementation of the Commission's
12 June 12, 1998, Order. A copy of BellSouth's response is attached as
13 Exhibit JDH-4. BellSouth reiterated its position that the combination of
14 a 4-wire DS1 loop and DS1 dedicated transport does recreate
15 BellSouth MegaLink® Service as defined in the BellSouth Private Line
16 Services Tariff, Section B7. A copy of the applicable section of this
17 tariff is attached as Exhibit KWM-1 to Keith Milner's Direct Testimony in
18 this docket.

19

20 Q. DID MCIIm AGREE TO MEET WITH BELLSOUTH TO FURTHER
21 DISCUSS THIS ISSUE?

22

23 A. No. In a letter dated July 24, 1998, MCIIm again refused to meet with
24 BellSouth on "how to implement the Florida Public Service
25 Commission's Order," since MCIIm claimed it had no "requests at this

1 time for UNE combinations which would recreate an existing BST
2 service and therefore require negotiations under that Order.” See
3 Exhibit JDH-5.

4

5 Q. WHAT DID BELLSOUTH DO AS A RESULT OF MCIm’S JULY 24,
6 1998, LETTER?

7

8 A. BellSouth made yet another attempt to meet with MCIm to discuss the
9 implementation of the Commission’s Order. In a letter dated August 3,
10 1998, attached as Exhibit JDH-6, BellSouth reminded MCIm that “[t]he
11 Commission ordered that the parties to this proceeding shall be
12 required to negotiate on their initiative what competitive local
13 telecommunications services provisioned by means of unbundled
14 access, if any, constitute the recreation of the incumbent local
15 exchange carrier’s retail service.”

16

17 Q. WHAT WAS MCIm’S RESPONSE TO BELLSOUTH’S REQUEST?

18

19 A. MCIm responded that it remained “willing to negotiate,” but the only
20 issue it wished to discuss was its request for BellSouth to provide 4-
21 wire DS1 loops combined with DS1 dedicated transport for the sum of
22 these two network elements. See MCIm’s letter dated August 7, 1998,
23 attached as Exhibit JDH-7. MCIm maintained that this combination did
24 not recreate an existing BellSouth service.

25

1 Q. DID THE COMMISSION IN ITS JUNE 12, 1998, ORDER NO. 98-0810-
2 FOF-TP, DETERMINE THAT THE BELLSOUTH/MCIIm
3 INTERCONNECTION AGREEMENT PROVIDES A PRICING
4 STANDARD FOR COMBINATIONS OF UNBUNDLED NETWORK
5 ELEMENTS?

6

7 A. Yes. In Part II.B.I of the Order the Commission concluded "that the
8 agreement provides a pricing standard for combinations of network
9 elements that do not recreate an existing BellSouth retail service and
10 directed the parties to negotiate prices for those combinations that do
11 recreate an existing BellSouth retail service."

12

13 Q. DID THE COMMISSION IN ITS JUNE 12, 1998, ORDER ESTABLISH
14 ANY PRICES (CHARGES) FOR THE COMBINATIONS OF NETWORK
15 ELEMENTS?

16

17 A. Yes. The Commission set non-recurring charges for several loop/port
18 combinations. These were 2-wire analog loop and port combinations;
19 2-wire ISDN loop and port combinations; 4-wire analog loop and port
20 combination; and 4-wire DS1 loop and port combinations.

21

22 Q. DID THE COMMISSION SET PRICING FOR ANY OTHER
23 COMBINATIONS, SUCH AS THE 4-WIRE DS1 LOOP AND DS1
24 DEDICATED TRANSPORT THAT MCIIm HAS ORDERED?

25

1 A. No.

2

3 Q. DOES THE COMBINATION OF 4-WIRE DS1 LOOPS AND DS1
4 DEDICATED TRANSPORT RECREATE A BELLSOUTH RETAIL
5 SERVICE?

6

7 A. Yes. The combination of 4-wire DS1 loops and DS1 dedicated
8 transport does recreate a BellSouth retail service. The retail service
9 this particular combination recreates is BellSouth's MegaLink® Service.

10

11 Q. WHAT IS MEGALINK® SERVICE?

12

13 A. As defined in BellSouth's Private Line Services Tariff, Section B7.1.1,
14 MegaLink® Service is a service for the transmission of digital service
15 signals only and uses only digital transmission facilities. This service
16 provides for the simultaneous two-way transmission of isochronous
17 digital signals at DS1 speeds of 1.544 Mbps. Section B7.1.2.A further
18 states "MegaLink® Service contemplates communications originating
19 and terminating as (1) a customer premises to customer premises
20 channel via the Company's Serving Wire Center, (SWC) – and/or
21 through remote SWCs; (2) a customer premises to the Serving Wire
22 Center – and/or to remote SWCs – partial channel (link); or (3) a central
23 office to central office (interoffice) partial channel (link)."

24

25

1 Q. IS THE ABOVE SERVICE DESCRIPTION THE SAME AS THE
2 COMBINATION DESCRIBED IN MCI's COMPLAINT BEFORE THIS
3 COMMISSION?

4

5 A. Yes. In paragraph 2 of the complaint, MCI states that the requested
6 "combination of a 4-wire DS1 loop and DS1 dedicated transport will
7 provide its customers with a high speed (1.544Mbps) transmission path
8 or loop to connect to its Class 5 local switch." MCI's requested
9 combination is the same as (2) and (3) in the above definition of
10 MegaLink® Service. From its Class 5 local switch, MCI states that it
11 "will provide dial tone, as well as vertical features, operator services,
12 directory assistance information, emergency 911 service and access to
13 long distance networks."

14

15 Q. BESIDES BEING TECHNICALLY THE SAME, ARE THERE ANY
16 OTHER SIMILARITIES BETWEEN THE COMBINATION THAT MCI
17 HAS REQUESTED AND MEGALINK® SERVICE?

18

19 A. Yes. As can be seen in the BellSouth Private Line Service Tariff
20 Section B7.1.2.C. Application of Rates, the rate structure for
21 MegaLink® Service is the same as for the individual network elements
22 that MCI has requested. See Exhibit WKM-1 of Keith Milner's Direct
23 Testimony.

24

25 Q. CAN YOU EXPLAIN THIS FURTHER?

1 A. Yes. In the Private Line Service Tariff, the Digital Local Channel is the
2 facility between a Serving Wire Center and the end user's premises.
3 This is the same as the unbundled network element contained in the
4 BellSouth/MCI Interconnection Agreement, Attachment 1, Table 1-1.
5 The agreement defines a loop as a: "transmission facility between a
6 distribution frame [cross-connect], or its equivalent, in a BellSouth
7 central office or wire center, and the network interface device at a
8 subscriber's premises...."

9
10 MegaLink® Service also consists of an Interoffice Channel which is
11 "furnished between Central Offices." The charges for this element are a
12 monthly fixed rate, plus a charge based on airline distance between
13 Central Offices. This rate structure is the same as the one contained in
14 the BellSouth/MCI Interconnection Agreement for DS1 dedicated
15 transport, Attachment 1, Table 1-2.

16
17 Q. WHAT IS BELLSOUTH'S REQUEST OF THE COMMISSION?

18

19 A. BellSouth requests the Commission rule that the combination of a 4-
20 wire DS1 loop and DS1 dedicated transport does in fact recreate the
21 BellSouth retail service known as MegaLink® Service and that resale
22 discounts apply.

23

24

25

1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

2

3 A. Yes.

4

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1 BELLSOUTH TELECOMMUNICATIONS, INC.
2 REBUTTAL TESTIMONY OF JERRY HENDRIX
3 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
4 DOCKET NO. 981121-TP
5 December 16, 1998

6

7 **Q. PLEASE STATE YOUR NAME AND COMPANY NAME AND**
8 **ADDRESS.**

9

10 A. My name is Jerry Hendrix. I am employed by BellSouth
11 Telecommunications, Inc., as a Director in the Interconnection Services
12 Pricing Department. My business address is 675 West Peachtree
13 Street, Atlanta, Georgia, 30375.

14

15 **Q. ARE YOU THE SAME JERRY D. HENDRIX WHO FILED DIRECT**
16 **TESTIMONY IN THIS PROCEEDING?**

17

18 A. Yes.

19

20 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

21

22 A. The purpose of my testimony is to address several issues that were
23 raised in Mr. Ron Martinez's and Mr. Joseph Gillan's, direct
24 testimonies, which were filed on behalf of MCImetro Access Services

25

1 Inc., (hereinafter referred to as "MCIm"), in this docket. Specifically, I
2 will address the following issues:

- 3 • MCIm's allegation that BellSouth required it to purchase T-1
4 circuits from the access tariff;
- 5 • MCIm's assertion that the combination of 4-wire DS1 loops and
6 DS1 interoffice dedicated transport does not recreate the
7 BellSouth service known as MegaLink®;
- 8 • MCIm's misinterpretation of the Commission's Order; and
- 9 • The inappropriateness of requesting BellSouth to refund monies to
10 MCIm for services that were ordered, and admitted to by MCIm,
11 out of the Access Services Tariff.

12

13 **MCIm's allegation that BellSouth required it to purchase T-1 circuits**
14 **from the access tariff**

15 **Q. WAS MCIM "FORCED TO PURCHASE T-1 CIRCUITS FROM**
16 **BELLSOUTH'S ACCESS TARIFF," AS ALLEGED BY MR.**
17 **MARTINEZ ON PAGE 6 OF HIS TESTIMONY?**

18

19 **A.** Absolutely not. MCIm did not have to purchase these services from
20 the Access Service Tariff. MCIm could have purchased unbundled 4-
21 wire DS1 loops and DS1 dedicated transport, at the rates and terms
22 contained in the MCIm/BellSouth Interconnection Agreement, and
23 combined these two unbundled elements in their collocation space.

24

25

1 Another solution that MCI could have used would have been to resell
2 a BellSouth retail service out of the BellSouth Private Line Service
3 tariff, such as MegaLink® Service.

4

5 MCI's assertion that the combination of 4-wire DS1 loops and DS1
6 interoffice dedicated transport does not recreate the BellSouth service
7 known as MegaLink®;

8 **Q. CAN BELLSOUTH'S RETAIL OFFERING KNOWN AS MEGALINK®**
9 **SERVICE BE USED FOR "OFF-NET" SERVICE AS DESCRIBED ON**
10 **PAGE 5 OF MR. MARTINEZ'S DIRECT TESTIMONY?**

11

12 **A.** Absolutely. Numerous BellSouth end users utilize MegaLink® Service
13 for "off-net" use. The reasons for using this "Private-Line" service are
14 numerous. Some customers wish to have a presence at a distant
15 location such as a branch bank. In this situation the bank utilizes the
16 same switch for both its internal and external network. I can't imagine a
17 bank that would not want to have the ability to go "off-net."

18

19 Another use for utilizing MegaLink® Service as an "off-net" service
20 would be for a business to wish to have a "virtual-presence" in a foreign
21 location. An industry that comes to mind that would utilize this type of
22 service would be automobile dealerships.

23

24 **Q. ON PAGE 9 OF HIS DIRECT TESTIMONY, MR. MARTINEZ STATES**
25 **THE COMBINATION OF A 4-WIRE DS1 LOOP AND DS1**

1 DEDICATED TRANSPORT DOES NOT "RECREATE" AN EXISTING
2 BELLSOUTH SERVICE. IS HE CORRECT?

3

4 A. No. Mr. Martinez is not correct in his assertion that a 4-wire DS1 loop
5 and DS1 dedicated transport does not "recreate" an existing BellSouth
6 retail service. Even though Mr. Martinez has tried to confuse the issue
7 by suggesting that because it is using this combination to provide "off-
8 net" service to its end users, what MCI is actually providing is a
9 dedicated transport service, the same as BellSouth's MegaLink®
10 service when the BellSouth end user elects to terminate his service at a
11 central office based service such as ESSX® service, Digital ESSX®
12 service, or MultiServ® service.

13

14 As described, and illustrated in Mr. Milner's direct testimony on page 6,
15 there is no difference between MCI's request for a combination of a
16 4-wire DS1 loop and DS1 dedicated transport and the BellSouth retail
17 service known as MegaLink® Service.

18

19 *MCI's misinterpretation of the Commission's Order*

20 Q. HAS THE COMMISSION "DETERMINED THAT THE RATE
21 CHARGED FOR A NETWORK ELEMENT COMBINATION SUCH AS
22 THE LOOP AND TRANSPORT COMBINATION" BE THE SUM OF
23 THE PRICES FOR THE INDIVIDUAL ELEMENTS AS ALLEGED BY
24 MR. GILLIAN ON PAGE 5 OF HIS DIRECT TESTIMONY, AND IN MR.
25 MARTINEZ'S TESTIMONY ON PAGE 7?

1
2 A. No. The Commission in its Final Order of June 12, 1998 in Docket
3 971140-TP only determined that a loop/port combination was not a
4 BellSouth retail offering (Order, page 32), and “that prices for network
5 element combinations that **do not** [emphasis added] recreate existing
6 BellSouth retail services shall be determined as the sum of the prices of
7 the component elements.” (Order, page 24) The Commission was very
8 specific that the parties were to “negotiate the price for those network
9 element combinations” that recreated a BellSouth retail service (Order,
10 page 25).

11
12 The Commission further concluded in Part II.B.I of its Order “that the
13 agreement provides a pricing standard for combinations of network
14 elements that do not recreate an existing BellSouth retail service.”
15 (Order, page 10)

16
17 **The inappropriateness of requesting BellSouth to refund monies to**
18 **MCIm for services that were ordered out of the Access Services Tariff.**

19 **Q. IS MCIM ENTITLED TO A REFUND FOR THE CIRCUITS IT HAS**
20 **ORDERED AS T-1S OUT OF THE BELLSOUTH ACCESS SERVICE**
21 **TARIFF AS REQUESTED BY MR. MARTINEZ ON PAGES 9 AND 10**
22 **OF HIS DIRECT TESTIMONY?**

23
24 A. No. By their own admission, MCIm ordered these circuits from the
25 BellSouth Access Service Tariff and has utilized them accordingly;

1 therefore, MCIIm is obligated to pay the rates and abide by the terms of
2 the Tariff. MCIIm's argument that it ordered these circuits via the
3 access tariff because they could not purchase UNEs is simply not true.

4

5 As I stated previously, MCIIm could just as well have purchased UNEs
6 and combined them in their collocation space, or they could have
7 purchased MegaLink® service, less the applicable resell discount.

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9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

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11 **A. Yes.**

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1 **Q** **(By Ms. White)** And Mr. Hendrix, could you
2 please provide your summary?

3 **A** Yes. Thank you.

4 BellSouth attempted to negotiate with MCI as
5 required by the order. These negotiations were to
6 determine what services provision through UNEs would
7 recreate a BellSouth retail service. MCI refused to
8 negotiate. Instead they insisted that they be allowed
9 to purchase a DS1 loop and DS1 transport for the sum
10 of the network element prices. These elements when
11 put together recreate BellSouth's MegaLink service,
12 which has been around since the late '80s or early
13 '90s. In closing, BellSouth would urge that you find
14 that these elements do, in fact, create a retail
15 offering called MegaLink, and that the parties
16 negotiate the price for this service.

17 That concludes my summary.

18 **MS. WHITE:** Mr. Hendrix is available for
19 cross examination.

20 **CROSS EXAMINATION**

21 **BY MR. MELSON:**

22 **Q** Mr. Hendrix, Rick Melson representing MCI.
23 I'm going to describe for you four ways that MCI could
24 conceivably purchase a high speed digital loop from a
25 customer premises to an MCI switch. And let's put

1 aside, for these questions, the pricing issue. I'd
2 like you to tell me yes or no, whether you believe
3 that each one these would be an allowable way for MCI
4 to obtain the facilities. First would be by
5 purchasing a DS1 loop UNE and a DS1 transport UNE out
6 of the Interconnection Agreement, and MCI doing the
7 combining of those themselves in a coLocation space.
8 Would that be permissible?

9 A Yes, it would be.

10 Q And in order to use that option, MCI would
11 have to obtain a colocation arrangement in every wire
12 center where it had a customer using that arrangement;
13 is that correct?

14 A That's very likely, but not truly the case
15 in every case. That is very likely that they would.

16 Q The second way that I believe you said MCI
17 could get this exact same functionality is by
18 purchasing MegaLink service; is that correct?

19 A That is correct.

20 Q Third is a third way that MCI could get
21 exactly the same service by purchasing a T-1 out of
22 the access tariff?

23 A That is correct, and that's what MCI did
24 back in 1997.

25 Q And that was because -- strike that.

1 The fourth way to obtain it would be to
2 purchase a UNE combination out of the Interconnection
3 Agreement consisting of the DS1 loop and the DS1
4 transport and having BellSouth do the combination; is
5 that correct?

6 A It's hard to leave price out on that one,
7 but if, in fact, price is not the issue and we agree
8 to the price, that is one option.

9 Q Okay. And again, putting price aside, and
10 I want to do that, would you agree that BellSouth has
11 an obligation under the interconnection agreement to
12 provide those elements on a combined basis?

13 A Putting price aside, yes.

14 Q And if BellSouth does the combination, then
15 unlike the first instance, MCI is not required to
16 purchase coLocation space; is that correct?

17 A Not for the service that is being requested.

18 Q They might have it for other reasons?

19 A That's correct.

20 Q But if they did not have it for other
21 reasons, they wouldn't need it just to get this high
22 speed loop?

23 A Isolated to this service, that is correct.

24 Q Okay. And would you agree with me that the
25 combination of the DS1 loop and the DS1 transport is

1 what MCI initially tried to order in November of 1997
2 and that BellSouth would not provide it on that basis?

3 A I do not agree with that.

4 Q Let's assume for the next question that MCI
5 wins this case and the Commission rules that on a
6 going forward basis we're entitled to purchase that
7 combination from BellSouth at the sum of the prices
8 for the individual elements in the Interconnection
9 Agreement. Are you with me on that assumption?

10 A On that assumption, yes.

11 Q Okay. And I understand in that situation
12 it's your position that BellSouth should not be
13 required to refund the difference between what MCI has
14 paid for those arrangements since November of 1997 and
15 the price that the Commission would essentially be
16 establishing on a going forward basis. Your position
17 is of no refund.

18 A No refund is due. And the reason, which has
19 been addressed in one of the other cases, is the way
20 MCI actually ordered those services back in 1997. And
21 refund should not be given to MCI.

22 Q And MCI ordered those by using what
23 Mr. Martinez called an ASR, an access service request;
24 is that correct?

25 A That is correct.

1 Q And would you agree with me that the
2 Commission ruled in a prior case between MCI and
3 BellSouth that that was a permissible way for MCI to
4 order unbundled network elements?

5 A I believe that is the case, but the issue
6 that we have here is the reason after the orders were
7 placed, the migration that MCI sought and my personal
8 belief is, given the circumstances around when those
9 orders were placed is that MCI knowingly ordered those
10 services through the special access tariff and then
11 later, at some later point, wanted to move those
12 services to UNEs. So I think we are talking apples
13 and oranges. But the ruling was that it was
14 appropriate for them to use the ASR as a vehicle for
15 ordering those services. That's one of the
16 appropriate options.

17 Q So MCI has ordered them via ASRs instead of
18 billing them at some probably disputed price under the
19 interconnection agreement for the combination, you
20 have billed them as access services?

21 A Well, no. I disagree with the way you've
22 couched that. MCI actually ordered special access
23 services out of the special access tariff. MCI later
24 wanted to migrate those special access circuits to the
25 UNE prices. So we are talking apples and oranges. It

1 was not that -- that we would not take the order, but
2 it was some of the other things that have happened
3 since MCI initially placed those orders.

4 Q Let me ask this. Is MCI continuing to order
5 these types of circuits today?

6 A I honestly do not know. I would assume so,
7 but I honestly do not know.

8 Q Do you know -- if MCI ordered those services
9 today seeking them out of the interconnection
10 agreement on a combined basis and using the ASR method
11 that the Commission has found as an appropriate way to
12 do it, would BellSouth continue to bill those new
13 services at the access tariff price?

14 A If MCI orders those services as a combined
15 request for us to put those UNEs together, and they
16 order it as UNEs, then we will go back to MCI, look at
17 the order in this date and determine whether that is
18 an appropriate order. And if that order from our
19 standpoint replicates a retail offering and we know
20 about it, then we will attempt to negotiate with MCI
21 as we are ordered to actually do. I mean, there are a
22 whole lot of things that will likely take place before
23 we determine whether or not those will be billed as
24 UNEs or special access. So I think to make it simple
25 or to just answer quickly that, yes, we will give the

1 UNES or no, we will not give you UNES, I think it's
2 hard to make those assumptions in this case.

3 Q Let me ask this. When MCI --

4 COMMISSIONER DEASON: Mr. Melson, let me
5 interrupt just a second. Is the potential for refunds
6 an issue in this docket? I'm asking you.

7 MR. MELSON: Oh, I'm sorry. Yes, sir.

8 COMMISSIONER DEASON: It is a specific
9 issue?

10 MR. MELSON: It is encompassed with an issue
11 one, which is, what is the rule, and if we are
12 correct, what actions are appropriate.

13 COMMISSIONER DEASON: So it's within what
14 action should be taken?

15 MR. MELSON: Yes, sir.

16 COMMISSIONER DEASON: Okay. Now, I will let
17 Mr. Carver answer this too. Do the parties agree that
18 the Commission has the legal authority to order a
19 refund?

20 MR. MELSON: We believe you do because your
21 last order on the Interconnection Agreement was an
22 interpretation of the agreement that has been in
23 effect since May of 1997. You said this is what the
24 agreement has always meant. We have been attempting
25 to purchase these under the agreement since November

1 of 1997 and BellSouth has been billing us an improper
2 price, so we believe you do have jurisdiction to
3 enforce that agreement.

4 **COMMISSIONER DEASON:** Mr. Carver, do you
5 agree with that?

6 **MR. CARVER:** Candidly, I was speaking to
7 Ms. White. I'm not sure I got it all. I think I can
8 say that from a legal standpoint our view is that yes,
9 you would have the authority to order a refund.

10 **COMMISSIONER DEASON:** Okay.

11 **Q** **(By Mr. Melson)** Let me ask about your view
12 of a refund in one other situation. You've suggested
13 in your testimony that perhaps MCI should have simply
14 ordered this capacity as a resold MegaLink service; is
15 that correct?

16 **A** Yes, I did.

17 **Q** If that's what MCI had done and that price,
18 likewise, was greater than what this Commission
19 ultimately determines would be due under the
20 Interconnection Agreement, would your position be that
21 there should be no refund in that case either?

22 **A** If MCI knowingly ordered the services to
23 resell through the resell vehicle then no refund would
24 be appropriate. If MCI ordered the services for
25 resell under protest, pending the outcome of a final

1 nonappealable order, then we will abide by whatever
2 the order is.

3 Q So your position on refund is based on your
4 understanding that these were not ordered out of the
5 access tariff under duress? I mean, in your mind,
6 that's what distinguishes the refund versus no refund
7 situations, whether MCI voluntarily paid too much or
8 whether MCI paid too much under protest?

9 A Those are two factors that would enter into
10 it. I'm not exactly sure what all the other factors
11 are, but certainly those are two of them.

12 MR. MELSON: That's all I've got. Thank
13 you, Mr. Hendrix.

14 MS. BROWN: Staff has no questions.

15 MS. WHITE: No redirect.

16 CHAIRMAN GARCIA: Okay. Any exhibits?

17 MS. WHITE: BellSouth moves Exhibit 9.

18 CHAIRMAN GARCIA: Any objection? Did we
19 move this one by Keith Milner?

20 MR. MELSON: Yes, sir. I believe I moved 7
21 and 8 at the same time.

22 CHAIRMAN GARCIA: Very good.

23 (Exhibit 9 received in evidence.)

24 MS. BROWN: Commissioner, just in closing, I
25 remind the parties that briefs are due on the 17th of

1 February. Staff -- I'm sorry. Yes, that's correct.
2 Briefs are due. Transcripts will be coming the 10th.
3 Staff recommendation the 4th of March for an agenda on
4 the 16th.

5 **CHAIRMAN GARCIA:** Everything that we have in
6 Exhibit 4 was on the record.

7 **MS. BROWN:** Yes, Mr. Chairman.

8 **CHAIRMAN GARCIA:** Thank you very much. I
9 appreciate it.

10 **MR. MELSON:** Thank you, Commissioners.

11 **CHAIRMAN GARCIA:** This hearing is adjourned.

12 (Thereupon, the hearing concluded at
13 12:05 p.m.)

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1 STATE OF FLORIDA)
2 COUNTY OF LEON)


CERTIFICATE OF REPORTERS

3 We, JOY KELLY, CSR, RPR, Chief, Bureau of
4 Reporting KIMBERLY BERENS, CSR, RPR and Reporters;

5 DO HEREBY CERTIFY that the Hearing in Docket
6 No. 981121-TP was heard by the Florida Public Service
7 Commission at the time and place herein stated; it is
8 further

9 CERTIFIED that we stenographically reported
10 the said proceedings; that the same has been
11 transcribed by us; and that this transcript,
12 consisting of 184 pages, constitutes a true
13 transcription of our notes of said proceedings and the
14 insertion of the prescribed prefiled testimony of the
15 witness.

16 DATED this 9th day of February, 1999.

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26 JOY KELLY, CSR., RPR
27 Chief, Bureau of Reporting


KIM BERENS, CSR, RPR
Official Commission Reporter

FLORIDA PUBLIC SERVICE COMMISSION

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OFFICIAL RECOGNITION LIST

FLORIDA ARBITRATION ORDERS

1. BellSouth/MCI - 960846-TP
 - A. ORDER NO. PSC-97-0309-FOF-TP
 - B. ORDER NO. PSC-97-0602-FOF-TP
 - C. ORDER NO. PSC-97-0723-FOF-TP
 - D. ORDER NO. PSC-97-0723A-FOF-TP
 - D. ORDER NO. PSC-96-1579-FOF-TP
 - E. ORDER NO. PSC-96-1579A-FOF-TP
 - F. ORDER NO. PSC-97-0298-FOF-TP

2. BellSouth/MCI - 971140-TP
 - A. ORDER NO. PSC-98-0810-FOF-TP
 - B. ORDER NO. PSC-98-1271-FOF-TP

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET

NO. 981121-TP EXHIBIT NO. 1

COMPANY/

WITNESS: PSC STON / YNCI

FCC ORDERS

DATE: 2-13-1999

1. FCC ORDER NO. 96-325 (DN 96-98) - Interconnection Order
2. FCC ORDER NO. 96-394 (DN 96-98) - Order on Reconsideration
3. FCC ORDER NO. 97-295 - (DN -96-98) 3rd Order on Reconsideration and Further NPRM (Shared Transport)
4. FCC ORDER NO. 97-228 (DN 97-112) - Memorandum Opinion and Order (SBC)
5. FCC ORDER NO. 97-298 (DN 97-137) - Memorandum Opinion and Order (Ameritech)
6. FCC ORDER NO. 97-208 (DN 93-162) - Second Report and Order (Collocation)

UNITED STATES COURT OF APPEALS FOR THE EIGHT CIRCUIT'S ORDERS

1. No. 96-3321 - Iowa Utilities Board, et al, Petitioners, v. Federal Communications Commission, et al, Respondents; Filed July 18, 1997 (Related to the FCC's Interconnection Order)
2. No. 96-3519 - The People of the State of California; The Public Utilities Commission of the State of California, et al, Petitioners, v. Federal Communications Commission, et al, Respondents; Filed August 22, 1997 (Related to the FCC's Dialing Parity Order)
3. No. 96-3321 - Iowa Utilities Board, et al, Petitioners, v. Federal Communications Commission, et al, Respondents; Filed October 14, 1997 (Related to the FCC's Interconnection Order)
4. No. 96-3321 - Iowa Utilities Board, et al, Petitioners, v. Federal Communications Commission, et al, Respondents; Filed January 22, 1998 (Order On Motions for Enforcement of the Mandate in the case of Iowa Utils. BD. v. FCC, 120 F.3d 753)

UNITED STATES SUPREME COURT OPINION

1. No. 97-826 - AT&T Corporation et al. v. Iowa Utilities Board et al., United States Supreme Court Opinion issued January 25, 1999.

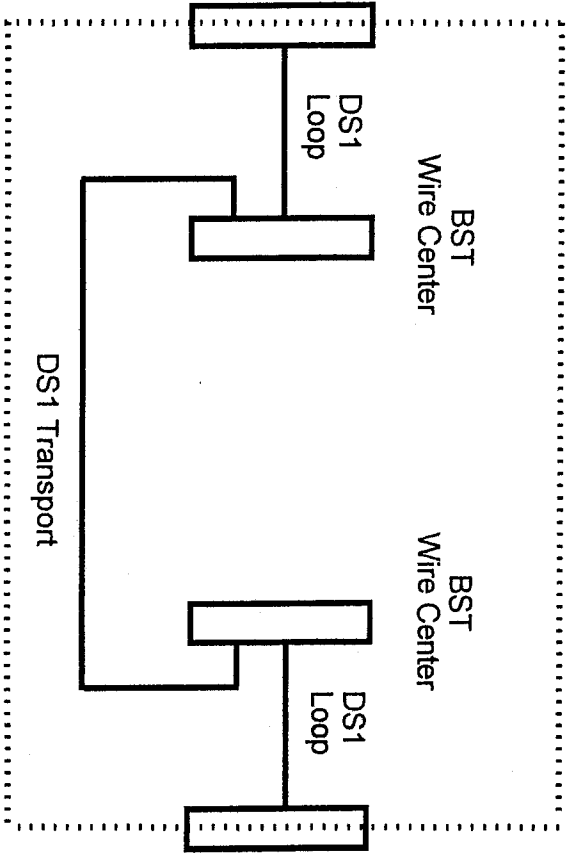
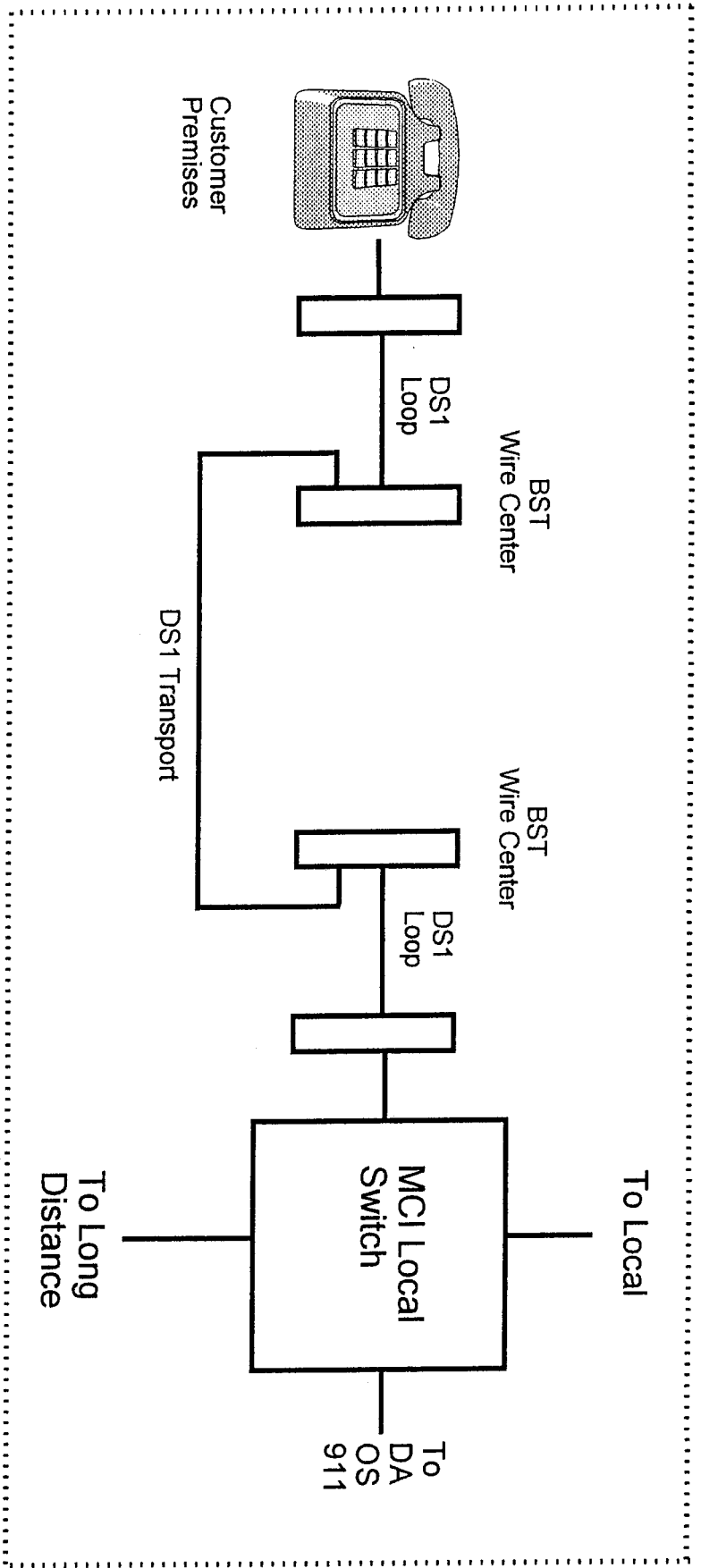
MCI'S OFFICIAL RECOGNITION LIST

PSC ORDERS

1. PSC Order No. 96-1579-FOF-TP (Docket No. 960846-TP)
Final Order on Arbitration.
2. PSC Order No. 97-0298-FOF-TP (Docket NO. 960846-TP)
Final Order on Motions for Reconsideration and Amending
Order No. PSC-96-1579-FOF-TP.
3. PSC Order No. 97-0309-FOF-TP (Docket No. 960846-TP)
Final Order Approving Arbitration Agreement Between MCI
Telecommunications Corporation, MCImetro Access Transmission
Services, Inc. and BellSouth Telecommunications, Inc.
4. PSC Order No. 97-0723-FOF-TP (Docket No. 960846-TP)
Order Approving Agreement.
5. PSC Order No. 98-0810-FOF-TP (Docket No. 971140-TP)
Final Order Resolving Interconnection Agreement Disputes,
Addressing Retail Service Composition, and Setting Non-
Recurring Charges.
6. PSC Order No. 98-1271-FOF-TP (Docket No. 871140-TP)
Order Granting Motion for Extension of Time and Denying
Motion for Reconsideration.
7. PSC Order No. 98-1484-FOF-TP (Docket No. 980281-TP)
Order Resolving Complaint on Interconnection Agreement
Compliance.
8. PSC Order No. 99-0081-FOF-TP (Docket No. 980281-TP)
Order Denying Reconsideration, Granting Clarification and
Granting Extensions of Time in Part.

OTHER DOCUMENTS

9. AT&T v. Iowa Utilities Board, ___ U.S. ___ (January 25,
1999).
10. Iowa Utilities Board v. FCC, 120 F.3d 753 (8th Cir. 1997).
11. Iowa Utilities Board v. FCC, ___ F.3d ___ (8th Cir. 1997)
(decision on reconsideration).
12. FCC First Report and Order, Implementation of Local
Competition Provisions in the Telecommunications Act of
1996, CC Docket No. 96-98 (Aug. 8, 1996).



FLORIDA PUBLIC SERVICE COMMISSION
 DOCKET NO. 981121-TP EXHIBIT NO. 2
 COMPANY/ WITNESS: YNCQ
 DATE: 2-3-99

EXCERPTS FROM INTERCONNECTION AGREEMENT
BETWEEN MCIMETRO AND BELLSOUTH

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET

NO. 981121-TP EXHIBIT NO. 3

COMPANY/

WITNESS: Martinez / mci

DATE 2-3-99

MCImetro/BellSouth Florida Interconnection Agreement

Table 1 (all items/rates not included)

NETWORK ELEMENT	COMMISSION APPROVED RECURRING RATES FOR UNBUNDLED NETWORK ELEMENTS
NETWORK INTERFACE DEVICE	*\$0.76
LOOPS	
2 - WIRE ANALOG	\$17.00
4 - WIRE ANALOG	\$30.00
2 - WIRE ISDN	\$40.00
4 - WIRE DS1	\$80.00
LOOP DISTRIBUTION	
	*\$7.00
END OFFICE SWITCHING	
PORTS	
2 - WIRE ANALOG	\$2.00
4 - WIRE ANALOG	*\$10.00
2 - WIRE ISDN	\$13.00
4 - WIRE DS1	\$125.00
USAGE	
INITIAL MIN.	\$0.0175
ADD'L MIN.	\$0.005
SIGNALING	
LINK	\$5.00
TERMINATION	\$113.00
USAGE	
- CALL SETUP MSG	\$0.00001
- TCAP MESSAGE	\$0.00004
USAGE SURROGATE	\$64.00
UNBUNDLED LOOP CHANNELIZATION SYSTEM (DS1)	
- PER SYSTEM	\$480.00
- CENTRAL OFFICE CHANNEL INTERFACE - VOICE	\$1.50

**BELLSOUTH/MCI RATES - FLORIDA
UNBUNDLED NETWORK ELEMENTS**

NIDs	
NID, per month	\$1.08
Installation of 2-Wire/4-Wire ALEC NID, NRC - 1st	\$70.32
Installation of 2-Wire/4-Wire ALEC NID, NRC - Add'l	\$54.35
NID to NID Cross Connect, 2-Wire or 4-Wire, NRC	\$6.15
LOOP, INCLUDING NID	
2-Wire Asymmetrical Dig Sub Line (ADSL)/Compatible Loop, per mo	\$15.81
NRC - 1 st	\$113.85
NRC - Add'l	\$99.61
2-Wire High Bit Rate Dig Sub Line (HDSL)/Compatible Loop, per mo	\$12.12
NRC - 1 st	\$113.85
NRC - Add'l	\$99.61
4-Wire High Bit Rate Dig Sub Line (HDSL)/Compatible Loop, per mo	\$18.24
NRC - 1 st	\$116.91
NRC - Add'l	\$101.71
SUB-LOOPS	
Loop Distribution per 2-Wire Analog VG Loop (Incl NID), per month	\$8.57
NRC - 1 st	\$78.29
NRC - Add'l	\$58.33
Loop Distribution per 4-Wire Analog VG Loop (Incl NID), per month	\$11.29
NRC - 1 st	\$112.07
NRC - Add'l	\$92.11
UNBUNDLED LOCAL EXCHANGE SWITCHING (PORTS)	
4-Wire Analog VG Port, per month	\$9.14
NRC - 1 st	\$5.86
NRC - Add'l	\$5.86
UNBUNDLED TRANSPORT	
Interoffice Transport - Dedicated - DS1	
Interoffice Transport - Dedicated DS1 Level Interoffice per mile per mo	\$0.6013
Interoffice Transport - Dedicated DS1 - facilities term per mo	\$101.61
NRC - 1 st	\$45.91
NRC - Add'l	\$44.18
Interoffice Transport - Local Channel DS1, per month	\$44.35
NRC - 1 st	\$246.50
NRC - Add'l	\$230.49
DIRECTORY ASSISTANCE SERVICES	
Directory Transport	
Directory Transport - Local Channel DS1, per month	\$43.64
NRC - 1 st	\$242.45
NRC - Add'l	\$226.44
Directory Transport - Dedicated DS1 Level Interoffice per mile per mo	\$0.6013
Directory Transport - Dedicated DS1 Level Interoffice per fac term per mo	\$99.79
NRC - 1 st	\$45.91
NRC - Add'l	\$44.18
Directory Transport-Installation NRC, per trunk or signaling connection	
NRC - 1 st	\$332.42
NRC - Add'l	\$8.82

ATTACHMENT III

NETWORK ELEMENTS

Section 1. Introduction

BellSouth shall provide unbundled Network Elements in accordance with this Agreement, FCC Rules and Regulations. The price for each Network Element is set forth in Attachment I of this Agreement. Except as otherwise set forth in this Attachment, MCI may order Network Elements as of the Effective Date.

Section 2. Unbundled Network Elements

2.1 BellSouth shall offer Network Elements to MCI on an unbundled basis on rates, terms and conditions that are just, reasonable, and non-discriminatory in accordance with the terms and conditions of this Agreement.

2.2 BellSouth shall permit MCI to connect MCI's facilities or facilities provided to MCI by third parties with each of BellSouth's unbundled Network Elements at any point designated by MCI that is Technically Feasible.

2.3 MCI may use one or more Network Elements to provide any feature, function, capability, or service option that such Network Element(s) is capable of providing or any feature, function, capability, or service option that is described in the technical references identified herein.

2.3.1 MCI may, at its option, designate any Technically Feasible method of access to unbundled elements, including access methods currently or previously in use.

2.4 BellSouth shall offer each Network Element individually and in combination with any other Network Element or Network Elements in order to permit MCI to provide Telecommunications Services to its subscribers.

2.5 For each Network Element, BellSouth shall provide a demarcation point (e.g., at a Digital Signal Cross Connect, Light Guide Cross Connect panel or a Main Distribution Frame) and, if necessary, access to such demarcation point, which MCI agrees is suitable. However, where

BellSouth provides combined Network Elements at MCI's direction, no demarcation point shall exist between such contiguous Network Elements.

2.6 With respect to Network Elements and services in existence as of the Effective Date of this Agreement, charges in Attachment I are inclusive and no other charges apply, including but not limited to any other consideration for connecting any Network Element(s) with other Network Element(s). BellSouth and MCI agree to attempt in good faith to resolve any alleged errors or omissions in Attachment I.

2.7 This Attachment describes the initial set of Network Elements which MCI and BellSouth have identified as of the effective date of this agreement:

Loop

Network Interface Device

Distribution

Local Switching

Operator Systems

Common Transport

Dedicated Transport

Signaling Link Transport

Signaling Transfer Points

Service Control Points/Databases; and

AIN capabilities

Tandem Switching

911

Directory Assistance

Loop Concentrator/Multiplexer

2.8 MCI and BellSouth agree that the Network Elements identified in this Attachment are not all possible Network Elements.

2.9 MCI may identify additional or revised Network Elements as necessary to provide telecommunications services to its subscribers, to improve network or service efficiencies or to accommodate changing technologies, subscriber demand, or other requirements.

MCI will request such Network Elements in accordance with the bona fide request process described in Section 24 of Part A. Additionally, if BellSouth provides any Network Element that is not identified in this Agreement, to itself, to its own subscribers, to a BellSouth Affiliate or to any other entity, BellSouth shall make available the same Network Element to MCI on terms and conditions no less favorable to MCI than

shall be made available to MCI on a priority basis, at any Technically Feasible point, that is equal to or better than the priorities that BellSouth provides to itself, BellSouth's own subscribers, to a BellSouth Affiliate or to any other entity.

Section 4. Loop:

4.1 Definition

4.1.1 A loop is a transmission facility between a distribution frame [cross-connect], or its equivalent, in a BellSouth central office or wire center, and the network interface device at a subscriber's premises, to which MCI's granted exclusive use. This includes, but is not limited to two-wire and four-wire analog voice-grade loops, and two-wire and four-wire loops that are conditioned to transmit the digital signals needed to provide ISDN, ADSL, HDSL, and DS1-level signals. A loop may be composed of the following components:

Loop Concentrator / Multiplexer
Loop Feeder
Network Interface Device (NID)
Distribution

4.1.2 If BellSouth uses Integrated Digital Loop Carrier (IDLCs) systems to provide the local loop, BellSouth will make alternate arrangements, equal in quality, to permit MCI to order a contiguous unbundled local loop at no additional cost to MCI except where the absence of existing facilities necessitates special construction.

4.2. Technical Requirements

Subdivided to each component as detailed below.

4.3 Interface Requirements

Subdivided to each component as detailed below.

4.4 Loop Components

4.4.1 Loop Concentrator/Multiplexer

4.4.1.1 Definition:

9.2.3.27 Bellcore ST-TEC-000052, Telecommunications Transmission Engineering Textbook, Volume 2: Facilities, Third Edition, Issue I May 1989;

9.2.3.28 Bellcore ST-TEC-000051, Telecommunications Transmission Engineering Textbook Volume 1: Principles, Third Edition. Issue 1 August 1987;

Section 10. Dedicated Transport

10.1 Definition

10.1.1 Dedicated Transport is an interoffice transmission path between MCI designated locations to which MCI is granted exclusive use. Such locations may include BellSouth central offices or other locations, MCI network components, other carrier network components, or subscriber premises. Dedicated Transport is depicted below in Figure 3.



Figure 3

10.1.2 BellSouth shall offer Dedicated Transport in each of the following manners:

10.1.2.1 As capacity on a shared facility.

10.1.2.2 As a circuit (e.g., DS1, DS3, STS-1) dedicated to MCI.

10.1.2.3 As a system (i.e., the equipment and facilities used to provide Dedicated Transport such as SONET ring) dedicated to MCI.

10.1.3 When Dedicated Transport is provided as a circuit or as capacity on a shared facility, it shall include (as appropriate):

10.1.3.1 Multiplexing functionality;

10.1.3.2 Grooming functionality; and,

10.1.3.3 Redundant equipment and facilities necessary to support protection and restoration.

10.1.4 When Dedicated Transport is provided as a system it shall include:

10.1.4.1 Transmission equipment such as multiplexers, line terminating equipment, amplifiers, and regenerators;

10.1.4.2 Inter-office transmission facilities such as optical fiber, copper twisted pair, and coaxial cable;

10.1.4.3 Redundant equipment and facilities necessary to support protection and restoration; and,

10.1.4.4 Dedicated Transport includes the Digital Cross-Connect System (DCS) functionality as an option. DCS is described below in Section 10.5.

10.2 Technical Requirements -

This Section sets forth technical requirements for all Dedicated Transport.

10.2.1 When BellSouth provides Dedicated Transport as a circuit or a system, the entire designated transmission circuit or system (e.g., DS1, DS3, STS-1) shall be dedicated to MCI designated traffic.

10.2.2 BellSouth shall offer Dedicated Transport using currently available technologies including, but not limited to, DS1 and DS3 transport systems, SONET (or SDH) Bi-directional Line Switched Rings, SONET (or SDH) Unidirectional Path Switched Rings, and SONET (or SDH) point-to-point transport systems (including linear add-drop systems), at all available transmission bit rates.

10.2.3 When requested by MCI, Dedicated Transport shall provide physical diversity. Physical diversity means that two circuits are provisioned in such a way that no single failure of facilities or equipment will cause a failure on both circuits.

10.2.4 When physical diversity is requested by MCI, BellSouth shall provide the maximum feasible physical separation between

priority on a per network element or combination basis in a manner that conforms with MCI metro requested priorities.

2.2.12 Disconnects

2.2.12.1 BellSouth shall provide to MCI metro daily information notifying MCI metro of any services disconnected from MCI metro, other than disconnections initiated by MCI metro, in a mutually agreed upon format.

2.2.13 Order Completion Notification

2.2.13.1 Upon completion of a service orders associated with Local Service Requests (LSRs) in its system(s), BellSouth shall submit to MCI metro an order completion notifications. Such notifications shall provide the Purchase Order Numbers provided by MCI metro when submitting the requests and the Local Service Request Numbers assigned by BellSouth.

2.2.14 Fulfillment Process

2.2.14.1 MCI metro shall conduct all activities associated with the account fulfillment process, for example welcome packages and calling cards, for all MCI metro subscribers.

2.2.15 *Specific Unbundling Requirements*

2.2.15.1 MCI metro may order and BellSouth shall provision unbundled Network Elements either individually or in any combination on a single order. Network Elements ordered as combined shall be provisioned as combined by BellSouth unless MCI metro specifies that the Network Elements ordered in combination be provisioned separately. Orders of combined Network Elements shall be subject to provisions of section 2.3 of Attachment III.

2.2.15.2 Prior to providing service in a specific geographic area or when MCI metro requires a change of network configuration, MCI metro may elect to place an order with BellSouth requiring BellSouth to prepare Network Elements and switch translations in advance of orders for additional network elements from MCI metro.

2.2.15.3 When MCI orders Network Elements or Combinations that are currently interconnected and functional, Network Elements and Combinations shall remain connected and functional without any disconnection or disruption of functionality. This shall be known as Contiguous Network Interconnection of Network Elements.

2.2.15.4 Order combinations of Contiguous Network Elements shall be available to be ordered (i) on a case-by-case basis for those Network Elements that are subscriber-specific; or (ii) on a common-use basis for those Network Elements that are shared by multiple subscribers.

2.2.15.5 Network Elements shall be identified and ordered by MCI so that they can be provisioned together. MCI may specify the functionality of a combination without the need to specify the configuration of the individual Network Elements needed to provide that functionality.

2.2.15.6 When ordering a Combination, MCI shall have the option of ordering all features, functions and capabilities of each Network Element.

2.2.15.7 When MCI orders Network Elements, BellSouth shall provision at parity with services provided to BellSouth subscribers all features, functions, and capabilities of the Network Elements which include, but are not limited to:

2.2.15.7.1 The basic switching function of connecting lines to lines, lines to trunks, trunks to lines, and trunks to trunks, as well as the same basic capabilities made available to BellSouth's subscribers, such as telephone number, white page listing, and dial tone; and

2.2.15.7.2 All other features that the switch is equipped to provide, including, but not limited to, custom calling, custom local area signaling service features, and MULTISERV, as well as any Technically Feasible customized routing functions provided by the switch.

2.2.15.8 When MCI orders Network Elements, BellSouth shall provide technical assistance to ensure compatibility between elements.

EXCERPTS FROM

PSC ORDER NO. 98-0810-FOF-TP

JUN 15 1998

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Motions of AT&T Communications of the Southern States, Inc., and MCI Telecommunications Corporation and MCI metro Access Transmission Services, Inc., to compel BellSouth Telecommunications, Inc., to Comply with Order No. PSC-96-1579-FOF-TP and to set non-recurring charges for combinations of network elements with BellSouth Telecommunications, Inc., pursuant to their agreement.

DOCKET NO. 971140-TP
ORDER NO. PSC-98-0810-FOF-TP
ISSUED: June 12, 1998

The following Commissioners participated in the disposition of this matter:

- JULIA L. JOHNSON, Chairman
- J. TERRY DEASON
- SUSAN F. CLARK
- JOE GARCIA
- E. LEON JACOBS, JR.

APPEARANCES:

Nancy B. White, Esquire, c/o Nancy Sims, 150 South Monroe Street, Suite 400, Tallahassee, Florida 32301, and Bennett Ross, Esquire, 675 West Peachtree Street, Suite 4300, Atlanta, Georgia 30375

On behalf of BellSouth Telecommunications, Inc.

Tracy Hatch, Esquire, and Marsha Rule, Esquire, 101 North Monroe Street, Suite 700, Tallahassee, Florida 32301-1549, and Thomas A. Lemmer, Esquire, McKenna & Cuneo, 370 17th Street, Denver, Colorado 80202-1070

On behalf of AT&T Communications of the Southern States, Inc.

ORDER NO. PSC-98-0810-FOF-TP
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Section 252(d)(3) applies when unbundled network elements are combined in a way so as to recreate an existing BellSouth retail service. BellSouth acknowledges that each of these decisions was reached before the Eighth Circuit upheld the FCC's determination that services provided by means of unbundled access and by means of resale were not the same.

BellSouth's alternative position is that the parties must negotiate market-based prices for combinations that do not recreate an existing BellSouth retail service and that the price for network element combinations that do recreate an existing BellSouth retail service should be the retail price for the service less the appropriate wholesale discount.

Conclusion

Provisioning

Attachment III, Network Elements, of the MCIm-BellSouth interconnection agreement provides at Section 2.4 that:

BellSouth shall offer each Network Element individually and in combination with any other Network Element or Network Elements in order to permit MCIm to provide Telecommunications Services to its subscribers.

Attachment VIII, Business Process Requirements, Section 2, Ordering and Provisioning, provides at Section 2.2.15.1, Specific Unbundling Requirements, that:

MCIm may order and BellSouth shall provision unbundled Network Elements either individually or in any combination on a single order. Network Elements ordered as combined shall be provisioned as combined by BellSouth unless MCIm specifies that the Network Elements ordered in combination be provisioned separately.

Also, Section 2.2.15.3 of Attachment VIII provides that:

When MCIm orders Network Elements or Combinations that are currently interconnected and functional, Network Elements and Combinations shall remain connected and functional without any disconnection or disruption of functionality.

ORDER NO. PSC-98-0810-FOF-TP

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We noted above that in Iowa Utilities Bd. II, supra, the court ruled on rehearing that incumbents are only required to provide network elements on an unbundled basis. Nevertheless, MCI witness Parker testifies that BellSouth is required to provide UNE combinations to MCI pursuant to Section 2.4 of Attachment III and Sections 2.2.15.1 and 2.2.15.3 of Attachment VIII of the agreement. BellSouth witness Varner acknowledges that an incumbent is free to combine network elements in any manner of its choosing. Moreover, BellSouth witnesses Varner and Hendrix acknowledge that, according to the terms of BellSouth's agreement with MCI, BellSouth is obligated to accept and provision UNE combination orders. BellSouth's bundling obligation in its agreement with MCI is a negotiated one. Witness Varner testifies, however, that BellSouth voluntarily undertook the bundling obligation only because 47 C.F.R. §51.315(a), since vacated, was then in effect. Thus, we find upon consideration that BellSouth has undertaken a contractual obligation to provide network elements in combinations to MCI. BellSouth is required under the agreement to provide network elements as defined in 47 C.F.R. §51.319 to MCI individually or combined, whether already combined at the time ordered or not. That obligation is not affected by the Eighth Circuit's nonfinal ruling on rehearing, as witness Varner recognizes.

Pricing

BellSouth witness Hendrix testifies that although BellSouth must provide network elements in combination to MCI, its agreement with MCI does not specify how prices will be determined for UNE combinations that recreate an existing BellSouth retail service. We agree. While Section 2.6 of Attachment III of the agreement provides that "[w]ith respect to Network Elements and services in existence as of the Effective Date of this Agreement, charges in Attachment I are inclusive and no other charges apply, including but not limited to any other consideration for connecting any Network Element(s) with other Network Element(s)," we find that this language extends only to elements purchased singly or to combinations of network elements that do not recreate an existing BellSouth retail service. We believe this language is clear and unambiguous but only to this extent. Thus, we construe it as a limited expression of the parties' intent at the time of forming the agreement that prices for network element combinations that do not recreate existing BellSouth retail services shall be determined as the sum of the prices of the component elements. Because this language is plain and unambiguous, it is our task only to determine what intent the language expresses, not to divine another intent that might have been in the minds of MCI's negotiators. See James

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v. Gulf Insur. Co., 66 So.2d 62 (Fla. 1953); Acceleration Nat'l Service Corp. v. Brickell Financial Services Motor Club, Inc., 541 So.2d 738 (Fla. 3d DCA 1989), rev. den., 548 So.2d 662 (Fla.1989).

We reach this conclusion mindful that the matter of the pricing standard to be applied when unbundled network elements are combined or recombined to recreate an existing BellSouth retail service has been vigorously disputed by these parties from the very beginning. For that reason, we cannot interpret the language in the MCI-BellSouth agreement to represent a meeting of the minds between the parties with respect to pricing network element combinations that recreate retail services.

We continue to find it troublesome that a service provisioned through unbundled access would have all the attributes of service resale but not be priced based on the Act's resale price standard. Yet, we recognize that in the context of provisioning basic local telecommunications services, entry costs based on unbundled access are likely to be higher than the comparable costs based on resale.

We find that the signed agreement contains no explicit language that can be fairly construed to preserve BellSouth's concern about the pricing of recreated retail services. It is clear to us, however, that the parties were far from agreement on this during the arbitration and no persuasive evidence is before us now that would suggest that they subsequently reached an agreement in favor of MCI's position.

Based on the evidence in the record, we find that the MCI-BellSouth interconnection agreement specifies how prices will be determined for combinations of unbundled network elements that exist or do not exist at the time of MCI's order and that do not recreate an existing BellSouth retail service. The prices for combinations of network elements in existence or not shall be determined as the sum of the prices of the individual elements comprising the combination as set forth in the agreement in Table 1 of Attachment I, except when the network elements are combined in a way to recreate an existing BellSouth retail service.

MCI and BellSouth shall negotiate the price for those network element combinations that recreate an existing BellSouth retail service, whether or not in existence at the time of MCI's order. We have, from the very first of the arbitration proceedings that have come before us under the Act, encouraged interconnecting companies and incumbents to reach interconnection agreements

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through negotiation. This policy reflects the intent of Congress as expressed in Sections 251(c)(1) and 252(a)(1) of the Act.

We find further that a qualification to pricing UNE combinations that do not recreate an existing BellSouth retail service as the straightforward summation of the individual element prices is set forth in Section 8 of Attachment I of the agreement. There, the agreement provides that BellSouth shall provide recurring and non-recurring charges that do not duplicate charges for functions or activities that MCIm does not need when two or more network elements are combined in a single order. This language reflects our decision in Order No. PSC-97-0298-FOF-TP at pages 30 through 32 that the parties work together to establish recurring and non-recurring charges free of duplicate charges or charges for unneeded functions or activities when UNEs are combined in a single order.

In reaching these decisions, in addition to a concern with the appropriate price for network element combinations recreating an existing BellSouth retail service, we are concerned with the joint marketing restriction of Section 271(e)(1) of the Act and with the right to access charges. Section 271(e)(1) would restrict MCIm from joint marketing local telecommunications services provisioned by means of resale obtained from BellSouth with its long distance services, until BellSouth is authorized to provide in-region long distance services. Conversely, the restriction is inapplicable where MCIm would provision local services by means of unbundled access. With respect to access charges, in FCC 96-325, supra, at ¶80, the FCC concluded that the Act requires that ILECs continue to receive access charge revenues when local services are resold under Section 251(c)(4), as opposed to Section 251(c)(3). Thus, were MCIm to provision local telecommunications services by means of resale purchased from BellSouth, interexchange carriers (IXCs) would still pay access charges to BellSouth for originating or terminating interstate traffic when the end user is served by MCIm. Conversely, if MCIm were to provision local service by means of unbundled access, it, not BellSouth, would be entitled to access charge revenues.²

²We noted that the Eighth Circuit's holding on the obligation of ILECs to provide bundled network elements is before the Supreme Court on certiorari. See n.l. BellSouth witness Varner testifies that if the Supreme Court affirms the Eighth Circuit's holding, the MCIm interconnection agreement at Section 2.4 of Part A, General Terms and Conditions, requires the parties to renegotiate mutually acceptable terms concerning the provisioning of UNEs, since an affirmation would materially affect a material term of the agreement.



**MCI Telecommunications
Corporation**

Two Northwinds Center
2520 Northwinds Parkway
Alpharetta, GA 30004

Exhibit _____ (RM - 3)

Martinez

Docket # 981121-TP

Page 1 of 2

June 1, 1998

Ms. Pam Lee
Sales Assistant Vice President, MCI Account Team
BellSouth Interconnection Services
1960 W. Exchange Place
Suite 420
Tucker, Georgia 30084

Re: Notice that MCI will be ordering Interconnection T-1s pursuant to the
MCI/BellSouth Interconnection Agreement and demand for credit.

Dear Ms. Lee:

As you know, on November 10, 1997, MCI requested that BellSouth provide to MCI combinations of unbundled network elements (UNEs) generally consisting of the following elements: 4-wire DS-1 local loop and DS-1 dedicated transport per mile and per termination. For convenience purposes, I will refer to such combinations as Interconnection T-1s. MCI made this request pursuant to the provisions of the MCI/BellSouth Interconnection Agreement which require BellSouth to provide to MCI UNE combinations at UNE rates. Despite the plain language contained in the Agreement, BellSouth refused to provide these UNE combinations to MCI. Because MCI had no other way to order these loops, and thus serve our customers, MCI had to resort to ordering T-1s from BellSouth's Interstate Access Tariff.

As you may be aware, the Florida Public Service Commission has recently affirmed MCI's interpretation of the Agreement on this point, *i.e.*, BellSouth is under an obligation to provide UNE combinations to MCI at the sum of the stand alone UNE rates contained in the Agreement. See FPSC Docket No. 971140-TP. Indeed, the Commission ruled that the rates for combinations could be less than the sum of the rates of the component elements since duplicate charges and charges for services not needed should be removed from the combination rates.

Based on the above, this is to officially notify BellSouth that MCI will be migrating our local T-1s currently ordered from the Interstate Access Tariff to UNE combinations from the Florida Interconnection Agreement. Further, BellSouth should treat all T-1 orders currently being processed as requests for Interconnection T-1s at the interconnection rates. BellSouth should also convert the billing of the existing T-

ATTACHMENT 1

June 1, 1998

1s from the access rate to the Florida interconnection rates. Finally, MCIIm is requesting credits for all T-1s ordered from November 10, 1997 to the present. This credit will be the difference between the pricing of the T-1 access rate and the price of the component UNEs at the interconnection prices. (e.g. During this time period, the recurring rates for DS-1 local loops was \$80.00 per month. For DS-1 Dedicated Transport it was \$1.60 per mile and \$59.75 per termination.)

MCIIm would like to schedule a meeting to discuss in more detail the processes involved in migrating the existing T-1s to UNEs and ordering Interconnection T-1s in the future. MCIIm requests this meeting no later than June 10, 1998.

If you have any questions regarding MCIIm's position on this matter please give me a call to discuss. I can be reached at (770) 625-6849.

Sincerely,



Walter J. Schmidt
Senior Manager
Southern Financial Operations – Carrier Agreements

cc: Ilene Barnett
Charlene Keys
Daren Moore
Daniel Fry
Andri Weathersby
Vernon Starr

Martinez

Docket # 981121-TP

Page 1 of 1



BellSouth Telecommunications, Inc.
Room 345B1 BellSouth Center
875 West Peachtree Street, N.E.
Atlanta, Georgia 30375

June 4, 1998

Mr. Wally Schmidt
MCI Telecommunications
Two Northwinds Center
5th Floor
2520 Northwinds Parkway
Alpharetta, GA 30004

Dear Wally:

This is in response to your June 1, 1998 letter to Pam Lee regarding MCI's plans to migrate existing T-1s to Unbundled Network Elements (UNEs) and to order Interconnection T-1s in the future and your request for a meeting between our companies to discuss these issues no later than June 10, 1998.

BellSouth would be pleased to meet with you to discuss issues concerning T-1's as they relate to Florida Public Service Commission Docket No. 971140-TP. Though a prompt meeting may appear desirable, we would prefer to have the final written order before our discussions begin or any actions are taken. We will contact you as soon as possible after receiving the written order to establish a meeting time and place.

In the meantime, should you have questions, please feel free to call me at 404-927-7503 or Pat Finlen at 404-927-8389.

Sincerely,

A handwritten signature in cursive script that reads "Jerry Hendrix".

Jerry Hendrix *by POW*

Director - Interconnection Services/Pricing

cc: Pam Lee

ATTACHMENT 2



**MCI Telecommunications
Corporation**

Two Northwinds Center
2520 Northwinds Parkway
Alpharetta, GA 30004

Exhibit _____(RM - 5)

Martinez

Docket # 981121-TP

Page 1 of 2

July 14, 1998

Mr. Jerry Hendrix
Director – Interconnection Services/Pricing
BellSouth Telecommunications, Inc.
Room 34SB1 BellSouth Center
875 West Peachtree Street, N.E.
Atlanta, Georgia 30375

Re: MCI/BellSouth Conference Call July 8, 1998 regarding
Interconnection T-1s.

Dear Jerry:

This letter is to confirm BellSouth's position as stated on our conference call of Wednesday, July 8, 1998 regarding MCI's request of June 1, 1998 that BellSouth provide to MCI combinations of unbundled network elements (UNEs) consisting of 4-wire DS-1 loop and DS-1 dedicated transport at the UNE rates contained in the MCI/BST Interconnection Agreement. BellSouth's position is that the provision of a 4-wire DS-1 loop and DS-1 dedicated transport in combination which terminates at a CLEC switch recreates an existing BellSouth service known as Megalink. As a result, BellSouth will not honor MCI's request as stated in our June 1, 1998 letter.

Although MCI does not believe that it makes a difference whether combined elements recreates an existing BellSouth service, it is MCI's position that, in any event, a serving arrangement whereby MCI utilizes a combination of 4-wire DS-1 loop and transport in order to connect MCI's customers to MCI's Class 5 local switch does not recreate a BellSouth existing retail service. Under this service arrangement the MCI switch will provide dial tone to the customer, as well as, vertical features, operator services, directory assistance information, emergency 911 services and access to long distance networks.

Given that this service arrangement does not recreate an existing BellSouth retail service, MCI's position is that existing UNE rates in our Interconnection Agreements apply and there is no need to negotiate pricing for a combination 4-wire DS-1 loop and transport.

ATTACHMENT 3

MCIm respectfully requests BellSouth reconsider its position and advise us in writing by July 20, 1998.

Sincerely,



Walter J. Schmidt
Senior Manager
Southern Financial Operations – Carrier Agreements

cc: Steve Klimacek
Pat Finlen
Charlene Keys
Daren Moore
Vernon Starr
Andri Weathersby
John La Penta
Chip Parker

BellSouth Telecommunications, Inc.
Room 34S91 BellSouth Center
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

July 21, 1998

Wally Schmidt
MCI
Two Northwinds Center
5th Floor
2520 Northwinds Parkway
Alpharetta, GA 30004

Dear Mr. Schmidt:

This is in response to your letter of July 14, 1998 regarding our meeting of July 8, 1998. In this short meeting we were unable to agree on several issues.

One issue was MCI's request that BellSouth provide to MCI combinations of Unbundled Network Elements consisting of 4-wire DS1 loops and DS1 dedicated transport. As I stated previously, BellSouth's position is that this combination replicates a BellSouth retail offering. The retail service that this combination duplicates is MegaLink® service, which is contained in Section B7 of BellSouth's Private Line Services Tariff.

Other issues centered on how to implement the Florida Public Service Commission's Order in Docket No. 971140-TP. I am requesting a second meeting between our two companies to address the implementation of the Order and all related issues. I have reserved a room at the BellSouth Center for July 29th. Please let me hear from you by July 24th to establish the meeting time on this day.

Sincerely,



Jerry Hendrix
Director - Interconnection Services/Pricing

cc: Steve Klimacek, Esq.
Chip Parker, Esq.
Pat Finlen, Manager
John LaPenta, Contract Specialist



**MCI Telecommunications
Corporation**

Two Northwinds Center
2520 Northwinds Parkway
Alpharetta, GA 30004

Exhibit _____ (RM - 7)

Martinez

Docket # 981121-TP

Page 1 of 2

July 24, 1998

Mr. Jerry Hendrix
Director – Interconnection Services/Pricing
BellSouth Telecommunications, Inc.
Room 34SB1 BellSouth Center
875 West Peachtree Street, N.E.
Atlanta, Georgia 30375

Dear Jerry:

Thank you for your letter of July 21, 1998 confirming BST's position that MCI's request for a combination of 4-wire DS1 loops and DS1 dedicated transport duplicates BST's MegaLink service and your invitation for further discussions.

As you know, MCI disagrees with BST on the fundamental point that our request recreates a BST service. As a result, MCI believes that we are entitled to this combination at the prices specified in our Interconnection agreement and not at prices to be negotiated between BST and MCI. Given your position, we will seek our redress through other appropriate administrative or judicial forums.

As to your invitation to meet on "[o]ther issues centered on how to implement the Florida Public Service Commission's Order in Docket No. 971140-TP", MCI has no requests at this time for UNE combinations which would "recreate" an existing BST service and therefore require negotiations under that Order. Given this, we believe that the implementation of the Commission's Order can be accomplished by BST executing the contract amendment filed by MCI with the Florida Public Service Commission on July 13, 1998.

Thank you for your time and attention in this matter.

Sincerely,

A handwritten signature in black ink that reads "Walter J. Schmidt". The signature is written in a cursive, flowing style.

Walter J. Schmidt
Senior Manager
Eastern Financial Operations-Southern Carrier Agreements

cc: Steve Klimacek
Chip Parker
Pat Finlen
John La Penta

Exhibit _____ (RM - 8)
Martinez
Docket # 981121-TP
Page 1 of 1



BellSouth Telecommunications, Inc.
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

August 3, 1998

Mr. Wally Schmidt
MCI
Two Northwinds Center
5th Floor
2520 Northwinds Parkway
Alpharetta, GA 30004

Dear Wally:

This is in response to your letter of July 24, 1998 regarding our request to conduct a second meeting between our companies to discuss the implementation of the Florida Public Service Commission's (Commission) Order in Docket No. 971140-TP.

At issue is MCI's request that BellSouth provide combinations of Unbundled Network Elements consisting of 4-wire DS1 loops and DS1 dedicated transport. BellSouth currently offers this combination as MegaLink® service in Section B7 of BellSouth's Private Line Services Tariff.

The Commission ordered "that the parties to this proceeding shall be required to negotiate on their initiative what competitive local telecommunications services provisioned by means of unbundled access, if any, constitute the recreation of the incumbent local exchange carrier's retail service." In the spirit of the Commission's Order, I would like the opportunity to fully discuss and negotiate these issues before MCI "seeks redress" in another forum.

Please contact me at 404-927-7503 at your earliest convenience to arrange a meeting.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jerry Hendrix', written over a horizontal line.

Jerry Hendrix
Director - Interconnection Services/Pricing

cc: Steve Klimacek, Esq.
Chip Parker, Esq.
Pat Finlen, Manager
John LaPenta, Contract Specialist

ATTACHMENT 6



**MCI Telecommunications
Corporation**

Two Northwinds Center
2520 Northwinds Parkway
Alpharetta, GA 30004

Exhibit _____ (RM - 9)
Martinez
Docket # 981121-TP
Page 1 of 2

August 7, 1998

Mr. Jerry Hendrix
Director – Interconnection Services/Pricing
BellSouth Telecommunications, Inc.
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

Dear Jerry:

Please be advised that Wally Schmidt will be out of town until August 17, 1998.

In response to your letter of August 3, 1998, MCI remains willing to negotiate where there is a reasonable possibility that negotiations will result in an agreeable solution. The only issue on the table at this time is MCI's request that BellSouth provide MCI with the specific Unbundled Network Element combination consisting of a 4-wire DS1 loop and DS1 dedicated transport.

We read your letter of July 21, 1998, as confirming BellSouth's position -- expressed during our meeting on July 8, 1998 -- that this UNE combination recreates BellSouth's existing MegaLink service, and that the provision of this combination at UNE prices was therefore non-negotiable. This position created a cloud under which good faith negotiations were impossible and MCI saw no probability that another meeting would prove fruitful.

If your letter of August 3, 1998 is intended to indicate that BellSouth is now willing to "fully discuss and negotiate" regarding the provision of the requested combination at the unbundled network element prices required by the Florida interconnection agreement, MCI will be happy to meet with you, and suggests a meeting the week of August 10, 1998.

In addition, MCI is reiterating its position that we are ordering, as allowed in the Florida MCI/BellSouth Interconnection Agreement a four-wire DS-1 loop, defined at Attachment III, § 4.1, and DS-1 dedicated transport, as defined under Attachment III, § 10.1, terminating at the MCI switch. MCI will provide its own switching functionality. BellSouth's assertion that this service recreates an existing BellSouth service (MegaLink) is inconsistent with the terms of the interconnection agreement.

It is imperative that we bring this matter to a prompt conclusion. If BellSouth's position is indeed non-negotiable, MCI will have no choice but to seek redress in the appropriate forum.

Sincerely,

John J. La Penta
Eastern Financial Operations - South
Carrier Agreements

cc: Charlene Keys
Wally Schmidt
Chip Parker
Pat Finlen
Steve Klimacek

ATTACHMENT 7

Exhibit _____ (RM - 9)

Martinez

Docket # 981121-TP

Page 2 of 2

Pam Lee
Larry Bernstein

EXCERPTS FROM TESTIMONY OF

WILLIAM STACY

DOCKET NO. 980281-TP

1 combination?

2 A Yes, that's -- in general, that's BellSouth's
3 view.

4 Q And is it as a result of BellSouth's refusal
5 to provide that combination at the UNE price that MCI
6 was led to order the functionality as a T-1?

7 A No. It's as a result of MCI's refusal to
8 obtain collocation space in the offices and combine the
9 two unbundled network elements.

10 Q Is it fair to say that there is an ongoing
11 dispute between MCI and BellSouth about the provisioning
12 and pricing of this particular set of UNEs?

13 A I think we just defined both sides fairly
14 concisely.

15 Q Does BellSouth intend to change its position?

16 A BellSouth does not.

17 Q Back to due date calculation. I got a little
18 bit off track there. An ALEC using EDI for ordering,
19 the EDI ordering interface does not provide a due date
20 calculation?

21 A Right. The National Standard Ordering
22 Interface, by definition, doesn't calculate the due
23 date.

24 Q And so in order to calculate a due date, a
25 company that was using EDI for ordering would use LENS

1 a unit. There are pricing questions involved here the
2 Commission is dealing with in other dockets and has
3 dealt with in other dockets, but the question is, do you
4 order it as unbundled network elements? Do you order it
5 as resale, or do you order it as an access service? And
6 there are different ways to do all of those three
7 things.

8 Q (By Mr. Melson) While we're on that topic
9 with the off-net T-1s, would you agree with me that MCI,
10 beginning in November of 1997, sought to purchase a DS-1
11 loop and DS-1 local transport from BellSouth to provide
12 the same functionality that is provided by a T-1?

13 A Subject to check on the date, I know there was
14 such a request late 1997 from MCImetro.

15 Q And is it also your understanding that it was
16 MCI's position that under the Interconnection Agreement,
17 BellSouth was obligated to do the combination of that
18 DS-1 loop and DS-1 local transport?

19 A I understand -- yes, that that was MCImetro's
20 position, yes.

21 Q And it was BellSouth's position, was it not,
22 that if they were provided on a combined basis, that
23 that DS-1 loop and DS-1 local transport, in BellSouth's
24 view, recreated a Megalink service and therefore was
25 available only on a resale basis and not as a UNE

EXCERPTS FROM

PSC ORDER NO. PSC-98-1484-FOF-TP

ORDER NO. PSC-98-1484-FOF-TP

DOCKET NO. 980281-TP

PAGE 29

Conclusion

Upon review of the evidence and the testimony of the parties, we believe that BST has failed to provide MCIm with service jeopardy notification in compliance with the parties' Interconnection Agreement. As stated above, Attachment VIII, Section 2.2.9.1, requires BST to provide MCIm with notification of any jeopardy situation prior to the committed due date. In addition, the chart on page 97 of Attachment VIII, requires BST to provide MCIm with jeopardy notification via an electronic interface. Accordingly, we find it appropriate to order BST to provide MCIm with both missed appointment and service jeopardy notification via EDI.

X. FIRM ORDER CONFIRMATIONS (FOCs)

It is MCIm's position that BST has failed to provide Firm Order Confirmations (FOCs) within the time periods specified in the Interconnection Agreement. BST believes it has provided MCIm with appropriate FOCs.

According to BST witness Milner, an FOC is a "notification sent to ALECs confirming that a correct and complete local service request has been received and accepted." Although the Interconnection Agreement between MCI and BST does not define an FOC, Section 2.2.6 of Attachment VIII, lists the information contained in a FOC. This section states:

BellSouth shall provide to MCIm, via an electronic interface, a Firm Order Confirmation (FOC) for each MCIm order provided electronically. The FOC shall contain on a per line and/or trunk basis, where applicable, an enumeration of MCIm's ordered unbundled Network Elements (and the specific BellSouth naming convention applied to that element or combination), features, functions, resale services, options, physical interconnection, quantity, and BellSouth Committed Due Date for order completion.

The performance standards for providing FOCs on MCIm orders are listed in Section 2.5.3.1 of Attachment VIII. This section states:

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Installation functions performed by BellSouth will meet the following performance standards:
Firm Order Confirmation within:
Manual-within 24 hours 99% of the time
Electronic-within 4 hours 99% of the time

Section 2.2.6 appears to apply to electronic orders only. Further, it does not distinguish or differentiate between the different types of electronic interfaces available or for different types of orders. However, Section 2.3.0 of Attachment VIII, states that "BellSouth shall provide real-time and interactive access via electronic interfaces ... to perform pre-service ordering, ... service order processing and provisioning, ..." Based on the reference to interim interfaces in this section, we believe that at the time of the off-net T-1 orders, an electronically bonded interface (EBI) was not yet available for processing a Local Service Request (LSR). Section 2.3.1.1 states in pertinent part:

For pre-ordering and provisioning, the parties agree to implement the BellSouth approved and implemented EBI standard for Local Service Requests (LSR) within twelve (12) months of the implementation of the EBI interface for Access Service Request provisioning. MCIIm further agrees to accept on an interim basis, until such time as EBI is implemented for an LSR, the interfaces approved by BellSouth. These interim solutions described below address the Pre-Ordering, Ordering and Provisioning interfaces.

Section 2.3.1.1 also states that BST and MCIIm will agree to use an order format and interface designated by BST. However, neither party provided evidence to show what the designated interim order format and interface is. In Section 2.3.1.5, the agreement further states:

Until the electronic interface is available, BellSouth agrees that the Local Carrier Service Center (LCSC) or similar function will accept MCIIm orders. Orders will be transmitted to the LCSC via an interface or method agreed upon by MCIIm and BellSouth.

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Based on the sections of the agreement shown above, we believe that until the development of an EBI interface is complete, MCIm may use other interfaces and another service function, similar to the LCSC, to place orders. The Interexchange Carrier Service Center (ICSC) can, in the interim, provide a similar function as the LCSC. According to BST witness Milner, the ICSC is the branch that provides access services to long distance carriers.

The FOCs at issue in this proceeding are for orders of "off-net T-1s." An "off-net T-1" consists of a four-wire digital loop that runs from a customer premises to a BST central office, and another four-wire digital circuit (or DS-1, with capacity for 24-voice channels), that serves as transport from the central office to MCIm's switch. Neither the loop nor the transport elements are connected to BST's switch. "Off-net" is a term used by MCIm that refers to a situation where a customer cannot be served by MCIm's fiber ring. The T-1 facilities provided by BST are thus "off network" or off of MCIm's network. BST contends that the T-1s were ordered by MCIm from the ICSC using Access Service Requests (ASRs). BST witness Milner states that the interconnection agreement does not apply to FOCs for access services.

MCIm witness Green testified that MCIm attempted to order off-net T-1 combinations under the interconnection agreement, but BST refused to provide the network elements. MCIm admitted that it placed orders for T-1 functionality by faxing ASRs and is being billed tariffed rates. However, witness Green asserted that MCIm ordered the T-1s in this manner by default. We would note that MCIm is not able to order and receive combinations of loop and transport elements that make up a T-1 solely because of BST's position on provisioning combinations of UNEs. It is BST's position that if MCIm is ordering the loop and transport elements on an unbundled basis, then these elements must be connected at a collocation space. Both witnesses Milner and Stacy testified that BST is not required to combine network elements for MCIm. We also note that the issue on combinations of network elements between the parties was previously addressed in Docket No. 971140-TP, where we found that the agreement required BST to provide combinations of network elements, regardless of whether the network elements were currently bundled or unbundled. Order PSC-98-0810-FOF-TP at page 24. The agreement between the parties permits MCIm to order four-wire loop and transport elements, and includes rates and charges for such elements.

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As stated above, MCIm ordered the off-net T-1s using ASRs that were processed by the ICSC. According to BST witness Milner, there are no FOC reply time periods required for services ordered out of the access tariff. However, the agreement refers in several places to the use of ASRs for ordering unbundled network elements. Part B of the agreement defines an ASR as:

"ASR" (ACCESS SERVICE REQUEST) means the industry standard forms and supporting documentation used for ordering Access Services. The ASR may be used to order trunking and facilities between MCIm and ILEC for Local Interconnection.

For trunk servicing, Section 4.3.1 of Attachment IV, states:

Orders between the parties to establish, add, change or disconnect trunks shall be processed by use of an Access Service Request (ASR), or another industry standard eventually adopted to replace the ASR for local service ordering.

Section 2.4.1.1 of Attachment VIII, which falls under Section 2.4, Standards for Ordering and Provisioning, states that "(s)ome unbundled Network Elements will continue to be ordered utilizing the ASR process."

Section 5.2.1.2 of the agreement addresses the use of an existing electronic communications gateway interface for access to BST's maintenance systems and databases. Ordinarily, this electronic gateway is used for line-based (POTS) resold local service; however, this section allows MCIm to use it for orders placed via ASRs. In pertinent part, this section provides: "[f]or local services provisioned via the Access Service Request (ASR) process, the Electronic Communications gateway interface may be used."

BST witness Milner testified that MCIm's complaint relates to access and not to local competition. We disagree for two reasons: first, the provisions of the agreement shown above state that MCIm could use ASRs and an interim interface, through the LCSC or similar function to order services until an electronically-bonded interface is developed to handle local service requests (LSRs); and second, MCIm is a certificated alternative local exchange carrier, with a Commission-approved agreement, that is placing orders for

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network elements to provide local services. MCIm witness Green testified at the hearing that MCIm is using off-net T-1 functionality in Florida for the provision of local service. Further, BST witness Milner agreed that MCIm is using the T-1 combination functionality with MCIm's own local switch for the provision of a finished service to an end user customer. It is clear that MCIm is ordering the off-net T-1 functionality for the provision of local service, not access service.

Conclusion

Based on the provisions of the Interconnection Agreement noted above, we believe that the parties intended to use ASRs for the provision of both local service resale and unbundled network element orders. We also believe that the provision of such orders using an ASR to the ICSC was to be temporary until BST met its obligation to provide real time interactive access to its OSS for pre-ordering and ordering via electronic interfaces as detailed in the agreement. BST has not provided evidence in this proceeding to prove that it has supplied such electronic interfaces pursuant to the provisions of the agreement. Further, we believe that BST has not provided evidence showing which electronic interfaces it has approved or designated in the interim for use by MCIm to place orders. We previously determined in the "271 proceeding" by Order No. PSC-97-1459-FOF-TL, issued November 19, 1997, that BST has not provided, at parity, electronic interfaces for access to the five operations support systems functions.

Therefore, upon review of the testimony and evidence in the record, we believe that BST has failed to comply with the FOC standards of the agreement. The agreement states that FOCs are to be returned in four hours for electronic orders and 24 hours for manual orders. The agreement does not list for which electronic ordering interfaces or ordering forms a FOC will be returned. Since MCIm is placing orders by fax, the 24-hour return requirement applies. BST never stated that it could not provide FOCs within the time periods contained in the agreement. Accordingly, we find it appropriate to order BST to comply with the time periods for returning firm order confirmations as provided in the agreement.

XI. NETWORK BLOCKAGE INFORMATION

It is MCIm's position that BST has provided it with insufficient network blockage information. MCIm has requested that we order BST to provide the necessary information MCIm needs to

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET 981121-TP

IN RE: Request for Arbitration of
MCImetro Access Transmission Services LLC
for Enforcement of Interconnection Agreement
with BellSouth Telecommunications, Inc.

Telephonic Deposition of
Ron Martinez
January 28, 1999

BellSouth Hearing Exhibit No. _____

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 981121-TP EXHIBIT NO. 24
COMPANY/
WITNESS: Martinez
DATE: 2-3-99

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re:
Request for arbitration
Concerning complaint of
MCIMetro Access Transmission DOCKET NO. 981121-TP
Services LLC for enforcement
of Interconnection Agreement
with BellSouth Telecommunications,
Inc.

TELEPHONIC DEPOSITION OF
RON MARTINEZ

January 28, 1999

2:30 p.m.

675 West Peachtree Street
Atlanta, Georgia

Renda K. Cornick, CCR-B-909, RPR

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12 On behalf of the MCImetro:

13 DULANEY O'ROARK, III, Esq. (via telephone)
14 MARTHA McMILLAN, Esq.
15 Suite 700
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17 Atlanta, Georgia 30346

18 Also Present:

19 Catherine Bedell, Director of Communications,
20 Florida Public Service Commission
21 Wayne Stavanja, Florida PSC
22 Calvin Savors, Florida PSC

23 - - -
24
25

1 MR. CARVER: Just to speed things up a
2 bit, could we stipulate that the appearances
3 for this deposition are the same as the one
4 we just finished?

5 MR. O'ROARK: We are, Phil, except here
6 in Atlanta, if you go past 3:00, Martha
7 McMillan is going to have to substitute in
8 for me. I would ask that we take a
9 two-minute break at 3:00 so we can effect
10 that substitution if necessary.

11 RON MARTINEZ,
12 having been first duly sworn, was examined and
13 testified as follows:

14 CROSS-EXAMINATION

15 BY MR. CARVER:

16 Q. I believe we are ready, then.

17 Mr. Martinez, do you have a copy with you
18 of your rebuttal testimony?

19 A. Yes, I do.

20 Q. Would you turn to Page 2, please, lines 4
21 and 5. It says there, I could agree that both
22 MegaLink and DS1 loop slash DS dedicated transport
23 combination are high speed transport facilities.

24 A. Yes.

25 Q. Would you agree also that from a

1 functional standpoint MegaLink and DSI loop and D1
2 dedicated transport are the same?

3 A. From a functional perspective?

4 Q. Yes.

5 A. Yes, with one reservation. You do have
6 some requirements in MegaLink to add additional
7 equipment in the application.

8 Q. Would you consider that a functional
9 distinction or administrative one?

10 A. I think it is functional as compared to
11 you, they are network access registers; but other
12 than that, basically transport and local channel are
13 the same.

14 Q. Moving down a little bit lower on that
15 same page, you talk about purchases of MegaLink from
16 the tariff. If I could just, as I understand the
17 position you are stating here, tell me if I get it
18 wrong, you are basically saying that since MegaLink
19 is purchased from a tariff, that for that reason
20 standing alone it is not the same as a DS1; is that
21 correct?

22 A. Yes.

23 Q. And in your view that's because the
24 MegaLink has tariff restrictions on it that the DS1
25 loop and transport would not have?

1 A. Yes.

2 Q. Now, for purposes of this question, let's
3 accept that. Let's say that you are right in that.
4 That distinction would apply to any UNE combination,
5 would it not?

6 A. If purchased from the tariff?

7 Q. Well, let's say that we had a combination
8 of UNEs that had precisely the same functionality as
9 something in the tariff and let's assume that MCI
10 was selling it and we had no dispute that the thing
11 MCI was selling was precisely the thing that
12 BellSouth was providing in terms of UNEs, so we
13 really had no disagreement, that they were really
14 exactly the same thing, wouldn't this point you are
15 making that they are different because of tariff
16 restrictions, wouldn't that apply across the board
17 to every UNE?

18 A. Yes. I believe so in that context.

19 Q. So your position, then, would be that
20 UNEs purchased from BellSouth can never recreate an
21 existing BellSouth service, just because they are in
22 the tariff?

23 A. No. I thought we were making the
24 assumption that I was selling a service to a
25 customer that was in tune with your tariff and

1 comparable to the service that you would have sold
2 them, in other words, there wouldn't be a tariff
3 constraint.

4 Q. Right. So making those assumptions, you
5 would basically say it would be impossible for MCI
6 to recreate or to sell -- let's go with recreate, it
7 would be impossible to recreate a BellSouth service
8 because of this tariff issue you raised on Page 2?

9 A. No. I just simply note that there are
10 restrictions on the use in a tariff; and again, if
11 these restrictions didn't apply and the service I
12 was selling to my end user was comparable service
13 that you would sell to them, then there wouldn't be
14 a restriction as far as a tariff is concerned. In
15 other words, I would have the right to resell that,
16 I guess.

17 Q. Let's back up a little bit. I want to
18 make sure we are on the same page. What you say on
19 Page 2, can you paraphrase for me what your point is
20 there?

21 A. Just there are limitations in the tariff
22 with respect to the use of a private line.

23 Q. So are you taking, though, the next step
24 and saying because those limitations apply, it is
25 not possible to recreate a BellSouth service?

1 A. No. I am saying that because there are
2 restrictions it would have to, under a resale of
3 comparable service, I would have to match and make
4 sure that I didn't, you know, I did not violate the
5 tariff constraints. It would limit my use but not
6 exclude it.

7 Q. I am just trying to get to your bottom
8 line answer here. Does the existence of tariff
9 restrictions mean that UNEs you purchase from
10 BellSouth that would otherwise recreate a BellSouth
11 service don't recreate the BellSouth service because
12 they don't have the tariff restrictions?

13 A. UNEs would not have tariff restrictions,
14 the tariff restrictions would be strictly governed
15 by my tariff, based on the service I sold.

16 Q. My question is is it your position that
17 the distinction between one being governed by tariff
18 restrictions and the other not, is that enough in
19 your view to support the conclusion that you cannot
20 buy UNEs and recreate a BellSouth service, it is
21 just not possible?

22 A. I guess you are going to have to ask the
23 question. Maybe it is late in the day or
24 something. I am not grasping what the question is.

25 Q. Let me take a second and see if I can go

1 back to your testimony.

2 Can you agree with me the issue in this
3 case, or one of the issues, is what constitutes the
4 recreation of a BellSouth service?

5 A. Yes.

6 Q. And when I say what, I mean what
7 combination of UNEs would recreate a BellSouth
8 service?

9 A. Well, I think the issue, I think, is what
10 I have sold the customer that I plan to use the UNEs
11 for, what service.

12 Q. My question really doesn't go to that
13 point which is when do you look at it but just sort
14 of what does it look like when you look at it. We
15 can agree, I think, that the question is what
16 combination of network elements recreates a
17 BellSouth service. Are you with me so far?

18 A. Yes.

19 Q. Now, the point you made on Page 2 as I
20 understand it is that the BellSouth service is
21 going to have BellSouth tariff restriction, correct?

22 A. Correct.

23 Q. And the UNE combination that you buy will
24 not have tariff restriction, correct?

25 A. Correct.

1 Q. Now, are you going one step further and
2 saying because of this distinction, one has tariff
3 restrictions and the other doesn't, that it is
4 impossible for a UNE combination to recreate the
5 BellSouth service?

6 A. No.

7 Q. You are not saying that?

8 A. No.

9 Q. On Page 3, there is a question that
10 begins on -- I am still in your rebuttal testimony,
11 question line 14, continues to the end of the page,
12 and you say on lines 23 and 25 that you believe that
13 the contract reflects the intention of the parties
14 that DS1 transport facilities were to be viewed as
15 UNES; is that correct?

16 A. Yes.

17 Q. Now, let's assume you are correct and
18 that it was the intention of the parties for them to
19 be viewed as UNES. If those services are combined
20 in a way -- those services, I said that wrong. If
21 those UNES are combined in a way that recreates
22 BellSouth service, then under the Commission's order
23 the parties would need to negotiate the price for
24 that, correct?

25 A. Yes.

1 Q. Given that, let me just ask an open-ended
2 question, what point are you making here?

3 A. I am sorry?

4 Q. I guess if you would agree with me that
5 if these UNEs when recombined recreate a service
6 then the price of something would be negotiated, if
7 you agree that is the case, I don't understand the
8 point you are making with the question and answer on
9 Page 3. Can you explain it to me?

10 A. Is there anything in the connection of
11 this that is governed by the UNE provisions?

12 Q. Right.

13 A. The point I am making is that there is no
14 provision in the resale section of our tariff for
15 high speed transport. The only provisions we had
16 for transport -- and that's with respect to the
17 loop, the loop is in fact under the contract, can be
18 any rate from a DS0 up through Sonnet which is
19 optical network interface equipment, just
20 limitless. So the loop itself could have any data
21 rate. The transport is the same, it can have any
22 data rate. If the intent were to have put transport
23 as a resale it would have been in the resale as
24 well.

25 Q. Okay. Are you familiar with order No.

1 PSC dash 98 dash 0810 FOF dash TP?

2 A. Is this one of the orders that you asked
3 me to bring?

4 Q. Yes.

5 A. Which was the number again, PSC dash 98
6 dash 0810 dash FOF?

7 Q. Right.

8 A. I have it here.

9 Q. On Page 7 of your testimony, your direct
10 testimony, you make reference to an order. Is that
11 a different order than the one I just -- here is
12 what I am getting at, that one you have in your
13 testimony is 98 dash 0818 and the order I am aware
14 of is 98-0810. Is that a typo?

15 A. I believe that to be a typo.

16 MR. MELSON: I think you caught us, Mr.
17 Carver.

18 MR. CARVER: Just wanted to be clear.

19 Q. (By Mr. Carver) So what you are opining
20 about there or testifying about on Page 7 is
21 actually order 98 dash 0810.

22 A. Yes.

23 Q. Other than what you have there in your
24 testimony, do you have any other opinions about that
25 order that are pertinent or should I direct

1 questions about that to Mr. Gillan?

2 A. I would assume you would direct them to
3 Mr. Gillan.

4 Q. Okay. The reason I ask is what you have
5 got there is fairly limited, so I just wanted to
6 make sure if I had order questions they should go to
7 him. Is that appropriate or should I ask you
8 questions about the order?

9 A. If you want to ask question about these
10 specific elements.

11 Q. But beyond that, you don't have an
12 opinion.

13 A. I always have an opinion, you know that.

14 Q. Do you have one that you are voicing on
15 behalf of MCI?

16 A. No.

17 Q. In this case, MCI is asking for a refund;
18 is that correct?

19 A. That's correct.

20 Q. You were the witness whose testimony
21 supports that.

22 A. That's correct.

23 Q. What is the total amount of the refund
24 that you are claiming?

25 A. The total amount is yet to be

1 determined. The problem that you have in any kind
2 of refund like this is that the mileage difference
3 between each and every end office would be different
4 so typically what happens is we will request a
5 refund, we will come up with a list of what they
6 think they are, you will come up with a list of what
7 you think they are, and we will hash out on a
8 circuit-by-circuit basis what the actual should end
9 up to be.

10 Q. Well, are you going to ask the Commission
11 or are you asking, is MCI asking the Commission in
12 this docket to enter an order with a dollar amount
13 that says this is the amount of refund due?

14 A. I don't believe that would be possible
15 without first getting the parties together to
16 determine what that is, or it would be just that the
17 refund was authorized.

18 Q. I noticed in your testimony you did, this
19 may be on a per line basis, or per circuit, you had
20 some figures, \$400 and \$200. Does that ring a bell?

21 A. Yes.

22 Q. Can you at least explain those to me?

23 A. Those are basically the rate differences
24 between what we were charged and what we should have
25 been charged out of the interconnection agreement.

1 Q. Your position is it was \$400 for the T1s?

2 A. I believe, yes, that's the case. Let me
3 see if I can find that page. It would be the
4 difference of those two.

5 Q. Right. I am looking for it also.

6 A. It is on Page 6.

7 Q. Okay. And the \$400, that relates to what
8 UNE, circuit, would that be the appropriate way?

9 A. That local chan term.

10 Q. And if you bought the functional
11 equivalent UNE, the price according to your
12 testimony would be 200 per month.

13 A. That's approximate, again, again,
14 transport would be predicated on a mileage basis.

15 Q. Let's say instead of purchasing T1, if
16 you purchase MegaLink service, do you know what that
17 would have cost you per month?

18 A. No, I don't.

19 Q. Do you know whether it would have been
20 more or less than the T1s?

21 A. My assumption would be that it would be
22 more but I wouldn't know. You mean more than the
23 T1?

24 Q. Yes.

25 A. Or more than what is in the contract? I

1 would think it would be somewhat characterized
2 somewhat closely to what is in your access.

3 Q. Do you meaning the T1s -- when you say
4 access, do you mean access tariff?

5 A. Yes.

6 Q. So your assumption is it would be close
7 to the T1s?

8 A. Yes.

9 Q. Can you think of any functional reason
10 why MCI could not have ordered MegaLink for this
11 functionality?

12 A. Functional reason?

13 Q. Yes.

14 A. The only thing that comes to mind would
15 be the imposition of a network access register. But
16 as the -- and if, you know, T1 is a T1 is a T1.
17 Functionally the T1s would be the same.

18 Q. T1s would be the same?

19 A. Any T1 would be the same, any transport
20 would be the same, any local.

21 Q. So you could have ordered it as MegaLink
22 and it would have worked as well?

23 A. I believe that under MegaLink in the
24 private line sector, there is a restriction about
25 linking it to a switch that would go, have access to

1 the local network. That requires the imposition of
2 a network access register to assimilate the flat
3 rate to be charged plus usage if there was any.

4 Q. Other than that, is there any other
5 reason why it wouldn't have worked?

6 A. No.

7 Q. Have you reviewed Mr. Hendricks'
8 testimony?

9 A. Yes.

10 Q. On Pages 3 through 6 of his testimony --

11 A. Which, now?

12 Q. I believe it is the direct. Let me just
13 check.

14 MR. O'ROARK: Phil, this is Dee
15 O'Roark. Do you have a little bit more? If
16 so, I will go get Martha.

17 MR. CARVER: Yes, I do. Not much but a
18 little bit.

19 MR. O'ROARK: While Ron is looking that
20 up, I will go get her.

21 MR. CARVER: Okay.

22 THE WITNESS: This is Mr. Hendricks,
23 page what, now?

24 Q. (By Mr. Carver) Page 3 through 6.

25 MR. MELSON: Ron, why don't you wait

1 until Martha gets there.

2 THE WITNESS: All right.

3 Q. (By Mr. Carver) I am not going to ask
4 you a question, but to clarify, what I am going to
5 ask will start about on line 7, Page 3, have
6 BellSouth and MCI been able to determine, et cetera,
7 the section I am going to ask you goes from there to
8 the end of Page 6.

9 A. How did that start, what page?

10 Q. Page 3, line 7, there is a question.

11 A. Have BellSouth and?

12 Q. Yes. Yeah. And MCI been able to
13 determine, from there to end of the Page 6. Let me
14 know when Martha McMillan has joined you.

15 MS. McMILLAN: Hello. I am with you
16 now.

17 Q. (By Mr. Carver) The events that Mr.
18 Hendricks relates here, is his description of these
19 events accurate?

20 A. Yes.

21 Q. Now, the process that he talks about,
22 this negotiation process, were you personally
23 involved in that?

24 A. The negotiation between -- that would
25 have been between Wally Schmitt and Jerry Hendricks

1 or a person to be named by Jerry, I think it was the
2 lawyer.

3 Q. So whatever you know about it, you know
4 from Mr. Schmitt?

5 A. That's correct.

6 Q. On your testimony on Page 5 and 6 you
7 also describe some events that I believe you call
8 the history of the dispute.

9 A. Right.

10 Q. Were you personally involved in any of
11 those events?

12 A. No.

13 Q. And the persons who were involved, would
14 those be the ones from MCI whose names are on the
15 correspondence attached to your testimony?

16 A. That is correct.

17 Q. And again, whatever you know about this,
18 you know from those people?

19 A. Yes.

20 Q. To the best of your knowledge, have there
21 been any substantive negotiations between BellSouth
22 and MCI as to what could constitute a recreated
23 BellSouth service?

24 A. Not to my knowledge.

25 MS. McMILLAN: I think, Ron, you were

1 trying to add something.

2 THE WITNESS: There is one exception,
3 that's Stacy's testimony, I was in fact
4 there.

5 MR. CARVER: His testimony.

6 THE WITNESS: There is a verbatim --

7 Q. (By Mr. Carver) I am not sure what you
8 mean by testimony. Is this in a proceeding?

9 A. The transcripts from Mr. Stacy's question
10 and answer where he reiterated the policy they would
11 not change that.

12 Q. Can you give me a reference for that?

13 A. Sure.

14 Q. Would this be RM10, excerpts from
15 testimony of William Stacy?

16 A. Yes. In fact, he reiterated that same
17 statement at a Georgia meeting I was at.

18 Q. Well, to get back to my question, though,
19 the last one, in terms of substantive negotiations
20 to your knowledge there have been none between BST
21 and MCI as to what constitutes the recreation of a
22 BellSouth service?

23 A. That's correct.

24 Q. Has MCI refused to negotiate this issue?

25 A. Refused, MCI took the position that it

1 wasn't necessary at this time because we had no
2 services that we were thinking of obtaining that
3 would have recreated the service. We did ask in the
4 last letter on August the 9th to have a meeting.
5 That letter was never answered.

6 Q. Is that attached to your testimony?

7 A. It is also attached to Mr. Hendricks'
8 August 7th letter. In the third paragraph,
9 excluding the please be advised. It says if your
10 letter of August 3rd, 1998, is intended to indicate
11 that BellSouth is not willing to fully discuss and
12 negotiate the combination of the UNE required by the
13 Florida interconnection agreement, we will be happy
14 to meet with you and suggest a meeting of August 10,
15 1998.

16 Q. You are saying that was never responded
17 to?

18 A. That's correct.

19 Q. So is MCI currently willing to negotiate
20 this?

21 A. Negotiate what we are talking about, that
22 is, the ability to buy the unbundled network
23 elements of DS1 transport and local chan term for
24 use in our service offering.

25 Q. Is MCI willing to negotiate the issue of

1 what recreates a BellSouth service?

2 A. Again, we have no intent of purchasing
3 anything that recreates your service.

4 Q. I am having trouble understanding your
5 position. Can we agree that the order we referenced
6 earlier said it would leave it to BellSouth and MCI
7 to negotiate what constitutes a recreated service?

8 A. Paraphrased, I am trying to remember the
9 exact language.

10 Q. Do you want to give me a second, I will
11 pull it for you. This is the language I referred
12 to, Mr. Gillan's deposition, it appears on Page 59.
13 In the first full paragraph there is a second clause
14 of the first sentence, we also conclude that it is
15 appropriate for us to leave it to the parties to
16 negotiate what precisely does constitute the
17 recreation of the BellSouth retail service. Do you
18 see that there?

19 A. Yes.

20 Q. Now, if I understand your position, you
21 are saying that MCI declined to negotiate that
22 because you didn't believe that you were providing
23 any service that recreated a BellSouth service.

24 A. That's correct. Especially where we are
25 providing all of the switching functions. And that

1 includes our own operatives, we are facility based
2 in that arena, as well as local switching access to
3 carriers.

4 Q. You are aware that BellSouth has a
5 different opinion as to whether or not you are
6 recreating its services.

7 A. Yeah. And I am at a loss as to how they
8 tie to this order. I really am. I am not an expert
9 in law.

10 Q. The questions I am asking you really just
11 go to this negotiation issue, I mean, if you are
12 aware that MCI did not believe it was recreating a
13 BellSouth service and you are aware that BellSouth
14 believed to the contrary, why not negotiate it at
15 that point?

16 A. Negotiate with -- you know, if it is as
17 Mr. Stacy pointed out, this was a policy that you
18 weren't going to change, what use would -- we wrote
19 the letters asking specifics on that subject and
20 allowed every instance for them to respond. What
21 you wanted to do was to oversize this, to create
22 this element that was just going to delay further of
23 this immediate need that we had or have.

24 Q. So is your answer you didn't negotiate
25 because you didn't think it would do any good?

1 A. That and we didn't feel it fit at all
2 because we were providing all but the loop.

3 Q. So are you saying if you believe you are
4 right that you don't have to negotiate?

5 A. Well, two parties, one believes that the
6 wall is white and the other believes the wall is
7 black, what purpose is going to -- what purpose of a
8 negotiation is going to come out other than the one
9 party is going to come out saying the wall is white
10 and the other party is going to come away saying the
11 wall is black.

12 Q. Who made the decision on behalf of MCI
13 not to negotiate?

14 A. You say not to negotiate, not to
15 negotiate.

16 Q. The definition of what constitutes a
17 recreation of a BellSouth service.

18 A. I don't know if it was an individual. It
19 would have been supported by the legal staff. There
20 was no need to negotiate and carry this on any
21 further.

22 Q. So it is safe to say you personally
23 didn't make that decision?

24 A. I personally did not make it, no.

25 MR. CARVER: That's all I have. Thank

1 you.

2 MS. BEDELL: We have one question.

3 EXAMINATION

4 BY MS. BEDELL:

5 Q. Mr. Martinez, Mr. Carver asked you
6 earlier about the difference if you ordered the
7 MegaLink and you mentioned something about it
8 requires an imposition of a network access
9 register. Can you tell us what that is, what you
10 meant.

11 A. There is a -- this has history that
12 probably dates back to the emergence of MCI as a
13 long distance carrier. In the private line tariff,
14 there is a situation not only in the access tariff
15 but in the private line tariff and it is carried
16 forward in the general terms and conditions
17 associated with the private line, that is private
18 line cannot have access to the local switching arena
19 and if such an action is taking place, then a
20 network access register -- and that was to prevent
21 misuse of the line.

22 The access register in the case of
23 MegaLink, I believe, was flat rate with a message
24 charge associated with it, and it stems from a
25 concept that I -- for lack of a better term, we in

1 the industry call it leaky PBX.

2 Under a private line if a customer bought
3 a private line between two facilities they could in
4 fact on that PBX have a line to a carrier or another
5 company in which case they would be using that to
6 divert traffic away from the access world and on to
7 that private network back up into it. That also
8 included people calling in and what have you.

9 There were stipulations we as a company
10 had to sign that we wouldn't tolerate leaky PBX and
11 the traffic we were getting we were authorized to
12 get.

13 MS. BEDELL: Okay. Thank you.

14 MR. MELSON: I don't have anything.

15 (Deposition concluded at 3:20 p.m.)

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1 STATE OF GEORGIA:
2 COUNTY OF FULTON:

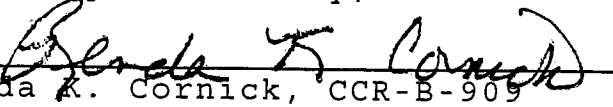
3 I hereby certify that the foregoing transcript
4 was reported, as stated in the caption, and the
5 questions and answers thereto were reduced to
6 typewriting under my direction; that the foregoing
7 pages 1 through 25 represent a true, complete, and
8 correct transcript of the evidence given upon said
9 hearing, and I further certify that I am not of kin
10 or counsel to the parties in the case; am not in the
11 employ of counsel for any of said parties; nor am I
12 in anywise interested in the result of said case.

13 Disclosure Pursuant to O.C.G.A. 9-11-28(d):

14 The party taking this deposition will receive
15 the original and one copy based on our standard and
16 customary per page charges. Copies to other parties
17 will be furnished at one half that per page rate.
18 Incidental direct expenses of production may be
19 added to either party where applicable.

20 Our customary appearance fee will be charged to
21 the party taking this deposition.

22 This, the 29th day of January, 1999.

23 
24 Renda K. Cornick, CCR-B-909
25 My commission expires on the
26th day of November, 2000.

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET 981121-TP

IN RE: Request for Arbitration of
MCImetro Access Transmission Services LLC
for Enforcement of Interconnection Agreement
with BellSouth Telecommunications, Inc.

Telephonic Deposition of
Joseph Gillan
January 28, 1999

BellSouth Hearing Exhibit No. _____

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 981121-TP EXHIBIT NO. 5
COMPANY/ Gillan
WITNESS: _____
DATE: 2-3-99

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re:
Request for arbitration
Concerning complaint of
MCImetro Access Transmission DOCKET NO. 981121-TP
Services LLC for enforcement
of Interconnection Agreement
with BellSouth Telecommunications,
Inc.

TELEPHONIC DEPOSITION OF

JOSEPH GILLAN

January 28, 1999

1:30 p.m.

675 West Peachtree Street
Atlanta, Georgia

Renda K. Cornick, CCR-B-909, RPR

BROWN REPORTING, INC.
1740 PEACHTREE STREET
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Also Present:

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Florida Public Service Commission (via
telephone)
Wayne Stavanja, Florida PSC (via telephone)
Calvin Savors, Florida PSC (via telephone)
Ron Martinez (via telephone)

- - -

1 JOSEPH GILLAN,
2 having been first duly sworn, was examined and
3 testified as follows:

4 MR. CARVER: I think the court reporter
5 is going to have trouble identifying voices.
6 If someone in Tallahassee speaks, if you
7 could just identify yourself so the record
8 will be clear.

9 Let me begin by just, let's just get an
10 appearance from everybody who is on the
11 call. My name is Phillip Carver, I represent
12 BellSouth.

13 MR. MELSON: Richard Melson of the law
14 firm Hopping, Green, Sams & Smith,
15 representing MCI metro Access Transmission
16 Services, LLC.

17 MR. O'ROARK: This is Dee O'Roark in
18 Atlanta, representing MCI World Com as well.

19 MR. MARTINEZ: This is Ron Martinez in
20 Atlanta, MCI World Com.

21 MS. BEDELL: This is Catherine Bedell
22 in Tallahassee, representing the Division of
23 Legal Services for the Public Service
24 Commission and I have Calvin Savors and Wayne
25 Stavanja from the PSC staff with me.

1 CROSS-EXAMINATION

2 BY MR. CARVER:

3 Q. I believe we are ready to begin, Mr.
4 Gillan. Just out of curiosity, where are you, Mr.
5 Gillan?

6 A. (No response.)

7 MR. CARVER: Not here apparently.

8 (A discussion ensued off the record.)

9 Q. (By Mr. Carver) My first question, I was
10 curious as to where you are today.

11 A. I am in Chicago and I am fighting a cold,
12 so I put you on mute while I coughed. Unfortunately
13 if you hit the mute button the second time, it
14 doesn't go to speaker, it goes to disconnect.

15 Q. Let me ask you first of all, you are
16 aware earlier in the week the Supreme Court entered
17 a decision in the AT&T Corp., et al., versus Iowa
18 Utilities Board.

19 A. Basically, yes.

20 Q. Have you had an opportunity to review
21 that decision?

22 A. Just briefly.

23 Q. If you don't know, just tell me but do
24 you anticipate the testimony you filed in this case
25 will change as the result of that opinion?

1 A. I don't know. I don't think so because
2 my understanding is this goes to the question of
3 what does the contract require and what does the
4 Commission mean by recreate service and that
5 framework doesn't necessarily change right now. But
6 that is just, you know, a pretty first blush
7 understanding.

8 Q. So based on your rough analysis, what we
9 have here is essentially a different issue than what
10 the Supreme Court ruled upon.

11 MR. MELSON: I am going to object to
12 the extent it calls for a legal conclusion,
13 but he can answer.

14 THE WITNESS: But I don't think it is
15 necessarily a different issue. It is my
16 understanding that we are inside the four
17 corners of the contract. That's just an
18 understanding that is -- and I really haven't
19 had any time to think about the Supreme Court
20 decision or how it fit in. That is trying to
21 be responsive, the first blush.

22 Q. (By Mr. Carver) Let me make a request.
23 I assume you would have read this before next week.
24 So if you are going to amend your pretrial
25 testimony -- maybe I should direct this to Rick more

1 than the witness. If you could let me know as soon
2 as possible and get me an amendment of whatever it
3 is going to be.

4 MR. MELSON: Phil, I don't anticipate
5 we will amend the pretrial testimony. I
6 expect during my open testimony I may make
7 some comments about what we believe the
8 impact of that statement to be but I wasn't
9 planning on doing that through a nonlegal
10 witness.

11 Q. (By Mr. Carver) We finished that area
12 pretty quickly.

13 Mr. Gillan, have you played any role on
14 behalf of MCI in the relevant contract negotiations
15 between BellSouth and MCI?

16 A. No.

17 Q. Specifically, you have not played any
18 role in negotiating or deciding whether to negotiate
19 what constitutes a recreation of an existing
20 BellSouth service?

21 A. Correct.

22 MR. MELSON: Did not that play any role
23 in your conversations with MCI leading up to
24 this becoming an issue?

25 Q. (By Mr. Carver) And since the hearing

1 also, since the order in June came out. What I am
2 getting to is this, if I may explain, in Mr.
3 Hendricks' testimony and also in Mr. Martinez's
4 testimony there is a chronology of events that have
5 to do with negotiations between the parties, I am
6 trying to find out if you have any personal
7 knowledge of any of that in their testimony at all
8 or any part of it.

9 A. No.

10 Q. Along those same lines, do you have with
11 you a copy of order No. PSC-98-0810-FOF-tp?

12 A. Yes. 98-0810-FOF?

13 Q. Yes.

14 A. Yes.

15 Q. Would you agree that that order provides
16 that the parties should negotiate what precisely
17 does constitute the recreation of BellSouth retail
18 service?

19 A. I think within some limits, yes. I don't
20 think there is a direction that you -- let me
21 rephrase that. I think it called for a negotiation
22 in instances where it would appear that the
23 combination MCI was buying was being used to create
24 a service that arguably, quote, recreated, unquote,
25 a BellSouth service; but I don't think it was a

1 direction for parties to treat everything as though
2 anything would recreate a service.

3 Q. Let's just back up a little bit to make
4 sure on the same page. If you could, turn to Page
5 59 of that order, please.

6 A. Yes.

7 Q. Going down to the first full paragraph
8 which begins with, The language based on the
9 evidence.

10 A. Yes.

11 Q. And you go down to the second clause in
12 that sentence. It says, we also conclude that it is
13 appropriate for us to leave it to the parties to
14 negotiate what precisely does constitute the
15 recreation of a BellSouth retail service.

16 A. Yes.

17 Q. That's the language that you understand
18 this order addresses, the issue of what the parties
19 should or shouldn't do in terms of negotiation?

20 A. That's at least some of it, yes. It is a
21 pretty thick order. It may be referenced again but
22 yes.

23 Q. As I understand you're giving me an
24 opinion, I guess, about when the duty to negotiate
25 comes into play if in fact there is one --

1 MR. MELSON: I am going to object to
2 the characterization that he is giving you an
3 opinion as to whether duty to negotiate comes
4 into play. That's a legal conclusion.

5 MR. CARVER: If you want, Rick, you can
6 have a standing objection on the basis of
7 legal conclusions but my view is his
8 testimony is legal interpretation, the bulk
9 of it is the interpretation of the legal
10 orders. I can't cross-examine him without
11 asking him legal opinions because that is
12 what his testimony is about.

13 MR. MELSON: What you were
14 characterizing in his last question was not
15 his testimony, you were characterizing his
16 answer to a prior question of yours and you
17 were characterizing his answer as though you
18 understood his answer to be a legal
19 conclusion.

20 If you want to simply reword the
21 question so you are not characterizing his
22 answer, I don't have any problems with the
23 substance of what you are asking him.

24 Q. (By Mr. Carver) Let me try it a
25 different way.

1 If I understand your previous answer, Mr.
2 Gillan, what you basically said is you don't believe
3 the order tells the parties they have to negotiate,
4 but it may be appropriate under some instances and
5 then you were defining what that instance would be;
6 is that fair enough?

7 A. I am sorry, Phil, it may just be because
8 I have been sick for a couple of days, I didn't
9 understand your question very well. Could you try
10 that again.

11 Q. Let's go back to the beginning. I think
12 the question I asked you was whether you believe the
13 order requires the parties to negotiate and your
14 answer was not exactly but it, you know, suggests
15 some circumstances under which they should. Is that
16 a fair characterization?

17 A. At least that's how I understood it, yes,
18 that the Commission has this recreate standard in my
19 mind that involves the comparison of MCI's retail
20 service to the network elements that it purchases
21 and where there is -- when it comes into play that
22 this retail service is made up of network elements
23 bought from BellSouth and there is to be this
24 negotiation at least as a first instance as to what
25 should happen. That's my rough understanding of

1 this.

2 Q. And again I am not asking you for a legal
3 opinion, I just want to know your understanding, but
4 at what point should the parties decide it is time
5 to negotiate as you understand the order?

6 A. It seems to me when the service that MCI
7 is providing is similar to in some sense the network
8 elements that they are purchasing from BellSouth.

9 Q. Well, let's assume that one party thinks
10 they are similar and the other party doesn't. Is it
11 time for them to negotiate there or is there some
12 additional standard you believe has to be met?

13 A. It seems to me if one party thinks it is,
14 one thinks it isn't, it is time to go to the
15 Commission for a finding, because that's two people
16 who don't agree. I don't see how you negotiate when
17 you have something that fundamental.

18 Q. Well, what would you negotiate under
19 their order?

20 A. I am not sure.

21 Q. So then when the Commission has drafted
22 this language about the parties negotiating what it
23 would mean, you are really not sure what they are
24 telling us to do.

25 A. I am not entirely sure. That isn't

1 really the issue I was presented with. But it seems
2 to me here you have a fundamental threshold
3 disagreement as to what even should be compared,
4 that's not something that you can negotiate, that's
5 something that requires Commission decision. I
6 mean, that's how I understand where we are in this
7 process.

8 Q. And I think you probably answered this
9 question again, but let me just be sure. In terms
10 of any negotiations that may have taken place on
11 this particular issue, you are not a party to any of
12 those.

13 A. Correct.

14 Q. Now, I believe a moment ago you said that
15 the comparison you believe should be made is between
16 the MCI retail service and the BellSouth retail
17 service; is that correct?

18 A. The MCI retail service and the BellSouth
19 service slash and/or network elements that are
20 basically the network elements. Does the network
21 elements you're buying constitute the service that
22 you are providing, that's how I understand it to be.

23 Q. When you say you're, you would be
24 referring in this case to MCI?

25 A. Yes, I am sorry, Phil. It is the service

1 that MCI is providing the end user, what is that
2 compared to the network elements that MCI has bought
3 from BellSouth.

4 Q. Now, just to confirm, your position, of
5 course, is that the DS1 loops and transport that MCI
6 has purchased does not recreate a BellSouth service;
7 is that correct?

8 A. It might be more accurate to say that the
9 service that MCI is providing using the DS1 loop and
10 transport does not recreate a BellSouth service.

11 Q. I am sorry, could you say that again.

12 A. Yes. That the service that MCI is
13 providing, the end user, using the DS1 loop and
14 transport as a constituent piece of that service,
15 does not recreate the BellSouth service.

16 Q. Let me ask it this way, can you describe
17 to me a combination of UNEs that you believe could
18 be purchased and combined that would constitute a
19 recreation of the BellSouth service?

20 A. My position would be that would never
21 happen because of the other factors I indicated in
22 the earlier proceeding, that the notion the customer
23 would still be getting customer support, they would
24 see themselves as obtaining a MCI service, et
25 cetera. My impression was the Commission did not

1 rule on whether or not those additional distinctions
2 would be enough to mean that you weren't recreating
3 a BellSouth service but that is in essence what the
4 Commission left up to the parties to sort of sit
5 down and negotiate. When you had a situation where
6 all of the network capability was coming from
7 BellSouth -- scratch that. Just all the network
8 capability was coming from BellSouth, in that
9 situation was the purchaser, in this case MCI, doing
10 enough other things that the final product they were
11 delivering to the end user was different than the
12 BellSouth service.

13 That is what I understood the Commission
14 to basically say. Look, we are not going to rule on
15 this right now, you guys go negotiate that
16 particular circumstance. And that's not anything
17 like the circumstance we have here.

18 Q. So just to make sure I understand your
19 position, your personal position is that the
20 recreation of a BellSouth service is essentially
21 impossible, but at the same time the Commission did
22 not rule on that position per se.

23 A. Correct. They didn't agree with me, they
24 didn't reject it, they deferred that question.

25 Q. Now, the viewpoint you expressed, I guess

1 it is actually an interpretation of the Commission's
2 order, the question is how -- by you I mean MCI --
3 how does your retail service compare, in other
4 words, the retail service is what should be looked
5 at as opposed to the services that MCI purchases
6 from BellSouth, is that based on anything in the
7 order other than what is cited already in your
8 testimony?

9 A. Yeah, I think so. I mean, it is a
10 conclusion I draw from the whole body of this thing;
11 but if you like, maybe just to give you a flavor,
12 since we are sitting here on Page 59, if we start at
13 Page 58 -- are you with me?

14 Q. Yes.

15 A. Under Conclusion, the very first sentence
16 says, We conclude that the record shows that in
17 order to actually provide legal service AT&T-MCI
18 would have to own or control, I mean to me that is
19 setting out we are looking at the service that AT&T
20 or MCI -- just for simplicity, do you mind if I use
21 the word MCI to refer to MCI?

22 Q. That's fine.

23 A. There it is referring to AT&T-MCI,
24 looking to the service they are providing, I think,
25 throughout this. The next sentence, it talks about

1 what AT&T or MCIm would need to do, the immediate
2 sentence following that, it refers to what AT&T and
3 MCI would need to do.

4 As we go through this paragraph, it is
5 constantly referring to what is it that AT&T or MCIm
6 would have to do, and in the next paragraph, it says
7 it in the first sentence, it says it in the second
8 sentence, and in the paragraph following that. So
9 it seems to me the whole thrust of this entire order
10 goes to looking at what is it that the entrant is
11 providing and in fact the phrase recreate to me
12 just -- scratch that.

13 The phrase recreate refers to sort of a
14 second order or a second level of service creation
15 which tells me you are looking at what the entrant
16 is providing. So I guess just looking here in these
17 narrow instances it is the entire thrust and tone of
18 the order. I think if I were to go through it page
19 by page, I would find other similar type of
20 phrases. I know I didn't include all of those in my
21 testimony.

22 Q. We will come back to this in just a
23 moment. But I want to ask you a few fairly narrow
24 questions to try to clarify some points in your
25 testimony. Do you have your direct testimony with

1 you?

2 A. Yes. Just a second. It is not well
3 organized.

4 Okay.

5 Q. There is a discussion that appears on
6 Page 5 and 6 that begins with the question, Has the
7 Commission determined what it means to recreate a
8 retail service.

9 A. Yes.

10 Q. And just to save time, let me ask you a
11 kind of a conclusory question, if you don't think I
12 am characterizing what you said correctly, let me
13 know. But it appears to me the position you are
14 stating here is that the Commission ruled you cannot
15 recreate a BellSouth service unless you have both a
16 loop and switching; is that your position?

17 A. That's at the very least. It actually
18 went through and I think indicated you had to get
19 everything you needed to recreate the service as the
20 threshold condition to recreate the service.

21 Q. Now, the service that they were talking
22 about that order was basically local service,
23 correct?

24 A. Yes.

25 Q. And MegaLink is not basically local

1 service, is it?

2 A. Correct. But the service MCI is
3 providing is basically local service.

4 Q. I think we would agree that basically
5 local service includes a loop and a switch.

6 A. Yes.

7 Q. Let's assume that the BellSouth service
8 in question doesn't include switching.

9 A. You mean -- I don't want to be
10 argumentative. Did you mean the MCI service in
11 question?

12 Q. Well, what I mean is the recreated
13 service. I guess I am trying to ask you a question
14 that won't cause us to get bogged down in the
15 specifics of the dispute, but here is the question.
16 Let me just ask and see if it makes sense. What you
17 said here, I believe, is the Commission has opined
18 to recreate BellSouth service you have to have
19 switching. My question is this, if the service at
20 issue, if the one we are looking at to see whether
21 or not it is a recreation, if it doesn't include
22 switching, then obviously you wouldn't need to have
23 a switching element to recreate it, would you?

24 A. That would be true. But I would make,
25 just so we are clear, if the MCI service didn't

1 include switching, that wouldn't be relevant, that's
2 correct.

3 Q. For example, if MCI were reselling
4 MegaLink, if you were simply buying -- let me back
5 up a bit.

6 The DS1 channels, the loops and transport
7 that MCI has purchased from BellSouth, do you know
8 if they are functionally the same as MegaLink?

9 A. I think that they are. The differences
10 would be tariff differences, but I have not looked
11 at that in any detail.

12 Q. Well, let's assume it is. If MCI were
13 selling MegaLink, then that, I guess, under your
14 definition would be a recreation of BellSouth
15 service.

16 A. No. It would not be under my definition.
17 What I would say -- I don't want to seem to be
18 quibbling, but what I would believe would be the
19 case then is that we would still have a dispute, the
20 dispute would be different. The dispute would be
21 the service that I am offering, that MCI is
22 offering, is comprised of the network element that
23 BellSouth is selling. My position would be that
24 that still doesn't constitute a BellSouth service
25 because in the delivery of that service to the end

1 user, MCI would be providing billing, customer
2 support, et cetera, and in my mind that would make
3 it different than the BellSouth service. However, I
4 recognize that that is the issue that the Commission
5 chose not to decide and told the parties to go talk
6 about or negotiate. But when we went and had this
7 conversation, at least from my perspective we would
8 still have a dispute but the dispute would be
9 narrower, it would deal on that question.

10 Q. Let me go back to an earlier point a few
11 questions ago. If we look at your testimony on Page
12 5 and 6 and what you quoted there from the
13 Commission, is it fair to say that you are not
14 quoting this as a sort of a generalized recreation
15 test for any BellSouth service even if it doesn't
16 include switching; is that fair?

17 A. I think it is. Let me restate it and see
18 if my restatement is consistent with what you
19 believe you asked me. I believe that this was
20 basically framework that the Commission laid out
21 that applied in this instance and the framework was
22 look at the end user service and see if all the
23 things it takes for the entrant to create this
24 service are purchased as network elements. So if
25 you were talking about a service for which there was

1 no switching, you would then -- it would fall out of
2 analysis. Is that basically what you meant by the
3 question you asked me?

4 Q. Basically. And just to tie it up, at the
5 bottom of Page 6 you have the statement, Obviously
6 the loop and local switching network elements are
7 insufficient to recreate basically local service,
8 then the loop without the local network switching
9 element is even more deficient.

10 A. Correct. That is in this context.

11 Q. The context of local service.

12 A. Right. The service MCI is providing is
13 the same in either instance. If they weren't
14 recreating it when they bought more from you, it
15 would be impossible for them to recreate it when
16 they bought less.

17 Q. But if the service at issue was something
18 that, for example, didn't involve switching, then
19 obviously you wouldn't have to buy in the form of
20 UNE switching functionality to recreate the
21 service.

22 A. That's correct. If the MCI service
23 didn't include it, you wouldn't look to see whether
24 or not they had purchased it.

25 Q. I am just going through my notes. I

1 think you have already answered a lot of my
2 questions so I am just flipping through here.

3 Let's look at your rebuttal testimony for
4 just a moment.

5 A. Give me a second. I will let you know
6 when I got it.

7 Q. Okay.

8 A. By the way, there is a typo in my
9 rebuttal testimony --

10 Q. Okay.

11 A. -- we might as well take care of. If you
12 go to Page 7, line 7, the word combining in the cite
13 quoted from Milner's testimony should be connecting.

14 Q. Okay.

15 On Page 2 of your rebuttal testimony, you
16 refer to the position that BellSouth took in the
17 arbitration case.

18 A. Yes.

19 Q. Would you agree that BellSouth's position
20 at that time was that UNE combinations that recreate
21 a BellSouth service should not be allowed?

22 A. I think so. I hesitate only because my
23 recollection was that the BellSouth going-in
24 position was you could not provide service using
25 entirely network service provided by BellSouth, you

1 simply couldn't buy all of them. You maintain that
2 position through the Eighth Circuit stay and when
3 the Eighth Circuit issued the stay relating -- that
4 threw open the question of pricing jurisdiction, you
5 reformulated it to be, well, you could buy them but
6 you couldn't -- but the prices wouldn't be
7 established into the network element rules. That is
8 how I recall your position developing. I just can't
9 quite remember whether the MCI-AT&T arbitration
10 occurred before the stay or shortly thereafter. I
11 know your position shifted, I just can't recall
12 whether it was, you know, in the arbitration or
13 immediately thereafter.

14 Q. That was going to be my next question,
15 which was do you know whether this Commission
16 rejected that position.

17 A. Yes. That's my understanding, is that
18 they rejected your position that you could not
19 provide service using entirely network elements
20 obtained from BellSouth.

21 Q. And the issue in this docket is not,
22 would you agree, whether or not UNEs could be
23 recombined in that fashion but how they should be
24 priced when they are recombined?

25 A. Yes. But not just as a recombined, if

1 they are recombined and recreated.

2 Q. Right. I accept your clarification. I
3 guess what I am trying to get straight, we can agree
4 at this point we are not arguing about whether or
5 not you can do it, we are arguing about the price
6 when you do.

7 A. Yes. Actually, the price when you do for
8 a subset which is this recreated subset.

9 Q. Right.

10 A. I have one other caveat I am assuming to
11 be the case, you are not offering there is any kind
12 of joint marketing restrictions that could kick in
13 or access charge treatment that would kick in, even
14 under your position if it were to prevail.

15 Q. Okay.

16 On Page 6 of your rebuttal testimony,
17 line 7, you say during the combinations proceeding,
18 BellSouth witness Hendricks cited the Georgia
19 decision which states, then there is no cite to the
20 record. And I was just wondering, is this language
21 from the Georgia order something that he cited in
22 the testimony he gave?

23 A. Yes. Yes. It would have been. At least
24 that is certainly -- my recollection is that is
25 where I got it. I am going to write myself a note

1 to go check his testimony.

2 Q. I guess my question was just whether when
3 he cited it was he talking about the same issue that
4 you are talking about here or were you just making
5 the point he cited to it generally.

6 A. It was in his testimony, talking about
7 service recreation. I think all we have lost here
8 is a page number.

9 Q. Let's go back to the position here you
10 are advocating -- and when I say position you are
11 advocating, I am not talking about the part about
12 network expertise and customer service and all that
13 being part of the service but the issue as you
14 defined it for this proceeding. That would be the
15 position that you determined whether or not the MCI
16 retail service recreates the BellSouth service as
17 opposed to looking to what MCI buys from BellSouth.
18 Are we on the same page?

19 A. Yeah, I think so.

20 Q. Okay.

21 A. The only clarification just for precision
22 is you would compare what MCI offers an end user to
23 the network elements it buys from BellSouth, that's
24 the comparison.

25 Q. Right.

1 A. Okay.

2 Q. Well, wait. To have a comparison you
3 would have to look at the BellSouth service,
4 wouldn't you?

5 A. And the threshold requirement is that
6 those network elements themselves would constitute a
7 service. So I guess we are saying the same thing,
8 Phil.

9 Q. Okay. But just so we are clear, I don't
10 mean to beat this to death, but basically MCI's
11 position is you look at what MCI sells to its
12 customer and BellSouth's position is you look at
13 what MCI buys from BellSouth.

14 A. Yes. That's my understanding.

15 Q. Let's assume that you are correct for a
16 moment. I just want to kind of see where that takes
17 us. If the test were dependent upon what MCI sells
18 to its end user, then in order to know how to price
19 something that MCI purchases from BellSouth,
20 BellSouth would have to know what MCI is going to do
21 with it, right?

22 A. Yes, if in fact in addition to that the
23 recreate -- you know, if the recreate standard got
24 addressed without the other factors I talked about,
25 yes, that would be true.

1 Q. And I have got a few questions along this
2 line, so for purposes of this line, we will just
3 accept that caveat. I know what you mean, you know,
4 we are not getting into the other part of it.

5 A. Okay.

6 Q. Is there any provision in the
7 MCI-BellSouth contract that says MCI will tell
8 BellSouth what it is going to do with the UNEs it
9 purchases?

10 A. I don't know. I don't know that there
11 would need to be. You are provisioning the UNEs
12 developed to MCI. I suppose in the abstract we
13 could create a scenario where you would need the
14 information flow to come from MCI to you, but I
15 would think in 99.9 percent of the instances how you
16 provision it would provide you the information you
17 need.

18 Q. Well, let's look at the particular facts
19 of this instance.

20 A. Maybe not.

21 Q. That is what I was wondering. If MCI
22 doesn't tell BellSouth that it is taking the DS1
23 channels and transporting them and using it with
24 switching of its own to sell a particular service to
25 its end users, how would BellSouth know that?

1 A. Okay. That seems reasonable. You might
2 need some information.

3 Q. So you think, then, is it -- would it be
4 a reasonable requirement for MCI to have to tell
5 BellSouth what it is going to do with UNEs it is
6 purchasing?

7 A. Let me try and answer it this way. I
8 don't find this debate anywhere in the law or the
9 applicable Federal Rules. My understanding of this
10 whole thing was when you bought network elements,
11 you could use them in any way you wanted. Because
12 of the concerns you expressed to the Commission
13 about a single configuration, basically when you
14 bought everything, provide the service from
15 BellSouth, you know, the platform, we went down the
16 tangent of service recreation. I find that to be a
17 very limited exception to the norm that you have no
18 business asking what MCI is doing. But in the
19 context of this service recreation issue, it would
20 seem to me the most reasonable thing would be unless
21 you have some reason to believe, I think -- let me
22 back up.

23 It would seem to me the default should be
24 that MCI is not recreating a BellSouth service, you
25 should assume it is being used in connection with

1 its own facilities.

2 Q. Well, if that's not the case, you believe
3 we should rely on MCI to be on the honor system and
4 tell us when that happens?

5 A. Yeah. Because it seems to me the default
6 environment here is that your obligation is to sell
7 the network elements and if they are right to use
8 them in any way they want, what we have here is one
9 circumstance, we know in this circumstance they are
10 using it to provide basically local service and that
11 is what the narrow issue is here.

12 Q. What I am trying to get to, I am just
13 trying to understand, under your view of the test
14 that should apply with all the caveats we have
15 discussed, how would the contract be administered?
16 I mean, if pricing is dependent on the end use that
17 MCI makes of UNEs, how would we know how to price it
18 without knowing what end use MCI is going to make of
19 UNEs?

20 A. You would have to ask them. But the idea
21 that somehow the price should vary based on how MCI
22 is using the network elements comes from you, not
23 MCI.

24 Q. Well, the Commission has told us to
25 negotiate that price.

1 A. The Commission addressed, I think, a
2 single instance involving the platform. I don't
3 believe that the Commission ever intended for this,
4 for that limited issue to explode into the context
5 that it exists in this proceeding. But, you know,
6 we will find that out. If they did intend for it --
7 if they didn't intend -- I mean -- scratch that.

8 My answer is finished. You can't see
9 that, I guess.

10 Q. I am sorry, you lost me with the part
11 about exploding things and their intentions and all
12 that.

13 A. I am sorry. I was just making a point
14 that I believe throughout the course -- leading up
15 to this proceeding, the concern that you were
16 expressing to the Commission and the concern that
17 the Commission responded to was the narrow
18 circumstance of the entrant providing basically
19 local service entirely over the platform; that in
20 the course of that discussion, you continually told
21 the Commission if the entrant would connect these
22 facilities to its own facilities, that is how
23 network elements should be used.

24 Q. Well, in the Commission's order, didn't
25 it tell MCI and BellSouth to negotiate the price for

1 recreated services?

2 A. Yes. But again, I read that order to be
3 pretty clearly -- not -- I read that order to pretty
4 clearly lay out an issue that you first have to
5 establish that the entrant is providing service
6 entirely over the network elements. I don't see
7 this thing even qualifying into that negotiating
8 process. Be that as it may, I don't know that it is
9 really relevant because the negotiations would have
10 failed and we would be at this point anyway given
11 the fact there is such a fundamental disagreement.

12 Q. Let's back up a little bit. To go back
13 to what the Commission said when they told us to
14 negotiate the price for recreated services, do you
15 believe that that language was limited to basically
16 local service?

17 A. No. But I do believe it was limited to
18 the circumstance that the entrant was providing
19 service entirely over network elements obtained from
20 you, that otherwise there would always by definition
21 be something missing, some facility missing in the
22 service that they were providing the end user.

23 Q. But assuming that's the case, that they
24 are using exclusively BellSouth services -- and
25 again I am accepting your definition for purposes of

1 these questions because I am trying to see what
2 follows from it -- assuming that's the case, we
3 could be talking about any service, in other words,
4 not just basically local service.

5 A. Yes. I think that is accurate.

6 Q. And to back up, you may have answered
7 this one already, I just want to be sure, if
8 BellSouth is trying to determine whether its
9 services, whatever that service is, its service is
10 being recreated, it would have to know what MCI is
11 selling, we agreed to that, didn't we?

12 A. Yes. And with the exception of as-is
13 migrations which again is what I think you were
14 expressing a concern about --

15 Q. I am not talking about that now. I am
16 trying to follow through this.

17 A. Then operationally it would require some
18 information.

19 Q. But, again, if I understand your previous
20 answer, you don't believe MCI should be required to
21 provide that information.

22 A. I think that's a little bit more of an
23 overstatement. The way I was answering it, when you
24 operationalize something like this, there is a
25 default assumption and then there is a right to gain

1 further information. I was suggesting that the
2 default assumption should be that they are not
3 recreating a service. I recognize you might need
4 some follow up about to ask for additional
5 information, things like, you know, for instance, in
6 the old days of the PIU system, there would be a
7 default value but then there would be a right to
8 gather more precise data.

9 Q. And the default basically would be that
10 MCI would tell us whether or not it recreated a
11 BellSouth service?

12 A. Actually, in my mind I think the default
13 should simply be the default, they don't have to
14 tell you. If you want to challenge, you can to get
15 additional information. I think that default is far
16 closer to the intent of an act than the default that
17 suggests that they have to prove something to you.

18 Q. Let's assume that, again, your proposal
19 is accepted. Let's take this specific instance we
20 are talking about here. MCI under the standard you
21 proposed here wouldn't have come back to BellSouth
22 and said, we are recreating MegaLink service, would
23 they?

24 A. No. That would have been inaccurate.

25 Q. So basically -- well, in their opinion

1 inaccurate, that's obviously different.

2 A. The service that they are offering is not
3 MegaLink service, I don't believe there is any
4 dispute about that.

5 Q. Well, there is a dispute about what point
6 of the transaction you look at.

7 A. That's true.

8 Q. Okay. But what I am saying is given
9 MCI's viewpoint, given the definition they have,
10 given what you have testified, they never would have
11 reported this to BellSouth, correct?

12 A. Correct.

13 Q. So this dispute never would have
14 occurred, basically MCI would have just looked at it
15 and said, as far as we are concerned, it doesn't
16 recreate BellSouth service and that would have been
17 it.

18 A. No. As I indicated, as long as we have
19 this system in here, you could have a right to ask
20 for additional information, that I understand; and
21 you could have gone to them and said, what are you
22 doing with this. Well, what you are providing,
23 looks like MegaLink to us. MCI could have said it
24 looks like that to you because you can't see it is
25 connected to our switch, we are providing basically

1 local service.

2 Q. So would BellSouth have this inquiry
3 right any time MCI purchases UNEs from it or only in
4 certain circumstances?

5 A. I haven't thought through whether you
6 would really be likely to abuse that right or not
7 and if so whether or not you needed to have limiting
8 circumstances.

9 Q. Okay. Slightly different question, but
10 it still goes to the same scenario, that is,
11 assuming your test is accepted -- I am using the
12 term your test with all of your qualifications --
13 and the issue is what does MCI sell to its end user
14 and how that compares to what BellSouth sells,
15 that's the predicate. In order for the MCI service
16 to recreate the BellSouth service, does it have to
17 be precisely the same?

18 A. I would say so, yes.

19 Q. So if they --

20 A. There is other dimensions we have agreed
21 to disagree on, correct?

22 Q. Exactly. I have incorporated that caveat
23 into the question. Let's assume the functionality
24 of the two were precisely the same but priced
25 differently. Would it recreate the BellSouth

1 service?

2 A. I was including price in those other
3 dimensions we were agreeing to disagree about. Are
4 you bringing that into your question now?

5 Q. Yes. I am saying in your view would the
6 price to the end user standing alone be enough to
7 make it something other than recreation of BellSouth
8 service?

9 A. I think so, yes. But that's the type of
10 thing that I think the Commission pushed off into
11 the deferral, whether if all the network
12 functionalities were identical, would price be
13 sufficient. I would say yes, just like, for
14 instance, you know, you sell a number of services
15 that are functionally identical but you charge
16 different prices for them. You treat those as
17 different services even when they are offered by
18 BellSouth. If price is enough to be a service
19 defining distinction when it is offered by the same
20 company, certainly it can be a service defining
21 distinction when it is offered by different
22 companies.

23 Q. Okay. So let's assume the functionality
24 in the MCI service and the BellSouth service are
25 precisely the same. I take it you would also say

1 the terms and conditions of offering, that would be
2 enough to render it not a recreation of service.

3 A. Yes.

4 Q. Let's assume that you have used the
5 BellSouth UNEs to recreate an MCI service that is --
6 let's say it is the local platform and it is exactly
7 the same as the BellSouth local platform, priced the
8 same, terms and conditions the same, everything the
9 same except those areas we have agreed to disagree
10 about. Then you also take that local service and
11 bundle it together with long distance service. Now,
12 is that service, that bundled service that you are
13 providing to your customer, is that different than
14 the BellSouth service?

15 A. Yes, I think so.

16 MR. CARVER: That's all I have got.

17 Thank you very much.

18 THE WITNESS: Okay. Am I then
19 finished?

20 MR. CARVER: Unless somebody else has
21 questions.

22 MR. MELSON: Does staff have
23 questions?

24 MS. BEDELL: No, we do not.

25 MR. MELSON: I don't have any

1 redirect.

2 THE WITNESS: Then I am going to drop
3 off. Is that okay?

4 MR. MELSON: That's fine.

5 (Deposition concluded at 2:15 a.m.)
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1 STATE OF GEORGIA:
2 COUNTY OF FULTON:


3 I hereby certify that the foregoing transcript
4 was reported, as stated in the caption, and the
5 questions and answers thereto were reduced to
6 typewriting under my direction; that the foregoing
7 pages 1 through 38 represent a true, complete, and
8 correct transcript of the evidence given upon said
9 hearing, and I further certify that I am not of kin
10 or counsel to the parties in the case; am not in the
11 employ of counsel for any of said parties; nor am I
12 in anywise interested in the result of said case.

13 Disclosure Pursuant to O.C.G.A. 9-11-28(d):

14 The party taking this deposition will receive
15 the original and one copy based on our standard and
16 customary per page charges. Copies to other parties
17 will be furnished at one half that per page rate.
18 Incidental direct expenses of production may be
19 added to either party where applicable.

20 Our customary appearance fee will be charged to
21 the party taking this deposition.

22 This, the 29th day of January, 1999.

23 
24 Renda K. Cornick, CCR-B-909
25 My commission expires on the
26th day of November, 2000.

Cover Page for Keith Milner Exhibit WKM-1

This page transmits Exhibit WKM-1 which consists of Pages 1-8 of Section B7.1 of BellSouth Telecommunications, Inc. Private Line Services Tariff.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 981121-TP EXHIBIT NO. 6
COMPANY/
WITNESS: Milner
DATE 2-3-99

BELLSOUTH
TELECOMMUNICATIONS, INC.
FLORIDA

PRIVATE LINE SERVICES TARIFF

First Revised Page 1
Cancels Original Page 1

ISSUED: October 21, 1996
BY: Joseph P. Lacher, President -FL
Miami, Florida

EFFECTIVE: November 5, 1996

B7. DIGITAL NETWORK SERVICE

(T)

B7.1 MegaLink® Service**B7.1.1 General**

- A. MegaLink® service is furnished for Private Line IntraLATA Communications by the Company.
- B. MegaLink® service is a service for the transmission of digital signals only and using only digital transmission facilities.
- C. MegaLink® service provides for the simultaneous two-way transmission of isochronous digital signals at DS1 speeds of 1.544 Mbps, where facilities are available.
- D. To ensure satisfactory operation, the terminal equipment provided by the customer must be compatible with the MegaLink® service channel facility provided by the Company. The technical specifications and standard network interfaces for MegaLink® service are contained in BellSouth Services Technical Reference Publication 73525. This publication is available from BellSouth Services Documentation Operations, North W5A1, 3535 Colonnade Parkway, Birmingham, Alabama 35243.
- E. Unless specified following, the regulations for MegaLink® service specified herein apply in addition to the regulations set forth in Section B2. preceding.
- F. The rates specified for MegaLink® service in B7.1.3 following contemplate the provision of a digital quality facility utilizing existing interoffice carrier equipment and/or exchange cable facilities compatible with this service. If such equipment, new facilities or changes to existing facilities are required for the provision of this service, a special construction charge as specified in Section B5. of this Tariff will apply in addition to the rates for MegaLink® service.

B7.1.2 Regulations

- A. Description of Service
 1. MegaLink® service is furnished for the simultaneous two-way transmission of serial, Bipolar Return-to-Zero (BPRZ) isochronous digital signals, except where intentional bipolar violations are introduced by Bipolar with 8 Zero Substitution (B8ZS) format, at a speed of DS1/1.544 Mbps between two-points located within a LATA.
 2. Multipoint service is not available.
 3. MegaLink® service is available on a month-to-month basis or under variable rate periods with rates based on lengths of 36 months, 60 months or 84 months, under conditions specified in B2.4 of this Tariff.
 4. Connection of DS1/1.544 Mbps communications systems provided by others may be made on a permissive basis as provided for in Section B2. The Company does not represent its MegaLink® service as adapted for such connections, and shall not be responsible for the through transmission of signals, or the quality of such transmission on such connections.
 5. A Channel Service Unit (CSU) or appropriate Termination Equipment (TE) provided by the customer is required at a customer's or authorized user's premises to perform such functions as:
 - proper termination of the service
 - amplification
 - signal shaping
 - remote loop-back

(M)

Material appearing on this page previously appeared on page(s) 2 of this section.

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BELLSOUTH
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PRIVATE LINE SERVICES TARIFF

First Revised Page 2
Cancels Original Page 2

ISSUED: October 21, 1996
BY: Joseph P. Lacher, President -FL
Miami, Florida

EFFECTIVE: November 5, 1996

B7. DIGITAL NETWORK SERVICE

(T)

B7.1 MegaLink® Service (Cont'd)

B7.1.2 Regulations (Cont'd)

A. Description of Service (Cont'd)

6. The design, maintenance and operation of MegaLink® service contemplates communications originating and terminating as (1) a customer premises to customer premises channel via the Company's Serving Wire Center, (SWC) - and/or through remote SWCs; (2) a customer premises to the Serving Wire Center - and/or to remote SWCs - partial channel (link); or (3) a central office to central office (interoffice) partial channel (link).
7. MegaLink® service may also be furnished on a link (partial channel) basis when connected to ESSX® service¹, Digital ESSX® service, MultiServ® service, MultiServ PLUS® service, FlexServ® service, *MegaLink® Plus service*, MegaLink® channel service, another MegaLink® service, and/or LightGate® service.
8. All appropriate rates specified in other tariff sections are in addition to the monthly rate per package or single channel for MegaLink® service specified in this Tariff.

(M)

(C)

B. Definitions

CHANNEL SERVICE UNIT

The term "Channel Service Unit" (CSU) denotes equipment provided by the Customer to terminate a digital facility on the customer's or user's premises.

DS1

This denotes a channel service expressed in terms of its digitally encoded data bit rate in accordance with the North American hierarchy of digital signal levels. It has a 1.544 Mbps transmission data rate, and provides for the two-way simultaneous transmission of isochronous timed, Bipolar Return-to-Zero (BPRZ) bit stream format, except where intentional bipolar violations are introduced by Bipolar with 8 Zero Substitution (B8ZS) format. Unframed signal formats are not permitted or compatible with Company equipment. The required format and interface specifications are contained in BellSouth Services Technical Reference Publication 73525.

DIGITAL LOCAL CHANNEL

The term "Digital Local Channel" denotes a path for MegaLink® service furnished from the customer's premises to their Serving Wire Center.

INTEROFFICE CHANNEL

The term "Interoffice Channel" denotes a path (or paths) for digital transmission between Company Serving Wire Centers within a LATA. An interoffice channel may be furnished in such manner as the Company may elect.

Note 1: Connection from MegaLink® service *and MegaLink® Plus service* to ESSX® service, Digital ESSX® service, MultiServ® service or MultiServ PLUS® service may not be available from all serving wire centers.

(C)

Material previously appearing on this page now appears on page(s) 1 of this section.

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PRIVATE LINE SERVICE TARIFF

Original Page 3

FLORIDA

ISSUED: July 1, 1996

EFFECTIVE: July 15, 1996

BY: Joseph P. Lacher, President - FL
Miami, Florida

B7. DIGITAL NETWORK SERVICE¹

(N)

B7.1 MegaLink[®] Service (Cont'd)**B7.1.2 Regulations (Cont'd)****C. Application of Rates**

1. Digital Local Channels furnished between a Serving Wire Center and the customer's premises will be charged at rates based on the first 1/2 mile and each additional 1/2 mile for the airline distance measured between the customer's premises and their Serving Wire Center.
2. Interoffice Channels furnished between Central Offices will be charged at rates based on airline distance between the Central Offices.
3. MegaLink[®] service is available on a month-to-month basis or under variable rate periods with rates based on lengths of 36 months, 60 months, or 84 months under conditions specified in the Channel Services Payment Plan in B2.4 of this Tariff except as modified following. Contract rate increases are subject to the stipulations of 4. following.
4. MegaLink[®] service rates under contract will not be increased by Company initiative until the contract period expires. Rates in effect at the time the service is installed and/or as of the service order application date, will be applicable until the contract expires. At the expiration date of the customer's payment period option, the customer may select a new payment period option at current rates or revert to current rates on a month-to-month basis.
5. A Termination Liability Charge is applicable at the date of termination. The applicable charge is dependent on the contract period subscribed to and will be equal to the number of months remaining in the contract times the monthly rate provided under the contract. However, Termination Liability charges will not apply for customer requests for moves of service under CSPP subject to the provisions set forth in B2.4.9.A.11. preceding.
6. Airline distance between Company Central Offices shall be developed using the methodology found in B3.3.3 of this Tariff. Fractional mileage shall be rounded up to the next full mile.

D. Connections

1. Customer-Provided Terminal Equipment, Customer-Provided Derivation Equipment and Customer-Provided Communications Systems may be connected to MegaLink[®] service when such connection is made in accordance with the provision specified in 2., 3., and 4. following.
2. Responsibility of the Company
 - a. The responsibility of the Company shall be limited to the furnishing and maintenance of MegaLink[®] service to a network interface on the customer's premises where provision is made for the connection of local service.
 - b. The Company shall not be responsible for installation, operation or maintenance of any terminal equipment or communications systems provided by a customer. MegaLink[®] service is not represented as adapted for the use of such equipment or system. Where such equipment or system is connected to Company facilities the responsibility of the Company shall be limited to the furnishing of facilities suitable for MegaLink[®] service and to the maintenance and operation in a manner proper for such digital service. The Company shall not be responsible for:
 - the through transmission of signals generated by such equipment or system, or for the quality of, or defects in, such transmission or

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

BELLSOUTH
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FLORIDA
ISSUED: July 1, 1996
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Miami, Florida

PRIVATE LINE SERVICE TARIFF

Original Page 4

EFFECTIVE: July 15, 1996

B7. DIGITAL NETWORK SERVICE¹

(N)

B7.1 MegaLink[®] Service (Cont'd)

B7.1.2 Regulations (Cont'd)

D. Connections (Cont'd)

2. Responsibility of the Company (Cont'd)

b. (Cont'd)

- the reception of signals by such equipment or systems, or
- damage to terminal equipment or communications systems provided by a customer or authorized user due to testing.

c. The Company shall not be responsible to the customer if changes in any of the facilities, operations or procedures of the Company utilized in the provision of MegaLink[®] service render any facilities or equipment provided by a customer obsolete, or require modification or alteration of such equipment or system or otherwise affects its use or performance.

d. The Company undertakes to maintain and repair the facilities which it furnishes. The customer may not rearrange, disconnect, remove or attempt to repair any equipment installed by the Company without prior written consent of the Company.

3. Responsibilities of the Customer

a. The customer is responsible for installing and testing his premises equipment or facilities to insure that when they are connected to MegaLink[®] service such equipment or facilities are operating properly.

b. The operating characteristics of the customer premises equipment or facilities shall be such as to not interfere with any of the services offered by the Company. Such use is subject to the further provisions that the equipment provided by a customer does not: endanger the safety of Company employees or the public; damage, require change in or alteration of the equipment or other facilities of the Company; interfere with the proper functioning of such equipment or facilities; impair the operation of the Company's facilities or otherwise injure the public in its use of the Company's services. Upon notice that the equipment provided by a customer is causing or is likely to cause such hazard or interference, the customer shall take such steps as shall be necessary to remove or prevent such hazard or interference.

c. The customer's responsibility shall include cooperative testing with the Company as may be necessary. Where regeneration and/or equalization adjustments or changes may be required to compensate for rearrangements and/or changes in outside plant facilities, the customer will be responsible for all expenses incurred in changes to his premises equipment.

d. The customer shall be responsible for payment of a Trouble Location Charge, as set forth in Section B2. of this Tariff, for visits by the Company to the premises of the customer where the service difficulty or trouble report results from the use of equipment or facilities provided by the customer.

4. Connection of Customer-Provided Terminal Equipment, Customer-Provided Derivation Equipment and Customer-Provided Communications Systems.

a. The following provisions will apply:

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PRIVATE LINE SERVICE TARIFF

Original Page 5

FLORIDA

ISSUED: July 1, 1996

EFFECTIVE: July 15, 1996

BY: Joseph P. Lacher, President - FL
Miami, Florida

B7. DIGITAL NETWORK SERVICE¹

(N)

B7.1 MegaLink[®] Service (Cont'd)

B7.1.2 Regulations (Cont'd)

D. Connections (Cont'd)

4. Connection of Customer-Provided Terminal Equipment, Customer-Provided Derivation Equipment and Customer-Provided Communications Systems. (Cont'd)

a. The following provisions will apply: (Cont'd)

- (1) Customer-Provided Terminal Equipment and/or Customer-Provided Communications Systems may be connected at the premises of the customer, to MegaLink[®] service.
- (2) The customer, by use of its own derivation equipment, may create digital bit streams from a MegaLink[®] service and such equipment may be connected for transmission of such bit streams when connected thru a customer-provided CSU/TE.
- (3) The undertaking of the Company is to furnish MegaLink[®] service as ordered. The customer is required to provide the CSU/TE as specified in d. following.

b. Connections to Other Services Furnished by the Company to the Same Customer

MegaLink[®] service furnished by the Company may be connected by the customer to another service or to other services furnished by the Company as specified in D.2. and 3. preceding. Connected services are subject to all rules and regulations governing the provisioning of those services.

c. Connections to other services furnished by the Company to different customers

The customer may connect at the premises of the customer to another MegaLink[®] service or other services furnished by the Company to different customers as specified in D.2. and 3. preceding. Connected services are subject to all rules and regulations governing provisioning of those services.

d. Connection of Channel Service Units

A Channel Service Unit (CSU) or appropriate Termination Equipment (TE) must be provided by the customer to connect a Company-provided digital facility. In accordance with Part 68 of the FCC's Rules and Regulations, new grandfathered CSU/TEs may be connected, moved, and reconnected until June 30, 1987. After this date only registered and previously connected grandfathered CSU/TEs may be connected to Company-provided digital facilities.

Grandfathered CSU/TE equipment must comply with the requirements outlined in the BellSouth Services Technical Reference 73525. This publication is now available from BellSouth Services Documentation Operations, North W5A1, 3535 Colonnade Parkway, Birmingham, Alabama 35243. Registered technical requirements for CSU/TEs are outlined in Part 68 of the FCC's Rules and Regulations. A copy may be obtained from the Federal Communications Commission, Room BB300, Washington, D. C. 20054.

E. Features

1. Clear Channel Capability

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

BELLSOUTH
TELECOMMUNICATIONS, INC.
FLORIDA

PRIVATE LINE SERVICES TARIFF

First Revised Page 6
Cancels Original Page 6

ISSUED: October 21, 1996
BY: Joseph P. Lacher, President -FL
Miami, Florida

EFFECTIVE: November 5, 1996

B7. DIGITAL NETWORK SERVICE

(T)

B7.1 MegaLink® Service (Cont'd)

B7.1.2 Regulations (Cont'd)

E. Features (Cont'd)

1. Clear Channel Capability (Cont'd)

- a. Clear Channel Capability (CCC) is an arrangement that alters a DS1/1.544 Mbps signal with unconstrained information bits, to meet pulse density requirements outlined in Technical Reference 73525. This will allow a customer to transport an all zero octet over a MegaLink® service channel providing an available combined maximum 1.536 Mbps data rate. This arrangement requires the customer signal at the channel interface to conform to Bipolar with 8 Zero Substitution (B8ZS) line code as described in Technical Reference 73525.
- b. CCC is provided on MegaLink® service channels between two customer designated premises, from a customer premises to their Serving Wire Center or Node Central Office and/or to a remote Serving Wire Center or Node Central Office, and from a Central Office to a Central Office, and is subject to the availability of facilities. This optional feature may be ordered at the same time the MegaLink® service channel is ordered, or it may be ordered as an additional feature of an existing MegaLink® service channel.
- c. When providing CCC via a DS3/44.736 Mbps High Capacity channel, that DS3 channel must be designated, in Company records, as having Clear Channel Capability prior to the provisioning of a DS1/1.544 Mbps High Capacity channel with CCC. Customers must agree to out-of-service periods required to add this feature to an existing MegaLink® service channel to be optioned for B8ZS.

F. Payment Arrangements and Credit Allowance

- 1. The minimum period for which MegaLink® service is furnished and for which charges are applicable is one month.
- 2. Suspension of service is not allowed.

B7.1.3 Rates and Charges

(T)

A. A Digital Local Channel is furnished between a Serving Wire Center and the customer's premises. Rates are based on the airline distance between the Serving Wire Center and the customer's premises.

- 1. Digital Local Channel, each^{1,2}

(T)

	Nonrecurring Charge	Month To Month	24 to 48 Months	49 to 72 Months	73 to 96 Months	USOC
(a) First 1/2 Mile	\$350.00	\$96.90	\$95.05	\$95.05	\$95.05	1LDPZ
(b) Each additional 1/2 Mile, or fraction thereof	-	44.00	43.00	41.00	39.00	1LDPA

Note 1: Contract lengths are flexible to allow customer choice of payment period per B2.4.9.

(T)

Note 2: MegaLink® ISDN service, specified in **B107.5** of this Tariff references rates and charges for this rate element.

(T)

BELLSOUTH
TELECOMMUNICATIONS, INC.
FLORIDA

PRIVATE LINE SERVICES TARIFF

First Revised Page 7
Cancels Original Page 7

ISSUED: October 21, 1996
BY: Joseph P. Lacher, President -FL
Miami, Florida

EFFECTIVE: November 5, 1996

B7. DIGITAL NETWORK SERVICE

B7.1 MegaLink® Service (Cont'd)

B7.1.3 Rates and Charges (Cont'd)

B. Interoffice Channels *are* furnished between Central Offices. Rates are based on the airline distance between Central Offices. (T)

1. Interoffice Channel, each channel 0-8 miles ^{1,2,3,4} (T)

	Nonrecurring Charge	Month To Month	24 to 48 Months	49 to 72 Months	73 to 96 Months	USOC
(a) Fixed Monthly Rate	\$100.00	\$64.35	\$59.75	\$59.75	\$59.75	1LNO1
(b) Each Airline Mile, or fraction thereof	-	29.80	24.25	22.35	20.50	1LNOA

2. Interoffice Channel, each channel 9-25 miles ^{1,2,3,4} (T)

(a) Fixed monthly rate	100.00	64.35	59.75	59.75	59.75	1LNO2
(b) Each airline mile or fraction thereof	-	27.95	22.35	20.50	18.65	1LNOB

3. Interoffice Channel, each channel over 25 miles ^{1,2,3,4} (T)

(a) Fixed monthly rate	100.00	64.35	59.75	59.75	59.75	1LNO3
(b) Each airline mile or fraction thereof	-	26.10	20.50	18.65	16.75	1LNOC

C. Clear Channel Capability is furnished on a per MegaLink® service channel basis.

1. Per MegaLink® service channel optioned as:

	Monthly Rate	Nonrecurring Charge		USOC
		Initial	Subsequent	
(a) Superframe Format (SF)	\$-	\$-	\$655.00	CCOSF
(b) Extended Superframe Format (ESF)	-	-	655.00	CCOEF

D. Move Charge

A move charge, per MegaLink® service channel, applies for each Digital Local Channel moved to a new location in the same building. This move charge is equal to the sum of the Digital Local Channel Nonrecurring Charge, Service Change Charge - Inside Moves, and Premises Visit Charge.

A move charge, per MegaLink® service channel under CSPP, applies for each MegaLink® service moved to a new location in Company territory within the same state. This move charge is equal to the sum of all nonrecurring charges applicable to a new MegaLink® service channel installation at the new location. (M)

Note 1: Contract lengths are flexible to allow customer choice of payment period per B2.4.9. (T)

Note 2: MegaLink® ISDN service, specified in B107.5 of this Tariff references rates and charges for this rate element. (T)

Note 3: MegaLink® Plus service, specified in B7.9 of this Tariff, references rates and charges for this rate element. (N)

Note 4: Refer to B3.3.3 of this Tariff for mileage measurement methodology.

Material appearing on this page previously appeared on page(s) 8 of this section.

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BELLSOUTH
TELECOMMUNICATIONS, INC.
FLORIDA

PRIVATE LINE SERVICES TARIFF

First Revised Page 8
Cancels Original Page 8

ISSUED: October 21, 1996
BY: Joseph P. Lacher, President -FL
Miami, Florida

EFFECTIVE: November 5, 1996

B7. DIGITAL NETWORK SERVICE (T)

B7.1 MegaLink® Service (Cont'd)

B7.1.3 Rates and Charges (Cont'd) (T)

E. Service Connection Charges (M)

1. Service Establishment Charges are applicable, for each MegaLink® service channel ordered, for receiving and recording information and/or taking action in connection with a customer's request, and processing the necessary data. These charges include engineering design, common centralized testing and coordination. (T)
2. Service Change Charges are applicable for receiving and recording information and/or taking action in connection with a customer's Inside Move or transfer of service responsibility request, for processing the necessary data on an existing MegaLink® service channel. A Service Change Charge is applicable for each MegaLink® service channel associated with the customer request (in lieu of a Service Establishment Charge). (T)
3. Premises Visit Charges are applicable, per Digital Local Channel, for the termination of a channel at a customer's premises or for inside moves. Only one Premises Visit Charge applies when more than one channel service of the same type is terminated or moved at the same premises at the same time.
4. Connection charges are applicable for the connection and testing of Digital Local Channels and/or Interoffice Channels. The charges applied are those nonrecurring charges contained in A. and B. preceding.
5. Charges for MegaLink® Service

a. Service Establishment Charge

- (1) Per MegaLink® Service Channel^{1,2,3} (T)

**Nonrecurring
Charge
\$575.00**

**USOC
MGLSE**

(a) Each

b. Service Change Charge

- (1) Per MegaLink® Service Channel^{1,3} (T)

(a) For Inside Moves, each

350.00

MGL1M

(b) Per Transfers of Responsibility, each

350.00

MGLTR

c. Premises Visit Charge

- (1) Per Digital Local Channel or for an Inside Move (M)

(a) Per Visit

40.00

MGLPV (M)

Note 1: Refer to B7.1.2.A.7 of this Tariff for description of MegaLink® service channels.

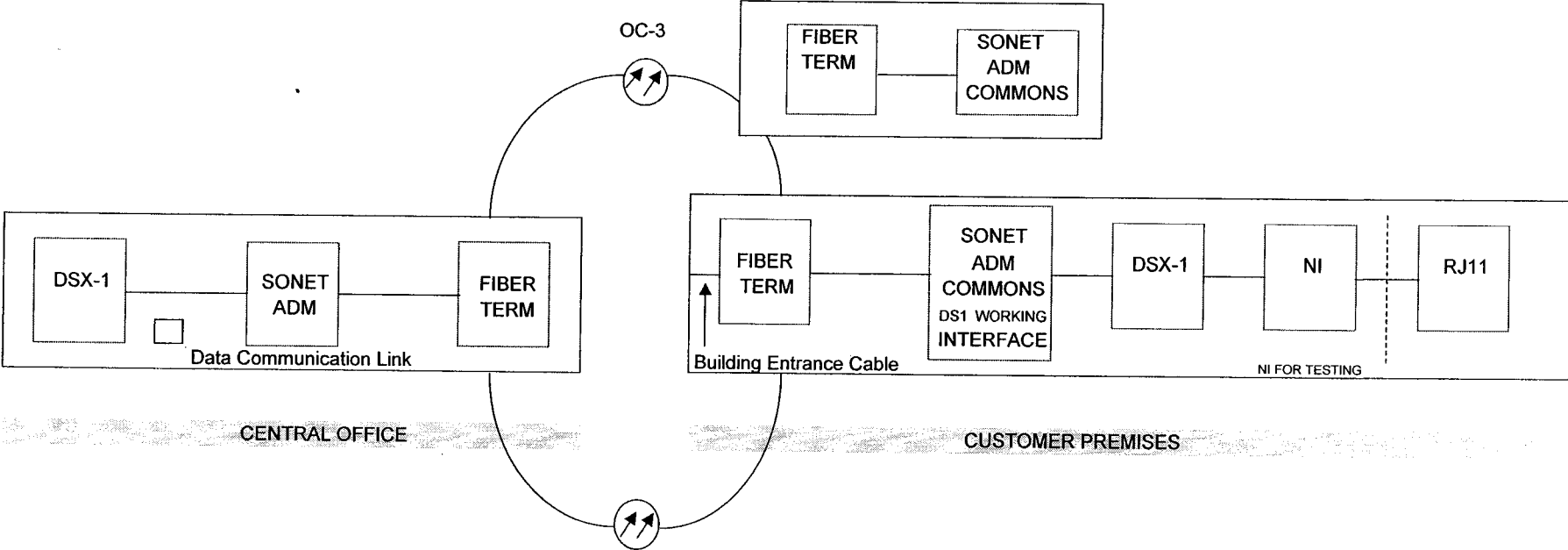
Note 2: This charge is applicable to additional stations subsequently installed in a building.

Note 3: MegaLink® ISDN service, specified in **B107.5** of this Tariff references rates and charges for this rate element. (T)

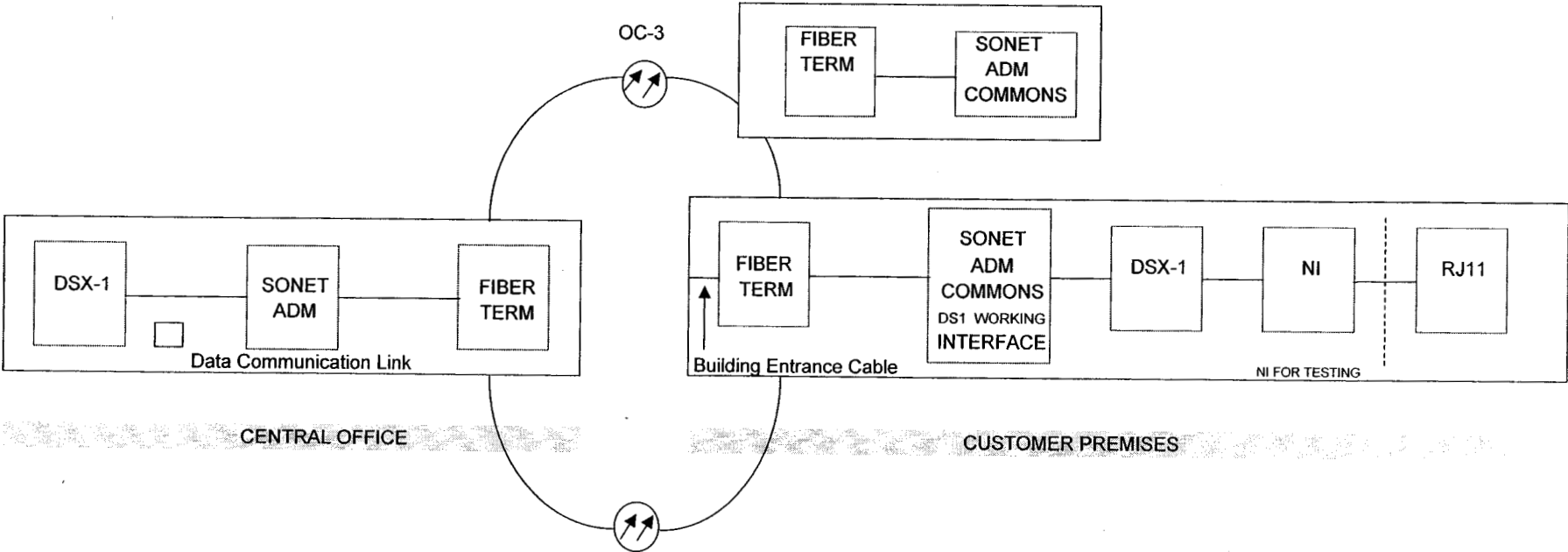
Material previously appearing on this page now appears on page(s) 7 of this section.
Material appearing on this page previously appeared on page(s) 9 of this section.

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MegaLink Local Channel

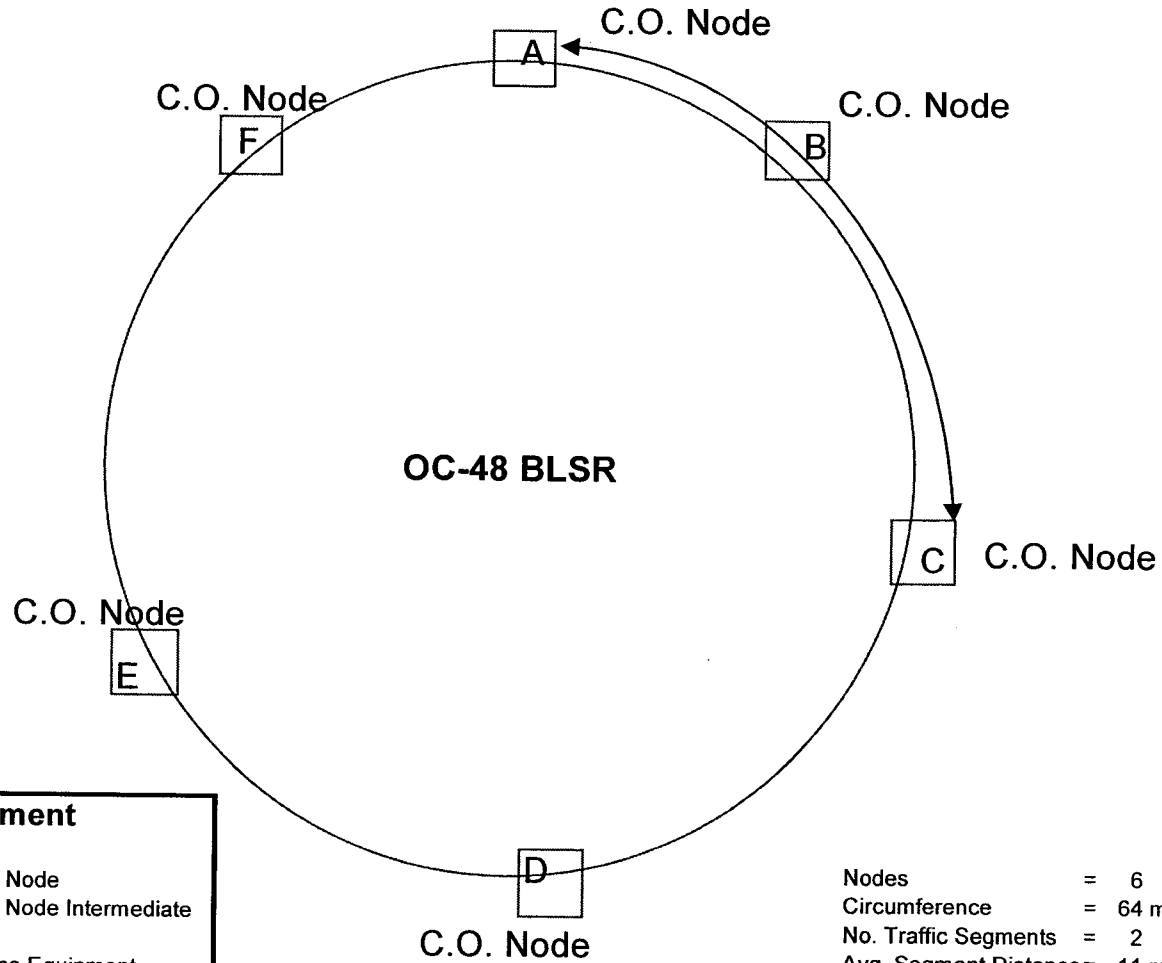


UNBUNDLED 4-WIRE DS1 DIGITAL GRADE LOOP



MegaLink Interoffice Channel

Switch Locations (A) and (C) on the same OC-48 BLSR

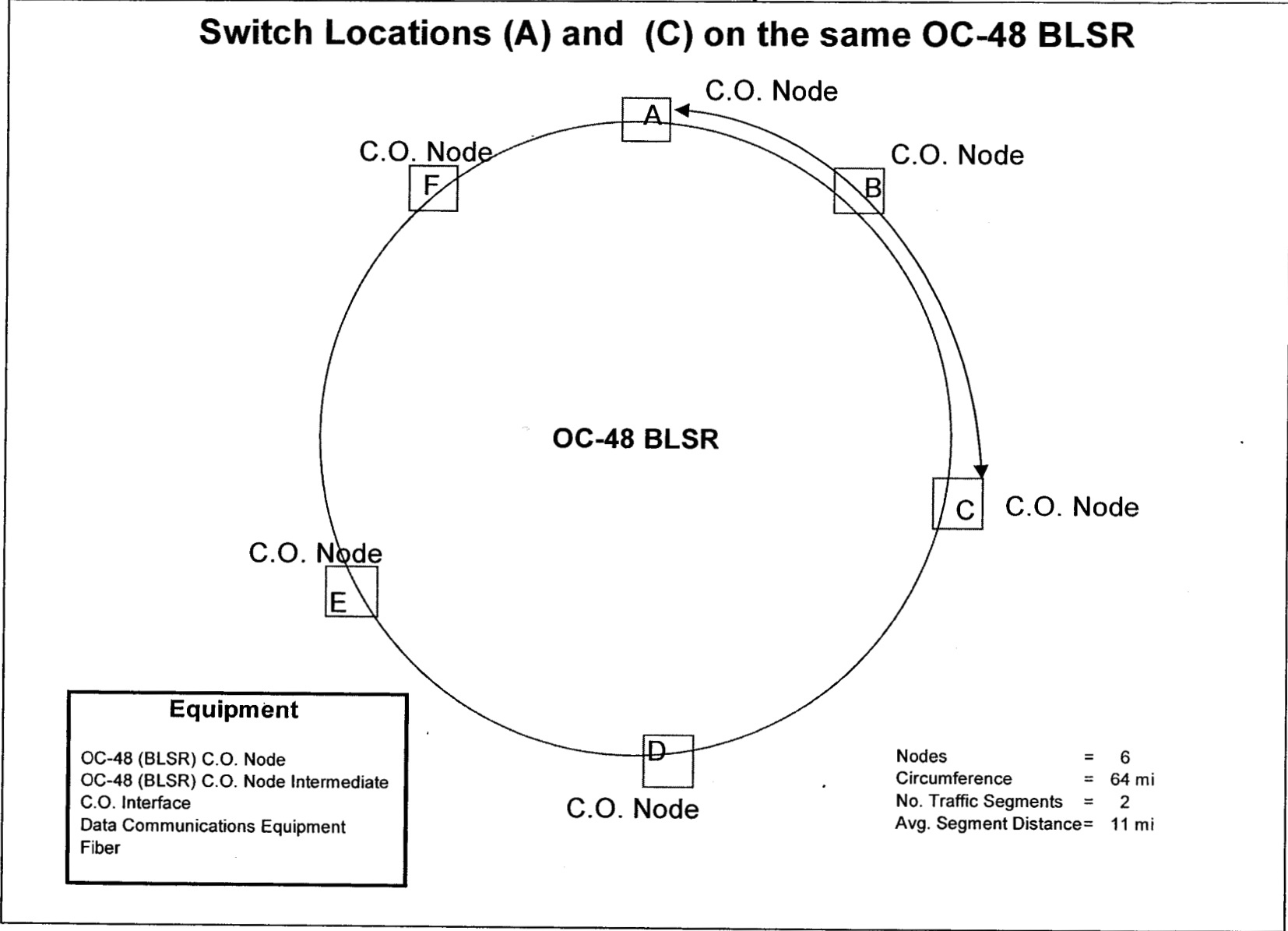


Equipment	
OC-48 (BLSR) C.O. Node	
OC-48 (BLSR) C.O. Node Intermediate	
C.O. Interface	
Data Communications Equipment	
Fiber	

Nodes	=	6
Circumference	=	64 mi
No. Traffic Segments	=	2
Avg. Segment Distance	=	11 mi

DS1 Dedicated Transport

Switch Locations (A) and (C) on the same OC-48 BLSR



FLORIDA PUBLIC SERVICE COMMISSION

DOCKET

NO. 98121-7 EXHIBIT NO. 7

COMPANY/

WITNESS: Milner

DATE: 2-3-99

B2. REGULATIONS¹

(N)

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Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

A TRUE COPY
ATTEST Kay Hegan
Chief, Bureau of Records

B2. REGULATIONS¹

(N)

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Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS¹

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Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

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Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

FLORIDA

ISSUED: July 1, 1996

BY: Joseph P. Lacher, President - FL
Miami, Florida

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.1 Undertaking of the Company

B2.1.1 Scope

- A. Private line service is the provision of Company facilities for communication between specified locations of customers or authorized users.
- B. The Company does not undertake to transmit messages.

B2.1.2 Limitations

In case a shortage of facilities exists at any time either for temporary or protracted periods, the establishment of Exchange and Long Distance Message Telecommunications Service takes precedence over all other services.

B2.1.3 Liability

- A. The services furnished by the Company are subject to the terms, conditions and limitations herein specified and to such particular terms, conditions and limitations as are set forth in other sections of this Tariff applicable to the particular services.
- B. The liability of the Company for damages arising out of mistakes, omissions, interruptions, preemptions, delays or errors or defects in transmissions occurring in the course of furnishing service and not caused by the negligence of the customer, or of the Company in failing to maintain proper standards of maintenance and operating and to exercise reasonable supervision, shall in no event exceed an amount equivalent to the proportionate charge to the customer for the period of service during which such mistake, omission, interruption, preemption, delay, or error or defect in transmission occurs. The Company shall not be liable for damage arising out of mistakes, omissions, interruptions, preemptions, delays, errors or defects in transmission or other injury, including but not limited to injuries to persons or property from voltages or currents transmitted over the service of the Company, (1) caused by customer-provided equipment (except where a contributing cause is the malfunctioning of a Company-provided connecting arrangement, in which event the liability of the Company shall not exceed an amount equal to a proportional amount of the Company billing for the period of service during which such mistake, omission, interruption, preemption, delay, error, defect in transmission or injury occurs), and (2) not prevented by customer-provided equipment but which would have been prevented had Company-provided equipment been used.
- C. The Company shall be indemnified and saved harmless by the customer against:
 - 1. Claims for libel, slander and infringement of copyright arising from the material transmitted over services furnished by the Company;
 - 2. Claims for infringement of patents arising from, combining with, or using in connection with, services furnished by the Company, apparatus and systems of the customer; and
 - 3. All other claims arising out of any act or omission of the customer in connection with the services furnished by the Company.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS

B2.1 Undertaking of the Company (Cont'd)

B2.1.3 Liability (Cont'd)

- D. The Company is not liable for any act or omission of another telephone company or companies furnishing a portion of the service.
- E. The Company does not guarantee nor make any warranty with respect to equipment provided by it for use in an explosive atmosphere. The customer indemnifies and holds the Company harmless from any and all loss, claims, demands, suits or other action, or any liability whatsoever, whether suffered, made, instituted or asserted by the customer or by any other party or persons, for any personal injury to or death of any person or persons, and for any loss, damage or destruction of any property, whether owned by the customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, presence, condition, location or use of said equipment so provided.

The Company may require each customer to sign an agreement as a condition precedent to the provision of such equipment.

- F. The Company is not liable for any defacement of or damage to the premises of a customer or authorized user resulting from the attachment of the Company's instruments, apparatus and associated wiring on such premises or by the installation or removal thereof, when such defacement or damage is not the result of negligence of the Company.

G. Unauthorized Computer Intrusion

The Company's liability, if any, for its willful misconduct is not limited by this section of this Tariff. With respect to any other claim or suit by a subscriber, common carrier, reseller, or any other party for damages caused by, or associated with, any unauthorized computer intrusion, including but not limited to the input of damaging information such as a virus, time bomb, any unauthorized access, interference, alteration, destruction, theft of, or tampering with, a Company computer, switch, data, database, software, information, network or other similar system, the Company's liability, if any, shall not exceed an amount equal to the proportionate charge by the Company for the service for the period during which the service provided by the Company was affected or so utilized.

Each subscriber of the Company shall be responsible for providing appropriate security measures to protect the subscriber's computer, data, or telecommunications network.

H. Transmission of Data

The Company shall not be held liable for any damage, harm or loss of data caused by the subscriber using the Company's voice-grade telephone access lines and/or facilities for the transmission of data. The Company's liability shall be limited to errors or damages to the transmission of voice messages over these facilities, and the liability shall be limited to an amount equal to the proportionate amount of the Company's billing for the period of service during which the errors or damages occur.

I. Errors or Damages Caused by System Date Limitations

The Company's liability for errors or damages resulting from the inability of the Company's systems to process unusual date requirements shall be limited to an amount equal to the proportionate amount of the Company's billing for the period of service during which the errors or damages occur.

J. Unauthorized Devices

The Company shall not be liable or responsible for any damage or harm that may occur as the result of unauthorized devices or the failure of the Company to detect unauthorized devices on the subscriber's line.

B2.1.4 Provision of Services

- A. The Company will furnish, maintain and repair all facilities and equipment necessary for private line service, except that, the customer or authorized user may provide his own terminal equipment or communications systems for use with such service as expressly authorized in 1. through 5. following, or as otherwise authorized in this Tariff.

1. When a private line channel is used for voice communications for the purpose of remote operation of mobile radiotelephone systems, it is contemplated that the customer or authorized user shall provide all station apparatus for such use.

2. When a customer or authorized user elects to provide his own communications system, it is contemplated that the customer or authorized user, except as provided in B2.6.3.A. following, shall provide all station apparatus and associated channels which are a part of the system and which are located on the same premises as the system.

B2. REGULATIONS

B2.1 Undertaking of the Company (Cont'd)

B2.1.4 Provision of Services (Cont'd)

- A. The Company will furnish, maintain and repair all facilities and equipment necessary for private line service, except that, the customer or authorized user may provide his own terminal equipment or communications systems for use with such service as expressly authorized in 1. through 5. following, or as otherwise authorized in this Tariff. (Cont'd)
3. When a private line channel is used for teletypewriter transmission, the teletypewriter equipment may be provided by the customer or authorized user. On a given private line at a given premises, all such equipment must be provided by, (1) the Company or (2) the customer or authorized user. Such equipment must operate at a line signaling speed not to exceed that specified for the channel furnished.
4. When a private line channel is used for data transmission which requires terminal equipment (data sets), such data sets may be provided by the customer or authorized user; except that, the Company shall furnish all data sets, located in Company central offices. Where the customer or authorized user elects to provide his own data set(s) on a given private line, it shall be the responsibility of the customer or authorized user to ensure the continuing compatibility of such data set(s) with the facilities furnished by the Company.
5. When a private line channel is used for transmission purposes other than voice and teletypewriter except as specified in 1., 2., 3. and 4. preceding, it is contemplated that the customer or authorized user will provide the station equipment for such other purposes.

B. Private Line Channels between exchanges capable of using the Local Exchange Network

1. General

When an intraLATA private line channel between exchanges is connected to a device capable of, and for the intention of, completing calls into the local exchange network, there will be an additional Measured or Message charge associated with the flat rate Exchange Service Rate for that device (e.g. the PBX trunk in the case of a PBX). These additional charges are specified in the Local Exchange Company's General Subscriber Service Tariff.

2. Application of Additional Measured or Message Service Charges

Application of additional Measured or Message exchange service charges for channels existing on the effective date of this Tariff will commence March 16, 1986, unless the certification process described in 3. following is met on or before February 8, 1986. For new intraLATA private line channels between exchanges ordered on or after the effective date of this Tariff and terminating for a customer at the same address at which a PBX trunk or other similar exchange service is also provided, that exchange service will automatically be charged additional Measured or Message charges unless the certification process described in 3. following is met. Additional Measured or Message service rates will be applied at the discretion of the Local Exchange Company for exchange services not certified by the process described in 3., following.

3. Certification Process

The certification will be in the form of a written notification to the Company certifying that calls are not completed into the Local Exchange Network over the intraLATA private line channel between exchanges. The notification may be provided (1) on or before February 8, 1986, for service existing on the effective date, (2) at the time new service is ordered or (3) at such time the intraLATA private line channel between exchanges is reterminated to a device not intended to interconnect to the local exchange network. If a written certification is not received at the time an order for service is placed, additional message/measured exchange service charges will apply. Exempt status will become effective on the date certification is received by the Company.

4. Change of Status

The Company will cease billing message/measured exchange service rates when certification that the service has become exempt as set forth in 3., preceding is received.

B2. REGULATIONS

B2.1 Undertaking of the Company (Cont'd)

B2.1.4 Provision of Services (Cont'd)

- C. The Service Installation Guarantee, as set forth in B2.4.17 following, is applicable to specified services offered in this Tariff. The Service Installation Guarantee is applied on a per circuit basis for Private Line services. (M)

The following list identifies some of the individual Private Line services which are eligible for credit of nonrecurring charges under "Service Installation Guarantee" found in B2.4.17 following. (M)

- Commercial Quality Video (M)
- MegaLink[®] Channel Service (M)
- MegaLink[®] ISDN Service (M)
- MegaLink[®] Service (M)
- SynchroNet[®] Service (M)
- Voice Grade Service (Series 2000) (M)

Other services eligible for credit of nonrecurring charges under Service Installation Guarantee provisions are noted in their respective tariff sections. (M)

The following service(s)/service element are not eligible for such credit: (M)

- Custom Network Service (M)
- FlexServ[®] Service (M)

B2.1.5 Special Construction, Equipment and Arrangements

All rates and charges set forth in this Tariff provide for the furnishing of service where suitable facilities are available. Where special construction of channel facilities is necessary, special construction charges may apply as set forth in Section B5. of this Tariff.

B2.1.6 Work Performed Outside Regular Working Hours

The rates and charges specified in this Tariff contemplate that all installation, moves, changes or rearrangements of service be performed during regular working hours. Whenever a customer requests that such work be performed outside the Company's regular working hours or that such work once begun be interrupted, so that the Company incurs cost that would not otherwise have been incurred, the customer may be required to pay, in addition to the other rates and charges specified in this Tariff, the amount of additional costs incurred by the Company as a result of the customer's special requirements.

B2.1.7 Application for Service

- A. Any applicant for service may be required to sign an application form requesting the Company to furnish the service in accordance with rates, charges, rules and regulations as specified in this Tariff.
- B. The Company reserves the right to refuse service to any applicant who is found to be indebted to the Company for service previously furnished until satisfactory arrangements have been made for the payment of all such indebtedness, except that failure to pay for service under this Tariff at a different location and a different telephone number shall not constitute sufficient cause for refusal of residence service or vice-versa.

The Company may also refuse to furnish service to any applicant desiring to establish service for former customers of the Company who are indebted for previous service until satisfactory arrangements have been made for the payment of such indebtedness.

- C. If private line service is established and it is subsequently determined that either condition in B. preceding exists, the Company may suspend or disconnect such service until satisfactory arrangements have been made for the payment of the prior indebtedness.

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.1 Undertaking of the Company (Cont'd)

B2.1.8 Reserved for Future Use

B2.1.9 Telecommunications Service Priority (TSP) System

A. Service Description

1. The Telecommunications Service Priority (TSP) System is a structured coding scheme that prescribes the order in which National Security Emergency Preparedness (NSEP) telecommunications services are installed or restored. TSP service is limited to qualifying state and local governments, the federal government, foreign governments and certain private industry telecommunications services. The Company can only accept orders for TSP service from holders of valid TSP Authorization Codes. TSP Authorization Codes are administered by The Manager, National Communications System (TSP Program Office), Washington, D.C. 20305-2010. The TSP System was developed to support the requirements of the U. S. Government and applies only to NSEP telecommunications services to which the Company is able to apply priority treatment. It requires and authorizes priority action by the Company.
2. Conditions of emergency or crises that cause invocation of NSEP treatment can only be declared by authorized officials of the Federal Government or other officials (Federal or non-Federal) specified by the Manager - National Communications System (NCS) on behalf of the Executive Office of the President of the United States.

B. Service Limitations

1. Priority installation and/or restoration of NSEP telecommunications services shall be provided in accordance with Part 64.401, Appendix A, of the Federal Communications Commission's Rules and Regulations.
In addition, TSP System service shall be provided in accordance with the guidelines set forth in "Telecommunications Service Priority (TSP) System for National Security Emergency Preparedness (NSEP) Service User Manual" (NCS manual 3-1-1 dated July 9, 1990) and "Telecommunications Service Priority (TSP) System for National Security Emergency Preparedness (NSEP) Service Vendor Handbook" (NCS manual 3-1-2 dated July 9, 1990).
2. The customer for the TSP System service must also be the same customer for the underlying Private Line Service with which it is associated.
3. The Company will arrange for the installation and/or restoration of TSP System service upon receipt of the proper certification as specified in 1. preceding.
4. It is the responsibility of the TSP user to provide the TSP Authority Code to the Company with each service request.
5. When performing Priority Installation or Priority Restoration (repair) on TSP-designated services in compliance with the Rules and Regulations cited in 1. preceding, the Company may not be in a position to notify the customer regarding additional labor charges if additional labor is required. The customer recognizes that quoting charges and obtaining permission to proceed with the installation or restoration of service may cause unnecessary delays and grants the Company the right to quote charges after the installation or restoration has been completed.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.1 Undertaking of the Company (Cont'd)

B2.1.9 Telecommunications Service Priority (TSP) System (Cont'd)

C. Rules and Regulations

1. Under certain conditions, it may be necessary to preempt one or more customer services with a lower (or no) restoration priority in order to install or restore NSEP telecommunications service(s). If preemption is necessary and if circumstances permit, the Company will make every reasonable effort to notify the preempted customer of the action to be taken. Credit allowance for service preemption will adhere to the provisions appearing in B2.4.8 of this Tariff.
2. No charge applies when a TSP designation is discontinued.
3. With the exception of credit information, a customer obtaining TSP System service acknowledges and consents to the provision of certain customer service details by the Company to the Federal Government to allow for the proper maintenance and administration of the TSP System. That information includes but is not necessarily limited to:
 - Confirmation of completed TSP service orders directly to the Manager, National Communications System (NCS);
 - Verification of installation and/or restoration priority level assignment(s) with the Manager, NCS;
 - Reconciliation of TSP service information with the Manager, NCS, or the customer (prime service vendor).

D. Definitions

National Communications System (NCS)

The NCS is established under the Executive Office of the President of the United States and is responsible for the day-to-day operations of the TSP System. This includes maintaining a twenty-four hour point-of-contact to handle emergency provisioning requests, assigning priority levels and Authorization Codes and maintaining data on TSP assignments.

National Security Emergency Preparedness (NSEP) Services

NSEP services are telecommunications services that are used to maintain a state of readiness or to respond to and manage any events or crises (local, national or international) which causes or could cause injury or harm to the population, damage to or loss of property, or degrade or threaten the NSEP posture of the United States.

Prime Vendor

The service vendor from whom the service user or its authorized agent orders service.

Priority Installation (PI)

Provisioning, on a priority basis, of a new TSP service authorized as so urgent that it must be provided earlier than the Company's standard provisioning interval.

Priority Restoration (PR)

Restoration, on a priority basis, of an existing TSP service for which any interruption would have serious adverse impact on the supported NSEP function.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS¹

(N)

B2.1 Undertaking of the Company (Cont'd)

B2.1.9 Telecommunications Service Priority (TSP) System (Cont'd)

D. Definitions (Cont'd)

Subcontractor

The service vendor from whom the prime vendor obtains service for the completion of the prime vendor's end-to-end service.

Telecommunications Service Priority (TSP) System

TSP is a structured coding scheme that establishes the order in which NSEP services are to be installed or restored in the event of an emergency. The TSP System was developed to ensure priority treatment of the nation's most important telecommunications services.

TSP Authorization Code

A twelve character code that identifies an NSEP TSP service and denotes the order in which that service is to be provisioned (installed) and/or restored.

E. TSP Rate Categories

1. There are two basic rate categories which apply to TSP System service:
 - a. Priority Installation
 - b. Priority Restoration
 - Level Implementation
 - Level Change
 - Maintenance/Administration
2. Certain activities associated with the TSP System are included in the rate elements as follows:
 - a. Priority Installation includes order coordination.
 - b. Priority Restoration includes system development, verification and confirmation.

F. Rates and Charges

1. The following rates and charges are in addition to all other rates and charges that may be applicable for other services furnished in conjunction with TSP service:
 - a. Priority Installation (PI)²
 - (1) Per circuit

	Nonrecurring Charge	Monthly Rate	USOC
(a) Prime vendor	\$83.00	\$-	PIAPX
(b) Subcontractor	83.00	-	PIASX

b. Priority Restoration (PR), per circuit

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

Note 2: Regulations, rates and charges for Expedited (Emergency or Essential) service are the same as those set forth in B2.4.13.B. following for the private line services for which PI is required.

FLORIDA
ISSUED: July 1, 1996
BY: Joseph P. Lacher, President - FL
Miami, Florida

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.1 Undertaking of the Company (Cont'd)

B2.1.9 Telecommunications Service Priority (TSP) System (Cont'd)

F. Rates and Charges (Cont'd)

1. The following rates and charges are in addition to all other rates and charges that may be applicable for other services furnished in conjunction with TSP service: (Cont'd)

b. Priority Restoration (PR), per circuit (Cont'd)

(1) Level Implementation

	Nonrecurring Charge	Monthly Rate	USOC
(a) Prime vendor	\$64.00	\$-	PR5PX
(b) Subcontractor	64.00	-	PR5SX
(2) Level Change			
(a) Prime vendor	64.00	-	PR8PX
(b) Subcontractor	64.00	-	PR8SX
(3) Maintenance/Administration			
(a) Prime vendor	-	3.00	PR9PX
(b) Subcontractor	-	3.00	PR9SX

B2.1.10 Reserved for Future Use

B2.1.11 Reserved for Future Use

B2.1.12 Reserved for Future Use

B2.1.13 Reserved for Future Use

B2.1.14 Reserved for Future Use

B2.1.15 Reserved for Future Use

B2.1.16 Application Testing

The Company makes no warranties with respect to the performance of certain services for any and all possible customer applications which may utilize these services. The Company will provide a limited amount of such service(s) subject to the conditions specified in A. and B. following. Such service is to be utilized without charge in an initial application test with a customer for no longer than 60 days from the date of installation. The purpose of an application test is to determine the appropriateness of that specific service(s) for that specific application prior to the customer placing a firm order for such service(s).

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.1 Undertaking of the Company (Cont'd)

B2.1.16 Application Testing (Cont'd)

- A. Additional regulations for tariffed services that may be used in an application test are listed in the specific tariff section for that service. Services to be provided in an application test are subject to the availability of facilities and equipment as determined by the Company.
- B. Services that are utilized in an application test with a customer may be provided without charge for an application test period of up to sixty days. Such service is provided by the Company for the specific purpose of conducting an application test with a customer and is not intended to be utilized as a substitute for temporary service.
 - 1. Upon completion of the application test where the customer determines that the performance of the services utilized are unacceptable for the application, the application test service will be removed without charge to the customer.
 - 2. Upon completion of the application test where the customer determines that the performance of the services utilized are acceptable for the application and no changes to the test service configuration are required, the customer will be billed the appropriate nonrecurring charges for the test service and monthly billing will begin at that time.²
 - 3. Upon completion of the application test where the customer determines that the performance of the services utilized are acceptable for the application, however, the test service configuration must be changed, the customer shall be responsible for both the appropriate nonrecurring charges for the application test service plus all appropriate charges for the rearrangement of the service. Monthly billing shall begin for the rearranged service.²

B2.2 Use

B2.2.1 Users

A private line service may be used for one or more of the purposes specified in A. through H. following.

- A. For the transmission of communications to or from the customer and relating directly to the customer's business. No one may be a customer for a private line service who does not have a communication requirement of his own for its use except as provided in C. and G. following.
- B. For the transmission, to all stations simultaneously, of communications which relate directly to matters of common interest to the customer and the authorized users, when those connected to the service are all in the same general line of business;
- C. For the transmission of communications relating directly to the business of a subsidiary corporation over which the customer exercises control through the ownership of more than 50% of the voting stock;

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

Note 2: Any additional service requested to be installed upon completion of the application test shall be subject to standard tariff nonrecurring charges and rates as set forth in each service tariff.

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.2 Use (Cont'd)

B2.2.1 Users (Cont'd)

- D. For the transmission of communications to or from any station on a service furnished to a Department or Agency of the United States Government when the head of the Department or Agency, or his duly authorized representative, notifies the Company in writing that the use is intended only for official United States Government business;
- E. Where the customer is an organized stock or commodity exchange, for the transmission of communications to or from an exchange member located on the floor of such exchange and relating directly to the business of the member.
- F. Where the use of the service relates to coordination or exchange of pooled electrical power, for the transmission of communications between any two or more stations of such service or similar services furnished to others who are parties to the coordinating or exchange arrangement;
- G. For the transmission of communications to, from, within and between air carriers, where the customer is an aeronautical communications company licensed under the Aviation Services rules of the Federal Communications Commission to operate stations in the aeronautical mobile and fixed services; or
- H. For the transmission of communications to or from any station on a service furnished to the United States Postal Service for its use in the provision of its Facsimile Mail Service.

B2.2.2 Unlawful Purposes

The service is furnished subject to the condition that it will not be used for any unlawful purpose. Service will be discontinued if any law enforcement agency, acting within its apparent jurisdiction, advises in writing that such service or channels are being used in violation of law. The Telephone Company will refuse to furnish service when it has reasonable grounds to believe that such service will be used in violation of law.

B2.2.3 Use by Others

- A. Private line service shall not be used for any purpose for which payment or other compensation shall be received by either the customer or any authorized user, or in the collection, transmission, or delivery of any communications for others, except as provided in B2.2.1.F. and G. preceding. This provision does not prohibit an arrangement between the customer and the authorized user to share the cost of the private line service.
- B. Private line services are furnished for use between two or more designated premises. The services are intended only for communications in which the customer or an authorized user has a direct interest.
- C. Any entity intending to resell private line services must be certificated by the Florida Public Service Commission as an Alternative Access Vendor (AAV) for intraexchange services, and as an AAV or Interexchange Carrier (IC) for interexchange services. Those entities certificated as an AAV or IC may resell private line services only by purchasing the like service from Section E7., Dedicated Access Services, of the Company's intrastate Access Service Tariff. Any entity certificated as an AAV or IC may purchase and resell a Local Exchange Company's (LEC's) private line service only between affiliated entities.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS

B2.2 Use (Cont'd)

B2.2.3 Use by Others (Cont'd)

- D. Alternative Access Vendors (AAVs) can resell a special access service which is part of a dedicated interexchange private line between affiliates, and a special access service to an ICs switched network without affiliate restriction. In addition, an IC can resell an interexchange private line service under its existing IC certificate with no affiliate restriction, provided the LEC provides the local channel (LC) on each end of the private line service. However, if an IC utilizes an AAV to provide the LCs, the affiliate restrictions will apply.
- E. Most services specified in this Tariff are available for resale, except as otherwise noted by the Florida Public Service Commission and in the Alternative Local Exchange Carriers' (ALECs) resale agreements, by the ALECs and subject to the terms and conditions specified in this Tariff.

B2.2.4 Reserved for Future Use

B2.2.5 For Different Types of Transmission on a Simultaneous Basis

A private line may be used for different types of transmission simultaneously as provided in A. through C. and B2.2.6 following in accordance with the normal transmission characteristics of such a private line.

- A. When used for the remote operation of a mobile radiotelephone system, it may be used simultaneously for voice communication and to transmit more than one tone in sequence or simultaneously for control purposes.
- B. When used for control, metering or signaling purposes, it may be used to transmit more than one tone in sequence or simultaneously for such purposes.
- C. When used for alternate voice and data transmission and arranged for duplex operation, it may be used for voice transmission in one direction and data transmission in the other direction simultaneously.

B2.2.6 Channel Derivation

Additional channels may be created from a channel provided for private line service use as provided in A. and B. following:

- A. Customers or authorized users by use of their own equipment, and in accordance with the normal transmission characteristics of the private line, may create additional channels from channels furnished by the Company if the channels are furnished by the Company for, and if the channels thus created are used for (1) remote operation of mobile systems or (2) remote metering, supervisory control or signaling purposes;
- B. Customers or authorized users by use of their own equipment, and in accordance with the normal transmission characteristics of the grade of channel ordered may create additional channels for any type of communication, except as specified in A. preceding, by subdividing:
 - 1. A channel of a type number lower than Series 5500 or a Series 10001 channel
 - 2. A Series 5000, utilizing the following service terminals or intraexchange wideband channel:
 - a. Type 5701
 - Where provided for the transmission of data signals at a rate of 40.8 kilobits per second in sequence.
 - Where provided for the transmission of sequential synchronous signals at a rate of 50 kilobits per second.
 - b. Type 5703

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.2 Use (Cont'd)

B2.2.6 Channel Derivation (Cont'd)

- B. (Cont'd)
2. A Series 5000, utilizing the following service terminals or intraexchange wideband channel: (Cont'd)
 - b. Type 5703 (Cont'd)
 - Where provided for the transmission of sequential synchronous digital data signals at a rate of 19.2 kilobits per second.
 3. However, such channels may not be created from a private line utilizing Types 1001, 1101, 1002, 1102, 5101, 5102, 1205.
- C. The use of equipment provided by customers or authorized users to create additional channels from channels furnished by the Telephone Company is subject to the regulations contained in B2.6.1 and B2.6.2.A. and B2.6.2.B. following.
- D. The Company makes no representation as to the suitability of the channels provided by it for such subdivision into additional channels by such equipment.

B2.2.7 Connections Involving Private Line Services

Connections involving private line service may be made as authorized in B2.1.4 preceding and B2.6 following.

B2.2.8 Reserved for Future Use

B2.3 Obligations of the Customer

B2.3.1 Customer Responsibilities

The customer shall be responsible for:

- A. Establishing his identity in the course of any communication as often as may be necessary;
- B. Establishing the identity of the person or persons with whom connection is made at the called station;
- C. Damage, loss or destruction of any of the Company's apparatus due to the negligence or willful act of the customer or authorized user and not due to ordinary wear and tear or to fire or other causes beyond the control of the customer, the customer shall be responsible for the cost of replacing the apparatus destroyed or for the cost of restoring the apparatus to its original condition;
- D. The provision of power, space and supporting structures required to operate the Company services installed on the premises of the customer or authorized user.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.3 Obligations of the Customer (Cont'd)

B2.3.1 Customer Responsibilities (Cont'd)

- E. The provision, installation and maintenance of sealed conduit with explosive-proof fittings between equipment in explosive atmospheres and points outside the hazardous area where connection may be made with regular facilities of the Company, and may be required to install and maintain equipment within the hazardous area if, in the opinion of the Company, injury or damage to Company employees or property might result from installation or maintenance by the Company;
- F. Obtaining permission for Company agents or employees to enter the premises of the customer or authorized user at any reasonable hour for the purpose of installing, inspecting, repairing or, upon termination of the service, removing the facilities of the Company; and
- G. Making Company facilities available periodically for maintenance purposes at a time agreeable to both the Company and the customer. No allowance will be made for the period during which the service is interrupted for such purposes.

B2.3.2 Rearrangements and Repairs

A customer or authorized user may not rearrange, disconnect, remove or attempt to repair or permit others to rearrange, disconnect, remove or attempt to repair any apparatus or wiring installed by the Company, except upon the written consent of the Company.

B2.3.3 Transfer of Service

Service previously furnished one customer may be assumed by a new customer upon due notice of cancellation or in case of abandonment, provided there is no lapse in service. Transfer of service charges² are appropriate as set forth in Section A2. of the General Subscriber Service Tariff.

B2.4 Payment Arrangements and Credit Allowances

B2.4.1 Payment of Charges and Deposits

- A. The customer is responsible for payment of all charges for services furnished the customer in accordance with the Company's regular billing and collection practice.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

Note 2: Above charge does not apply if transfer of service or reconnection of left in facilities is made coincident with transfer or connection of left-in exchange service for which service charges apply.

FLORIDA

ISSUED: July 1, 1996

EFFECTIVE: July 15, 1996

BY: Joseph P. Lacher, President - FL
Miami, Florida

B2. REGULATIONS¹

(2)

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.1 Payment of Charges and Deposits (Cont'd)

- B. Applicants for service who have no account with the Company or whose financial responsibility is not a matter of general knowledge, may be required to make an advance payment at the time an application for service is placed with the Company, equal to the service connection or installation charges, if applicable, and at least one month's charges for the service provided. In addition, where the furnishing of service involves an unusual investment, applicants may be required to make payment in advance of such portion of the estimated cost of the installation or construction as is to be borne by them. The amount of the advance payment is credited to the customer's account as applying to any indebtedness of the customer for the service furnished.
- C. The Company may, in order to safeguard its interests, require an applicant or customer to make such deposit as the Company deems suitable to be held by the Company as a guarantee of the payment of charges. The fact that a deposit has been made in no way relieves the applicant or customer from complying with the Company's regulations as to advance payments or the prompt payment of bills on presentation. At such time as the service is terminated the amount of the deposit is credited to the customer's account and any credit balance which may remain is refunded. At the option of the Company such a deposit may be refunded in all or part or credited to the customer at any time prior to the termination of the service. In case of a cash deposit, interest is paid at the rate of 6% per annum to begin and run from the date said deposit is made except that, no interest shall apply on a deposit unless the deposit and the service have been in existence for a continuous period of six months.
- D. The Company reserves the right to increase the deposit requirement when in its judgment the conditions justify such action.
- E. Effective April 1, 1996, a charge of \$20.00 or 5 percent of the face value of the check, whichever is greater, will apply whenever a check or draft presented for payment for service is not accepted by the institution on which it is written.² For a check or draft written prior to this date, a charge of \$15.00 will apply.
- F. A Late Payment Charge of 1 1/2% applies to each customer's bill when the previous month's bill (including amounts billed in accordance with the Company's Billing and Collections Services Tariff) has not been paid in full prior to the next billing date. The 1 1/2% charge is applied to the total unpaid amount carried forward and is included in the total amount due on the current bill. Late payment charges to governmental entities shall be the maximum allowed by law but no more than 1 1/2% per month.
- G. At the option of the customer, all nonrecurring charges associated with an order for service may be billed over a three month period subject to the following:
- 50% of the total nonrecurring charges will be billed in the first monthly billing period after the charges are incurred, and 25% of the total nonrecurring charges plus an Extended Billing Plan Charge will be billed in each of the following two monthly billing periods.
 - The Extended Billing Plan Charge is calculated at a rate of 1.0% per month or 12% annually, on the unbilled balance of the nonrecurring charges.
 - If the customer disconnects service before the expiration of the plan period, all unbilled charges plus the Extended Billing Plan charge, if applicable, will be included in the final bill rendered.
 - If the customer fails to make any of the payments prior to the next billing date these late payment charges as specified in F. preceding will apply.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

Note 2: Nonpayment of this charge will not constitute sufficient cause for interruption or cancellation of service.

B2. REGULATIONS¹

(N)

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.2 Cancellation for Cause

- A. The Company by written notice to the customer may immediately discontinue the furnishing of private line service without incurring any liability upon:
1. Nonpayment of any sum due the Company, or,
 2. A violation of any condition governing the furnishing of service.

B2.4.3 Minimum Service Period and Fractional Rates and Charges

- A. The minimum period for which service is furnished is one month unless otherwise specified, except when the cost of special construction is such as to necessitate a longer contract period or where basic termination charges apply. The minimum period for SMARTRing[®] service is twelve months.
- B. When monthly rates are specified, the minimum charge will be for one month. If the period of use exceeds one month, the charges for the fractional part of a month following and consecutive with a full month will be a part of the monthly charge based on the proportion that the actual number of days service is furnished bears to 30 days.
- C. When rates involve a fraction of a cent, the fraction is carried throughout the computation of charge. When the computed charge includes a fraction of a cent, fractions of one-half cent or more are treated as one cent and fractions of less than one-half cent are disregarded.

B2.4.4 Cancellation of Application for Service

- A. Where the applicant cancels an application for service prior to the start of special construction of facilities, no charge applies.
- B. Where special construction of facilities has been started prior to the cancellation and to the extent there is another requirement for the specially constructed facilities, no charge applies.
- C. Where special construction of facilities has been started prior to the cancellation, and there is no other requirement for the specially constructed facilities, a charge equal to the costs incurred in the special construction, less net salvage, applies, except that, where one or more, but not all, of the services involved in the special construction are cancelled, a charge equal to the charge for discontinuance of such services applies instead. Such charge is determined as set forth in Section B5. In determining the charge, each cancelled service is treated as discontinued as of the date on which it was to have been placed in service.
- D. Special construction of facilities for a customer is considered to have started when the Company incurs any expense in connection therewith or in preparation therefor which would not otherwise have been incurred, provided:
1. The customer has advised the Company to proceed with the special construction, and
 2. The Company has advised the customer that, in accordance with his order, it is commencing the special construction.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.4 Cancellation of Application for Service (Cont'd)

- E. When equipment has been ordered for the specific needs of a customer and the installation thereof is unduly delayed by or at the request of the customer, appropriate charges apply for such equipment for the period of the delay.
- F. When a customer requests a change in location of all or a part of the facilities covered by his application for service or requests for additions, rearrangements or modifications of his existing service and equipment prior to completion of the work involved, he is required to pay the difference between the total costs and expenses incurred by the Company in completing the work involved and that which would have been incurred had the final location of the facilities been specified initially.
- G. When a customer cancels an order for SMARTRing[®] service prior to the beginning of the selected service period, the customer will be liable for all installation costs incurred by the Company in provisioning the SMARTRing[®] service, as of the date of the order is cancelled by the customer. The charges billed to the customer will not exceed an amount equal to the minimum period for the service as set forth in B2.4.3 of this Tariff at the month-to-month rates set forth in Section B7. of this Tariff. Such charges will be billed in addition to and subsequent to the cancellation charges set forth in B. preceding.

B2.4.5 Change in Service Arrangements

- A. When a change in service arrangement involves the continued use by the customer of services furnished by the Company, installation charges, as provided in this Tariff do not apply to the services continued in use. Continued use of the service is considered to exist where:
 - 1. The service arrangement or a portion of the service arrangement is reused on an existing service or to establish a new service for the same customer, or,
 - 2. The service arrangement or a portion of the service arrangement remains in tact when the customer, as defined herein, is changed due to corporate merger or outright purchase, or,
 - 3. The portion of the service arrangement connecting an authorized user's premises to a customer's service is transferred to a service of another customer, and provided that;
 - a. There is no break in the continuity of the service, and
 - b. No retermination or change of the services provided at the customer's or authorized user's premises, or at the Company central office takes place.
- B. The minimum service period for the services continued in use is determined from the date of initial installation thereof.

B2.4.6 Suspension of Service

Private Line service may not be suspended in lieu of cancellation.

B2.4.7 Reserved for Future Use

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

FLORIDA

ISSUED: July 1, 1996

BY: Joseph P. Lacher, President - FL
Miami, Florida

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.8 Allowance for Outages

- A. When service is out of operation due to causes other than the negligence of the customer, or to the failure of facilities furnished by the customer, a credit allowance will be made upon request as set forth in B. through E. following for the portion of the service which is affected. For the purpose of determining the amount of allowance every month is considered to have 30 days and only those stations affected by the outage shall be considered in determining the number of stations affected. Long distance message telecommunications service furnished at the customer's request, when his service utilizing an interoffice channel is out of service is charged for at the regular rates for long distance message telecommunications service. An outage period starts when the customer reports the outage to the Company, and ends when the service is operative.
- B. When service utilizing Series 5000 channels is out of service for a period of two hours or more, credit is allowed for the portion of the service affected by the outage, in hourly multiples for each hour or major fraction thereof, of outage as follows.
1. For items other than Base Capacity, credit is allowed in the proportion that the period of outage bears to the hours in a month.
 2. For each of the types of Base Capacity, credit is computed separately for each two-point section affected.
 - a. Where the Base Capacity is furnished for use as a single channel, credit is allowed as in 1. preceding.
 - b. Where the Base Capacity is furnished for use as individual channels of lesser individual capacity.
 - (1) If the equivalent voice grade channels that are out of service in a section are less than 50 percent of the total equivalent voice grade channels arranged for use in the section, no credit is allowed.
 - (2) If the equivalent voice grade channels that are out of service in a section are 50 percent or more of the total equivalent voice grade channels arranged for use in the section, credit is allowed as in 1. preceding.
- C. When service utilizing Series 5700 channels is out of service for one hour or more, credit is allowed for a proportionate part of the monthly charge for the portion of the services affected by the outage, in hourly multiples for each full hour or major fraction thereof of outage.
- D. For Commercial Quality Video or for service utilizing channels of Series 1000, 2000 or 6000, no credit is allowed for outage to service of less than thirty minutes. Outages of thirty minutes or over are credited to the customer at the proportionate monthly charge in half-hour multiples for each half-hour or major fraction thereof of outage.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.8 Allowance for Outages (Cont'd)

- E. No credit allowance will be made for outages of a service due to the failure of equipment or systems provided by the customer or others.
- F. For Self-healing Multi-nodal Alternate Route Topology Ring (SMARTRing[®]) service, a credit for a service outage shall apply when any one failure of the Company's equipment occurs resulting in a service outage of the entire system and the system does not automatically self-heal around the point of failure within two and one half (2.5) seconds. No credit shall apply unless the customer reports the service outage to the Company and the trouble is found in the Company equipment based on information provided by the network surveillance system associated with the service. The credit shall equal the total of all the monthly charges for the service provided, however, no more than one credit shall apply per any given rate element for any given month regardless of the number of outages occurring during that month.

For service outages of less than the entire system resulting from a failure of the Company's equipment for SMARTRing[®] service where the system does not automatically self-heal around the point of failure, credit shall be allowed only for an outage of 30 minutes or more. The credit will begin when the customer reports the outage to the Company. This credit shall be at the rate of 1/1440 of the total monthly charges assessed for that portion of the service that is out of operation for each period of 30 minutes or major fraction thereof that the outage continues.

Credit allowances will not apply if service is out of operation during customer requested upgrades and/or additions to the SMARTRing[®] service or during customer requested rearrangements.

B2.4.9 Optional Payment Plan

A. Channel Services Payment Plan

1. General

- a. The regulations specified herein are applicable to specific facilities as indicated in the Section B7. Digital Network Service of this Tariff for channel services.
- b. Facilities furnished under the Channel Services Payment Plan (CSPP) are subject to all general regulations applicable to the provision of service by the Company as stated elsewhere in this Tariff except as noted herein.
- c. The CSPP is a payment plan which allows customers to pay fixed or variable rates for channel service equipment and facilities over variable contractual payment periods. A specific monthly rate applies for the duration of each period as follows, or as specified otherwise in this Tariff.
 - (1) 36 month Term Payment Plan - payment periods may be selected from 24 months to 48 months in length, at 36 month rates and charges.
 - (2) 60 month Term Payment Plan - payment periods may be selected from 49 months to 72 months in length, at 60 month rates and charges.
 - (3) 84 month Term Payment Plan - payment periods may be selected from 73 months to 96 months in length, at 84 month rates and charges.
- d. When the customer extends service beyond a 96 month service period, the 84 month Term Payment Plan (or the longest available tariffed service period) rates will apply.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS¹

(N)

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.9 Optional Payment Plan (Cont'd)

A. Channel Services Payment Plan (Cont'd)

1. General (Cont'd)

e. When the customer orders service to be provided under a CSPP arrangement, the customer must designate to the Company the payment plan and the service period desired, e.g. 84 month Term Payment Plan and 96 months.

2. Application of Rates and Charges

a. Rates stabilized under a CSPP arrangement are exempt from Company-initiated increases. However, decreases for any rate element will automatically flow through to the customer.

b. In the event that all or any part of a service is disconnected at customer request prior to expiration of any selected payment period of greater than one month's duration, the customer will be required to pay a termination charge as stated in that service's section of this Tariff.

c. When customers renew or change the length of their payment period, the rates applicable for the new period are those currently in effect at the time of the renewal or change in the length of the payment period. A service order charge will not be applicable for such renewals or changes to the payment period.

d. Recurring rates and installation, termination, service establishment, Service Connection and other nonrecurring charges apply according to the appropriate schedules for services offered as associated items to Channel Services, and are filed elsewhere in this Tariff.

e. Customer requests for inside moves of service will not affect the contract period.

f. A change in jurisdiction will not constitute a disconnect of service provided the new CSPP arrangement is a minimum 24 month service period or equals/exceeds the remaining service period, whichever is greater, provided the new CSPP arrangement is for the same customer at the same location for the same capacity service.

3. Additions

a. Additions of services or rate elements for activating spare or unused capacities of a service under a CSPP arrangement will be considered part of the existing CSPP arrangement.

b. Additions of services or rate elements, i.e. new local channels, interoffice channels, etc., other than for activating spare or unused capacities, must be under a new CSPP arrangement at rates and charges as specified in 2. preceding.

c. Termination charges for premature disconnection of added contractual services will apply as set forth under Disconnects as stated in 4. following.

d. Additions under CSPP are exempt from Company-initiated rate changes for all payment periods longer than one month. However, decreases for any rate element will automatically flow through to the customer.

e. Nonrecurring charges, as specified in this Tariff, will apply to the added channel services.

f. Additions of SMARTRing[®] service rate elements must be ordered as described in B7.7 of this Tariff.

4. Disconnects

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.9 Optional Payment Plan (Cont'd)

A. Channel Services Payment Plan (Cont'd)

4. Disconnects (Cont'd)

- a. When a service or rate element, included under a CSPP arrangement, is disconnected prior to expiration of the selected service period, termination liability charges apply as set forth in the rate regulations in this Tariff for such service. Remaining services or rate elements will not be affected by such disconnections.
- b. When a tariffed service under a CSPP arrangement is disconnected prior to the expiration of a selected service period as a result of a change of tariff jurisdiction and/or a customer requested change to a higher order of a separately tariffed service, termination liability charges will not apply when:
 - the completed service period is twelve months, or twenty-five percent of the length of the originally selected CSPP service period, whichever is greater, and
 - the service period of the new CSPP arrangement for the higher order of service is a minimum 24 month service period or equals/exceeds the remaining service period of the disconnected arrangement, whichever is greater, and
 - the service orders to install the new higher order of service and disconnect the old service are related together and there is no lapse in service between installation of the higher order of service and disconnection of the existing service, and
 - the service orders are for the same customer at the same location.

For the purposes of determining a higher order of service, the following ranking will be used (Analog = lowest, SMARTRing[®] Service = highest):

Analog Voice Grade Services
SynchroNet[®] Service
MegaLink[®] Service/MegaLink[®] Channel Service
MegaLink[®] Plus Service
MegaLink[®] ISDN¹ Service/BellSouth[®] Primary Rate ISDN²
SMARTPath[®] Service
LightGate[®] Service
SMARTRing[®] Service

5. Moves of Equipment

- a. The appropriate nonrecurring charges for inside moves for items associated with channel services as specified in this and other Tariffs are applicable. This type movement will not affect the contract period.
- b. Customer requests for moves of service(s) under CSPP, other than inside moves, will be subject to the conditions stated in 11. following.

Note 1: MegaLink[®] ISDN service obsoleted 10/02/96. (See Section B107.)

Note 2: BellSouth Primary Rate ISDN is located in Section A42 of the General Subscriber Services Tariff

[®]Registered Service Mark of BellSouth Corporation
[®]BellSouth is a registered trademark of BellSouth Corporation

B2. REGULATIONS

(T)

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.9 Optional Payment Plan (Cont'd)

A. Channel Services Payment Plan (Cont'd)

6. Requests for Changes in Length of Optional Payment Period

(M)(T)

a. Subsequent to the establishment of a contract with a CSPP period, and prior to the completion of that period, the existing payment period may be replaced by:

- (1) A currently offered payment period at the current rates, with a length equal to or longer than the time remaining in the existing service agreement, subject to the following conditions:
 - No credit will be given for payments made during the formerly selected period.
 - The new payment period begins with the new CSPP effective date.
 - No termination charge applies for the remaining portion of the former payment period.
 - Nonrecurring charges will not be reapplied.
 - A service order charge will not apply.
- (2) A currently offered payment period at the current rates, with a length shorter than the time remaining in the existing service agreement, subject to the following conditions:
 - No credit will be given for payments made during the formerly selected period.
 - The new payment period begins with the new CSPP effective date.
 - A termination charge applies for the remaining portion of former payment period.
 - Nonrecurring charges will not be reapplied.
 - A service order charge will not apply.

7. Renewal Options

a. The customer has the following renewal options:

- (1) Prior to completion of the current payment period, any period available under the CSPP may be selected at the rates in effect for new customers at the time of the renewal. The customer will be charged the current rate for the newly selected payment period, commencing the day following completion of the prior payment period.
- (2) Service may be continued on a month-to-month basis at the current rate for the one-month payment period, unless otherwise specified in this Tariff. The customer has no additional service commitment and, consequently, when service is terminated will not be subject to any termination charge. The one month service will be subject to Company-initiated rate adjustments when approved by the appropriate regulatory authority.
- (3) If the customer does not elect an additional payment period or does not request discontinuance of service, service will be continued at the monthly rate currently in effect for the month-to-month payment rate, under the terms specified in (2) preceding.

b. Service connection charges are not applicable for services renewed under the CSPP. Any new channel equipment and/or facilities added to a customer's network at the time of renewal will be subject to all appropriate service connection charges and other nonrecurring charges.

B2. REGULATIONS¹

(N)

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.9 Optional Payment Plan (Cont'd)

A. Channel Services Payment Plan (Cont'd)

7. Renewal Options (Cont'd)

- c. The Company may discontinue or change any or all renewal options with approval of the appropriate regulatory authority.
- d. When a customer renews a CSPP arrangement, the rates and charges in effect on the first day of service of the renewal will apply.
- e. Recognition of previous service will be given to customers who renew an existing CSPP arrangement, for the same or larger system(s) and all associated rate elements at the same location(s), provided that the length of the new CSPP arrangement is a minimum 24 month service period or equals/exceeds the remaining service period of the original CSPP arrangement, whichever is greater. An example of a larger system is the renewal of a LightGate[®] 1 System service with a LightGate[®] 2 System service.
- f. Recognition of previous service will be given to month-to-month customers with a service date of January 1, 1994 or later who convert to a CSPP arrangement, provided the minimum service period has been met. For customers whose service date is January 1, 1994 or earlier, recognition will be given for the previous service back to January 1, 1994. For customers whose service date is later than January 1, 1994, recognition for the previous service will be given back to the actual service date.
- g. To determine the appropriate CSPP Payment Plan for the renewed arrangement, recognition of service will consist of the sum of months in service of the completed service arrangement and the sum of the months of the proposed service period of the CSPP arrangement. For example, a CSPP arrangement for a 36 month service period under the 36 month Term Payment Plan is renewed for 24 months with no changes at the end of the 36-month period. The sum of months for the completed and proposed service periods would equal 60 months and would be billed under the 60 month Term Payment Plan. Another example is a Month-to-Month customer, in service for 15 months, who wishes to convert to a 60-month CSPP arrangement with no changes. The combined service period of the Month-to-Month arrangement and the CSPP arrangement is equal to 75 months, which would be billed under the 84 month Term Payment Plan.

8. Transfer of Service

- a. Service may be transferred to a new customer at the same location upon prior written concurrence by the new customer as specified in this Tariff. This does not constitute a disconnect of service or a discontinuance of an existing CSPP arrangement. The new customer will be subject to all provisions and equipment configurations currently in effect for the previous customer. Regulations concerning transfer of service between subscribers as stated in other sections of this Tariff also apply under CSPP.

9. Deferred Payment

- a. Payment of nonrecurring charges for channel services with contract payment plans may be deferred over the length of the customer's payment period or a shorter period (in annual increments) subject to the conditions specified in this paragraph.

- (1) The charges to be deferred must be among the following types:

Nonrecurring Charges

Service Establishment

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS¹

(N)

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.9 Optional Payment Plan (Cont'd)

A. Channel Services Payment Plan (Cont'd)

9. Deferred Payment (Cont'd)

a. (Cont'd)

- (2) The customer must select a payment period longer than one month.
- (3) The total amount of nonrecurring charges as defined in 9.a.(1) may be deferred.
- (4) The minimum amount deferrable per CSPP Contract is \$2,000.00.
- (5) Interest on deferred amounts will be calculated at the rate set forth in the deferred payment agreement executed by the customer. The interest rate to be charged on deferred payments will be revised periodically by the Company. If, in the judgment of the Company, the maximum interest rate allowed by law is insufficient to cover the costs of providing the deferred payment option, the Company will suspend the availability of said option until such time as the costs of providing said option can be recovered through the application of a lawful interest rate. Suspension of the deferred payment option will not affect customers who have executed a deferred payment agreement prior to the effective date of such suspension.
- (6) The deferred charges (including interest) will be prorated on a monthly basis over the selected deferral period length.
- (7) All deferred charges must be paid in full when the customer:
 - Selects a payment period with an expiration date prior to the expiration date of the deferral period.
 - Disconnects service, for the system, prior to expiration of the selected deferral period.
 - Fails to pay a monthly amount within 30 days of its due date.
 - Moves a service under CSPP to another location in Company territory within the same state and jurisdiction, with the exception of an inside move.
- (8) The customer may prepay only the total outstanding deferred charges at any time during the selected deferral period. The customer will be given a credit for the amount of unearned interest. The customer may not prepay less than the total of the outstanding deferred charges.

10. Prepayment

- a. For payment periods longer than one month, the customer may prepay the total outstanding recurring monthly rates. The prepayment of monthly rates in no way constitutes a purchase and the Company retains full ownership of all services covered by the prepayment. The following conditions apply:
 - (1) Customers who prepay six months or more will have an allowance applied. The prepayment factor to be used for each month prepaid will be revised periodically by the Company.
 - (2) Monthly rates for all services covered by a single Letter of Election must be prepaid. Monthly rates must be prepaid for services added subsequently and placed on the same Letter of Election (i.e., customer-elected coterminous option) with a prepaid system.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS¹

(N)

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.9 Optional Payment Plan (Cont'd)

A. Channel Services Payment Plan (Cont'd)

10. Prepayment (Cont'd)

a. (Cont'd)

- (3) Customers who change the length of a prepaid payment period will be credited any unused portion of the prepayment, subject to termination charges as specified in 4. preceding.
- (4) Customers who prematurely disconnect will have termination charges deducted from the prepaid amount and any balance credited to their bill.

11. Moves of Service(s) under CSPP

a. Termination Liability Charges will not apply to customer requests for moves of service under CSPP from one location to another location subject to the following:

- (1) The original and new premises locations must be in Company territory within the same state.
- (2) The move from the original location to the new location must be completed within thirty days of the original premises disconnect date.
- (3) No lapse in billing will occur for moves of service under CSPP.
- (4) Orders to disconnect the existing service and reestablish it at the new location must be related.
- (5) Any local channels, interoffice channels, and/or optional features and functions from the original location that are not reestablished at the new location will be subject to applicable Termination Liability charges.
- (6) Any additions made at the new location will be treated as coterminous additions in accordance with 3. preceding.
- (7) All regulations and charges for changes made to the service coincident to the move shall apply.
- (8) All appropriate nonrecurring charges for moves of service as specified in this Tariff will apply.
- (9) Moves of service that involve a change of jurisdiction, (e.g. intraLATA private line to dedicated access services) will not be treated as a disconnect of service with regard to Termination Liability charges. The customer must subscribe to a payment arrangement offered in the appropriate tariff which is a minimum 24 month service period or equals/exceeds the remaining payment period, whichever is greater.
- (10) Moves of Lightgate[®] Service and/or SMARTRing[®] Service are subject to the move provisions set forth in Section B7. of this Tariff.

12. Exception to Termination Liability for State, County, and Municipal Governments

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS¹

(N)

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.9 Optional Payment Plan (Cont'd)

A. Channel Services Payment Plan (Cont'd)

12. Exception to Termination Liability for State, County, and Municipal Governments (Cont'd)

- a. In the event that all or any part of the service is disconnected at customer request prior to expiration of any selected payment period of greater than one month's duration, the customer will be required to pay a termination charge as stated in the service tariffs. The tariff provisions concerning termination liability for recurring charges only shall be inapplicable to any state, county or municipal governmental entity when there is in effect, as a result of action by such entity and through a duly constituted legislative, administrative or executive body:

- (1) a statute;
- (2) an ordinance;
- (3) a policy directive; or
- (4) a constitutional provision

which restricts or prohibits an additional contractual payment for early termination of a contract by any such entity, or agency thereof, due to an unavailability of funding. When service is being provided and funding to the governmental entity for such service becomes unavailable, the governmental entity may cancel the service without additional payment obligation. Provided, however, that if the governmental entity cancels the service for any reason other than the unavailability of funds, the termination liability provisions in the Tariff shall apply.

13. Pursuant to the Florida Public Service Commission Order No. PSC-95-1188-FOF-TP in Docket No. 92-1074-TP, issued September 21, 1995, upon the effective date of Expanded Interconnection Service (EIS), in Section E20 of the intrastate Access Services Tariff, customers with the company's private line services, with terms equal to, or greater than, three years, entered into on, or before February 1, 1994, shall be permitted to switch those services to competitive alternatives during the 90-day period after EIS arrangements are available in a Company central office.

If a customer chooses to switch to a competitor, termination charges to the Company's contract for service shall be limited to the additional charges that the customer would have paid for the contract covering the term actually used, plus the prime rate of interest.

B2.4.10 Special Billing Arrangement (SBA)

A. General

1. The Special Billing Arrangement is optional for any governmental agency subscribing to private line channels used for such purposes as computerized traffic light control systems and police communications systems if the monthly tariff charges for the channels exceed \$1,000.00. This arrangement allows a substantial portion of the private line monthly recurring tariff charges to be converted to and paid for by a lump sum payment. The remaining private line tariff charges would be paid on a recurring basis.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS¹

(N)

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.10 Special Billing Arrangement (SBA) (Cont'd)

B. Rates

1. Monthly recurring charges for the services involved are separated into capital and operating requirements. A monthly compounded present worth factor resulting in an equivalent annual rate of 8 percent, is applied to the capital requirement portion of the monthly charges in order to establish a lump sum charge. The remaining operating requirement portion would be applied as the reduced monthly charges.

C. Rate Changes

1. The recurring amounts, which are payable monthly will be adjusted to reflect changes in the filed rates for the services covered by the SBA.

D. Additions, Changes, and Removals

1. Channels added to the traffic light control system after the SBA is established will be billed at the rates as specified in other sections of the tariff; or, if the monthly tariff rates for the additions would exceed \$200.00 a separate SBA may be set up for the additions.
2. Partial discontinuation of SBA services may result in a refund and/or reduced monthly payments. To determine the amount of refund and/or monthly rate reduction, if any, the existing arrangement must be separated into two separate arrangements, one consisting of services discontinued and the other of services retained. Services discontinued are handled as shown in E. following. The services retained will constitute the revised arrangement which will use the same start date as the customer's original plan.

E. Discontinuance of Service

1. If the services provided under the SBA are discontinued by the subscriber prior to the expiration of the SBA period, the difference between payments made under this arrangement and the total amount the subscriber would have been billed, had billing been on the normal monthly basis, will be refunded.
2. The services provided under this arrangement will be terminated if any services with which it is associated (included in the same billing account) are discontinued for non-payment. The refund, if any, due the subscriber for early termination of the plan will be applied to the unpaid balance of the account. Any remaining amount of refund will be returned to the subscriber.

F. Special Billing Arrangement Period

1. The term for the SBA shall be ten years.

G. Nonrecurring Charges

1. Nonrecurring charges as filed in the private line tariff apply to the channels under the SBA.

H. Expiration of the Special Billing Arrangement

1. The Company will inform the subscriber of pending expiration of the contract term for services provided under the SBA approximately thirty days before expiration.

I. Minimum Contract Periods

1. Minimum contract periods apply to services under this plan as specified in other sections of this Tariff.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS¹

(N)

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.11 Reserved for Future Use

B2.4.12 Reserved for Future Use

B2.4.13 Service Order Modifications

A. Service Date Change Charge

1. Service Order service dates for installation of new services or rearrangements of existing services may be changed, but the new service date may not exceed the original service date by more than 30 calendar days.
2. When, for any reason, the customer indicates that service cannot be accepted for a period not to exceed 30 calendar days, and the Company accordingly delays the start of service, a Service Date Change Charge will apply. If the customer requested service date is more than 30 calendar days after the original service date, the order will be cancelled by the Company and reissued with appropriate cancellation charges applied unless the customer indicates that billing for the service is to commence as set forth in B2.4.14.A. following.
3. A new service date may be established that is prior to the original service date if the Company determines it can accommodate the customer's request without delaying service dates for orders of other customers. If the service date is changed to an earlier date, the customer will be notified by the Company that Expedited Order Charges as set forth in B. following apply. Such charges will apply in addition to the Service Date Change Charge.
4. A Service Date Change Charge will apply, on a per occurrence basis, for each service date changed. The applicable charge is:

(a) Per order	Charge	USOC
	\$27.00	OMC

B. Expedited Order Charge

1. If a customer desires that service be provided on an earlier date than that which has been established for the service order, the customer may request that service be provided on an expedited basis. If the Company agrees to provide the service on an expedited basis, an Expedited Order Charge will apply.
2. If the Company is subsequently unable to meet an agreed upon expedited service date, no Expedited Order Charge will apply unless the missed service date was caused by the customer.
3. The Expedited Order Charge is based on the extent to which the service order has been processed at the time the Company agrees to the service date improvement and is calculated as follows:
 - a. Based on the critical dates associated with the service order, the Company will determine which critical date will be next completed on the order. The critical dates tracked by the Company are as follows:
 - Application Date (APP): The date the customer provides to the Company, (1) a firm commitment for service and (2) sufficient information to enable the Company to begin service provisioning. This is also the order date.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS¹

(N)

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.13 Service Order Modifications (Cont'd)

B. Expedited Order Charge (Cont'd)

3. The Expedited Order Charge is based on the extent to which the service order has been processed at the time the Company agrees to the service date improvement and is calculated as follows: (Cont'd)

a. (Cont'd)

- Scheduled Issue Date (SID): The date that the order is to enter the Company's order distribution system.
- Records Issue Date (RID): The date that all design and assignment information is to be sent to the central office and installation forces.
- Wired and Office Tested Date (WOT): The date by which all intraoffice wiring is to be completed, all plug-ins optioned, aligned, and frame continuity established, and the interoffice facilities, if applicable, tested. In addition, switching equipment, including translation loading, is to be installed and tested.
- Plant Test Date (PTD): The date on which overall testing of the service is to be started.
- Engineering Information Report Date (EIRD): The date the engineering group in another ISS area provides information to the primary engineering group.
- Service Date (DD): The date on which service is to be made available to the customer. This is sometimes referred to as the Due Date.
- Designed, Verified, and Assigned Date (DVA): The date by which field implementation groups must report that all documents and materials have been received.
- Frame Continuity Date (FCD): Date on which frame-to-frame testing must be completed. This is sometimes referred to as the Facility Continuity Check Date.
- Loop Assignment and Make-up Date (LAM): The date by which Local Loop Assignment and Make-up information must be available.

b. Using the table in e. following and the critical date as determined preceding, the Company will determine the percent of the provisioning interval not yet completed.

c. The Company will apply this percentage to the sum of all the nonrecurring charges associated with the order and divide this sum by the number of days remaining in the original service interval.

d. The per day charges so developed will then be applied on a per day of improvement basis, per order, but in no event shall the charge exceed fifty percent of the total nonrecurring charges associated with the service order.

e. Expedited Order Charge Percentages

TYPE SERVICE/ CRITICAL DATES	AFTER: SID LAM		EIRD	RID	DVA	WOT	FCD	PTD	DD
	BEFORE: LAM EIRD								
VOICE GRADE	93.0	88.0	84.0	80.0	71.0	64.0	48.0	16.0	0.0

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS¹

(N)

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.13 Service Order Modifications (Cont'd)

B. Expedited Order Charge (Cont'd)

3. The Expedited Order Charge is based on the extent to which the service order has been processed at the time the Company agrees to the service date improvement and is calculated as follows: (Cont'd)

e. Expedited Order Charge Percentages (Cont'd)

TYPE SERVICE/ CRITICAL DATES	AFTER: BEFORE: EIRD	SD LAM	LAM	EIRD RID	RID DVA	DVA WOT	WOT FCD	PTD PTD	DD DD	DD
METALLIC GRADE		90.0	83.0	77.0	71.0	60.0	51.0	40.0	15.0	0.0
WIRED MUSIC		91.0	86.0	80.0	75.0	65.0	57.0	44.0	16.0	0.0
MEGALINK® SERVICE		75.0	69.0	65.0	60.0	48.0	40.0	33.0	14.0	0.0
MEGALINK® CHANNEL SERVICE		75.0	69.0	65.0	60.0	48.0	40.0	33.0	14.0	0.0
LIGHTGATE® SERVICE		75.0	69.0	65.0	60.0	48.0	40.0	33.0	14.0	0.0
SYNCHRONET® SERVICE		94.0	86.0	79.0	73.0	62.0	54.0	40.0	14.0	0.0

4. When the request for expediting occurs subsequent to the issuance of the service order, a Service Date Change Charge as set forth in A. preceding also applies.

5. The Expedited Order Charge applicable to non-design circuits will be equal to fifty percent of the total nonrecurring charges associated with the service order.

B2.4.14 Cancellation of a Service Order

A. A customer may cancel a service order for the installation of service at any time prior to notification by the Company that service is available for the customer's use. The cancellation date is the date the Company receives written or verbal notice from the customer that the order is cancelled. If a customer is unable to accept service within 30 calendar days after the original service date, the customer has the choice of the following options:

- The service order shall be cancelled and charges set forth in B. following will apply, or
- Billing for the service will commence.

In any event, the cancellation date or the date billing is to commence (depending on which option is selected by the customer) shall be the 31st day beyond the original service date of the service order.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS

(T)

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.14 Cancellation of a Service Order (Cont'd)

- B. When a customer cancels a service order for the installation of service, a cancellation charge will apply as follows: (Cont'd)
 - 4. Charges applicable as specified in 3. preceding are based on the estimated costs incurred by the Company at the time the order is cancelled. The estimated costs incurred are determined based on the following. (Cont'd)
 - b. The critical dates tracked by the Company are as follows: (Cont'd)
 - Loop Assignment and Make-up Date (LAM): The date by which Local Loop Assignment and Make-up information must be available.
 - c. The percentage of the total provisioning cost incurred by the Company at a particular critical date varies by the type of service shown in e. following.
 - d. When a customer cancels a service order, or part of a service order, before the service date, the Company will apply cancellation charges to the order. Cancellation charges are calculated by multiplying all the nonrecurring charges associated with the order, or that part of the order being cancelled, by the percentage shown in e. following for the critical date last completed on the order.
 - e. Cancellation Charge Percentages

TYPE SERVICE/ CRITICAL DATES	AFTER: SID BEFORE: LAM	LAM EIRD	EIRD RID	RID DVA	DVA WOT	WOT FCD	FCD PTD	PTD DD	DD
VOICE GRADE		7.0	12.0	16.0	20.0	29.0	36.0	52.0	84.0 100.0
METALLIC GRADE		10.0	17.0	23.0	29.0	40.0	49.0	60.0	85.0 100.0
WIRED MUSIC		9.0	14.0	20.0	25.0	35.0	43.0	56.0	84.0 100.0
MEGALINK® SERVICE		25.0	31.0	35.0	40.0	52.0	60.0	67.0	86.0 100.0
MEGALINK® CHANNEL SERVICE		25.0	31.0	35.0	40.0	52.0	60.0	67.0	86.0 100.0
MEGALINK® PLUS SERVICE		25.0	31.0	35.0	40.0	52.0	60.0	67.0	86.0 100.0
SMARTPATH® SERVICE		25.0	31.0	35.0	40.0	52.0	60.0	67.0	86.0 100.0
LIGHTGATE® SERVICE		25.0	31.0	35.0	40.0	52.0	60.0	67.0	86.0 100.0
SYNCHRONET® SERVICE		6.0	14.0	21.0	27.0	38.0	46.0	60.0	86.0 100.0
SMARTRing® SERVICE		25.0	31.0	35.0	40.0	52.0	60.0	67.0	86.0 100.0

- f. Cancellation charges for nondesign circuits are calculated by multiplying all the nonrecurring charges associated with the order, or that part of the order being cancelled, by 25% if the order is canceled after the Application Date but before the Due Date. If the order is cancelled on the Due Date, 100% of the nonrecurring charges will apply. (M)

Material appearing on this page previously appeared on page(s) 32 of this section.

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B2. REGULATIONS

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B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.14 Cancellation of a Service Order (Cont'd)

(M)

- C. When a customer cancels an order for the discontinuance of service no charges apply for the cancellation.
- D. If the Company misses a service date by more than 30 days due to circumstances over which it has direct control (excluding, e.g., acts of God, governmental requirements, work stoppages and civil commotions), the customer may cancel the service order without incurring cancellation charges.

B2.4.15 Billing of Private Line Service Provided by Multiple Companies Where an Exchange Telephone Company Does Not Concur in this Tariff.

- A. Each company will bill for the portion of the private line service provided by their respective tariff based on their regulations, rates and charges as appropriate.
- B. The charges billed by each company for the interoffice channel between exchange telephone company central offices, are determined as follows:
 - 1. The total mileage for the service is computed using the V&H coordinates set forth in the National Exchange Carrier Association Tariff F.C.C. No. 4 (NECA No. 4).
 - 2. A billing factor is determined from the NECA No. 4 tariff. This factor represents the percentage of the distance between exchange telephone company central offices that will be billed by each company. The billing factor is multiplied by the total charge for all of the miles to determine the amount to be billed by the Company.
 - 3. For the Fixed recurring rate element and the Nonrecurring Charge associated with the interoffice channel between exchange telephone company central offices, 50 percent of each company's rate will apply for each end of the interoffice channel provided. If the company does not bill for either end of the interoffice channel, then the fixed recurring charge and nonrecurring charge shall not apply.

B2.4.16 Commitment Guarantee Program

- A. General
 - 1. The Commitment Guarantee Program will provide a credit to Private Line service customers should the Company fail to meet its commitment in connection with installation or repair of service(s) provided via Company facilities. The term "Commitment" denotes an undertaking by the Company to install or repair service(s) as agreed to by the Company.
 - 2. The failure of the Company to meet its commitment will result in a credit being applied to the customer's bill, when contact is initiated by the customer, unless an exception is applicable.

ISSUED: July 1, 1996
BY: Joseph P. Lacher, President - FL
Miami, Florida

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.16 Commitment Guarantee Program (Cont'd)

A. General (Cont'd)

3. Where a service is jointly provided with another Local Exchange Carrier (LEC), the guarantee is applicable only to installation or repair commitments made to customers by the Company. This guarantee is not applicable to commitments made by other LECs, regardless of their concurrence in this Tariff.

B. Application

1. In the event Company contact is initiated by the customer, in reference to the provisions of A. preceding, the Company will arrange for a credit of \$100.00 for the missed commitment, unless an exception is applicable. The credit will be applied against the total amount due on the customer's bill.
2. One credit will apply, under the provisions of 1. preceding, per customer commitment missed.
3. More than one attempt to invoke the guarantee for the same commitment and customer will be disallowed.
4. The credit will apply in addition to waivers, promotions, or other guarantees in effect at the time of the missed commitment unless specifically excluded.
5. The guarantee is applicable to services provided in this Tariff except as noted in C. following.
6. Receipt of a credit under the provisions of 1. through 5. preceding will have no effect on recurring rates, nonrecurring charges, or minimum service periods according to the appropriate schedules for services filed elsewhere in this Tariff.
7. Credits issued to a customer's account, in excess of the total monthly rate in any one billing period, may be applied to the following monthly billing period.
8. When service is terminated, any credit due will be applied to the final amount due the Company.
9. The program may be suspended by the Company during or following a natural disaster.

C. Exceptions

The Commitment Guarantee Program credit will not apply to:

1. commitments missed as a result of action initiated by, or information omitted by, the customer, any other customer, or any third party.
2. maintenance requests resulting from:
 - a. interruptions of service due to the failure of equipment or systems provided by others,
 - b. interruptions of a service where the Company is not afforded access to the premises where the service is terminated,
 - c. interruptions of service which continue because of the failure of the customer to authorize replacement of any element of service having separate replacement charges,
 - d. negligence, or a willful act by the customer, or
 - e. suspension of service for non-payment of charges.

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B2. REGULATIONS¹

(N)

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.16 Commitment Guarantee Program (Cont'd)

C. Exceptions (Cont'd)

3. commitments missed during or as a result of labor difficulties, governmental orders, civil commotion, criminal actions against the Company, natural or man-made disasters, war, general network failures, a declared national emergency, or any other circumstances beyond the control and/or knowledge of the Company.
4. service(s) provided in conjunction with disaster relief.

B2.4.17 Service Installation Guarantee

- A. The Company assures that orders for services to which the Service Installation Guarantee applies will be installed and available for customer use no later than the Service Date which is the date service is to be made available to the customer. The Service Installation Guarantee is applicable only to services as specified in subsequent tariff sections.
- B. The failure of the Company to meet this commitment will result in the credit of an amount equal to the nonrecurring charges associated with the individual service having the missed Service Date being applied to the customer's bill. The credit will include only nonrecurring charges associated with the services subject to Service Installation Guarantee, as specified in subsequent sections, for which nonrecurring charges are applicable. The nonrecurring charges will be credited at the rate at which they were billed. The credit will not be provided if a credit of the same nonrecurring charge for the same service is provided under any other provisions of this Tariff.
- C. Service Installation Guarantees do not apply:
 1. when failure to meet the Service Date occurs because of:
 - a. any act or omission of the customer, any other customer or any third party, or of any other entity providing a portion of the service,
 - b. labor difficulties, governmental orders, civil commotions, criminal actions against the Company, acts of God, war, or other circumstances beyond the Company's control,
 - c. unavailability of the customer's facilities and/or equipment,
 - d. a shortage of facilities that requires message toll and exchange line services take precedence over Private Line services as set forth in B2.1.2 preceding.
 2. to service requiring construction charges as set forth in Section B5. following,
 3. to Specialized Service or Arrangements, and
 4. for jointly provisioned services.
 5. to other telephone companies concurring in the rates and regulations of the Company.

In addition, Service Installation Guarantees will not apply during a declared National Emergency. Priority installation of National Security Emergency Preparedness (NSEP) telecommunications services shall take precedence.

B2.5 Definitions

Certain terms used generally throughout this Tariff are defined as follows:

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EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.5 Definitions (Cont'd)

ACCESSORIES

The term "Accessories" denotes devices which are mechanically attached to, or used with, the facilities furnished by the Company and which are independent of, and not electrically, acoustically, or inductively connected to the conductors in the communications path of the Company facilities.

ANOTHER TELEPHONE COMPANY

The term "Another Telephone Company" denotes a corporation, association, firm or individual owning and operating a toll line or one or more central offices and with whom traffic is interchanged.

AUTHORIZED PROTECTIVE CONNECTING MODULE

The term "Authorized Protective Connecting Module" denotes a protective unit designed by the Company and manufactured under the control of the Company quality assurance procedures, which unit is to be incorporated in a conforming answering device.

AUTHORIZED USER

An "authorized user" is a person, firm or corporation (other than the customer) who may communicate over a private line or channel according to the terms of the tariff and (1) on whose premises a station of the private line service is located or (2) who receives from or sends to the customer over such private line or channel communications relating solely to the business of the customer. An authorized user must be specified in the service contract.

BAUD

The term "Baud" denotes a unit of signaling speed. It is the reciprocal of the time duration in seconds of the shortest signal element (mark or space) within a code signal. The speed in bauds is the number of signal elements per second.

BIPOLAR WITH 8 ZERO SUBSTITUTION (B8ZS)

The term "Bipolar with 8 Zero Substitution" (B8ZS) denotes a line code which allows transport of an all zero octet over a DS1/1.544 Mbps High Capacity channel. B8ZS enables Clear Channel Capability on MegaLink[®] service.

BRIDGING CONNECTION

The term "Bridging Connection" as used in connection with Series 6000 channels (Type 6103) indicates amplifying equipment and services required to connect a station, or an interoffice channel serving a station, at an intermediate point on a network, or to connect an additional station at a terminal point.

CENTRAL OFFICE

The term "Central Office" denotes a switching unit providing telephone service to the customers connected thereto.

CENTRAL OFFICE CONNECTING FACILITY

The term "Central Office Connecting Facility" denotes a facility furnished to an Other Carrier by the Company (in accordance with the Company's Facilities for Other Carrier's Tariffs) between the terminal location of the Other Carrier and a point of connection on the Company premises.

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EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.5 Definitions (Cont'd)

CENTREX CONTROL SWITCHING EQUIPMENT

The term "Centrex Control Switching Equipment" denotes switching equipment, located on the Company's premises, used to provide Centrex service furnished in accordance with Centrex service provisions of the General Subscriber Service Tariff of the Company.

CHANNEL

The term "Channel" denotes a path (or paths) for electrical communication, between two or more stations or Company offices. A channel may be furnished in such manner as the Company may elect, whether by wire, radio or a combination thereof and whether or not by means of a single physical facility or route.

CLEAR CHANNEL CAPABILITY

The term "Clear Channel Capability" denotes the ability to transport twenty-four, 64 Kbps channels over a MegaLink[®] service channel, via B8ZS line code format.

COMMITMENT GUARANTEE

The term "Commitment Guarantee" denotes a program under which the Company will provide a credit to the customer's account, under conditions set forth in B2.4.16 preceding, for certain services in those instances when the Company's installation or repair commitment is not met due to Company reasons.

COMMUNICATIONS SYSTEMS

The term "Communications Systems" denotes channels and other facilities which are capable, when not connected to private line services, of communications between terminal equipment or Company stations.

The term "Communications" Systems when used in connection with communications systems provided by an Other Carrier (OC) denotes channels and other facilities furnished by the OC for private line services as such OC is authorized by the Federal Communications Commission or Public Service Commission to provide.

COMPANY

Wherever used in this Tariff, "Company" refers to the Southern Bell Telephone and Telegraph Company unless the context clearly indicates otherwise.

COMPOSITE DATA SERVICE

The term "Composite Data Service" denotes the combined use of terminal and data switching equipment with the use of communications services of the Company by a Composite Data Service Vendor to perform data switching for others.

COMPOSITE DATA SERVICE VENDOR

The term "Composite Data Service Vendor" denotes a customer that has been certificated by the Federal Communications Commission pursuant to Section 214 of the Communications Act of 1934, as amended, to acquire and operate facilities to perform data switching for others. A customer shall be classified as a Composite Data Service Vendor only with respect to use of those private line services which are utilized for the provision of composite data service.

CONFORMANCE NUMBER

The term "Conformance Number" denotes an identifying number assigned by the Company to a particular model of conforming answering device incorporating an authorized protective connecting module when that model or device is in conformance with the provisions set forth by the Company in its technical reference for conforming answering devices.

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ISSUED: July 1, 1996
BY: Joseph P. Lacher, President - FL
Miami, Florida

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.5 Definitions (Cont'd)

CONFORMING ANSWERING DEVICE

The term "Conforming Answering Device" denotes a device which automatically answers incoming calls; transmits a prerecorded voice message or appropriate audible signal to the calling party; records a voice message from the calling party if so designed and arranged; and automatically disconnects from the line in a prearranged manner on completion of the last of the functions for which it was designed and arranged as described in this paragraph. The conforming answering device may include remote interrogation and/or device function control. A conforming answering device must incorporate an authorized protective connecting module and must bear a valid conformance number.

CONNECTING ARRANGEMENT

The term "Connecting Arrangement" denotes the equipment provided by the Company to accomplish the direct electrical connection of customer-provided facilities with the facilities of the Company, or the direct electrical connection of Company facilities.

CONTRACT

The term "Contract" refers to the service agreement between a customer and the Company under which facilities for communication between specified locations, for designated periods, and for the use of the customer and the authorized users specifically named in the contract are furnished in accordance with the provisions of this Tariff.

COORDINATING FACILITIES

The term "Coordinating Facilities" denotes those used for communication between stations on program networks to enable the customer to pass information for the proper handling of his program.

CUSTOMER

The term "Customer" denotes the person, firm or corporation which orders service and is responsible for the payment of charges and compliance with Company regulations.

DATA ACCESS ARRANGEMENT

The term "Data Access Arrangement" denotes a protective connecting arrangement for use with the network control signaling unit, or, in lieu of the connection arrangement, an arrangement to identify a central office line and protective facilities and procedures to determine compliance with criteria set forth in B2.6.2 of this Tariff.

DATAPHONE[®] SELECT-A-STATION SERVICE

Data Station Selector (DSS)

A private line device located in a Company central office which is capable of making connections between a four-wire input and up to 128 (125 for addressable operation) outputs, two wire or four wire, one at a time. DSSs are designated, as defined below, dependent upon the customer's service configuration:

Primary DSS (PDSS)

The DSS which is connected directly to the Selector Control Unit (SCU).

A PDSS provides the connection between the master station and any one of up to 128 (125 for addressable operation) two-wire or four wire voice grade data channels. Where more than one DSS is required, the DSS that is directly connected to the master station is termed the PDSS. Additional DSSs, designated SDSSs, may be connected to the PDSS.

Secondary DSS (SDSS)

Any DSS which is connected to a PDSS.

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EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.5 Definitions (Cont'd)

Selector Control Unit (SCU) (This equipment has been designated as customer premises equipment)

The equipment located at the master station for use by the customer to transmit control and/or address signals to the DSSs and receive supervisory signals from the DSSs.

An SCU will be provided at the master station location. The SCU is used by the customer to transmit control and/or address signals to the DSSs and to receive supervisory signals from DSSs.

Master Station

The one station located on a customer's premises which communicates with each remote station and may control the connections.

Remote Station

One of the many station located on the customer's premises which is connected to the master station by DSSs.

DATA SWITCHING

The term "Data Switching" as used in connection with composite data service denotes the switching of data (non-voice) messages by the interchange, controlling and routing of data messages between two or more stations, via communications facilities, wherein the information content of the message remains unaltered.

DIRECT ELECTRICAL CONNECTION

The term "Direct Electrical Connection" denotes a physical connection of the electrical conductors in the communications path.

DISTRIBUTION CENTER

The term "Distribution Center" as used in connection with Series 6000 channels furnished for music networks indicates amplifying and bridging equipment required to connect the various local sections of a network or to connect local sections to an interoffice section of the network.

DROP SERVICE

The term "Drop Service" refers to the connection of a station (other than those two designated as "terminals") to a private line service or channel.

DUPLEX SERVICE

The term "Duplex Service" denotes service which provides for simultaneous transmission in both directions.

EQUALIZATION

The term "Equalization" as applied to Series 6000 channels denotes a procedure which provides for the component frequencies of the material transmitted having about the same relationship at the two ends of the channel.

EXCHANGE

The term "Exchange" denotes a unit established by the Company or its connecting companies for the administration of communication service in a specified area which usually embraces a city, town or village and its environs. It consists of one or more central offices together with the associated plant used in furnishing communication service within that area.

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B2. REGULATIONS¹

(N)

B2.5 Definitions (Cont'd)

EXCHANGE AREA

The term "Exchange Area" denotes the territory served by an exchange.

EXTENDED SUPERFRAME FORMAT (ESF)

The term "Extended Superframe Format" specifies a twenty-four-frame repeating pattern for the framing and information bits contained in a DS1/1.544 Mbps bit stream. The required format specifications are contained in Technical Reference 73525.

HALF-DUPLEX SERVICE

The term "Half-Duplex Service" denotes service which provides for transmission alternately in either direction or for transmission in one direction only.

HOST OFFICE

The term "Host Office" denotes an electronic switching system which provides call processing capabilities for one or more Remote Modules or Remote Systems.

HUB

The term "Hub" denotes a Company designated wire center where bridging or multiplexing functions are performed.

INTERFACE

The term "Interface" denotes that point on the premises of the customer or authorized user at which provision is made for connection of other than Company-provided facilities to services provided by the Company.

INTEROFFICE CHANNEL

The term "Interoffice Channel" denotes that element of a private line service which interconnects Local Channels which serve customers located in different central office areas (wire center serving areas).

INTRALATA

See Local Access and Transport Area (LATA)

LINK

The term "Link" refers to the use of a single local channel and/or an interoffice channel as one segment (partial channel) of a 2 point or multipoint arrangement when at least one other segment of the service arrangement is served by MegaLink[®] service, MegaLink[®] channel service, FlexServ[®] service or LightGate[®] service.

LOCAL ACCESS AND TRANSPORT AREA (LATA)

The term "Local Access and Transport Area" denotes a geographic area established by the Company for the administration of communications service. It encompasses designated exchanges, which are grouped to serve common social, economic and other purposes.

LOCAL CHANNELS

The term "Local Channel" denotes the element of a private line service required for connecting customer premises to its serving wire center.

The term "Local Channel" as used in connection with Series 6000 channels denotes a channel within an exchange between a station and a Company distributing center for multipoint loudspeaker networks.

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ISSUED: July 1, 1996
BY: Joseph P. Lacher, President -FL
Miami, Florida

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.5 Definitions (Cont'd)

MASTER STATION

Customer Provided Equipment for use with DataPhone[®] Select-A-Station and Telemetry/Alarm Bridging Service. This equipment polls multiple premises connected to these services utilizing a four-wire link to Company provided equipment. This arrangement avoids the need for an individual circuit per premises being monitored.

MOVE

The term "Move" as used in connection with the application of move charges for private line services denotes a change in the physical location (whether on the same or different premises), when made at the request of the customer without discontinuance of service, of facilities and items of equipment provided by the Company.

The term "Move" as used in connection with Termination Liability charges for private line services under CSPP denotes a change in the physical location from one premises to a different premises in Company territory within the same state and jurisdiction, when made at the request of the customer.

NETWORK FOR AUDIO TRANSMISSION CHANNELS

The term "Network" as used in connection with Series 6000 channels denotes the channel facilities connecting two or more stations of a customer when at all times or at certain times the stations form a distinct operating group.

NETWORK CONTROL SIGNALING

The term "Network Control Signaling" denotes the transmission of signals used in the telecommunications system which perform functions such as supervision (control, status, and charging signals), address signaling (e.g., dialing), calling and called number identification, audible tone signals (call progress signals indicating re-order or busy conditions, alerting, coin denominations, coin collect and coin return tones) to control the operating of switching machines in the telecommunications systems.

NETWORK CONTROL SIGNALING UNIT

The term "Network Control Signaling Unit" denotes the terminal equipment furnished for the provision of network control signaling.

PATRON

The term "Patron" as used in connection with composite data service, denotes a subscriber to the data switching services of a Composite Data Service Vendor.

PORT

The term "Port" denotes the point of access into a computer, a network or other electronic device.

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FLORIDA

ISSUED: July 1, 1996

EFFECTIVE: July 15, 1996

BY: Joseph P. Lacher, President -FL
Miami, Florida

B2. REGULATIONS¹

(N)

B2.5 Definitions (Cont'd)

PREMISES (SAME)

The term "same premises" shall be interpreted to mean: (a) the building or buildings, together with the surrounding land occupied or used in the conduct of one establishment or business, or as a residence, and not intersected by a public thoroughfare or by property occupied by others; or (b) the portion of the building occupied by the subscriber, either in the conduct of his business or as a residence, and not intersected by a public corridor or by space occupied by others; or (c) the building or portion of a building occupied by the subscriber in the conduct of his business and as a residence provided both the business and the residence bear the same street address; or (d) the continuous property operated as a single farm whether or not intersected by a public thoroughfare.

In connection with inside moves, the term "same premises" is to be interpreted to mean the building or portion of a building occupied as a unit by the subscriber in the conduct of his business or residence, or a combination thereof, and not intersected by a public thoroughfare, a corridor or space occupied by others.

PRIVATE LINE CHANNEL SERVICE

The term "Private Line Channel Service" denotes a channel which provides a path for intraLATA communication capabilities between station locations or Company offices and the channel service is not directly connected to the public switched network.

PRIVATE LINE NETWORK

The term "Private Line Network" denotes two or more private line units of the same type contracted for by one customer and reaching one or more common service points. The lines may be operated separately or they may be connected or connectable by means of a switching arrangement.

REMOTE MODULES AND/OR REMOTE SYSTEMS

The term "Remote Modules and/or Remote Systems" (RM or RS) denotes small end offices which obtain their call processing capability from a Host Office. When an RM or RS has its own NXX, the RM or RS will be considered the central office or wire center for rating purposes. When an RM or RS shares the NXX of the Host Office, the Host Office will be considered the central office or wire center for rating purposes.

SAME BUILDING

The term "Same Building" is to be interpreted as a structure under one roof, or two or more structures under separate roofs but connected by enclosed passageways in which the wires or cable of the Company can be safely run provided the plant facility requirements are not appreciably greater than would be required normally if all structures were under one roof. In those cases where there are several structures under separate roofs but connected by enclosed passageways and the plant facility requirements for furnishing service are appreciably greater than would be required normally if all the structures were under one roof, the term "same building" applies individually to each of the separate structures. Pipes and conduit are not considered enclosed passageways.

SERVICE INSTALLATION GUARANTEE

The term "Service Installation Guarantee" denotes a program under which the Company will provide a credit to the customer's account for certain services in those instances when the Service Date is not met due to Company reasons.

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EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.5 Definitions (Cont'd)

SERVICE POINT

The term "Service Point" when used in connection with private line services denotes an exchange which normally serves the exchange area in which a station of the customer is located, or an exchange in which an interoffice channel is terminated in a Company office at the request of the customer.

The term "Service Point" when used in connection with customer-provided communication channels denotes the point on the customer's premises where channels provided by or furnished to the customer are terminated in transmitting and receiving terminating equipment or switching equipment used, at least in part, for communications with stations or terminal equipment located on the premises.

SERVING CENTRAL OFFICE

The term "serving central office" denotes the central office from which a customer or authorized user would normally be served for local exchange telephone service.

STATION

The term "Station" as used in connection with private line services:

1. Denotes the transmitting or receiving equipment, or combination transmitting and receiving equipment at any location on a premises and connected for private line service or,
2. Denotes a point on a premises at which a channel is terminated where the service involves only channels and the transmitting or receiving equipment, or combination transmitting and receiving equipment, is furnished by the customer or authorized user,
3. Denotes a termination of a private line in a Company office for foreign exchange service or in a switching center of a Switched Circuit Automatic Network or a Common Control Switching Arrangement.

A "Main Station Line" is the location which has been designated by the customer as the principal location or any other location which, at the request of the customer, is connected to the service by a separate local channel. An "Extension Station Line" is any other location on the same premises as a main station line and which, at the request of the customer, is connected to the same service by an extension to a local channel.

The term "Station" as used in connection with Series 6000 channels also includes points designated by a customer which are not on a premises but at which points material is transmitted to or received from a Series 6000 channel. A point of connection of Company interoffice and local channels is not considered to be a station.

STATION CONNECTION

The term "Station Connection" as used in connection with Series 6000 channels indicates central office amplifying equipment and services including special supervision used to connect Company facilities.

STUDIO

The term "Studio" as used in connection with Series 6000 channels indicates fixed premises of a broadcasting station at which audio material regularly originates or is received for transmission to the broadcasting transmitter or to networks or to local distribution systems.

The term "Studio" excludes all locations where the subject matter to be transmitted is not originated for program transmission purposes.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

FLORIDA

ISSUED: July 1, 1996

EFFECTIVE: July 15, 1996

BY: Joseph P. Lacher, President -FL
Miami, Florida

B2. REGULATIONS¹

(N)

B2.5 Definitions (Cont'd)

STUDIO CHANNEL

The term "Studio Channel" denotes a Series 6000 channel for use in connection with loudspeakers and sound recording which connects the studio with the Company serving central office.

SUPERFRAME FORMAT (SF)

The term "Superframe Format" specifies a twelve-frame repeating pattern for the framing and information bits contained in a DS1/1.544 Mbps bit stream. The required format specifications are contained in Technical Reference 73525.

TELEMETRY/ALARM BRIDGING SERVICE (TABS)

Master Station

The one station of a multi-point system located on a customer's premises which communicates with, or receives communications from, each remote station.

Remote Station

One of the many stations of a multi-point system located on a customer's premises which is connected to the master station via the applicable TABS arrangement.

Master Station Channel

The dedicated private line channel of a TABS system connecting the master station to the primary bridge.

Remote Station Channel

The dedicated private line channel of a TABS system connecting each remote station to its bridge.

Mid-Link Channel

The dedicated interoffice private line channel of a TABS system connecting two bridges located in separate central offices with each other. This channel is only applicable for Split Band, Active Bridging.

Primary Bridge

The bridge which is connected directly to the master station via the master station channel.

Secondary Bridge

Any bridge in a TABS system which is connected to a primary bridge via a mid-link channel.

TERMINAL EQUIPMENT

The term "Terminal Equipment" denotes devices, apparatus and their associated wiring, provided by a customer or authorized user which do not constitute a communications system.

TERMINATION LIABILITY CHARGE

The term "Termination Liability Charge" when used in connection with specially constructed facilities denotes the portion of the Maximum Termination Liability that is applied as a nonrecurring charge when all services are discontinued prior to the expiration of the specified liability period. The term "Termination Liability" as used in connection with the application of termination charges for private line services denotes the discontinuance, either at the request of the customer or by the Company under its regulations concerning cancellation for cause, of service or facilities (including channels and station equipment) provided by the Company.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

FLORIDA

ISSUED: July 1, 1996

EFFECTIVE: July 15, 1996

BY: Joseph P. Lacher, President -FL
Miami, Florida

B2. REGULATIONS¹

(N)

B2.5 Definitions (Cont'd)

TEST EQUIPMENT

The term "Test Equipment" denotes test equipment located at the premises of the customer that is used by the customer for the detection and/or isolation of a communications service fault.

WIDEBAND CHANNEL

The term "Wideband Channel" as used in connection with Series 5000 channels denotes a channel which has the total equivalent of 12 or more Type 2001 (voice grade) channels.

WIRE CENTER

A "Wire Center" is a Company facility that houses Company equipment necessary for the provision of switched and non-switched telephone service to customers in a defined geographical area. The facility is identified with V&H coordinates and is assigned one or more NXX's for use in providing switched services to customers located in the specified geographical area. The Company equipment located at a Wire Center may consist of switching equipment or non-switched equipment working with a distant host switch as well as equipment used to terminate dedicated non-switched services.

B2.6 Connections

B2.6.1 General Provisions

A. General

1. Terminal equipment and communications systems provided by the customer or authorized user may be connected at the customer's premises to private line services furnished by the Company where such connections are made in accordance with the provisions of B2.1.4 preceding and B2.6.
2. The term "telecommunications services" when used in B2.6 denotes exchange service, Long Distance Message Telecommunications Service (LDMTS) and Wide Area Telecommunications Service (WATS).
3. Provision and ownership of equipment and facilities.

Any equipment offered herein which has grandfathered status under the Federal Communications Commission's Registration Program is offered and provided only to the extent of available stock.

B. Responsibility of the Customer

1. The customer or authorized user shall be responsible for the installation, operation and maintenance of any terminal equipment or communications system or any terminal equipment or interstate communications system provided by an OC in B2.6.11.C following. No combination of terminal equipment or communications system shall require change in or alteration of the equipment or services of the Company, cause electrical hazards to Company personnel, damage to Company equipment, malfunction of Company billing equipment, or degradation of service to persons other than the user of the subject terminal equipment or communications system, his calling or called party. Upon notice from the Company that the terminal equipment or communications system is causing such hazard, damage, malfunction or degradation of service, the customer shall make such change as shall be necessary to remove or prevent such hazard, damage, malfunction or degradation of service.
2. Where the customer or authorized user elects to provide data set(s) on a given Company-provided private line, it shall be the responsibility of the customer or authorized user to ensure the continuing compatibility of such data set(s) with the private line service furnished by the Company.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.1 General Provisions (Cont'd)

B. Responsibility of the Customer (Cont'd)

3. The customer shall be responsible for the payment of a Trouble Location Charge as provided in B2.6.12 following for visits by a Company employee to the premises or the customer, authorized user, or OC listed in B2.6.11.C following when a service difficulty or trouble report results from the use of terminal equipment or communications system provided by the customer, authorized user, or OC.
4. The consent of the customer must be obtained by the authorized user or OC prior to the connection of terminal equipment or communications systems to a private line provided to the customer.
5. Where private line services furnished by the Company are used in the provision of a composite data service for others and connection of those private line services is made to a communications system provided by an Other Carrier and the connection is made through data switching equipment, the regulations specified in B2.6.11 following are not applicable.

C. Responsibility of The Company

1. Private line services are not represented as adapted to the use of terminal equipment or communications systems. Where such terminal equipment or communications systems are used with private line services, the responsibility of the Company shall be limited to the furnishing of service components suitable for private line services and to the maintenance and operation of service components in a manner proper for such services. Subject to this responsibility the Company shall not be responsible for (1) the through transmission of signals generated by the terminal equipment or communications systems or for the quality of, or defects in, such transmission, or (2) the reception of signals by terminal equipment or communications systems, or (3) address signaling where such signaling is performed by tone type signaling equipment provided by the customer, authorized user, or OC listed in B2.6.11.C following.
2. The Company will, at the customer's request, provide information concerning interface parameters, including the number of ringers which may be connected to a particular line, needed to permit the terminal equipment to operate in a manner compatible with the telecommunications network.
3. The Company may make changes in its telecommunications network, equipment, operations or procedures, where such action is not inconsistent with Part 68 of the Federal Communications Commission's Rules and Regulations. If such changes can be reasonably expected to render any terminal equipment or communications system incompatible with the telecommunications network, or require modification or alteration of such terminal equipment or communications systems, or otherwise materially affect its use or performance, the customer will be given adequate notice in writing, to allow the customer an opportunity to maintain uninterrupted service.

D. Recording of Two-Way Telephone Conversations

Private line services are not represented as adapted to the recording of two-way telephone conversations. When voice recording equipment is used with a private line service which is connected to telecommunications services, the provisions relating to Recording of Two-Way Telephone Conversations as set forth in A15.1.1.D of the General Subscriber Service Tariff are applicable to such private line service.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.1 General Provisions (Cont'd)

E. Violation of Regulations

Where any terminal equipment or communications system provided by a customer or authorized user or any terminal equipment or interstate communications systems provided by an OC listed in B2.6.11.C is used with private line services furnished by the Company and any of the provisions in B2.6 are violated the Company will take such immediate action as necessary for the protection of its facilities and will promptly notify the customer or authorized user of the violation. The customer or authorized user shall take such steps as are necessary to discontinue such use of the equipment or system or correct the violation and shall confirm in writing to the Company within 10 days, following the receipt of written notice from the Company, that such use has ceased or that the violation has been corrected. Failure to discontinue such use or to correct the violation and to give the required written confirmation to the Company within the time stated preceding shall result in suspension of the customer's or authorized user's service until such time as there is compliance with the provisions of this Tariff.

F. Definitions

Grandfathered Communications Systems

The term "Grandfathered Communications Systems" as used in this Tariff denotes communications system (including their equipment, premises wiring and protective circuitry if any) connected at the customer's premises, in accordance with any telephone company's tariffs, and that are considered to be grandfathered under Part 68 of the Federal Communications Commission's Rules and Regulations because, (a) such systems were connected to the telecommunications network or the private line services specified in B2.6.2.B following prior to January 1, 1980 and were of a type system which was directly connected (i.e. without connecting arrangements) to the telecommunications network or the private line services specified in B2.6.2.B following as of June 1, 1978, or (b) such systems are connected to the private line services specified in B2.6.2.C or B2.6.2.D following prior to May 1, 1983 and are of a type system which was directly connected (i.e. without connecting arrangements) to the private line services specified in B2.6.2.C or B2.6.2.D following as of April 30, 1980.

Grandfathered Connections of Communications Systems

The term "Grandfathered Connections of Communications Systems" as used in this Tariff denotes connections via connecting arrangements of communications systems (including their equipment and premises wiring) at the customer's premises, in accordance with any telephone company's tariffs, and that are considered to be grandfathered under Part 68 of the Federal Communications Commission's Rules and Regulations because (a) such connections to the telecommunications network or the private line services specified in B2.6.2.B following were made via connecting arrangements prior to January 1, 1980 and such connecting arrangements are of a type of connecting arrangement connected to the telecommunications network or the private line services specified in B2.6.2.B following as of June 1, 1978, or (b) such connections to the private line services specified in B2.6.2.C or B2.6.2.D following are made via connecting arrangements prior to May 1, 1983 and such connecting arrangements are of a type of connecting arrangement connected to the private line services specified in B2.6.2.C or B2.6.2.D following as of April 30, 1980.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.1 General Provisions (Cont'd)

F. Definitions (Cont'd)

Grandfathered Terminal Equipment

The term "Grandfathered Terminal Equipment" as used in this Tariff denotes terminal equipment (including protective circuitry if any) connected at the customer's premises, in accordance with any telephone company's tariffs, and that is considered to be grandfathered under Part 68 of the Federal Communications Commission's Rules and Regulations because (a) such terminal equipment was connected to the telecommunications network or the private line services specified in B2.6.2.B following prior to July 1, 1979 and was of a type of terminal equipment which was directly connected (i.e. without connecting arrangements) to the telecommunications network or the private line services specified in B2.6.2.B following as of October 17, 1977, or (b) such terminal equipment is connected to the private line services specified in B2.6.2.C or B2.6.2.D following prior to May 1, 1983 and is of a type of terminal equipment which was directly connected (i.e. without connecting arrangements) to the private line services specified in B2.6.2.C or B2.6.2.D following as of April 30, 1980.

Grandfathered Connections of Terminal Equipment

The term "Grandfathered Connections of Terminal Equipment" as used in this Tariff denotes connections via connecting arrangements of terminal equipment connected at the customer's premises, in accordance with any telephone company's tariffs, and that are considered to be grandfathered under Part 68 of the Federal Communications Commission's Rules and Regulations because, (a) such connections to the telecommunications network or the private line services specified in B2.6.2.B following were made via connecting arrangements prior to July 1, 1979 and such connecting arrangements are of a type of connecting arrangement connected to the telecommunications network or the private line services specified in B2.6.2.B following as of October 17, 1977, or (b) such connections to the private line services specified in B2.6.2.C or B2.6.2.D following are made via connecting arrangements prior to May 1, 1983 and such connecting arrangements are of a type of connecting arrangement connected to the private line services specified in B2.6.2.C or B2.6.2.D following as of April 30, 1980.

Registered

The term "Registered" as used in this Tariff denotes equipment which complies with and has been approved within the Registration provisions of Part 68 of the Federal Communications Commission's Rules and Regulations.

G. Terminal equipment, communications systems and premises wiring may be connected in an interpositioned configuration to private line services as specified in B2.6.2 following.

H. Provision of Equipment

Any equipment offered herein which has grandfathered status under the Federal Communications Commission's Registration Program is offered and provided only to the extent of available stock.

I. Connection of terminal equipment

Connection of terminal equipment shall not require any change or alteration in Company-provided equipment or services, unless permitted under the provisions of B2.6.6 of this Tariff.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.2 Connections of Registered Equipment

- A. Terminal equipment, protective circuitry, and communications systems that are registered may be connected to those private line services specified in B, C, or D, following, subject to B2.6.1. preceding and this B2.6.2; and further subject to A15.1.2, Connections of Registered Equipment, of the General Subscriber Service Tariff.
- B. The connection may be made only at the customer's premises to Series 2000 private line services that present a two wire or four wire loop signaling interface for such connection under the following conditions:
 1. Registered terminal equipment, registered protective circuitry, and registered key telephone systems may be connected to the station end of private line services furnished in connection with off-premises stations.
 2. Registered PBX Systems may be connected, as a trunk termination, to the station end of private line services furnished in connection with off-premises stations.
 3. Registered terminal equipment, registered protective circuitry, and registered key telephone systems may be connected to CCSA or EPSCS access lines. A channel may be utilized with registered terminal equipment, registered protective circuitry and registered communications systems which are connected to the exchange telephone service associated with such channels.
- C. The connection of registered terminal equipment and registered PBX systems may be made only at the customer's premises to Series 2000 private line services that present an interface for either two wire or four wire transmission, with separate E & M signaling leads conventionally known as Type I (battery/ground) or Type II (contact closure type). Such E & M signaling leads are those terminal equipment or PBX leads (other than voice or data communications leads) used for the purpose of transferring supervisory or address signals across the interface.
- D. The connection of registered terminal equipment and registered PBX systems may be made only at the customer's premises to a Series 1000 and 2000 private line service furnished to provide indications of message registration of outgoing calls or automatic identification of outward dialing (AIOD) to such equipment or systems.
 1. In addition, customers who intend to install, perform additions to, or make rearrangements of AIOD functions shall give advance notice to the Company in accordance with the procedures specified in Part 68 of the Federal Communications Commission's Rules and Regulations or as otherwise authorized by the Federal Communications Commission.

B2.6.3 Connections of Grandfathered Terminal Equipment and Grandfathered Communications Systems

- A. Direct Connections
 1. Grandfathered terminal equipment and grandfathered communications systems, directly connected to the private line services specified in B2.6.2.B preceding are subject to A15.1.3.A. Connections of Grandfathered Terminal Equipment and Grandfathered Communications Systems, of the General Subscriber Service Tariff. Such connections are subject to the minimum protection criteria set forth in A15.1.4.B.
 2. Grandfathered terminal equipment and grandfathered communications systems, directly connected to the private line services specified in B2.6.2.C and D preceding on April 30, 1980, may remain connected for the life of the equipment without registration, and may be modified only in accordance with Part 68 of the Federal Communications Commission's Rules and Regulations, subject to the following:

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.3 Connections of Grandfathered Terminal Equipment and Grandfathered Communications Systems (Cont'd)

A. Direct Connections (Cont'd)

2. (Cont'd)

- a. All such connections shall comply with the minimum protection criteria set forth in A15.1.4.B.
 - b. No changes may be made to equipment so connected except by the manufacturer thereof, or a duly authorized agent of the manufacturer.
3. Until May 1, 1983, new installations of terminal equipment or communications systems which have been grandfathered may be connected for use with the private line services specified in B2.6.2.C or D, preceding, subject to the following:
- a. The customer shall notify the Company when such equipment or systems are to be connected and shall notify the Company when such equipment or systems are to be permanently disconnected; such notification shall include a description of the equipment including the manufacturer's name, model number, and type of equipment;
 - b. All such connections are made through standard jacks or are otherwise connected by the Company;
 - c. All such connections shall comply with the minimum protection criteria set forth in A15.1.4.B.
 - d. Premises wiring associated with communications systems shall conform to Part 68 of the Federal Communications Commission's Rules and Regulations;
 - e. No changes may be made to equipment so connected except by the manufacturer thereof, or a duly authorized agent of the manufacturer.
4. Additions to grandfathered terminal equipment or grandfathered communications systems specified in 2 and 3 preceding may be made, subject to 3.a. through e. preceding and to the following:
- a. Until May 1, 1983, where the equipment being added is of a type which has been grandfathered, and
 - b. After May 1, 1983, where the equipment being added is grandfathered.
 - c. Additions of registered equipment is subject to B2.6.2 preceding.
5. Systems connected pursuant to 2 through 4 preceding may remain connected and be moved and reconnected, in accordance with 3 a. through e. preceding, for the life of the equipment and may be modified only in accordance with Part 68 of the Federal Communications Commission's Rules and Regulations.
6. Terminal equipment and communications systems connected via grandfathered protective circuitry are subject to the provisions of 1 through 5 preceding.

B. Connections Through Connecting Arrangements Provided by the Company

1. Grandfathered connections of terminal equipment and grandfathered connections of communications systems to the private line services specified in B2.6.2.B preceding are subject to A15.1.3.B, Connections of Grandfathered Terminal Equipment and Grandfathered Communications Systems, of the General Subscriber Service Tariff. Such connections are subject to the minimum protection criteria set forth in B2.6.4.F following.

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EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.3 Connections of Grandfathered Terminal Equipment and Grandfathered Communications Systems (Cont'd)

B. Connections Through Connecting Arrangements Provided by the Company (Cont'd)

2. Grandfathered connections of terminal equipment and grandfathered connections of communications systems to the private line services specified in B2.6.2.C and D preceding are subject to the following:
 - a. Until May 1, 1983, the Company will provide connecting arrangements for installations of new terminal equipment or communications systems that are subject to Part 68 of the Federal Communications Commission's Rules and Regulations. However, after May 1, 1983, connecting arrangements will only be provided to the extent that such connecting arrangements are available, to reconnect terminal equipment or communications systems which were previously connected to the private line services specified in B2.6.2.C or D preceding through connecting arrangements prior to May 1, 1983.
 - b. Grandfathered connections of terminal equipment and grandfathered connections of communications systems made in accordance with a. preceding may remain connected and be moved and reconnected for the life of the equipment and may be modified only in accordance with Part 68 of the Federal Communications Commission's Rules and Regulations. Connecting arrangements used for such moves and reconnections will continue to be provided by the Company subject to their availability, at the rates and charges specified in Sections B104. of this Tariff and A15. of the General Subscriber Service Tariff.
 - c. Network control signaling shall be performed by the connecting equipment furnished, installed and maintained by the Company, except that customer-provided tone-type address signaling is permissible through a connecting arrangement.
 - d. The connections specified in a. through c. preceding must comply with the minimum protection criteria specified in B2.6.4.F following.

B2.6.4 Connections of Terminal Equipment and Communications Systems Not Subject to the FCC Registration Program

A. General

1. Connecting arrangements are not required and minimum protection criteria as specified in A15.1.3.C. are not applicable where terminal equipment or communications systems are connected with the following channels when such channels are used for the types of transmission specified herein due to the nature of the service provided and/or the type of channels and equipment used.
 - Type 1001 through Type 1002 Channels
 - Type 1101 through Type 1102 Channels
 - Type 1204 through Type 1205 Channels
 - Type 5101 through Type 5102 Channels
 - Series 6000 Channels
2. Except as otherwise provided in B2.6.2 and B2.6.3 preceding, terminal equipment and communications systems may be electrically connected to private line services in accordance with this B2.6.4.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.4 Connections of Terminal Equipment and Communications Systems Not Subject to the FCC Registration Program (Cont'd)

A. General (Cont'd)

2. Except as otherwise provided in B2.6.2 and B2.6.3 preceding, terminal equipment and communications systems may be electrically connected to private line services in accordance with this B2.6.4. (Cont'd)
 - a. When the terminal equipment or communications system is connected with private line service furnished by the Company and such private line service is not arranged for connection to telecommunications services, such connections shall be made to an interface provided by the Company.
 - b. When the terminal equipment or communications system is connected with private line service furnished by the Company and such private line service is arranged for connection to telecommunications services:
 - (1) Except as otherwise specified in B2.6.4D.1.d. following, such connections shall be made through a connecting arrangement as provided in this B2.6.4, and
 - (2) The connection shall be such that the functions of network control signaling (except customer-provided tone type address signaling through a connecting arrangement) are performed by equipment furnished by the Company.
 - c. Terminal equipment or communications systems connected pursuant to a. or b. preceding must comply with the minimum protection criteria set forth in A15.1.4.B.

B. Data Terminal Equipment

Data terminal equipment (including telephotograph equipment) may be connected at the customer's premises to private line service through a network control signaling unit and a data access arrangement provided by the Company in accordance with the following when such private line service is arranged as provided in A.2.b preceding.

1. The customer shall furnish the equipment which performs the functions of:
 - a. Conditioning the data signals generated by the terminal equipment to signals suitable for transmission by means of Company services, and
 - b. Conditioning signals transmitted by means of Company services to data signals suitable for reception by the terminal equipment.
2. Where a data access arrangement is furnished in connection with terminal equipment and such terminal equipment is used for both voice and data communication, the data access arrangement may be used to connect the terminal equipment for voice communication.

C. Voice Terminal Equipment

1. Voice terminal equipment may be connected at the customer's premises to private line service in accordance with the following when such private line service is arranged as provided in A.2.b. preceding.
 - a. The connection shall be made through a network control signaling unit and a connecting arrangement furnished by the Company.

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EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.4 Connections of Terminal Equipment and Communications Systems Not Subject to the FCC Registration Program (Cont'd)

C. Voice Terminal Equipment (Cont'd)

1. Voice terminal equipment may be connected at the customer's premises to private line service in accordance with the following when such private line service is arranged as provided in A.2.b. preceding. (Cont'd)
 - b. Where a data access arrangement is furnished in connection with terminal equipment and such terminal equipment is used for both voice and data communication, the data access arrangement may be used to connect the terminal equipment for voice communication.
2. Attested Equipment and Conforming Answering Devices may be used with private line service.

D. Communications Systems

1. Communications systems may be connected (other than communications systems connected pursuant to B2.6.2 and B2.6.3 preceding) to private line service in accordance with this B2.6.4.D.1. These communication systems (including channels derived from such systems), not exceeding voice grade, may be connected at the customer's or authorized user's premises where the customer or authorized user has a regular and continuing requirement for the origination or termination of communications over the communications system provided that:
 - a. The normal mode of operation of the communications systems shall be to provide communications originating or terminating at the premises on which the connection is made.
 - b. The connection shall be made through switching equipment provided either by the customer, or authorized user or by the Company.
 - c. The connection shall be to channels of a Type lower than 5500 furnished by the Company or to channels created therefrom in accordance with the provisions of B2.2.6 preceding.
 - d. When the private line service is arranged as provided in B2.6.4.A.2.b. preceding, the connection is made through:
 - (1) a connecting arrangement, or
 - (2) registered or grandfathered terminal equipment, communications system, or protective circuitry which, either singularly or in combination assures that the requirements of Part 68 of the Federal Communications Commission's Rules and Regulations are met at the private line interface.

Minimum protection criteria as set forth in f. following must be complied with when the connection is made through equipment or systems that are not registered.

In lieu of these requirements for total hardware protection, an optional, alternative method, as described in e. following, is available for the control of signal power only.

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EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.4 Connections of Terminal Equipment and Communications Systems Not Subject to the FCC Registration Program (Cont'd)

D. Communications Systems (Cont'd)

1. (Cont'd)

- e. When communications systems not subject to Part 68 of the Federal Communications Commission's Rules and Regulations are connected to private line services that are arranged as provided in B2.6.4.A.2.b. preceding and the connection is through (a) a connecting arrangement or (b) registered or grandfathered terminal equipment, communications system or protective circuitry which assures that all of the requirements of Part 68 of the Federal Communications Commission's Rules and Regulations are met at the private line service interface, no further action is required. However, when a customer elects to connect a communications system to private line service and the registered or grandfathered equipment, system or protective circuitry through which the connection is made does not provide protection for signal power control, the customer must comply with the following institutional procedures:

- (1) The communications system must be installed, operated and maintained so that the signal power (within the frequency range of 200-4000 Hertz) at the private line service interface continuously complies with Part 68 of the Federal Communications Commission's Rules and Regulations.
- (2) The operator(s)/maintainer(s) responsible for the establishment, maintenance and adjustment of the voice frequency signal power present at the private line service interface must be trained to perform these functions by successfully completing one of the following:

A training course provided by the manufacturer of the equipment used to control voice frequency signal power; or

A training course provided by the customer or authorized representative, who has responsibility for the entire communications system, using training materials and instructions provided by the manufacturer of the equipment used to control the voice frequency signal power; or

An independent training course (e.g., trade school or technical institution) recognized by the manufacturer of the equipment used to control the voice frequency signal power; or

In lieu of the preceding training requirements, the operator(s)/maintainer(s) is under the control of a supervisor trained in accordance with the three preceding requirements.

Upon request the customer is required to provide the proper documentation to demonstrate compliance with the requirements in B2.6.4.O.1.e.(2).

- (3) At least 10 days advance notice must be given to the Company in the form of a notarized affidavit before the initial connection of the communications system. A copy of the affidavit must also be maintained at the customer's premises. The affidavit must contain the following information:

The full name, business address, business telephone number and signature of the customer or authorized representative who has responsibility for the operation and maintenance of the communications system.

The line(s) which the communications system will either be connected to or arranged for connection to.

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EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.4 Connections of Terminal Equipment and Communications Systems Not Subject to the FCC Registration Program (Cont'd)

D. Communications Systems (Cont'd)

1. (Cont'd)

e. (Cont'd)

(3) (Cont'd)

A statement that all operations associated with the establishment, maintenance and adjustment of the signal power present at the private line service interface will comply with Part 68 of the Federal Communications Commission's Rules and Regulations.

A statement describing how each operator/maintainer of the communications system will meet and continue to meet the training requirements for persons installing, adjusting or maintaining the communications system.

f. Extraordinary Procedures

- (1) The Company may invoke extraordinary procedures to protect the private line service where one or more of the following conditions are present:

Information provided in the affidavit gives reason to believe that a violation of Part 68 of the Federal Communications Commission's Rules and Regulations or the Institutional Procedures set forth in e. preceding is likely.

Harm has occurred and there is reason to believe this harm was a result of operations performed under the Institutional Procedures set forth in e. preceding.

- (2) The extraordinary procedures which can be invoked by the Company include:

Requiring the use of protective apparatus which either protects solely against signal power or which assures that all of the requirements of Part 68 are met at the private line service interface. This protective apparatus may be provided by either the Company or the customer.

- (3) A charge equal to the Trouble Location charge as provided in B2.6.12 will apply when:

It is necessary to send a Company employee to the premises where the connection is made because a condition set forth in (1) preceding exists, and

A failure to comply with Part 68 of the Federal Communications Commission's Rules and Regulations or the Institutional Procedures for signal power control in e. preceding is disclosed.

2. Communications systems may be connected with Series 5000 wideband data services furnished to the same customer at the premises of the customer or authorized user where the customer has a regular and continuing requirement for the origination or termination of communications over the communication system provided that:

a. The normal mode of operation of the communications system shall be to provide communications originating or terminating at the premises on which the connection is made.

b. The connection shall be made through switching equipment provided by the customer or authorized user.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.4 Connections of Terminal Equipment and Communications Systems Not Subject to the FCC Registration Program (Cont'd)

D. Communications Systems (Cont'd)

2. (Cont'd)

- a. The connection shall be made to Service Terminals provided by the Company furnished for the transmission of sequential synchronous signals at the rates of 19.2, 40.8, 50.0, and 230.4 kilobits per seconds, or for the transmission of two level sequential non-synchronous facsimile signals.
3. Communications systems may be connected through connecting arrangements with Type 10001 Channels (Entrance Facilities) furnished for the purpose of extending the communications system to a premises of the customer or authorized user. The Type 10001 channel or channels created therefrom in accordance with the provisions of B2.2.6 preceding may be connected at such customer's or authorized user's premises, or premises to other communications systems in accordance with D.1.a. through c. preceding.
4. A communications system provided by an authorized user may be connected at the premises of the authorized user to private line service furnished by the Company to a customer on which the authorized user has a station, provided that:
 - a. The customer has a regular and continuing requirement for communications originating or terminating at the authorized user's premises at which the connection is made.
 - b. The normal mode of operation of the authorized user-provided communications system shall be to provide communications originating or terminating at the premises on which the connection is made.
 - c. The connection shall be made through switching equipment provided by the customer or authorized user or by the Company.
 - d. The connection shall be to channels of a Type number lower than 5500 furnished by the Company or to channels created therefrom in accordance with the provisions of B2.2.6 preceding.
 - e. The connection shall be made on the same basis as set forth for the customer in A.2. preceding and F. following.
 - f. All communications over the interconnected facilities shall be between the customer and authorized user and relate directly to the customer's business.
5. A communications system provided by an authorized user may be connected at the premises of the authorized user with Series 5000 wideband data services furnished to a customer provided that:
 - a. The customer has a regular and continuing requirement for communications originating or terminating at the authorized user's premises at which the connection is made.
 - b. The normal mode of operation of the authorized user-provided communications system shall be to provide communications originating or terminating at the premises on which the connection is made.
 - c. The connection shall be made on the same basis as set forth for the customer in A.2. preceding and F. following.
 - d. The connection shall be made to service terminals provided by the Company furnished for the transmission of sequential synchronous signals at the rates of 19.2, 40.8, 50.0, 230.4 kilobits per second, or for the transmission of two level sequential non-synchronous facsimile signals.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.4 Connections of Terminal Equipment and Communications Systems Not Subject to the FCC Registration Program (Cont'd)

D. Communications Systems (Cont'd)

5. A communications system provided by an authorized user may be connected at the premises of the authorized user with Series 5000 wideband data services furnished to a customer provided that: (Cont'd)
 - e. All communications over the interconnected facilities shall be between the customer and authorized user and relate directly to the customer's business.

E. Accessories

Accessories provided by a customer or authorized user may be used with private line service provided that such accessories comply with the provisions of B2.6.1.B. and B2.6.4.A.2.b.(2) preceding.

F. Acoustic or Inductive Connections

1. General

- a. Voice or data terminal equipment (including telephotograph equipment) may be acoustically or inductively connected at the customer's premises to a private line service provided the acoustic or inductive connection is made externally to the network control signaling unit when such unit is provided by the Company.
- b. Communications systems may be acoustically or inductively connected with private line service as specified herein, provided the acoustic or inductive connection is made externally to the network control signaling unit when such unit is provided by the Company.
Communications systems may be connected at premises of the customer or authorized user where the customer has a regular and continuing requirement for the origination or termination of communications over the communications system provided that:
 - (1) The normal mode of operation of the communications system shall be to provide communications originating or terminating at the premises on which the connection is made.
 - (2) The connection shall be to channels of a Type number lower than 5500 furnished by the Company.
- c. A communications system may be acoustically or inductively connected at the premises of the authorized user with Company facilities for private line service, on which the authorized user has a station, provided that:
 - (1) The normal mode of operation of the communications system shall be to provide communications originating or terminating at the premises on which the connection is made.
 - (2) The customer has a regular and continuing requirement for communications originating or terminating at the authorized user's premises at which the connection is made.
 - (3) The connection shall be to channels of a Type number lower than 5500 furnished by the Company.
 - (4) The connection shall be made on the same basis as set forth for the customer in b. preceding.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(2)

B2.6 Connections (Cont'd)

B2.6.4 Connections of Terminal Equipment and Communications Systems Not Subject to the FCC Registration Program (Cont'd)

F. Acoustic or Inductive Connections (Cont'd)

1. General (Cont'd)

c. (Cont'd)

(5) All communications over the interconnected facilities shall be between the customer and authorized user and relate directly to the customer's business.

d. Customer-provided tone-type address signaling is permitted through such connections, however, the services of the Company are not designed for such use and the Company makes no representation as to the reliability of address signaling which is performed in such manner.

2. Minimum Protection Criteria

a. Since private line services utilize Company channels and equipment in common with other services it is necessary in order to prevent excessive noise and crosstalk that the power of the signal applied to the Company private line service be limited. Because each private line service is individually engineered a single valued limit for all applications cannot be specified. Therefore, the power of the signal which may be applied by the equipment to the interface will be specified by the Company for each application to be consistent with the signal power allowed on the telecommunications network.

b. To protect other services, it is necessary that the signal which is applied by the equipment to the interface located on the customer's premises meet the following limits at the output of the network control signaling unit:

(1) The power in the band from 3,995 Hertz to 4,005 Hertz shall be at least 18dB below the power of the signal as specified in a. preceding.

(2) The power in the band from 4,005 Hertz to 10,000 Hertz shall not exceed 16dB below one milliwatt.

(3) The power in the band from 10,000 Hertz to 25,000 Hertz shall not exceed 24dB below one milliwatt.

(4) The power in the band from 25,000 Hertz to 40,000 Hertz shall not exceed 36dB below one milliwatt.

(5) The power in the band above 40,000 Hertz shall not exceed 50dB below one milliwatt.

c. When there is connection to telecommunications service, to prevent the interruption or disconnection of a call, or interference with network control signaling, it is necessary that the signal applied by the equipment to the Company-provided voice transmitting and receiving equipment located on the customer's premises be limited so that the signal at the output of the Company-provided voice transmitting and receiving equipment shall at no time have energy solely in the 2450 to 2750 Hertz band. If there is signal power at the output of the Company-provided voice transmitting and receiving equipment in the 2450 to 2750 Hertz band, it must not exceed the power present at the same time in the 800 to 2450 Hertz band.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.5 Channel Derivation Devices

Customer-provided channel derivation devices which are used to create additional channels in accordance with B2.2.6, may be connected to private line service subject to B2.6.1, B2.6.2, and B2.6.3 preceding.

B2.6.6 Equipment-to-Equipment Connections

Equipment-to-equipment connections, as defined in B.2.6.1.F, preceding, may be connected to telecommunications services when such arrangements are in compliance with Part 68 of the Federal Communications Commissions Rules and Regulations, this Section B2.6 and Section A15 of the General Subscriber Service Tariff.

B2.6.7 Connections of Certain Facilities of Power, Pipe Line and Railroad Companies²

- A. Facilities of an electric power company, an oil, oil products or natural gas pipe line company, or a railroad company provided primarily to communicate with points located along a right-of-way (including premises of such company anywhere in cities, towns or villages along the right-of-way) owned or controlled by such company may, in lieu of the provisions of B2.6.3 and B2.6.4.D preceding, be connected with service furnished by the Company to the same customer, subject to the following:
1. Such connections will be made by means of switching or connecting equipment furnished by the Company.
 2. Such customer telephone facilities will be connected to private line services furnished by the Company for voice transmission and utilizing a Series 2000, 2100, or 5200 channel, when furnished to the same customer, for communications with stations associated with such services; provided, however, that facilities of the customer will not be connected to a local or toll central office line to form a through connection except as follows:
 - a. In cases of emergency involving safety of life or property;
 - b. In cases of calls originated by railroad employees under circumstances indicating need for prompt action to secure or maintain the safety, continuity, or reliability of railroad service to the public, and related to the movement of passengers, mail, property, or equipment by railroad, or the repair, maintenance, or construction of railroad rights-of-way, structures, or equipment;
 - c. In cases where the customer facilities serve locations where it is impracticable because of hazard or inaccessibility for the Company to furnish its facilities; and
 - d. During an interim period in cases where the customer has arranged for replacement of said customer facilities with facilities of the Company.
 3. Telecommunications circuits of such companies will be connected to a local or toll central office line to form a through connection only through manual switching equipment, or an attendant's position of dial PBX equipment furnished to the customer by the Company. Such equipment or position may be located at either or both ends of the customer's circuit.
 4. Connection of a Telecommunications circuit of such companies as specified in 2.b.c.or d. preceding may be established at either end of such circuit, but shall not be established at both ends simultaneously.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

Note 2: The provisions in A15.1.9.B. of the General Subscriber Service Tariff apply to terminal equipment and communications systems connected to those private line services specified in B2.6.2.B preceding.

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.7 Connections of Certain Facilities of Power, Pipe Line and Railroad Companies² (Cont'd)

A. (Cont'd)

5. Customer teletypewriter, data transmission, remote metering, supervisory control or miscellaneous signaling facilities will be connected to private line service furnished by the Company for such purposes to the same customer.
6. Company-provided private line services, when connected with facilities of the customer, will not be used for communications of other than the customer, except that such services may be used for the communications of, and be connected with services furnished by the Company to, other companies which:
 - a. Are operated with the customer as parts of an integrated electric power, oil, oil products or natural gas system or railroad system under direct or common ownership or control; or
 - b. Own or operate an electric power or pipe line or railroad system jointly with the customer; or
 - c. Own or operate electric power or pipe line or railroad facilities interconnected with those of the customer.

Company-provided private line services when so connected may be connected to a local or toll central office line to form a through connection for communications of other companies specified in a., b., or c. preceding, including calls originated by employees of such companies only under the circumstances set forth in 2.a. and b. preceding.

7. Terminal equipment and communications systems connected to the private line services specified in B2.6.2.B preceding in accordance with 1 through 6 preceding prior to January 1, 1980 may remain connected and be moved and reconnected for the life of the equipment without registration unless subsequently modified. New installations of terminal equipment or communications systems subject to Part 68 of the Federal Communications Commission's Rules and Regulations connected to such private line services must meet the requirements of Part 68 of the Federal Communications Commission's Rules and Regulations.
8. Effective May 1, 1983, new installations of, or additions to, terminal equipment and communications systems subject to Part 68 of the Federal Communications Commission's Rules and Regulations, connected to the private line services specified in B2.6.2.C or D preceding in accordance with 1 through 6 preceding, must meet the requirements of Part 68 of the Federal Communications Commission's Rules and Regulations.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

Note 2: The provisions in A15.1.9.B. of the General Subscriber Service Tariff apply to terminal equipment and communications systems connected to those private line services specified in B2.6.2.B preceding.

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.8 Connections of Certain Facilities of the U. S. Army, Navy, Air Force and NASA²

- A. Facilities of the U. S. Department of the Army, Navy or Air Force and of the National Aeronautics and Space Administration will be connected with services furnished by the Company, in lieu of the provisions of B2.6.3 and B2.6.4.D preceding, as provided in 1. and 2. following, where the Secretary of the appropriate Department or his authorized representative, or the Administrator of the National Aeronautics and Space Administration, or an authorized representative, notifies the Company in writing that such connection is required for reasons of military necessity, or for the control of space vehicles. Such connections will be made by means of switching or connecting equipment furnished by the Company.
1. Telecommunications facilities of the aforesaid Departments or Administration will be connected to private line services furnished by the Company for voice transmission and utilizing a Series 2000 (including Series 5000 equivalents) channel for communications with stations associated with such services; provided, however, that such Department or Administration facilities will not be connected to a local or toll central office line to form a through connection except in cases of emergency involving safety of life or property, unless such facilities are provided in locations where it is impracticable for the Company to furnish its services.
 2. Teletypewriter, data transmission, remote metering, supervisory control or miscellaneous signaling facilities of the aforesaid Departments or Administration will be connected to private line services furnished for such purposes.
 3. Terminal equipment and communications systems connected to the private line services specified in B2.6.2.B preceding in accordance with 1 and 2 preceding prior to January 1, 1980 may remain connected and be moved and reconnected for the life of the equipment without registration unless subsequently modified. New installations of terminal equipment or communications systems subject to Part 68 of the Federal Communications Commission's Rules and Regulations connected to such private line services must meet the requirements of Part 68 of the Federal Communications Commission's Rules and Regulations.
 4. Effective May 1, 1983, new installations of or additions to terminal equipment and communications systems subject to Part 68 of the Federal Communications Commission's Rules and Regulations, connected to the private line services specified in B2.6.2.C or D preceding in accordance with 1 and 2 preceding, must meet the requirements of Part 68 of the Federal Communications Commission's Rules and Regulations.

B2.6.9 Connections of Services Furnished by the Company to the Same Customer

A private line furnished by the Company or by the Company and its Other Carriers may be connected to another private line furnished by the Company or by the Company and its Other Carriers or to another service provided by the Company as specified in A. through F. and B2.6.10 following.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

Note 2: The provisions in A15.1.10.B or A15.1.11.B as appropriate, of the General Subscriber Service Tariff apply to terminal equipment and communications systems connected to those private line services specified in B2.6.2.C preceding.

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.9 Connections of Services Furnished by the Company to the Same Customer (Cont'd)

- A. A private line may be connected to another private line if the forms of electrical communication for which they are being used are the same. These private lines may be connected (1) at the premises of the customer; (2) at the premises of an authorized user with a common service point on both private lines.

All connections will be made through connecting arrangements, channel switching arrangements or through switching equipment, except as otherwise provided in B., C., and E. following.

- B. Private lines for audio may be connected to the extent specified for Series 6000 channels in Section B103.
- C. Channels created by the customer or authorized user in accordance with the provisions of B2.2.6.B. preceding may be connected at the customer's or authorized user's premises:
1. To channels furnished by the Company and to channels created therefrom as authorized in B2.2.6.B. preceding.
The connection of channels specified preceding is subject to the regulations contained in B2.6.1, 2., and 3., and B. preceding.
 2. To a Type 10001 channel furnished by the Company, and to channels created therefrom as authorized in B2.2.6.B. preceding.
The connection of channels specified preceding is subject to the regulations contained in B2.6.1, B2.6.2, B2.6.3, and B2.6.4 as appropriate.
 3. To station apparatus provided by the Company as a part of a service provided by the Company to the same customer or to a local or toll central office line or WATS access line through such station apparatus.
The connection described preceding is subject to the regulations specified in the General Subscriber Service Tariff of the Company as appropriate.

- D. A private line for voice communication utilizing a Series 2000 or 5200 channel or other types of channels when used alternately for voice transmission and when in the voice mode, may be connected at a PBX or other switching or connecting arrangement, to a local or toll central office line or WATS access line to form a through connection over the private and exchange lines where facility and conditions permit. It is not contemplated that more than one such type of connection will be established simultaneously and transmission is not represented as adapted to more than one such connection of the combined facilities at one time.

Where terminal equipment or communications systems involve connection to a Type 2230, Type 5201 or Type 10001 channel, such channels may also be connected either on the premises of a customer or authorized user or through Centrex Control Switching Equipment which serves the premises of the customer or authorized user, to a local or toll central office line or WATS access line to form a through connection. When the connection is made on the premises of the customer or authorized user, such connection shall be through switching equipment and shall be made in accordance with the regulations contained in B2.6.1 preceding and the rates and regulations specified in the General Subscriber Service Tariff of this Company.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.9 Connections of Services Furnished by the Company to the Same Customer (Cont'd)

D. (Cont'd)

When a two-point private line or a multi-point private line arranged for service solely between two points utilizing the above type channels is used for transmission of data, through connections over the private and exchange lines may also be established as described preceding.

- E. Type 10001 channels may be connected to private line services either on the premises of the customer or authorized user or through Centrex Control Switching Equipment which serves the premises of the customer or authorized user where the customer has a regular and continuing requirement for the origination or termination of communications over the customer-provided communications system which is extended by the Type 10001 channel provided that:
1. The normal mode of operation of the communications system shall be to provide communications originating or terminating at the premises on which the connection is made or at the customer's or authorized user's premises served by the Centrex Control Switching Equipment.
 2. When the connection is made on the premises of the customer or authorized user, the connection shall be made through switching equipment.
 3. The connection shall be to channels of a Type number lower than 5500, to Series 10000 channels furnished by the Company or to channels created therefrom in accordance with the provisions of B2.2.6.B. preceding.

B2.6.10 Connection of Services Furnished by the Company to Different Customers

- A. A private line furnished to a customer on a twenty-four hour per day, seven day per week basis may be connected:
1. With a private line furnished to a branch or agency of the United States Government for the purposes specified under B. through D. following, provided such connection is authorized by the branch or agency to whose service the connection is made and connections are made by means of connecting or switching arrangements furnished by the Company, or,
 2. With a private line, local or toll central office line or WATS access line furnished to a different customer provided such connection is made at the premises of an authorized user as specified in E. through H. following, or,
 3. As specified under I. through L. following when connections involve (1) Series 6000 channels, (2) the use of service as related to the coordination or exchange of electrical pooled power, (3) channels of a Type number lower than 5500 when these are furnished for data transmission to one customer with connection to channels created by another customer.
 4. As specified in M. following when private line service is furnished to a state or local government agency and to a United States Government agency, or connections as specified in B. through M. following will be provided only when the same type of channels, (except when local or toll central office or WATS lines as set forth in F. and H. following are involved) are connected and the same forms of electrical communication are used over the connected channels.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.10 Connection of Services Furnished by the Company to Different Customers (Cont'd)

- B. Where the private line is furnished to the Government for teletypewriter transmission for the collection and dissemination of (1) weather information, (2) miscellaneous airways information pertaining to the supervision of the flight of aircraft along the civil airways or (3) agricultural and farm market information, connection may be made as follows:
1. Receiving Only Service - for reception of weather and miscellaneous airways information and agricultural and farm market information transmitted over the Government service to which it is connected.
 2. Sending and Receiving Service - for transmission of flight plans to and acknowledgement of such plans from the Government service to which connection is authorized.
- C. Where the private line utilizes Series 2000 or appropriate Series 5000 equivalent channels and is furnished to the Government for data transmission for the collection and dissemination of weather information and for the collection and dissemination of data relating to national defense, connection may be made for such purposes.
- D. Where the private line is furnished to the Government for voice transmission for the collection and dissemination of information relating (1) to air traffic control activities and similar information of public interest in connection with supervision of the flight of aircraft along civil airways or (2) directly to civil defense activities, connection may be made for such purposes.
- E. A private line furnished to a customer may be connected to a "different" customer's private line if the "different" customer is an authorized user on the other customer's private line and provided that:
1. All communications over the interconnected private lines are between the customers and relate directly to their business.
 2. Such connections be made through switching equipment.
 3. Neither of the private lines is being furnished for foreign exchange service.
- Such private lines shall include channels created by the customer in accordance with B2.2.6.B. preceding.
- F. A private line furnished to a customer may be connected to a local or toll central office line furnished to a "different" customer provided that:
1. The customer for the local or toll central office line is an authorized user of the other customer's private line.
 2. The connection shall be made through switching equipment.
 3. The connection shall be such that the function of network control signaling is performed by equipment furnished, installed and maintained by the Company.

Such private lines shall include channels created by the customer in accordance with B2.2.6.B. preceding.

- G. Private lines for audio transmission may be connected as provided for Series 6100 channels in Section B3. following.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.10 Connection of Services Furnished by the Company to Different Customers (Cont'd)

- H. Private line services furnished by the Company for communications as provided in B2.2.1.F. preceding, may be connected with similar services provided by the Company.
- I. Private lines for teletypewriter transmission furnished to the U. S. Army may be connected to private lines for teletypewriter transmission to the Associated Press and United Press International for the purpose of establishing an Emergency Action Notification System provided that said customers agree to such connection. Connections will be made by means of switching arrangements furnished by the Company.
- J. Private line service furnished to a state or local government agency may be connected to private line channels arranged for use and ordered by a United States Government Agency for the use of the state or local government agency pursuant to the Intergovernmental Cooperation Act of 1968.

B2.6.11 Connection of Services Furnished by the Company with Service of Other Carriers

- A. A communications system provided by an Other Carrier (listed in C. following) referred to as the OC, to a customer or authorized user of private line services furnished by the Company may be connected at the premises of the customer or authorized user to the channels of a private line service furnished by the Company where the customer or authorized user has a regular and continuing requirement for the origination or termination of communications over the OC-provided communication system provided that:
 - 1. The normal mode of operation of the OC-provided communications system shall be to provide communications originating or terminating at the premises at which the connection is made.
 - 2. The private line service furnished by the Company shall be voice grade.
 - 3. Where the connection of an OC-provided communications system is by means of a direct electrical connection, such connection shall be made:
 - a. Through switching equipment; or
 - b. Through a channel derivation device.
 - 4. Where such connection is made through a channel derivation device as specified in b. preceding, the "regular and continuing requirement for the origination or termination of communication" provision in 1. preceding and the provision of A. preceding are not applicable.
 - 5. When the connection is by means of switching equipment, such switching equipment and the facilities provided by the OC shall be treated as a communications system and the regulations in B2.6.1 through B2.6.4 preceding, as applicable to the connection of a communications system shall apply.

When the connection is by means of a channel derivation device, such channel derivation device and the facilities provided by the Other Carrier shall be treated as a communications systems and the regulations applicable to the connection of communications systems as set forth in B2.6 shall apply with the exception of provisions of B2.6.4.D.1.a.and b. and B2.6.4.D.2
 - 6. Where the connection of an OC-provided communications system is by means of an acoustic or inductive connection, such connection shall be made externally to Company-provided voice transmitting and receiving equipment.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.11 Connection of Services Furnished by the Company with Service of Other Carriers (Cont'd)

A. (Cont'd)

7. Where the customer of such OC is an authorized user of a private line service furnished by the Company and such connection is made at the authorized user's premises, all communications over the interconnected facilities shall be between the authorized user and the Company's customer and be related directly to the Company's customer's business.
8. Connections shall be made only if the forms of electrical communication are the same and consistent with those for which the Company-provided channel is offered. Connections are not represented as being suitable for satisfactory transmission.
9. All arrangements concerning such OC services shall be made by the customer with that carrier. The furnishing of private line services by the Company as set forth preceding is not part of a joint undertaking with the Other Carrier.
10. Where private line services furnished by the Company are used in the provision of a composite data service for others and connection of those private line services is made to a communications system provided by an Other Carrier and the connection is made through data switching equipment, the regulations specified in 1., 4. and 5. preceding are not applicable.

- B. Communications systems (utilizing Central Office Connecting Facilities), not exceeding voice grade, provided by an OC (excluding International Record Carriers listed therein) to a customer may be connected at the premises of the Company with private line service provided by the Company to the same customer, provided the connection is made through Centrex Control Switching Equipment furnished in accordance with Centrex service provisions of this State's General Subscriber Service Tariff:

- C. The OC's referred to in this Section are:

Carrier	Tariff F.C.C.	PSC No.
AT&T Communications	-	-
Western Union Telegraph Co.	254	1
Western Union Telegraph Co.	261	-

B2.6.12 Trouble Location Charge

- A. The customer shall be responsible for payment of a service charge as follows for each visit by the Company to the premises of the customer or authorized users, or OC listed in B2.6.11. preceding, where the service difficulty or trouble report results from the use of equipment or facilities provided by the customer or his authorized users or an OC.

1. Private Line Service, per service call

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.12 Trouble Location Charge (Cont'd)

A. (Cont'd)

1. Private Line Service, per service call (Cont'd)

	First Half Hour Or Fraction Thereof	Each Additional Half Hour Or Fraction Thereof	USOC
(a) Basic Time normally scheduled hours	\$45.00	\$18.00	NA
(b) Overtime, outside of normally scheduled working hours on a scheduled workday	47.00	22.00	NA
(c) Premium Time, outside of scheduled work day	51.00	26.00	NA

B2.6.13 Reserved For Future Use

B2.6.14 Connections of Test Equipment

A. Totally Protective Connections

1. Test equipment may be connected to those private line services specified in B2.6.2 preceding at the premises of the customer through registered or grandfathered terminal equipment, protective circuitry, or communications systems subject to Part 68 of the Federal Communications Commission's Rules and Regulations which, either singularly or in combination, assures that all of the requirements of Part 68 of the Federal Communications Commission's Rules and Regulations (total protection) are met at the private line service interface.
2. Test equipment may be connected to those private line services specified in 2.6.4 (A) (2) preceding at the premises of the customer either (1) directly at the private line service interface, or (2) through other equipment, provided that the minimum protection criteria specified in 2.6.4 (F) preceding is continually met at the private line service interface.

B. Interim Program for Connections of Test Equipment

Test equipment may also be connected at the premises of the customer to those private line services specified in B2.6.2 preceding either (1) directly at the private line service interface, or (2) through terminal equipment, protective circuitry, or communications systems subject to Part 68 of the Federal Communications Commission's Rules and Regulations which does not provide protection for signal power control under the following Interim Program provided that:

1. The test equipment is limited to transmission signal power generating and/or detection devices, or similar devices, utilized by the Customer for the detection and/or isolation of a communications service fault.
2. The test equipment is of a type that was lawfully directly connected to private line service as of March 6, 1981. Such test equipment may remain connected, be moved or reconnected during the life of the test equipment unless it has been subsequently modified.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.14 Connections of Test Equipment (Cont'd)

B. Interim Program for Connections of Test Equipment (Cont'd)

3. Direct connection of test equipment or connections through Company-provided terminal equipment, or communications systems subject to Part 68 of the Federal Communications Commission's Rules and Regulations are made through jacks or as otherwise authorized by the Company.
4. Test equipment must be operated in accordance with the Institutional Procedures for Signal Power Control as specified in (C) following.
5. The Customer notifies the Company of each private line service at each premises to which the test equipment will be connected in advance of the initial connection. The Customer must also notify the Company when such test equipment is permanently disconnected at each premises.
6. No test equipment or combination of test equipment with terminal equipment, protective circuitry or communications systems subject to Part 68 of the Federal Communications Commission's Rules and Regulations (including but not limited to wiring) may cause electrical hazards to Company personnel, damage to Company equipment, malfunction of Company billing equipment, or degradation of service to persons other than the user of the subject test equipment or the user's calling or called party.

C. Institutional Procedures for Signal Power Control

1. In accordance with (B) (4) preceding, the Customer must comply with the following Institutional Procedures:
 - a. The Customer must install, operate and maintain the test equipment so that its signal power at the private line service interface complies with Subpart D of Part 68 of the Federal Communications Commission's Rules and Regulations.
 - b. The operator(s)/maintainer(s) responsible for the test equipment signal power present at the private line service interface must be trained to perform these functions by successfully completing one of the following:
 - (1) a training course provided by the manufacturer of the test equipment, or
 - (2) a training course provided by the Customer, or authorized representative of the Customer, using training materials and instructions provided by the manufacturer of the test equipment, or
 - (3) an independent training course (e.g., trade school or technical institution) recognized by the manufacturer of the test equipment, or
 - (4) in lieu of the preceding training requirements, the operator(s)/maintainer(s) is under the control of a supervisor trained in accordance with (1) through (3) preceding.Upon request, the Customer is required to provide proper documentation to demonstrate compliance with the requirements in B2.6.14.C.1.b.
 - c. Advance notice must be given to the Company in the form of a notarized affidavit before the initial connection of the test equipment at each premises after April 9, 1981. A copy of the affidavit must also be maintained at the Customer's premises. The affidavit must contain the following information:
 - (1) The full name, business address, business telephone number and signature of the Customer or authorized representative who has responsibility for the operation of the test equipment.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS¹

(N)

B2.6 Connections (Cont'd)

B2.6.14 Connections of Test Equipment (Cont'd)

C. Institutional Procedures for Signal Power Control (Cont'd)

1. In accordance with (B) (4) preceding, the Customer must comply with the following Institutional Procedures: (Cont'd)
 - c. (Cont'd)
 - (2) The line(s) to which the test equipment will be either connected to or arranged for connection to.
 - (3) A statement that all operations associated with the establishment, maintenance and adjustment of the test equipment signal power present at the private line service interface will comply with Subpart D of Part 68 of the Federal Communications Commission's Rules and Regulations.
 - (4) A statement describing how each operator of the test equipment will meet and continue to meet the training requirements for persons installing, connecting, adjusting or maintaining the test equipment.
2. Extra-ordinary Procedures
 - a. The Company may invoke extra-ordinary procedures to protect the telecommunications network where one or more of the following conditions are present:
 - (1) Information provided in the affidavit gives reason to believe that a violation of Part 68 of the Federal Communications Commission's Rules and Regulations or the Institutional Procedures set forth in (1) preceding is likely.
 - (2) Harm has occurred and there is reason to believe this harm was a result of operations performed under the Institutional Procedures set forth in (1) preceding.
 - b. The extra-ordinary procedures, which can be invoked by the Company, include:
 - (1) Requiring the use of protective apparatus which either protects solely against excessive signal power or which assures that all of the requirements of Part 68 of the Federal Communications Commission's Rules and Regulations are met at the private line service interface.
 - (2) Disconnecting service.
 - c. A charge equal to the Trouble Location charge will apply when:
 - (1) It is necessary to send a repair person to the premises where the test equipment is connected because a condition as set forth in (a) preceding exists, and
 - (2) A failure to comply with the Institutional Procedures for signal power control is disclosed.

B2.7 Special Promotions

B2.7.1 Regulations

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

ISSUED: September 15, 1998
BY: Joseph P. Lacher, President -FL
Miami, Florida

EFFECTIVE: October 1, 1998

B2. REGULATIONS

B2.7 Special Promotions (Cont'd)

B2.7.1 Regulations (Cont'd)

- A. The Company may offer approved special promotions of new or existing services or products for limited periods as approved by the Public Service Commission. These promotions are a temporary waiver of certain recurring and/or nonrecurring charges as stated in paragraph B2.7.2.A. These promotions will be offered on a completely nondiscriminatory basis with each subscriber in the classification of service and area for which the promotion is offered having an equal opportunity for participation.

B2.7.2 Descriptions

- A. The following promotions are approved by the Commission:

Area of Promotion	Service	Charges Waived	Period	Authority
(DELETED)				(D)
(DELETED)				(D)
BellSouth's Service Territory	MegaLink [®] channel service (Service under 24 month or longer contract periods requested by small business customers (defined as any customer with annual billed revenue less than \$120,000).)	50% Nonrecurring Charges 50% off First Month	10/1/98 to 12/15/98	(N)
BellSouth's Service Territory	MegaLink [®] service (Service under 24 month or longer contract periods requested to be used with the MegaLink [®] channel service under special promotion to small business customers (defined as any customer with annual billed revenue less than \$120,000).)	50% Nonrecurring Charges 50% off First Month	10/1/98 to 12/15/98	(N)

B2. REGULATIONS¹

(N)

B2.7 Special Promotions (Cont'd)

B2.7.2 Descriptions (Cont'd)

A. The following promotions are approved by the Commission: (Cont'd)

Area of Promotion	Service	Charges Waived	Period	Authority
(DELETED)				(D)
(DELETED)				(D)
(DELETED)				(D)
(DELETED)				(D)
(DELETED)				(D)
(DELETED)				(D)

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.7 Special Promotions (Cont'd)

B2.7.2 Descriptions (Cont'd)

A. The following promotions are approved by the Commission: (Cont'd)

Area of Promotion	Service	Charges Waived	Period	Authority
(DELETED)				(D)
(DELETED)				(D)

B2.8 Reserved For Future Use

B2.9 Reserved For Future Use

B2.10 Reserved For Future Use

B2.11 Service Mark Protection

B2.11.1 Use of Service Marks

Service Marks of BellSouth Corporation may not be used by any entity concurring in or providing services pursuant to this Tariff except under an express written license agreement with BellSouth Corporation.

B2.12 Reserved For Future Use

B2.13 Reserved For Future Use

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

B2. REGULATIONS¹

(N)

B2.14 Customer Agents

B2.14.1 General

- A. The conditions specified herein apply to any entity (hereinafter "agent"), including but not limited to Customer Premises Equipment Providers, Enhanced Service Providers, and Interexchange Carriers acting or purporting to act on behalf of a customer or prospective customer (hereinafter "customer") in transactions with the Company. Such transactions may include, but are not limited to: (1) requests for information about the service or equipment of any customer, (2) negotiations regarding deposits, (3) orders for establishment of or changes in service or equipment, and (4) requests for or inquiries concerning the repair or maintenance of the service or equipment of any customer.

B2.14.2 Responsibility of the Agent

- A. The agent shall at all times act within the scope of the agent's authority as defined in the agent's agreement with the customer and shall not undertake any transaction with the Company on behalf of any customer unless the agent has been authorized to do so by that customer.
- B. In undertaking any such transactions on behalf of any customer, the agent shall comply with all rules and regulations in this section of this Tariff applicable to the transaction or to the service or equipment to which the transaction pertains.

B2.14.3 Warranty and Liability of the Agent

- A. By undertaking any transaction with the Company on behalf of a customer, the agent warrants and represents to the Company that the agent has been duly authorized by the customer to act on behalf of the customer in the transaction undertaken. In the event that the customer denies that the agent has acted within the scope of its authority, the agent shall assume responsibility for such transactions and will indemnify and hold the Company harmless from any and all damages, losses, or claims resulting from such dispute or denial by the customer, except for any damages, losses or claims resulting from the Company's willful misconduct, and will pay any and all applicable rates and charges for services rendered or equipment supplied by the Company because of the agent's actions. The foregoing in no way absolves the customer from liability arising from transactions performed by the agent on behalf of the customer.

B2.14.4 Proof of Authority

- A. When the Company in the reasonable exercise of the Company's discretion believes it appropriate, the Company may request proof of the authority of any party claiming to be the agent of the customer prior to acting upon such request. Failure of the Company to request such proof shall not, however, limit or otherwise affect the agent's responsibility or liability set forth herein, nor shall such a failure constitute a waiver of the Company's right to request such proof at any time in the future.

B2.15 Waiver of Nonrecurring Charges for Customers with Subvoice Grade Private Lines and Local Area Data Channels

- A. It is expressly declared that metallic facilities are in continually decreasing supply and that the Company does not hold itself in a position to make such facilities available. In addition, if modernization programs dictate the replacement of existing metallic facilities with facilities such as fiber optics and subscriber carrier that do not provide metallic continuity, the Company will not be required to continue to provide services that are based on metallic facilities.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

EFFECTIVE: July 15, 1996

B2. REGULATIONS¹

(N)

B2.15 Waiver of Nonrecurring Charges for Customers with Subvoice Grade Private Lines and Local Area Data Channels (Cont'd)

- B. In consideration of the decreasing supply of metallic facilities, the Company will convert a customer's service that is based on such facilities to an alternate service and waive the nonrecurring charges associated with the change. This applies to a customer where metallic facilities are being displaced with non-metallic facilities, or a customer may elect to make this change at any time prior to a modernization program that would eliminate the availability of metallic facilities.
- C. This waiver applies to private line customers with Subvoice Grade Service and Local Area Data Service. Alternative services that a customer may convert to are Voice Grade Private Lines, SynchroNet[®] service, WatchAlert[®] service or Basic Local Exchange Service.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

EXHIBIT _____

DEPOSITION OF KEITH MILNER

OFFERED BY

MCI

DOCKET NO. 981121-TP

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 981121-TP EXHIBIT NO 8
COMPANY/
WITNESS: Milner
DATE 2-3-99

Page 1

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for arbitration concerning complaint of MCImetro Access Transmission Services LLC for enforcement of interconnection agreement with BellSouth Telecommunications, Inc.

Docket No. 981121-TP
Filed: January 20, 1999

DEPOSITION OF W. KEITH MILNER

Taken in the above-styled cause, pursuant to notice, at 2540 Shumard Oak Boulevard, Room 362, Tallahassee, Florida, on Friday, January 22, 1999, commencing at approximately 1:30 p.m. Reported by Jo Black, Registered Professional Reporter and Notary Public.

MERIT REPORTING
Post Office Box 1496
Tallahassee, Florida 32302
(850) 224-6262

Page 4

1 capital L-I-N-K.
2 Your prefiled testimony describes MegaLink from a
3 technical perspective. And what I want to talk about a
4 little bit is from a tariff perspective and how it's used
5 in practice.
6 A Okay.
7 Q See if I've got it right. MegaLink is a service
8 by which digital signals are transmitted over digital
9 facilities at a rate of 1.544 million bits per second; is
10 that right?
11 A Yes, that's right.
12 Q And that tariff is governed by Section B7 of
13 BellSouth's private line service tariff; is that right?
14 A Yes, that's right.
15 Q And that's the tariff that's attached to your
16 testimony as Exhibit WKM-1?
17 A This is a portion of that tariff, yes.
18 Q Is that the entire Section B7, or is that just a
19 portion of B7?
20 A Let me check. I recall that it was only a
21 portion, but I better check that. This appears to be all
22 of Section B7.1, which is that part that talks about
23 MegaLink service. But there are other parts of B7. But
24 this is all that the tariff says about MegaLink service.
25 Q I take it from the fact that this is placed in

Page 2

APPEARANCES

FOR MCIMETRO: RICHARD D. MELSON, ESQUIRE
Hopping, Green, Sams & Smith
123 South Calhoun Street
Tallahassee, FL 32301

FOR BELLSOUTH: PHILLIP CARVER, ESQUIRE
675 West Peachtree Street, N.E.
Suite 4500
Atlanta, GA 30375

FOR PUBLIC SERVICE COMMISSION: CATHERINE BEDELL, ESQUIRE
2540 Shumard Oak Blvd
Tallahassee, FL 32311

ALSO PRESENT: CALVIN FAVORS

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1 your private line services tariff that MegaLink is what
2 your company would characterize as a private line service;
3 is that correct?
4 A Yes.
5 Q And as a private line service, am I correct that
6 MegaLink is also subject to the regulations, the general
7 regulations contained in Section B2 of your private line
8 service tariff?
9 A Yes, that's correct.
10 Q Could you describe for me what are the -- what's
11 the factor or factors that distinguish a private line
12 service from some other type of service?
13 A As the term is generally used, private line
14 implies that the service is used by a single customer, that
15 is, it's not -- other customers' traffic is not aggregated
16 on that same service. It may or may not be a switched
17 service; that is, it may or may not be arranged in such a
18 fashion as to be carried to a switch or some other device
19 that would carry the traffic on further than that.
20 So, in lay terms, it's what we call a
21 point-to-point service in that it originates in one place
22 and ends in another.
23 Q Does MegaLink service provide dial tone?
24 A No, it does not.
25 Q And you've got the tariff open there in front of

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1 WHEREUPON,
2 W. KEITH MILNER
3 was called as a witness and after having been first duly
4 sworn, was deposed and testified as follows:
5 MR. MELSON: Let's go ahead and get appearances
6 on the record. I'm Richard Melson, representing
7 MCImetro.
8 MR. CARVER: Phillip Carver, representing
9 BellSouth.
10 MS. BEDELL: Catherine Bedell, representing the
11 Division of Legal Services of the Public Service
12 Commission, with Calvin Favors, from the Division of
13 Communications.
14 DIRECT EXAMINATION
15 BY MR. MELSON:
16 Q Mr. Milner, I'd ask you if you've had your
17 deposition taken before, but I think I know the answer to
18 it.
19 A Yes, I have.
20 Q If I ask you any questions that you don't
21 understand or need a clarification, just let me know. If
22 you discover that you've misstated an answer to a prior
23 question, let's go back and get it cleared up. My first
24 series of questions and really my longest is going to be
25 about what MegaLink services -- and MegaLink is M-E-G-A,

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1 you. Could you look in the bottom of that first revised
2 page one of the tariff. B7.1.2.A.2 says multi-point
3 services not available. What does that mean?
4 A Multi-point service is a service that has
5 different ingress points to which different customers or
6 different customer locations might be attached. This note
7 clarifies that this service extends from one place to
8 another, rather than being accessed mid-point or in
9 multi-points along the service.
10 Q So MegaLink service is basically a transmission
11 facility from one customer point to another customer point,
12 if I understood you, without entries along the middle of
13 that service?
14 A That's correct, yes.
15 Q If you turn to the top of the next page of the
16 tariff, first revised page two, and I want to walk you
17 through in a little bit of detail the B7.1.2.A.6. And let
18 me just -- let me read part of it to you and then ask you,
19 if you could, to explain to me what that means. It says,
20 "The design, maintenance and operation of MegaLink service
21 contemplates communications originating and terminating as,
22 one, a customer premises to customer premises channel via
23 the company's serving wire center." Can you explain to me
24 in the physical world what that means?
25 A Yes. The first use of MegaLink as described here

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1 in part one is where the facility runs from one customer's
 2 premises to a different customer's premises, but both of
 3 those are served by the same company or, that is,
 4 BellSouth's serving wire center.
 5 So this is a -- the first description of the use
 6 of MegaLink is a facility between two customer locations,
 7 both of which are served by the same BellSouth central
 8 office or serving wire center.
 9 Q And could you tell me a little more specifically
 10 what a serving wire center is? I did not find a definition
 11 of that in this section of the tariff.
 12 A Well, the serving wire center is a term that's
 13 used to describe the BellSouth central office in this case,
 14 to which a customer would normally or from which a customer
 15 would normally be served. It's generally the closest to
 16 that customer, and the facilities that serve that customer
 17 are terminated at the other end in a given serving wire
 18 center.
 19 The second part of that same part talks about
 20 customer locations that may be served through remote
 21 serving wire centers. That's different from the first in
 22 that the two customers may be each served by a different
 23 serving wire center. So if there was a MegaLink between
 24 your office and mine, your office might be served. The
 25 loop part of that service might home on one BellSouth

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1 central office, whereas my service is served by a different
 2 BellSouth central office.
 3 Q Now, you said in your prior answer between one
 4 customer premises and another, and then you gave an example
 5 of my office and your office. As a tariff service, is
 6 MegaLink available to connect a Hopping, Green law office
 7 with a BellSouth law office, or is it available only
 8 between two Hopping, Green locations or two BellSouth
 9 locations?
 10 A Well, when I said between your office and mine,
 11 let me clarify that I presumed we were both employees of
 12 the same customer or the same company who had locations in
 13 two different -- to your question, though, typically, the
 14 MegaLink would be used by a given end user customer.
 15 That's not to say that two customers couldn't, you know,
 16 decide to have a private line facility of MegaLink service
 17 that somehow they would share between them. So it could be
 18 used in either of the instances you named.
 19 Q So you're not aware of any restriction that would
 20 restrict MegaLink service to connecting two locations of a
 21 single customer?
 22 A No.
 23 Q And then you started to answer what really was
 24 going to be my second question. And let's assume, for
 25 purposes of the remaining questions here, that we are

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1 dealing with two premises of a single customer. And I
 2 guess the example that's easiest for me to visualize is
 3 perhaps two branch offices of the same bank.
 4 Customer premises to customer premises channel
 5 via the company's serving wire center and/or through remote
 6 serving wire centers. What is a remote -- does a remote
 7 serving wire center simply mean a second BellSouth serving
 8 wire center?
 9 A Yes. To clarify, it's not referring to central
 10 offices housing remote switching equipment. As the term is
 11 used here, it just means a different serving wire center
 12 than referred to in the first case. So it's a service
 13 established between two customer premises locations
 14 involving two different BellSouth central offices.
 15 MR. MELSON: Off the record.
 16 (Off-the-record discussion)
 17 Q (By Mr. Melson) It talks about service via the
 18 company's serving wire center and/or a remote serving wire
 19 center. I can understand the "and", where bank branch A is
 20 served by one BellSouth serving wire center and bank branch
 21 B is served by a different serving wire center. Is there
 22 ever a case in which the service is provided only through a
 23 serving wire center that is remote to one of the customer's
 24 premises?
 25 A Yes, that's possible. In that arrangement,

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1 either the link from your office or the link from mine
 2 traverses a serving wire center that is not -- or a wire
 3 center that is not the serving wire center. That is, it's
 4 possible that the link between our two offices would route
 5 around both of the central offices that we would normally
 6 receive service from. That's also contemplated here,
 7 probably not very often, but it's certainly a possibility.
 8 Q And although a serving wire center is essentially
 9 a BellSouth central office, the MegaLink service is not
 10 connected to a switch in the BellSouth central office; is
 11 that correct?
 12 A Well, it's not connected to the switch as part of
 13 MegaLink service. It may or may not be connected to the
 14 switch. For example, in the next part of the section we
 15 were reading from -- this is part 7. This would be
 16 B7.1.2A7. It says, "MegaLink service may also be furnished
 17 on a link basis when connected to Essex service, digital
 18 Essex service, MultiServe service," and it gives some other
 19 examples.
 20 So MegaLink may be used in conjunction with those
 21 other services, which are served from a switch located in
 22 the serving wire center.
 23 Q But MultiServe as a stand-alone service is not a
 24 switched service?
 25 A I'm sorry. You said MultiServe. Did you mean

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1 MegaLink?
 2 Q I'm sorry. I meant MegaLink.
 3 A Yes. MegaLink is not a switched service. You
 4 said MultiServe, which is a switched service.
 5 Q So in Section A6 that we've been reading from,
 6 the sub one, customer premises to customer premises, is
 7 really an end-to-end service, private line service between
 8 two customer locations; is that a fair summary?
 9 A That's a good summary.
 10 Q Help me understand, then, what two is, a customer
 11 premises to the serving wire center and I believe that's
 12 called a partial channel or a link.
 13 A Yes. Okay. Let me characterize the difference.
 14 The first use of MegaLink that's described in part one
 15 involves a link from the first customer location to a
 16 serving wire center and then a second link from that
 17 serving wire center to the second customer's premises. So
 18 there are actually two facilities involved.
 19 In the second case, there's only a single
 20 facility involved, and that is a facility from the
 21 customer's premises to the serving wire center, but not
 22 beyond there.
 23 So, in contrast, the first use is what we call an
 24 end-to-end service, in that it connects one end user
 25 customer to another end user customer. In the second

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1 application for MegaLink, it connects a customer only to
 2 the serving wire center but not beyond.
 3 Q And then could you describe for me what the third
 4 application is, which is described in your tariff as a
 5 central office to central office (interoffice) partial
 6 channel (link)?
 7 A Yes. This is different from the first use as
 8 well, in that it is not an end-to-end service, but rather a
 9 link from one BellSouth central office or from one central
 10 office, let me say it that way, to another central office.
 11 So it also is composed of only a single link rather than
 12 two different links.
 13 Q Can you describe for me a real world application
 14 in which a customer would use the second application of
 15 service, from his premises only to a serving wire center?
 16 Is that ever used by itself or is it used in combination
 17 with something else?
 18 A Yeah. No. It's quite often used by customers
 19 who want to be served in a foreign -- in a central office
 20 foreign from the one that they would normally be served
 21 by. For example, a customer might have a PBX that normally
 22 would home on BellSouth central office A but instead the
 23 customer wants that PBX to be served from another central
 24 office that might have a different calling plan, different
 25 calling area and that sort of thing, or simply wants a

1 presence in that other exchange for marketing reasons.
2 So that's a fairly typical example of the use,
3 the second use, where a customer would connect from its
4 premises to a serving wire center.

5 Q In that case, do I take it they would be
6 connecting to a remote serving wire center rather than to
7 their normal serving wire center; is that right?

8 A Yes. Now, they could also -- I mean, there are
9 other possibilities of how they would want to use MegaLink,
10 just to connect to the serving wire center, for other kinds
11 of business applications, for data transfer applications,
12 things of that nature.

13 Q Can you give me an example of one of those? I'm
14 having a hard time seeing, if I've got a link from my
15 premises to the serving wire center, that I've got
16 something which, terminated at that point, has any
17 functionality to me.

18 A Well, if that's all it did, then by itself, it
19 would have only the functionality of providing the
20 transport itself. But that is functionality.

21 Q Let me ask this: Does anybody ever buy the
22 application two of MegaLink without buying something else
23 for BellSouth to connect it to?

24 A I don't know if I can answer that in the negative
25 case. I know of a lot of cases where they buy that and buy

1 other things from BellSouth, as are contemplated in part
2 seven that we looked at before.

3 Q I recognize you may not be able to make a blanket
4 negative. But, as we sit here today, can you think of a
5 situation in which the second application is purchased and
6 it's not connected to some other BellSouth service?

7 A No.

8 Q Let's do the same thing with the third
9 application, the central office to central office partial
10 channel. How is that service typically used by a customer?

11 A It would be -- this provides transport from one
12 BellSouth central office to another BellSouth central
13 office or to some other location. Again, the functionality
14 provided is transport. But, again, this paragraph just
15 shows the various ways that MegaLink can be configured, I
16 think is what they intended to do.

17 Q Can you think of any situation which a customer
18 purchases only an interoffice partial channel without also
19 purchasing some other BellSouth service at both ends?

20 A Well, let me stop and say for a moment that you
21 said a BellSouth service on either end. Again, I can't
22 answer that in the negative case. However, it's entirely
23 possible that the customer would acquire MegaLink and use
24 that in conjunction with services acquired from some other
25 service provider, MCI or someone else.

1 But, again, I can't think of an application where
2 an end user customer -- and that's an important
3 distinction -- where an end user customer would want
4 transport facilities from one central office to another and
5 not use that transport in conjunction with some other
6 service. I cannot think of that case. But, again, it need
7 not be a BellSouth service necessarily that it uses that
8 MegaLink in conjunction with.

9 Q Let's talk -- and, again, I'm just trying to
10 understand. Let's talk about what I would call an
11 intralATA private line, say, between Miami and Fort
12 Lauderdale, so we're dealing with something that's going to
13 be served by two serving wire centers that are some
14 distance apart.

15 If an end use customer wants to purchase MegaLink
16 to connect his branch in Miami with his branch in Fort
17 Lauderdale, is that all done -- is this application A, or
18 is it pieced together under the second and third clauses of
19 that?

20 A It could be done as part A, as described, that
21 is, from one -- from the customer's premises in Fort
22 Lauderdale to the customer's premises in Miami, or it could
23 be done using, conjunctively, the functionality described
24 in part two and part three, or it's also conceivable that
25 the customer might take the interoffice part from BellSouth

1 and the other parts from another service provider.

2 Q And reading this section, which refers in some
3 places to channel and some places to partial channel, could
4 you summarize for me what the distinction is between a
5 channel and a partial channel?

6 A Yes. The channel, as the phrase is used here,
7 means a MegaLink service between two customer premises, end
8 user customer premises. The piece parts of that are the
9 parts that are referred to as partial channels; that is,
10 just the part between the customer's premises and the
11 central office or just the part between two different
12 central offices. Those are both referred to as partial
13 channels.

14 Q Now, a couple of minutes ago you got ahead of me
15 and started anticipating one of my next questions. I'd
16 like to move now to B7.1.2.A.7, which says that MegaLink
17 service may be also furnished on a link basis when
18 connected to Essex service, digital Essex, et cetera. I'm
19 going to ask you if, in a few words -- I'm going to walk
20 through that list one at a time and try to get you to
21 describe to me what those are. What is Essex service?

22 A Essex is a Syntrex-like service that allows a
23 central office based alternative to PBX's, with customized
24 dialing patterns for a given end user customer, vertical
25 features and the like.

1 Q And how would MegaLink -- how would a partial
2 MegaLink channel be used in conjunction with Essex?

3 A In that case, the MegaLink would serve the same
4 function or an analogous function that a loop would in a
5 residential setting. That is, this is the facility that
6 would connect the end users, end user premises with the
7 service, that is, Essex for example, within the BellSouth
8 central office.

9 Q And then I assume digital Essex is simply Essex
10 service using a -- well, what is digital Essex?

11 A Digital Essex is simply Essex service provided
12 over a digital switch.

13 Q And MegaLink service is a digital service; is
14 that correct?

15 A Yes.

16 Q And MegaLink can be connected to a plain Essex
17 service that is provided through an analogue switch?

18 A Yes, that's right.

19 Q What is MultiServe service?

20 A MultiServe is also a Syntrex-like service, as is
21 MultiServe plus.

22 Q Are those simply newer names for Essex, or is
23 there substantially different functionality?

24 A I am not sure of all the differences. But they
25 are -- Essex and MultiServe are quite similar. I'm not

1 sure if the differences are mostly pricing and that sort of
2 thing or not. But they are both switched services for
3 given end user customers who can then configure those
4 services to their liking.

5 Q What is FlexServe service?

6 A FlexServe is a service that allows the end user
7 customer to configure private line services. That is, to
8 re-route certain traffic over their services like
9 MegaLink. So, again, it's an adjunct service to MegaLink
10 that allows a customer greater control directly over the
11 transport facility itself.

12 Q What is MegaLink Plus service?

13 A I don't know the difference between MegaLink and
14 MegaLink Plus.

15 Q What is MegaLink channel service?

16 A MegaLink channel service is different from
17 MegaLink in that individual digital bit streams are
18 provided by BellSouth as part of MegaLink channel service
19 that is not provided as part of plain old MegaLink.

20 In other words, to take the 1.544 million bit per
21 second facility and to arrange that into 64 kilobit voice
22 grade services is the process that we refer to as
23 channelization. So MegaLink channel service goes one step
24 beyond MegaLink, and that is, it takes the entire band
25 width and channelizes that into 24 channels.

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1 Q And then finally what is Light Gate service?
 2 A Light Gate is a high speed transport service
 3 using optical fibers.
 4 Q And when you say high speed, higher speed than
 5 the --
 6 A Higher speed than DS-1.
 7 Q Now the reason we had to do this in person rather
 8 than over the phone, if you could turn to the Exhibit
 9 WKM-2. And page one of WKM-2 is entitled "MegaLink Local
 10 Channel"; is that correct?
 11 A Yes.
 12 Q And this is a diagram of the way that a MegaLink
 13 local channel is provided, if I understand it correctly.
 14 A Yes. This is not the only way, but this is a
 15 typical arrangement of MegaLink, using fiberoptics,
 16 fiberoptic cable, rather, to the customer premises.
 17 Q And it's titled "MegaLink Local Channel". Is
 18 this what we've been referring to as a channel or is this
 19 what we've been referring to as a partial channel?
 20 A This is a partial channel.
 21 Q If I understand the diagram correctly, this is
 22 the partial channel from a customer premises to a BellSouth
 23 serving wire center; is that correct?
 24 A That is correct.
 25 Q I don't know which end of this you want to start

Page 20

1 on, the right-hand side or the left-hand side. But could
 2 you please sort of walk us through what this diagram shows?
 3 A Yes. Well, if you don't mind, I'll start in the
 4 middle. There's a fiberoptic ring that is labeled on the
 5 diagram OC-3, which is another -- it is very high speed,
 6 much higher than DS-1. So imagine first that this ring
 7 runs through most parts of a small city, let's say.
 8 Starting on the -- generally the right-hand side
 9 of this diagram shows how facilities are extended from that
 10 ring into a given customer premises, that is, its building,
 11 and ultimately is terminated in the network interface and
 12 then some other type of interface that's usable by the end
 13 user customer that can plug things into that, such as
 14 telephones or modems or fax machines or servers or whatever
 15 else.
 16 So what this part shows is that the fiber comes
 17 into the customer's building, as it says here, the building
 18 entrance cable. It goes into a thing called a fiber
 19 terminal, which is sometimes also called a fiberoptic
 20 terminal. But the rest of that equipment takes that signal
 21 from OC-3 down to DS-1.
 22 So, if you see the next box to the right that
 23 says S-O-N-E-T, SONET, ADM commons, ADM stands for add drop
 24 multi-plexing. It's referring to a card that takes part of
 25 that OC-3 signal, drops it down to a DS-1 working level.

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1 DSX-1 is just a patch bay that ultimately gets that
 2 MegaLink out to the network interface. And an RJ-11 is
 3 just a certain type of jack that the customer can plug
 4 into.
 5 Q RJ-11 is like the -- similar to the jack that you
 6 see on the wall in your home?
 7 A Yes. It's a four-wire -- it's a jack with four
 8 pins in it.
 9 Q And go back again to this SONET ADM commons DS-1
 10 working interface. Would you give that one to me again?
 11 A Yes. That equipment just derives out of the
 12 fiberoptic terminal one DS-1.
 13 Q So the fiber -- the OC-3, which is the fiber
 14 ring, is carrying a lot of capacity, the equivalent of many
 15 DS-1's.
 16 A Let's see here. Whatever 28 times 3 is. That's
 17 72 or so, yes. I'm sorry. 84.
 18 Q 84. And the SONET ADM interface pulls out a
 19 specific 1.544 megabit stream from that fiber?
 20 A Yes. So, this is -- let me take a different run
 21 at this. This is what some people call a DS-1 card within
 22 the terminating equipment. So, to this card can -- this is
 23 where the DS-1 is available to the customer, or the
 24 extension of that card to the customer.
 25 Q Now, before we go to the central office, I see

Page 22

1 another box up further on the fiber ring that's labeled
 2 fiber term and again SONET ADM commons. What is that?
 3 What does that represent?
 4 A This shows perhaps another customer location that
 5 could be served off this same fiber ring. So, for our
 6 conversation, it's just meant to show that there are other
 7 ingress and egress points on the ring than just the two,
 8 one for the central office and one for this particular
 9 customer.
 10 Q It doesn't have anything to do with the MegaLink
 11 local channel serving this particular customer?
 12 A No. It's just meant to denote that there might
 13 be a number of different customer premises served off a
 14 given OC-3 ring.
 15 Q Now, if you could take us to the central office
 16 side on the left.
 17 A Okay. The fiber terminal, the box labeled fiber
 18 term or fiberoptic terminal, it's sometimes called, is the
 19 mate to the one that we saw on the other side of the ring.
 20 And so it takes those signals, again sends them through
 21 this add drop multi-plexer and on to a DSX bay that can
 22 then be connected to the switch or to some other service or
 23 to another service provider's facilities or services,
 24 things of that nature.
 25 Q What is the data communication link that appears

Page 23

1 to be shown in the central office?
 2 A That is just a control link of the equipment
 3 connected to the fiber ring itself for maintenance and
 4 administrative purposes.
 5 Q And in MegaLink terminology, we could substitute
 6 the term "serving wire center" for "central office"?
 7 A Yes.
 8 Q And on the customer premises, the vertical dotted
 9 line between the network interface and the RJ-11, does that
 10 represent the point at which BellSouth's responsibility
 11 ends and the customer's begins?
 12 A Yes. It might have been a little more clear if
 13 that dotted line had split the box that's labeled "NI",
 14 because the network interface is generally that part that
 15 the customer's facilities meet the telephone company's
 16 facilities. But yes, that's meant to show that there's a
 17 point of demarcation beyond the test point for a MegaLink
 18 service.
 19 Q Now, if we could turn to page three of four. I
 20 understand page two of four is intended to show that an
 21 unbundled four-wire DS-1 digital grade loop appears to be
 22 provided or can be provided in technically the same way
 23 that the MegaLink local channel is provided.
 24 A Yes, yes. This is a four-wire digital loop,
 25 served over fiberoptic cable. If we talked about Copra

Page 24

1 (phonetic) facilities, perhaps the drawings would be
 2 simpler. But in terms of topology, they would be
 3 identical.
 4 Q Let's turn to page three of four of the exhibit.
 5 This is labeled "MegaLink Interoffice Channel". Again,
 6 this is what your tariff refers to as a link or a partial
 7 channel.
 8 A That's right.
 9 Q Could you help me with this one?
 10 A Yes. Again, to sort of start in the center of
 11 the page, this is an OC-48 ring, which is quite a bit
 12 different, quite a bit larger, rather, than the OC-3 ring
 13 that we looked at before. And that's as you would
 14 expect, that between central offices there would be demand
 15 for a great deal more traffic and thus capacity than there
 16 would be between the central office and a given cluster of
 17 end user customers. So that's why it's at OC-48 level
 18 rather than OC-3.
 19 Q What does the BLSR mean?
 20 A Stands for bi-directional line switched ring.
 21 And let me explain in lay terms what that means. The ring,
 22 the fiberoptic ring is actually composed of two separate
 23 sets of fiberoptic cables, and those things transmit
 24 information in different directions.
 25 So the drawing that we're looking at, the normal

1 path from the central office node C to central office node
2 A would be from C through B and on to A. So the
3 information is being sent synchronously, in this case,
4 counter-clockwise, that is, from C through B to A.
5 But the same information on the ring is actually
6 sent clockwise as well over a different set of fiber
7 cables. This is such that in the case of a cut cable,
8 there's no interruption in service because the traffic from
9 node C to node A, instead of going on its first choice
10 route, which would be C through B to A, since the same
11 information is being sent in the other direction, the
12 traffic would traverse from C through D through E through F
13 to A.
14 So it's sort of like being on the interstate and
15 there's a wreck ahead. You could turn around and go all
16 the way around the road to get to the same point. So
17 that's the bi-directional part. The same information is
18 sent in both directions.
19 So what this is meant to show is that fiberoptic
20 facilities are used in MegaLink to carry traffic, let's
21 say, solely between central offices A and B, or if the
22 customer elects, between central offices A and C. In this
23 case, there would be -- that traffic would also be sent
24 through but not terminated at central office B, or node B,
25 as it shows on the drawing here.

1 Q So, if I had two customer locations, one that was
2 served by central office A and one that was served by
3 central office C and I wanted -- and I purchased a MegaLink
4 service between those two locations, I essentially would be
5 getting -- and correct me if I'm wrong -- on each end what
6 is shown on your page one of four, and then, as an
7 intermediate step, the traffic carried from one serving
8 wire center to another as shown on page three of four?
9 A I think that's close. Going back to the tariff,
10 if we're talking about the first application, then there
11 would actually be two of these -- of what we saw on the
12 first page of this exhibit.
13 In other words, there would be two local
14 channels; again, using my bad example, one from your office
15 to the -- to your serving wire center, then the piece that
16 we're looking at here on page three, that is, the
17 interoffice channel from central office A, which serves
18 you, and central office C, which serves me, and then the
19 second MegaLink local channel or equivalent, which would be
20 from central office C to my office location.
21 So, essentially, your answer was right, but I
22 wanted to make clear that there would be -- there are the
23 equivalent of two loops, if you will, in that
24 configuration.
25 Q Let's turn back, if we could, to page seven of

1 your direct testimony, at line eleven.
2 A Yes.
3 Q Where you're actually describing, I believe,
4 what's depicted on page one of your exhibit, Exhibit
5 WKM-2. You say there in written testimony that the
6 drawings show an RJ-11 jack as the modem on the premises
7 side of the network interface, but this is for illustrative
8 purposes only. The customer may choose to terminate the
9 service in any technically compatible device.
10 Can you show me in your tariff where there's a
11 provision to terminate in any technically compatible
12 device?
13 A Yes. There are a couple different places.
14 Q Okay.
15 A I'm at B7.1.2D, where it talks about customer
16 provided terminal equipment, customer provided derivation
17 equipment and customer provided communication systems. And
18 it says that those may be connected to MegaLink when such
19 connection is made in accordance with provisions specified
20 in two, three and four following.
21 So one example might be, where it says customer
22 provided communications system, that in the case we're
23 talking about could be MCI's switch. So it's saying that
24 this MegaLink could be terminated, according to the
25 provisions here, with a customer provided communication

1 system.
2 MCI is BellSouth's customer. Its switch then
3 would satisfy the meaning of that term "customer provided
4 communication system".
5 Q While we're in that section, can you tell me what
6 customer provided terminal equipment would be?
7 A That could mean a lot of different things. In
8 here, it talks about a piece of equipment called a customer
9 service unit. That's one such terminal device, which is
10 defined back in Section B7.1.2B. If you notice the first
11 sentence says the term channel service unit, or CSU,
12 denotes equipment provided by the customer to terminate a
13 digital facility on the customer or user's premises. So
14 the CSU is one such device that can be used.
15 Q What does a CSU do?
16 A It just -- it provides a place for the MegaLink
17 service to be terminated to. It also provides some test
18 capability.
19 Q There's also a reference to customer provided
20 derivation equipment. What does that mean?
21 A That is analogous to what we talked about earlier
22 about channelization equipment. In other words, the
23 customer could provide its own system -- its own equipment,
24 rather, to derive channels, 24 of them, out of the 1.544
25 million bit per second MegaLink.

1 Q Or alternatively they could have purchased --
2 A They could have used MegaLink channel service as
3 an alternative.
4 Q The one you had focused on, customer provided
5 communication systems, what do you understand that to mean?
6 A Well, there's not a list here, so I presume it
7 could be pretty broad. At the simplest, it could be a
8 customer key system. It could be a PBX or it could be a
9 switch.
10 Q And in the case we're talking about here, you're
11 saying that that could be an MCI class five local switch?
12 A Certainly could.
13 Q You indicated that there were -- when I asked you
14 the tariff reference for your statement on page seven, I
15 believe it was, you said there were a couple of places in
16 the tariff, and you showed us one. What were the other
17 ones you were referring to?
18 A Sorry. The first instance -- let me just make
19 sure I'm straight -- was B7.1.2D4.
20 Q Right. I'm sorry. D4.
21 A I think I just recall seeing the same words in
22 two different places. The same words are on page four and
23 again on page five.
24 Q Any other place in the tariff that contemplates
25 or that supports your statement that customer can terminate

1 the service in any technically compatible device?
2 A Well, those examples show -- are named types of
3 devices, that is, terminal equipment or communications or
4 -- and it says further down in B7.1.2D4B, it talks about
5 connecting MegaLink service to another service or services
6 furnished by BellSouth, in this case.
7 But that could also be read to mean, I think,
8 that MegaLink could be combined or used in conjunction with
9 services provided, in this case, by MCI.
10 Q If MCI is the customer, are you saying in D4B
11 that MCI is both the company and the customer?
12 A No, no. I'm saying that BellSouth will provide
13 MegaLink, let's say, to MCI. MCI can connect that MegaLink
14 to a customer, a customer provided communication system,
15 which we said could be MCI's switch. But MCI could also
16 connect that service or use that service in conjunction
17 with other services that it acquired from BellSouth.
18 Q All right. At page four of your direct, in the
19 answer at the bottom of the page, line 17 through 20, you
20 give some figures on the number of MegaLink local channels
21 and interoffice channels in Florida. And the number of
22 interoffice channels is about four times the number of
23 local channels. Do you see that?
24 A Yes.
25 Q What application does BellSouth provide the

1 interoffice channels to retail customers where it's not
2 providing a corresponding local channel or local channels
3 on each end?
4 A Well, for example, one case would be where the
5 equivalent of the local channel is provided by some other
6 service provider. In other words --
7 Q What we used to call an alternative access
8 vendor?
9 A Or a CAP, if you'll allowed that term,
10 competitive access provider. So, if I'm acquiring my local
11 channel from another service provider, then I might acquire
12 MegaLink interoffice from BellSouth to get between two
13 BellSouth central offices.
14 Q Let's turn to your rebuttal testimony for a
15 minute, page four, line twelve. You state, "Those
16 tariffs --" and by that I believe you mean the MegaLink
17 service tariff "-- recognize the transport functionality
18 may indeed be used in conjunction with either local or toll
19 switches." Could you show me in the tariff where local or
20 -- where use in conjunction with local and toll switches is
21 contemplated?
22 A Certainly. It's the same example we talked about
23 before. Let me go back to the very first part of this
24 tariff that we mentioned briefly. And this is B7.1.1A, and
25 I'll just read it. "MegaLink service is furnished for

1 "foreign exchange service". Are those two terms
2 interchangeable?
3 A No, they're not.
4 Q Would you then explain to me what -- let's take
5 the first one, foreign central office service. What is
6 that?
7 A Well, let me answer your question a different
8 way, if I might. From a technical standpoint, foreign
9 central office and foreign exchange service are identical.
10 The difference is in what a customer gets in return for
11 buying either foreign central office or foreign exchange
12 service.
13 By foreign central office service, the term means
14 that within a local call -- within an exchange that I would
15 normally be served by, I'm getting dial tone from some
16 other switch than the one that I would normally, but it's
17 still within the same exchange.
18 Foreign exchange service says that I am drawing
19 dial tone from a different exchange than the one that I
20 physically reside in.
21 Q So, to use the example of a customer in Miami,
22 foreign central office service means he may be getting dial
23 tone from a central office in downtown Miami rather than in
24 the suburbs, where his office would normally be connected
25 to foreign exchange service. It might be dial tone from

1 private line intralATA communications by the company." So
2 it says simply intralATA. It does not draw a difference
3 between local or intralATA toll there or any other place in
4 the tariff.
5 So the second reference that I draw to is the one
6 we used just a moment ago. That is the reference at
7 B7.1.2D4A1 that says that MegaLink may be connected to
8 customer provided terminal equipment and/or customer
9 provided communication systems. I won't read the rest of
10 it. But, again, the customer provided communication system
11 could be a switch.
12 Since there's no limit on intralATA being either
13 local or toll, then it could be either a local or a toll
14 switch that MegaLink is connected to.
15 Q Could it be connected to a switch that provides
16 both interLATA and -- both intralATA and interLATA calling?
17 A Well, that could not be a BellSouth switch since
18 we don't provide interLATA switching. But if MCI's switch,
19 for example, served both, then I don't know that there's a
20 prohibition against that. The switching part is separate
21 and distinct from the functionality that MegaLink
22 provides. And that is that MegaLink provides transport
23 from one place to another. In the case we're talking
24 about, that transport is from the customer's premises to
25 MCI's switch.

1 Fort Lauderdale, which is in a different local calling
2 area?
3 A That's a good example. And I can't recall how
4 many exchanges there might be in Miami. In greater Miami,
5 I know there's at least more than one.
6 Q Under the tariff, can MegaLink be used in
7 connection with the provision of foreign exchange service?
8 A Could it technically? I suppose technically it
9 would. Again, MegaLink is a transport piece. When we talk
10 about foreign central office service or foreign exchange
11 service, those are both switched services. So MegaLink by
12 itself does not provide the functionality of either foreign
13 central office service or foreign exchange service.
14 So I doubt that a customer would opt for MegaLink
15 and then also -- between those two places we just talked
16 about, for example, between Miami and Fort Lauderdale --
17 and also pay for foreign central office service, since the
18 foreign central office service itself embraces both the
19 transport part and the switching part.
20 Q And foreign central office service or foreign
21 exchange service, does that refer to voice grade service as
22 opposed to a high capacity digital service?
23 A No. It could be either.
24 Q I'm still in your rebuttal testimony. Hang on a
25 second. I've got a reference to a page number that appears

1 Q But when you say in your rebuttal that the
2 MegaLink can be connected to both local and toll switches,
3 you're relying on the three provisions you cited, B7.1.1.A
4 and then the two provisions in B7.1.2D?
5 A Yes.
6 Q Is there anything else within that tariff that
7 you're relying on for that statement?
8 A I don't recall anything else, no.
9 Q Also, if you turn to page eight of your rebuttal,
10 at the very top of the page, you say, "There is only the
11 use of MegaLink service in conjunction with local switching
12 and option clearly set forth in BellSouth's MegaLink
13 service tariff."
14 If I were to ask you the tariff references for
15 that, supporting that statement, would they be the same
16 ones you've just given me?
17 A They would be.
18 Q And you would agree with me, though, would you
19 not, that the word "local switching" does not appear in the
20 MegaLink tariff?
21 A I agree with that. It uses the phrase intralATA
22 instead, which I connote to mean it could be local or it
23 could be intralATA toll.
24 Q Now, in your rebuttal testimony, you also at one
25 place use the terms "foreign central office service" and

1 to be wrong. Okay. Back in your direct testimony, I'm
2 sorry, at the top of the page, you indicate that as of
3 November 1, '98, 72 MegaLink service arrangements were in
4 place in Florida on a resale basis. Were those 72 MegaLink
5 channels, were they partial links; do you know?
6 A I don't have the information with me. I don't
7 know.
8 Q Do you know whether any of those resold service
9 arrangements terminated at a switch of a carrier other than
10 BellSouth?
11 A I don't know.
12 Q So is it fair to say, then, you don't know
13 whether they were used in the provision to the end user of
14 a competitive private line service versus a competitive
15 switch based service?
16 A You're right, that I don't know. But, as far as
17 the MegaLink itself, that part doesn't matter. BellSouth
18 doesn't know, but what BellSouth does know is that
19 competing local exchange carriers have taken 72 MegaLink
20 service arrangements and are reselling those today.
21 Q I take it you are aware that MCI has expressed a
22 desire to purchase from BellSouth a UNE combination
23 consisting of a DS-1 local loop and DS-1 dedicated
24 transport?
25 A Yes.

1 Q In fact, that's why we're all here today.
 2 A That's the reason.
 3 Q Can you describe the retail service that MCI
 4 plans to provide to its end user customers that makes use
 5 of that combination?
 6 A Well, I can describe it only to the extent that
 7 Mr. Martin has or Mr. Gillan described it in their
 8 testimony. But the service that apparently MCI plans to
 9 offer is a switched offering that would be composed of a
 10 transport part from the customer's premises through the
 11 BellSouth central office over BellSouth's interoffice
 12 transport facilities, terminating in MCI's central office
 13 location, which MCI then plans to connect to its own
 14 switch.
 15 Q And for the next question let me ask you to
 16 accept the description that you've just provided as
 17 accurate and Mr. Martin has accurately described what it is
 18 MCI intends to provide. Would you agree with me that the
 19 retail service purchased by MCI's end use customer is not a
 20 private line service?
 21 A No, I couldn't -- I can't agree entirely with
 22 that. I mean, parts of the makeup of the service that MCI
 23 will offer are private line in nature, in that they extend
 24 from one customer location to another and that that
 25 facility is not shared with another customer, keeping in

1
 2
 3 ACKNOWLEDGEMENT OF REPORTER
 4
 5 I, JO BLACK, Registered Professional Reporter,
 6 hereby certify that on the 22nd day of January, 1999, at
 7 approximately 1:30 p.m., at 2540 Shumard Oak Boulevard,
 8 Room 362, Tallahassee, Florida, I did report by
 9 stenographic means the deposition of W. KEITH MILNER, that
 10 I later reduced my shorthand notes to typewriting through
 11 computer aided transcription and that the foregoing pages 3
 12 through 39 are a true and correct transcription of the
 13 testimony of the witness; that I am not a relative or
 14 employee or attorney or counsel of the parties, or a
 15 relative or employee of such attorney or counsel, nor am I
 16 interested in this proceeding or its outcome, this ___ day
 17 of January, 1999.
 18
 19 _____
 20 JO BLACK,
 21 REGISTERED PROFESSIONAL REPORTER
 22
 23 CERTIFICATE OF NOTARY
 24
 25 STATE OF FLORIDA }
 COUNTY OF LEON }

I, JO BLACK, Notary Public in and for the
 State of Florida at Large, do hereby certify that the
 witness personally appeared before me and was by me first
 duly sworn to testify to the truth on the date and time
 indicated herein.

 JO BLACK, Notary Public in _____ Date
 and for the State of Florida
 at Large.

1 mind that we're talking about a DS-1 facility.
 2 So my understanding of MCI's request is that MCI
 3 wants the combination of a DS-1 loop, that is, one with up
 4 to 24 channels worth of -- voice grade channels of capacity
 5 carrying ability, to be combined with a DS-1 interoffice
 6 facility. Those are both dedicated to MCI's use and to the
 7 use of that individual end user customer.
 8 So that's not -- that may or may not be private
 9 line service as described in the tariff, but that is --
 10 those are facilities that are not shared with another
 11 customer because those -- all of those facilities begin at
 12 the customer's premises and they're not shared with any
 13 other end user customer until they reach MCI's switch.
 14 Q But you would agree that it is not MCI premises
 15 on both ends of that circuit?
 16 A Well, it may or may not be MCI's premises. MCI
 17 could use this for its own service. But it's BellSouth's
 18 customer, MCI, that is on both ends of that circuit. In
 19 other words, BellSouth will have no relationship with the
 20 end user customer in the situation we're talking about.
 21 MCI, rather, is BellSouth's customer.
 22 Q So, from BellSouth's point of view, those are
 23 both MCI premises?
 24 A I've never heard it characterized that way, but
 25 MCI is our customer, not the end user customer.

1 Q And would you agree with me that BellSouth is --
 2 to the extent MCI orders a DS-1 loop and DS-1 local
 3 transport in combination from BellSouth, BellSouth is
 4 required to provide that to MCI as a combination, and the
 5 only issue is the one we're fighting about in this case,
 6 which is the pricing for it?
 7 A I'd agree with that, yes.
 8 Q Let me have just a minute. Mr. Milner, are you
 9 aware of any corrections that you will be making to your
 10 testimony?
 11 A Not to my testimony, no.
 12 MR. CARVER: We were actually talking about what
 13 Mr. Gillan said in his testimony.
 14 MR. MELSON: Let me make a note of that, too. I
 15 think that's all I've got, Mr. Milner. Thank you.
 16 MS. BEDELL: Mr. Melson has already asked all our
 17 questions.
 18 MR. CARVER: No questions.
 19 (Whereupon, the deposition was concluded at
 20 approximately 2:40 p.m., and the witness reserved his
 21 right to read and sign the transcript.)
 22
 23
 24
 25



BellSouth Telecommunications, Inc.
Room 34S91 BellSouth Center
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

June 23, 1998

Mr. Wally Schmidt
MCI Telecommunications
Two Northwinds Center
5th Floor
2520 Northwinds Parkway
Alpharetta, GA 30004

Dear Wally:

This is to follow up our June 4, 1998 letter regarding MCI's request to migrate existing T-1s to Unbundled Network Elements (UNEs), and its plans to order combinations of 4 Wire DS1 local loops and DS1 dedicated transport services on a going forward basis.

As directed by the Commission, BellSouth would like to meet with MCI as early as possible the week of July 6, 1998, to discuss how we can implement the order. As you know the Commission ordered that we must memorialize and implement the order by July 12, 1998. Please let us know the day, time, and location that you prefer.

Should you have questions regarding this issue, please call Pat Finlen at 404-927-8389 or me at 404-927-7503.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry Hendrix".

Jerry Hendrix
Director - Interconnection Services/Pricing

cc: Pam Lee
Pat Finlen

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 981121-TP EXHIBIT NO. 9
COMPANY/ Hendrix
WITNESS: [Signature]
DATE 2-3-97



BellSouth Telecommunications, Inc.
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

July 10, 1998

Wally Schmidt
MCIm
Two Northwinds Center
5th Floor
2520 Northwinds Parkway
Alpharetta, GA 30004

Dear Mr. Schmidt:

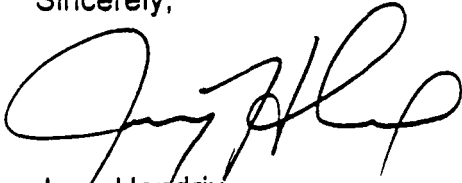
Your proposed amendment to the MCIm/BellSouth Interconnection Agreement does not fully comply with the Florida Public Service Commission's Order of June 12, 1998, in Docket No. 971140-TP. That Order requires the parties to "submit written agreements memorializing and implementing" the Commission's decision by July 13, 1998. It is our belief that the Commission expected the parties to file a comprehensive agreement consistent with its Order. Your proposal in contrast, adopts a piece-meal approach.

Your proposed amendment does not address all of the Commission's directives, i.e., the parties are to negotiate prices for combinations that recreate an existing BellSouth retail service and determine what competitive local telecommunications services provisioned by means of unbundled network elements constitute the recreation of a retail service.

Your assertion in the proposed amendment that "the Parties attempted negotiations" is not accurate. Granted we met once for less than one hour to discuss the implementation of this Order, along with various other issues. However, any discussion of the recombination issue is intertwined with BellSouth's motion for reconsideration, which is why, during this meeting, I expressed my desire that MCIm and BellSouth jointly request an extension until either the Public Service Commission rules on BellSouth's motion for reconsideration or until we could reach agreement on how to implement the Commission's Order. MCIm was unwilling to agree to such a request.

Although we would hope that MCI would change its position, BellSouth intends to file a motion for an extension with the Commission. This would provide us the time necessary to examine fully these complicated issues. In the meantime, I stand ready to meet at anytime to negotiate these issues with you and can be reached at 404/927-7503.

Sincerely,



Jerry Hendrix
Director - Interconnection Services/Pricing

cc: Steve Klimacek, Esq.
Chip Parker, Esq.
Pat Finlen, Manger
John LaPenta, Contract Specialist



MCI Telecommunications
Corporation

Two Northwinds Center
2520 Northwinds Parkway
Alpharetta, GA 30004

July 14, 1998

Mr. Jerry Hendrix
Director – Interconnection Services/Pricing
BellSouth Telecommunications, Inc.
Room 34SB1 BellSouth Center
875 West Peachtree Street, N.E.
Atlanta, Georgia 30375

Re: MCI/BellSouth Conference Call July 8, 1998 regarding
Interconnection T-1s.

Dear Jerry:

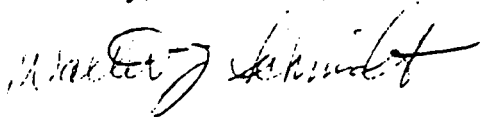
This letter is to confirm BellSouth's position as stated on our conference call of Wednesday, July 8, 1998 regarding MCI's request of June 1, 1998 that BellSouth provide to MCI combinations of unbundled network elements (UNEs) consisting of 4-wire DS-1 loop and DS-1 dedicated transport at the UNE rates contained in the MCI/BST Interconnection Agreement. BellSouth's position is that the provision of a 4-wire DS-1 loop and DS-1 dedicated transport in combination which terminates at a CLEC switch recreates an existing BellSouth service known as Megalink. As a result, BellSouth will not honor MCI's request as stated in our June 1, 1998 letter.

Although MCI does not believe that it makes a difference whether combined elements recreates an existing BellSouth service, it is MCI's position that, in any event, a serving arrangement whereby MCI utilizes a combination of 4-wire DS-1 loop and transport in order to connect MCI's customers to MCI's Class 5 local switch does not recreate a BellSouth existing retail service. Under this service arrangement the MCI switch will provide dial tone to the customer, as well as, vertical features, operator services, directory assistance information, emergency 911 services and access to long distance networks.

Given that this service arrangement does not recreate an existing BellSouth retail service, MCI's position is that existing UNE rates in our Interconnection Agreements apply and there is no need to negotiate pricing for a combination 4-wire DS-1 loop and transport.

MCI respectfully requests BellSouth reconsider its position and advise us in writing by July 20, 1998.

Sincerely,



Walter J. Schmidt
Senior Manager
Southern Financial Operations – Carrier Agreements

cc: Steve Klimacek
Pat Finlen
Charlene Keys
Daren Moore
Vernon Starr
Andri Weathersby
John La Penta
Chip Parker



BellSouth Telecommunications, Inc.
Room 34S91 BellSouth Center
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

July 21, 1998

Wally Schmidt
MCIm
Two Northwinds Center
5th Floor
2520 Northwinds Parkway
Alpharetta, GA 30004

Dear Mr. Schmidt:

This is in response to your letter of July 14, 1998 regarding our meeting of July 8, 1998. In this short meeting we were unable to agree on several issues.

One issue was MCIm's request that BellSouth provide to MCIm combinations of Unbundled Network Elements consisting of 4-wire DS1 loops and DS1 dedicated transport. As I stated previously, BellSouth's position is that this combination replicates a BellSouth retail offering. The retail service that this combination duplicates is MegaLink® service, which is contained in Section B7 of BellSouth's Private Line Services Tariff.

Other issues centered on how to implement the Florida Public Service Commission's Order in Docket No. 971140-TP. I am requesting a second meeting between our two companies to address the implementation of the Order and all related issues. I have reserved a room at the BellSouth Center for July 29th. Please let me hear from you by July 24th to establish the meeting time on this day.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry Hendrix", written over a horizontal line.

Jerry Hendrix
Director - Interconnection Services/Pricing

cc: Steve Klimacek, Esq.
Chip Parker, Esq.
Pat Finlen, Manager
John LaPenta, Contract Specialist



**MCI Telecommunications
Corporation**

Two Northwinds Center
2520 Northwinds Parkway
Alpharetta, GA 30004

BellSouth Telecommunications, Inc.
FPSC Docket No. 981121-TP
Exhibit No. JDH-5
Page 1 of 2

July 24, 1998

Mr. Jerry Hendrix
Director – Interconnection Services/Pricing
BellSouth Telecommunications, Inc.
Room 34SB1 BellSouth Center
875 West Peachtree Street, N.E.
Atlanta, Georgia 30375

Dear Jerry:

Thank you for your letter of July 21, 1998 confirming BST's position that MCI's request for a combination of 4-wire DS1 loops and DS1 dedicated transport duplicates BST's MegaLink service and your invitation for further discussions.

As you know, MCI disagrees with BST on the fundamental point that our request recreates a BST service. As a result, MCI believes that we are entitled to this combination at the prices specified in our Interconnection agreement and not at prices to be negotiated between BST and MCI. Given your position, we will seek our redress through other appropriate administrative or judicial forums.

As to your invitation to meet on "[o]ther issues centered on how to implement the Florida Public Service Commission's Order in Docket No. 971140-TP", MCI has no requests at this time for UNE combinations which would "recreate" an existing BST service and therefore require negotiations under that Order. Given this, we believe that the implementation of the Commission's Order can be accomplished by BST executing the contract amendment filed by MCI with the Florida Public Service Commission on July 13, 1998.

Thank you for your time and attention in this matter.

Sincerely,

A handwritten signature in black ink that reads "Walter J. Schmidt". The signature is written in a cursive, flowing style.

Walter J. Schmidt
Senior Manager
Eastern Financial Operations-Southern Carrier Agreements

cc: Steve Klimacek
Chip Parker
Pat Finlen
John La Penta



BellSouth Telecommunications, Inc.
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

August 3, 1998

Mr. Wally Schmidt
MCI
Two Northwinds Center
5th Floor
2520 Northwinds Parkway
Alpharetta, GA 30004

Dear Wally:

This is in response to your letter of July 24, 1998 regarding our request to conduct a second meeting between our companies to discuss the implementation of the Florida Public Service Commission's (Commission) Order in Docket No. 971140-TP.

At issue is MCI's request that BellSouth provide combinations of Unbundled Network Elements consisting of 4-wire DS1 loops and DS1 dedicated transport. BellSouth currently offers this combination as MegaLink® service in Section B7 of BellSouth's Private Line Services Tariff.

The Commission ordered "that the parties to this proceeding shall be required to negotiate on their initiative what competitive local telecommunications services provisioned by means of unbundled access, if any, constitute the recreation of the incumbent local exchange carrier's retail service." In the spirit of the Commission's Order, I would like the opportunity to fully discuss and negotiate these issues before MCI "seeks redress" in another forum.

Please contact me at 404-927-7503 at your earliest convenience to arrange a meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry Hendrix".

Jerry Hendrix
Director - Interconnection Services/Pricing

cc: Steve Klimacek, Esq.
Chip Parker, Esq.
Pat Finlen, Manager
John LaPenta, Contract Specialist



MCI Telecommunications Corporation

Two Northwinds Center
2520 Northwinds Parkway
Alpharetta, GA 30004

August 7, 1998

Mr. Jerry Hendrix
Director - Interconnection Services/Pricing
BellSouth Telecommunications, Inc.
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

Dear Jerry:

Please be advised that Wally Schmidt will be out of town until August 17, 1998.

In response to your letter of August 3, 1998, MCI remains willing to negotiate where there is a reasonable possibility that negotiations will result in an agreeable solution. The only issue on the table at this time is MCI's request that BellSouth provide MCI with the specific Unbundled Network Element combination consisting of a 4-wire DS1 loop and DS1 dedicated transport.

We read your letter of July 21, 1998, as confirming BellSouth's position -- expressed during our meeting on July 8, 1998 -- that this UNE combination recreates BellSouth's existing MegaLink service, and that the provision of this combination at UNE prices was therefore non-negotiable. This position created a cloud under which good faith negotiations were impossible and MCI saw no probability that another meeting would prove fruitful.

If your letter of August 3, 1998 is intended to indicate that BellSouth is now willing to "fully discuss and negotiate" regarding the provision of the requested combination at the unbundled network element prices required by the Florida interconnection agreement, MCI will be happy to meet with you, and suggests a meeting the week of August 10, 1998.

In addition, MCI is reiterating its position that we are ordering, as allowed in the Florida MCI/BellSouth Interconnection Agreement a four-wire DS-1 loop, defined at Attachment III, § 4.1, and DS-1 dedicated transport, as defined under Attachment III, § 10.1, terminating at the MCI switch. MCI will provide its own switching functionality. BellSouth's assertion that this service recreates an existing BellSouth service (MegaLink) is inconsistent with the terms of the interconnection agreement.

It is imperative that we bring this matter to a prompt conclusion. If BellSouth's position is indeed non-negotiable, MCI will have no choice but to seek redress in the appropriate forum.

Sincerely,

John J. La Penta
Eastern Financial Operations - South
Carrier Agreements

cc: Charlene Keys
Wally Schmidt
Chip Parker
Pat Finlen
Steve Klimacek

