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BELLSOUTH TELECOMMUNICATIONS, INC.
DIRECT TESTIMONY OF ALPHONSO J. VARNER
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKETS NO. 981745-TP & NO [REDACTED]

FEBRUARY 12, 1999

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

A. My name is Alphonso J. Varner. I am employed by BellSouth as Senior Director for State Regulatory for the nine-state BellSouth region. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375.

Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND EXPERIENCE.

A. I graduated from Florida State University in 1972 with a Bachelor of Engineering Science degree in systems design engineering. I immediately joined Southern Bell in the division of revenues organization with the responsibility for preparation of all Florida investment separations studies for division of revenues and for reviewing interstate settlements.

Subsequently, I accepted an assignment in the rates and tariffs organization with responsibilities for administering selected rates and tariffs including

1 evaluating the impact of the Supreme Court's recent decision, the obvious
2 consequences of the ruling that would affect this proceeding seem to be as
3 follows:

- 4 ▪ Re-instating certain rules previously vacated by the Eighth Circuit
5 Court.
- 6 ▪ Remanding the merits of the pricing rules to the Eighth Circuit
7 Court for further determination.
- 8 ▪ Vacating the FCC's rule that defined the list of unbundled network
9 elements ("UNEs") because those rules did not take into account
10 the requirements of Section 251(d)(2) of the Act.

11

12 After the FCC and the Eighth Circuit Court take action in response to the
13 Supreme Court's decision, BellSouth's position on the issues raised in this
14 proceeding may be impacted. BellSouth is still evaluating the impact of this
15 ruling, and action by the Eighth Circuit Court of Appeals and the FCC will be
16 required before the effects are fully clarified. As a result, BellSouth may need
17 to modify positions, as the impact of this ruling becomes more clear.

18

19 Q. GIVEN THE UNCERTAINTY SURROUNDING THIS RULING,
20 GENERALLY, HOW DOES BELL SOUTH PROPOSE TO PROCEED IN
21 THIS ARBITRATION?

22

23 Based on the earlier summary, actions in this proceeding can be divided into
24 several general categories as follows.

25

1 The FCC's rules, 51.205-51.215, 51.303c, 51.315b, 51.405, 51.809, will be
2 reinstated by the Eighth Circuit Court and no further action by the Court or
3 FCC will be required. It is highly likely that resolution of issues in this
4 proceeding will have to comply with those rules.

5
6 The FCC's pricing rules, 51.501-51.515, 51.601-51.611, 51.701-51.717, must
7 be reevaluated by the Eighth Circuit Court to consider the various challenges
8 raised to these rules on their merits. These rules may or may not be in effect
9 while the Court revisits them. In any event, the final pricing rules will not
10 likely be known until the Court acts, which could be several months in the
11 future. Given this set of circumstances, some provision probably needs to be
12 made to permit any prices established in this proceeding to be modified when
13 the final rules are known, to the extent that becomes necessary. In the interim,
14 BellSouth is proposing prices which are generally consistent with the FCC's
15 pricing methodology and is also proposing to have an opportunity to modify
16 those prices when the final rules are effective.

17
18 The FCC's UNE rule 51.319 will have to be readdressed by the FCC. Until
19 that time, which will probably be several months, there doesn't appear to be a
20 minimum list of UNEs that BellSouth has to offer. However, there are several
21 capabilities that ALECs have requested to enhance their operations. As an
22 interim measure, BellSouth is proposing to provide those capabilities that it
23 would offer although, technically, they are not UNEs, until the FCC's new
24 rules become final. Since the required list of UNEs is unknown, it would not
25 be appropriate to require application of FCC rules that apply to UNEs to these

1 capabilities during this interim period. When the FCC rules become finalized
2 BellSouth should be permitted to modify the list of capabilities that it will offer
3 in the interim to conform to the FCC's rules.

4
5 Finally, FCC rule 51.315(b) will be reinstated by the Eighth Circuit Court.
6 However, this rule cannot be effectively applied until the FCC reestablishes the
7 UNE list that was vacated by FCC rule 51.319.

8
9 Q. WHAT DOES THE FCC HAVE TO CONSIDER TO DETERMINE THE
10 LIST OF UNES?

11
12 A. The Supreme Court instructed the FCC to reform its list of UNEs to give
13 substance to the requirements of Section 251(d)(2) of the Act. This decision
14 requires the FCC to consider whether "(A) access to such network elements as
15 are proprietary in nature is necessary and (B) the failure to provide access to
16 such network elements would impair the ability of the telecommunications
17 carrier seeking access to provide the services that it seeks to offer." To clarify
18 the above, the Supreme Court's ruling interprets item (B) above to apply to all
19 UNEs, not just those that are considered proprietary. Incorporating these
20 requirements into the FCC's consideration could very likely reduce the number
21 of required UNEs. The FCC will also have to develop standards for evaluating
22 whether these "necessary and impairment" requirements were met. Any new
23 UNE that a state Commission requires after the FCC issues its rules will have
24 to meet those same standards. Until these standards are developed by the FCC,
25 it is virtually impossible for a state Commission to apply them. Consequently,

1 a required list of UNEs cannot be developed until after the FCCs rules are
2 effective.

3

4 Specifically regarding this arbitration, there are a number of capabilities being
5 requested as UNEs, even though it appears highly unlikely that restriction (B)
6 above could be met. For example, OC3, OC12, and OC48 loops, dedicated
7 transport, channelization, and packet switching are relatively new capabilities
8 where ALECs have reasonable sources to acquire them other than from
9 BellSouth. Nonetheless, BellSouth is proposing to offer these capabilities on
10 an interim basis until the FCC rules are final. When the FCC rules are final,
11 BellSouth is permitted to modify its offering to conform to the FCC's rules. It
12 would create unnecessary confusion in the marketplace, establish unnecessary
13 obligations and require this Commission to speculate future FCC rules, to
14 require BellSouth to provide UNEs before the FCC's new rules become
15 effective.

16

17 *Issue A.1: Has BellSouth agreed to provide the following items as network elements,*
18 *features, functions or capabilities, and, if not, should BellSouth be required to do*
19 *so?*

20 *A. Unbundled Loops: 1) Two-wire ISDN; 2) Two-wire ADSL*
21 *compatible; 3) Two-wire HDSL compatible; 4) Four-wire HDSL*
22 *compatible; 5) Four-wire DSO; 6) Four-wire DS1; 7) DS3; 8) OC3;*
23 *9) OC12; 10) OC48; 11) "Clean copper"; e.spire only: 11) IDSL; 12)*
24 *SDSL; 13) Bit Stream Unbundled Loops; 14) xDSL equipped loops;*
25 *15) Frame Relay Access Loop. (e.spire Issues ATT2-1 through ATT2-*

1 6, ATT2-8, ATT2-10, ATT2-12(a) and ICI Issue 1)

2

3 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

4

5 A. Subject to conditions stated in my testimony, BellSouth will make available to
6 e.spire and ICI the following unbundled loop capabilities: 2-wire ISDN, 2-wire
7 ADSL-compatible, 2-wire HDSL-compatible and 4-wire HDSL compatible, 4-
8 wire DSO, 4-wire DS1, DS3, OC3, OC12, OC48 and "clean copper".

9 BellSouth proposes to make them available to e.spire and ICI until the FCC
10 revisits its rules that define the minimum list of UNEs.

11

12 For these capabilities or any other capability, Section 251(c)(3) of the 1996 Act
13 requires that BellSouth provide to any requesting telecommunications carrier
14 nondiscriminatory access to elements of its existing network on an unbundled
15 basis. Neither the 1996 Act nor the FCC's Rules suggest that an incumbent
16 LEC is required to construct facilities for the purpose of providing network
17 elements, or to provide capabilities that do not currently exist in BellSouth's
18 network. The FCC's rules requiring BellSouth to provide access to a network
19 that was superior to BellSouth's were vacated. Not such requirement exists.

20

21 In regards to ISDL loops, which are only an issue with e.spire, BellSouth is not
22 familiar with such loops. BellSouth has requested e.spire to provide additional
23 information to define ISDL loops. Meanwhile, if e.spire intended to request
24 IDSL-compatible loops, BellSouth notes that there is no industry standard for
25 IDSL. The acronym generally refers to a Digital Subscriber Line ("DSL")

1 product that can be used to provide service at a level similar to Basic Rate
2 Access ISDN. If this functionality is what e.spire is requesting, then the Basic
3 Rate Access ISDN unbundled loop may be used to transport IDSL.

4
5 e.spire has also requested an SDSL-compatible loop. While BellSouth
6 understands the acronym to represent Symmetrical Digital Subscriber Line,
7 BellSouth is unaware of any industry standards nor have any been provided by
8 e.spire which specify the underlying technology and provide a definition of
9 SDSL. Lacking such definition, BellSouth cannot develop and provide an
10 SDSL-compatible loop.

11
12 e.spire has not provided BellSouth with any technical specifications for a “Bit
13 Stream” unbundled loop. Without such information, BellSouth is unable to
14 determine whether it can offer such capabilities or whether such capabilities
15 are provided via some other capability BellSouth currently offers. BellSouth
16 has requested e.spire to provide additional information regarding the “Bit
17 Stream” unbundled loop. With regard to e.spire’s request for what they term a
18 Frame Relay Access Loop, BellSouth is not aware of any special requirements
19 for a loop used with Frame Relay service that would be above and beyond any
20 of the loop types that BellSouth currently offers.

21

22 Q. WHAT IS BELLSOUTH’S POSITION REGARDING PROVIDING XDSL-
23 EQUIPPED LOOPS TO E.SPIRE?

24

25 A. Subject to conditions stated in my testimony as explained above, BellSouth

1 will make various xDSL-compatible loop capabilities available to e.spire and
2 other ALECs. However, an xDSL-equipped loop is not an unbundled network
3 element. Rather, an xDSL-equipped loop provides both the loop and the
4 electronics, and is indistinguishable from the service BellSouth offers through
5 its FCC No. 1 Access Service Tariff. At best, e.spire is requesting BellSouth to
6 combine the loop with electronics that support xDSL service. Such electronics
7 are not unbundled capabilities. Even if they were unbundled capabilities,
8 BellSouth is not obligated to combine them as I discuss later in my testimony.

9

10 *Issue A.1: Has BellSouth agreed to provide the following items as network elements,*
11 *features, functions or capabilities, and, if not, should BellSouth be required to do*
12 *so?*

13 **B. Dedicated Interoffice Transport: 1) DSO; 2) DS1; 3) DS3; 4) OC3; 5)**
14 **OC12; 6) OC48. (e.spire Issues ATT2-21 and ICI Issue 2(a))**

15

16 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

17

18 A. Subject to conditions stated in my testimony, BellSouth agrees to provide
19 e.spire with DS0, DS1, DS3, OC3, OC12 and OC48 unbundled dedicated
20 interoffice transport capabilities.

21

22 *Issue A.1: Has BellSouth agreed to provide the following items as network elements,*
23 *features, functions or capabilities, and, if not, should BellSouth be required to do*
24 *so?*

25 **C. Dedicated Local Channels: 1) DSO; 2) DS1; 3) DS3; 4) OC3; 5)**

1 *OC12; 6) OC48. (e.spire Issues ATT2-22 and ICI Issue 2(b))*

2

3 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

4

5 A. Subject to conditions stated in my testimony, BellSouth agrees to provide
6 e.spire with dedicated local channel capabilities at the requested transmission
7 speeds.

8

9 *Issue A.1: Has BellSouth agreed to provide the following items as network elements,*
10 *features, functions or capabilities, and, if not, should BellSouth be required to do*
11 *so?*

12 ***D. Packet Switching: 1) User-to-Network Interface (UNI); 2) Network-***
13 ***to-Network Interface (NNI); 3) Data Link Control Identifiers (DLCI)***
14 ***at Committed Information Rates (CIRs). (e.spire Issues ATT2-24***
15 ***and ICI Issue 2(c))***

16

17 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

18

19 A. In negotiations, BellSouth understood that e.spire and ICI were requesting that
20 BellSouth unbundle its existing tariffed Packet Switching Frame Relay
21 Service. Subject to conditions stated in my testimony, BellSouth has agreed to
22 offer unbundled access to its existing tariffed Frame Relay Service.

23

24 *Issue A.1: Has BellSouth agreed to provide the following items as network elements,*
25 *features, functions or capabilities, and, if not, should BellSouth be required to do*

1 so?

2 E. Channelization/Multiplexing (e.spire Issue ATT2-16 and ICI Issue
3 2(d))

4

5 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

6

7 A. Subject to conditions stated in my testimony, BellSouth agrees to provide
8 e.spire and ICI with unbundled channelization (multiplexing) capabilities.

9

10 *Issue A.1: Has BellSouth agreed to provide the following items as network elements,*
11 *features, functions or capabilities, and, if not, should BellSouth be required to do*
12 *so?*

13 G. Dark Fiber: 1) Loops; 2) Dedicated Interoffice Transport; 3)
14 Dedicated Local Channel (e.spire Issues ATT2-7, ATT2-23, and ICI
15 Issue 1)

16

17 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

18

19 A. First, there is no such thing as a dark fiber "loop". Dark fiber is a facility that
20 may be used in provisioning loops, but is not itself a type of unbundled loop.
21 In its December 31, 1996 Order, this Commission found that dark fiber was not
22 a network element "because it is not a facility or element used in the provision
23 of a telecommunications service." (Order at page 23) Since this
24 Commission's ruling on this issue, a United States District Court in North
25 Carolina found that BellSouth must provide access to dark fiber. Subject to

1 conditions stated in my testimony, BellSouth agrees to make dark fiber
2 available to ALECs where such facilities exist in BellSouth's network. Also,
3 BellSouth will offer access to dark fiber where, as a result of future building or
4 deployment, such facilities become available. BellSouth will make available
5 dark fiber to the same extent and for the same purposes as it makes it available
6 to itself, its affiliates, its subsidiaries and others.

7

8 *Issue A.1: Has BellSouth agreed to provide the following items as network elements,*
9 *features, functions or capabilities, and, if not, should BellSouth be required to do*
10 *so?*

11 *H. Enhanced Extended Link (EEL) (e.spire Issues ATT 2-9)*

12

13 Q. WHAT IS BELLSOUTH'S POSITION ON THE PROVISION OF
14 "EXTENDED LINKS"?

15

16 A. ICI and e.spire have requested what they term an "extended link" or a local
17 loop combined with dedicated transport. There is no question that these
18 extended links or extended loops are a combination of loops and dedicated
19 transport. In addition, such combinations create opportunities for price
20 arbitrage because they replicate private line and/or special access services. The
21 local loops to be combined with dedicated transport include 2 and 4-wire voice
22 grade, 2-wire digital, 4-wire digital, 2-wire ADSL compatible, 2 and 4-wire
23 HDSL compatible and frame relay loops.

24

25

1 In accordance with the FCC's Rule 51.315(a), BellSouth is obligated to
2 provide unbundled elements in a manner that allow requesting
3 telecommunications carriers to combine them in order to provide a
4 telecommunications service. This rule requires BellSouth to allow ALECs to
5 combine UNEs, however, it does not require BellSouth to combine elements
6 that are not already combined in its network. Though requesting
7 telecommunications carriers may combine unbundled elements in any manner
8 they choose, BellSouth is not required to combine unbundled elements for
9 those carriers under any circumstances. The FCC attempted to require
10 BellSouth to combine network elements for ALECs. However, the Eighth
11 Circuit Court of Appeals vacated the FCC's rules that purported to impose
12 such a requirement (§§ 51.315(c)-(f)). The Eighth Circuit's decision vacating
13 these rules was not challenged by any party, and because those rules are not in
14 effect, BellSouth is not required to combine network elements that are not
15 already combined in its network. BellSouth is willing to perform this function
16 upon execution of a commercial agreement that is not subject to the 1996 Act.

17
18 Q. WHAT IS BELLSOUTH'S POSITION WITH REGARD TO
19 COMBINATIONS OF ELEMENTS THAT ALREADY EXIST IN
20 BELLSOUTH'S NETWORK?

21
22 A. Regarding the provision of combinations that already exist in the network, the
23 Commission should take a wait and see approach until the FCC has established
24 a final and nonappealable list of UNEs, and their associated prices, that
25 incumbent LECs must offer. As discussed previously, it is impossible to

1 determine which unbundled network elements BellSouth would have to leave
2 connected until the FCC determines which unbundled network elements
3 BellSouth is required to offer. Likewise, the pricing rules applicable to such
4 combinations will not be known until the Eighth Circuit Court completes its
5 evaluation. Therefore, a final determination of which UNEs must remain
6 connected and functional will depend upon the outcome of further proceedings
7 before the FCC.

8
9 The Supreme Court specifically recognized the linkage between Rule
10 51.315(b) and the list of UNEs. In its discussion of the legality of Rule
11 51.315(b), the Court stated, "As was the case for the all-element rule, our
12 remand of Rule 319 may render the incumbents' concern on this score
13 academic." This linkage should not be ignored by requiring provision of pre-
14 existing combinations before the UNEs are defined.

15
16 Until the FCC conforms its list of UNEs consistent with the Court's order, it
17 would be patently unfair to require BellSouth to offer combinations of
18 capabilities before it is determined whether those capabilities will be UNEs.
19 Until the FCC acts, this Commission will not know which elements will be
20 required as offerings, either individually or in combination, or the pricing rules
21 that must apply. BellSouth is attempting to be cooperative during this interim
22 period by making numerous capabilities available to ALECs. To penalize
23 BellSouth for its cooperative efforts by invoking a combination requirement at
24 this time would not be reasonable.

25

1 For the reasons outlined above, BellSouth proposes that all requests for
2 combinations be negotiated between the parties until the FCC's final and
3 nonappealable pricing and UNE rules require different treatment. Should the
4 Commission not adopt BellSouth's proposal on the provision of combinations
5 in Schedule 1 while the final rules are still uncertain, the Commission should
6 allow BellSouth to assess special combination charges in order to avoid
7 arbitrage of the resale rates with UNE rates.

8

9 *Issue A.1: Has BellSouth agreed to provide the following items as network elements,*
10 *features, functions or capabilities, and, if not, should BellSouth be required to do*
11 *so?*

12 I. *Loop Feeder (e.spire only) (e.spire Issue ATT2-16)*

13 J. *Loop Distribution (e.spire only) (e.spire Issue ATT2-16)*

14

15 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

16

17 A. Subject to conditions stated in my testimony, BellSouth makes available to
18 e.spire unbundled subloop distribution and feeder capabilities.

19

20 *Issue A.2: What should be the rates, terms and conditions for the items considered*
21 *in Item 1 to be network elements, features, functions, or capabilities? (e.spire Issues*
22 *ATT2-12(b), ATT2-12(c), ATT2-27, ATT11-1, ATT11-2, and ICI Issues 1 and 2)*

23

24 Q. PLEASE EXPLAIN BELLSOUTH'S PROPOSAL FOR SETTING RATES
25 FOR CAPABILITIES IN THIS PROCEEDING.

1

2 A. Pricing for the capabilities that ICI and e.spire have requested can be generally
3 divided into two groups. The distinction between the groups is whether this
4 Commission has previously established prices for that capability. Where
5 e.spire and ICI are requesting cost-based rates for capabilities that already have
6 Commission-approved rates, BellSouth proposes to charge those same
7 Commission-approved rates. Where e.spire and ICI are requesting capabilities
8 for which no rates have been established, BellSouth is filing cost studies that
9 are consistent with the Commission-approved methodology in support of the
10 rates it proposes to charge for those capabilities. BellSouth witness Ms.
11 Daonne Caldwell presents and supports those cost studies.

12

13 During this interim period, BellSouth is proposing prices equal to incremental
14 costs. BellSouth does not agree that prices should be required to be set equal
15 to incremental costs. As I have testified on several occasions, there are a
16 number of reasons why such a pricing rule should not be established.
17 However, during this interim period, the FCC's rules may be effective. As a
18 result, prices equal to incremental costs may be required.

19

20 Q. ARE BELLSOUTH'S COST STUDIES GENERALLY CONSISTENT WITH
21 THE FCC'S PRICING METHODOLOGY?

22

23 A. Yes. FCC Rule 51.505 defines the FCC's cost methodology for UNEs.
24 BellSouth's Total Service Long Run Incremental Cost (TSLRIC) studies used
25 to support prices for capabilities in this proceeding are generally consistent

1 with those methods. Per the FCC's rules, such costs must be developed using
2 an efficient network configuration which uses the existing location of the
3 incumbent LEC's wire centers. Further, the costs should be developed using a
4 forward-looking cost of capital and economic depreciation rates, and a
5 reasonable allocation of forward-looking common costs is appropriate. The
6 forward-looking economic costs may not include embedded costs, retail costs,
7 opportunity costs or revenues to subsidize other services. Although the FCC
8 uses the term Total Element Long Run Incremental Cost (TELRIC) to describe
9 its method, Ms. Caldwell explains how TSLRIC, as adopted by this
10 Commission, is consistent with the FCC's TELRIC methodology.

11

12 In addition to Rule 51.505, there are several other rules that describe the rate
13 structure requirements that the FCC applies to UNEs. With the exception of
14 Rule 51.507(f), BellSouth has proposed prices for these interim capabilities
15 that are consistent with the FCC's rate structure requirements.

16

17 Q. WHAT IS BELLSOUTH PROPOSING WITH REGARD TO RULE
18 51.507(f)?

19

20 A. Rule 51.507(f) requires prices of UNEs to be geographically deaveraged to
21 reflect cost differences. BellSouth is proposing that Rule 51.507(f) should not
22 be applied to the unbundled capabilities that BellSouth would offer at this time.

23

24 Implementing geographic deaveraging of UNE prices should not be considered
25 until this Commission addresses the issues of universal service and rate

1 rebalancing. As I have discussed in other proceedings, such geographic
2 deaveraging presents several public policy issues that the Commission should
3 address before it is implemented.

4
5 As I previously discussed, the FCC's pricing rules would apply to UNEs.
6 However, even if those pricing rules are reinstated while the Eighth Circuit
7 Court reevaluates them, the actual UNEs to which these rules apply will not be
8 known until after the FCC completes further proceedings. In addition, the
9 Eighth Circuit Court may decide that such deaveraging requirements violate
10 the 1996 Act. Given the uncertainty surrounding Court action, the lack of FCC
11 rules defining UNEs, and the important public policy implications, geographic
12 deaveraging should not be required at this time.

13
14 Q. WHAT HAS THIS COMMISSION PREVIOUSLY DECIDED IN REGARD
15 TO UNE PRICING?

16
17 A. Rates for numerous UNEs were ordered by the Commission in its December
18 31, 1996 Order No. PSC-96-1579-FOF-TP ("December 31, 1996 Order") and
19 subsequently in its April 29, 1998 Order No. PSC-98-0604-FOF-TP ("April 29,
20 1998 Order"). In its December 31, 1996 Order, at page 22, this Commission
21 determined "that the appropriate cost methodology to determine the prices for
22 unbundled elements is an approximation of Total Service Long Run
23 Incremental Cost (TSLRIC)." Further, on page 23, the Commission quoted
24 ¶678 of the FCC Order 96-325 in which the FCC states that "while we are
25 adopting a version of the methodology commonly referred to as the TSLRIC as

1 the basis for pricing interconnection and unbundled elements, we are coining
2 the term 'total element long run incremental cost' (TELRIC) to describe our
3 version of this methodology.”

4
5 At page 24, the Commission stated that “upon consideration, we do not believe
6 there is a substantial difference between the TSLRIC cost of a network element
7 and the TELRIC cost of a network element.” Then, on page 32, the
8 Commission found that “BellSouth’s cost studies are appropriate because they
9 approximate TSLRIC cost studies and reflect BellSouth’s efficient forward-
10 looking costs.” Finally, on page 33, the Commission stated that “we find it
11 appropriate to set permanent rates based on BellSouth’s TSLRIC cost studies.
12 The rates cover BellSouth’s TSLRIC costs and provide some contribution
13 toward joint and common costs.”

14
15 Q. SPECIFICALLY, HOW HAS BELLSOUTH TREATED DISCONNECT
16 COSTS IN ITS PROPOSED PRICES?

17
18 A. In keeping with this Commission’s ruling, BellSouth has not included any
19 disconnect costs in its nonrecurring installation cost studies presented in this
20 proceeding. In order to identify and recover disconnect costs, BellSouth has
21 separately identified such costs.

22
23 In its April 29, 1998 Order, at page 69, this Commission required BellSouth to
24 remove the costs associated with disconnection of service from the individual
25 UNE nonrecurring cost studies. The Commission stated that “CLECs

1 understand and accept that disconnect costs exist, and we believe it is more
2 appropriate to assess those charges at the time the costs are in fact incurred”
3 and that the “parties should have the opportunity to negotiate the method by
4 which disconnect costs are calculated and recovered.”

5

6 Q. WHY DOES BELLSOUTH BELIEVE THAT THE RATES FOR UNEs
7 PREVIOUSLY ORDERED BY THIS COMMISSION ARE APPROPRIATE
8 FOR e.spire AND ICI?

9

10 A. e.spire was a party to the docket in which this Commission established the
11 existing UNE rates. Furthermore, BellSouth’s cost studies are generic in that
12 they determine the costs to BellSouth of providing UNEs to any requesting
13 carrier. These average costs do not vary whether it is AT&T or e.spire which is
14 requesting the element. Therefore, the costs that this Commission has already
15 used to establish rates for AT&T, MCI and e.spire (formerly ACSI) should be
16 the same for e.spire, ICI or any other ALEC.

17

18 In addition, until the Eighth Circuit Court rules, the final requirements for
19 pricing are unknown. For this interim period the most reasonable course is to
20 continue to apply rates that this Commission has already found to be just,
21 reasonable, and cost-based as required by the 1996 Act.

22

23 Q. PLEASE EXPLAIN WHAT INFORMATION IS CONTAINED IN YOUR
24 EXHIBIT AJV-1.

25

1 A. Only the rates for those capabilities which e.spire and/or ICI have raised as an
2 issue in their petitions for arbitration are included Exhibit AJV-1 to my
3 testimony. The source of the rate is denoted by either the date of the
4 Commission Order approving the rate (12/31/96 or 4/29/98), or by the term
5 “Cost Study” to denote that new cost studies have been filed in this proceeding.
6 Subject to the conditions stated in my testimony, BellSouth is willing to
7 provide to e.spire and ICI any additional capabilities for which there is a
8 Commission-approved rate. However, such negotiations would be outside the
9 scope of this arbitration since neither Petitioner identified these as issues in
10 their arbitration petitions. Furthermore, requests by e.spire and ICI for
11 additional capabilities that were not raised in their petitions and where
12 Commission-approved rates are not available would also be handled through
13 the Act’s negotiation process and is outside the scope of this arbitration.

14

15 Q. UNDER WHAT CIRCUMSTANCES MIGHT ADDITIONAL CHARGES
16 APPLY THAT ARE NOT SHOWN ON EXHIBIT AJV-1?

17

18 A. BellSouth is required to provide access to capabilities as they currently exist in
19 BellSouth’s network. When provisioning clean copper loops, to the extent that
20 facilities exist that meet the technical specifications, such facilities are
21 available to ALECs at the rates shown on my exhibit AJV-1. However, to the
22 extent that BellSouth must perform additional work, such as removal of load
23 coils, filters, range extenders, etc., to condition the loop to meet the technical
24 requirements of the clean copper loop being requested, ALECs will be required
25 to pay the additional cost of performing such work.

1

2 *Issue A.3: Should BellSouth be required to provide UNE combinations? If so,*
3 *should BellSouth be required to provide the requested UNE combinations identified*
4 *in the petitions for arbitration? If so, what should be the rates? (e.spire Issues*
5 *ATT2-25(a), ATT2-25(b) and ICI Issue 3)*

6

7 Q. WHAT IS BELLSOUTH'S POSITION ON THE PROVISION OF
8 "ENHANCED EXTENDED LINKS" AND OTHER COMBINATIONS
9 REQUESTED BY E.SPIRE AND ICI?

10

11 A. BellSouth's position on this issue is the same as Issue A.1.H, involving the
12 Enhanced Extended Link, which is nothing more than a combination of loop
13 and transport. BellSouth is not required to combine a loop and transport for
14 e.spire or ICI. Even with respect to a combination of a loop and transport that
15 may already exist in BellSouth's network, it is impossible to determine
16 whether BellSouth is required to leave these capabilities connected until the
17 FCC determines which UNEs BellSouth must offer.

18

19 *Issue A.4: Should BellSouth be required to convert special access services*
20 *purchased from BellSouth's tariff to unbundled network elements for current*
21 *customers? If so, what should be the rates, terms and conditions? (e.spire Issues*
22 *ATT2-29(a) and ATT2-29(b) and ICI Issue 5)*

23

24 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

25

1 A. BellSouth does not agree that special access should be converted to extended
2 link UNEs. Special access facilities are existing BellSouth services that
3 provide a connection for an end user to an interexchange carrier principally to
4 carry long distance traffic. e.spire is requesting that these special access
5 services be repriced at UNE rates. There is clearly no difference in
6 functionality between these combinations of UNEs, called extended links, and
7 special access. In fact, e.spire is requesting that the special access service be
8 left in place and simply repriced. For the reasons discussed in issue A.1.H
9 BellSouth proposes that such conversions not be permitted.
10
11 Furthermore, even if the FCC's rules were in effect today, those rules do not
12 permit a carrier to substitute UNEs for access services unless the ALEC is the
13 local service provider. Consequently, there is no basis to support e.spire's
14 contention that such conversions are permitted. Therefore, BellSouth requests
15 that the Commission deny e.spire's request.
16
17 Should the Commission not adopt BellSouth's proposal on special access
18 conversions while the final rules are still uncertain, BellSouth should be able to
19 recover any costs associated with the conversion. Further, BellSouth should
20 not be required to convert special access facilities to extended links at the UNE
21 nonrecurring charges net of credits for previously paid special access NRCs.
22 The NRCs paid when special access was installed were the appropriate charges
23 at that time and have no bearing on a subsequent conversion.
24
25

1 *Issue A.5: Should BellSouth be required to provide volume and term pricing*
2 *discounts for unbundled network elements and resold services? If so, what should*
3 *be the rates, terms and conditions of the specific unbundled network elements and*
4 *resold services requested? (e.spire Issue ATT2-28, ATT11-3 and ICI Issue 6)*

5

6 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

7

8 A. BellSouth should not be required to provide volume and term discounts for
9 UNEs or resold services. Neither the 1996 Act nor any FCC order or rule
10 requires volume and term discount pricing. With respect to unbundled
11 capabilities, the recurring rates that ICI and e.spire will pay are cost-based in
12 accordance with the requirements of Section 252(d) and are derived using least-
13 cost, forward looking technology generally consistent with the FCC's rules.
14 The fallacy of ICI's and e.spire's proposal is that there are no apparent
15 "economies" affecting the individual recurring rate for UNEs, and BellSouth's
16 nonrecurring rates already reflect any economies involved when multiple UNEs
17 are ordered and provisioned at the same time.

18

19 With respect to resold telecommunications services, BellSouth is willing to
20 negotiate volume and term discounts with any ALEC. BellSouth is currently in
21 negotiations with another ALEC for such an arrangement.

22

23 *Issue A.6: Where BellSouth and Intermedia/e.spire are bidding for services for the*
24 *same end-user, should BellSouth provide the same rates, terms, and conditions to*
25 *Intermedia/e.spire for wholesale unbundled network elements and resold services*

1 *that it provides to itself or an affiliate on a retail basis? (e.spire Issue 2-30 and ICI*
2 *Issue 7)*

3

4 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

5

6 A. BellSouth is already obligated, by the Act and FCC orders, to provide ICI,
7 e.spire, and any other ALEC nondiscriminatory access to telecommunications
8 services, unbundled network elements, and interconnection. These are the
9 standards that apply to prices. Apparently ICI and e.spire are seeking to
10 establish another standard designed to give them preferential treatment. That
11 type of standard would be inappropriate.

12

13 ICI and e.spire are requesting that BellSouth provide them specific information
14 that does not exist. Specifically, ICI and e.spire are seeking for BellSouth to
15 provide pricing proposals, plus the resale discount, that it purports BellSouth
16 provides to its internal retail organizations. First of all, there is no internal
17 retail organization to which BellSouth would provide such information. The
18 business unit that supports the specific market segment prepares the pricing
19 proposals that are developed in response to Requests for Proposals (RFP).
20 Furthermore, ICI and e.spire are not entitled to receive the resale discount on
21 UNEs. The resale discount is only applicable to retail services offered through
22 BellSouth's tariffs. As previously discussed, BellSouth complies with its
23 obligations under the Act and FCC orders to provide services to ALECs in a
24 non-discriminatory manner.

25

1 *Issue A.7: What should be the rates, terms and conditions for physical collocation?*
2 *(e.spire Issues ATT4-15 and ATT4-18 and ICI Issue 4(c))*

3

4 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

5

6 A. As ordered by this Commission in its April 29, 1998 Order, the Space
7 Preparation Fee for physical collocation should be ICB. Each request from an
8 ALEC for physical collocation space creates an unforeseeable set of
9 circumstances based on the particular BellSouth central office. For example,
10 the space available for collocation, the amount of physical construction
11 required and the adequacy of existing power equipment and heating and air
12 conditioning facilities all affect the cost to prepare the actual space for the
13 ALEC. For these reasons, there simply is no "one size fits all" cost that can be
14 developed for this function. BellSouth is willing to make available, upon
15 request, appropriately redacted cost estimates of prior state-specific collocation
16 work of a similar nature that was priced on an ICB basis. Such information
17 would enable the ALEC to confirm that it is receiving nondiscriminatory
18 treatment from BellSouth. BellSouth recovers the central office space
19 conditioning costs as part of the ICB on a pro-rata basis dependent on the
20 quantity of square feet occupied by each carrier.

21

22 In its April 29, 1998 Order, this Commission established rates for numerous
23 physical collocation elements. However, BellSouth has identified several
24 additional physical collocation elements that ALECs may need – specifically,
25 2-wire and 4-wire POT bays, DS1 and DS3 pot bays, and 2-fiber and 4-fiber

1 POT bays. BellSouth agrees to provide these elements at cost-based rates
2 supported by the studies presented by Ms. Caldwell in this proceeding.
3 BellSouth's costs and proposed rates for these elements are found on Exhibit
4 AJV-1 attached to my testimony.

5
6 BellSouth takes exception to ICI's implication that it assesses "unnecessary" or
7 "hidden" charges for physical collocation. Other than the Space Preparation
8 Fee which is determined on an individual case basis, BellSouth has provided
9 this Commission with detailed cost support for the collocation rates the
10 Commission ultimately established. BellSouth will provide cost support for
11 Space Preparation Charges to the ALEC upon request. Engineering reviews
12 are required to determine what is necessary to prepare the ALEC's requested
13 space. These costs are included as part of the space preparation charge. Also,
14 BellSouth is willing to make available, upon request, appropriately redacted
15 cost estimates of prior state-specific space preparation on work of a similar
16 nature that was priced on an ICB basis. Such information would enable the
17 ALEC to confirm that it is receiving nondiscriminatory treatment from
18 BellSouth.

19
20 *Issue A.13(a): What should be the appropriate reciprocal compensation rate level*
21 *for the transport and termination of local traffic? (e.spire Issues ATT3-3, ATT3-4,*
22 *ATT11-4 and ICI Issue 10(b))*

23
24 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

25

1 A. e.spire is not entitled to its proposed “blended” reciprocal compensation rate.
2 In accordance with Section 251(b)(5) of the 1996 Act, all telecommunications
3 carriers have the “duty to establish reciprocal compensation arrangements for
4 the transport and termination” of local traffic. BellSouth asserts that public
5 policy should encourage the building of efficient networks.
6
7 e.spire’s request for asymmetrical rates based on e.spire’s less efficient
8 network is contrary to sound public policy in that it implicitly encourages
9 service providers to build less efficient networks and be subsidized through
10 reciprocal compensation for doing so. In accordance with FCC rules that will
11 be addressed by the Eighth Circuit Court, this Commission may establish
12 asymmetrical rates for transport and termination of local telecommunications
13 traffic only if the ALEC proves to this Commission that the costs of efficiently
14 configured and operated systems justify a different compensation rate. The
15 ALEC must present cost studies, using the forward-looking economic cost-
16 based pricing methodology, which reflect that their costs exceed the costs
17 incurred by the ILEC, and, consequently, that such that a higher rate is
18 justified. Until such time as e.spire provides such justification, it is appropriate
19 to continue to utilize the symmetrical rates approved by this Commission.
20 BellSouth witness Mr. Milner addresses e.spire’s Issue GTC-9 regarding
21 whether e.spire’s local switch should be defined as both an end office and
22 tandem switch.
23
24 *Issue A.13(b): For purposes of reciprocal compensation, should the definition of*
25 *local traffic include traffic that originates from or terminates to an Enhanced*

1 *Service Provider (ESP) or Information Service Provider (ISP)? If so, what is the*
2 *appropriate reciprocal compensation rate levels for ESP and ISP traffic? (e.spire*
3 *Issues GTC-8 and ATT3-5, ICI Issue 10(a))*

4

5 Q. HAS THIS COMMISSION PREVIOUSLY ADDRESSED THIS ISSUE?

6

7 A. No. The Commission has only previously addressed this issue in the context of
8 compliance with existing interconnection agreements. In those proceedings,
9 the parties of the agreements differed on their interpretation of the contract
10 language. Although BellSouth does not agree with its ruling, the Commission
11 has determined that the language in those existing agreements required
12 BellSouth to pay reciprocal compensation for ISP traffic.

13

14 Q. HOW SHOULD THIS ISSUE BE ADDRESSED IN THIS PROCEEDING?

15

16 A. The issue in this proceeding is not a contract compliance issue. The issue ICI
17 and e.spire raise is should BellSouth be required to pay reciprocal
18 compensation for ISP traffic as a matter of public policy. BellSouth believes
19 such reciprocal compensation should not be paid. BellSouth witness Mr. Jerry
20 Hendrix addresses why reciprocal compensation for ISP traffic is
21 inappropriate.

22

23 Since resolution of this issue is uncertain, this Commission should not create
24 unnecessary obligations that may be overturned when this issue is resolved.
25 The FCC is currently considering this issue, with a decision expected in the

1 near term. In fact, the FCC was scheduled to issue an order on this issue on
2 January 28, 1999. That order was delayed as a result of the Supreme Court
3 decision. Also, the Supreme Court determined that the FCC had the authority
4 to issue its pricing rules for reciprocal compensation. This decision further
5 removes any dispute about the FCC's authority to resolve this issue. In light of
6 the Supreme Court's action, any decision by this Commission should take into
7 account the grant of additional authority to the FCC and the FCC's impending
8 ruling.

9

10 *Issue A.14: What number portability requirements should be included in the parties*
11 *respective agreements? (e.spire Issue ATT5-3)*

12

13 Q. WHAT IS BELL SOUTH'S POSITION REGARDING ACCESS REVENUE
14 FOR TRAFFIC TERMINATED TO PORTED NUMBERS?

15

16 A. Part of this issue involves the termination of access service calls to an ALEC
17 subscriber who is served by the ALEC switch, but whose number is ported by
18 BellSouth via interim number portability ("INP"). In situations where INP is
19 not an issue, e.spire and BellSouth agree that the switched access charges
20 associated with terminating access calls to the ALEC are split between e.spire
21 and BellSouth. In non-INP situations, e.spire would receive the local switching
22 charges and a pro rata portion of transport and CCL charges, and BellSouth
23 would receive the tandem switching charges and pro rata portions of transport
24 and CCL charges.

25

1 In those situations where INP is used to route the incoming access call to the
2 ALEC switch, the appropriate recipient of the residual interconnection charge
3 (RIC) is the issue in dispute. e.spire's position is that e.spire is the end office
4 provider; therefore, e.spire should receive the RIC. BellSouth, on the other
5 hand, believes that it is the end office provider; therefore, BellSouth should
6 receive the RIC. BellSouth's position is correct for two reasons. First, the
7 incoming access call is actually destined for a telephone number that resides in
8 BellSouth's end office switch. The call is then forwarded from BellSouth's
9 end office via a central office feature (i.e., Remote Call Forwarding) to the
10 ALEC switch. Second, the RIC was established in the FCC's Local Transport
11 Restructure proceeding to allow the incumbent local exchange carriers to
12 recover the residual revenue lost when the per minute of use structure was
13 changed to a flat rate local transport structure. Because ALECs, such as
14 e.spire, don't have a revenue shortfall to recover, they are not entitled to
15 receive this residual revenue. BellSouth urges the Commission to determine
16 that BellSouth is indeed the end office provider in a situation involving INP
17 and allow BellSouth to retain the RIC as opposed to remitting it to e.spire.

18

19 *Issue A.15: What Frame Relay requirements should be included in the parties'*
20 *respective agreements? (e.spire Issues ATT3-1(b) & ATT11-1)*

21

22 Q. WHAT IS BELL SOUTH'S POSITION ON THIS ISSUE?

23

24 A. First, e.spire and BellSouth reached agreement on this issue in December 1998.

25 It is possible that the FCC's pending proceedings in CC Docket Nos. 98-146

1 and 98-147 regarding the deployment of advanced telecommunications
2 services under Section 706 of the 1996 Act will affect this issue. However,
3 until such time as the FCC renders its decision, BellSouth agrees that the
4 parties' packet-switched Frame Relay networks should be interconnected with
5 each other, and BellSouth agrees to provide the Frame Relay Trunk(s) between
6 the parties' respective Frame Relay switches. BellSouth proposes the
7 following compensation: BellSouth will invoice, and e.spire will pay, from
8 BellSouth's Access Tariff, the total nonrecurring and recurring charges for the
9 trunk facility minus an amount calculated by multiplying the BellSouth-billed
10 charges for the trunk facility by one-half of e.spire's percent local circuit usage
11 ("PCLU").

12

13 This arrangement assumes that each party is providing half of the equivalent of
14 local usage on a frame relay network. The PLCU is the percentage of the
15 facility that is being used for local services. This proposal requires that
16 BellSouth pay half of that cost and e.spire pay half.

17

18 *Issue B.1: Should e.spire be allowed to substitute portions of its interconnection*
19 *agreement with comparable portions of other agreements between BellSouth and*
20 *other ALECs or should e.spire be required to substitute the other agreement in its*
21 *entirety? (e.spire issues GTC-3)*

22

23 Q. WHAT IS BELL SOUTH'S POSITION ON THIS ISSUE?

24

25

1 A. Given the recent ruling of the Supreme Court, when the FCC's Rule 51.809 is
2 re-instated, it appears that e.spire would be entitled to import into its agreement
3 sections of other interconnection agreements subject to the terms and
4 conditions of those agreements. However, BellSouth cannot agree to e.spire's
5 proposed language because it does not include provisions allowed to BellSouth
6 in the FCC's rule. Specifically, though the rule requires BellSouth to make
7 available interconnection, service or network element arrangements contained
8 in other agreements, BellSouth is only required to make them available under
9 the same rates, terms and conditions as those provided in the other agreement.
10 Additionally, these "pick and choose" obligations do not apply "where the
11 incumbent LEC proves to the state commission that: (1) the costs of providing
12 a particular interconnection, service, or element to the requesting
13 telecommunications carrier are greater than the costs of providing it to the
14 telecommunications carrier that originally negotiated the agreement, or (2) the
15 provision of a particular interconnection, service, or element to the requesting
16 carrier is not technically feasible."
17
18 Further, BellSouth should be permitted to include language in the e.spire and
19 ICI agreements that would ensure that other parties who wish to adopt portions
20 of the e.spire or ICI agreements are required to adopt all "legitimately related"
21 portions. The Supreme Court recognized that the FCC's rule allowed
22 BellSouth to include this type of language in its interconnection agreements,
23 and as noted above, the FCC's rule is structured such that this type of language
24 is permitted.

25

1 *Issue B.3: When changes to the Applicable Law of the Agreement occur, should the*
2 *Agreement be reformed when the changes are “effective” or “final and*
3 *nonappealable”?* (e.spire Issue GTC-7)

4

5 Q. WHAT IS BELL SOUTH'S POSITION ON THIS ISSUE?

6

7 A. An approved interconnection agreement should only be reformed in order for it
8 to come into compliance with changes in the applicable law when such
9 changes are “final and non-appealable.” When an agreement is signed, each
10 provision has either been voluntarily agreed upon by the parties or reflects an
11 arbitration decision by this Commission. In either case, the provisions of the
12 agreement have been deemed to be appropriate. If other action by a court
13 conflicts with previous findings it would be inappropriate to set aside those
14 previous findings until all challenges have been exhausted. Recent history
15 confirms that substantial changes in rulings can occur at any point in the
16 appeals process. To require contract changes before appeals are exhausted may
17 create unnecessary conflicts between the parties regarding their obligations
18 under the interconnection agreement at a particular point in time. This
19 approach also avoids the expense of starting and stopping development and
20 other work on systems and processes to address issues that may subsequently
21 change when there is a final and non-appealable order that, once and for all,
22 settles the parties' legal obligations.

23

24 *Issue B.5: Under what circumstances and in what form should BellSouth be*
25 *required to provide notification of win-backs?* (e.spire Issues ATT1-6, ATT6-6,

1 *ATT6-7, and ATT6-19)*

2

3 Q. WHAT IS BELLSOUTH'S POSITION REGARDING NOTIFYING E.SPIRE
4 IN ADVANCE OF THE SWITCH DATE IN WIN-BACK SITUATIONS?

5

6 A. BellSouth's position is that it should not be required to provide e.spire with
7 advanced notice of the date upon which so-called "win-back" customers of
8 resale services will be switched back to BellSouth. e.spire does not need this
9 information in advance for any legitimate business purpose. BellSouth
10 provides notice of such "win-back" situations after such customer has been
11 switched back to BellSouth, thus, e.spire's alleged billing concerns are not an
12 issue. Additionally, this practice is consistent with how BellSouth handles
13 customer changes between two ALECs, e.g. between e.spire and MCI.

14

15 Q. WHAT IS BELLSOUTH'S POSITION REGARDING E.SPIRE'S REQUEST
16 TO PROHIBIT BELLSOUTH FROM INITIATING DISCONNECTION OR
17 SERVICE REARRANGEMENT UNLESS DIRECTED BY E.SPIRE?

18

19 A. BellSouth should not be prohibited from initiating disconnection or service
20 rearrangement of any e.spire end user unless directed to do so by e.spire.
21 e.spire's proposal would create unnecessary obstacles for end users who wish
22 to change carriers. BellSouth is unable to determine any valid reason for
23 prohibiting a customer from changing its service provider. e.spire's concerns
24 about customer confusion are misplaced. It is e.spire's proposal that will
25 confuse customers when they are told that they can not change their own

1 service. In addition, BellSouth provides e.spire with adequate notice of such
2 changes in order to avoid any purported billing errors. Whether BellSouth is
3 meeting these requirements would be included in the performance
4 measurements.

5

6 Q. WHAT IS BELLSOUTH'S POSITION REGARDING PROVISIONING
7 INTERVALS WHEN BELLSOUTH CONVERTS "WIN-BACK"
8 ACCOUNTS FROM E.SPIRE?

9

10 A. BellSouth should not be required to "warrant" or "guarantee" that it will never
11 exceed the average intervals experienced when BellSouth converts "win-back"
12 customer accounts from e.spire. First, an average means that there are loops
13 provisioned at intervals both longer and shorter than the average. The only
14 way to ever meet e.spire's request on all loops is if all loops were provisioned
15 at exactly the same interval. This is impractical and defeats the purpose of
16 having an average interval measurement.

17

18 Second, the extent to which BellSouth is providing loops in a reasonable
19 timeframe is being addressed by performance measurements. e.spire's request
20 is, in effect, an inappropriate performance measurement. BellSouth provides
21 e.spire nondiscriminatory access consistent with the requirements of the 1996
22 Act as well as the FCC orders and rules. BellSouth has proposed to
23 demonstrate that it meets those requirements through its proposed performance
24 measurements.

25

1 Finally, this specific performance measurement is inappropriate. There is no
2 correlation between the interval to provision loops and the interval to process a
3 resale order. Also, there is no correlation between the interval for providing a
4 loop and the interval for providing service where the loop is already in place.
5 Consequently, e.spire's proposed measurement would have no bearing on
6 demonstrating whether BellSouth is meeting its nondiscrimination obligations.

7

8 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

9

10 A. Yes. I reserve the right, however, to amend or modify my testimony, as
11 appropriate.

12

13

14

15

16

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Florida Rate and Cost Analysis

Cost Ref. #	Rate Element	Cost		Rate		Source
		Recurring	Non-Recurring	Recurring	Non-recurring	
A.2	<i>Sub-Loop 2-Wire Analog</i>					
A.2.1	Loop feeder per 2-wire analog voice grade loop	10.45	222.83 182.94	10.45	222.83 182.94	Cost Study
A.2.199	Loop Feeder Per 2-Wire analog Voice Grade Loop - Disconnect		82.38 42.49		82.38 42.49	Cost Study
A.2.2	Loop distribution per 2-wire analog voice grade loop (incl. NID)			8.57	78.29 58.33	4/29/98 Order
	Loop distribution - per 4-wire analog voice grade loop (incl. NID)			11.29	112.07 92.11	4/29/98 Order
A.2.8	Sub-loop feeder - order coordination for specified conversion time		36.85		36.85	Cost Study
A.3	<i>Loop Channelization and CO Interface (inside CO)</i>					
A.3.1	Loop channelization system - digital loop carrier			480.00	350.00 90.00	12/31/96 Order
A.3.2	CO channel interface - 2 wire voice grade			1.50	5.75 5.50	12/31/96 Order
A.3.4	Channelization – Channel System DS1 to DS0	163.88	208.64 126.61	163.88	208.64 126.61	Cost Study
A.3.499	Channelization – Channel System DS1 to DS0 - Disconnect		26.42 15.95		26.42 15.95	Cost Study
A.3.5	Interface Unit – Interface DS1 to DS0 – OCU-DP Card	3.13	13.39 9.59	3.13	13.39 9.59	Cost Study
A.3.6	Interface unit – Interface DS1 – DS0 – BRITE Card	4.09	13.39 9.59	4.09	13.39 9.59	Cost Study
A.3.7	Interface Unit – Interface DS1 to DS0 – Voice Grade Card	1.78	13.39 9.59	1.78	13.39 9.59	Cost Study
A.3.8	Channelization – Channel System DS3 to DS1	213.22	280.12 196.07	213.22	280.12 196.07	Cost Study
A.3.899	Channelization – Channel System DS3 to DS1 - Disconnect		64.06 52.60		64.06 52.60	Cost Study
A.3.9	Interface Unit – Interface DS3 to DS1	6.31	13.39 9.59	6.31	13.39 9.59	Cost Study
A.5	<i>2-Wire ISDN Digital Grade Loop</i>					

Shaded entries indicate rates established by the Florida Public Service Commission in its December 31, 1996 Order No. PSC-96-1579-FOF-TP and its April 29, 1998 Order No. PSC-98-0604-FOF-TP. The nonrecurring rates established in the April 29, 1998 order do not include disconnect costs.

Under the non-recurring column, where there are two entries, the first entry is for the first unit installed, and the second entry is for each additional unit installed.

Florida Rate and Cost Analysis

Cost Ref. #	Rate Element	Cost		Rate		Source
		Recurring	Non-Recurring	Recurring	Non-recurring	
A.5.1	2-wire ISDN digital grade loop			40.00	306.00 283.00	12/31/96 Order
A.6	<i>2-Wire Asymmetrical Digital Subscriber Line (ADSL) Loop</i>					
A.6.1	2-wire asymmetrical digital subscriber line (ADSL) loop			15.81	113.85 99.61	4/29/98 order
A.7	<i>2-Wire High Bit Rate Digital Subscriber Line (HDSL) Loop</i>					
A.7.1	2-wire high bit rate digital subscriber line (HDSL) loop			12.12	113.85 99.61	4/29/98 Order
A.8	<i>4-Wire High Bit Rate Digital Subscriber Line (HDSL) Loop</i>					
A.8.1	4-wire high bit rate digital subscriber line (HDSL) loop			18.24	116.91 101.71	4/29/98 Order
A.9	<i>4-Wire DS1 Digital Loop</i>					
A.9.1	4-wire DS1 digital loop			80.00	540.00 465.00	12/31/96 Order
A.10	<i>4-Wire 56 or 64 KBPS Digital Grade Loop</i>					
A.10.1	4-wire 56 or 64 Kbps digital grade loop	35.78	375.05 256.92	35.78	375.05 256.92	Cost Study
A.10.199	4-Wire 56 or 64 Kbps Digital Grade Loop - Disconnect		98.17 48.02		98.17 48.02	Cost Study
A.10.2	NID per 4-wire 56 or 64 Kbps digital grade loop	1.30		1.30		Cost Study
A.10.3	4-wire 56 or 64 Kbps digital grade loop - order coordination for specified conversion time		36.85		36.85	Cost Study
A.12	<i>Concentration per System per Feature Activated</i>					
A.12.1	Unbundled Sub-loop Concentration – System "A" (TR008)	595.87	352.05 194.09	595.87	352.05 194.09	Cost Study

Shaded entries indicate rates established by the Florida Public Service Commission in its December 31, 1996 Order No. PSC-96-1579-FOF-TP and its April 29, 1998 Order No. PSC-98-0604-FOF-TP. The nonrecurring rates established in the April 29, 1998 order do not include disconnect costs.

Under the non-recurring column, where there are two entries, the first entry is for the first unit installed, and the second entry is for each additional unit installed.

Florida Rate and Cost Analysis

Cost Ref. #	Rate Element	Cost		Rate		Source
		Recurring	Non-Recurring	Recurring	Non-recurring	
A.12.199	Unbundled Sub-loop Concentration - System "A" (TR008) - Disconnect		176.03 57.55		176.03 57.55	Cost Study
A.12.2	Unbundled Sub-loop Concentration - System "B" (TR008)	89.12	352.05 194.09	89.12	352.05 194.09	Cost Study
A.12.299	Unbundled Sub-loop Concentration - System "B" (TR008) - Disconnect		176.03 57.55		176.03 57.55	Cost Study
A.12.3	Unbundled Sub-loop Concentration - System "A" (TR003)	630.25	352.05 194.09	630.25	352.05 194.09	Cost Study
A.12.399	Unbundled Sub-loop Concentration - System "A" (TR003) - Disconnect		176.03 57.55		176.03 57.55	Cost Study
A.12.4	Unbundled Sub-loop Concentration - System "B" (TR003)	123.50	352.05 194.09	123.50	352.05 194.09	Cost Study
A.12.499	Unbundled Sub-loop Concentration - System "B" (TR003) - Disconnect		176.03 57.55		176.03 57.55	Cost Study
A.12.5	Unbundled Sub-loop Concentration - USLC Feeder Interface	61.60	174.14 129.16	61.60	174.14 129.16	Cost Study
A.12.599	Unbundled Sub-loop Concentration - USLC Feeder Interface - Disconnect		43.13 20.28		43.13 20.28	Cost Study
A.12.6	Unbundled Sub-loop Concentration - POTS Card	2.09	22.23	2.09	22.23	Cost Study
A.12.699	Unbundled Sub-loop Concentration - POTS Card - Disconnect		22.11 9.11 9.05		22.11 9.11 9.05	Cost Study
A.12.7	Unbundled Sub-loop Concentration - ISDN (Brite Card)	8.34	22.23 22.11	8.34	22.23 22.11	Cost Study
A.12.799	Unbundled Sub-loop Concentration - ISDN (Brite Card) - Disconnect		9.11 9.05		9.11 9.05	Cost Study
A.12.8	Unbundled Sub-loop Concentration - SPOTS Card	12.40	22.23	12.40	22.23	Cost Study
A.12.899	Unbundled Sub-loop Concentration - SPOTS Card - Disconnect		22.11 9.11 9.05		22.11 9.11 9.05	Cost Study
A.12.9	Unbundled Sub-loop Concentration - Specials Card	7.40	22.23 22.11	7.40	22.23 22.11	Cost Study
A.12.999	Unbundled Sub-loop Concentration - Specials Card - Disconnect		9.11 9.05		9.11 9.05	Cost Study

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Florida Rate and Cost Analysis

Cost Ref. #	Rate Element	Cost		Rate		Source
		Recurring	Non-Recurring	Recurring	Non-recurring	
A.12.10	Unbundled Sub-loop Concentration – TEST CIRCUIT Card	36.15	22.23 22.11	36.15	22.23 22.11	Cost Study
A.12.1099	Unbundled Sub-loop Concentration – TEST CIRCUIT Card - Disconnect		9.11 9.05		9.11 9.05	Cost Study
A.12.11	Unbundled Sub-loop Concentration – Digital Data	10.96	22.23 22.11	10.96	22.23 22.11	Cost Study
A.12.1199	Unbundled Sub-loop Concentration – Digital Data - Disconnect		9.11 9.05		9.11 9.05	Cost Study
<i>A.13</i>	<i>2-Wire Copper Loops – Digitally Conditioned</i>					
A.13.1	2-Wire Copper Loop – Digitally Conditioned	18.06	326.10 288.19	18.06	326.10 288.19	Cost Study
A.13.199	2-Wire Copper Loop – Digitally Conditioned – Disconnect		42.52 18.78		42.52 18.78	Cost Study
A.13.2	NID per 2-Wire Copper Loop – Digitally Conditioned	1.22		1.22		Cost Study
A.13.3	2-Wire Copper Loop – Order Coordination for Specified Conversion Time		36.85		36.85	Cost Study
<i>A.14</i>	<i>4-Wire Copper Loops – Digitally Conditioned</i>					
A.14.1	4-Wire Copper Loop – Digitally Conditioned	26.38	367.33 329.41	26.38	367.33 329.41	Cost Study
A.14.199	4-Wire Copper Loop – Digitally Conditioned – Disconnect		80.41 42.47		80.41 42.47	Cost Study
A.14.2	NID per 4-Wire Copper Loop – Digitally Conditioned	1.30		1.30		Cost Study
A.14.3	4-Wire Copper Loop – Order Coordination for Specified Conversion Time		36.85		36.85	Cost Study
<i>A.16</i>	<i>High Capacity Unbundled Local Loops</i>					
A.16.1	High Capacity Unbundled Local Loop – DS3 – Facility Termination	470.83	770.47 436.40	470.83	770.47 436.40	Cost Study
A.16.199	High Capacity Unbundled Local Loop – DS3 – Facility Termination - Disconnect		108.95 106.01		108.95 106.01	Cost Study
A.16.2	High Capacity Unbundled Local Loop – DS3 – Per Mile	40.01		40.01		Cost Study
A.16.4	High Capacity Unbundled Local Loop – OC3 – Facility Termination	694.05	770.47 436.40	694.05	770.47 436.40	Cost Study

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Florida Rate and Cost Analysis

Cost Ref. #	Rate Element	Cost		Rate		Source
		Recurring	Non-Recurring	Recurring	Non-recurring	
A.16.499	High Capacity Unbundled Local Loop – OC3 – Facility Termination - Disconnect		108.95 106.01		108.95 106.01	Cost Study
A.16.5	High Capacity Unbundled Local Loop – OC3 – Per Mile	29.89		29.89		Cost Study
A.16.7	High Capacity Unbundled Local Loop – OC12 – Facility Termination	2112.00	770.47 436.40	2112.00	770.47 436.40	Cost Study
A.16.799	High Capacity Unbundled Local Loop – OC12 – Facility Termination - Disconnect		108.95 106.01		108.95 106.01	Cost Study
A.16.8	High Capacity Unbundled Local Loop – OC12 – Per Mile	36.78		36.78		Cost Study
A.16.10	High Capacity Unbundled Local Loop – OC48 – Facility Termination	1864.00	770.47 436.40	1864.00	770.47 436.40	Cost Study
A.16.1099	High Capacity Unbundled Local Loop – OC48 – Facility Termination - Disconnect		108.95 106.01		108.95 106.01	Cost Study
A.16.11	High Capacity Unbundled Local Loop – OC48 – Per Mile	120.65		120.65		Cost Study
A.16.13	High Capacity Unbundled Local Loop – OC48 – Interface OC12 on OC48	533.93	472.77 329.91	533.93	472.77 329.91	Cost Study
A.16.1399	High Capacity Unbundled Local Loop – OC48 – Interface OC12 on OC48 – Disconnect		108.95 106.01		108.95 106.01	Cost Study
	Local Interconnection (Call Transport and Termination)					
	Reciprocal compensation – End Office Switching			.002		12/31/96 Order
	Reciprocal compensation – Tandem Switching			.00029		12/31/96 Order
	Reciprocal Compensation – Common Transport – see Cost Ref. # D.1					
	In lieu of individual tandem switching and transport rates, CLEC may choose the following option:					
	Tandem Switch + Transport			.00125		12/31/96 Order
D.0	Unbundled Transport and Local Interoffice Transport					
D.1	<i>Common Transport</i>					
D.1.1	Common transport - per mile, per MOU			.000012		12/31/96 Order
D.1.2	Common transport - facilities termination per MOU			.0005		12/31/96 Order
D.3	<i>Interoffice Transport - Dedicated – DS0 - 56/64kbps</i>					

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Florida Rate and Cost Analysis

Cost Ref. #	Rate Element	Cost		Rate		Source
		Recurring	Non-Recurring	Recurring	Non-recurring	
D.3.1	Interoffice transport - dedicated - DS0 - per mile	.0252		.0252		Cost Study
D.3.2	Interoffice transport - dedicated - DS0 - facility termination	21.33	100.38 53.31	21.33	100.38 53.31	Cost Study
D.3.299	Interoffice Transport - Dedicated - DS0 - Facility Termination - Disconnect		36.77 11.14		36.77 11.14	Cost Study
<i>D.4</i>	<i>Interoffice Transport - Dedicated - DS1</i>					
D.4.1	Interoffice transport - dedicated - DS1 - per mile			.6013		4/29/98 Order
D.4.2	Interoffice transport - dedicated - DS1 - facility termination			99.79	45.91 44.18	4/29/98 Order
<i>D.5</i>	<i>Local Channel - Dedicated</i>					
D.5.1	Local Channel - Dedicated - 2-wire voice grade	18.02	410.03 111.77	18.02	410.03 111.77	Cost Study
D.5.199	Local Channel - Dedicated - 2-wire voice grade - Disconnect		67.30 12.55		67.30 12.55	Cost Study
D.5.2	Local Channel - Dedicated - 4-wire voice grade	19.01	410.03 111.77	19.01	410.03 111.77	Cost Study
D.5.299	Local Channel - Dedicated - 4-wire voice grade - Disconnect		67.30 12.55		67.30 12.55	Cost Study
D.5.3	Local Channel - Dedicated - DS1			44.35	246.50 230.49	4/29/98 Order
D.5.7	Local Channel - Dedicated - DS3 - Per Mile	30.65		30.65		Cost Study
D.5.8	Local Channel - Dedicated - DS3 - Facility Termination	598.84	770.47 436.40	598.84	770.47 436.40	Cost Study
D.5.899	Local Channel - Dedicated - DS3 - Facility Termination - Disconnect		108.95 106.01		108.95 106.01	Cost Study
D.5.10	Local Channel - Dedicated - OC3 - Per Mile	25.75		25.75		Cost Study
D.5.11	Local Channel - Dedication - OC3 - Facility Termination	944.98	770.47 436.40	944.98	770.47 436.40	Cost Study
D.5.1199	Local Channel - Dedicated - OC3 - Facility Termination - Disconnect		108.95 106.01		108.95 106.01	Cost Study
D.5.13	Local Channel - Dedicated - OC12 - Per Mile	36.78		36.78		Cost Study

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Florida Rate and Cost Analysis

Cost Ref. #	Rate Element	Cost		Rate		Source
		Recurring	Non-Recurring	Recurring	Non-recurring	
D.5.14	Local Channel - Dedicated - OC12 - Facility Termination	2588.00	770.47 436.40	2588.00	770.47 436.40	Cost Study
D.5.1499	Local Channel - Dedicated - OC12 - Facility Termination - Disconnect		108.95 106.01		108.95 106.01	Cost Study
D.5.16	Local Channel - Dedicated - OC48 - Per Mile	120.65		120.65		Cost Study
D.5.17	Local Channel - Dedicated - OC48 - Facility Termination	1883.00	770.47 436.40	1883.00	770.47 436.40	Cost Study
D.5.1799	Local Channel - Dedicated - OC48 - Facility Termination - Disconnect		108.95 106.01		108.95 106.01	Cost Study
D.5.19	Local Channel - Dedicated - OC48 - Interface OC12 on OC48	536.66	472.77 329.91	536.66	472.77 329.91	Cost Study
D.5.1999	Local Channel - Dedicated - OC48 - Interface OC12 on OC48 - Disconnect		108.95 106.01		108.95 106.01	Cost Study
D.6	<i>Interoffice Transport - Dedicated - DS3</i>					
D.6.1	Interoffice Transport - Dedicated - DS3 - Per Mile	10.22		10.22		Cost Study
D.6.2	Interoffice Transport - Dedicated - DS3 - Facility Termination	984.55	663.98 329.91	984.55	663.98 329.91	Cost Study
D.6.299	Interoffice Transport - Dedicated - DS3 - Facility Termination - Disconnect		108.95 106.01		108.95 106.01	Cost Study
D.7	<i>Interoffice Transport - Dedicated - OC3</i>					
D.7.1	Interoffice Transport - Dedicated - OC3 - Per Mile	24.25		24.25		Cost Study
D.7.2	Interoffice Transport - Dedicated - OC3 - Facility Termination	2558.00	663.98 329.91	2558.00	663.98 329.91	Cost Study
D.7.299	Interoffice Transport - Dedicated - OC3 - Facility Termination - Disconnect		108.95 106.01		108.95 106.01	Cost Study
D.8	<i>Interoffice Transport - Dedicated - OC12</i>					
D.8.1	Interoffice Transport - Dedicated - OC12 - Per Mile	88.54		88.54		Cost Study
D.8.2	Interoffice Transport - Dedicated - OC12 - Facility Termination	9916.00	663.98 329.91	9916.00	663.98 329.91	Cost Study

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Florida Rate and Cost Analysis

Cost Ref. #	Rate Element	Cost		Rate		Source
		Recurring	Non-Recurring	Recurring	Non-recurring	
D.8.299	Interoffice Transport – Dedicated – OC12 – Facility Termination – Disconnect		108.95 106.01		108.95 106.01	Cost Study
<i>D.9</i>	<i>Interoffice Transport – Dedicated – OC48</i>					
D.9.1	Interoffice Transport – Dedicated – OC48 – Per Mile	108.42		108.42		Cost Study
D.9.2	Interoffice Transport – Dedicated – OC48 – Facility Termination	10,734.00	663.98 329.91	10,734.00	663.98 329.91	Cost Study
D.9.299	Interoffice Transport – Dedicated – OC48 – Facility Termination – Disconnect		108.95 106.01		108.95 106.01	Cost Study
D.9.4	Interoffice Transport – Dedicated – OC48 – Interface OC12 on OC48	1082.00	472.77 329.91	1082.00	472.77 329.91	Cost Study
D.9.499	Interoffice Transport – Dedicated – OC48 – Interface OC12 on OC48 – Disconnect		108.95 106.01		108.95 106.01	Cost Study
F.0	Operations Support Systems (OSS)					
F.1	Operational Support Systems (OSS)					
F.1.61 & F.1.62	OSS Electronic Interface, per local service request		6.78		6.78	Cost Study
F.1.7	OSS Manual Processing, per local service request		20.08		20.08	Cost Study
H.0	Collocation					
H.1	Physical Collocation					
H.1.13	Physical collocation - 2-wire POT bay	.0789		.0789		Cost Study
H.1.14	Physical collocation - 4-wire POT bay	.1577		.1577		Cost Study
H.1.15	Physical collocation - DS1 POT bay	1.11		1.11		Cost Study
H.1.16	Physical collocation - DS3 POT bay	9.93		9.93		Cost Study
H.1.33	Physical collocation – 2-fiber POT Bay	33.90		33.90		Cost Study
H.1.34	Physical collocation – 4-fiber POT Bay	45.71		45.71		Cost Study
J.0	Other					
J.1	Dark Fiber					
J.1.1	Dark Fiber, per four fiber strands, per route mile or fraction thereof	55.35	1262.00 283.34	55.35	1262.00 283.34	Cost Study

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Florida Rate and Cost Analysis

Cost Ref. #	Rate Element	Cost		Rate		Source
		Recurring	Non-Recurring	Recurring	Non-recurring	
J.1.199	Dark Fiber, per four fiber strands, per route mile or fraction thereof – Disconnect		453.61 339.34		453.61 339.34	Cost Study
N.0	Unbundled Packet Switching Frame Relay Service					
N.1	Unbundled Packet Switching Frame Relay Service					
N.1.1	UPS – UNI/NNI FRS 56 KBPS	30.23	181.82	30.23	181.82	Cost Study
N.1.199	UPS – UNI/NNI FRS 56 KBPS – Disconnect		45.15		45.15	Cost Study
N.1.2	UPS – UNI/NNI FRS 64 KBPS	30.23	181.82	30.23	181.82	Cost Study
N.1.299	UPS – UNI/NNI FRS 64 KBPS – Disconnect		45.15		45.15	Cost Study
N.1.3	UPS – UNI/NNI FRS 1.536 MBPS	65.79	202.23	65.79	202.23	Cost Study
N.1.399	UPS – UNI/NNI FRS 1.536 MBPS – Disconnect		37.80		37.80	Cost Study
N.1.4	UPS – UNI/NNI FRS 44.210 MBPS	507.95	222.65	507.95	222.65	Cost Study
N.1.499	UPS – UNI/NNI FRS 44.210 MBPS – Disconnect		48.01		48.01	Cost Study
N.1.5	UPS – UNI/NNI FRS – DLCI		32.32		32.32	Cost Study
N.1.599	UPS – UNI/NNI FRS – DLCI - Disconnect		23.81		23.81	Cost Study
N.1.6	UPS – UNI/NNI FRS CIR – 0 BPS	.0878		.0878		Cost Study
N.1.7	UPS – UNI/NNI FRS CIR – 1-32 KBPS	.4392		.4392		Cost Study
N.1.8	UPS – UNI/NNI FRS CIR – 32-56 KBPS	.7686		.7686		Cost Study
N.1.9	UPS – UNI/NNI FRS CIR – 56-64 KBPS	.8784		.8784		Cost Study
N.1.10	UPS – UNI/NNI FRS CIR – 64-128 KBPS	1.76		1.76		Cost Study
N.1.11	UPS – UNI/NNI FRS CIR – 128-256 KBPS	3.51		3.51		Cost Study
N.1.12	UPS – UNI/NNI FRS CIR – 256-384 KBPS	5.27		5.27		Cost Study
N.1.13	UPS – UNI/NNI FRS CIR – 384-512 KBPS	7.03		7.03		Cost Study
N.1.14	UPS – UNI/NNI FRS CIR – 512-768 KBPS	10.54		10.54		Cost Study
N.1.15	UPS – UNI/NNI FRS CIR – 768-1.536 MBPS	21.08		21.08		Cost Study
N.1.16	UPS – UNI/NNI FRS CIR – 1.536-4 MBPS	52.70		52.70		Cost Study
N.1.17	UPS – UNI/NNI FRS CIR – 4-10 MBPS	133.51		133.51		Cost Study
N.1.18	UPS – UNI/NNI FRS CIR – 10-16 MBPS	213.44		213.44		Cost Study
N.1.19	UPS – UNI/NNI FRS CIR – 16-34 MBPS	453.94		453.94		Cost Study
N.1.20	UPS – UNI/NNI FRS CIR – 34-44.210 MBPS	590.26		590.26		Cost Study
N.1.21	UPS – UNI/NNI FRS – Feature Change		20.41		20.41	Cost Study
N.1.2199	UPS – UNI/NNI FRS – Feature Change - Disconnect		13.61		13.61	Cost Study
N.1.22	UPS – UNI/NNI FRS – Transfer of Service		20.41		20.41	Cost Study

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Florida Rate and Cost Analysis

Cost Ref. #	Rate Element	Cost		Rate		Source
		Recurring	Non-Recurring	Recurring	Non-recurring	

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