COVAD
COMMUNICATIONS COMPANY

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Wednesday, April 07, 1999

VIA Federal Express

Ms Blanca Bayo, Director
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Tallahassee, Florida 32399-0850

99 APR -8 AM 8:47
MAIL ROOM

RE: Docket Nos. 980946-TL, 980947-TL, 980948-TL, 981011-TL, 981012-TL and 981250-TL

Dear Ms Bayo:

Enclosed for filing is a single original of the direct testimony of Thomas J. Regan on behalf of Covad Communications Company.

This filing is made pursuant to a request for confidentiality by BellSouth, specifically, BellSouth's Motion for Permanent Protective Order in the referenced dockets filed on April 2, 1999. Since the enclosed testimony may contain information BellSouth believes to be confidential, service is made on only the limited number of parties as indicated in the attached Certificate of Service.

Please do not hesitate to contact me if you have any questions concerning this matter. Thank you for your assistance.

Sincerely,

James D. Earl

Enclosure

cc: Attached Service List

This Notice of Intent was filed with Confidential Document No. 04523-99. The document has been placed in the confidential files pending receipt of a request for confidential treatment.

DOCUMENT NUMBER-DATE
04523 APR-8 99
FPSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing testimony of Thomas J. Regan was served on the following parties on this 7th day of April in the manner indicated:

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per PN 060576-99

DOCUMENT NUMBER-DATE
04523 APR-8 99
FPSC-RECORDS/REPORTING

DIRECT TESTIMONY OF THOMAS J. REGAN
ON BEHALF OF
COVAD COMMUNICATIONS COMPANY

Q. What is your name and occupation?

A. Thomas J. Regan, Director of Collocation, Covad Communications Company ("Covad"), 2330 Central Expressway, Santa Clara, CA 95050. My business telephone number is (408) 844-7523. I have been the Director of Collocation for Covad Communications Company, since March 31, 1997. I am currently responsible for all of Covad's collocation arrangements, and report to the Vice President of Network Deployment. I have also worked extensively during the past year on Covad's key collocation activities, which must be completed before Covad can earn any service revenues in any market it enters.

Q. What experience did you have in collocation matters before coming to Covad?

A. Prior to joining Covad, I was employed at Pacific Bell for 27 years. At Pacific Bell, my most recent position was Expanded Interconnection Service Product Manager, reporting to the Executive Director. In this capacity, I managed a 300% increase in collocation requests in 1996. I was responsible for the California statewide management of Pacific Bell's offering and implementation of physical collocation by Competitive Local Exchange Carriers (CLEC's) of their own CLEC equipment in Pacific Bell's Central offices.

I directed Pacific Bell's collocation teams involving personnel from Pacific Bell's Operation, Engineering, Real Estate and Security departments with respect to the construction of more than 120 collocation cages in approximately 70 central offices ("CO").

I prepared Pacific Bell's complete market financial package for the FCC's and California Public Utility's regulatory approvals on each new request for physical collocation in a non-tariffed CO (that is, a CO that previously had no collocators and had not been configured for physical collocation). I also led Pacific Bell's team in the preparation and costing of new cross-connect products for physical collocators, as well as related tariffs. In addition, I managed Pacific Bell's collocation and billing and account crediting process for collocating CLECS.

Over the past year, I have been responsible for obtaining physical collocation arrangements with Pacific Bell, GTE, Ameritech, Bell Atlantic, BellSouth, SBC and US WEST. Covad currently has several hundred collocation requests in varying stages of process by incumbent LECs.

Q. When Covad introduces service in a region, what are its collocation requirements?

A. When Covad decides to enter a market, it undertakes a "blanket" physical collocation strategy. We have two sets of customers: corporations wanting to connect their workers at home, and ISPs wanting to connect their small

business and high-speed residential end users. Corporations do not control where their employees and teleworkers live; ISPs want to serve as broad a geographical area of their customers as possible. As a result, Covad has to cover a broad geographic area at the time of launch.

Q. What are Covad's space requirements in a central office?

A. The equipment Covad and, presumably, other CLECs focused upon DSL services, collocate in an ILEC central office does not take an inordinate amount of space or power. Covad physically collocates DSLAMs ("Digital Subscriber Line Access Multiplexers") and other cabling and equipment which it uses to access and interconnect with unbundled network elements such as local loops and dedicated transport and manage its services over loops and transmission facilities. Covad's equipment is rack-mountable. Covad typically occupies two bays in a central office at start-up. A bay of equipment is 23 inches wide and approximately one foot deep. Each year, technological improvements allow carriers like Covad to serve more customers with less bulky equipment. The actual footprint of a bay is two square feet. However, a certain amount of space around a bay is required for access. There can be some difference of views as to how much access space is appropriate. However, in my experience, it is most reasonable to plan on the basis of attributing 18 square feet of floor space to a single bay for its placement and use. So, Covad's standard central office configuration upon the introduction of service would occupy 36 square feet. Typically, in a metropolitan build-out, Covad also has one or more non-standard installations that involve the

placement of additional equipment in a collocation space. Covad uses 100 square feet of collocation space for these non-standard hubbing collocations

Q. Are there strategies that, if implemented, would result in the collocation of more CLEC equipment -- and therefore more competitors -- in a central office?

A. Today, ILECs generally require CLECs to collocate equipment in a segregated collocation room or area, even though construction of these segregated collocation rooms is very costly, time-consuming, and prevent CLECs from collocating in a number of central offices because of ostensible space considerations. Covad's agreement with U S WEST in the State of Washington is, I believe, the first time that an ILEC has agreed to provide a CLEC with the ability to physically collocate individual bays of equipment in the ILEC's central office without resort to construction of a caged area or of a segregated collocation room.

Q. What are the benefits of cageless physical collocation as pioneered by Covad?

A. Cageless physical collocation is a form of physical collocation in which a requesting telecommunications carrier has the ability to place at least one bay of its own equipment used for interconnection or access to unbundled network elements within or upon already-conditioned floor space in an incumbent LEC's premises. Under this arrangement, requesting carriers may obtain single-bay increments of already-conditioned floor space in the ILEC premises, use all the features, functions and capabilities of collocated

equipment, and enter the ILEC premises (subject to reasonable security terms and conditions) to install, maintain and repair such equipment. Cages or segregated rooms or areas would not be built, unless requested by the CLEC. Reasonable security measures would be undertaken at the expense of the party desiring those security measures. In the event that insufficient already-conditioned floor space does not exist in the office (which would be rare, in my opinion), the incumbent LEC is required to condition sufficient floor space to accommodate the CLEC's request but may only charge the CLEC the pro-rata share of those conditioning charges. Therefore, if the ILEC feels necessary to condition 300 square feet to accommodate a CLEC's request for 30 square feet of floor space, it should only be permitted to charge the CLEC 10% (30/300) of those conditioning costs.

Q. What has been your experience to date with physical collocation requests from BellSouth in the area in and around Miami.

A. Covad has requested physical collocation in 18 central offices in the Miami area as of April 1, 1999. BellSouth has told us that there is no space for physical collocation in three of them.

Q. Did you participated in the "walk throughs" arranged as part of this collocation workshop?

A. Yes, I attended the Bell South and Florida PUC collocation inspection walk through of three central offices designated as "No Space" on February 11, and 12, 1999.

The first central office was Miami Palmetto (MIAMFLPL) on February 11, 1999.

Q. Drawing on your years of collocation experience, how would you summarize what you saw.

A. There are many areas in this office that could be designated for collocation. This office did not have efficient space utilization for various functions and departments. There were areas being used for storage of files. Filing cabinets were half filled with documents. The file storage could be condensed or, better yet removed entirely. Some filing cabinets contained what appeared to be outdated parts and equipment. Using central office space for these storage purposes is a waste.

There is an area set aside for OCC Administration that would make room for 400 to 600 square ft of physical collocation space. There is another area, 1959 square ft of space set aside for future switch growth. This area could easily support 400 to 600 square ft of collocation space while simultaneously accommodating installation of a future switch. This is because switch expansion typically occurs on a modular basis with each expansion module occupying roughly 300 to 400 feet of floor space. The rate of modular expansion and the issue of when a new switch should be installed rather than adding expansion modules to the existing switch are not matters that can be determined solely by a walk-through. Rather, these decisions are made on the basis of analysis of forecasted rates of growth and making reasonable assumptions about future switch design and size. However, based on my

experience in central office planning, and making reasonable assumptions about growth in light of existing facilities, I believe 400 to 600 square feet could be made available for many years before needed for switch expansion based on existing switch technology. Continued innovation in circuit switch technologies may mean that this collocation space would never have to be occupied by circuit switch technology equipment. Adjacent to this is another space at the end of the frames. Approximately 200 square ft of space could be made available in this area.

My overall impression was that BellSouth had been assigning space on an ad hoc basis without continuing regard for efficient space utilization, let alone efficient use in a competitive environment. A good space planner would be able to free up even more space by paying attention to the functions of equipment and by rearranging it for the best utilization of entire central office space.

Q. What is your analysis of the second central office you visited?

A. The second central office was North Dade Golden Glades (NDADFLGG). We visited on February 11,1999.

This central office has limited space, but it does have several areas that would accommodate physical collocation space. The first floor has approximately 150 square feet of space in the toll equipment area, located at the end of the

frames on the first floor, that could be made available. With efficient space utilization, this could be done.

The second location is on the second floor. The MAP (Maintenance and Provisioning) room could easily be consolidated to make 150 square ft of space for collocation accommodating approximately 9 bays of equipment.

So, this central office has space to accommodate about 18 bays of equipment. With a building addition, the walk way on the roof could also provide additional space.

Q. What is your analysis of the third office you visited?

A. The third central office was BOCA RATON - BOCA TEECA

This is a two story central office. The entire second floor is used by BellSouth for administration and office space.

The key point is that this building is the only building that can provide access to unbundled network elements in its service area. Office blue prints show the administration space to occupy 12946 square feet. That space has all of the accommodations to support telecom equipment. As a long-time administrator of central office space, I find it unacceptable for Covad, or indeed any CLEC, to be denied space (and entrance into the market) by an ILEC decision to use prime collocation space for administrative purposes.

Administrative personnel could and should be relocated incrementally. Just 10% of the present administration space would provide accommodation for many collocating CLECs.

In addition to the entire second floor, there is also space available on the first floor of this central office. The first floor also has a MAP room that could be consolidated to provide 100 square feet of space. Also, there is another location at the end of the frames that could provide 150 square feet of space, and another future switch growth area that could provide 400sq ft of space. It is reasonable to assume gradual modular switch expansion in this area. There is also considerable question in my mind as to whether the original attribution of space to switch growth still applies in light of the decreasing physical size of circuit switches for a given level of functionality

Q. Would you relate what you saw in these three BellSouth central offices to your earlier description of cageless physical collocation?

A. Fundamentally, cageless physical collocation offers CLECs true parity of opportunity to place equipment in a CO. When the ILEC installs new equipment in a CO, such as its own xDSL equipment, it simply places its equipment in any available space in the CO that has been pre-conditioned (i.e., has the necessary infrastructure) and that can accommodate the equipment.

Such vacancies typically exist in scattered parts of the CO within a large, previously conditioned section of the CO. Even in the North Dade Golden

Glades Central office there is space for CLECs to physically collocate on a cageless basis.

Because cageless physical collocation is far more space efficient (in addition to being less costly for all, and less time-consuming for all), the Miami Palmetto central office can not reasonably be considered to be space constrained.

Lastly, I am can not express strongly enough my sense of suppressed outage that the BOCA RATON - BOCA TEECA central office has been represented as having "no space" for physical collocation. That building is built to old AT&T construction standards that far exceed the design standards for modern office buildings. It is unique from a construction standpoint. It is also unique in that it is the only building in its service area where unbundled network elements can be accessed. Yet only half of the building is being used for its intended purpose. Use of central office space for administrative and storage functions is a waste. These are not buildings that substitute for office buildings. They are very special and should be used to maximum efficiency for the competitive benefit of the consumers they serve.

Q. Does this conclude your testimony?

A. Yes it does.