

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:)

**Petition by ICG TELECOM GROUP, INC.)
for Arbitration of an Interconnection)
Agreement with BELLSOUTH)
TELECOMMUNICATIONS, INC. Pursuant to)
Section 252(b) of the Telecommunications)
Act of 1996.)**

Docket No. 990691-TP

Filed: August 2, 1999

DIRECT TESTIMONY AND EXHIBIT

OF

BRUCE HOLDRIDGE

ON BEHALF OF

ICG TELECOM GROUP, INC.

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FPSC-RECORDS/REPORTING

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3 **ON BEHALF OF ICG TELECOM GROUP, INC.**

4 **DOCKET NO. 990691-TP**

5 **Q. PLEASE STATE YOUR NAME, ADDRESS AND EMPLOYMENT.**

6 A. My name is Bruce Holdridge. I am the Vice President of Government Affairs
7 of ICG Communications, Inc., which is the parent company of ICG Telecom Group,
8 Inc. ("ICG"). My office is located at 180 Grand Avenue, Suite 1000, Oakland,
9 California 94612.

10 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK**
11 **EXPERIENCE WITH ICG.**

12 A. I received a B.A. in Mass Communications/Telecommunications from
13 University of California, Davis. From over 20 years of work in the
14 telecommunications industry, I have acquired a substantial expertise in domestic and
15 international local exchange carrier ("LEC") and interexchange carrier ("IXC")
16 business and network operations. As ICG's Vice President of Government Affairs,
17 I am responsible for the administration of existing and the establishment of new
18 network interconnection agreements between ICG and both Bell and independent
19 local exchange telephone companies. Before being appointed Vice President of
20 Government Affairs in May, 1999, I was Vice President and General Manager of ICG,
21 Northern California, for almost two years. In my prior position, I was responsible for
22 managing the daily network and business operations for numerous fiber optic and

1 microwave transport systems and network switches. I also managed a multi-million
2 dollar budget and generated and directed annual EBIDTA growth. Prior to that
3 position, I was Senior Director of ICG's Government Affairs department. In this
4 position, I developed and advocated all company government and regulatory policies
5 before the California Public Utilities Commission and the State of California. I was
6 also responsible for implementing and maintaining company regulatory compliance
7 and network interconnection agreements between ICG and Pacific Bell/GTE.

8 **Q. FOR WHOM DID YOU WORK BEFORE JOINING ICG?**

9 A. Before joining ICG, I was Vice President and General Manager for Time
10 Warner Communications, Inc. ("Time Warner") where I established and directed the
11 business and network development of the Company's Hawaii market. I held this
12 position for nearly three years, during which I was involved in budget management,
13 supervised 45 people and 35 contractors, and assisted with the expansion of network
14 service to neighboring islands. Prior to my work with Time Warner, I spent almost
15 two years as Director of Carrier Marketing for Citizens Telephone Company
16 ("Citizens"). While at Citizens, I developed and maintained business relations
17 between the Company and IXCs. I increased the annual revenues of Citizens by
18 over 5 million dollars, by implementing several new programs. Before my tenure at
19 Citizens, I was employed by Sprint Corporation ("Sprint") for ten years, during which
20 I held a variety of positions. I started at Sprint as the Supervisor of Network Traffic
21 Planning, where I maintained access, egress and IMT network of service. I was
22 promoted to Senior Operations Analyst, thereafter to Corporate Marketing Product

1 Manager and then to Corporate Market Manager. Before leaving Sprint, I became
2 the National Account Senior Network Design Engineer. In this role, I was the lead
3 technical consultant responsible for the design of custom voice, private line data and
4 switched packet data networks to meet national account customer applications. I
5 also designed and installed virtual private networks, packet data services, 800 and
6 out WATS services, and dedicated private lines services. Prior to my work at Sprint,
7 I worked for Mountain Bell for one year as a circuit layout record specialist.

8 **Q. HAVE YOU TESTIFIED IN STATE REGULATORY PROCEEDINGS**
9 **PREVIOUSLY?**

10 A. Yes. In 1994, I testified in a limited proceeding before the State of Hawaii
11 Public Utilities Commission on behalf of Time Warner Communications of Hawaii.
12 Specifically, my testimony sponsored Time Warner's application for a Certificate of
13 Public Convenience and Necessity for local exchange authority. In 1996 and 1997,
14 I provided various presentations, in limited and informal proceedings, on behalf of
15 ICG to the State of California Public Utilities Commission on such issues as access
16 to rights of way, central office collocation requirements, the need for Unbundled
17 Network Elements and reciprocal compensation.

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

19 A. The purpose of my testimony is to address areas of disagreement between
20 ICG and BellSouth not addressed by the other witnesses for ICG. My intention is to
21 present ICG's position on each issue and the reasons that underlie that position.

22 **Q. HOW WERE ICG'S NEGOTIATIONS WITH BELL SOUTH CONDUCTED?**

1 A. The negotiations began before my involvement, but I am aware from my
2 participation in the negotiations that ICG and BellSouth first entered into an
3 interconnection agreement that became effective on October 27, 1997 and was
4 scheduled to expire one year later on October 27, 1998. As contemplated by its
5 terms, ICG and BellSouth have continued to operate, and are currently operating,
6 pursuant to the Agreement. On December 18, 1998, pursuant to the provisions of
7 the Interconnection Agreement, which invoke the procedures set forth in Section
8 252(b)(4)(c) of the Act, BellSouth informed ICG that BellSouth would like to negotiate
9 the terms of a new interconnection agreement pursuant to Section 251 of the Act.
10 ICG seeks to complete a successor interconnection agreement that will replace the
11 existing Agreement.

12 **Q. HOW DID THE NEGOTIATIONS PROCEED?**

13 A. BellSouth and ICG have held numerous meetings, both in person and by
14 telephone, to discuss the rates, terms, and conditions pursuant to which BellSouth
15 would provide interconnection and related services and facilities to ICG. During
16 negotiations for a new interconnection agreement, ICG and BellSouth provided each
17 other with proposed drafts of the interconnection agreement. The Parties did not
18 reach an agreement to adopt either proposed draft, but ICG believes that there is
19 agreement with BellSouth on many of the issues raised, although specific language
20 has not been explicitly agreed upon. Unfortunately, the Parties did not reach
21 agreement on the specific issues that ICG is now arbitrating.

22 **Q. ON WHICH ISSUES DO THE PARTIES CONTINUE TO DISAGREE?**

1 A. ICG and BellSouth have disagreements in the following areas: (1) whether
2 reciprocal compensation should apply to calls to ISPs; (2) apart from calls to ISPs,
3 what the appropriate rate should be for reciprocal compensation for the termination
4 of any calls originated by BellSouth's end users and terminated on ICG's facilities to
5 ICG subscribers; (3) the availability of unbundled network elements ("UNEs")
6 associated with packet switching; (4) the availability of the enhanced extended link
7 ("EEL") as a UNE ; (5) various issues concerning collocation; (6) the ability to enter
8 into binding forecasts of traffic requirements; (7) the costs of developing project plans
9 in the bona fide request ("BFR") process; (8) the need for timely breakdowns of
10 intrastate and interstate traffic; and (9) performance standards and the appropriate
11 remedies for BellSouth's failure to meet these standards. ICG witnesses Cindy
12 Schonhaut and Michael Starkey will address the reciprocal compensation issues.
13 Philip Jenkins will address collocation issues and binding forecasts. Michael
14 Starkey, Karen Notsund, and I will each testify about performance standards. I will
15 discuss the remaining issues.

16 **Q. WHAT IS BELL SOUTH'S POSITION WITH REGARD TO MAKING**
17 **PACKET-SWITCHING CAPABILITIES AVAILABLE AS UNES?**

18 A. ICG and BellSouth discussed a number of packet-switching capabilities, most
19 notably frame relay and Asynchronous Transfer Mode ("ATM") services. BellSouth
20 does not make packet-switched services such as frame relay or ATM services
21 available as UNEs. Instead, BellSouth will provide a "finished frame relay service"
22 under tariff and access to limited disaggregated segments of the service under

1 contract. ICG is unclear if BellSouth offers ATM service in the same manner or only
2 through Asymmetric Digital Subscriber Loop (ADSL) service. Also, it is ICG's
3 understanding that BellSouth will not allow a ALEC to purchase UNEs to access
4 service to the BellSouth frame relay product unless the ALEC is physically collocated
5 in the same central office as the BellSouth frame relay switch. BellSouth holds the
6 position that when access between the non-contiguous central office and ALEC
7 collocation site is required, then the ALEC must purchase tariff-based access service
8 to the frame relay product. This prohibits the ALEC from utilizing the benefits
9 associated with UNE's and forces the ALEC to buy the higher rate, tariff based
10 access service. The ALEC is severely limited from offering a cost competitive UNE
11 based frame relay service. For example, if an ALEC customer is served from an
12 ALEC collocation in Central Office A and the BellSouth frame relay switch is located
13 in Central Office B, then the link between Central Office A to Central Office B must
14 be purchased from the access tariff.

15 **Q. WHICH PACKET-SWITCHING CAPABILITIES SHOULD BE REQUIRED TO**
16 **BE MADE AVAILABLE AS UNES?**

17 **A.** ICG would like to purchase from BellSouth both frame relay and ATM service
18 in a UNE type arrangement. For example, ICG would like to be able to purchase
19 from BellSouth, either in part(s) or in whole, and not limited to, the packet
20 assembler/dis-assembler (PAD), the customer access circuit, any circuit link(s)
21 between the customer serving central office and the central office in which the frame
22 relay switch is located, and the frame relay switch port, as required per customer

1 application.

2 **Q. ARE THERE OTHER UNES THAT ICG REQUIRES TO BE ABLE TO OFFER**
3 **COMPETITIVE PACKET SWITCHING SERVICES?**

4 A. Yes. ICG also requires a network to network interface ("NNI") at speeds
5 ranging from 56 kbps to 44.736 Mbps. The NNI UNEs will allow ICG to provide
6 facilities-based packet-switching services and efficiently interconnect its users with
7 users of BellSouth packet-switching services. ICG also requires data link control
8 identifiers ("DLCI") as UNEs that provide committed information rates ("CIRs")
9 between 0 kbps and 20.072 Mbps so that ICG can efficiently utilize the UNEs and
10 NNIs for competitive product offerings.

11 **Q. WHY DOES ICG SEEK ACCESS TO PACKET-SWITCHING CAPABILITIES**
12 **AS UNES?**

13 A. Consistent with the innovation it has always shown in providing new services
14 to its customers, ICG requires various packet-switching UNEs to provide competitive
15 advanced services to its customers. BellSouth is required under the
16 Communications Act to provide UNEs for packet switching. 47U.S.C.§251(c)(3). A
17 network element is defined in 47U.S.C.§3(28):

18 The term "network element" means a facility or equipment used in the
19 provision of a telecommunications service. Such term also includes
20 features, functions, and capabilities that are provided by means of such
21 facility or equipment, including subscriber numbers, databases,
22 signaling systems, and information sufficient for billing and collection

1 or used in the transmission, routing, or other provision of a
2 telecommunications service.

3 Packet-switched capabilities should be available as UNEs to ensure that the prices
4 charged to ICG for these capabilities are TELRIC-based. ICG's ability to obtain
5 packet-switching capabilities at TELRIC rates ensures, in turn, that the rates for the
6 finished services ICG provides to its customers will be competitive with any potential
7 offerings from BellSouth.

8 **Q. WHAT OTHER UNES DID BELL SOUTH DECLINE TO PROVIDE ICG?**

9 A. BellSouth declined to provide the enhanced extended link ("EEL") to ICG as
10 a UNE. By using the EEL, if an ICG customer is served out of Central Office A yet
11 the ICG collocation site is in Central Office B, ICG can get from Central Office A to
12 the ICG collocation site in Central Office B at a TELRIC rate. BellSouth offered to
13 provide the EEL capability to ICG through BellSouth's "Professional Services
14 Agreement" at rates that appear to be substantially higher than they would be under
15 TELRIC. By declining to provide the EEL as a UNE, BellSouth forces ICG to pay a
16 higher rate for the EEL capability.

17 **Q. WHY DOES ICG SEEK ACCESS TO THE EEL AS A UNE?**

18 A. As discussed above with regard to packet-switching capabilities, to offer the
19 advanced services that its customers increasingly demand, ICG requires the ability
20 to obtain at reasonable, TELRIC-based rates, the unbundled elements that will
21 comprise the advanced services. BellSouth's provision of the EEL at retail prices
22 significantly undercuts ICG's ability to introduce the innovative advanced services

1 that ICG's customers want. BellSouth's retail pricing of the EEL severely limits ICG's
2 emergence as a competitor to BellSouth in the market for advanced services.

3 **Q. SHOULD BELLSOUTH GIVE ICG VOLUME AND TERM DISCOUNTS FOR**
4 **UNES?**

5 A. Yes. ICG should receive the benefit of any reduced costs that BellSouth
6 experiences from provisioning service either in high volumes within a specified
7 period or for extended terms.

8 **Q. DOES ICG OBJECT TO BELLSOUTH'S PROPOSED BONA FIDE**
9 **REQUEST PROCESS?**

10 A. Yes. The Bona Fide Request ("BFR") process is the procedure under which
11 ICG can query BellSouth about whether BellSouth will make available to ICG a
12 capability not already contemplated by the interconnection agreement. ICG would
13 submit a request for the capability and receive a response from BellSouth within a
14 specified period indicating approval or disapproval of the request. If approved, ICG
15 would pay BellSouth for development costs incurred in bringing the request to
16 fruition. ICG's primary concern about BellSouth's BFR process is that the process
17 is often costly because of the project development costs BellSouth undertakes, and
18 that it takes too long to make the resulting services and functionalities available.

19 **Q. IS THERE A WAY TO CHANGE THE WAY BELLSOUTH RECOVERS ITS**
20 **COSTS TO MAKE THE BFR PROCESS MORE EQUITABLE?**

21 A. One way that this process could be improved would be to offset the amount
22 paid by ICG in the BFR process for BellSouth's project development costs. The

1 offsets would come from any carrier that subsequently requested and received the
2 same service after BellSouth has already completed the project development costs.
3 This approach would simply spread the costs of the project development among
4 carriers who requested the particular service. More importantly, this approach would
5 prevent BellSouth from penalizing the initial carrier requesting the service.
6 Conversely, permitting BellSouth to impose all project plan costs on the initial carrier
7 would allow BellSouth to discriminate against its most innovative competitor. In
8 addition, imposing the project development costs on the initial carrier would possibly
9 foreclose access to services entirely unless there is a carrier prepared to pay the full
10 project development costs and see other carriers follow its lead and obtain the
11 service free of the project development costs. In response to ICG's request for an
12 offset approach, BellSouth itself indicated that several other carriers had requested
13 such treatment.

14 **Q. DOES BELLSOUTH FOLLOW AN "OFFSET" APPROACH IN OTHER**
15 **AREAS?**

16 **A.** Yes. The offset approach I've outlined has been relied upon before, most
17 notably in the recent past for collocation space preparation as well as in the present
18 for upgrading poles and conduits.

19 **Q. WHY ARE THE PERCENTAGE OF INTERSTATE USE ("PIU") AND THE**
20 **PERCENTAGE OF LOCAL USE ("PLU") AT ISSUE IN THIS PROCEEDING?**

21 **A.** The PIU and PLU are at issue because BellSouth, when calculating the
22 amount of traffic that is treated as interstate, pools the interstate and intrastate traffic

1 carried on ICG's trunks. BellSouth then applies the PIU to the total amount of all
2 traffic, which has the effect of pulling local traffic into the traffic for which ICG must
3 pay interstate access charges. As a result, ICG believes that it is overpaying
4 BellSouth for interstate access.

5 **Q. WOULD YOU EXPLAIN HOW THIS OCCURS?**

6 A. Yes. For every Bell Operating Company ("BOC") with which ICG
7 interconnects, ICG has installed trunks that segregate traffic by its jurisdictional
8 nature. These trunks have clear identification markings that differ according to the
9 traffic carried. One of the foremost reasons ICG has kept its traffic segregated on
10 separate trunks is for billing purposes.

11 **Q. WHAT TYPE OF TRAFFIC DOES EACH OF THE ICG'S TRUNKS CARRY?**

12 A. ICG uses two types of trunks. One type of trunk carries local and intrastate
13 toll traffic ("Intrastate Trunk" for purposes of our discussion). The other type of trunk
14 carries interLATA traffic ("InterLATA Trunk").

15 **Q. HOW SHOULD BELL SOUTH APPLY THE PIU TO THE TRAFFIC ON
16 THESE TRUNKS?**

17 A. Because the Intrastate Trunk carries traffic that is entirely intrastate, it is
18 necessary to apply the PIU only to the InterLATA Trunk. By applying the PIU to the
19 traffic on the InterLATA Trunk, BellSouth can separate the intrastate interLATA traffic
20 from the interstate interLATA traffic. ICG is required to pay BellSouth interstate
21 access charges on the interstate interLATA traffic. The PIU has no application
22 whatsoever to the Intrastate Trunk.

1 **Q. HOW SHOULD BELLSOUTH APPLY THE PLU TO THE TRAFFIC ON THE**
2 **TRUNKS?**

3 A. Application of the PLU is something of a mirror image of the PIU application.
4 Because the InterLATA Trunk contains only interLATA traffic that is not local, there
5 is no need to apply the PLU to determine local usage on that particular trunk. The
6 Intrastate Trunk, on the other hand, contains both local and intrastate toll traffic. By
7 applying the PLU to the Intrastate Trunk only, BellSouth can separate the local traffic
8 from the intrastate toll traffic. ICG is required to pay intrastate access charges on the
9 intrastate toll traffic.

10 **Q. WHAT IS THE PIU PROCEDURE BELLSOUTH FOLLOWS INSTEAD OF**
11 **THE PROPER PROCEDURE THAT YOU HAVE OUTLINED ABOVE?**

12 A. BellSouth takes all of the traffic from the Intrastate Trunk and all of the traffic
13 from the InterLATA Trunk and pools the traffic together into one "pot." BellSouth
14 then applies the PIU to this combined pot to determine the amount of interstate
15 access charges that ICG must pay BellSouth. Because the PIU is a percentage, the
16 more traffic that is in the pot, the higher ICG's interstate access payments.

17 As I have explained above, the PIU is needed only for the purpose of
18 separating interstate traffic on the InterLATA Trunk from intrastate traffic. The PIU
19 has nothing to do with the traffic carried on the Intrastate Trunk. Therefore, it is clear
20 that by pooling the traffic on both trunks, BellSouth misapplies the PIU, calculates a
21 greater amount of traffic as interstate, and fattens its access charge billings as a
22 result.

1 **Q. WHY DID ICG SUGGEST THAT THE PIU BE APPLIED ON A MONTHLY**
2 **BASIS?**

3 A. BellSouth has persisted in its errant application of the PIU despite ICG's
4 efforts to have BellSouth either (1) apply the PIU only to the InterLATA Trunk traffic,
5 or (2) bill ICG for the actual traffic carried over both trunks. ICG measures the traffic
6 that traverses its trunks for auditing purpose. ICG has often found wide disparity
7 between the actual traffic on each traffic and the estimates resulting from BellSouth's
8 application of the PIU. Despite the disparity between ICG's data and BellSouth's
9 billing, BellSouth has refused to change its application of the PIU. ICG's request that
10 BellSouth calculate the PIU on a monthly basis is simply an effort to mitigate the
11 consequences resulting from BellSouth's *continued misapplication of the PIU.*
12 Without monthly reporting of the PIU, ICG will be paying interstate rates for a greater
13 amount of traffic that should be subject to local rates. In the example that I related
14 in my direct testimony, if BellSouth measures PIU on April 1 and ICG subsequently
15 signs up a customer with heavy local usage on April 15, ICG will not receive the
16 benefit of winning this customer for PIU purposes until 2 ½ months later, when
17 BellSouth next calculates the PIU on June 1.

18 **Q. WOULD YOU CLARIFY WHY ICG HAS REQUESTED THAT BELLSOUTH**
19 **BE REQUIRED TO PROVIDE ICG WITH A BREAKDOWN OF THE INTRASTATE**
20 **AND INTERSTATE TRAFFIC REPORTED TO ICG?**

21 A. Yes. If BellSouth were required to report intrastate and interstate traffic
22 separately, its misapplication of the PIU would be more apparent. BellSouth's own

1 record of the traffic breakdown would provide ICG with greater leverage to negotiate
2 a different application of the PIU and/or billing based on the actual traffic carried by
3 ICG's trunks. As I discussed above, ICG itself measures the actual traffic on its
4 trunks for auditing purposes, but BellSouth has shown no interest in reviewing this
5 data.

6 **Q. HAVE ICG AND BELLSOUTH RESOLVED THE ISSUE RELATING TO**
7 **UPDATING CUSTOMER RECORDS IN SUCH A WAY THAT THE COMMISSION**
8 **MAY REMOVE THE ISSUE FROM THE INSTANT ARBITRATION PROCEEDING?**

9 A. Yes, at least as far as ICG is concerned. Given the short time period,
10 however, in which ICG has been able to rely on a new procedure recently outlined
11 by BellSouth, ICG would like to reserve its right to come back to the Commission
12 regarding this issue should any problems arise in the future.

13 **Q. HAS ICG PROPOSED A PERFORMANCE STANDARDS PROVISION IN ITS**
14 **NEGOTIATIONS WITH BELLSOUTH?**

15 A. Yes. ICG proposed to include in the Agreement an attachment addressing
16 performance standards. The Performance Standards establish liquidated damages
17 for ICG in the event that BellSouth fails to meet its obligations under the Agreement.
18 A copy of the preliminary discussion paper which ICG provided to BellSouth is
19 attached as Exhibit No. _____ (BH-1).

20 **Q. WHY ARE LIQUIDATED DAMAGES NECESSARY AND APPROPRIATE?**

21 A. Such an approach is necessary for the following reason. BellSouth, although
22 obliged by law to provide competitive carriers service on a parity with its retail
customers, has a strong, inherent economic incentive not to do so. By providing
competitors inadequate service for use of its bottleneck facilities—whether through
understaffing, or cumbersome systems that lead to installation delays, trunk

1 blockage, uncoordinated cutovers, etc.—BellSouth makes it more difficult for those
2 competitors to lure away BellSouth customers. BellSouth knows that every day it can
3 delay or hinder a competitor's entry into its market is another day it can retain its
4 monopoly revenues.

5 Moreover, given BellSouth's behavior since the passage of the 1996 Act, the
6 carrot of entering the long distance market has not been a sufficiently strong
7 incentive for it to provide an adequate level of service to competitive carriers. Its
8 economic incentive to retain its monopoly local exchange revenues appears to
9 heavily outweigh its desire to enter a long distance market where profit margins have
10 been rapidly shrinking in recent years.

11 Accordingly, competitive carriers need a stick in their interconnection
12 agreements to incent BellSouth to perform its obligations in a satisfactory manner.
13 That stick will be all the more important once BellSouth is given the carrot of entering
14 the long distance market. It is also important to appreciate how critically important
15 it is to ICG that it obtain timely and high quality services from BellSouth. Absent such
16 a level of service, ICG will not be able to attract or retain the customers it needs to
17 grow its business.

18 **Q. HAS BELLSOUTH ACKNOWLEDGED THAT AN ENFORCEMENT
19 MECHANISM MIGHT BE APPROPRIATE FOR ENSURING IT MEETS THE
20 PERFORMANCE STANDARDS TO WHICH IT AGREES?**

21 A. Yes, it has. BellSouth recently filed a "Proposal for Self-Effectuating
22 Enforcement Measures" on an ex parte basis with the Federal Communications
Commission ("FCC"). This proposal is attached to attached to Ms. Notsund's
testimony. In its proposal, BellSouth recognizes the need for monetary damages to
be paid to a competitive carrier for failure to meet performance standards. It is worth

1 noting that in negotiations with ICG, BellSouth specifically declined to follow the
2 approach outlined in its proposal, even when ICG specifically referred BellSouth to
3 the proposal.

4 **Q. IN ITS PETITION FOR ARBITRATION ("PETITION"), ICG RAISES**
5 **SEVERAL ISSUES CONCERNING PERFORMANCE STANDARDS/MEASURES.**
6 **WHAT DOES ICG WANT THE COMMISSION TO DO?**

7 A. As explained in Ms. Notsund's testimony, performance measures and
8 *enforcement mechanisms are critical to the entire ALEC industry.* Therefore, we ask
9 the Commission to commence a generic proceeding to deal with these important
10 issues.

11 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

12 A. Yes, it does.

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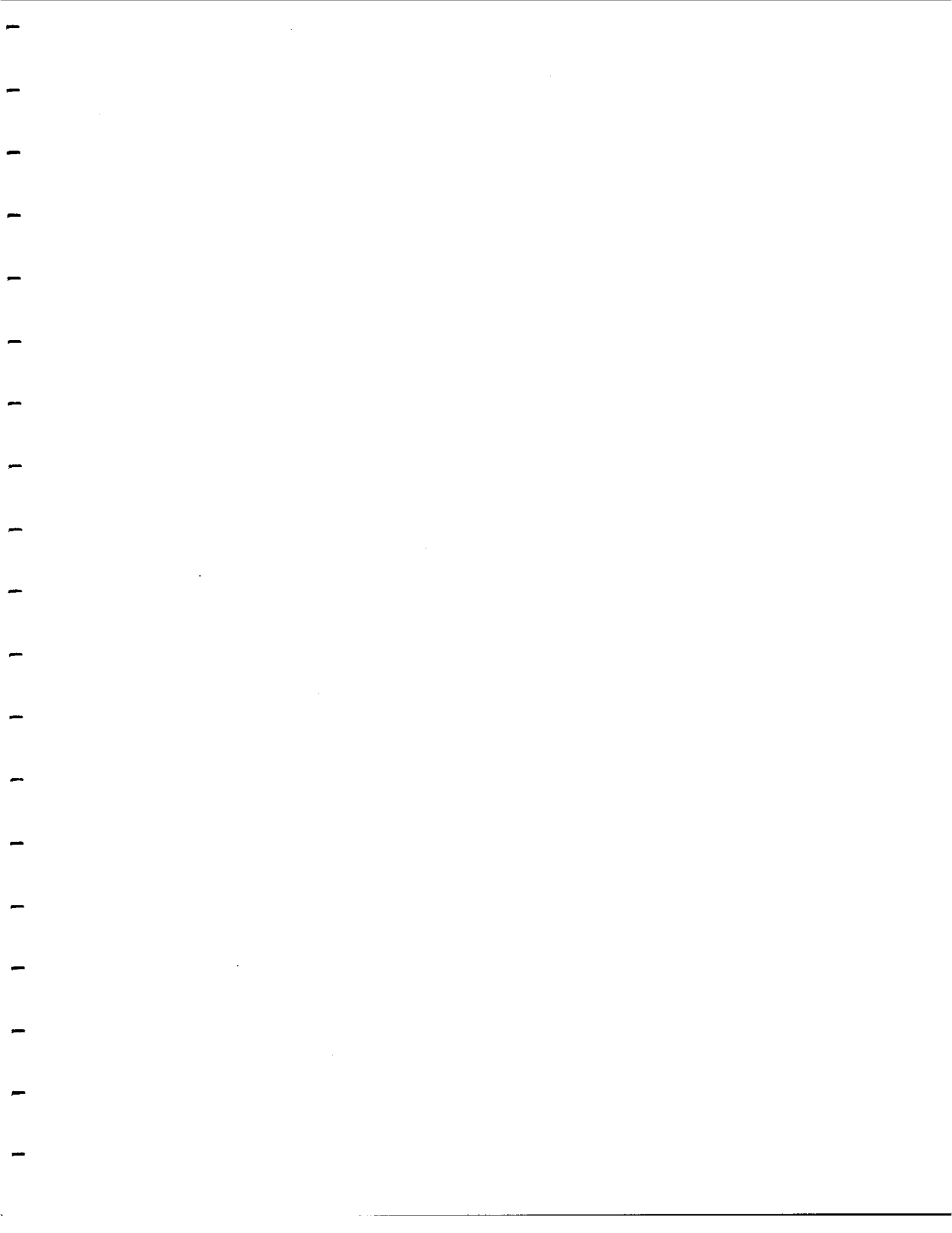
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Failure to Meet Performance Standards

1.0 General

1.1 The ILEC shall either satisfy all service standards, intervals, measurements, specifications, performance requirements, technical requirements, grade of service requirements and performance standards (collectively referred to herein as "Performance Standards") that are specified in this Agreement or be required to pay the credits as provided herein. In addition, the ILEC's performance under this Agreement shall provide ICG with actual performance for all specified standards that is at least equal to the highest level that ILEC provides to itself, any subsidiary or affiliate, or any other person, subject to ICG's right to negotiate for superior or lesser performance. In the event that the Performance Standards specified in this Agreement are different than the standards or measurements that ILEC provides to itself, any subsidiary or affiliate, or any other person, the highest Performance Standard shall apply.

1.2 ILEC and ICG agree that delays in the ILEC's provision of services, failures to meet the Performance Standards required by this Agreement and delays in providing any data (e.g., customer usage data, ordering and provisioning data provided through OSS, etc.) in accordance with the requirements of this Agreement will cause ICG to suffer damages. The credits set forth in this Section are intended to compensate ICG for the loss in value caused by ILEC's failure to meet Performance Standards.

1.3 In the event that any service is not installed, provisioned, or maintained in accordance with the Due Dates specified in this Agreement, ILEC shall grant ICG a credit ("Delay Credit") calculated as provided herein.

1.4 In the event that a service fails to meet the Performance Standard requirements imposed by this Agreement (or is interrupted causing loss of continuity or functionality), ILEC shall grant ICG a credit ("Outage Credit"), as provided herein.

1.5 In the event that any service does not meet the grade of service requirements imposed by this Agreement, ILEC shall grant ICG a credit ("Service Credit"), as provided herein.

1.6 In the event that any data is not provided within the time period required by this Agreement, or in the event that data is not provided in accordance with the specifications of this Agreement, ILEC shall grant ICG a credit ("Data Credit") calculated as provided herein.

1.7 In addition to the remedies provided herein and remedies in law and equity, ICG also shall have the option to obtain an alternative service from ILEC to replace the service for which an Outage Credit or Delay Credit is due. ICG-ILEC will be responsible for any amounts (including installation charges) in excess of the otherwise applicable charges under this Agreement for the affected service. ICG may obtain an alternative service from another vendor, if available. ICG shall choose the least costly service provided by such vendor that reasonably meets its needs, shall subscribe to such service for the minimum commercially available period and shall move all affected traffic to the newly installed, repaired or restored service as soon as possible after the end of such period. ILEC shall be fully responsible for all obligations and shall pay in full all charges associated with the cost of such replacement service. Any minimum volume commitments shall be reduced

by the amount of service which ICG has substituted.

1.8 ILEC and ICG agree that remedies at law alone are inadequate to compensate ICG for (i) failures to meet the Performance Standard requirements specified by this Agreement, (ii) failures to install or provision services in accordance with the Due Dates specified in this Agreement, (iii) failures to provide service at the grade and quality required by this Agreement, or (iv) for failures to provide any data in accordance with this Agreement. ICG shall have the right to seek injunctive relief and other equitable remedies (in addition to remedies provided in this Agreement, at law or through administrative process), to require ILEC to (i) cause the service ordered by ICG to meet the Performance Standards specified by this Agreement, (ii) install or provision service ordered by ICG within the Due Dates specific in this Agreement, (iii) provide service at the grade and quality required by this Agreement, and (iv) provide any data in accordance with this Agreement.

2.0 Credits for Failure to Meet Performance Standards

2.1 ILEC shall pay to ICG the amount of any credits due hereunder, or ICG may, at ICG's option, offset against charges due to ILEC the amounts specified in this Schedule for delays in the provision of services, failures to meet the Performance Standards required by this Agreement, failures to provide service at the grade and quality required by this Agreement, delays in the provision of any data, or failures to provide such data in accordance with the requirements of this Agreement.

2.2 Unless otherwise agreed, each Party shall compile and make available to the other on a monthly basis all data contemplated by this Agreement regarding performance.

3.0 Delay Credits

3.1 Subscriber-Specific Services

3.1.1 If ILEC does not satisfy any Performance Standard related to: (i) a deadline for the provisioning to ICG of local resale; (ii) a deadline for the provisioning of service or support functions related to Local Resale; or (iii) the delivery date(s) for error-free provisioning of Network Elements, or Local Interconnection; or (4) any of the performance measures listed in Appendix A to this Attachment, the ILEC will be liable to ICG for a credit for each and every order for service that has been delayed or not properly completed.

3.1.2 (a) Where performance is measured in a period of days, Delay Credits for each and every order shall be as follows:

delay of one day or less – a waiver of any associated provisioning/installation charge for each and every order;

delay of two days – a waiver plus twice the amount of the associated provisioning/installing charge;

delay of three days – the amount in (ii) plus four times the amount of the associated provisioning/installing charge;

delay longer than three days – the amount in (iii) plus eight times the amount of the associated provisioning/installing charge;

(b) Monthly Credit based on overall performance measured in days:

(i) a delay credit for each month that shall be calculated as follows: (a) the length of

delay for each delayed or not properly completed order for a month shall be rounded up to a whole number of days and added together; (b) the total number of days in (a) shall be divided by the total number of orders that were delayed or not properly computed for that month; and (c) the number in (b) shall be multiplied by \$50,000. A Monthly Credit may be for a fraction of a day that is greater than 0.0 of a day.

3.1.3 (a) Where performance is measured in a period of hours, Delay Credits for each and every order shall be as follows:

delay of one hour or less – a waiver of any associated provisioning/installation charge for each and every order;

delay of two hours – a waiver plus twice the amount of the associated provisioning/installing charge;

delay of three hours – the amount in (ii) plus four times the amount of the associated provisioning/installing charge;

delay longer than three hours – the amount in (iii) plus eight times the amount of the associated provisioning/installing charge;

(b) Monthly Credit based on overall performance measured in hours:

(i) a delay credit for each month that shall be calculated as follows: (a) the length of delay for each delayed or not properly completed order for a month shall be rounded up to a whole number of hours and added together; (b) the total number of hours in (a) shall be divided by the total number of orders that were delayed or not properly computed for that month; and (c) the number in (b) shall be multiplied by \$50,000. A Monthly Credit may be for a fraction of an hour that is greater than 0.0 of an hour.

3.1.4 (a) Where performance is measured in a period of an increment of an hour, Delay Credits for each and every order shall be as follows:

delay of the length of the increment of an hour specified for performance or less – a waiver of any associated provisioning/installation charge for each and every order;

1delay of two times the length of the increment of an hour specified for performance – a waiver plus twice the amount of the associated provisioning/installing charge;

1delay of three times the length of the increment of an hour specified for performance – the amount in (ii) plus four times the amount of the associated provisioning/installing charge;

1delay longer than three times the length of the increment of an hour specified for performance – the amount in (iii) plus eight times the amount of the associated provisioning/installing charge;

(c) Monthly Credit based on overall performance measured in an increment of an hour:

(i) a delay credit for each month that shall be calculated as follows: (a) the length of delay for each delayed or not properly completed order for a month shall be rounded up to a whole five-minute period-and added together; (b) the total number of five-minute periods in (a) shall be divided by the total number of orders that were delayed or not properly computed for that month; and (c) the number in (b) shall be multiplied by \$50,000. A Monthly Credit may be for a fraction of a five-minute period that is greater than 0.0 of a five-minute period.

3.2 Non-Subscriber Specific Services

3.2.1 If ILEC fails to satisfy any Performance Standard related to the delivery dates for

error-free provisioning of Network Elements, interconnection, collocation of equipment outlined in Attachments ___ of this Agreement or Appendix A of this Attachment, ILEC will be liable to ICG for a Delay Credit for each and every order for non-subscriber specific network elements, interconnection, or collocation of equipment that has been delayed or not properly completed.

3.2.2 The Delay Credit shall consist of: (i) a waiver of any associated provisioning/installation charge; and (ii) a delay credit equal to \$50,000 that will be doubled on each successive day of delay.

4.0 Outage Credits

4.1 ILEC will be liable for an -Outage Credit in amounts set forth below for each and every outage/trouble call, including but not limited to those set forth in Appendix B to this Attachment, that is not restored/resolved in the specified interval when the performance thresholds are not met. These outage credits are in addition to any credits provided for in the tariff or elsewhere in this Attachment.

Interval	Standard**	Outage Credit (per line or equivalent DSO circuit per 24 hour period or part thereof)
Outages Requiring Premises Visit*		
4 hours	90%	\$ 50.00
8 hours	95%	\$ 75.00
16 hours	99%	\$100.00
Outages Not Requiring Premises Visit		
2 hours	85%	\$ 50.00
3 hours	95%	\$ 75.00
4 hours	99%	\$100.00
Trouble Calls 24 hours	95%	\$ 75.00

* A referral received between 6:00 P.M. and 8:00 A.M. shall be treated as though it were received at 8:00 A.M. for Performance Standard purposes.

** The standard shall be as set forth in the "Standard" column or at parity with the performance the ILEC provides to itself or any subsidiary or affiliate, whichever standard is more stringent).

5.0 Credits for Failure to Provide Service at the Required Grade and Quality

5.1 If ILEC fails to provide service at the required grade and quality, as set forth either in this Agreement or in Appendix C of this Attachment, ILEC will be liable for a Service Credit in the amount of \$ _____ [How should it be measured?]

6.0 Credits for Any Delayed or Defective Data

6.1 If ILEC fails to satisfy the performance measures set forth either in this Agreement or in Appendix D of this Attachment for providing any data, ILEC will be liable for a Data Credit for each day that such data is delayed. The daily amount of the Data Credit shall be calculated using the following formula:

$(\text{Number of Messages Delayed} \times \text{Average Revenue Per Message})/30$

ICG shall provide the Average Revenue Per Message factor.

Appendix A – Delay Credits

Firm Order Confirmation . Interval for Return of a Firm Order Confirmation (FOC Interval) is the average response time from receipt of valid service order request to distribution of order confirmation.

Reject Interval. Reject Interval is the reject time from receipt of service order request to distribution of rejection.

Reject Service Requests. Percent Rejected Service Requests is an order received rejected due to error or omissions.

Total Service Order Cycle Time. The time it takes to process a CLEC service request, measured from the first time the request reaches the BST interface to the order being placed in queue for completion.

Service Request Re-Submission. Measures the average number of times the same service request is resubmitted due to changes and/or updates.

Missed Installation Appointments. The “missed installation appointments” measure monitors the reliability of BST commitments with respect to committed due dates to assure that CLECs can reliably quote expected due dates to their retail customer.

NXX Loaded in LERG by Effective Date. Measures the number of NXXs loaded and tested prior to the LERG effective date.

Time to respond to a Collocation Request. Measures the time an ILEC responds to a CLEC’s collocation request.

Time to Provide a Collocation Arrangement. Measures the time an ILEC completes (builds) a collocation arrangement.

Missed Repair Appointments. When this measure is collected for CLEC, it can be used to establish that CLECs are receiving reliable estimates of the time required to complete service repairs.

Network Outage Notification. Measures the time period for notification of a network outage. To be measured for the following: switching; transport; Network Fire Related Incident; Outage, Network Blockage; 911; and SS7.

Average Speed of Answer in Ordering Center (Monthly Only). Measures the average time to reach a BST representative.

Order Completion Intervals. The actual completion interval is determined for each order processed during the reporting period. The completion interval is the elapsed time from BST receipt of a syntactically correct order from the CLEC to BST’s return of a valid completion notification to the CLEC. Excludes orders where customer requested dates are beyond offered interval.

Completion Notice Interval. Measures the time per order to issue notification to CLEC of a completed order.

Answer Time – Repair Center. This measure demonstrates the response time for the CLEC agent attempting to contact their BST representative.

Appendix B –Outage Credits

POTS Out of Service. Measures POTS out-of-service trouble.

Appendix C – Service Credits

Average Response Interval. Average response time per transaction for a query for appointment scheduling, service & feature availability, address verification, request for Telephone Numbers (TNs), and Customer Service Records (CSRs). The query interval starts with the request message leaving the CLEC and ends with the response message arriving at the CLEC.

Percent of Orders Jeopardized. Percentage of total orders processed for which the ILEC notifies the CLEC that the work will not be completed as committed on the original FOC.

Average Jeopardy Notice Interval. Measures the remaining time between the pre-existing committed order completion date and time (communicated via the FOC) and the date and time the ILEC issues a notice to the CLEC indicating an order is in jeopardy of missing the due date (or the due date/time has been missed).

Order Completion Intervals. The actual completion interval is determined for each order processed during the reporting period. The completion interval is the elapsed time from BST receipt of a syntactically correct order from the CLEC to BST's return of a valid completion notification to the CLEC. Excludes orders where customer requested dates are beyond offered interval.

Average Completion Notice Interval. Measures the average time per order to issue notification to CLEC of a completed order.

OS Average Speed to Answer.

OS Mean Time to Answer.

DA Average Speed to Answer.

DA Mean Time to Answer.

CLEC Trunk Group Service. Service performance results of final trunk groups between the CLEC switch and a BST tandem or end office.

BellSouth CTTG Blocking. Blocking of final trunk groups between the BST end office and BST access tandem.

Local Network Trunk Group Service . Service performance results of final trunk groups in the BST local service tier of the network.

BellSouth Local Network Blocking. Blocking results of final trunk groups in the BST local service tier of the network.

Percent Blocking on Common Trunks. Measures the percent of common and shared transport trunk groups exceeding 2% blockage. Note: Includes histogram distribution chart.

Percent Blocking on Interconnection Trunks. Measures the percent of dedicated interconnection trunk groups exceeding 2% blockage. Notes: 1)Includes histogram distribution chart. 2)Applies to those trunks where the ILEC has augmentation control. 3) Does not apply when trunks are provisioned as two-way trunks.

Maintenance Average Duration. Average time from receipt of a trouble until trouble is status cleared.

Percent Flow-through Service Requests. Percent Flow-through Service Requests measures the percentage of orders that utilize BSTs' OSS without manual (human)

intervention.

Total Service Order Cycle Time. The average time it takes to process a CLEC service request, measured from the first time the request reaches the BST interface to the order being placed in queue for completion. Comparisons can be made to equivalent BST cycle times to assure the CLEC of processing parity. Service Request Cycle Time captures both reject and commitment intervals.

Held Orders (Interval and Number Held). Measures the time period that service orders are not completed by the original due dates for all ILEC reasons (including lack of facilities).

Percent Missed Installation Appointments. The "percent missed installation appointments" measure monitors the reliability of BST commitments with respect to committed due dates to assure that CLECs can reliably quote expected due dates to their retail customer.

Percent Company Missed Due Dates due to Lack of Facilities. Measures the percent of N, T, C orders missed due to lack of facilities. Note: Results also included in Measure "Percent Missed Due Dates"

Missed Repair Appointments. When this measure is collected for BST and CLEC and then compared, it can be used to establish that CLECs are receiving equally reliable (as compared to BST operations) estimates of the time required to complete service repairs. This measurement is designed to show parity between CLECs and BST in the handling of repair appointments.

Provisioning Trouble. Measures the percent of troubles that are reported (via customer or indirectly by CLEC) that occur during the provisioning process.

Percent Provisioning Troubles within 30 Days. Percent Provisioning Troubles within 30 days of Installation measures the quality of installation activities and Percent Order Accuracy measures the accuracy with which services ordered by the CLECs were provided. Percent of orders where completion's are not done by due date on order confirmation. Misses due to competing carrier or end user causes should be aggregated out and indicated.

Percent Troubles in 7 days for New Orders. Measures the percent of network customer trouble reports, not caused by CPE or wiring within 7 calendar days of service order completion. It excludes subsequent reports and customer caused trouble.

Percent of Customer Trouble not Resolved within Estimated Time. Measures the percent of trouble reports not cleared by the commitment time.

Average Time to Restore. Measures the average duration of customer trouble reports from the receipt of the customer trouble report to the time the trouble is cleared.

Percent Repeat Troubles within 30 Days. Trouble reports on the same line/circuit as a previous trouble report within the last 30 calendar days as a percent of total troubles reported.

Percent Order Accuracy. Measures the accuracy and completeness of BST provisioning or disconnecting service by comparing what was ordered and what was completed.

Coordinated Customer Conversion. Measures the percentage of coordinated orders (TBCC/CHC) completed on time for all orders where CLEC has requested

coordination (including PNP).

Customer Trouble Report Rate. This measure can be used to establish that CLECs are not competitively disadvantaged, compared to BST, as a result of experiencing more frequent incidents of trouble reports. Initial customer direct or referred troubles reported within a calendar month where cause is in the network (not customer premises equipment, inside wire, or carrier equipment) per 100 lines/circuits in service.

Appendix D – Credits for any Delayed or Defective Data

OSS Interface Availability. Percent of times OSS interface is actually available compared to scheduled availability.

Invoice Accuracy. The completeness of content, accuracy of information and conformance of formatting will be determined based upon the terms of the individual CLEC interconnection agreements with BST.

Mean Time to Deliver Invoices. This measure captures the elapsed number of days between the scheduled close of a Bill Cycle and BST's successful transmission of the associated invoice to the CLEC.

Usage Timeliness. This measure captures the elapsed time between the recording of usage data generated either by CLEC retail customers or access usage associated with CLEC customers and the time when the data set, in a complete format, is successfully transmitted to the CLEC.

Accuracy of Usage Feed. The completeness of content, accuracy of information and conformance of formatting will be determined based upon the terms of the individual CLEC interconnection agreements with the ILECs. Note: This data will be reported by CLECs. If no data received from CLEC, ILEC will not report the measure.

Wholesale Bill Timeliness. This measure captures the elapsed number of days between the scheduled close of a Bill Cycle and the ILEC's successful transmission of the associated invoice to the CLEC. Disaggregated by: Resale; UNE (IntraLATA and InterLATA, etc.); and Facilities/Interconnection access associated with meet Point Billing only

Usage Completeness. Measures the percentage of usage charges appearing on the correct bill.

Recurring Charge Completeness. Measures the percentage of fractional recurring charges appearing on the correct bill. Measures the percentage of fractional non-recurring charges appearing on the correct bill.

Accuracy of Mechanized Bill Feed. Measures the percentage of mechanized bill feeds that are accurately passed to the CLEC.

E911/911 MS Database Update Interval. Measures the percentage of database updates completed within 48 hours.

Average Database Update Interval. Measures the average time to update databases.

Accuracy. Measures the percentage of accurate 911 database updates.

Center Responsiveness. Measures the average time it takes the ILEC's work center to answer a call.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the ICG Telecom Group, Inc.'s Testimony and Exhibit of Bruce Holdridge has been furnished by hand-delivery this 2nd day of August, 1999 to:

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