

**ORIGINAL**

**ITC^DELTACOM COMMUNICATIONS, INC.**

**DIRECT TESTIMONY OF DON J. WOOD**

Before the Florida Public Service Commission  
Docket No. 990750-TP  
Petition for Arbitration of ITC^DeltaCom Communications, Inc. with  
BellSouth Telecommunications, Inc.  
August 16, 1999

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CPSC-RECORDS/REPORTING

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Don J. Wood. I am employed as a Regional Director of Klick,  
3 Kent & Allen, Inc. ("KKA"), an economic and financial consulting firm. My  
4 business address is 914 Stream Valley Trail, Alpharetta, Georgia, 30022. I  
5 provide economic and regulatory analysis of the telecommunications, cable,  
6 and related "convergence" industries, with an emphasis on economic policy,  
7 development of competitive markets, and cost of service issues.

8

9 **Q. PLEASE DESCRIBE YOUR BACKGROUND AND EXPERIENCE.**

10 A. I received a B.B.A. in Finance with distinction from Emory University and  
11 an M.B.A. with concentrations in Finance and Microeconomics from the  
12 College of William and Mary. My telecommunications experience includes  
13 employment at both a Regional Bell Operating Company ("RBOC") and an  
14 Interexchange Carrier ("IXC").

15

16 I was employed in the local exchange industry by BellSouth Services, Inc. in  
17 its Pricing and Economics, Service Cost Division. My responsibilities  
18 included performing cost analyses of new and existing services, preparing  
19 documentation for filings with state regulatory commissions and the Federal  
20 Communications Commission ("FCC"), developing methodology and  
21 computer models for use by other analysts, and performing special assembly  
22 cost studies. I was also employed in the interexchange industry by MCI  
23 Telecommunications Corporation, as Manager of Regulatory Analysis for the  
24 Southern Division. In this capacity I was responsible for the development

1 and implementation of regulatory policy for operations in the southern U. S.  
2 I then served as a Manager in the Economic Analysis and Regulatory Affairs  
3 Organization, where I participated in the development of regulatory policy  
4 for national issues.

5

6 **Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE**  
7 **STATE REGULATORY COMMISSIONS?**

8 A. Yes. I have testified on telecommunications issues before the regulatory  
9 commissions of twenty-five states, Puerto Rico, and the District of Columbia.  
10 I also have presented testimony regarding cost of service and competitive  
11 market issues in both state and federal court and have presented comments  
12 to the FCC. I have presented testimony on telecommunications issues to this  
13 Commission on a number of occasions. A listing of my previous testimony  
14 is attached as Exhibit DJW-1.

15

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

17 A. I have been asked by ITC^DeltaCom ("ITC^D") to address several issues  
18 relating to the Interconnection Agreement that ITC^D is attempting to  
19 negotiate with BellSouth. In particular, I have been asked to address  
20 economic and policy issues associated with Operational Support Systems  
21 ("OSS"), collocation, rates for certain Unbundled Network Elements  
22 ("UNEs"), and a number of miscellaneous issues.

1           This proceeding deals with many of the “nuts and bolts” that must be in place  
2           to encourage – and ultimately to make possible -- competitive entry into the  
3           basic local exchange markets in Florida. Section I of my testimony provides  
4           the conceptual framework for developing and implementing these essential  
5           “nuts and bolts”. I discuss the fundamental economic principles that provide  
6           a guide to the Commission when evaluating the numerous issues that are  
7           being presented to it in this proceeding. Section II addresses OSS issues in  
8           light of these principles. Section III discusses certain collocation issues  
9           related to both rates and terms and conditions. Section IV addresses the rates  
10          for certain UNEs. Section V covers a series of miscellaneous, but important,  
11          issues.

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13

14           **SECTION I: FUNDAMENTAL ECONOMIC PRINCIPLES THAT THE**  
15           **COMMISSION SHOULD APPLY WHEN EVALUATING THE PARTIES’**  
16           **POSITIONS IN THIS PROCEEDING**

17

18           **Q.     PLEASE DESCRIBE THE ECONOMIC CONTEXT IN WHICH**  
19           **THIS PROCEEDING IS BEING UNDERTAKEN.**

20           A.     The Federal Telecommunications Act of 1996 (“1996 Act”) holds out the  
21           promise of fundamentally changing the way in which telecommunications  
22           services are provided to consumers – particularly the creation of full-  
23           service providers that can offer local and long-distance services in  
24           combination. In order for this to happen, customers must perceive – and

1           perceive correctly -- that it is as easy to change local carriers as it has  
2           become for them to change long distance carriers.

3

4   **Q.   HOW DOES THIS MARKET REALITY AFFECT THE ISSUES**  
5   **BEFORE THE COMMISSION IN THIS PROCEEDING?**

6   A.   Given the strong customer focus on convenience, reliability, and cost,  
7       there are a number of ways in which incumbent local exchange carriers  
8       ("ILECs"), such as BellSouth, can create entry barriers. These barriers can  
9       delay and ultimately prevent the development of a competitive local  
10      exchange market in Florida. In my view, there are five areas that are  
11      critical to creation of an opportunity for widespread meaningful local  
12      competition to develop:

13      •   Carriers must easily and reliably be able to order network  
14          elements, and combinations of those elements, including those that  
15          involve the local switching UNE. The local switching network  
16          element is critical to fostering local competition because it is where  
17          services are defined, minutes are recorded, and customer requests  
18          are filled electronically.

19

20      •   Network element prices must accurately track the manner in which  
21          an efficient ILEC – using equipment, facilities, and capabilities  
22          that are currently available – would incur its costs. Prices based on  
23          these costs, which are often referred to as Total Element Long Run

- 1 Incremental Costs (“TELRIC”) are consistent with prices one  
2 observes, over the long run, in competitive markets.
- 3
- 4 • In order to develop appropriate prices for UNEs, it is critical that  
5 the cost studies being relied upon by BellSouth to justify both  
6 recurring and non-recurring charges be fully-available to the  
7 Commission staff and to the parties, in electronic (functioning)  
8 format, for full review. Furthermore, these studies, and the  
9 underlying input data, should be provided with sufficient time to  
10 permit the parties to understand the network architecture, unit cost,  
11 and operating assumptions being employed, in order to ensure that  
12 they properly reflect forward-looking principles and are fully  
13 compliant with the applicable legal standards.
- 14
- 15 • Overstated non-recurring charges (“NRCs”) create substantial  
16 barriers to local competition by making it more expensive and/or  
17 less convenient for end users to choose a Competitive Local  
18 Exchange Carrier (“CLEC”) as his or her local service provider.  
19 The competitive effect of NRCs as a barrier to entry makes it  
20 critical that the Commission and the parties have the opportunity to  
21 carefully scrutinize any claimed cost justification for such charges.  
22 As in the case of recurring charges, cost studies supporting NRCs  
23 should be based on a forward-looking environment in which  
24 electronic operational support systems are assumed to be available

1 and operating effectively (with minimal “fall-out” rates). This will  
2 result in costs for provisioning and maintaining the network  
3 elements that are consistent with a competitive market model.

- 4  
5 • One-time costs that BellSouth may incur to implement the required  
6 OSS should not be included in the recurring or non-recurring costs  
7 of individual UNEs for two reasons. First, every carrier, whether  
8 ILEC or CLEC, will incur costs to transition to the industry  
9 structure contemplated by the Act. As a result, there is no rationale  
10 for permitting BellSouth, alone, to impose *its* “transition” costs on  
11 its potential competitors. Second, BellSouth will enter the long  
12 distance market using OSS that long distance carriers already have  
13 paid to implement. Thus, any decision that permits BellSouth to  
14 shift its costs to CLECs will provide it with a significant  
15 competitive advantage, and destroy the competitive balance  
16 envisioned by the 1996 Act.

17  
18  
19 Achieving the conditions for widespread entry into local exchange markets  
20 – *i.e.*, an environment in which customers can easily, reliably, and  
21 inexpensively change local service providers – is a prerequisite to  
22 achieving the local competition envisioned by the 1996 Act.<sup>1</sup> To move its

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<sup>1</sup> Public policy favors widespread entry. The 1996 Act is intended to bring the potential benefits of competition to as many customers as possible. While targeted local market entry is the most viable short-term entry strategy, local competition will never be robust while large numbers of

1 local customers to its long-distance services, once it is authorized to  
2 provide inter-exchange services, BellSouth will rely upon highly efficient,  
3 software-defined, electronic flow-through processes.

4

5 **Q. WHAT IS THE COMMISSION'S ROLE IN THIS PROCESS?**

6 A. The Commission's scrutiny in this proceeding is required to provide  
7 CLECs, such as ITC<sup>D</sup>, with comparable capabilities, *i.e.*, to offer local  
8 exchange services rapidly, reliably, and over a wide service area. These  
9 capabilities are essential to creating a realistic opportunity for the  
10 development of competitive telecommunications markets. The  
11 Commission must ensure that the recurring and non-recurring rates that it  
12 sets *and the terms and conditions that it requires*, satisfy these standards.  
13 The costs of manual systems, excessive errors (and the costs of correcting  
14 them), and collocation arrangements that fail to satisfy these goals are  
15 *irrelevant* to determining the prices and terms and conditions that  
16 BellSouth should be permitted to seek. It will not be possible to change a  
17 customer's choice of local provider with sufficient speed and accuracy, at  
18 a reasonable price, unless that choice can be automated. Furthermore, in  
19 order to meet the non-discrimination requirements of the 1996 Act, these  
20 choices must be met at a rate no slower than, and with an accuracy equal  
21 to, the rate at which BellSouth will be able to move customers to its long  
22 distance services. If OSS favor BellSouth as the full-service provider –  
23 *i.e.*, if customers can quickly, inexpensively, and reliably select BellSouth

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customers remain effectively captive to the ILECs.

1 to provide both local and long distance, but cannot select a competing  
2 carrier such as ITC^D just as quickly, inexpensively, and reliably, then  
3 meaningful competition simply cannot develop. Put simply, if OSS favor  
4 BellSouth the Florida consumers of these services will be the losers.

5  
6 Q. PLEASE SUMMARIZE YOUR OPINION OF WHAT IS NECESSARY  
7 FOR COMPETITION TO DEVELOP.

8  
9 A. The evolution of broad-based local competition will depend on (1) the  
10 CLECs' abilities to quickly and reliably order UNEs to serve customers,  
11 with the change in the customer's local carrier accomplished through  
12 electronic, flow-through OSS that recognize a new carrier of record, and  
13 (2) this Commission's efforts to ensure that prices and terms and  
14 conditions reflect the appropriate fundamental economic principles and  
15 applicable legal standards.

16  
17 **SECTION II: THE IMPORTANCE OF EFFECTIVE AND EFFICIENT**  
18 **OPERATIONAL SUPPORT SYSTEMS AND THE APPROPRIATE**  
19 **MEANS OF COST RECOVERY**

20  
21 Q. **WHAT ARE THE OSS ISSUES THAT YOU ARE ADDRESSING IN**  
22 **THIS PROCEEDING?**

23 A. I am addressing OSS issues raised in Sections GTC, ¶3.2; Attachment 1,  
24 ¶¶6.1 and 6.2; and Attachment 6, ¶ 1.1. As a general proposition, ITC^D's

1 concerns with the negotiation of OSS charges center around the lack of  
2 justification for BellSouth's proposed OSS-related NRCs, and the fact that  
3 the existing OSS employed by BellSouth is not workable.

4

5 **Q. WHAT ARE THE CRITERIA THAT THE COMMISSION**  
6 **SHOULD CONSIDER WHEN EVALUATING THE PARTIES'**  
7 **POSITIONS ON THIS ISSUE?**

8 A. Nonrecurring costs for OSS are based on two different categories of  
9 activities. The first category includes expenses associated with *using* OSS  
10 to execute an order for a network element or for interconnection. Proper  
11 estimation of the relevant, i.e. forward-looking costs of these ongoing  
12 transactions (which, while ongoing, are nonrecurring for any given order)  
13 is critical. The second (although as I will describe below, inappropriate)  
14 category of NRCs associated with OSS are the one-time costs required to  
15 *establish*, initially, the systems that permit automated ordering,  
16 provisioning, and maintenance of UNEs and interconnection required by  
17 the 1996 Act. The conceptual issues presented by these two categories of  
18 NRCs are substantially different.

19

20 **Q. WHAT ARE THE ECONOMIC ISSUES ASSOCIATED WITH THE**  
21 **ONGOING COSTS OF OSS?**

22 A. With respect to the NRCs associated with the ongoing use of OSS systems  
23 to obtain (or modify) UNEs and interconnection, two observations are  
24 critical. First, NRCs must be calculated on the basis of the forward-

1 looking costs associated with fully implemented, electronic flow-through  
2 systems, *that are functioning properly*. The costs associated with interim,  
3 manual systems – or with electronic systems that are not working properly  
4 or not providing the full functionality required to provide service to the  
5 end-use customer that is comparable to the service it receives from  
6 BellSouth – are not relevant.

7  
8 Second, it is important for the Commission to remain mindful that  
9 excessive or unnecessary NRCs inherently constitute barriers to  
10 competition. They come into play at a critical competitive decision point,  
11 i.e., when a customer first investigates the possibility of switching local  
12 carriers or otherwise modifying existing services. Because NRCs can  
13 work against the otherwise free exercise of consumer choice, it is critical  
14 that they fully reflect efficient costs and be developed and applied in a  
15 non-discriminatory manner.

16  
17 In evaluating BellSouth's proposals, the Commission should ensure that  
18 its NRCs for OSS are based upon the same TELRIC principles that have  
19 been adopted by the FCC for UNE prices. The consumer benefits of  
20 establishing TELRIC-based recurring costs for UNEs and for  
21 interconnection will be significantly diminished – if not eliminated -- if  
22 the NRCs that must be paid to obtain them are not also grounded in these  
23 fundamental cost principles. Specifically,

24

- 1 • Cost-based rates for NRCs should comply with the FCC's Orders  
2 requiring electronic interfaces to the OSS for ordering, billing,  
3 provisioning and maintenance (such systems were to be made  
4 available by January 1, 1997).
- 5
- 6 • NRC studies should be based on the cost to provide network  
7 elements using the most efficient technology currently available.
- 8
- 9 • NRCs should reflect systems that are consistent with the Total  
10 Network Management ("TNM") guidelines that have been issued  
11 by Bellcore.
- 12
- 13

14 The principle flaw in most ILEC NRC studies is that these studies reflect  
15 existing OSS that were designed in a monopoly market. Costs associated  
16 with BellSouth's *existing* systems, however, are not relevant to  
17 determining the cost to provision network elements in the environment  
18 envisioned by the 1996 Act. If BellSouth – or any ILEC – is to be fully  
19 compensated for *any* cost it incurs, regardless of how inefficiently such a  
20 cost is incurred or how much of a disadvantage it creates for a competitor,  
21 then there is no incentive created for BellSouth to provide the OSS  
22 capabilities efficiently and in a non-discriminatory manner. In a  
23 competitive market, providers are forced by the marketplace to be efficient

1 and to provide superior service. If they do not, consumers will choose to  
2 receive service from a competitor.

3

4 **Q. WHY SHOULD THE COMMISSION IMPOSE THIS STANDARD**  
5 **ON NRC DEVELOPMENT?**

6 A. By imposing this competitive standard on BellSouth's development of  
7 NRCs, the Commission creates incentives consistent with those that would  
8 be experienced by BellSouth if the market were competitive. In its *First*  
9 *Report and Order*, the FCC correctly concluded that prompt  
10 implementation of efficient and inexpensive order processing and interface  
11 systems is essential to the creation of a competitive local exchange market.  
12 For this reason, the FCC set a specific deadline for achieving full  
13 mechanization:

14 In all cases, however, we conclude that in order to comply  
15 fully with Section 251(c)(3) an incumbent LEC must provide,  
16 upon request, nondiscriminatory access to operations support  
17 systems functions for pre-ordering, ordering, provisioning,  
18 maintenance and repair, and billing of unbundled network  
19 elements under section 251(c)(3) and resold services under  
20 section 251(c)(4). Incumbent LECs that currently do not  
21 comply with this requirement of section 251(c)(3) must do so  
22 as expeditiously as possible, but in any event no later than  
23 January 1, 1997.<sup>2</sup>

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<sup>2</sup> *First Report and Order*, CC Docket 96-98, ¶525.

1  
2 BellSouth has not yet satisfied the FCC Order requiring automated OSS –  
3 a fact which is discussed in detail by ITC<sup>3</sup>D witness Thomas Hyde.  
4 Nevertheless, the NRCs that the Commission authorizes in this proceeding  
5 must reflect the costs of efficient, functioning electronic flow-through  
6 processes, *even if they have not been fully implemented*. ILECs such as  
7 BellSouth have tremendous incentives to delay the implementation of such  
8 systems and to overstate their costs in order to raise the costs of potential  
9 competitors.<sup>3</sup> By establishing prices in this manner, the Commission will  
10 provide the required motivation for BellSouth to implement these essential  
11 OSS that are fully functional and which operate efficiently.

12  
13 The fundamental intent of the 1996 Act is to *eliminate* barriers to entry in  
14 the local market, while the inescapable effect of excessive or unnecessary  
15 NRCs is to *create* such barriers. Because NRCs are imposed when change  
16 occurs – when a network element is initially obtained, reconfigured, or  
17 modified to permit the CLEC to offer an innovative service – they  
18 fundamentally act to protect the status quo. Because virtually all local  
19 customers currently are served by ILECs, any charge tied to a decision to  
20 change constitutes a barrier to the exercise of that choice. This in turn  
21 shields the ILEC from the competitive pressures that serve as the

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<sup>3</sup> This in turn causes CLEC costs to rise even further by preventing CLECs from achieving the economies of scope and scale enjoyed today by the ILECs.

1           cornerstone of a market economy, and that the 1996 Act relies upon to  
2           create incentives for carriers to reduce rates and to innovate.

3

4   **Q.   WHY SHOULD THE COST TO DEVELOP THE NECESSARY OSS**  
5           **(WHAT YOU REFERRED TO EARLIER AS “TRANSITION**  
6           **COSTS”) NOT BE INCLUDED IN NRCS ASSOCIATED WITH**  
7           **OSS?**

8   A.   While the costs to *use* OSS may be legitimate non-recurring charges, the  
9           costs to *establish* those systems are not. Every carrier must incur costs to  
10          allow the changes envisioned by the 1996 Act to become a reality. The  
11          fact that BellSouth’s network monopoly provides it the opportunity to  
12          impose its costs on CLECs does not mean that it should be entitled to do  
13          so. There are a number of reasons why this should not be permitted.

14

15   **Q.   PLEASE EXPLAIN YOUR RATIONALE FOR THE DISTINCTION**  
16          **BETWEEN OSS DEVELOPMENT AND OSS USE.**

17

18   A.   First, electronic gateways and the downstream OSS that allow competing  
19          carriers to have real-time electronic access is a requirement of the 1996  
20          Act, reflecting the public telecommunications policy adopted by Congress.  
21          These transition costs are not attributable to a particular carrier’s  
22          competitive entry into the local exchange market. Instead, they derive  
23          from the 1996 Act’s requirement that local exchange markets should be  
24          open to competition. Congress frequently enacts laws that increase costs

1 for market participants affected by those laws. Thus, there is nothing  
2 particularly unusual about the OSS requirements imposed by the 1996 Act  
3 – it is only the monopoly position enjoyed by BellSouth and other ILECs  
4 that creates the possibility that it could impose its costs of compliance on  
5 its competitors (in addition to their own compliance costs).

6  
7 Second, the new OSS implemented by BellSouth will benefit its own retail  
8 customers. When it provides retail services, BellSouth is essentially a  
9 “purchaser” of UNEs – in fact, it is the largest single purchaser of UNEs  
10 within its existing service territory. Upgrading its OSS will improve the  
11 efficiency of its own operations and extend the benefits of competition to  
12 all consumers, including existing and future BellSouth customers.

13  
14 Finally, BellSouth does not uniquely or disproportionately incur OSS  
15 costs required to achieve the pro-competitive environment envisioned by  
16 the 1996 Act. For every operating system that BellSouth installs to  
17 support local competition, each CLEC must develop and install a  
18 corresponding system on its side of the gateway interface. There is no  
19 reason to expect that BellSouth’s costs would be significantly higher than  
20 CLEC participants in the market, particularly when one takes into account  
21 the economies of scale that ILECs are able to achieve.

22  
23 The equitable solution to the recovery of these transition costs is clear –  
24 each carrier, including both ILECs and CLECs, must develop an effective

1           and efficient OSS. Each carrier should bear its costs of developing and  
2           implementing such a system. No carrier should be permitted to use  
3           existing market power to impose its costs on another carrier or carriers.

4  
5   **Q.   DOES THE FACT THAT ILECS ARE REQUIRED BY THE 1996**  
6           **ACT TO INCUR THESE TRANSITION COSTS, WHILE CLECS**  
7           **HAVE NO SUCH LEGAL REQUIREMENT, AFFECT YOUR**  
8           **OBSERVATIONS?**

9   A.   No. While CLECs may not have a legal requirement, as a practical matter  
10          they must possess these systems. An argument in support of the recovery  
11          of BellSouth's OSS development costs from competing carriers ignores  
12          structural changes that are likely to result as the competitive environment  
13          contemplated by the 1996 Act becomes a reality; a reality which will  
14          create significant opportunities for the emergence of full-service providers,  
15          particularly ILECs.<sup>4</sup> By including the conditional promise of interLATA  
16          authority, the 1996 Act places significant pressure on long distance  
17          carriers, and other CLECs, to enter the local market so that they are  
18          positioned to respond with full-service packages of their own.<sup>5</sup> It is also  
19          important, as I noted above, to keep in mind that, when this happens,  
20          ILECs will be entering a long distance market characterized by mature,

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<sup>4</sup> Of course, if BellSouth or other ILECs are permitted to enjoy the substantial competitive advantage that would be created by managing to force CLECs to pay *both* its own OSS development and deployment costs *and* those incurred by the ILECs, the likelihood of any such competition emerging is diminished significantly.

<sup>5</sup> Thus, the 1996 Act provides a compensating incentive for BellSouth to open its markets to competition, *i.e.*, in-region, inter-LATA entry.

1 state-of-the-art OSS. This will substantially facilitate inexpensive entry  
2 using systems that the long distance industry has paid for and  
3 implemented.<sup>6</sup>

4

5 **Q. IF THE COMMISSION SHOULD CONCLUDE, DESPITE YOUR**  
6 **RECOMMENDATION, THAT BELLSOUTH SHOULD BE**  
7 **PERMITTED TO RECOVER SOME PORTION OF TRANSITION**  
8 **COSTS FROM CLECS, ARE THERE PRINCIPLES THAT**  
9 **SHOULD GUIDE ITS DELIBERATIONS ON THIS ISSUE?**

10 A. As stated above, I believe there are compelling reasons not to permit  
11 BellSouth (or other ILECS) to recover their transition costs as part of  
12 NRCs associated with OSS. However, if the Commission concludes that  
13 BellSouth should be permitted to recover some of these costs from  
14 Florida's ratepayers, it should follow these principles in doing so:

15

16 • Whatever portion of these transition costs BellSouth is permitted to  
17 impose should be recovered in a competitively-neutral and non-  
18 discriminatory manner, which recognizes that BellSouth's  
19 customers also benefit from the local competition and should,  
20 therefore, defray a *pro rata* share.

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<sup>6</sup> At the time of divestiture, the nation's telecommunications infrastructure was not designed to support competitive long distance carriers. The necessary systems to provide "seamless" competition to consumers – including state-of-the-art OSS systems – have been designed and fully implemented. In short, the operational barriers to long distance competition are gone. These systems are available for use by BellSouth, and other ILECs, once they meet the requirements for receipt of authority to enter the interLATA market. Permitting ILECs to benefit from these systems, without paying for "transition costs," while forcing CLECs to pay ILECs' transition costs in the local exchange arena would place CLECs at a tremendous competitive disadvantage.

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- CLECs should not pay BellSouth for upgrading systems which would benefit its retail services.
- These costs should not be assessed as NRCs, but should be amortized over the expected economic life of the OSS.

**Q. WHAT EFFECT DOES THE REQUIREMENT FOR NON-DISCRIMINATORY ACCESS TO OSS HAVE ON YOUR RECOMMENDATIONS?**

A. Both the 1996 Act and the FCC's regulations require that access to OSS be provided on a non-discriminatory basis. In this context, *non-discriminatory* means that access to these systems by CLECs is indistinguishable, both technically and economically, from the way ILECs use these systems. The most straight-forward way to ensure this is to develop the costs associated with this transition of OSS systems in a competitively neutral manner – ensuring that each customer pays some share of the costs, regardless of which company provides its local service. The only truly competitively neutral mechanism, of course, is for each carrier to be fully responsible for its own OSS. If the Commission concludes that some portion of BellSouth's OSS transition costs are to be paid for by CLECs, the most competitively neutral mechanism would be a per customer charge that includes *all* retail customers in the denominator

1 of the calculation and which amortizes the costs over the appropriate  
2 economic life of the assets.

3

4 **SECTION III: COLLOCATION RATES, TERMS, AND CONDITIONS**  
5 **SHOULD REFLECT THE FORM OF COLLOCATION BEING**  
6 **UTILIZED AND NOT CREATE ADDITIONAL BARRIERS TO ENTRY**

7

8 **Q. IN ITS ORDER IN DOCKET NOS. 960757-TP, 960833-TP, and**  
9 **960846-TP, THE COMMISSION HAS ADDRESSED THE ISSUE**  
10 **OF THE APPLICABLE RATES FOR PHYSICAL COLLOCATION.**  
11 **IS ITC^D ASKING TO COMMISSION TO RECONSIDER ITS**  
12 **DECISION IN THAT PROCEEDING?**

13 A. No. In the generic cost proceeding, the Commission was presented with  
14 cost information related to the construction of walled enclosures for  
15 collocation. Pursuant to the FCC's Advanced Wireline Services Order,  
16 ITC^D will be utilizing "cageless collocation" in BellSouth central offices  
17 in order to offer its services. As a result, it will be necessary to establish  
18 an additional set of rates that will apply to this new arrangement.

19

20 **Q. WHAT IS "CAGELESS COLLOCATION"?**

21 A. A cageless collocation arrangement permits a CLEC, such as ITC^D, to  
22 place certain equipment in the BellSouth central office for the purpose of  
23 interconnecting with the BellSouth network. ITC^D owns the equipment  
24 and retains all responsibility for its care and maintenance. In contrast to

1           “caged” or “walled” collocation, however, this equipment is not  
2           physically separated from BellSouth’s network equipment by the erection  
3           of physical barriers or the deployment of separate supporting facilities  
4           (such as HVAC).

5

6   **Q.   HAS BELLSOUTH PRODUCED COST STUDY RESULTS UPON**  
7           **WHICH COST BASED RATES FOR CAGELESS COLLOCATION**  
8           **CAN BE ESTABLISHED?**

9   A.   No.

10 **Q.   IN THE ABSENCE OF SUCH A COST STUDY, HOW CAN**  
11 **APPROPRIATE RATES FOR CAGELESS COLLOCATION BE**  
12 **DETERMINED?**

13 A.   BellSouth’s tariffed rates for virtual collocation (FCC Tariff No. 1, section  
14       20), with appropriate adjustment, should be adopted as interim rates  
15       subject to true-up. When BellSouth produces the results of a cost study  
16       for cageless collocation the Commission can adopt these results and set  
17       permanent rates.

18

19       The existing rates for virtual collocation can serve as a reasonable proxy  
20       for physical cageless collocation rates because of the similarities between  
21       the two arrangements. In a virtual collocation arrangement, the CLEC  
22       purchases the necessary equipment from a vendor and sells it to the ILEC  
23       for a nominal price (usually \$1). The ILEC then places the equipment into  
24       service in its central office, providing interconnection between the two

1 networks. The “virtually collocated” equipment is not physically  
2 separated by either cages or walls in a defined space, and does not require  
3 separate support services (such as HVAC). Similarly, in a physical  
4 cageless collocation arrangement BellSouth will place ITC^D’s equipment  
5 into service within its central office, again not physically separate by cages  
6 or walls and without the requirement of separate support systems. As a  
7 result, the costs imposed on BellSouth for the space occupied by the  
8 ITC^D equipment are directly comparable.

9 **Q. YOU STATED THAT IT IS NECESSARY TO ADJUST THE**  
10 **EXISTING VIRTUAL COLLOCATION RATES IN ORDER TO**  
11 **DEVELOP THE APPROPRIATE INTERIM RATES FOR**  
12 **PHYSICAL CAGELESS COLLOCATION. WHY IS SUCH AN**  
13 **ADJUSTMENT NECESSARY?**

14 A. The difference in the ownership of the equipment – and the associated  
15 maintenance responsibilities – directly affects the cost to BellSouth and  
16 creates the need for an adjustment to the rates. In a virtual collocation  
17 arrangement, BellSouth owns the equipment and incurs the expense of  
18 maintaining it. In contrast, in a physical cageless collocation arrangement  
19 ITC^D will own and maintain the equipment. As a result, BellSouth will  
20 experience a cost savings equal to the maintenance expense.

21  
22 The appropriate amount of the required adjustment can be ascertained  
23 directly from cost information developed by BellSouth in the ordinary  
24 course of business. When conducting its cost studies, BellSouth converts

1 investments to annual cost through the application of Annual Cost Factors  
2 (“ACFs”). A discrete and separately identified portion of these ACFs  
3 represents the maintenance costs in question, specific to each class of  
4 equipment (identified by separate USOA account codes). By zeroing out  
5 this maintenance component in the applicable ACFs used in its virtual  
6 collocation cost study, BellSouth can easily recalculate the relevant costs –  
7 and therefore interim rates – for physical cageless collocation.

8

9 **Q. ARE THERE ISSUES RELATED TO COLLOCATION TERMS**  
10 **AND CONDITIONS THAT YOU WISH TO ADDRESS?**

11 A. Yes. The first relates to the provisioning interval for physical cageless  
12 collocation that is raised in Attachment 4 addressing Physical Collocation  
13 at ¶6.3.4. ITC<sup>AD</sup> has requested that BellSouth commit to a 30-day  
14 turnaround time for such a collocation arrangement. While such a  
15 provisioning interval is significantly shorter than for walled or caged  
16 collocation, it is reasonable. In a cageless arrangement, BellSouth will not  
17 need to determine if room exists within its central office for the  
18 construction of a physically separated space, design the enclosure, or have  
19 it constructed. The provisioning interval for cageless collocation should  
20 also be shorter than that for virtual collocation, because of the lack of the  
21 administrative tasks associated with the exchange of ownership of the  
22 equipment.

23

1           The second issue, raised in Attachment 4 at ¶11, relates to security  
2           provisions that BellSouth is insisting be applied. Certainly, BellSouth has  
3           legitimate concerns regarding the identity of those persons that will be  
4           working within its central office, whether those persons be its own  
5           employees or those of ITC^D. ITC^D does not object to a security  
6           screening process. The requirements imposed should create an equitable  
7           burden for each company to screen its employees, however: a requirement  
8           for extra and superfluous screening for ITC^D employees simply allows  
9           BellSouth to increase the costs of its competitor, creating an artificial  
10          barrier to entry. ITC^D has agreed to apply the same security measures to  
11          its employees that BellSouth applies to its own employees. If the security  
12          measures currently in place at BellSouth are adequate, then they will be  
13          adequate for ITC^D employees as well.

14

15   **Q.   ITC^D HAS A NUMBER OF COLLOCATION ARRANGEMENTS**  
16   **ALREADY IN PLACE IN BELL SOUTH CENTRAL OFFICES**  
17   **WHICH INCLUDE A WALL ENCLOSURE. IS THERE AN**  
18   **OUTSTANDING ISSUE RELATED TO THESE SPACES?**

19   A.   Potentially yes, although it is my understanding that verbal agreement has  
20          been reached on this issue.

21

22          If the issue is not fully resolved prior to hearing, however, it will be  
23          necessary for the Commission to have a factual record upon which to  
24          make a decision. In these locations ITC^D has already paid for the design

1 and construction of a walled enclosure and pays BellSouth a monthly fee  
2 for use of this physical collocation space. Equity demands that ITC^D be  
3 able to control the use of the space for which it has paid -- and continues to  
4 pay. As proposed in Attachment 4 at ¶1.2.1, BellSouth should not be able  
5 to “repossess” this area for its own use, or for the use of another CLEC. If  
6 space is available within its enclosed space, ITC^D should have the ability  
7 to use or lease the available space. The ability of BellSouth to control the  
8 use of floor space for which ITC^D is paying rent, enclosed by a walled  
9 structure that ITC^D has paid for, would amount to a confiscation of  
10 ITC^D’s property.

11

12 **SECTION IV: COST BASED RATES FOR UNES MUST BE**  
13 **ESTABLISHED PURSUANT TO THE APPLICABLE LEGAL**  
14 **REQUIREMENTS**  
15

16 **Q. WHAT RATES REMAIN AT ISSUE IN THIS ARBITRATION?**

17 A. To date, BellSouth and ITC^D have failed to reach agreement on the rates  
18 including, but not limited to, the following network elements: Unbundled  
19 loop, 2 wire and 4 wire, Service Level 2 (Nonrecurring and Recurring  
20 Rates); HDSL loop, 2 wire and 4 wire (Nonrecurring Rates); ADSL loop,  
21 2 wire (Nonrecurring Rates).

22

23 **Q. WHY DO THESE RATES CONTINUE TO BE AT ISSUE IN THIS**  
24 **ARBITRATION, IN LIGHT OF THE COMMISSION’S DECISION**  
25 **IN DOCKET NOS. 960757-TP, 960833-YP, AND 960846-TP?**

1 A. In its recent decision, the United States Supreme Court ended the Eighth  
2 Circuit Court's stay of the FCC's pricing rules as adopted in its August 8,  
3 1996 Order in CC Docket No. 96-98. These rules implement the so-called  
4 TELRIC standard.

5

6 Because of the way that it is designed (the relevant characteristics of  
7 which are fixed and cannot be changed by altering inputs), BellSouth's  
8 cost model used to develop recurring loop rates cannot be used to produce  
9 results that comply with the FCC's TELRIC standard. I am attempting to  
10 determine whether BellSouth's model used to develop nonrecurring costs  
11 can be used to develop costs consistent with this standard. ITC^D has  
12 requested copies of the relevant studies, and I will supplement my  
13 testimony when I have had the opportunity to complete my analysis.

14

15 **SECTION V: OTHER ISSUES**

16

17

18 **Q. EARLIER IN YOUR TESTIMONY YOU REFERRED TO A**  
19 **NUMBER OF ADDITIONAL IMPORTANT ISSUES THAT YOU**  
20 **HAVE BEEN ASKED TO ADDRESS. WHAT ARE THOSE**  
21 **ISSUES?**

22

23 A. These issues relate to (1) disconnect charges, (2) resolving reported line  
24 trouble on unbundled loops, (3) transmission and routing of exchange

1 access traffic, and (4) access to the Regional Street Address Guide  
2 (“RSAG”).

3

4 **Q. BELLSOUTH SEEKS TO ELIMINATE LANGUAGE**  
5 **IDENTIFYING CIRCUMSTANCES IN WHICH ITC^D WOULD**  
6 **NOT BE RESPONSIBLE FOR DISCONNECT CHARGES. WHAT**  
7 **IS THE ISSUE IN DISPUTE?**

8 A. BellSouth seeks to assess ITC^D disconnect charges any time ITC^D  
9 loses a customer – even if no physical disconnection takes place. There  
10 are two issues here: A question of timing, and a question of double  
11 counting of costs. I will discuss each issue in turn.

12

13 First, when dealing with retail customers it is standard practice for a LEC  
14 to charge for service disconnection at the time service is installed because  
15 of concern that the customer would disappear without paying the  
16 disconnect charge. Wholesale customers such as CLECs, however, have  
17 an ongoing relationship with BellSouth and as a result this concern does  
18 not exist. It is clear, therefore, that -- at a minimum -- disconnect charges  
19 should not be assessed to CLECs until the customer actually leaves the  
20 system.

21

22 Second, disconnect charges should not be assessed if a disconnect does not  
23 actually occur. In many cases, a line is not disconnected even when a  
24 customer leaves the premises. Instead, the line is maintained in “soft dial

1           tone” mode pending the occupation of the premises by another customer  
2           seeking telephone service. It is clearly not appropriate to assess a  
3           nonrecurring charge, whose calculation is based on work times for a  
4           physical disconnection, when no such physical disconnection takes place.

5  
6           Even when a disconnect *does* take place, the nonrecurring charge for  
7           disconnection may still not be applicable.<sup>7</sup> If the disconnect is the result of  
8           a customer’s decision to select *another* local service provider – either the  
9           ILEC or another CLEC – the disconnect from the initial local service  
10          provider and the connect to the new local service provider are a single  
11          activity. Under such a circumstance, it would be an overcharge to assess  
12          *both* a connect charge and a disconnect charge, because both would  
13          represent the same work activity. The language ITC^D seeks to  
14          incorporate in Attachment 2, ¶ 1.1 properly seeks to avoid this double-  
15          counting of BellSouth’s costs.

16  
17   **Q.    WHAT ARE THE DISAGREEMENTS CONCERNING REPORTED**  
18   **LINE TROUBLES ON UNBUNDLED LOOPS?**

19   **A.    In both paragraphs 2.2.7 and 2.2.8 (concerning reported line troubles on**  
20   **Level 1 and Level 2 loops, respectively), the draft agreement provides**  
21   **that:**

---

<sup>7</sup> Only in unlikely combinations of circumstances would BellSouth face a situation in which a physical disconnect would not be associated with a reconnection of the circuit. As a result, incremental work activities for a disconnect – and the resulting costs – should prove to be rare.

1 [i]f ITC/DeltaCom reports a trouble on SL1 [SL2] loops and  
2 no trouble actually exists, BellSouth will charge  
3 ITC/DeltaCom for any dispatching and testing (both inside  
4 and outside the CO) required by BellSouth in order to confirm  
5 the loop's working status. The application rate is in FCC  
6 No.1, Section 13. If a No Trouble Found status is later  
7 proven to be a BellSouth trouble . . . BellSouth will waive any  
8 assessed testing and dispatch charges.

9  
10 ITC^D seeks to add the following language, to which BellSouth  
11 objects:

12  
13 BellSouth shall reimburse ITC^DeltaCom for any additional  
14 costs associated with isolating the trouble to BellSouth's  
15 facilities and/or equipment.

16  
17 Clearly, the required language is necessary to put CLECs such as ITC^D  
18 on equal footing with BellSouth. Under the language to which the parties  
19 agree, BellSouth is compensated for its costs of establishing that the line  
20 trouble is on the CLEC's system. All ITC^D seeks to achieve is parity –  
21 to be compensated for expenses it incurs to establish that the trouble is on  
22 BellSouth's system.

23  
24 It makes no sense *not* to impose parity on the parties. The language in the  
25 first two sentences of these paragraphs obviously is designed to encourage  
26 ITC^D to test its own system before reporting a line trouble to BellSouth.  
27 If ITC^D erroneously reports the trouble to BellSouth for correction, these  
28 sentences require ITC^D to compensate BellSouth for having to conduct  
29 such tests in vain. By the same token, however, if BellSouth fails to  
30 conduct its tests and erroneously reports the trouble to ITC^D for  
31 correction, or conducts its tests, initially concludes that the problem lies on  
32 ITC^D's end of the operation, but it is ultimately determined that

1 BellSouth's initial conclusion is in error – BellSouth should compensate  
2 ITC^D for *its* costs of isolating the problem to BellSouth's system.  
3 Merely agreeing not to charge ITC^D for what turn out to be inaccurate  
4 tests does not put ITC^D on the same footing as BellSouth. The third  
5 sentence is required to create this parity. Failure to insist on mirror-image  
6 payments for testing that is ultimately unwarranted would create  
7 incentives for BellSouth to artificially inflate CLEC costs by forcing them  
8 to test each trouble twice – once initially, before reporting it to BellSouth,  
9 and again after BellSouth advises that it could not locate the trouble on its  
10 system.

11

12 **Q. DOES ITC^D PROPOSE THAT BELLSOUTH BE REQUIRED TO**  
13 **PROVIDE IT WITH A DOWNLOAD OF THE REGIONAL**  
14 **STREET ADDRESS GUIDE (RSAG)?**

15 A. In ¶¶4.9.4.3/4.9.4.4, Attachment 6, ITC^D proposes that BellSouth will  
16 transmit a subset of the RSAG to ITC^D on a daily basis at no charge,  
17 which includes street addresses and the associated serving switches,  
18 enabling ITC^D to map a customer address to a specific serving switch.

19

20 **Q. DOES THIS CONCLUDE YOUR PREFILED TESTIMONY?**

21 A. Yes. Of course, I will address any additional issues raised in BellSouth's  
22 supplemental or responsive testimony as allowed by the Commission. I  
23 also intend to supplement my testimony as appropriate upon receipt and  
24 review of BellSouth's cost studies.

***Vita of Don J. Wood***

914 Stream Valley Trail, Alpharetta, Georgia 30022 ■ 770.475.9971, FAX 770.475.9972

**EDUCATION**

Emory University, Atlanta, Ga.  
BBA in Finance, with Distinction.

College of William and Mary, Williamsburg, Va.  
MBA, with concentration in Finance and Microeconomics.

**CURRENT EMPLOYMENT**

Don J. Wood is a Regional Director in the firm of Klick, Kent, and Allen/FTI Consulting, Inc. He provides economic and regulatory analysis services in telecommunications, cable, and related "convergence" industries, specializing in economic policy related to the development of competitive markets and cost of service issues. Mr. Wood was a founding partner of the firm of Wood & Wood, and has been employed in a management capacity at a major Local Exchange Company and an Interexchange Carrier. In each capacity he has been directly involved in both the development and implementation of regulatory policy. The subject matter of his testimony has ranged from broad policy issues to detailed cost analysis. Mr. Wood has presented testimony before the administrative regulatory bodies of twenty-five states, the District of Columbia, and Puerto Rico. He has also presented testimony in State and Federal courts and has prepared comments for filing with the Federal Communications Commission.

**PREVIOUS INDUSTRY EMPLOYMENT****Wood & Wood**

Principal.

**BellSouth Services, Inc.**

Staff Manager.

**MCI Telecommunications Corporation**

Manager of Regulatory Analysis, Southeast Division.

Manager, Corporate Economic Analysis and Regulatory Affairs.

## **TESTIMONY - STATE REGULATORY COMMISSIONS:**

### **Alabama Public Service Commission**

Docket No. 19356, Phase III: Alabama Public Service Commission vs. All Telephone Companies Operating in Alabama, and Docket 21455: AT&T Communications of the South Central States, Inc., Applicant, Application for a Certificate of Public Convenience and Necessity to Provide Limited IntraLATA Telecommunications Service in the State of Alabama.

Docket No. 20895: In Re: Petition for Approval to Introduce Business Line Termination for MCI's 800 Service.

Docket No. 21071: In Re: Petition by South Central Bell for Introduction of Bidirectional Measured Service.

Docket No. 21067: In Re: Petition by South Central Bell to Offer Dial Back-Up Service and 2400 BPS Central Office Data Set for Use with PulseLink Public Packet Switching Network Service.

Docket No. 21378: In Re: Petition by South Central Bell for Approval of Tariff Revisions to Restructure ESSX and Digital ESSX Service.

Docket No. 21865: In Re: Petition by South Central Bell for Approval of Tariff Revisions to Introduce Network Services to be Offered as a Part of Open Network Architecture.

Docket No. 25703: In Re: In the Matter of the Interconnection Agreement Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. 25704: In Re: Petition by AT&T Communications of the South Central States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Agreement with GTE South Incorporated and CONTEL of the South, Inc. Concerning Interconnection and Resale under the Telecommunications Act of 1996.

Docket No. 25835: In Re: Petition for Approval of a Statement of Generally Available Terms and Conditions Pursuant to §252(f) of the Telecommunications Act of 1996 and Notification of Intention to File a §271 Petition for In-Region InterLATA Authority with the Federal Communications Commission Pursuant to the Telecommunications Act of 1996.

Docket No. 26029: In Re: Generic Proceeding - Consideration of TELRIC Studies.

Docket No. 25980: Implementation of the Universal Support Requirements of Section 254 of the Telecommunications Act of 1996.

### **Arkansas Public Service Commission**

Docket No. 92-337-R: In the Matter of the Application for a Rule Limiting Collocation for Special Access to Virtual or Physical Collocation at the Option of the Local Exchange Carrier.

### **Public Utilities Commission of the State of Colorado**

Docket No. 96A-345T: In the Matter of the Interconnection Contract Negotiations Between AT&T

Communications of the Mountain States, Inc., and US West Communications, Inc., Pursuant to 47 U.S.C. Section 252. Docket No. 96A-366T: In the Matter of the Petition of MCIMetro Access Transmission Services, Inc., for Arbitration Pursuant to 47 U.S.C. § 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with US West Communications, Inc. (consolidated).

Docket No. 96S-257T: In Re: The Investigation and Suspension of Tariff Sheets Filed by US West Communications, Inc., with Advice Letter No. 2608 Regarding Proposed Rate Changes.

Docket No. 98F-146T: Colorado Payphone Association, Complainant, v. US West Communications, Inc., Respondent.

#### **State of Connecticut, Department of Utility Control**

Docket 91-12-19: DPUC Review of Intrastate Telecommunications Services Open to Competition (Comments).

Docket No. 94-07-02: Development of the Assumptions, Tests, Analysis, and Review to Govern Telecommunications Service Reclassifications in Light of the Eight Criteria Set Forth in Section 6 of Public Act 94-83 (Comments).

#### **Delaware Public Service Commission**

Docket No. 93-31T: In the Matter of the Application of The Diamond State Telephone Company for Establishment of Rules and Rates for the Provision of IntelliLinQ-PRI and IntelliLinQ-BRI.

Docket No. 41: In the Matter of the Development of Regulations for the Implementation of the Telecommunications Technology Investment Act.

#### **Florida Public Service Commission**

Docket No. 881257-TL: In Re: Proposed Tariff by Southern Bell to Introduce New Features for Digital ESSX Service, and to Provide Structural Changes for both ESSX Service and Digital ESSX Service.

Docket No. 880812-TP: In Re: Investigation into Equal Access Exchange Areas (EAEAs), Toll Monopoly Areas (TMAs), 1+ Restriction to the Local Exchange Companies (LECs), and Elimination of the Access Discount.

Docket No. 890183-TL: In Re: Generic Investigation into the Operations of Alternate Access Vendors.

Docket No. 870347-TI: In Re: Petition of AT&T Communications of the Southern States for Commission Forbearance from Earnings Regulation and Waiver of Rule 25-4.495(1) and 25-24.480 (1) (b), F.A.C., for a trial period.

Docket No. 900708-TL: In Re: Investigation of Methodology to Account for Access Charges in Local Exchange Company (LEC) Toll Pricing.

Docket No. 900633-TL: In Re: Development of Local Exchange Company Cost of Service Study Methodology.

Docket No. 910757-TP: In Re: Investigation into the Regulatory Safeguards Required to Prevent Cross-Subsidization by Telephone Companies.

Docket No. 920260-TL: In Re: Petition of Southern Bell Telephone and Telegraph Company for Rate Stabilization, Implementation Orders, and Other Relief.

Docket No. 950985-TP: In Re: Resolution of Petitions to establish 1995 rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes.

Docket No. 960846-TP: In Re: Petition by MCI Telecommunications Corporation and MCI Metro Access Transmission Services, Inc. for Arbitration of Certain Terms and Conditions of a proposed agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 and Docket No. 960833-TP: In Re: Petition by AT&T Communications of the Southern States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 (consolidated).

Docket No. 960847-TP and 960980-TP: In Re: Petition by AT&T Communications of the Southern States, Inc., MCI Telecommunications Corporation, MCI Metro Access Transmission Service, Inc., for Arbitration of Certain Terms and Conditions of a Proposed Agreement with GTE Florida Incorporated Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 (consolidated).

Docket No. 961230-TP: In Re: Petition by MCI Telecommunications Corporation for Arbitration with United Telephone Company of Florida and Central Telephone Company of Florida Concerning Interconnection Rates, Terms, and Conditions, Pursuant to the Federal Telecommunications Act of 1996.

Docket No. 960786-TL: In Re: Consideration of BellSouth Telecommunications, Inc.'s Entry Into InterLATA Services Pursuant to Section 271 of the Federal Telecommunications Act of 1996.

Docket Nos. 960833-TP, 960846-TP, 960757-TP, and 971140-TP: Investigation to develop permanent rates for certain unbundled network elements.

Docket No. 980696-TP: In Re: Determination of the cost of basic local telecommunications service, pursuant to Section 364.025 Florida Statutes

#### **Georgia Public Service Commission**

Docket No. 3882-U: In Re: Investigation into Incentive Telephone Regulation in Georgia.

Docket No. 3883-U: In Re: Investigation into the Level and Structure of Intrastate Access Charges.

Docket No. 3921-U: In Re: Compliance and Implementation of Senate Bill 524.

Docket No. 3905-U: In Re: Southern Bell Rule Nisi.

Docket No. 3995-U: In Re: IntraLATA Toll Competition.

Docket No. 4018-U: In Re: Review of Open Network Architecture (ONA) (Comments).

Docket No. 5258-U: In Re: Petition of BellSouth Telecommunications for Consideration and Approval of its "Georgians FIRST" (Price Caps) Proposal.

Docket No. 5825-U: In Re: The Creation of a Universal Access Fund as Required by the Telecommunications Competition and Development Act of 1995.

Docket No. 6801-U: In Re: Interconnection Negotiations Between BellSouth Telecommunications, Inc. and AT&T Communications of the Southern States, Inc., Pursuant to Sections 251-252 and 271 of the Telecommunications Act of 1996.

Docket No. 6865-U: In Re: Petition by MCI for Arbitration of Certain Terms and Conditions of Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996.

Docket No. 7253-U: In Re: BellSouth Telecommunications, Inc.'s Statement of Generally Available Terms and Conditions Under Section 252 (f) of the Telecommunications Act of 1996.

Docket No. 7061-U: In Re: Review of Cost Studies and Methodologies for Interconnection and Unbundling of BellSouth Telecommunications Services.

Docket No. 10692-U: In Re: Generic Proceeding to Establish Long-Term Pricing Policies for Unbundled Network Elements.

#### **Iowa Utilities Board**

Docket No. RPU-95-10.

Docket No. RPU-95-11.

#### **Kentucky Public Service Commission**

Administrative Case No. 10321: In the Matter of the Tariff Filing of South Central Bell Telephone Company to Establish and Offer Pulselink Service.

Administrative Case No. 323: In the Matter of An Inquiry into IntraLATA Toll Competition, An Appropriate Compensation Scheme for Completion of IntraLATA Calls by Interexchange Carriers, and WATS Jurisdictionality.

- Phase IA: Determination of whether intraLATA toll competition is in the public interest.
- Phase IB: Determination of a method of implementing intraLATA competition.
- Rehearing on issue of Imputation.

Administrative Case No. 90-256, Phase II: In the Matter of A Review of the Rates and Charges and Incentive Regulation Plan of South Central Bell Telephone Company.

Administrative Case No. 336: In the Matter of an Investigation into the Elimination of Switched Access Service Discounts and Adoption of Time of Day Switch Access Service Rates.

Administrative Case No. 91-250: In the Matter of South Central Bell Telephone Company's Proposed Area Calling Service Tariff.

Administrative Case No. 96-431: In Re: Petition by MCI for Arbitration of Certain Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996.

Administrative Case No. 96-478: In Re: The Petition by AT&T Communications of the South Central States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Agreement with GTE South Incorporated Concerning Interconnection and Resale Under the Telecommunications Act of 1996.

Administrative Case No. 96-482: In Re: The Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Administrative Case No. 360: In the Matter of: An Inquiry Into Universal Service and Funding Issues.

Administrative Case No. 96-608: In the Matter of: Investigation Concerning the Provision of InterLATA Services by BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

### Louisiana Public Service Commission

Docket No. 17970: In Re: Investigation of the Revenue Requirements, Rate Structures, Charges, Services, Rate of Return, and Construction Program of AT&T Communications of the South Central States, Inc., in its Louisiana Operations.

Docket No. U-17949: In the Matter of an Investigation of the Revenue Requirements, Rate Structures, Charges, Services, Rate of Return, and Construction Program of South Central Bell Telephone Company, Its Louisiana Intrastate Operations, The Appropriate Level of Access Charges, and All Matters Relevant to the Rates and Service Rendered by the Company.

- Subdocket A (SCB Earnings Phase)
- Subdocket B (Generic Competition Phase)

Docket No. 18913-U: In Re: South Central Bell's Request for Approval of Tariff Revisions to Restructure ESSX and Digital ESSX Service.

Docket No. U-18851: In Re: Petition for Elimination of Disparity in Access Tariff Rates.

Docket No. U-22022: In Re: Review and Consideration of BellSouth Telecommunications, Inc.'s TSLRIC and LRIC Cost Studies Submitted Pursuant to Sections 901(C) and 1001(E) of the Regulations for Competition in the Local Telecommunications Market as Adopted by General Order Dated March 15, 1996 in Order to Determine the Cost of Interconnection Services and Unbundled Network Components to Establish Reasonable, Non-Discriminatory, Cost Based Tariffed Rates and Docket No. U-22093: In Re: Review and Consideration of BellSouth Telecommunications, Inc.'s Tariff Filing of April 1, 1996, Filed Pursuant to Section 901 and 1001 of the Regulations for Competition in the Local Telecommunications Market Which Tariff Introduces Interconnection and Unbundled Services and Establishes the Rates, Terms and Conditions for Such Service Offerings (consolidated).

Docket No. U-22145: In the Matter of Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. U-22252: In Re: Consideration and Review of BST's Preapplication Compliance with Section 271 of the Telecommunications Act of 1996, including but not limited to the fourteen requirements set forth in Section 271 (c) (2) (b) in order to verify compliance with section 271 and provide a recommendation to the FCC regarding BST's application to provide interLATA services originating in-region.

Docket No. U-20883 Subdocket A: In Re: Submission of the Louisiana Public Service Commission's Forward Looking Cost Study to the FCC for Purposes of Calculating Federal Universal Service Support.

**Public Service Commission of Maryland**

Case 8584, Phase II: In the Matter of the Application of MFS Intelenet of Maryland, Inc. for Authority to Provide and Resell Local Exchange and Intrastate Telecommunications Services in Areas Served by C&P Telephone Company of Maryland.

Case 8715: In the Matter of the Inquiry into Alternative Forms of Regulating Telephone Companies.

Case 8731: In the Matter of the Petitions for Approval of Agreements and Arbitration of Unresolved Issues Arising Under Section 252 of the Telecommunications Act of 1996.

**Mississippi Public Service Commission**

Docket No. U-5086: In Re: MCI Telecommunications Corporation's Metered Use Service Option D (Prism I) and Option E (Prism II).

Docket No. U-5112: In Re: MCI Telecommunications Corporation's Metered Use Option H (800 Service).

Docket No. U-5318: In Re: Petition of MCI for Approval of MCI's Provision of Service to a Specific Commercial Banking Customers for Intrastate Interexchange Telecommunications Service.

Docket 89-UN-5453: In Re: Notice and Application of South Central Bell Telephone Company for Adoption and Implementation of a Rate Stabilization Plan for its Mississippi Operations.

Docket No. 90-UA-0280: In Re: Order of the Mississippi Public Service Commission Initiating Hearings Concerning (1) IntraLATA Competition in the Telecommunications Industry and (2) Payment of Compensation by Interexchange Carriers and Resellers to Local Exchange Companies in Addition to Access Charges.

Docket No. 92-UA-0227: In Re: Order Implementing IntraLATA Competition.

Docket No. 96-AD-0559: In Re: In the Matter of the Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. 98-AD-035: Universal Service.

Docket No. 97-AD-544: In Re: Generic Proceeding to Establish Permanent Prices for BellSouth Interconnection and Unbundled Network Elements.

**Nebraska Public Service Commission**

Docket No. C-1385: In the Matter of a Petition for Arbitration of an Interconnection Agreement Between AT&T Communications of the Midwest, Inc., and US West Communications, Inc.

### **New York Public Service Commission**

Case No. 28425: Proceeding on Motion of the Commission as to the Impact of the Modification of Final Judgement and the Federal Communications Commission's Docket 78-72 on the Provision of Toll Service in New York State.

### **North Carolina Public Utilities Commission**

Docket No. P-100, Sub 72: In the Matter of the Petition of AT&T to Amend Commission Rules Governing Regulation of Interexchange Carriers (Comments).

Docket No. P-141, Sub 19: In the Matter of the Application of MCI Telecommunications Corporation to Provide InterLATA Facilities-Based Telecommunications Services (Comments).

Docket No. P-55, Sub 1013: In the Matter of Application of BellSouth Telecommunications, Inc. for, and Election of, Price Regulation.

Docket Nos. P-7, Sub 825 and P-10, Sub 479: In the Matter of Petition of Carolina Telephone and Telegraph and Central Telephone Company for Approval of a Price Regulation Plan Pursuant to G.S. 62-133.5.

Docket No. P-19, Sub 277: In the Matter of Application of GTE South Incorporated for and Election of, Price Regulation.

Docket No. P-141, Sub 29: In the Matter of: Petition of MCI Telecommunications Corporation for Arbitration of Interconnection with BellSouth Telecommunications, Inc., Petition of AT&T Communications of the Southern States, Inc. for Arbitration of Interconnection with BellSouth Telecommunications, Inc. (consolidated).

Docket No. P-141, Sub 30: In the Matter of: Petition of MCI Telecommunications Corporation for Arbitration of Interconnection with General Telephone Company of North Carolina, Inc., Petition of AT&T Communications of the Southern States, Inc. for Arbitration of Interconnection with General Telephone Company of North Carolina, Inc. (consolidated).

Docket No. P-100, Sub 133b: Re: In the Matter of Establishment of Universal Support Mechanisms Pursuant to Section 254 of the Telecommunications Act of 1996.

Docket No. P-100, Sub 133d: Re: Proceeding to Determine Permanent Pricing for Unbundled Network Elements.

Docket No. P-100, Sub 84b: Re: In the Matter of Petition of North Carolina Payphone Association for Review of Local Exchange Company Tariffs for Basic Payphone Services (Comments).

### **Public Utilities Commission of Ohio**

Case No. 93-487-TP-ALT: In the Matter of the Application of The Ohio Bell Telephone Company for Approval of an Alternative Form of Regulation.

### **Oklahoma Corporation Commission**

Cause No. PUD 01448: In the Matter of the Application for an Order Limiting Collocation for Special

Access to Virtual or Physical Collocation at the Option of the Local Exchange Carrier.

**Public Utility Commission of Oregon**

Docket No. UT 119: In the Matter of an Investigation into Tariffs Filed by US West Communications, Inc., United Telephone of the Northwest, Pacific Telecom, Inc., and GTE Northwest, Inc. in Accordance with ORS 759.185(4).

Docket No. ARB 3: In the Matter of the Petition of AT&T Communications of the Pacific Northwest, Inc., for Arbitration of Interconnection Rates, Terms, and Conditions Pursuant to 47 U.S.C. § 252(b) of the Telecommunications Act of 1996. Docket No. ARB 6: In the Matter of the Petition of MCIMetro Access Transmission Services, Inc. for Arbitration of Interconnection Rates, Terms, and Conditions Pursuant to 47 U.S.C. § 252(b) of the Telecommunications Act of 1996 (consolidated).

Docket No. ARB 9: In the Matter of the Petition of an Interconnection Agreement Between MCIMetro Access Transportation Services, Inc. and GTE Northwest Incorporated, Pursuant to 47 U.S.C. Section 252

**Pennsylvania Public Utilities Commission**

Docket No. I-00910010: In Re: Generic Investigation into the Current Provision of InterLATA Toll Service.

Docket No. P-00930715: In Re: The Bell Telephone Company of Pennsylvania's Petition and Plan for Alternative Form of Regulation under Chapter 30.

Docket No. R-00943008: In Re: Pennsylvania Public Utility Commission v. Bell Atlantic-Pennsylvania, Inc. (Investigation of Proposed Promotional Offerings Tariff).

Docket No. M-00940587: In Re: Investigation pursuant to Section 3005 of the Public Utility Code, 66 Pa. C. S. §3005, and the Commission's Opinion and Order at Docket No. P-930715, to establish standards and safeguards for competitive services, with particular emphasis in the areas of cost allocations, cost studies, unbundling, and imputation, and to consider generic issues for future rulemaking.

**South Carolina Public Service Commission**

Docket No. 90-626-C: In Re: Generic Proceeding to Consider Intrastate Incentive Regulation.

Docket No. 90-321-C: In Re: Petition of Southern Bell Telephone and Telegraph Company for Revisions to its Access Service Tariff Nos. E2 and E16.

Docket No. 88-472-C: In Re: Petition of AT&T of the Southern States, Inc., Requesting the Commission to Initiate an Investigation Concerning the Level and Structure of Intrastate Carrier Common Line (CCL) Access Charges.

Docket No. 92-163-C: In Re: Position of Certain Participating South Carolina Local Exchange Companies for Approval of an Expanded Area Calling (EAC) Plan.

Docket No. 92-182-C: In Re: Application of MCI Telecommunications Corporation, AT&T Communications of the Southern States, Inc., and Sprint Communications Company, L.P., to Provide IntraLATA Telecommunications Services.

Docket No. 95-720-C: In Re: Application of BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company for Approval of an Alternative Regulation Plan.

Docket No. 96-358-C: In Re: Interconnection Agreement Negotiations Between AT&T Communications of the Southern States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. 96-375-C: In Re: Interconnection Agreement Negotiations Between AT&T Communications of the Southern States, Inc. and GTE South Incorporated Pursuant to 47 U.S.C. § 252.

Docket No. 97-101-C: In Re: Entry of BellSouth Telecommunications, Inc. into the InterLATA Toll Market.

Docket No. 97-374-C: In Re: Proceeding to Review BellSouth Telecommunications, Inc. Cost for Unbundled Network Elements.

Docket No. 97-239-C: Intrastate Universal Service Fund.

Docket No. 97-124-C: BellSouth Telecommunications, Inc. Revisions to its General Subscriber Services Tariff and Access Service Tariff to Comply with the FCC's Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996.

#### **Tennessee Public Service Commission**

Docket No. 90-05953: In Re: Earnings Investigation of South Central Bell Telephone Company.

Docket Nos. 89-11065, 89-11735, 89-12677: AT&T Communications of the South Central States, MCI Telecommunications Corporation, US Sprint Communications Company -- Application for Limited IntraLATA Telecommunications Certificate of Public Convenience and Necessity.

Docket No. 91-07501: South Central Bell Telephone Company's Application to Reflect Changes in its Switched Access Service Tariff to Limit Use of the 700 Access Code.

#### **Tennessee Regulatory Authority**

Docket No. 96-01152: In Re: Petition by AT&T Communications of the South Central States, Inc. for Arbitration under the Telecommunications Act of 1996 and Docket No. 96-01271: In Re: Petition by MCI Telecommunications Corporation for Arbitration of Certain Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 (consolidated).

Docket No. 96-01262: In Re: Interconnection Agreement Negotiations Between AT&T of the South Central States, Inc. and BellSouth Telecommunications, Inc. Pursuant to 47 U.S.C. § 252.

Docket No. 97-01262: Proceeding to Establish Permanent Prices for Interconnection and Unbundled Network Elements.

Docket No. 97-00888: Universal Service Generic Contested Case.

#### **Public Utility Commission of Texas**

Docket No. 12879: Application of Southwestern Bell Telephone Company for Expanded Interconnection

for Special Access Services and Switched Transport Services and Unbundling of Special Access DS1 and DS3 Services Pursuant to P. U. C. Subst. R. 23.26.

Docket No. 18082: Complaint of Time Warner Communications against Southwestern Bell Telephone Company.

#### **Virginia State Corporation Commission**

Case No. PUC920043: Application of Virginia Metrotel, Inc. for a Certificate of Public Convenience and Necessity to Provide InterLATA Interexchange Telecommunications Services.

Case No. PUC920029: Ex Parte: In the Matter of Evaluating the Experimental Plan for Alternative Regulation of Virginia Telephone Companies.

Case No. PUC930035: Application of Contel of Virginia, Inc. d/b/a GTE Virginia to implement community calling plans in various GTE Virginia exchanges within the Richmond and Lynchburg LATAs.

Case No. PUC930036: Ex Parte: In the Matter of Investigating Telephone Regulatory Methods Pursuant to Virginia Code § 56-235.5, & Etc.

#### **Washington Utilities and Transportation Commission**

Docket Nos. UT-941464, UT-941465, UT-950146, and UT-950265 (Consolidated): Washington Utilities and Transportation Commission, Complainant, vs. US West Communications, Inc., Respondent; TCG Seattle and Digital Direct of Seattle, Inc., Complainant, vs. US West Communications, Inc., Respondent; TCG Seattle, Complainant, vs. GTE Northwest Inc., Respondent; Electric Lightwave, Inc., vs. GTE Northwest, Inc., Respondent.

Docket No. UT-950200: In the Matter of the Request of US West Communications, Inc. for an Increase in its Rates and Charges.

#### **Public Service Commission of Wyoming**

Docket No. 70000-TR-95-238: In the Matter of the General Rate/Price Case Application of US West Communications, Inc. (Phase I).

Docket No. PSC-96-32: In the Matter of Proposed Rule Regarding Total Service Long Run Incremental Cost (TSLRIC) Studies.

Docket No. 70000-TR-98-420: In the Matter of the Application of US West Communications, Inc. for authority to implement price ceilings in conjunction with its proposed Wyoming Price Regulation Plan for essential and noncompetitive telecommunications services (Phase III).

Docket No. 70000-TR-99-480: In the Matter of the Application of US West Communications, Inc. for authority to implement price ceilings in conjunction with its proposed Wyoming Price Regulation Plan for essential and noncompetitive telecommunications services (Phase IV).

#### **Public Service Commission of the District of Columbia**

Formal Case No. 814, Phase IV: In the Matter of the Investigation into the Impact of the AT&T Divestiture

and Decisions of the Federal Communications Commission on Bell Atlantic - Washington, D. C. Inc.'s Jurisdictional Rates.

**Puerto Rico Telecommunications Regulatory Board**

Case No. 98-Q-0001: In Re: Payphone Tariffs.

**COMMENTS - FEDERAL COMMUNICATIONS COMMISSION**

CC Docket No. 92-91: In the Matter of Open Network Architecture Tariffs of Bell Operating Companies.

CC Docket No. 93-162: Local Exchange Carriers' Rates, Terms, and Conditions for Expanded Interconnection for Special Access.

CC Docket No. 91-141: Common Carrier Bureau Inquiry into Local Exchange Company Term and Volume Discount Plans for Special Access.

CC Docket No. 94-97: Review of Virtual Expanded Interconnection Service Tariffs.

CC Docket No. 94-128: Open Network Architecture Tariffs of US West Communications, Inc.

CC Docket No. 94-97, Phase II: Investigation of Cost Issues, Virtual Expanded Interconnection Service Tariffs.

CC Docket No. 97-231: Application by BellSouth to Provide In-Region InterLATA Services

CC Docket No. 98-121: Application by BellSouth to Provide In-Region InterLATA Services

**TESTIMONY - STATE AND FEDERAL COURTS**

**Court of Common Pleas, Philadelphia County, Pennsylvania**

Shared Communications Services of 1800-80 JFK Boulevard, Inc., Plaintiff, v. Bell Atlantic Properties, Inc., Defendant.

**United States District Court for the District of South Carolina, Columbia Division**

Brian Wesley Jeffcoat, on behalf of himself and others similarly situated, Plaintiffs, v. Time Warner Entertainment - Advance/Newhouse Partnership, Defendant.

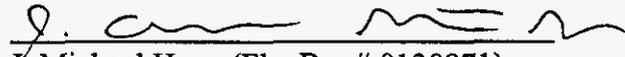
**CERTIFICATE OF SERVICE  
DOCKET NO. 990750-TP**

I hereby certify that a true and correct copy of the foregoing has been furnished by U.S.  
Mail this 16<sup>th</sup> day of August , 1999 to the following:

Diana Caldwell  
Staff Counsel  
Florida Public Service Commission  
Division of Legal Services  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

Nancy B. White  
Michael P. Goggin  
BellSouth Telecommunications, Inc.  
150 South Monroe Street  
Suite 400  
Tallahassee, Florida 32301

R. Douglas Lackey  
Thomas B. Alexander  
E. Earl Edenfield, Jr.  
BellSouth Telecommunications, Inc.  
Suite 4300, BellSouth Center  
675 W. Peachtree Street, N.E.  
Atlanta, Georgia 30375

  
J. Michael Huey (Fla. Bar # 0130971)  
J. Andrew Bertron, Jr. (Fla. Bar # 982849)  
Huey, Guilday & Tucker, P.A.  
106 E. College Ave., Suite 900 (32301)  
Post Office Box 1794  
Tallahassee, Florida 32302  
850/224-7091 (telephone)  
850/222-2593 (facsimile)