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BELLSOUTH TELECOMMUNICATIONS, INC.
SURREBUTTAL TESTIMONY OF JERRY HENDRIX
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 990649-TP
October 15, 1999

Q. PLEASE STATE YOUR NAME AND COMPANY NAME AND ADDRESS.

A. My name is Jerry Hendrix. I am employed by BellSouth Telecommunications, Inc. as Senior Director - Interconnection Services Revenue Management, Network and Carrier Services. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375.

Q. ARE YOU THE SAME JERRY HENDRIX WHO FILED DIRECT AND REBUTTAL TESTIMONY IN THIS PROCEEDING?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. The purpose of my surrebuttal testimony is to respond to comments made in the rebuttal testimony of Ms. Julia Strow, witness for Intermedia Communications, Inc. ("Intermedia"), and Terry Murray, witness on behalf of Covad Communications Company and Rhythms Links Inc.

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Q. ON PAGE 29 OF MS. MURRAY'S REBUTTAL TESTIMONY, LINES 6 THROUGH 15, SHE COMMENTS ON THE USE OF MARKET CONDITIONS AS A BASIS FOR DEAVERAGED PRICING. PLEASE RESPOND TO HER COMMENTS.

A. Ms. Murray's belief is that BellSouth has no basis for proposing prices based on market conditions. As stated in my rebuttal testimony on page 3, BellSouth anticipates that market conditions will play a role in the FCC 51.319 Remand Order. While the FCC announced a decision in the 51.319 proceeding on September 15, 1999, the written Order has not been released. Once the Order is received and carefully reviewed, BellSouth will be able to better determine how the FCC took into account the necessary and impair standards as required by the Supreme Court decision on January 25, 1999. The Supreme Court required the FCC to redefine UNEs using these standards; therefore, the FCC must consider the many alternatives that currently exist in various geographic areas.

Q. AT THE SAME LOCATION IN MS. MURRAY'S REBUTTAL TESTIMONY, SHE STATES THAT I ADMIT THAT THE FCC'S PRICING RULES REQUIRE STATES TO SET DEAVERAGED PRICES BASED ON COSTS. DO YOU AGREE?

A. No, I do not. Ms. Murray is quoting only a portion of what I included in my direct testimony. I stated on page 5, lines 13 through 15, the following:

1 “FCC Rule 51.507 (f) requires state commissions to establish different
2 rates (prices) for elements in at least three defined geographic areas
3 within the state to reflect geographic cost differences.”
4

5 I do not see this as contrary to my position on pricing. These words simply
6 indicate that state commissions must set up defined geographic areas that
7 reflect cost differences. In other words, the chosen geographic areas should be
8 distinguished by some obvious difference in cost characteristics. BellSouth
9 believes the price should be based on market conditions within each of those
10 chosen geographic areas.
11

12 Q. MS. STROW, ON PAGE 7, BEGINNING ON LINE 19, IMPLIES THAT
13 THE INTERSTATE SPECIAL ACCESS DESIGNATED ZONES ARE A
14 NATURAL FIT FOR THE UNE DE-AVERAGING PROCESS. PLEASE
15 COMMENT.
16

17 A. As stated in my rebuttal testimony, the geographic rate structure in place for
18 the interstate special access service is not based on population density. Neither
19 is the designation of the interstate special access zones based on costs, as Ms.
20 Strow suggests. To emphasize a point made in rebuttal testimony, interstate
21 special access is under completely separate and unique regulatory rules from
22 those applied to UNEs. There is no natural fit which would cause one to
23 presume that BellSouth’s UNE costs would be similarly affected by different
24 geographies. BellSouth does not disagree that the costs for certain UNEs will
25 vary based on geographic location. However, BellSouth does believe that a

1 more deliberate analysis is required to determine the best way to define the
2 geographic areas.

3

4 Q. PLEASE COMMENT ON MS. STROW'S SUGGESTION ON PAGE 8,
5 LINES 17 THROUGH 19.

6

7 A. Ms. Strow is continuing her argument that interstate special access zone
8 designations are a natural fit for UNE deaveraging. As stated previously, this
9 simply is not true. As an example of Ms. Strow's obvious confusion in this
10 area, she is suggesting that ILECs can adopt more zones for intrastate services
11 as a result of a FCC Order. The August 27, 1999 FCC Order only addresses
12 interstate services. The additional pricing flexibility given in this Order is
13 totally based on the current and growing competition in the interstate market.
14 The ability to adopt more zones is not based on cost differences in geographic
15 areas. As stated in my rebuttal testimony, the Commission needs a model
16 incorporating considerations for the local exchange markets, which would
17 include both residence and business services.

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19 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

20

21 A. Yes.

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