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RECURS AND REPORTING

November 19, 1999

VIA HAND DELIVERY

Blanca S. Bayo, Director Division of Records and Reporting Betty Easley Conference Center 4075 Esplanade Way Tallahassee, Florida 32399-0870

Re: Docket Number Nos.: 981834-TP, 990321-TP

Dear Ms. Bayo:

On behalf of Florida Competitive Carriers Association, enclosed for filing and distribution are the original and 15 copies of the following:

Rebuttal Testimony of Joseph Gillan

Please acknowledge receipt of the above on the extra copy of each and return the stamped copies to me in the envelope provided. Thank you for your assistance.

Yours truly,

Vicki Gordon Kaufman

VGK/chk

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FPSC-BUREAU OF RECORDS

McWhirter, Reeves, McGlothlin, Davidson, Decker, Kaufman, Arnold & Steen, P.A.

Willei Gordon Laufman

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Competitive Carriers) Docket No. 981834-TP
for Commission action t support local	
competition in BellSouth Telecommunications,)
Inc.'s service territory.	
)
In re: Petition of ACI Corp. d/b/a Accelerated) Docket No. 990321-TP
Connections, Inc. for generic investigation to	
ensure that BellSouth Telecommunications,) Filed: November 19, 1999
Inc., Sprint Florida Incorporated, and GTE	
Florida, Incorporated comply with obligation	
to provide alternative local exchange carriers	
with flexible, timely, and cost-efficient	
physical collocation	
)

REBUTTAL TESTIMONY

OF

JOSEPH GILLAN

ON BEHALF OF

THE FLORIDA COMPETITIVE CARRIERS ASSOCIATION

DOCUMENT NUMBER-DATE

FPSC-RECORDS/REPORTING

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	_)		

REBUTTAL TESTIMONY

· OF

JOSEPH GILLAN

ON BEHALF OF

THE FLORIDA COMPETITIVE CARRIERS ASSOCIATION

1		I. Introduction
2		
3	Q.	Please state your name and on whose behalf you are testifying.
4		
5	A.	My name is Joseph Gillan. I previously filed direct testimony in this proceeding on
6		behalf of the Florida Competitive Carriers Association (FCCA). The FCCA is an
7		association of carriers committed to promoting a competitive environment for
8		telecommunication services in Florida. An important part of this commitment is
9		seeing that the cost and complexity of collocation is reduced in a manner to
10		permanently promote competition, both today and in the future.
11		
12	Q.	What is the purpose of your rebuttal testimony?
13		
14	A.	The purpose of my rebuttal testimony is to respond to the direct testimony of the
15		ILECs on three issues raised by my direct testimony. These points are:
16		
17		* It is now time for collocation to move beyond its customized, CO-by-
18		CO roots, to become a standard offering that the ILEC is prepared to
19		provide;
20		
21		* Virtual collocation arrangements can and should be converted to
22		physical cageless arrangements "in-place," without the imposition of

1		unnecessary cost or delay; and,
2		
3		* ILEC cost-recovery proposals should only be considered as part of a
4		tariff filing that defines a standardized cageless offering, available with
5		provisioning intervals that reflect its routine nature and the steps
6		ILECs have already taken to meet forecasted demand.
7		
8		By and large, the testimony of the ILECs demonstrates that the recommendations of
9		my direct testimony are feasible, even if the ILECs themselves oppose their
10		implementation. The ILEC testimony (more specifically, the testimony of BellSouth
11		and GTE) also makes clear, unfortunately, that none of these reforms will occur
12		voluntarily. Only if the Commission embraces more efficient collocation as its priority
13		can it expect that conditions in the Florida market will improve significantly.
14		
15		II. The Case for a Routine Offering
16		
17	Q.	Overall, does the ILEC testimony reflect movement towards a standardized
18		offering that the ILEC is prepared to provide?
19		-
20	A.	Yes and no. The ILECs do acknowledge that they are obligated to forecast
21		collocation demand, at least when planning additions (see, for instance, Milner, page
22		45). Furthermore, both BellSouth and GTE are willing to use forecasted demand to

conduct statewide cost studies and propose prices. (Hendrix, page 20 and Ries, page 20). Apparently, each company is confident that it can reasonably predict demand when it comes to these tasks. However, when it means that they should actually *prepare* space in advance of individual requests, the ILECs adhere to a view that collocation is a one-at-a-time, custom-design, process.

BellSouth, for instance, describes a collocation process that is based on a "most complicated common denominator" philosophy. BellSouth's procedures require that each application be distributed to "... six different departments within BellSouth and to one BellSouth Certified Vendor." (Hendrix, page 4). The real issue, however, isn't whether all six of these departments need to be involved in the creation of conditioned central office space. Assume for the moment that they must. The relevant question is whether BellSouth should direct these groups to prepare space *in advance*, so that individual requests can be filled rapidly and routinely.

The fundamental goal of cageless collocation is to enable both collocator and incumbent to share the same infrastructure and conditioned space, thereby improving efficiency and eliminating the potential for discrimination. The ILECs should be planning rack-additions to meet the *total* demand for conditioned space, both for their own equipment and that of collocated entrants. Preparing for this demand and growth can be done in advance of individual orders, just as planning other network additions is done in advance of individual customer requests for service.

1	Q.	Does the "wait for an application" process introduce unnecessary delay and
2		cost?
3		
4	A.	Yes. BellSouth, for instance, takes 30 days and charges the applicant over \$3,200
5		just to get to the point where the entrant is able to order its cageless space. I realize
6		that we are not yet at the point where a potential collocator can place its order while
7		golfing with an ILEC account representative (as would happen in a competitive
8		market), but we must be past the point where an ALEC is expected to pay to apply
9		for service.
10		
11	Q.	BellSouth and GTE claim that the provisioning intervals for cageless collocation
12		should be the same as for caged collocation. (Hendrix page 13, and Ries page
13		12). Does this make any sense?
14		
15	A.	No. The problem is that these ILECs approach their collocation obligation as
16		beginning after a request has been made, as opposed to an offering they have taken
17		steps to prepare for in advance. For instance, BellSouth argues that (Hendrix, page
18		14):
19		
20		The controlling factors in the overall provisioning interval actually
21		include the time required to complete the space conditioning, add to
22		or upgrade the heating, ventilation, and air conditioning system for

that area, add to or upgrade the power plant capacity and power distribution mechanism, and build out network infrastructure components such as the number of cross-connects required.

Similarly, GTE claims (Ries, page 13):

The appropriate provisioning interval for cageless physical collocation is the same as for caged physical collocation. The only difference [according to GTE] between caged and cageless physical collocation is construction of the cage itself. Extending power and providing overhead support and cable racking are typically the most time consuming aspects of the provisioning process.

Collocation, however, is not some phase that the industry is going through. This is a new and permanent feature of a new and permanent landscape. Of course, these ILECs cannot *perfectly* predict space requirements, but perfection should not become the enemy of the good. However legitimate a case-by-case approach may have been in the early days of caged collocation -- and we could, but will not here, debate even this assertion -- there is no reason why the provision of uncaged rack space, supported by estimates of power and air conditioning, cannot now become a routine process. GM doesn't handcraft each car as it is ordered, BellSouth does not handcraft phone service for each new customer in a city, and there is no reason to treat each

		·
2		
3	Q.	Do you believe that BellSouth and GTE accurately define what is meant by
4		"cageless collocation"?
5		
6	A.	No. One problem with the BellSouth and GTE approach is that they view "cageless
7		collocation' to be nothing more than "caged collocation, hold the cage."
8		Consequently, they assert that the same cumbersome procedures and intervals must
9		apply. As I explained in my direct testimony, however, a significant benefit of
10		cageless collocation is that the collocation "product" can be standardized and, with
11		standardization, preparations can be made for its provisioning in advance. This
12		benefit of cageless collocation, however, seems lost on BellSouth and GTE.
13		
14		BellSouth goes so far as to claim that the FCC has never even defined what is meant
15		by cageless collocation. (Milner, page 9). Rather, BellSouth claims that, at most, the
16		FCC merely "implies" what cageless collocation should be. BellSouth embraces this
17		self-discovered "amiguity" to unilaterally define cageless collocation as nothing more
18		than "a physical collocation arrangement that is not separated by walls or other
19		structures from the physical collocation arrangements of other collocators." (Milner
20		Direct, page 10, emphasis added).
21		
22	Q.	Is BellSouth's definition of cageless collocation correct?

collocation request as though it is a one-of-a-kind, totally unexpected, event.

1	A.	No, not at all. The FCC actually used great detail to define cageless collocation and
2		the ILEC obligations that surround it. The FCC adopted rule CFR § 51.213(k)(2)
3		that defines "cageless collocation" through the following specific obligations that
4		leave little room for ambiguity. With cageless collocation:
5		
6		* Incumbent LECs must allow competitors to collocate in any unused
7		space in the incumbent LEC's premises, without requiring the
8		construction of a cage or similar structure, and without requiring the
9		creation of a separate entrance to the competitor's collocation space.
10		
11		* An incumbent LEC may require collocating carriers to use a central
12		entrance to the incumbent's building, but may not require construction
13		of a new entrance for competitors' use, and once inside the building,
14		incumbent LECs must permit collocating carriers to have direct access
15		to their equipment.
16		
17		* An incumbent LEC may not require competitors to use an
18		intermediate interconnection arrangement in lieu of direct connection
19		to the incumbent's network if technically feasible.
20		
21		* An incumbent LEC must give competitors the option of collocating
22		equipment in any unused space within the incumbent's premises, and

1		may not require competitors to collocate in a room or isolatea space
2		separate from the incumbent's own equipment.
3		
4		* An incumbent LEC must make cageless collocation space available in
5		single-bay increments, meaning that a competing carrier can purchase
6		space in increments small enough to collocate a single rack, or bay, of
7		equipment.
8		
9		There is a very large difference between BellSouth's interpretation that cageless
10		collocation "is not separated by walls or other structures from the physical collocation
11		arrangements of other collocators," and the clear requirement set forth above that
12		BellSouth may not require entrants to collocate "in a room or isolated space separate
13		from the incumbent's own equipment." There is far less unique about cageless
14		collocation space than BellSouth's interpretation suggests.
15		
16		III. Converting Virtual Collocation to Physical Collocation
17		
18	Q.	How is cageless physical collocation different from virtual collocation?
19		
20	A.	Cageless physical collocation is, for all practical purposes, the same as virtual
21		collocation with one critical difference the entrant retains ownership of, and
22		visitation privileges to, its collocated equipment. Prior to the availability of cageless

physical collocation, the only way for an entrant to have its equipment installed in the same area as the ILEC's equipment (and thereby avoid the cost and delay of a cage and separate entrance) was to "virtually collocate." This meant that the entrant would "sell" its equipment to the ILEC (for a nominal fee), and the ILEC would then be responsible for its maintenance and repair.

Cageless physical collocation retains the same basic characteristics of virtual collocation with respect to space placement -- i.e., the collocator's equipment is located in the same area as the ILEC's equipment -- but without the entrant losing "ownership" and the right to maintain, repair and upgrade the equipment in the future. One issue in this proceeding is how should entrants convert virtual collocations that were ordered in the past to physical cageless collocation now that it is available.

Q. Are virtual collocation arrangements identical to cageless physical collocation?

A.

No, they are not *identical*. Because an entrant would not have been able to access its virtually collocated equipment, the ILEC may have placed the equipment in an area that they do not want now to offer as cageless physical collocation space. The issue here is what is the most reasonable way to approach this single distinction -- i.e., the fact that the virtual space may not coincide with where the ILEC intends to fill orders for cageless collocation.

Q.	How have the ILECs approached this distinction?
A.	With the exception of Sprint (whose incentives are far more balanced than those of
	BellSouth and GTE), the ILECs have used this distinction to claim that virtual and
	cageless collocation are fundamentally different, and that to convert an existing virtual
	arrangement to a cageless arrangement the collocation process should begin de novo:
	An application for conversion of virtual to physical collocation should
	be evaluated just as an application for physical collocation would.
	(Hendrix, page 8).

	In general, if an ALEC currently has virtual collocation and desires
	physical collocation, it must follow the standard process for a new
	physical collocation request. (Ries, page 5).
	Sprint, on the other hand, takes a far more reasonable view. (Closz, page 10). In
	Sprint's view, so long as the ALEC is converting a full bay of equipment (i.e., the
	collocators' equipment is not sharing the same vertical space as ILEC equipment),
	virtual space should be converted to cageless space on a "like for like" basis that

is, its conversion should require only ILEC administrative changes, such as billing and

1		engineering record updates.
2		
3	Q.	How do BellSouth and GTE justify their more extreme position?
4		
5	A.	Both BellSouth and GTE begin with the observation that they may have installed
6		virtually collocated equipment "closer" to their own equipment than they are willing
7		to locate cageless equipment. Although the FCC's rules clearly state that the ILECs
8		"may not require competitors to collocate in a room or isolated space separate from
9		the incumbent's own equipment," the FCC also notes that (First Report and Order,
10		CC Docket 98-147, March 31, 1999, ¶ 42):
11		
12		The incumbent LEC may take reasonable steps to protect its own
13		equipment, such as enclosing the equipment in its own cage
14		
15		Based on this single sentence, BellSouth and GTE claim they enjoy an unequivocal
16		right to move virtually collocated equipment to another area and that, therefore, the
17		"conversion" of virtual collocation space to cageless space should be treated as any
18		other initial request.
19		
20	Q.	Are you saying that this view has no merit?
21		
22	A.	No, my point is that this position is unreasonable. Here we begin with equipment

that is located in racks, in the central office, in the same area as the ILEC's equipment. 1 The end-point must be that the same equipment be located in rack space, in the same 2 central office, in the same area as the ILEC's equipment. What possible gain is 3 achieved by requiring that the equipment be located in a *different* rack space? 4 5 BellSouth and GTE basically argue that because there may be circumstances where 6 7 it is reasonable to protect ILEC equipment by enclosing it in a cage, that it is always reasonable to segregate equipment in this manner. Such an interpretation, however, 8 9 goes too far -- both as to what the FCC's Order allows, and what a reasonable policy 10 would be. There is no blanket entitlement that cageless collocation space should 11 always be a "cage-space" away from the ILEC's equipment. Indeed, the FCC Rule 12 that specifically lists reasonable security measures does not list an ILEC cage as one of them. (CFR § 51.213(h)(2)(i)). Further, the paragraph that the ILECs so liberally 13 14 cite (¶ 42), closes with the obligation: 15 16 The incumbent LEC may not utilize unreasonable segregation 17 requirements to impose unnecessary additional costs on competitors. 18

Q. Would requiring the removal and reinstallation of virtually collocated equipment in different rack space constitute an "unreasonable segregation requirement that imposes unnecessary additional costs on competitors?"

19

20

Yes. First, even though BellSouth and GTE claim a "right" to cage their equipment, 1 A. neither carrier indicates that it intends to actually take this approach. If the LECs 2 themselves have no plans to install a cage, then how could it possibly be reasonable 3 to force an entrant to move its equipment in advance? 4 5 Second, even BellSouth recognizes that the entire goal of cageless collocation is to 6 reduce costs and utilize space more efficiently (Milner, page 7): 7 8 The FCC's Order made clear that the intent underlying the new 9 10 collocation rules is to allow ALECs access to collocation space 11 without artificially increasing their costs or delaying their time of 12 entry. BellSouth interprets the rule to continue to permit ILECs to 13 establish reasonable space assignments with a central office to ensure that space is efficiently used consistent with this intent. 14 15 16 What could be a more reasonable space assignment than keeping equipment where the ILEC first placed it? How could any other space be more efficient? Clearly, moving 17 the equipment simply for the sake of moving the equipment is as artificial an increase 18 19 in cost as one could imagine. 20 Finally, it is useful to note that none of the factors that BellSouth states it will use to 21

assign space justifies moving virtually collocated equipment. These factors are

1		(Milner, page	s 7-8):
2			
3		a)	Overall cable length.
4		b)	Distance between related equipment.
5		c)	Grouping of equipment into families of equipment.
6		d)	Electrical grounding requirements.
7		e)	"Holes" in existing equipment line-ups.
8			
9		If these same	factors are used to decided whether equipment should be moved that
10		BellSouth wo	ould use to place the equipment initially, then it is clear there is no
11		justification fo	or a reassignment and disruption of equipment that is already collocated.
12			
13	Q.	Mr. Hendrix	c claims that BellSouth must treat a request to convert virtual
14		collocation a	s a new collocation request to prevent discrimination. (Hendrix,
15		page 9). How	w do you respond?
16			
17	A.	The most crit	ical discrimination concern is assuring that entrants have access to the
18		same central o	office space that BellSouth provides its own equipment. Satisfying this
19		standard requ	ires that there be no economic difference between cageless space, virtual
20		space and the	remaining space that houses BellSouth's equipment.
21			
22		If it were actu	ally necessary to move a virtual collocator from its existing location (in



a BellSouth line-up, for instance), to *different* space that BellSouth has designated for cageless collocation to prevent discrimination between the (former) virtual collocator and other entrants, then that implies there is an advantage to being located in the space that BellSouth uses for its own equipment. The real danger of discrimination is not between entrants however, but between BellSouth and its competitors -- and the solution is not to force the (former) virtual collocator to move its equipment to join other disadvantaged ALECs, the solution is to end the discrimination in BellSouth's space assignment practices.

IV. Cost Recovery

Q. How do the ILECs propose to recover the common security and site preparation costs associated with a cageless collocation environment?

A. Both BellSouth and GTE apparently intend to propose rates that reflect statewide costs and demand projections (see, for instance, Hendrix pages 21-23, and Ries, pages 19-22). Although GTE requests that the Commission pre-approve its methodology (Ries, page 22), BellSouth acknowledges that a specific discussion of rate elements and cost methodology would be "premature." (Hendrix, page 22).

Q. Should the Commission reach a decision regarding rate levels or cost methodology in this proceeding?

No, not as a general matter. What is important in this proceeding is that the Commission clearly establish the ILECs' obligation to provide basic rack space (i.e., cageless collocation) to entrants in the same conditioned central office environment as the ILEC's own equipment. Further, the Commission should require that the ILECs approach this offering as they would any other routine arrangement -- preparing space in advance so that service intervals and collocation costs are reduced to the maximum extent practical. Specific pricing and cost recovery issues should be addressed in the tariff review that implements this recommendation.

A.

It is useful to note that the ILECs seem willing to adopt such a perspective when it comes to *cost-recovery*, but not *provisioning*. For instance, BellSouth indicates that it will develop prices based on the "anticipated" number of collocators (Hendrix, page 20), while GTE proposes (albeit under protest) the use of a statewide fill-factor. (Ries, page 21). It is not useful here to debate in the abstract the appropriateness of either specific suggestion. The larger point is that it makes little sense to embrace standardized pricing, while remaining committed to a world of customized provisioning.

The time is ripe to take the next logical step that will streamline collocation and require that the ILECs treat it as a routine activity, with known intervals, set prices and straightforward application procedures. The ILECs should not wait for each individual application to prepare space to accommodate CO-based equipment.

1 Adequate space for both ALEC and ILEC equipment should be prepared in advance.

2

3 Q. Does this conclude your rebuttal testimony?

4

5 A. Yes.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Rebuttal Testimony of Joseph Gillan has been furnished by (*) hand delivery and U. S. Mail this 19th day of November, 1999 to the following:

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