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RECORDS AND
REPORTING

September 7, 2000

Mrs. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 000649 (MCI Arbitration)

Dear Ms. Bayó:

11118-00

Enclosed are originals and fifteen copies of BellSouth Telecommunications Rebuttal Testimony of Cynthia K. Cox, W. Keith Milner, David A. Coon, Ronald M. Pate, David P. Scollard, which we ask that you file in the above captioned docket.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached Certificate of Service.

Sincerely,

Bennett L. Ross
Bennett L. Ross

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cc: All Parties of Record
Marshall M. Criser III
R. Douglas Lackey
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**CERTIFICATE OF SERVICE
Docket No. 000649-TP**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via

U.S. Mail this 7th day of September, 2000 to the following:

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BELLSOUTH TELECOMMUNICATIONS, INC.
REBUTTAL TESTIMONY OF CYNTHIA K. COX
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 000649-TP
SEPTEMBER 7, 2000

Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH BELLSOUTH TELECOMMUNICATIONS, INC. ("BELLSOUTH") AND YOUR BUSINESS ADDRESS.

A. My name is Cynthia K. Cox. I am employed by BellSouth as Senior Director for State Regulatory for the nine-state BellSouth region. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375.

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?

A. Yes. I filed direct testimony and four exhibits on August 17, 2000.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to respond to the direct testimony of witnesses for MCImetro Access Services, LLC and MCI WORLDCOM Communications, Inc. ("MCI") with the Florida Public Service Commission ("FPSC" or "Commission") on August 17, 2000. I address the following

1 issues in my rebuttal testimony: 1-3, 6, 9, 18, 22, 23, 28, 32-34, 36, 39, 40, 42,
2 45-47, 51, 94, 107 and 109.

3

4 *Issue 1: Should the electronically ordered NRC apply in the event an order is*
5 *submitted manually when electronic interfaces are not available or not functioning*
6 *within specified standards or parameters??*

7

8 Q. WHAT IS MCI'S CURRENT POSITION ON THIS ISSUE?

9

10 A. At page 3, Mr. Price states that MCI should pay the electronic ordering charge
11 in instances where BellSouth does not provide an electronic interface to
12 Alternative Local Exchange Carriers ("ALECs"), but provides electronic
13 ordering for itself. In other words, Mr. Price appears to concede that manual
14 ordering charges apply when no electronic ordering capability exists for either
15 BellSouth or ALECs. However, MCI's proposed contract language does not
16 reflect the position described in Mr. Price's testimony. MCI's contract
17 language states that MCI would pay the electronic ordering charge when
18 electronic interfaces "are not available". The language should make clear that
19 electronic ordering charges apply when an electronic interface is provided by
20 BellSouth and MCI submits its order electronically.

21

22 BellSouth's position on this issue is clearly reflected in its proposed language:

23

24 2.9.1 LSRs submitted by means of one of the available electronic
25 interfaces will incur an OSS electronic ordering charge as specified

1 in Table 1 of this Attachment. An individual LSR will be identified
2 for billing purposes by its Purchase Order Number (PON). LSRs
3 submitted by means other than one of these interfaces (mail, fax,
4 courier, etc.) will incur a manual order charge as specified in Table
5 1 of this Attachment. Each LSR and all its supplements or
6 clarifications issued, regardless of their number, will count as a
7 single LSR for OSS billing purposes. OSS charges will not be
8 refunded for LSRs that are canceled by MCI.

9
10 Based on BellSouth's proposed language, if BellSouth provides an electronic
11 interface, and an order is submitted electronically, an electronic ordering
12 charge will apply. If BellSouth provides an electronic interface, and an order
13 is submitted manually, a manual ordering charge will apply. If BellSouth does
14 not provide an electronic interface, manual ordering charges apply for any
15 submitted orders. However, as the parties have agreed in Issue 86, if the
16 electronic interface is not functioning under specified circumstances, an
17 electronic ordering charge would still apply on orders that would have been
18 submitted electronically.

19
20 Q. HAS MR. PRICE PRESENTED ANY EVIDENCE WHERE BELLSOUTH
21 PROVIDES ELECTRONIC ORDERING FOR ITS RETAIL OPERATIONS
22 BUT DOES NOT PROVIDE ELECTRONIC ORDERING FOR ALECS?

23
24 A. No. At pages 18-19 of his August 18, 2000 deposition in this proceeding, Mr.
25 Price was unable to present evidence to demonstrate that BellSouth offers

1 electronic ordering to its retail units but does not offer such electronic ordering
2 for ALECs. Mr. Pate's testimony addresses how BellSouth provides parity of
3 ordering between BellSouth's retail operations and ALECs.

4

5 *Issue 2: What prices should be included in the Interconnection Agreements?*

6

7 Q. PLEASE COMMENT ON MR. PRICE'S PROPOSED PRICE LIST.

8

9 A. Mr. Price proposes that the prices included in Attachment 1 to MCI's proposed
10 interconnection agreement be adopted by the Commission. BellSouth
11 proposes that prices contained in Exhibit CKC-1 to my direct testimony be
12 adopted as the appropriate prices to be included in the new interconnection
13 agreement between the parties. Unless otherwise identified in Exhibit CKC-1,
14 prices are interim and subject to true-up upon establishment of permanent
15 prices by the FPSC. On the other hand, MCI's proposal that \$0.00 be
16 established for any element for which the Commission has not previously set a
17 price is unreasonable. Prices should have some reasonable cost basis and
18 MCI's proposal to obtain elements from BellSouth for free, even on an interim
19 basis, is totally absurd.

20

21 Q. MR. PRICE'S TESTIMONY STATES THAT PRICES THAT HAVE NOT
22 BEEN ESTABLISHED BY THE COMMISSION SHOULD BE SET AT
23 ZERO ON AN INTERIM BASIS. IS THIS POSITION CONSISTENT WITH
24 MR. PRICE'S POSITION AS STATED IN HIS AUGUST 18, 2000
25 DEPOSITION?

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A. It does not appear that Mr. Price's position in his prefiled testimony and his deposition statements are consistent. Mr. Price's direct testimony very definitively states that prices not already established by the Commission should be set at zero on an interim basis. However, following is a question by Mr. Twomey and a response by Mr. Price from Mr. Price's deposition that indicates that Mr. Price believes a rate other than zero is appropriate for interim prices.

Mr. Twomey: I believe your – in one of your earlier filings, whether it was the petition for arbitration itself or one of the matrixes filed with MCI, at least suggested that there be zero rate affixed. You appear to not have – to not be suggesting that in your testimony. But let me ask you the question. You do agree that there should be a rate for every element that needs to be provided; right?

Mr. Price: Yes, there needs to be a rate. The question of whether it's a -- a final rate that has been reviewed by the Commission or an interim rate, you know, obviously flows into the specific rate recommendation. But, yes, there does need to be a rate.

Based upon his deposition, Mr. Price does not appear to support an interim price of zero. Therefore, BellSouth recommends the Commission adopt BellSouth's prices as contained in Exhibit CKC-1 to my direct testimony.

1 *Issue 3: Should the resale discount apply to all telecommunication services*
2 *BellSouth offers to end users, regardless of the tariff in which the service is*
3 *contained?*

4
5 Q. MR. PRICE, AT PAGE 7, STATES THAT BELLSOUTH "SEEKS TO
6 DISCRIMINATE AGAINST WORLDCOM BY DENYING IT THE RIGHT
7 TO RESELL SERVICES INCLUDED IN BELLSOUTH'S FEDERAL AND
8 STATE ACCESS TARIFFS, EVEN WHEN BELLSOUTH OFFERS THOSE
9 SERVICES TO END USERS." HAS BELLSOUTH DENIED MCI THE
10 RIGHT TO RESELL ITS SERVICES?

11
12 A. No. MCI has always been able to resell access services even before the
13 Telecommunications Act of 1996 (the "1996 Act") was passed. BellSouth
14 does not restrict MCI's ability to resell access service. BellSouth, however,
15 does not offer telecommunications services contained in its access tariffs at a
16 wholesale discount. As I stated in my direct testimony, BellSouth's position is
17 fully supported by the FCC, as outlined in paragraphs 873 and 874 of the
18 FCC's First Report and Order in CC Docket No. 96-98 ("Local Competition
19 Order"). In its Order, the FCC specifically exempted exchange access services
20 from the wholesale discount that applies to retail services under the 1996 Act.

21
22 *Issue 6: Should BellSouth be directed to perform, upon request, the functions*
23 *necessary to combine network elements that are ordinarily combined in its network?*

24
25 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

1

2 A. As I stated in my direct testimony, BellSouth will make combinations of UNEs
3 available to MCI consistent with BellSouth's obligations under the 1996 Act
4 and applicable FCC rules.

5

6 Q. HOW DOES THE RECENT EIGHTH CIRCUIT'S DECISION IMPACT
7 THIS ISSUE?

8

9 A. In its July 18, 2000 ruling, the Eighth Circuit stated that an incumbent local
10 exchange carrier ("ILEC") is not obligated to combine UNEs, and it reaffirmed
11 that the FCC's Rules 51.315(c)-(f) remain vacated. Specifically, referring to
12 Section 251(c)(3) of the 1996 Act that requires ILECs to provide UNEs in a
13 manner that allows requesting carriers to combine such telecommunications
14 services, the Eighth Circuit stated: "[h]ere Congress has directly spoken on the
15 issue of who shall combine previously uncombined network elements. It is the
16 requesting carriers who shall 'combine such elements.' It is not the duty of the
17 ILECs to 'perform the functions necessary to combine unbundled network
18 elements in any manner' as required by the FCC's rule."

19

20 Q. PLEASE COMMENT ON MR. PRICE'S RELIANCE ON AN ORDER BY
21 THE GEORGIA PUBLIC SERVICE COMMISSION TO SUPPORT MCI'S
22 POSITION ON THIS ISSUE?

23

24 A. Yes. On pages 15 - 16, Mr. Price quotes from the Georgia Public Service
25 Commission's Order in Docket No. 10692-U to support his claim that

1 BellSouth should combine UNEs for ALECs, even when such elements are not
2 already combined. Mr. Price, however, fails to mention a critical aspect of the
3 Georgia Commission's Order. The Georgia Commission stated that "if the
4 Eighth Circuit Court of Appeals determines that ILECs have no legal
5 obligation to combine UNEs under the Federal Act, the Commission will
6 reevaluate its decision with regard to the requirement that BellSouth provide
7 combinations of typically combined elements where the particular elements
8 being ordered are not actually physically connected at the time the order is
9 placed." (Order at page 22) The Court determined that BellSouth has no legal
10 obligation to combine UNEs for ALECs. In light of the Eighth Circuit's
11 ruling, BellSouth fully anticipates that the Georgia Commission will reevaluate
12 its decision and modify its ruling consistent with the Eighth Circuit's ruling.

13

14 ***Issue 7: Should BellSouth be required to combine network elements that are not***
15 ***ordinarily combined in its network?***

16

17 Q. WHAT IS THE STATUS OF THIS ISSUE?

18

19 A. BellSouth understands that MCI has withdrawn this issue. If this is not the
20 case, BellSouth reserves the right to file additional testimony on this issue.

21

22 ***Issue 9: Should MCI WorldCom be required to use a special construction process,***
23 ***with additional costs, to order facilities of the type normally used at a location, but***
24 ***not available at the time of the order?***

25

1 Q. MR. PRICE CLAIMS, AT PAGE 26, THAT SPECIAL CONSTRUCTION
2 SHOULD ONLY BE REQUIRED "WHEN THE REQUESTED FACILITIES
3 ARE NOT OF THE TYPE NORMALLY USED AT A LOCATION." DO
4 YOU AGREE?

5
6 A. No. First, I do not understand what Mr. Price has in mind. Whether a
7 particular facility is "normally used at a location" may be difficult to determine
8 with any degree of certainty. Second, and more importantly, as I stated in my
9 direct testimony, BellSouth is not obligated to construct facilities for MCI,
10 regardless of whether or not the same type of facilities are normally used at a
11 particular location. As the Eighth Circuit confirmed, BellSouth is only
12 obligated to unbundle its existing network. Nonetheless, in those instances
13 requiring special construction, BellSouth is willing to construct facilities to
14 serve a particular customer, at MCI's expense.

15
16 Q. MR. PRICE ATTEMPTS TO ARGUE AGAINST SPECIAL
17 CONSTRUCTION CHARGES BY USING AN EXAMPLE OF A BUSINESS
18 CUSTOMER THAT WANTS TO ADD A SECOND LINE TO HIS
19 BUSINESS. PLEASE ADDRESS SPECIAL CONSTRUCTION IN THIS
20 SITUATION.

21
22 A. With respect to Mr. Price's example, if BellSouth does not have existing
23 facilities to provide the second line, BellSouth has no obligation to build those
24 facilities for MCI or the end user. To the extent that MCI wants BellSouth to
25 provide additional facilities, MCI can utilize the special construction process

1 under the same conditions that an end user would be required to use that
2 provess. BellSouth notes that, due to its carrier of last resort obligations, there
3 could be situations when BellSouth is required to construct new facilities
4 where none exist in order to provide the first line to a customer. Further, as a
5 general rule, if a situation dictates that BellSouth apply special construction
6 charges, those charges would apply regardless of whether the request was from
7 a BellSouth end user or from MCI.

8

9 *Issue 18: Is BellSouth required to provide all technically feasible unbundled*
10 *dedicated transport between locations and equipment designated by MCI so long as*
11 *the facilities are used to provide telecommunications services, including interoffice*
12 *transmission facilities to network nodes connected to MCI switches and to switches*
13 *or wire centers of other requesting carriers?*

14

15 Q. AT PAGE 30, MR. PRICE SUGGESTS THAT THE FCC SUPPORTS MCI'S
16 POSITION ON THIS ISSUE. DO YOU AGREE?

17

18 A. No. Mr. Price quotes from the FCC's Third Report and Order in CC Docket
19 96-98 ("UNE Remand Order") at paragraph 346 in an attempt to support
20 MCI's position that BellSouth must provide dedicated interoffice transport
21 between MCI switching locations and between MCI's network and another
22 requesting carrier's network. However, paragraph 346 does not require that an
23 ILEC provide, let alone construct, dedicated transport for an ALEC between
24 points designated by the ALEC. All paragraph 346 does is support the FCC's
25 decision to require unbundled transport that already exists in BellSouth's

1 network. As stated in my direct testimony, MCI's proposal would require
2 BellSouth to become a construction company for MCI instead of requiring
3 BellSouth to unbundle only its existing network.

4

5 Q. DOES THE FCC'S UNE REMAND ORDER SUPPORT BELLSOUTH'S
6 POSITION?

7

8 A. Yes. As I stated in my direct testimony, in its discussion of unbundled
9 dedicated transport, the FCC specifically addresses the issue of whether an
10 ILEC's obligations include constructing facilities between locations where the
11 ILEC has not deployed facilities for its own use. Paragraph 324 of the UNE
12 Remand Order states,

13 *In the Local Competition first Report and Order*, the Commission
14 limited an incumbent LEC's transport unbundling obligation to existing
15 facilities, and did not require incumbent LECs to construct facilities to
16 meet a requesting carrier's requirements where the incumbent LEC has
17 not deployed transport facilities for its own use. Although we conclude
18 that an incumbent LEC's unbundling obligation extends throughout its
19 ubiquitous transport network, including ring transport architectures, we
20 do not require incumbent LECs to construct new transport facilities to
21 meet specific competitive LEC point-to-point demand requirements for
22 facilities that the incumbent LEC has not deployed for its own use.

23 [Footnotes deleted] (emphasis added)

24

25

1 Q. DID THE EIGHTH CIRCUIT'S JULY 18, 2000 RULING ADDRESS THIS
2 ISSUE?

3

4 A. Yes. The Eighth Circuit also speaks to this issue in its ruling vacating the
5 FCC's use of a hypothetical network standard for purposes of its pricing rules.
6 In its discussion, the Eighth Circuit notes that it is the ILECs' existing
7 networks that are to be made available to ALECs. Specifically, in striking
8 down a hypothetical network cost, the Court stated, "[i]t is the cost to the ILEC
9 of providing its existing facilities and equipment either through interconnection
10 or by providing the specifically requested existing network elements that the
11 competitor will in fact be obtaining for use that must be the basis for the
12 charges." [Emphasis added]

13

14 Based on the foregoing, BellSouth encourages the Commission to determine,
15 just as the FCC and the Eighth Circuit have, that BellSouth is only obligated to
16 unbundle its existing network. BellSouth is not required to provide dedicated
17 transport between MCI locations and MCI's network and the networks of other
18 carriers.

19

20 Q. DOES THIS ISSUE ALSO HAVE IMPLICATIONS FOR REQUESTS FOR
21 INTERCONNECTION?

22

23 A. Yes. If MCI's request for dedicated transport is, in reality, a request for
24 interconnection, the Eighth Circuit has spoken to that issue as well.
25 Interconnection facilities are facilities between two carriers that provide for the

1 exchange of traffic between those carriers. UNE transport is leased to an
2 ALEC by an ILEC for use by an ALEC in carrying traffic within the ALEC's
3 network. The Eighth Circuit, however, does not distinguish between
4 interconnection facilities and UNE transport with respect to construction of
5 new facilities. Specifically, the Eighth Circuit noted that the Act "requires an
6 ILEC to (1) permit requesting new entrants (competitors) in the ILEC's local
7 market to interconnect with the ILEC's *existing* local network..." (page 2,
8 emphasis added)

9
10 Q. MR. PRICE USES FIGURE 3 AT PAGE 28 AND DISCUSSION ON PAGES
11 28-30 TO STATE MCI'S POSITION THAT BELLSOUTH SHOULD
12 PROVIDE CONNECTIONS BETWEEN NODES ON MCI'S NETWORK.
13 PLEASE COMMENT.

14
15 A. Figure 3 illustrates a situation in which MCI believes BellSouth is obligated to
16 provide point-to-point connections between MCI locations. As I stated earlier,
17 the FCC only requires BellSouth to unbundle dedicated transport in
18 BellSouth's existing network and has specifically excluded transport between
19 other carriers' locations. As noted in my direct testimony, paragraph 440 of
20 the FCC's Local Competition Order only requires that ILECs provide
21 dedicated transport between LEC central offices or between LEC offices and
22 those of competing carriers. It is highly unlikely that BellSouth will have
23 existing facilities directly between two points on MCI's network or between
24 MCI's network and the network of another carrier other than BellSouth. If, in
25 the unlikely event BellSouth has dedicated transport that currently exists for

1 BellSouth's use between points on MCI's network where MCI is requesting
2 dedicated transport, BellSouth will provide MCI access to those facilities.

3

4 *Issue 22: Should the interconnection agreement contain MCI WorldCom's*
5 *proposed terms addressing line sharing, including line sharing in the UNE-P and*
6 *unbundled loop configurations?*

7

8 Q. HAS BELLSOUTH PROPOSED CONTRACT TERMS FOR LINE
9 SHARING?

10

11 A. Yes. BellSouth has proposed contract terms for line sharing to MCI.
12 BellSouth believes the Commission should adopt BellSouth's proposed
13 language. This proposed language is the product of numerous meetings
14 between ALECs and BellSouth in which MCI was invited to participate, and it
15 covers both line sharing and loop qualification.

16

17 Q. DOES MR. PRICE DISCUSS THE ASPECT OF THE DISPUTE THAT
18 INCLUDES WHETHER BELLSOUTH PROVIDES LINE SHARING OVER
19 THE UNE PLATFORM ("UNE-P")?

20

21 A. No. Even though the issue in dispute includes MCI's contention that
22 BellSouth should provide line sharing over UNE-P and what the terms and
23 conditions would be, Mr. Price's testimony does not mention this issue.
24 BellSouth's position is that it has no such obligation. My direct testimony
25 demonstrates that the FCC makes clear in its Third Report and Order in CC

1 Docket No. 98-147 and Fourth Report and Order in CC Docket No. 96-98, as
2 well as its Order in CC Docket No. 00-65 (SBC – Texas Section 271
3 Application) that ILECs are not required to provision line sharing over the
4 UNE-P.

5

6 *Issue 23: Does MCI WorldCom's right to dedicated transport as an unbundled*
7 *network element include SONET rings?*

8

9 Q. DO YOU AGREE WITH MR. PRICE'S SUGGESTION, AT PAGE 35,
10 THAT MCI WOULD BE DENIED THE ABILITY TO COMPETE
11 BECAUSE "MORE THAN 80% OF BELLSOUTH'S INTEROFFICE
12 NETWORK CONSISTS OF FIBER FACILITIES IN A RING
13 ARCHITECTURE"?

14

15 A. No. As I stated in my direct testimony, BellSouth provides DS1, DS3 or any
16 other existing transport links on an unbundled basis throughout its existing
17 network regardless of whether or not those links are provisioned over a
18 SONET ring. Thus, Mr. Price's suggestion that MCI would be denied the
19 ability to compete because "more than 80% of BellSouth's interoffice network
20 consists of fiber facilities in a ring architecture" is wrong because MCI is not
21 denied access to any existing transport facilities.

22

23 However, the FCC made clear that BellSouth has no obligation to provide
24 unbundled access to SONET rings themselves. Because ALECs like MCI
25 have access to existing point-to-point transport regardless of whether the

1 transport is provisioned over SONET rings, MCI would have to show that it
2 would be "impaired" without access to the entire SONET ring, which MCI has
3 not done.

4
5 Q. MR. PRICE CLAIMS, AT PAGE 35, THAT MCI'S LANGUAGE "DOES
6 NOT REQUIRE BELLSOUTH TO CONSTRUCT NEW FIBER
7 FACILITIES." DO YOU AGREE?

8
9 A. No. First, Mr. Price's testimony is inconsistent with the language of MCI's
10 proposed contract. There is nothing in MCI's proposed language that limits
11 BellSouth's obligations only to existing SONET rings. Second, whether or not
12 MCI wants BellSouth to construct new fiber facilities, it is clear from Mr.
13 Price's testimony that MCI wants BellSouth to "add the necessary electronics
14 to existing fiber transport facilities." Adding such necessary electronics
15 involves major construction at both ends of the fiber facility. This work
16 constitutes construction of new facilities which BellSouth is not obligated to
17 do.

18
19 ***Issue 28: Should BellSouth provide the calling name database via electronic***
20 ***download, magnetic tape, or via similar convenient media?***

21
22 Q. ON PAGE 36, MR. PRICE CLAIMS THAT MCI REQUIRES A
23 DOWNLOAD OF THE CALLING NAME DATABASE IN ORDER TO
24 "PROVIDE A NUMBER OF SERVICES TO WORLDCOM'S CUSTOMERS,
25 INCLUDING CALLER ID WITH NAME SERVICE." DO YOU AGREE?

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A. No. Providing Caller ID with name service does not require a download of the calling name database and MCI has not identified any service it wants to provide that would require MCI to have a download of the data as opposed to simply being able to access the data. In the recent MCI arbitration hearing in North Carolina, when asked under cross examination to identify another service that would require a download of the database, Mr. Price was unable to do so.

BellSouth offers access to its calling name database on a per query basis. The terminating switch initiates a query to a calling name database when a call is received by an end user that subscribes to Caller ID with name service. This query is triggered based on the translations that appear on the terminating end user's line. When an MCI end user with Caller ID with name service receives a call from an end user whose name is stored in BellSouth's calling name database, MCI's switch launches a query to BellSouth's calling name database to retrieve the caller's name for display on the MCI end user's display device. This same process occurs when the terminating end user is a BellSouth customer with Caller ID with name service. The access that BellSouth provides to its calling name database enables MCI to efficiently provide Caller ID with name services to its end users. BellSouth is fulfilling its obligations to provide unbundled access to its call-related databases as required by the Act and the FCC's rules. Nothing in any FCC order can reasonably be read to obligate BellSouth to provide an electronic download of any call-related database, including CNAM.

1

2 *Issue 32: Should there be any charges for use of a joint optical interconnection*
3 *facility built 50% by each party?*

4

5 Q. DOES MCI PROPERLY STATE THE DISPUTE REGARDING THIS
6 ISSUE?

7

8 A. No. On pages 12 - 13 of his testimony, Mr. Olson characterizes this issue as
9 one of total equity. He states that because "each party pays for 50% of the
10 facilities cost, there is no reason for either party to charge for its use."
11 However, MCI misses a key point. Under MCI's proposal, BellSouth will not
12 be adequately compensated for BellSouth's handling of MCI's transit traffic.
13 MCI argues that since MCI provides some of the fiber facilities, MCI should
14 not have to pay for use of the BellSouth portion of the fiber to transport MCI's
15 transiting traffic. The MCI portion of the fiber is not the issue. BellSouth is
16 only seeking to be compensated by MCI for MCI's use of the BellSouth
17 portion of fiber plant to transport MCI's transit traffic to and from third party
18 carriers. To the extent BellSouth's portion of the fiber optic facility is used on
19 behalf of MCI to transport MCI's traffic to and from third-party carriers (that
20 is, MCI's transiting traffic), MCI should compensate BellSouth accordingly.
21 MCI disguises its attempt to get a free ride by appearing to agree that
22 BellSouth should be compensated for its handling transit traffic. However, the
23 compensation MCI offers is only for tandem switching. MCI still does not
24 want to pay anything for its use of BellSouth's fiber facilities to transport and
25 terminate traffic.

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BellSouth understands that the dispute here only involves transiting traffic. However, BellSouth holds the same position with regard to any traffic that BellSouth terminates for MCI.

Issue 33: Does MCI WorldCom have the right to require interconnection via a Fiber Meet Point arrangement, jointly engineered and operated as a SONET Transmission System (SONET ring) whether or not that SONET ring presently exists in BellSouth's network?

Q. IS BELLSOUTH REFUSING TO INTERCONNECT WITH MCI VIA A SONET RING?

A. No. MCI can interconnect at any technically feasible point on BellSouth's existing network, including existing SONET rings. However, BellSouth is not obligated to construct SONET rings where they do not exist to interconnect with MCI for the reasons previously explained in Issue 23. Also, MCI should not be permitted to disguise UNE transport as interconnection. As stated earlier, interconnection provides for the exchange of traffic between two different companies' networks while UNE transport carries traffic within a company's network.

Q. WHAT IS THE DISPUTE BETWEEN BELLSOUTH AND MCI?

1 A. The dispute centers on whether BellSouth is required to install and operate a
2 SONET ring at MCI's request. For example, MCI has asked that where fiber
3 is currently in place, BellSouth be required to install equipment and operate
4 that fiber as a SONET ring. The existence of point-to-point fiber facilities in
5 BellSouth's network does not constitute the existence of a SONET ring. A
6 SONET ring requires installation of SONET equipment on those facilities and
7 arrangement of those facilities in a ring architecture. MCI's request constitutes
8 asking BellSouth to construct a SONET ring for MCI, which, as the FCC has
9 held and the Eighth Circuit has confirmed, BellSouth is under no obligation to
10 do.

11

12 Q. PLEASE COMMENT ON THE MASSACHUSETTS DTE'S ORDER
13 QUOTED ON PAGES 18-19 OF MR. PRICE'S TESTIMONY.

14

15 A. The reference to the Massachusetts DTE order is irrelevant. That Order's
16 requirement to build facilities is negated by the Eighth Circuit's recent ruling.
17 Again, BellSouth is not obligated to build a SONET ring for MCI where none
18 exists.

19

20 ***Issue 34: Is BellSouth obligated to provide and use two-way trunks that carry each***
21 ***party's traffic?***

22

23 Q. WHAT IS BELL SOUTH'S POSITION ON THIS ISSUE?

24

25

1 A. BellSouth will install two-way trunks for MCI's traffic if MCI requests. The
2 trunk equipment installed will provide two-way trunking. However, BellSouth
3 is not obligated to put its traffic over those trunks unless volumes are too low
4 to justify one-way trunks.

5

6 Q. ARE TWO-WAY TRUNKS MORE COST EFFICIENT THAN ONE-WAY
7 TRUNKS AS MR. OLSON IMPLIES AT PAGE 19?

8

9 A. Not necessarily. BellSouth agrees that two-way trunks may be more efficient
10 than one-way trunks under some circumstances. For this reason, BellSouth
11 offers two-way trunk interconnection to ALECs in a variety of configurations.
12 However, as I discussed in my direct testimony, two-way trunks are not always
13 the most efficient due to busy hour characteristics and balance of traffic. If the
14 traffic on the trunk group in both directions occurs in the same or similar busy
15 hour, there will be few, if any, savings obtained by using two-way trunks
16 versus one-way trunks. In addition, if the traffic is predominately flowing in
17 one direction, there will be little or no savings in two-way trunks over one-way
18 trunks. However, it should be noted that, in all cases, two-way trunks are more
19 difficult to administer because they require more coordination of forecasts
20 between the companies.

21

22 Q. AT PAGE 20 OF HIS TESTIMONY, MR. OLSON REFERS TO ¶ 219 OF
23 THE FCC'S LOCAL COMPETITION ORDER TO SUPPORT HIS
24 POSITION THAT TWO-WAY TRUNKS ARE REQUIRED. PLEASE
25 COMMENT.

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A. Mr. Olson attempts to make a case that two-way trunks are required by ¶ 219 of the FCC's Local Competition Order. However, this paragraph does not support Mr. Olson's position. Paragraph 219 states in part:

We conclude here, however, that where a carrier requesting interconnection pursuant to section 251(c)(2) does not carry a sufficient amount of traffic to justify separate one-way trunks, an incumbent LEC must accommodate two-way trunking upon request where technically feasible. [Emphasis added]

It is clear that the FCC only requires two-way trunks where technically feasible and where there is not enough traffic to justify one-way trunks. Nonetheless, BellSouth will provide two-way trunks upon request by MCI. However, BellSouth will only send its traffic over those trunks when traffic volumes between BellSouth and MCI are insufficient to justify one-way trunks.

Q. HAS MCI PREVIOUSLY STATED THAT CARRIERS SHOULD HAVE THE OPTION USING ONE-WAY OR TWO-WAY TRUNKS?

A. Yes. In its Comments filed with the FCC, dated May 16, 1996, in CC Docket No. 96-98, MCI stated, "There should be no limits on the directionality of the traffic carried on any particular trunk groups; all trunk groups should be designed as two-way for testing purposes, and carriers should have the option of establishing them as one way or two way for call completion." Comments at page 40.

1

2 Q. HOW DOES BELLSOUTH RECOMMEND THE COMMISSION RESOLVE
3 THIS ISSUE?

4

5 A. BellSouth requests the Commission to adopt the BellSouth position on this
6 issue and not require BellSouth to send its traffic over two-way trunks. The
7 contract should allow the parties to reach mutual agreement on the use of two-
8 way trunks. This method has proven effective where BellSouth and other
9 ALECs have addressed the provision of two-way trunks.

10

11 *Issue 35: If the parties ever choose to implement a combination trunk group,*
12 *should that trunk group be operated as a two-way trunk?*

13

14 Q. WHAT IS THE STATUS OF THIS ISSUE?

15

16 A. It is BellSouth's understanding that this issue is resolved. If this is not the
17 case, BellSouth reserves the right to file additional testimony.

18

19 *Issue 36: Does MCI WorldCom, as the requesting carrier, have the right pursuant*
20 *to the Act, the FCC's Local Competition Order and the FCC regulations, to*
21 *designate the network point (or points) of interconnection at any technically*
22 *feasible point?*

23

24 Q. WHAT IS THE ESSENCE OF THE DISPUTE BETWEEN THE PARTIES
25 ON THIS ISSUE?

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A. As I stated in my direct testimony, in a nutshell, this issue is about whose customers should pay for the costs that MCI creates as a result of its network design decisions. MCI wants BellSouth's customers to bear those costs. Not surprisingly, BellSouth's position is that MCI's customers should bear the costs of MCI's decisions. All of the discussion concerning who gets to establish points of interconnection, how many points there will be, when reciprocal compensation applies to the facilities, etc. are simply a means to an end. And that end is whether customers that MCI does not serve should bear the additional costs that result from MCI's network design or whether MCI's own customers should bear those costs. Although the processes required to implement the parties' positions concerning network interconnection are very complicated, the Commission only has to decide whether MCI should bear the full costs of its network design.

Q. BEGINNING AT PAGE 21, MR. OLSON'S TESTIMONY IMPLIES THAT MCI'S NETWORK DESIGN REPRESENTS AN EFFICIENT NETWORK ARCHITECTURE. PLEASE RESPOND.

A. MCI equates efficiency with what is cheapest for MCI. Of course, that is not an appropriate measure of efficiency in a network environment. Indeed, to measure efficiency, the cost to every carrier involved must be considered. Presumably, MCI has chosen its particular network arrangement because it is cheaper for MCI. A principal reason it's cheaper is because MCI expects BellSouth's customers to bear substantially increased costs that MCI causes by

1 its network design. As I described in detail in my direct testimony, it simply
2 doesn't make any sense for BellSouth to incur the cost of hauling a local Lake
3 City call outside the local calling area with no compensation just because MCI
4 wants us to do so. MCI, however, wants this Commission to require BellSouth
5 to do just that. If MCI bought these facilities from anyone else, and these
6 facilities are available from other providers, MCI would pay for the facilities.
7 However, MCI doesn't want to pay BellSouth for the same capability.

8
9 MCI's method of transporting local traffic is clearly more costly to BellSouth,
10 but MCI blithely ignores the additional costs they want BellSouth to incur. Of
11 course, these increased costs will ultimately be borne by customers. If MCI
12 has its way, these costs will be borne by BellSouth's customers. I submit that
13 competition should reduce costs to customers, not increase them. Competition
14 certainly is not an excuse for enabling a carrier to pass increased costs that it
15 causes to customers it doesn't serve. BellSouth requests that this Commission
16 require MCI to bear the cost of hauling local calls outside BellSouth's local
17 calling areas.

18

19 Q. HOW DOES THE FCC ADDRESS THE ISSUE OF ADDITIONAL COSTS
20 CAUSED BY AN ALEC'S CHOSEN FORM OF INTERCONNECTION?

21

22 A. As I noted in my direct testimony, in its First Report and Order in Docket 96-
23 325, the FCC states that the ALEC must bear those costs. Paragraph 199 of
24 the Order states that "a requesting carrier that wishes a 'technically feasible'
25 but expensive interconnection would, pursuant to section 252(d)(1), be

1 required to bear the cost of the that interconnection, including a reasonable
2 profit.” Further, at paragraph 209, the FCC states that “Section 251(c)(2)
3 lowers barriers to competitive entry for carriers that have not deployed
4 ubiquitous networks by permitting them to select the points in an incumbent
5 LEC’s network at which they wish to deliver traffic. Moreover, because
6 competing carriers must usually compensate incumbent LECs for the
7 additional costs incurred by providing interconnection, competitors have an
8 incentive to make economically efficient decisions about where to
9 interconnect.” (emphasis added)

10
11 BellSouth’s position on this issue is consistent with the FCC’s Order.

12
13 Q. PLEASE COMMENT ON MR. OLSON’S CLAIM, AT PAGE 22, THAT
14 BELLSOUTH CANNOT ESTABLISH A POINT OF INTERCONNECTION
15 FOR ITS ORIGINATING TRAFFIC.

16
17 A. Mr. Olson is incorrect. The POI for BellSouth’s originated traffic is a single
18 point in a local calling area to which BellSouth will deliver all of its
19 customers’ traffic to the ALEC. The traffic originated by all BellSouth
20 customers in a local calling area would be transported by BellSouth to a single
21 point in that local calling area at no charge to the ALEC. This point represents
22 the highest degree of aggregation for the local network that BellSouth can
23 provide to MCI. Assuming there is more than one wire center in the local
24 calling area, MCI can then pick up all of BellSouth’s traffic that originates in

25

1 that local calling area at a single point rather than having to pick up the traffic
2 at each individual wire center.

3
4 Mr. Olson complains that BellSouth doesn't have the authority to deliver its
5 originated traffic in this manner. I disagree. As stated in my direct testimony,
6 BellSouth has the right to establish a POI for its originating traffic. If
7 BellSouth didn't do so, the cost to MCI would be higher. However, if MCI
8 wants to pick up the traffic at each of BellSouth's end offices instead of using
9 the BellSouth designated POI, it certainly is free to do so.

10

11 Q. PLEASE RESPOND TO MR. OLSON'S CLAIM, AT PAGE 25, THAT
12 BELLSOUTH WOULD BE REIMBURSED FOR FACILITIES THROUGH
13 CHARGES FOR TRANSPORT AND TERMINATION.

14

15 A. Mr. Olson is wrong. The facilities discussed in this issue facilitate
16 interconnection. These are not transport and termination facilities. In
17 paragraph 176 of FCC Order 96-325, the FCC clearly stated that
18 interconnection does not include transport and termination. Indeed, reciprocal
19 compensation charges for transport and termination apply only to facilities
20 used for transporting and terminating traffic, not for interconnection of the
21 parties' networks.

22

23 There are two problems with Mr. Olson's theory. First, utilizing the Lake City
24 example, for calls originated by MCI customers in Lake City and terminated to
25 BellSouth customers in Lake City, BellSouth would charge MCI transport and

1 termination only for the use of BellSouth's facilities within the Lake City local
2 calling area. That is, reciprocal compensation would apply to the facilities
3 used to transport and switch an MCI originated call from a location in the Lake
4 City local calling area through the wire center serving the called BellSouth
5 customer in the Lake City local calling area. Second, BellSouth is paid
6 reciprocal compensation only for calls that originate with an MCI customer
7 and terminate to a BellSouth customer. BellSouth does not receive reciprocal
8 compensation for calls that originate from BellSouth and terminate to MCI.
9 However, MCI wants BellSouth to build facilities, at no charge, for calls in
10 both directions.

11

12 Q. PLEASE COMMENT ON MR. PRICE'S IMPLICATION AT PAGE 24
13 THAT ITS ABILITY TO COMPETE WOULD BE HAMPERED BY MCI'S
14 INABILITY TO OBTAIN FREE FACILITIES FROM BELLSOUTH.

15

16 A. Mr. Olson is incorrect. First, MCI does not have to build or purchase
17 interconnection facilities to areas that MCI does not plan to serve. If MCI
18 doesn't intend to serve any customers in a particular area, its ability to compete
19 cannot be hampered. Second, in areas where MCI does intend to serve
20 customers, BellSouth is not requiring MCI to build facilities throughout the
21 area. MCI can build facilities to a single point in each LATA and then
22 purchase whatever facilities it needs from BellSouth or from another carrier to
23 reach individual local calling areas that MCI wants to serve. Third, his claim
24 is irreconcilable on its face. This is demonstrated by the example I earlier
25 discussed at length. In that example, MCI would provide loops from Orlando

1 to each customer it has in Lake City. Apparently, MCI has chosen to design its
2 network in this manner because it has determined that it is cheaper to construct
3 long loop facilities than to install a switch in the Lake City local calling area.
4 However, the quantity of transport facilities needed to serve these same Lake
5 City customers is far fewer than the number of loops. Numerous customers
6 can be served over a single transport facility. In addition, the transport
7 facilities cover a shorter distance, i.e., Jacksonville to Lake City instead of
8 Orlando to Lake City. Even though these transport facilities are far less costly
9 than the loops they will install, MCI claims that they can't compete unless they
10 get them for free. That makes no sense.

11

12 Q. HAS MCI EVER ENDORSED THE INTERCONNECTION
13 ARRANGEMENT BELLSOUTH IS ADVOCATING IN THIS
14 PROCEEDING?

15

16 A. Yes. MCI filed comments with the FCC dated May 16, 1996 in CC Docket
17 No. 96-98, and BellSouth finds several statements by MCI to be strikingly
18 similar to BellSouth's position in this arbitration case. The relevant pages
19 from MCI's Comments are attached to my testimony as Rebuttal Exhibit CKC-
20 1. Specifically, MCI stated:

21

22 Each telecommunications carrier seeking to interconnect with an ILEC
23 must designate, for each local calling area, at least one point of
24 interconnection (POI) on the other carrier's network. A carrier may
25 designate more than one POI in a LCA, but cannot be required to do so.

1 Comments at page 40

2

3 Although neither BellSouth nor the FCC agrees that the ILEC must establish a
4 POI on the ALEC's network, MCI obviously agrees that the ILEC has the right
5 to establish a POI for its originating traffic.

6

7 To ensure all carriers nondiscriminatory terminating capability,
8 trunking should be available to any switching center designated by
9 either carrier; including end offices, local tandems, access tandems, 911
10 routing switches, directory assistance/operator services switches, or any
11 other feasible point in the network.

12 Comments at page 40.

13

14 MCI recognizes that trunks are required between its POI and the network that
15 provides the service.

16

17 When a competing local carrier and an ILEC seek to interconnect, each
18 carrier must designate, for each local calling area (LCA), at least one
19 point of interconnection (POI) on the other carrier's network for the
20 purpose of exchanging traffic. (See POI1 in Diagram 2.) The carrier's
21 designated POI is the location where its responsibility for carrying
22 traffic originating on its network ends, and where the other carrier's
23 responsibility for terminating that traffic commences.²³ A carrier may
24 designate more than one POI in a LCA, but cannot be required to do so.

25

1 ²³ If a carrier seeking interconnection has no facilities in a local calling
2 area, then it must designate a “virtual” point of interconnection
3 somewhere on the ILEC’s network in that LCA, and provide or
4 purchase from the ILEC trunks to transport traffic from its switch to
5 that virtual POI, since it has the responsibility to get traffic to at least
6 one point on the ILEC’s network in each LCA. (See POI2 in Diagram
7 2)

8 Comments at pages 42-43.

9

10 MCI’s comments mirror exactly BellSouth’s position on the responsibility of
11 each carrier to provide facilities to its designated point of interconnection. It is
12 not clear why MCI has experienced a sudden change of heart on these issues in
13 this proceeding.

14

15 Q. WHAT DID THE FCC DECIDE IN RESPONSE TO MCI’S COMMENTS IN
16 CC DOCKET NO. 96-98?

17

18 A. With respect to the ILEC establishing a point of interconnection on the
19 ALEC’s network, the FCC declined to accept MCI’s proposal.

20

21 Q. WHAT DOES BELLSOUTH REQUEST OF THIS COMMISSION?

22

23 A. BellSouth simply requests the Commission find that MCI is required to pay for
24 facilities that BellSouth installs on MCI’s behalf in order to extend BellSouth’s
25 local networks to MCI.

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Issue 39: How should Wireless Type 1 and Type 2A traffic be treated under the Interconnection Agreement?

Q. MR. PRICE, AT PAGE 41, STATES THAT WHEN THE PARTIES HAVE THE NECESSARY MEET POINT BILLING CAPABILITIES FOR TYPE 2A TRAFFIC THAT BELLSOUTH SHOULD STILL CONTINUE TO PROVIDE THE BILLING FUNCTION IT PROVIDES TODAY. DO YOU AGREE?

A. No. At such time as the parties have the capability to perform meet point billing on wireless Type 2A traffic, then each party should bill for its applicable portion of the call. As stated in my direct testimony, the only reason this is not being done today is due to lack of meet point billing capability. BellSouth should not be required to be MCI's banker.

Q. DOES BELLSOUTH HAVE ANY PLANS TO IMPLEMENT MEET POINT BILLING WITH WIRELESS CARRIERS IN THE FUTURE?

A. Yes. BellSouth is currently in the process of developing systems, methods and procedures that will allow Wireless Carriers' Type 2A traffic to participate in meet point billing. BellSouth anticipates that meet point billing will be available by the end of the 4th quarter of this year.

1 *Issue 40: What is the appropriate definition of internet protocol (IP) and how*
2 *should outbound voice calls over IP telephony be treated for purposes of reciprocal*
3 *compensation?*

4

5 Q. AT PAGE 41, MR. PRICE CRITICIZES BELLSOUTH FOR NOT
6 DEFINING INTERNET PROTOCOL. DID BELLSOUTH PROVIDE A
7 DEFINITION OF INTERNET PROTOCOL IN ITS DIRECT TESTIMONY?

8

9 A. Yes. Briefly, internet protocol, or any other protocol, is an agreed upon set of
10 technical operating specifications for managing and interconnecting networks.
11 Internet protocol is the language that gateways use to talk to each other. It has
12 nothing to do with the transmission medium (wire, fiber, microwave, etc.) that
13 carries the data packets between gateways. Internet Protocol Telephony, on
14 the other hand, is telecommunications service that is provided using internet
15 protocol for one or more segments of the call. Internet Protocol Telephony is,
16 in very simple and basic terms, a mode or method of completing a telephone
17 call. In my direct testimony I provide a more detailed explanation of both
18 Internet Protocol and Internet Protocol Telephony.

19

20 Q. AT PAGES 42-43, MR. PRICE SUGGESTS THAT BELLSOUTH TREATS
21 ALL TRAFFIC UTILIZING INTERNET PROTOCOL AS LONG-
22 DISTANCE. IS HE CORRECT?

23

24 A. No. Calls utilizing internet protocol that originate and terminate in the same
25 local calling area should be treated like any other local call. In its discussion

1 of this issue, BellSouth is only addressing traffic that is long distance Phone-
2 to-Phone IP Telephony. Phone-to-Phone IP Telephony is where an end user
3 customer calls a traditional telephone set, but internet protocol technology is
4 used in transporting a portion of the call. The customer has no reason to know
5 that internet protocol is even being used. Such calls are telecommunications
6 services just like calls transported using circuit switching technology.
7 BellSouth's position is that, if such traffic is truly local in nature, then it would
8 not be subject to switched access charges. However, applicable switched
9 access charges should apply to any traditional long distance telephone call
10 regardless of whether internet protocol is used for a portion of the call.

11

12 Q. MR. PRICE, AT PAGES 43-44, APPEARS TO MAKE A CASE FOR
13 PAYING RECIPROCAL COMPENSATION FOR LONG DISTANCE
14 CALLS USING IP TELEPHONY TECHNOLOGY. PLEASE COMMENT.

15

16 A. As I stated above, BellSouth does not dispute that calls that originate and
17 terminate in the local calling area are properly termed local calls, regardless of
18 the technology employed. However, Mr. Price is clearly addressing long
19 distance calls for which reciprocal compensation would not apply. The fact
20 that a long distance call can be made through the use of IP telephony is clear.
21 The FCC has never exempted such calls from the payment of access charges,
22 as Mr. Price claims. In fact, the FCC has stated the opposite. The FCC
23 believes such calls are telecommunications services. Of course, access charges
24 apply to long distance telecommunications services.

25

1 Q. AT PAGES 44-45, MR. PRICE QUOTES THE FCC'S 1998 REPORT TO
2 CONGRESS IN SUPPORT OF MCI'S POSITION THAT SWITCHED
3 ACCESS CHARGES ARE NOT APPROPRIATE FOR CALLS USING IP
4 TELEPHONY. PLEASE COMMENT.

5
6 A. Mr. Price states that the FCC has not yet made any "definitive
7 pronouncements" with respect to the treatment of calls using IP Telephony.
8 However, the FCC's long-standing rules that define Access Services include
9 long distance calls made via IP Telephony. As I noted in my direct testimony,
10 even though IP Telephony and ISP traffic both have the word "Internet" in
11 their name, they are completely different services and should not be confused.
12 Contrary to Mr. Price's claim, the FCC's April 10, 1998 Report to Congress
13 states: "The record... suggests... 'phone-to-phone IP telephony' services lack
14 the characteristics that would render them 'information services' within the
15 meaning of the statute, and instead bear the characteristics of
16 'telecommunication services'." Given this statement by the FCC, it is logical
17 to expect that the FCC believes that long distance phone-to-phone calls using
18 IP Telephony are subject to applicable switched access charges.

19
20 Q. CONTRARY TO HIS PREFILED DIRECT TESTIMONY IN THIS
21 PROCEEDING, WHAT POSITION DID MR. PRICE TAKE ON THIS
22 ISSUE IN THE RECENT MCI ARBITRATION HEARING IN NORTH
23 CAROLINA?

24
25

1 A. Despite his testimony in this proceeding that switched access charges are not
2 appropriate for calls using IP telephony, Mr. Price stated in North Carolina that
3 long distance calls using IP telephony should be subject to switched access
4 charges. Further, in his August 18, 2000 deposition on this issue, Mr. Price
5 stated, "So I guess that's a long way of saying that we view that switched
6 access applies for things that are clearly long distance telecommunications."
7 BellSouth believes that, if this is now the stated position of MCI, the parties
8 should be able to develop mutually agreeable language to resolve this issue.

9
10 ***Issue 42: Should MCI be permitted to route access traffic directly to BellSouth end***
11 ***offices or must it route such traffic to BellSouth's access tandem?***

12
13 Q. PLEASE EXPLAIN THE ISSUE THAT IS IN DISPUTE.

14
15 A. Again, as I explained in my direct testimony, the real issue between the parties
16 is ensuring the payment of switched access charges. BellSouth's proposed
17 language in no way affects MCI's ability to tandem route traffic or to provide
18 tandem services.

19
20 Q. DOES THIS ISSUE HAVE ANYTHING TO DO WITH "COMPETITION
21 FOR TANDEM AND TRANSPORT SERVICES," AS MR. PRICE
22 ALLEGES AT PAGE 46?

23
24 A. No. BellSouth's ability to properly route and bill switched access traffic
25 between BellSouth and IXCs is dependent upon established switched access

1 processes and systems. Further, BellSouth's ability to properly route and bill
2 switched access traffic between IXCs and Independent Telephone Companies,
3 other ALECs and Wireless companies subtending BellSouth access tandems
4 also depends on these switched access processes and systems. If switched
5 access traffic is not exchanged through the companies' respective access
6 tandems, but is delivered to BellSouth over local interconnection trunks,
7 BellSouth is unable to identify and properly bill switched access traffic.

8

9 Q. PLEASE RESPOND TO MR. PRICE'S ALLEGATION ON PAGE 46, THAT
10 BELLSOUTH IS ATTEMPTING TO MONOPOLIZE THE TANDEM
11 SERVICES BUSINESS.

12

13 A BellSouth is not seeking to "monopolize the tandem services business," as Mr.
14 Price claims. In fact, BellSouth's Florida Public Service Commission
15 approved Intrastate Switched Access Tariff and FCC approved Interstate
16 Switched Access Tariff provides for a Switched Transport Feature Group D
17 optional feature entitled Tandem Signaling. This Switched Access Service
18 optional feature provides for the terms and conditions associated with
19 interconnection of BellSouth's end offices to *other companies' access tandem*
20 *switches*. There are no charges for this service other than a one-time
21 nonrecurring charge to rearrange existing trunks with the feature.

22

23 Thus, BellSouth fully embraces competition for tandem services. What
24 BellSouth does not embrace is MCI's attempt to avoid the payment of access
25 charges by disguising access traffic as local. This Commission should not

1 order BellSouth to provide local interconnection in a manner that undermines
2 its ability to provide switched access services for the IXC's provision of long
3 distance service pursuant to BellSouth's approved tariffs. Accordingly, the
4 Commission should adopt the language proposed by BellSouth.

5

6 *Issue 45: How should third party transit traffic be routed and billed by the parties?*

7

8 Q. IN SUPPORT OF MCI'S POSITION THAT BELLSOUTH SHOULD BILL
9 FOR RECIPROCAL COMPENSATION ON THIRD PARTY TRANSIT
10 TRAFFIC, MR. PRICE STATES, AT PAGES 50-51, THAT BELLSOUTH
11 DOES SO TODAY FOR WIRELESS TYPE 1 AND 2A TRAFFIC. PLEASE
12 COMMENT.

13

14 A. Under Issue 39 of my direct testimony, I explained in detail the unique
15 circumstances surrounding Wireless Type 1 and 2A traffic, and I also
16 explained that the current arrangement is temporary or driven by technical
17 constraints. Wireless Type 1 traffic is wireless traffic that uses a BellSouth
18 NXX and, therefore, is indistinguishable from BellSouth-originated or
19 BellSouth-terminated traffic from a Meet Point Billing perspective. On the
20 other hand, Type 2A traffic is wireless traffic where the wireless carrier has its
21 own NXX. Although Type 2A traffic is distinguishable, the necessary system
22 capabilities required to bill through the Meet Point billing process are not yet
23 available. Due to these unique circumstances, BellSouth currently treats such
24 wireless traffic as land-line traffic originated by either the ALEC or BellSouth.
25 At such time as billing capabilities are available to the parties (by year end

1 2000), Wireless Type 2A traffic will be capable of being billed through meet
2 point billing arrangements.

3
4 With respect to wireline third-party transit traffic, the traffic is distinguishable
5 and the billing capabilities are available. Nonetheless, in addition to handling
6 the traffic, MCI wants BellSouth to pay reciprocal compensation for local
7 traffic originated from another carrier terminating to MCI so MCI does not
8 have to consummate an interconnection agreement with the originating carrier.
9 However, BellSouth is neither the originating nor the terminating carrier.
10 When MCI is the terminating carrier, MCI should bill its own reciprocal
11 compensation just as any other wireline carrier would do. MCI is simply
12 attempting to shift, to BellSouth, MCI's cost to perform this function.
13 BellSouth should not be asked to relieve MCI of its obligations under the 1996
14 Act.

15

16 Q. HOW DOES MCI'S CURRENT POSITION COMPARE TO ITS EARLIER
17 POSITION ON THIS ISSUE?

18

19 A. In the past, BellSouth did not have the capability to produce the records
20 necessary to permit MCI to bill reciprocal compensation for third-party transit
21 traffic. MCI complained that BellSouth must provide it with these records so
22 MCI could compete. The FCC also stated that such records should be
23 provided to ALECs; therefore, BellSouth developed the capability to provide
24 the necessary records. Now, MCI has decided it doesn't want the records after
25 all, but instead wants BellSouth to do the billing for MCI so that MCI doesn't

1 have to incur the billing costs. It would seem that MCI is changing its position
2 to force BellSouth to do whatever is convenient for MCI at the time.

3

4 *Issue 46: Under what conditions, if any, should the parties be permitted to assign an*
5 *NPA/NXX code to end users outside the rate center in which the NPA/NXX is*
6 *homed?*

7

8 Q. IN HIS DISCUSSION OF ISSUE 36, MR. PRICE REFERS TO AN ORDER
9 BY THE CALIFORNIA COMMISSION. DID THE CALIFORNIA
10 COMMISSION RULE ON THE ISSUE IN DISPUTE BETWEEN THE
11 PARTIES?

12

13 A. No. The California Commission decided that the ILEC could not restrict the
14 assignment of the ALEC's NXXs. BellSouth is not attempting to restrict
15 MCI's ability to assign its NXXs. However, regardless of how this issue is
16 phrased, MCI's ability to assign NXX codes is not really what's in dispute
17 between the parties. The dispute between BellSouth and MCI is actually
18 whether such calls should be treated as local or long distance for inter-carrier
19 billing purposes. The California Commission did not decide whether the calls
20 were local or long distance, nor did it decide what inter-carrier charges should
21 apply. However, the Maine Commission recently decided these issues and
22 determined that the service being provided is interexchange service.
23 Consequently, access charges, rather than reciprocal compensation, apply.

24

25

1 Q. HOW DID THE CALIFORNIA PUC ADDRESS THE ISSUE OF
2 COMPENSATION FOR SUCH TRAFFIC?

3

4 A. On page 54 of his testimony, Mr. Price states that the California PUC ruled
5 that originating end users should be billed local charges for such calls. The
6 California PUC was addressing end user billing. However, inter-carrier
7 compensation, not retail end user billing, is the issue here.

8

9 MCI failed to point out to this Commission that in Section C. 2, Intercarrier
10 Compensation, Discussion Section, page 32 of the Order, the California PUC
11 states:

12 We conclude that, whatever method is used to provide a local presence
13 in a foreign exchange, a carrier may not avoid responsibility for
14 negotiating reasonable intercarrier compensation for the routing of calls
15 from the foreign exchange merely by redefining the rating designation
16 from toll to local.

17

18 The provision of a local presence using an NXX prefix rated from a
19 foreign exchange may avoid the need for separate dedicated facilities,
20 but does not eliminate the obligations of other carriers to physically
21 route the call so that it reaches its proper destination. A carrier should
22 not be allowed to benefit from the use of other carriers' networks for
23 routing calls to ISPs while avoiding payment of reasonable
24 compensation for the use of those facilities. A carrier remains
25 responsible to negotiate reasonable compensation with other carriers

1 with whom it interconnects for the routing of calls from a foreign
2 exchange.

3

4 And again on page 36 of the California Order:

5 We conclude that all carriers are entitled to be fairly compensated for
6 the use of their facilities and related functions performed to deliver
7 calls to their destination, irrespective of how a call is rated based on its
8 NXX prefix.

9

10 After much consideration on this issue, the California PUC clearly recognized
11 that the originating carrier should be fairly compensated by the terminating
12 carrier for use of the originating carrier's facilities to deliver such traffic to the
13 terminating carrier.

14

15 Q. DOES BELLSOUTH PROPOSE TO RESTRICT THE ABILITY OF ALECs
16 TO ASSIGN NPA/NXX CODES TO ALEC END USERS AS MCI
17 CONTENDS?

18

19 A. No. Since I discussed this issue in great detail in my direct testimony, I will
20 not repeat myself here. The main points to be made here are twofold. First,
21 BellSouth is not restricting MCI's ability to assign NPA/NXXs. It does not
22 matter to BellSouth if MCI gives a telephone number to a customer who is
23 physically located in a different local calling area than the local calling area
24 where that NPA/NXX is assigned.

25

1 The second point, and the crux of MCI's complaint, is that if MCI gives a
2 number to a customer that is physically located in a different local calling area
3 from the rate center where the NPA/NXX code for that number is assigned,
4 reciprocal compensation is not due for calls to that number. Such calls are
5 long distance service and reciprocal compensation does not apply to long
6 distance service. Instead appropriate access charges should apply.

7

8 Q. HAS MR. PRICE RECENTLY ADDRESSED ASSIGNMENT OF
9 TELEPHONE NUMBERS OUTSIDE THE LATA WHERE THE NPA/NXX
10 IS HOMED?

11

12 A. Yes. In the recent MCI arbitration hearing in North Carolina, Mr. Price stated
13 that it was not MCI's intention to assign telephone numbers to locations
14 outside the LATA of the local calling area where the NPA/NXX is homed.
15 Such a statement by MCI would alleviate BellSouth's concerns that MCI
16 would assign telephone numbers to locations outside the LATA of the local
17 calling area to which the NPA/NXX is assigned, however, BellSouth continues
18 to believe that access charges, not reciprocal compensation, should apply to
19 calls whose end points are in different local calling areas.

20

21 Q. IN YOUR DIRECT TESTIMONY YOU USED A HYPOTHETICAL
22 EXAMPLE TO DEMONSTRATE BELLSOUTH'S POSITION WITH
23 RESPECT TO ISSUE 46. DO YOU WISH TO AMEND THAT
24 HYPOTHETICAL EXAMPLE?

25

1 A. Yes. In my direct testimony, I used the example of an NPA/NXX that was
2 given to MCI and that MCI assigned to the Key West rate center. I then
3 described BellSouth's position relative to calls between the Key West rate
4 center and the Miami rate center. Although clearly these two locations have
5 different basic local calling areas, calling between the points is billed based on
6 Extended Calling Service (ECS) and not as true long distance as my
7 hypothetical example indicated. Therefore, in order to demonstrate a true long
8 distance example, I believe it is more appropriate to use another location, such
9 as Jupiter, versus Key West. Although Jupiter and Miami are both in the
10 Southeast LATA, Jupiter is neither Extended Area Service (EAS) nor ECS to
11 Miami. In all other respects, my direct testimony on this issue remains
12 unchanged.

13

14 ***Issue 47: Should reciprocal compensation payments be made for ISP bound traffic?***

15

16 Q. DO YOU HAVE ANY COMMENTS REGARDING MR. PRICE'S
17 TESTIMONY ON THIS ISSUE?

18

19 A. Yes. As the Commission is well aware, BellSouth does not agree that ISP-
20 bound traffic is local traffic subject to reciprocal compensation. I have
21 reviewed Mr. Price's testimony and find little that I would agree with. Mr.
22 Price has not provided any evidence that calls to ISPs are local calls.
23 However, BellSouth's position has not changed with respect to this issue in
24 this proceeding. As I stated in my direct testimony, BellSouth recognizes that
25 the Commission has previously ruled in the ITC^DeltaCom, Intermedia and

1 ICG arbitration proceedings that the parties should continue to operate under
2 the terms of the current agreements until the FCC issues its final ruling on the
3 issue of ISP-bound traffic. In this arbitration proceeding, on an interim basis,
4 BellSouth is willing to abide by the Commission's previous decisions until the
5 FCC establishes final rules associated with ISP-bound traffic. In doing so,
6 BellSouth does not waive its right to seek judicial review on this issue. Upon
7 establishment of an appropriate inter-carrier compensation mechanism, the
8 parties would engage in a retroactive true-up based upon the established
9 mechanism.

10

11 Q. AT PAGE 71, MR. PRICE ENCOURAGES THE COMMISSION TO "GO
12 FURTHER AND REQUIRE THAT THE NEW AGREEMENT
13 AFFIRMATIVELY CONTAIN WORLDCOM'S PROPOSED LANGUAGE
14 WHICH EXPLICITLY TREATS ISP-BOUND TRAFFIC AS LOCAL
15 TRAFFIC". PLEASE COMMENT.

16

17 A. The Commission should reject MCI's position. As noted above, BellSouth
18 would agree to continue to operate under the existing terms of the agreement
19 until the FCC establishes an appropriate inter-carrier compensation mechanism
20 for ISP bound traffic. MCI's position that the Commission should adopt its
21 language that "explicitly treats ISP-bound traffic as local traffic" is not
22 appropriate and disregards the Commission's previous decisions that final
23 disposition of this issue should follow a decision by the FCC.

24

25

1 *Issue 51: Under what circumstances is BellSouth required to pay tandem charges*
2 *when MCI terminates BellSouth local traffic?*

3

4 Q. HAS MCI DEMONSTRATED THAT IT IS ENTITLED TO THE TANDEM
5 INTERCONNECTION RATE?

6

7 A. No. In fact, after reviewing MCI's direct testimony, it is even more clear that
8 MCI does not meet the FCC's criteria to be eligible to receive tandem
9 switching in Florida. MCI provides no evidence in this proceeding to
10 demonstrate that its switches either serve a geographic area comparable to
11 BellSouth's tandem switches or perform tandem functions. The Commission
12 is apparently expected to take "on faith" the coverage area and functionality of
13 MCI's switches. Lacking such evidence, the Commission should find that
14 MCI is not entitled to charge BellSouth for tandem switching.

15

16 Q. AT PAGE 73 OF HIS TESTIMONY, MR. PRICE STATES THAT
17 BELLSOUTH'S POSITION IS THAT "WORLDCOM MAY NOT CHARGE
18 THE TANDEM RATE UNLESS IT USES A TANDEM SWITCH IN THE
19 SAME NETWORK CONFIGURATION USED BY BELLSOUTH." IS HE
20 CORRECT?

21

22 A. No. It has never been BellSouth's position that MCI must use the same
23 network configuration as BellSouth. It is, however, BellSouth's position that
24 MCI should only be compensated for the functions it provides. If MCI's

25

1 switch does not provide a tandem function, it does not meet one of the two
2 criteria established by the FCC for an ALEC to qualify for tandem switching.

3
4 The distinguishing feature of a local tandem switch is that it connects one local
5 trunk to another local trunk. It is an intermediate switch or connection
6 between the switch serving the originating telephone call location and the
7 switch serving the final destination of the call. To qualify for payment of
8 tandem switching under reciprocal compensation, a switch must be performing
9 this intermediary function for local calls. MCI offers no evidence in this
10 proceeding that its switch performs such a function.

11
12 MCI is seeking to be compensated for functionality it does not provide. This
13 Commission should deny MCI's request for tandem switching compensation
14 when it does not demonstrate that its switch performs those functions.

15

16 Q. DOES MCI DEMONSTRATE THE FUNCTIONALITY OF ITS SWITCHES
17 OR THE AREA IT SERVES IN FLORIDA?

18

19 A. No. In his testimony, at page 3, Mr. Olson offers only that it has deployed 172
20 miles of fiber and has seven active switches in Florida. This information sheds
21 little light on the functionality of, or the geographic area served by MCI's
22 switches.

23

24 Q. DO YOU AGREE WITH MR. PRICE'S CLAIM THAT WHEN THE
25 ALEC'S SWITCH SERVES AN AREA COMPARABLE TO THE AREA

1 SERVED BY BELLSOUTH'S TANDEM SWITCH THAT THE ALEC
2 "AUTOMATICALLY IS ENTITLED" TO THE TANDEM
3 INTERCONNECTION RATE AND THE END OFFICE
4 INTERCONNECTION RATE?

5

6 A. No. Clearly, the FCC has a two-part test to determine if a carrier is eligible for
7 tandem switching; an ALEC's switch must serve the same geographic area as
8 the ILEC's tandem switch, and an ALEC's switch must perform tandem
9 switching functions. This is not just BellSouth's view. The courts that have
10 addressed this issue have found that the FCC's rule imposes both functionality
11 and geographic requirements. For example, in a case involving MCI (*MCI*
12 *Telecommunication Corp. v. Illinois Bell Telephone*, 1999 U.S. Dist. LEXIS
13 11418 (N.D. Ill. June 22, 1999)), the U.S. District Court specifically
14 determined that the test required by the FCC's rule is a functionality/geography
15 test. In its Order, the Court stated:

16 In deciding whether MCI was entitled to the tandem interconnection
17 rate, the ICC applied a test promulgated by the FCC to determine
18 whether MCI's single switch in Bensonville, Illinois, performed
19 functions similar to, and served a geographical area comparable with,
20 an Ameritech tandem switch.⁹

21

22 ⁹ MCI contends the Supreme Court's decision in *IUB* affects
23 resolution of the tandem interconnection rate dispute. It does not. *IUB*
24 upheld the FCC's pricing regulations, including the
25 'functionality/geography' test. *119 S. Ct. at 733*. MCI admits that the

1 ICC used this test. Pl. Br. At 24. Nevertheless, in its supplemental brief,
2 MCI recharacterizes its attack on the ICC decision, contending the ICC
3 applied the wrong test. Pl. Supp. Br. At 7-8. But there is no real
4 dispute that the ICC applied the functionality/geography test; the
5 dispute centers around whether the ICC reached the proper conclusion
6 under that test.

7

8 Q. HAS THE COMMISSION RECENTLY RELEASED A DECISION
9 CONSISTENT WITH PREVIOUS DECISIONS ON THIS ISSUE?

10

11 A. Yes. In my direct testimony I discussed earlier decisions by the Commission
12 addressing both the geographic coverage and functionality criteria that an
13 ALEC must meet to be eligible to charge for tandem switching. Very recently,
14 on August 22, 2000, the Commission released its Order in Docket No. 991854-
15 TP (Intermedia Arbitration). In its order the Commission stated:

16

17 We find the evidence of record insufficient to determine if the second,
18 geographic criterion is met. We are unable to reasonably determine if
19 Intermedia is actually serving the areas they have designated as local
20 calling areas. As such, we are unable to determine that Intermedia
21 should be compensated at the tandem rate based on geographic
22 coverage.

23

24 As mentioned above, neither do we find sufficient evidence in the record
25 indicating that Intermedia's switch is performing similar functions to

1 that of a tandem switch. Therefore, we are unable to find that
2 Intermedia should be compensated at the tandem rate based on similar
3 functionality as well. This is consistent with past decisions of this
4 Commission.

5 Order at page 14

6

7 It is clear from the Commission's Order that an ALEC must demonstrate that it
8 meets both geographic coverage and functionality criteria before it can charge
9 for tandem switching.

10

11 Q. WHAT DOES BELLSOUTH REQUEST OF THIS COMMISSION?

12

13 A. BellSouth urges this Commission to find that MCI has not demonstrated that
14 its switches perform the same functions as BellSouth's tandem switches, or
15 serve the same geographic area. Consequently, MCI is not due compensation
16 for the tandem switching element.

17

18 *Issue 57: Should the Interconnection Agreements include MCI's proposed terms*
19 *and conditions regarding virtual collocation?*

20

21 Q. WHAT IS THE STATUS OF THIS ISSUE?

22

23 A. It is BellSouth's understanding that this issue is resolved. If this is not the
24 case, BellSouth reserves the right to file additional testimony.

25

1 *Issue 94: Should BellSouth be permitted to disconnect service to MCI for*
2 *nonpayment?*

3

4 Q. ON PAGE 86, MR. PRICE CONTENDS THAT BELLSOUTH SHOULD
5 NOT HAVE THE LEVERAGE TO DISCONNECT SERVICE. PLEASE
6 RESPOND.

7

8 BellSouth is within its rights to deny service to customers that fail to pay
9 undisputed amounts within allowable time frames. MCI, like all other ALECs,
10 should pay its bills on undisputed amounts within the time period specified in
11 the parties' interconnection agreement. The logical way to resolve this issue is
12 for MCI to pay undisputed amounts within the applicable time frames, and this
13 portion of the agreement will never become an issue.

14

15 *Issue 107: Should the parties be liable in damages, without a liability cap, to one*
16 *another for their failure to honor in one or more material respects any one or more*
17 *of the material provisions of the Agreement?*

18

19 Q. ON PAGE 100, MR. PRICE CONTENDS THAT THE COMMISSION
20 SHOULD ACCEPT MCI'S LANGUAGE THAT CONTAINS NO
21 LIMITATION OF LIABILITY FOR MATERIAL BREACHES OF THE
22 CONTRACT. DO YOU AGREE?

23

24 A. No. There should be a limitation of liability for material breaches of the
25 parties' interconnection agreement. Absent such a limitation, there is, in

1 effect, no limitation of liability. Historically, there has been limitation of
2 liability for services provided to end users. MCI's proposed language would
3 make BellSouth more liable to MCI than BellSouth is liable to its own retail
4 customers by the terms of its tariffs. For example, if BellSouth were to miss a
5 due date for an MCI customer and that customer claimed that the missed due
6 date caused the customer to lose a one million dollar sale, then MCI's language
7 would attempt to hold BellSouth liable for that lost sale. As the Commission is
8 aware, BellSouth's current tariffs limit the liability of such consequential
9 damages.

10

11 ***Issue 109: Should BellSouth be required to permit MCI to substitute more***
12 ***favorable terms and conditions obtained by a third party through negotiation or***
13 ***otherwise, effective as of the date of MCI's request. Should BellSouth be required***
14 ***to post on its website all BellSouth's interconnection agreements with third parties***
15 ***within fifteen days of the filing of such agreements and with the FPSC?***

16

17 Q. ON PAGE 104, MR. PRICE SUGGESTS THAT BELLSOUTH HAS AN
18 OBLIGATION TO PROVIDE OTHER PARTIES' AGREEMENTS TO MCI
19 WITHIN 15 DAYS OF FILING SUCH AGREEMENTS WITH THE
20 COMMISSION. DOES BELLSOUTH HAVE SUCH AN OBLIGATION?

21

22 A. No. Neither, the 1996 Act or the FCC's rules require BellSouth to provide
23 ALECs with agreements filed with the state commissions. MCI can get these
24 agreements from the state commissions. There is no need for BellSouth to
25 become MCI's library and copy service.

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Q. SHOULD BELLSOUTH BE REQUIRED TO MAKE SUBSTITUTED CONTRACT TERMS AND CONDITIONS EFFECTIVE AS OF THE DATE OF MCI'S REQUEST?

A. No. My direct testimony addressed this issue based upon MCI's position, as stated in its petition, that the effective date of the substituted terms and conditions should be the same as for the third party. Despite MCI's change in position that substituted terms and conditions become effective upon the date of MCI's request, MCI's proposal is still inappropriate. The adoption or substitution of a specific provision contained in a previously approved agreement is effective on the date the amendment is signed by BellSouth and MCI. BellSouth is under no obligation to give MCI the benefit of those terms and conditions before such terms and conditions have been incorporated into BellSouth's agreement with MCI.

Q. DOES THIS COMPLETE YOUR REBUTTAL TESTIMONY?

A. Yes.

#226321

Rebuttal Exhibit CKC-1

BellSouth Telecommunications, Inc.

FPSC Docket No. 000649-TP

8 Pages

Comments of MCI

Telecommunications Corporation

CC Docket No. 96-98

May 16, 1996

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of:

**Implementation of the Local Competition
Provisions in the Telecommunications Act
of 1996**

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)
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)
)

CC Docket No. 96-98

**COMMENTS OF
MCI TELECOMMUNICATIONS CORPORATION**

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May 16, 1996

006306

telecommunications carriers at cost. In the specific situation where interconnection occurs between two local service providers, such that each one is providing the same transport and termination functions for the other, Section 251(b)(5) of the Act instructs the carriers to utilize reciprocal compensation arrangements in recognition of the reciprocal functions performed. Moreover, since it is possible to avoid unnecessary billing expenses in a reciprocal situation that could not be readily avoided in a typical market situation, the Act explicitly allows the carriers to consider bill and keep arrangements that avoid billing expenses.

D. ILECs Must Interconnect with Competing Local Carriers through the Use of Competitively-Neutral Reciprocal Compensation Arrangements

MCI believes the Commission must adopt the following rules and requirements to implement a competitively-neutral reciprocal compensation arrangement:

- [61-63, 226] The Commission must declare that new entrants competing with the ILECs in local markets be treated for interconnection purposes as "co-carriers".
- [61-63, 226] Each telecommunications carrier seeking to interconnect with an ILEC must designate, for each local calling area, at least one point of interconnection (POI) on the other carrier's network. A carrier may designate more than one POI in a LCA, but cannot be required to do so.
- [63] Interconnection must result in the termination of the competing carrier's traffic at at least the same level of service quality as the ILEC provides for terminating its own traffic, without any additional charge to the competing carrier to obtain that level of service. It must be the responsibility of each carrier -- ILEC and competing carrier -- to install and bear the costs of efficient and sufficient facilities to carry traffic from the POI.
- [63] To ensure all carriers nondiscriminatory terminating capability, trunking should be available to any switching center designated by either carrier: including end offices, local tandems, access tandems, 911 routing switches, directory assistance/operator services switches, or any other feasible point in the network. There should be no limits on the directionality of the traffic carried on any particular trunk groups; all trunk groups should be designed as two-way for testing purposes, and carriers should have the option of establishing them as one way or two way for call completion. In addition, there should be

no restriction on the type of traffic that can be combined on a single trunk group unless signaling requirements dictate the need for separate trunk groups. In those instances where traffic must be segregated by trunk group, it should be the carrier receiving the traffic that determines the types of traffic that can be combined on a single trunk group (e.g., local, intraLATA toll, interLATA access). However, traffic should not be required to be separated across trunk groups without sound network engineering. The ILEC must provide interconnection to and from intelligent network, signaling, monitoring, surveillance, and fraud control points.

1. The Commission Should Explicitly Recognize the Co-Carrier Status of Local Competitors.

[61-63] The Commission should adopt the principle that interconnecting local carriers are in a "co-carrier" relationship with the ILEC -- not a customer/supplier relationship. In the absence of this co-carrier requirement, ILECs would have no incentive to conform to Reciprocal Compensation arrangements, despite being mutually dependent upon competing carriers for the termination of calls to each other's networks. ILECs would have no incentive to provide interconnecting carriers the same level of service they provide themselves. While co-carrier status imposes responsibilities on the terminating carrier, it does so without discriminating between the ILEC and the new entrant. Over time, each carrier imposes costs upon and receives benefits from the other. This is essentially the approach taken by the Washington Utilities and Transportation Commission in its recent interconnection order in Docket UT-941464.^{22/}

2. Interconnection Terms, Conditions, and Arrangements Should Not Force New Entrants to Mirror the ILECs' Network Architecture and Design.

[61-63] It is MCI's experience that ILECs use their monopoly power to attempt to

^{22/} The Washington UTC adopted bill and keep on an interim basis, stating that ILECs and competing carriers can expect their customers to make calls that will terminate on the other party's network. The Commission said that it saw "little potential for harm and much potential gain" for competition.

impose disadvantageous interconnection arrangements on competing carriers, who in the absence of regulatory guidelines are forced to negotiate from a position of weakness. Moreover, a potential entrant who attempts to stick to a negotiating position may be undermined by another entrant whose need for immediate cash flow or other business plans forces it to accept the ILEC's terms. Thus, national rules are needed that explicitly recognize the need for neutrality across different business and technology strategies for the interconnection of very different, but compatible, networks. The incentives of rate of return regulation moved ILECs to design their networks in a costly, inefficient manner. These financial incentives were transformed into engineering standards. In contrast, new entrants, having never been guaranteed a return on investment, must have efficient network designs. These new networks, taking advantage of low-cost optical fiber technology, can efficiently provide service using fiber rings and longer loops, but fewer switches than the ILECs. If the reciprocal compensation arrangements are based on the ILEC technology and architecture, efficient new entrants can be excluded from the market. To safeguard against this, MCI proposes that the Commission implement the following rules:

- When a competing local carrier and an ILEC seek to interconnect, each carrier must designate, for each local calling area (LCA), at least one point of interconnection (POI) on the other carrier's network for the purpose of exchanging traffic. (See POI1 in Diagram 2.) The carrier's designated POI is the location where its responsibility for carrying traffic originating on its network ends, and where the other carrier's responsibility for terminating that traffic commences.^{23/} A carrier may designate more than one POI in a LCA, but

^{23/} If a carrier seeking interconnection has no facilities in a local calling area, then it must designate a "virtual" point of interconnection somewhere on the ILEC's network in that LCA, and provide or purchase from the ILEC trunks to transport traffic from its switch to that virtual POI, since it has the responsibility to get traffic to at least one point on the ILEC's network in each LCA. (See POI2 in Diagram 2.)

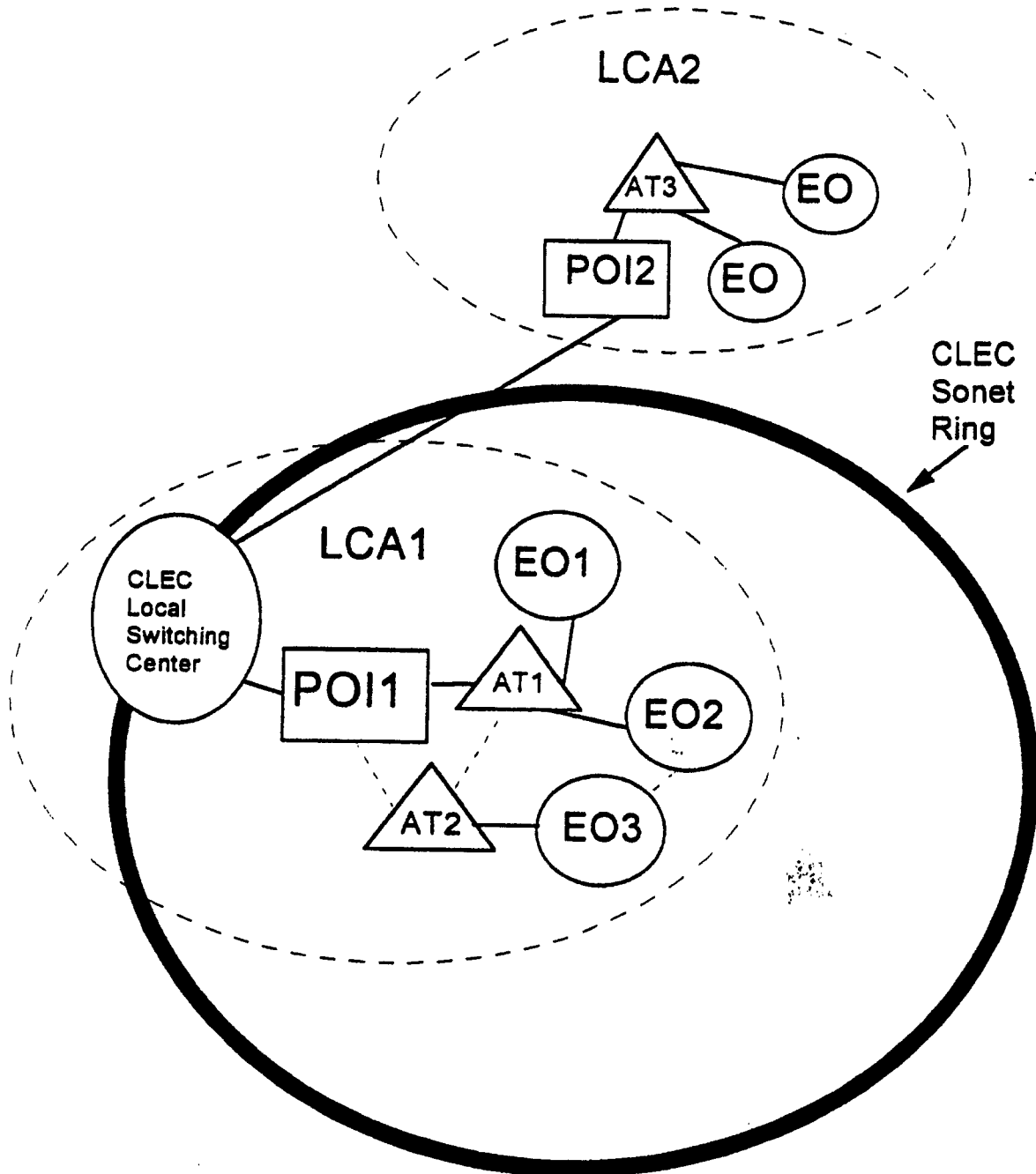
cannot be required to do so.

- Each carrier may choose the POI that is most efficient for its network architecture. The competing carrier must not be required to collocate at ILEC facilities²⁴ or in any other fashion be required to mirror the ILEC network or the advantages to consumers from new technologies and network architectures could be dissipated.

[61-63] In contrast to MCI's policy proposals, the ILECs have followed several strategies in the states that would impose the ILEC multiple switch network architecture on competing carriers. These strategies would penalize a carrier for having a different architecture that employs longer loops, fiber ring technology, and a single switch that allows the carrier to serve its much smaller customer base more efficiently.

²⁴ In NYNEX territory, if MCI provides its own transport to the POI (as opposed to leasing transport from NYNEX), NYNEX requires MCI to collocate. There is no technical reason for this. It adds significant time and expense to interconnection. Illinois and Michigan have specifically rejected Ameritech's attempt to do the same thing.

Diagram 2: Point of Interconnection



POI = point of interconnection LCA = local calling area
AT = access tandem EO = end office

[61-63] One ILEC strategy has been to attempt to require the competing carrier to build out its network to multiple ILEC end offices and/or tandems (for example, to EO1 and EO2, or to AT1 and AT2, in Diagram 2), in effect requiring the competing carrier to designate multiple POIs in a local calling area.^{25/} Another strategy has been to allow the POI to be at an end office or tandem switch of the called party's provider, but if the competing carrier wants to interconnect at the tandem, require it to pay the ILEC for transporting the call to the end office (so that the single POI becomes multiple POIs).^{26/} Yet another strategy is to set higher rates for interconnection at tandems than at end offices, but always treat the competing carrier's switch as an end office switch so that the competing carrier receives only an end office termination charge (and no transport charge).^{27/} Each of these penalizes the competing carrier for choosing an alternative technology to the ILEC's.

[61-63] The ILECs will object that they should not have to bear the costs of modifying their networks to accommodate competitive entry, but their actions to date demonstrate why it must be their responsibility to bear those costs -- they would choose the less efficient network

^{25/} For example, both Bell Atlantic and NYNEX are attempting to require competing carriers to interconnect at every tandem that may serve a calling area. In New York City, Boston, and Baltimore (and any other cities served by more than one access tandem), the ILEC requires the competing carriers to establish multiple POIs per local calling area. This is expensive and inefficient.

^{26/} U S West's current proposal in Portland presumes that mutual traffic exchange can only occur at end offices, and that competing carriers must pay transport to the ILEC end offices.

^{27/} In Maryland (Bell Atlantic), MCI's local switching centers are treated as "end offices," and therefore MCI is compensated at a lower end office rate than the RBOC receives for tandem termination of local traffic.

configuration if it impedes entry. One ILEC tactic already being used is to require the competing carrier to route traffic to a single access tandem (AT1 in Diagram 2), simultaneously claiming that the tandem's capacity is nearing exhaust. The competing carrier is then forced to choose between delaying the sign-up of new customers until the ILEC increases the capacity of the switch or paying for trunks to other ILEC tandems or end offices.^{28/} (See EO1 and AT2 in Diagram 2.) Another ILEC tactic is to require competing carriers to build out to every access tandem because they do not directly connect their own tandems (AT1 and AT2 in Diagram 2). While the ILECs route their own local traffic between end offices served by different access tandems through direct trunks (dotted line between EO2 and EO3 in Diagram 2), they refuse to make those direct trunks available to traffic originating on a competing carrier's network.^{29/} These tactics not only impose costs and delays on the competing carrier, but also provide less redundancy for the competing carrier's traffic if the one access tandem or a trunk feeding from that tandem were to go down.

3. Rate Levels Should Reflect Competitively-Neutral Reciprocal Compensation

[230-232] Sections 251(b)(5) and 252(d) should be interpreted as providing guidance for a

^{28/} U S West is employing this tactic in both Seattle and Portland. In Seattle, MCI had to delay customer activations until U S West implemented a port augment. In Portland, U S West wants MCI to pay for transport to end offices as a result of a tandem port shortage.

^{29/} MCI has been required to build out its network to multiple Bell Atlantic tandems since Bell Atlantic does not directly connect its own tandems. Bell Atlantic indirectly connects its tandems by routing traffic through direct trunks between end offices served by different tandems, but does not make this type of routing available to parties requesting interconnection. This has been Bell Atlantic's longstanding regulatory position. The Maryland Public Service Commission has adopted it, and it is in Bell Atlantic's interconnection tariffs. If Bell Atlantic knew that it could not charge for transport to multiple tandems, it would handle the traffic flows more efficiently, and probably would commingle its traffic with MCI's traffic to better utilize trunks.