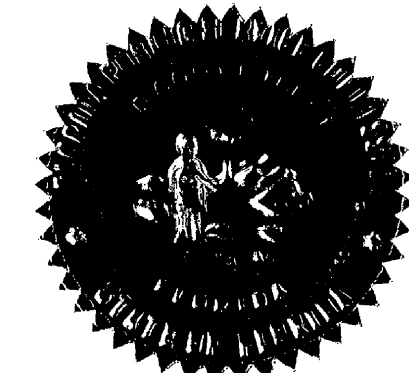


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

In the Matter of
PETITION BY MCIMETRO ACCESS
TRANSMISSION SERVICES, LLC AND MCI
WORLDCOM COMMUNICATIONS, INC. FOR
ARBITRATIONS OF CERTAIN TERMS AND
CONDITIONS OF A PROPOSED AGREEMENT
WITH BELLSOUTH TELECOMMUNICATIONS,
INC. CONCERNING INTERCONNECTION AND
RESALE UNDER THE TELECOMMUNICATIONS
ACT OF 1996.



: DOCKET NO. 000649-TP
:
:

*
* ELECTRONIC VERSIONS OF THIS TRANSCRIPT *
* ARE A CONVENIENCE COPY ONLY AND ARE NOT *
* THE OFFICIAL TRANSCRIPT OF THE HEARING *
* AND DO NOT INCLUDE PREFILED TESTIMONY. *
*

VOLUME 5

Pages 690 through 862

PROCEEDINGS: HEARING
BEFORE: COMMISSIONER E. LEON JACOBS, JR.
COMMISSIONER LILA A. JABER
COMMISSIONER BRAULIO L. BAEZ
DATE: Thursday, October 5, 2000
TIME: Commenced at 9:00 a.m.
PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida
REPORTED BY: JANE FAUROT, RPR
FPSC Division of Records & Reporting
Chief, Bureau of Reporting
APPEARANCES: (As heretofore noted.)

DOCUMENT NUMBER-DATE

13412 OCT 20 08

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

WITNESSES

NAME:

PAGE NO.

CYNTHIA J. COX

Direct Examination by Mr. Ross	693
Prefiled Direct Testimony Inserted	697
Prefiled Rebuttal Testimony Inserted	803

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

EXHIBITS

NUMBER:		ID.	ADMTD.
25	Direct Exhibits CKC-1 through CKC-4	695	
26	Rebuttal Exhibits CKC-1	695	
	CERTIFICATE OF REPORTER		862

P R O C E E D I N G S

1
2 (Transcript continues in sequence from
3 Volume 4.)

4 MR. ROSS: Mr. Chairman, at this time BellSouth
5 calls Cynthia K. Cox to the stand.

6 CYNTHIA K. COX

7 was called as a witness on behalf of BellSouth
8 Telecommunications, Inc., and, having been duly sworn,
9 testified as follows:

D I R E C T E X A M I N A T I O N

10
11 BY MR. ROSS:

12 Q Could you state your full name and business
13 address for the record, please?

14 A Yes. My name is Cindy Cox. My business address
15 is 675 West Peachtree Street in Atlanta, Georgia.

16 Q And by whom are you employed, Ms. Cox?

17 A By BellSouth.

18 Q Ms. Cox, did you cause to be filed in this case
19 direct testimony dated August 17, 2000, consisting of 106
20 pages?

21 A Yes, I did.

22 Q Do you have any corrections to that testimony?

23 A Yes, I have two, both on Page 15. The first on
24 Line 16. After the word yes, replace the period with a
25 comma and add the words "for loops only." And on Line 21

1 of the same page, Page 15, change the word "issues" to
2 "issue" singular, and strike "and 52."

3 Q With those changes, would your answers be the
4 same as if read from the stand?

5 A Yes, they would.

6 Q Ms. Cox, were there also four exhibits attached
7 to your prefiled direct testimony?

8 A Yes, there were.

9 Q And one of those exhibits has been corrected,
10 has it not?

11 A Yes, that is correct. Exhibit CKC-1, which is
12 the price list, has been amended to correspond to the same
13 revisions that were made in Docket 990649-TP, or the UNE
14 cost docket. And they were filed in that docket on
15 September 5th.

16 MR. ROSS: Mr. Chairman, the revised exhibit has
17 previously been provided to counsel for MCI.

18 COMMISSIONER JACOBS: Okay.

19 BY MR. ROSS:

20 Q Did you cause to be filed in this case, Ms. Cox,
21 rebuttal testimony dated September 7, 2000, consisting of
22 53 pages?

23 A Yes, I did.

24 Q Do you have any corrections to that testimony?

25 A Yes, just one. On Page 10 of the rebuttal, Line

1 2, this is just a typo to change the word provess, I
2 guess, to process.

3 Q With that change, would your answers be the same
4 as if read from the stand?

5 A Yes, they would.

6 Q And there was also one exhibit attached to your
7 rebuttal testimony, is that correct?

8 A That's correct.

9 MR. ROSS: Mr. Chairman, at this time BellSouth
10 would ask that the prefiled direct and rebuttal testimony
11 be included in the record, and that Ms. Cox's exhibits for
12 her direct testimony and rebuttal testimony be included in
13 the record. We can mark those collectively or
14 sequentially, whichever you prefer.

15 COMMISSIONER JACOBS: If there is no objection,
16 we can make her exhibits a composite exhibit. So let's
17 show marked as Exhibit 25 the direct Exhibits CKC-1
18 through 4, and the rebuttal Exhibits CKC-1 would be
19 Composite 25 (sic).

20 MR. ROSS: Thank you, Mr. Chairman.

21 (Exhibits 25 and 26 marked for identification.)

22 BY MR. ROSS:

23 Q Ms. Cox, do you have a summary --

24 MR. MELSON: Excuse me. Commissioner, I didn't
25 realize the rebuttal exhibit had the same number as one of

1 the direct ones. Maybe we could mark it separately so
2 that when we refer to exhibit such and such, CKC-1, we
3 know which --

4 COMMISSIONER JACOBS: That's fine. We will make
5 that Exhibit 26.

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BELLSOUTH TELECOMMUNICATIONS, INC.
DIRECT TESTIMONY OF CYNTHIA K. COX
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 000649-TP
AUGUST 17, 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. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND EXPERIENCE.

A. I graduated from the University of Cincinnati in 1981 with a Bachelor of Business Administration degree in Finance. I graduated from the Georgia Institute of Technology in 1984 with a Master of Science degree in Quantitative Economics. I immediately joined Southern Bell in the Rates and Tariffs organization with the responsibility for demand analysis. In 1985 my responsibilities expanded to include administration of selected rates and tariffs including preparation of tariff filings. In 1989, I accepted an assignment in the

1 North Carolina regulatory office where I was BellSouth's primary liaison with
2 the North Carolina Utilities Commission Staff and the Public Staff. In 1993, I
3 accepted an assignment in the Governmental Affairs department in
4 Washington D.C. While in this office, I worked with national organizations of
5 state and local legislators, NARUC, the FCC and selected House delegations
6 from the BellSouth region. In February 2000, I was appointed Senior Director
7 of State Regulatory.

8

9 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

10

11 A. The purpose of my testimony is to respond to certain issues identified as
12 unresolved in the Petition for Arbitration filed by MCImetro Access Services,
13 LLC and MCI WorldCom Communications, Inc. ("MCI") with the Florida
14 Public Service Commission ("FPSC" or "Commission") on May 26, 2000. I
15 address the following issues in this testimony: 1-3, 6, 7, 7A, 9, 18, 22, 23, 28,
16 32-36, 39, 40, 42, 45-47, 51, 53A, 54, 57, 67, 88, 94, and 107-110.

17

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

21

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

23

24 A. Manual ordering charges should apply when MCI places an order manually,
25 either for its own business reasons or because BellSouth does not have an

1 electronic interface that will allow MCI to place orders electronically. As Mr.
2 Pate explains, BellSouth is not required to provide electronic ordering for all
3 UNEs, but MCI proposes to be charged a price for electronic ordering
4 regardless of whether BellSouth provides that capability.

5

6 BellSouth's proposed prices for processing electronically and manually
7 submitted orders are contained in Exhibit CKC-1 to my testimony.

8

9 Q. WHAT LANGUAGE HAS BELLSOUTH PROPOSED FOR INCLUSION IN
10 THE PARTIES' INTERCONNECTION AGREEMENT?

11

12 A. BellSouth's proposed language as set forth in Attachment 1 is as follows:

13

14 2.9.1 LSRs submitted by means of one of the available electronic interfaces
15 will incur an OSS electronic ordering charge as specified in Table 1 of
16 this Attachment. An individual LSR will be identified for billing
17 purposes by its Purchase Order Number (PON). LSRs submitted by
18 means other than one of these interfaces (mail, fax, courier, etc.) will
19 incur a manual order charge as specified in Table 1 of this Attachment.
20 Each LSR and all its supplements or clarifications issued, regardless of
21 their number, will count as a single LSR for OSS billing purposes.

22 OSS charges will not be refunded for LSRs that are canceled by MCI.

23

24 MCI's proposed language that would obligate BellSouth to apply an electronic
25 ordering charge when BellSouth does not provide electronic ordering

1 capability is inappropriate and should be rejected. If BellSouth provides an
2 electronic interface, and an order is submitted manually, a manual ordering
3 charge will apply. If BellSouth does not provide an electronic interface,
4 manual ordering charges apply for any submitted orders.

5

6 Q. IS MCI'S POSITION ON THIS ISSUE REASONABLE?

7

8 A. No. If BellSouth is not obligated to provide and does not provide electronic
9 ordering capability for a particular UNE, it is unreasonable to expect BellSouth
10 to charge MCI an electronic ordering charge for that UNE. Under MCI's
11 proposal, BellSouth would have no way to recover the cost of manually
12 handling such orders.

13

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

15

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

17

18 A. BellSouth proposes that prices contained in Exhibit CKC-1 to my testimony be
19 adopted as the appropriate prices to be included in the new interconnection
20 agreement between the parties. The primary source of interconnection and
21 UNE prices is BellSouth's cost study results filed on August 16, 2000 in
22 Docket No. 990649-TP. Virtual collocation prices are the same as those
23 ordered by the Commission in Order No. PSC-98-0604-FOF-TP dated April
24 29, 1998 and Physical Collocation and Adjacent Collocation prices are those
25 contained in Section 20 of BellSouth's Florida Access Services Tariff. In

1 addition, Exhibit CKC-1 contains proposed prices for Line Sharing. The cost
2 studies, including those for Line Sharing, are sponsored by Ms. Daonne
3 Caldwell. Unless otherwise identified in Exhibit CKC-1, prices are interim
4 and subject to true-up upon establishment of permanent prices by the FPSC.

5

6 Q. ARE THE PRICES CONTAINED IN ATTACHMENT 1 TO MCI'S
7 PROPOSED INTERCONNECTION AGREEMENT APPROPRIATE ON AN
8 INTERIM BASIS?

9

10 A. No. MCI's proposed prices are not appropriate. MCI has proposed \$0.00 for
11 any element for which the Commission has not previously set a price. Even on
12 an interim basis, prices should have some reasonable cost basis and MCI's
13 proposal to obtain elements from BellSouth for free is totally inappropriate. In
14 addition, MCI has proposed that the nonrecurring prices for electronically
15 ordered UNEs be set at \$0.00 while the manually ordered prices be set at those
16 nonrecurring prices established by the Commission in Docket Nos. 960757-
17 TP, 960833-TP and 960846-TP. MCI's application of the prices established
18 by the Commission in those dockets is clearly inappropriate. The Commission
19 established one set of nonrecurring prices for network elements and
20 interconnection whether they are ordered manually or electronically.

21

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

25

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

2

3 A. BellSouth is only obligated by Section 251(c)(4) of the Telecommunications
4 Act of 1996 (the "1996 Act") and the FCC's Rule 51.605(a) to offer a resale
5 discount on telecommunications service that BellSouth provides at retail to
6 subscribers who are not telecommunications carriers. Exchange access
7 services are generally not offered at retail to subscribers who are not
8 telecommunications carriers. Consequently, the resale discount does not apply
9 to services in the access tariffs, particularly since, as the FCC has concluded,
10 BellSouth does not avoid any "retail" costs in selling access services at
11 "wholesale".

12

13 Q. ON WHAT BASIS DOES BELLSOUTH CONTEND THAT IT IS NOT
14 OBLIGATED TO OFFER ITS EXCHANGE ACCESS SERVICES FOR
15 RESALE AT A DISCOUNT?

16

17 A. The FCC has specifically exempted exchange access services from the resale
18 requirements of the 1996 Act. Paragraphs 873 and 874 of the FCC's First
19 Report and Order in CC Docket No. 96-98 ("Local Competition Order") reads
20 as follows:

21 Exchange access services are not subject to the resale requirements of
22 section 251(c)(4). The vast majority of purchasers of interstate access
23 services are telecommunications carriers, not end users. It is true that
24 incumbent LEC interstate access tariffs do not contain any limitation
25 that prevents end users from buying these services, and that end users

1 do occasionally purchase some access services, including special
2 access, Feature Group A, and certain Feature Group D elements for
3 large private networks.

4
5 We find several compelling reasons to conclude that exchange access
6 services should not be subject to resale requirements. First, these
7 services are predominantly offered to, and taken by, IXC's, not end
8 users. Part 69 of our rules defines these charges as "carrier's carrier
9 charges," and the specific part 69 rules that describe each interstate
10 switched access element refer to charges assessed on "interexchange
11 carriers" rather than end users. The mere fact that fundamentally non-
12 retail services are offered pursuant to tariffs that do not restrict their
13 availability, and that a small number of end users do purchase some of
14 these services, does not alter the essential nature of the services.
15 Moreover, because access services are designed for, and sold to, IXC's
16 as an input component to the IXC's own retail services, LEC's would
17 not avoid any "retail" costs when offering these services at "wholesale"
18 to those same IXC's. Congress clearly intended section 251(c)(4) to
19 apply to services targeted to end user subscribers, because only those
20 services would involve an appreciable level of avoided costs that could
21 be used to generate a wholesale rate. Furthermore, as explained in the
22 following paragraph, section 251(c)(4) does not entitle subscribers to
23 obtain services at wholesale rates for their own use. Permitting IXC's to
24 purchase access services at wholesale rates for their own use would be
25 inconsistent with this requirement. [Footnotes deleted]

1

2 More recently, the FCC reiterated its position in its Order approving Bell
3 Atlantic New York's application for interLATA authority, CC Docket No. 99-
4 295. In paragraph 393 of that Order addressing Bell Atlantic's ADSL Access
5 Tariff offering, the FCC stated, "we agree with Bell Atlantic that it is not
6 required to provide an avoided-cost discount on its wholesale ADSL offering
7 because it is not a retail service subject to the discount obligations of section
8 251(c)(4)." Bell Atlantic's wholesale ADSL offering is only offered in its
9 access tariff.

10

11 Based on the foregoing, there can be no doubt that both Congress and the FCC
12 fully intended that exchange access services be excluded from the resale
13 requirements of the 1996 Act. Thus, the Commission should adopt BellSouth's
14 position in this arbitration that exchange access services are not subject to a
15 resale discount and reject MCI's attempt to circumvent the 1996 Act and the
16 FCC's rules.

17

18 Q. WHAT SERVICES DOES BELLSOUTH BELIEVE MCI IS ENTITLED TO
19 PURCHASE AT A RESALE DISCOUNT?

20

21 A. BellSouth's position is that MCI and all Alternative Local Exchange Carriers
22 ("ALECs") are entitled to purchase BellSouth's retail services at a resale
23 discount. BellSouth's retail services are contained in BellSouth's General
24 Subscriber Services Tariff ("GSST") and BellSouth's intrastate Private Line
25 Tariff.

1

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

4

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

6

7 BellSouth will make combinations of UNEs available to MCI consistent with
8 BellSouth's obligations under the 1996 Act and applicable FCC rules.

9 Recently, on July 18, 2000, the United States Court of Appeals for the Eighth
10 Circuit Court ("Eighth Circuit") reaffirmed its decision vacating FCC Rules
11 51.315(c)-(f), or the so-called additional combination rules. Therefore, it is
12 clear that BellSouth has no obligation to combine UNEs for ALECs such as
13 MCI.

14

15 Q. WHAT IS THE BASIS FOR BELLSOUTH'S POSITION?

16

17 A. It is neither sound public policy nor a federally mandated obligation of
18 BellSouth to combine UNEs. The FCC Rules, 51.315(c)-(f), that purported to
19 require incumbent LECs to combine unbundled network elements were
20 vacated by the Eighth Circuit in July 1997, and the Eighth Circuit recently
21 reaffirmed its decision.

22

23 In its Third Report and Order in CC Docket No. 96-98 ("UNE Remand
24 Order"), the FCC confirmed that when unbundled network elements, as
25 defined by the FCC, are currently combined in BellSouth's network, BellSouth

1 cannot separate those elements except upon request. Specifically, FCC Rule
2 51.315(b) states that “except upon request, an incumbent LEC shall not
3 separate requested network elements that the incumbent LEC currently
4 combines.” 47 C.F.R. § 51.315(b). For example, when a loop and a port have
5 already been combined by BellSouth to serve a particular customer, that
6 combination of elements must be made available to ALECs to serve that
7 particular customer. According to the FCC, requesting carriers are entitled to
8 obtain such pre-existing combinations “at unbundled network element prices.”
9 Id. at ¶ 480. Indeed, if the elements are not already combined, there is nothing
10 for the incumbent to “separate.”

11
12 Although not obligated by the 1996 Act to do so, BellSouth is willing to
13 negotiate a voluntary commercial agreement with MCI to combine certain
14 UNEs on behalf of MCI. As this Commission noted on page 30 of its Order
15 No. PSC-00-0537-FOF-TP in Docket No. 990750-TP (ITC^DeltaCom
16 Arbitration), “we also find that BellSouth shall not be required to provide
17 ITC^DeltaCom the EEL as a UNE nor the loop/port combination. However,
18 we note that BellSouth has agreed to provide ITC^DeltaCom both the EEL and
19 the loop/port combination upon execution of a separate commercial
20 agreement.” The Commission continued by stating, “[u]pon consideration, we
21 find that the FCC’s pricing rules do not apply in this situation because we are
22 not requiring BellSouth to provide extended loops or the loop/port
23 combination. We find that the parties should negotiate the rates for these
24 combinations.”

25

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

3

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

5

6 A. As the Eighth Circuit recently confirmed, BellSouth is under no obligation to
7 combine network elements for ALECs. MCI's position that BellSouth should
8 be required to combine elements for MCI cannot be squared with the law.
9 Specifically, MCI's contention that BellSouth must combine UNEs not
10 ordinarily combined in its network is totally inconsistent with Section
11 251(c)(3) of the Act, the rulings of the Eighth Circuit and the FCC's UNE
12 Remand Order.

13

14 ***Issue 7A: Should BellSouth charge MCI only for UNEs that it orders and uses, and***
15 ***should UNEs ordered and used by MCI be considered part of its network for***
16 ***reciprocal compensation and switched access charges?***

17

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

19

20 A. MCI should pay for whatever UNEs it orders from BellSouth, regardless of
21 what use, if any, MCI makes of those UNEs. With respect to reciprocal
22 compensation, BellSouth compensates MCI for the facilities and elements MCI
23 actually uses to terminate BellSouth's traffic on MCI's network. Similarly,
24 MCI should compensate BellSouth for the facilities and elements that
25 BellSouth actually uses for terminating MCI's traffic on BellSouth's network.

1

2 Q. HAS MCI RAISED THIS ISSUE IN NEGOTIATIONS?

3

4 A. To my knowledge MCI has not raised this issue in negotiations and BellSouth
5 is not clear as to either MCI's intent or its proposed contract language. In
6 particular, MCI has never explained what it means when it states in
7 Attachment 3, Section 2.12 of its proposed agreement, "BellSouth shall charge
8 MCI only for those Network Elements ordered and used by MCI". It is
9 clear that MCI should pay BellSouth for whatever UNEs it purchases from
10 BellSouth, regardless of whether MCI uses those UNEs. The prices for such
11 UNEs are typically applied as a flat monthly rate or on a per use or per minute
12 of use basis. For reciprocal compensation, each party is obligated to pay the
13 other party for the facilities and elements actually used to terminate traffic on
14 the other party's network. Compensation is determined on a per call basis.
15 However, with respect to reciprocal compensation when MCI uses BellSouth's
16 unbundled switching, MCI is not entitled to reciprocal compensation in
17 circumstances where BellSouth does not bill MCI for terminating usage on that
18 unbundled switching. In such circumstances, the price of the reciprocal
19 compensation and the unbundled switching are offset.

20

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

24

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

1

2 A. BellSouth is not obligated to construct facilities for MCI. BellSouth is only
3 obligated to unbundle its existing network. If facilities do not exist, they
4 cannot be a part of BellSouth's network. Nonetheless, BellSouth is willing to
5 construct facilities to allow MCI to serve a particular customer where such
6 facilities do not presently exist, at market-based charges for such construction.

7

8 Q. IS BELLSOUTH OBLIGATED TO CONSTRUCT FACILITIES FOR AN
9 ALEC WHERE FACILITIES REQUESTED BY THE ALEC DO NOT
10 EXIST?

11

12 A. No. BellSouth is not obligated by either the 1996 Act or the FCC's rules to
13 construct new facilities when an ALEC requests a network element where
14 facilities do not currently exist. Local Competition Order ¶ 451; UNE Remand
15 Order ¶ 324. This is true whether or not the requested facilities are of a type
16 normally used at that location. In fact, as the Eighth Circuit observed,
17 BellSouth's obligations under the 1996 Act pertain only to its "existing"
18 network.

19

20 Q. IS MCI'S REQUEST CONSISTENT WITH THE FCC'S ANALYSIS FOR
21 DEFINING THE SCOPE OF BELLSOUTH'S UNBUNDLING
22 OBLIGATIONS?

23

24 A. No. The FCC noted in its impair analysis in the UNE Remand Order that to be
25 materially diminished, there must be "substantive differences between the

1 alternative outside the incumbent LEC's network and the incumbent LEC's
2 network element...". (Order at ¶ 51) In this instance, either BellSouth or MCI
3 must construct the facilities. There is no substantive difference whether MCI
4 constructs the facilities or BellSouth constructs the facilities.

5
6 The FCC addressed the impair standard from several perspectives including
7 cost, timeliness, quality, ubiquity and the impact on network operations. With
8 respect to cost, the cost for MCI to construct such facilities would not be
9 materially greater than the cost for BellSouth to construct such facilities. MCI
10 has been constructing its own facilities in Florida for years and is fully capable
11 of constructing new facilities where they presently do not exist. With respect
12 to timeliness, MCI can generally construct facilities within the same time
13 frames as BellSouth. Although the FCC determined that delays that exceed six
14 months to one year could materially diminish an ALEC's ability to provide
15 services it seeks to offer, there is no reason to expect such delays in the
16 provision of the facilities at issue here. Similarly, the quality of facilities that
17 MCI would construct should not be materially different from the quality of
18 BellSouth's constructed facilities. Regarding ubiquitous deployment, in
19 situations where BellSouth does not currently have facilities, both BellSouth
20 and MCI are on level footing – BellSouth does not enjoy an advantage due to
21 its existing network. Finally, the connection of MCI's facilities to BellSouth's
22 network should offer no new network operations issues and would therefore
23 not materially diminish MCI's ability to provide service.

24
25

1 Q. IS BELLSOUTH WILLING TO CONSTRUCT FACILITIES FOR MCI
2 WHERE SUCH FACILITIES DO NOT PRESENTLY EXIST?

3
4 A. Yes, if MCI is willing to pay appropriate prices for this special construction.
5 Otherwise, MCI seeks to use BellSouth as its private construction company to
6 build the network MCI refuses to build itself and further expects BellSouth to
7 build this network at no charge to MCI. If BellSouth does not have facilities in
8 place to meet MCI's service request, then MCI may request that BellSouth
9 perform Special Construction. MCI should bear the cost of such facilities
10 placement through the Special Construction process.

11

12 Q. DOES MCI'S REQUEST FOR FREE SPECIAL CONSTRUCTION
13 REPRESENT A RECURRING THEME THROUGHOUT ITS PETITION
14 AND PROPOSED LANGUAGE?

15

16 A. Yes, ^{for loops only} For several of the issues contained in its Petition and by description in its
17 proposed agreement language, MCI inappropriately seeks to obligate
18 BellSouth to serve as MCI's private construction company and banker. This
19 issue simply represents the first such instance. Other such issues include 18,
20 23 and 33 involving interconnection and/or unbundled dedicated transport,
21 issue 88 dealing with inside wire and issue 45 ~~and 44~~ regarding billing. MCI
22 should not be permitted to obligate BellSouth to perform functions that neither
23 the 1996 Act, the FCC nor this Commission has required of BellSouth.

24

25

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

6

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

8

9 A. The FCC only requires BellSouth to unbundle dedicated transport in
10 BellSouth's existing network and has specifically excluded transport between
11 other carriers' locations. BellSouth is not required to offer, and certainly not
12 required to build, dedicated transport facilities between MCI network
13 locations, whether they be nodes or network switches or between MCI's
14 network and another carrier's network.

15

16 Q. WHAT IS THE BASIS FOR BELLSOUTH'S POSITION?

17

18 A. The FCC's Local Competition Order, at paragraph 440, only requires that
19 BellSouth:

20 ...provide unbundled access to dedicated transmission facilities
21 between LEC central offices or between such offices and those of
22 competing carriers. This includes, at a minimum, interoffice facilities
23 between end offices and serving wire centers (SWCs), SWCs and IXC
24 POPs, tandem switches and SWCs, end offices or tandems of the

25

1 incumbent LEC, and the wire centers of incumbent LECs and
2 requesting carriers. [Emphasis added]

3

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

6

7 A. Yes. In its discussion of unbundled dedicated transport, the FCC specifically
8 addresses the issue of whether an ILEC's obligations include constructing
9 facilities between locations where the ILEC has not deployed facilities for its
10 own use. Paragraph 324 of the UNE Remand Order states,

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

21 [Footnotes deleted]

22

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

25

1 A. Yes. The Eighth Circuit also speaks to this issue in its ruling vacating the
2 FCC's use of a hypothetical network standard for purposes of its pricing rules.
3 In its discussion, the Eighth Circuit notes that it is the ILECs' existing
4 networks that are to be made available to ALECs, stating that the Act "requires
5 an ILEC to (1) permit requesting new entrants (competitors) in the ILEC's
6 local market to interconnect with the ILEC's *existing* local network..." (page
7 2, emphasis added) Also, specifically, in striking down a hypothetical network
8 cost, the Court stated, "[i]t is the cost to the ILEC of providing its *existing*
9 *facilities and equipment* either through interconnection or by providing the
10 specifically requested *existing network elements* that the competitor will in fact
11 be obtaining for use that must be the basis for the charges." [Emphasis added]
12 Based on the foregoing, BellSouth encourages the Commission to determine,
13 just as the FCC and the Eighth Circuit have determined, that BellSouth is not
14 required to provide dedicated transport between MCI locations or between
15 MCI's network and the network(s) of other carriers.

16

17

18 ***Issue 22: Should the interconnection agreements contain MCI's proposed terms***
19 ***addressing line sharing, including line sharing in the UNE-P and unbundled loop***
20 ***configurations?***

21

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

23

24 A. BellSouth is willing to incorporate terms and conditions for line sharing in the
25 parties' interconnection agreement. However, those terms and conditions

1 should be consistent with the FCC's rules, which is the case with BellSouth's
2 proposed line sharing language. In addition, BellSouth is under no obligation
3 to offer line sharing on the UNE Platform (UNE-P).

4

5 Q. WHAT IS THE REAL DISPUTE BETWEEN THE PARTIES?

6

7 A. The dispute is not about whether the agreement should address line sharing.
8 Rather, the dispute concerns the terms and conditions associated with this
9 offering. In compliance with the FCC's Third Report and Order in CC Docket
10 No. 98-147 and its Fourth Report and Order in CC Docket No. 96-98,
11 BellSouth offers line sharing to ALECs throughout its nine-state region.
12 BellSouth's proposed language is the product of numerous meetings among
13 BellSouth and various ALECs. BellSouth has entered into line sharing
14 agreements with other ALECs and has made the same rates, terms and
15 conditions of those agreements available to MCI. The appropriate interim
16 prices for line sharing are included in my Exhibit CKC-1. These prices are
17 based upon the cost studies attached to the testimony of Ms. Caldwell.

18

19 Q. WHAT IS THE BASIS FOR BELLSOUTH'S POSITION WITH RESPECT
20 TO PROVISION OF LINE SHARING OVER THE UNE-P?

21

22 A. BellSouth's position is that it has no obligation to offer line sharing over the
23 UNE-P. In its Third Report and Order in CC Docket No. 98-147 and Fourth
24 Report and Order in CC Docket No. 96-98, released December 9, 1999 ("Line
25 Sharing Order"), the FCC specifically states "[t]he provision of xDSL-based

1 service by a competitive LEC and voiceband service by an incumbent LEC on
2 the same loop is frequently called ‘line sharing.’” (Line Sharing Order at ¶ 4)

3

4 Clearly, BellSouth is obligated to provide line sharing to ALECs only where
5 BellSouth is providing the voice service. When an ALEC, such as MCI,
6 purchases the loop/port combination, the ALEC becomes the voice service
7 provider. BellSouth is not obligated to provide the equipment necessary to
8 provide a line sharing capability in that case.

9

10 Further, the FCC’s Line Sharing Order specifically concluded in paragraph 72
11 “that incumbent LECs must make available to competitive carriers only the
12 high frequency portion of the loop network element on loops on which the
13 incumbent LEC is also providing analog voice service.” (emphasis added) In
14 that same paragraph, the FCC stated that “incumbent carriers are not required
15 to provide line sharing to requesting carriers that are purchasing a combination
16 of network elements known as the platform. In that circumstance, the
17 incumbent no longer is the voice provider to the customer.” The platform
18 referred to is the loop/port combination.

19

20 Finally, the FCC reiterated its position in its Order dated June 30, 2000 in CC
21 Docket No. 00-65 (SBC – Texas Section 271 Application). At paragraph 324
22 the Order states, “the obligation of an incumbent LEC to make the high
23 frequency portion of the loop separately available is limited to those instances
24 in which the incumbent LEC is providing, and continues to provide, voice
25 service on the particular loop to which the requesting carrier seeks access.”

1 Clearly, MCI's position is inconsistent with FCC Orders. When BellSouth
2 provides a loop/port combination, or UNE-P, to an ALEC, the ALEC (and not
3 BellSouth) is the voice service provider.

4
5 ***Issue 23: Does MCI WorldCom's right to dedicated transport as an unbundled***
6 ***network element include SONET rings?***

7
8 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

9
10 A. BellSouth's position is that, if a SONET ring currently exists, BellSouth will
11 provide MCI with dedicated transport over that ring. However, if a SONET
12 ring does not currently exist, BellSouth is not obligated to construct one in
13 order to provide MCI unbundled dedicated transport. MCI's proposed
14 language seeks to obligate BellSouth to construct facilities when BellSouth has
15 no legal obligation to do so. The Eighth Circuit's recent ruling confirms that
16 BellSouth is only obligated to unbundle its existing network.

17
18 Q. WHAT IS THE BASIS FOR BELLSOUTH'S POSITION ON THIS ISSUE?

19
20 A. The FCC has specifically stated in its UNE Remand Order in response to a
21 request by Sprint, "Notwithstanding the fact that we require incumbents to
22 unbundle high-capacity transmission facilities, we reject Sprint's proposal to
23 require incumbent LECs to provide unbundled access to SONET rings." The
24 basis for the FCC's rejection of Sprint's proposal is that unbundling SONET
25 rings necessarily involves constructing facilities to meet a requesting carrier's

1 specific requirements, and the FCC limited an ILEC's obligation to unbundle
2 transport to existing facilities.

3

4 Q. HOW DOES BELLSOUTH'S POSITION CONFORM TO THE FCC'S
5 STATEMENT THAT THE INCUMBENT'S UNBUNDLING OBLIGATION
6 EXTENDS THROUGHOUT ITS NETWORK, INCLUDING RING
7 TRANSPORT ARCHITECTURE?

8

9 A. BellSouth provides DS1, DS3 or any other existing transport links throughout
10 its network regardless of whether those links are provisioned over a SONET
11 ring. However, the FCC made clear that BellSouth has no obligation to
12 provide unbundled access to SONET rings themselves. Because ALECs like
13 MCI have access to point-to-point transport regardless of whether the transport
14 is provisioned over SONET rings, MCI would have to show that it would be
15 "impaired" without access to the entire SONET ring, which MCI has not done.
16 MCI's position also is inconsistent with the Eighth Circuit's recent ruling,
17 which limits BellSouth's obligations under the 1996 Act to BellSouth's
18 "existing" network.

19

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

22

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

24

25

1 A. BellSouth is not required by the FCC's rules to provide a download,
2 electronically or by any other media, of BellSouth's calling name ("CNAM")
3 database, as MCI is requesting. BellSouth is only required to provide access to
4 the data contained in the database, which BellSouth does.

5

6 Q. WHAT IS THE CNAM DATABASE?

7

8 A. End users can purchase a Caller ID service that includes display of the calling
9 party's name in addition to the number for incoming calls. CNAM is the
10 database that allows carriers providing the Caller ID service to match the
11 incoming caller's name with the telephone number. This database contains
12 calling name information for all BellSouth end users and the end users of any
13 carrier that stores their customers' names in BellSouth's calling name database.
14 The FCC's rules only require BellSouth to provide ALECs access to its calling
15 name database.

16

17 Q. DOES BELLSOUTH PROVIDE ALECs WITH ACCESS TO ITS CALLING
18 NAME DATABASE?

19

20 A. Yes. BellSouth provides ALECs with access to its calling name database on
21 an unbundled basis consistent with the requirements of the FCC's UNE
22 Remand Order. In paragraph 402 of that Order, the FCC states "...we require
23 incumbent LECs, upon request, to provide nondiscriminatory access to their
24 call-related databases on an unbundled basis, for the purpose of switch query
25 and database response through the SS7 network." Access to BellSouth's

1 calling name database is made available to ALECs regardless of whether the
2 ALEC has its end user names stored in BellSouth's calling name database or
3 whether the ALEC elects to maintain its own database for its end users' names.
4 In either situation, the ALEC would provision its switch to appropriately route
5 calling name queries to BellSouth's calling name database in order to obtain
6 real time access to the name of an originating caller whose name is stored in
7 BellSouth's calling name database.

8

9 Q. SHOULD BELLSOUTH BE REQUIRED TO PROVIDE AN ELECTRONIC
10 DOWNLOAD OF THE CNAM DATABASE TO MCI?

11

12 A. No. The FCC only requires the ILECs to provide nondiscriminatory access to
13 the CNAM database via the SS7 network, which BellSouth does. Nothing in
14 any FCC order can reasonably be read to obligate BellSouth to provide an
15 electronic download of any call-related database, including CNAM. An
16 ALEC's ability to offer service to its customers is not impaired if the ALEC
17 does not receive a download of the database. Furthermore, the capability
18 would have to be developed and maintained for a service that does not exist
19 and that BellSouth is not required to offer. Imposing such a requirement
20 would unnecessarily increase BellSouth's cost.

21

22 Q. HAS THE FCC ADDRESSED THE ISSUE OF WHETHER BELLSOUTH
23 MUST PROVIDE DOWNLOADS OF ITS DATABASES?

24

25

1 A. Yes, although the FCC has not addressed CNAM specifically. In its Second
2 Louisiana Order, the FCC discussed access to BellSouth's directory assistance
3 databases. According to the FCC, BellSouth must provide access to such
4 databases either on a “‘read only’ or ‘per dip’ basis, or provide the entire
5 database of subscriber listings....” Paragraph 248. Thus, consistent with the
6 FCC’s analysis, when BellSouth provides access on a per query basis, as is the
7 case with CNAM, no other form of access is required.

8

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

11

12 Q. WHAT IS BELLSOUTH’S POSITION ON THIS ISSUE?

13

14 A. It is BellSouth’s position that in any mutually agreed to jointly provisioned
15 interconnection arrangement each party should maintain its part of the
16 infrastructure to the agreed-to interconnection point. However, the joint
17 provisioning of such a facility should not excuse a party from paying the
18 appropriate charges for services provided over such facilities. BellSouth has
19 no objection to using jointly provisioned interconnection arrangements for
20 carrying local and intraLATA toll traffic on the Primary or Secondary Route
21 (sometimes referred to as the active and stand-by routes) of a joint optical
22 interconnection facility (fiber ring) as proposed by MCI. However, MCI
23 should compensate BellSouth for use of BellSouth’s facilities with respect to
24 transit traffic.

25

1 Q. WHY IS IT APPROPRIATE FOR MCI TO COMPENSATE BELLSOUTH
2 FOR TRANSIT TRAFFIC TRANSPORTED OVER A JOINTLY
3 PROVIDED OPTICAL INTERCONNECTION FACILITY?
4

5 A. Transit traffic is traffic that BellSouth receives from an ALEC that is destined
6 to a local service provider other than BellSouth. For example, transit traffic
7 sent to BellSouth for subsequent handling would include traffic from that
8 ALEC to other ALECs or to other independent telephone companies. In this
9 case, BellSouth provides a service to MCI (that is, the handling of MCI's
10 transit traffic) over and above the simple transport of either party's traffic over
11 the joint facility, and BellSouth is entitled to compensation for the use of the
12 facility to transport traffic that is originated by a third party or destined to be
13 terminated to a third party. MCI benefits from BellSouth's handling of its
14 transit traffic in that it obviates MCI's having to establish physical
15 interconnection directly with the third party carriers.
16

17 Q. WHAT IS YOUR UNDERSTANDING OF MCI'S POSITION?
18

19 A. My understanding of MCI's position is that there should be no charge by either
20 party for use of the joint optical interconnection facility no matter the traffic
21 type. However, in the event of a service interruption on the route provisioned
22 by MCI, MCI would route its traffic (including its transit traffic) to the route
23 provisioned by BellSouth for the duration of the service interruption. MCI
24 should pay BellSouth for the minimum amount of dedicated transport
25

1 necessary to provision the number of circuits that BellSouth provisions on its
2 route for the trunks used for MCI's transit traffic.

3

4 Q. HAS MCI PREVIOUSLY AGREED TO BELLSOUTH'S PROPOSED
5 LANGUAGE?

6

7 A. Yes. In late 1999, MCI and BellSouth entered into an amendment to their
8 existing interconnection agreement for the purpose of such an arrangement in a
9 particular central office location in Florida. The amendment contains
10 BellSouth's proposed language. BellSouth was surprised and disappointed to
11 find that MCI now disagrees with the inclusion of this same language in the
12 parties new interconnection agreement.

13

14 Q. WHY IS BELLSOUTH'S LANGUAGE IMPORTANT?

15

16 A. With joint optical interconnection, BellSouth will be providing some portion of
17 the fiber optic facility and MCI will be providing some portion. MCI argues
18 that since MCI provides some of the fiber facilities, MCI should not have to
19 pay BellSouth for use of the BellSouth portion of the fiber to transport MCI
20 transit traffic. The MCI portion of the fiber is not the issue. BellSouth is
21 seeking to be compensated by MCI for MCI's use of the BellSouth portion of
22 fiber plant to transport MCI's transit traffic to and from third party carriers. To
23 the extent BellSouth's portion of the fiber optic facility is used on behalf of
24 MCI to transport MCI's transit traffic to and from third-party carriers (that is,

25

1 MCI's transit traffic), MCI receives a benefit for which it should compensate
2 BellSouth.

3

4 Q. WHAT ARE THE IMPLICATIONS OF MCI'S POSITION?

5

6 A. BellSouth performs transport and switching functions on behalf of MCI to
7 allow MCI to exchange traffic with third party carriers (such as independent
8 telephone companies and other ALECs) via BellSouth's network. In addition,
9 BellSouth builds its facilities to accommodate MCI's facilities (that is,
10 BellSouth must match the traffic carrying capacity on its portion or the jointly
11 provisioned facilities as MCI provisions for its portion of the jointly
12 provisioned facilities). This results in BellSouth's having to provide capacity
13 over and above its own needs to account for MCI's transit traffic. Although
14 MCI appears to agree that BellSouth should be compensated for its handling
15 transit traffic functions, the tandem switching rate covers only the cost of
16 tandem switching, not the cost of underlying transport. Under MCI's proposal,
17 BellSouth will not be adequately compensated for BellSouth's handling of
18 MCI's transit traffic.

19

20 Q. HOW DOES BELLSOUTH PROPOSE THAT MCI COMPENSATE
21 BELLSOUTH FOR HANDLING TRANSIT TRAFFIC?

22

23 A. BellSouth believes that the language to which the parties previously agreed to
24 in late 1999 should be incorporated into the new agreement. However, if that
25 is not acceptable to MCI, BellSouth proposes that MCI pay a monthly

1 recurring charge to BellSouth for the availability of excess facilities provided
2 by BellSouth in the event of service interruptions to MCI's facilities,
3 specifically MCI's transit traffic. This charge should be a factor based on the
4 ratio of MCI's transit trunks to its total trunks in a given joint optical
5 interconnection facility.

6

7 Q. WHAT ACTION DOES BELLSOUTH WANT THIS COMMISSION TO
8 TAKE ON THIS ISSUE?

9

10 A. I believe this Commission should allow BellSouth to be compensated by MCI
11 for all costs of BellSouth's handling the transit traffic transport function
12 provided on behalf of MCI.

13

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

18

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

20

21 A. MCI can interconnect at any technically feasible point on BellSouth's existing
22 network, including SONET rings. However, as was previously explained in
23 Issue 23, BellSouth has no obligation to build SONET facilities for MCI. This
24 is true whether MCI seeks access to SONET facilities as a means of
25 interconnection or as UNEs.

1

2 Q. WHAT IS THE DISPUTE BETWEEN BELLSOUTH AND MCI?

3

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

14

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

17

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

19

20 A. BellSouth is only obligated to provide and use two-way local interconnection
21 trunks where traffic volumes are too low to justify one-way trunks. In all other
22 instances, BellSouth is able to use one-way trunks for its traffic if it so
23 chooses. Nonetheless, BellSouth is not opposed to the use of two-way trunks
24 where it makes sense and the provisioning arrangements can be mutually
25 agreed upon.

1

2 Q. ARE TWO-WAY TRUNKS ALWAYS MORE COST EFFICIENT THAN
3 ONE-WAY TRUNKS?

4

5 A. No. Two-way trunks may be more efficient than one-way trunks only under
6 some circumstances. Two-way trunks, however, are not always the most
7 efficient due to busy hour characteristics and balance of traffic. For example,
8 trunk groups are engineered based upon the amount of traffic that uses the
9 trunk group during the busiest hour of the day. If the traffic on the trunk group
10 in both directions occurs in the same or similar busy hour, there will be few, if
11 any, savings obtained by using two-way trunks versus one-way trunks. The
12 trunk termination costs will still have to be incurred on the total number of
13 trunks required to accommodate the total two-way traffic in the busy hour. In
14 addition, if the traffic is predominately flowing in one direction, there will be
15 little or no savings in two-way trunks over one-way trunks.

16

17 BellSouth has informed MCI on several occasions that it is willing to employ
18 two-way trunks consistent with basic two-way trunking principles. The
19 necessity and reasonableness of these principles are discussed by Mr. Milner.
20 However, if there are no efficiencies to be gained, BellSouth is entitled to use
21 one-way trunks for its traffic just as MCI is entitled to use one-way trunks for
22 its traffic.

23

24 Q. WHY SHOULD BELLSOUTH HAVE THE RIGHT TO ESTABLISH ONE-
25 WAY TRUNKS FOR BELLSOUTH ORIGINATED TRAFFIC?

1

2 A. BellSouth should have the flexibility to use one-way trunks for its originated
3 traffic for the following reasons:

4 1. If the majority of traffic exchanged between the companies originates on
5 BellSouth's network, which is usually the case, BellSouth must have the
6 ability to establish direct trunk groups from its end offices to the point of
7 interconnection when traffic volumes dictate. BellSouth must retain the
8 option to utilize one-way trunks if MCI or another ALEC is uncooperative
9 in establishing direct end office to end office trunks or in providing a
10 sufficient number of two-way trunks.

11

12 2. Because two-way trunks carry both companies' originated traffic, requiring
13 two-way trunks allows an ALEC to determine the Interconnection Point for
14 BellSouth originated traffic. ALECs have the right to determine the
15 interconnection point for traffic originated by their customers. If both
16 BellSouth and ALEC originated traffic is interconnected over the same
17 trunk group, the ALEC would also be defining the interconnection point
18 for BellSouth's originating traffic. The FCC specifically declined to give
19 ALECs such control over BellSouth's internal network costs for handling
20 local traffic originated by BellSouth end users. This issue is discussed
21 more fully under Issue 36 and is the basis for next concern.

22

23 3. Allowing the ALEC to designate the Interconnection Point for BellSouth
24 originated traffic allows the ALEC to inappropriately increase BellSouth's
25 costs.

1
2 4. Two-way trunks involve a variety of complex issues that must be addressed
3 by the parties. For example, two-way trunk installation involves agreement
4 on: 1) the number of trunks required; 2) when trunk augmentation is
5 required; 3) whether to install direct end office to end office trunk groups
6 or tandem trunk groups; 4) whose facilities will be used to transport the
7 two-way trunk groups when both companies have available facilities; 5)
8 where the Interconnection Point will be located; 6) which company will
9 order and install the trunk group and who will control testing and
10 maintenance of the trunk group; and 7) the method of compensation
11 between the parties for two-way trunks that carry multi-jurisdictional
12 traffic. All of these issues must be resolved between the parties in order to
13 make two-way trunks a viable arrangement.

14

15 Q. DOES THE FCC SUPPORT THE USE OF ONE-WAY TRUNKS?

16

17 A. Yes. Paragraph 219 of the FCC's Local Competition Order discusses the
18 situation in which a carrier does not have sufficient volume to justify one-way
19 trunks. That is the only instance where two-way trunks must be
20 accommodated. In all other cases, BellSouth is permitted to utilize one-way
21 trunks.

22

23 Q. HOW DOES BELLSOUTH RECOMMEND THE COMMISSION RESOLVE
24 THIS ISSUE?

25

1 A. Based on the preceding discussion, BellSouth requests the Commission adopt
2 its position on this issue and not require BellSouth to use two-way trunking
3 except as required by the FCC. The Commission is requested to adopt
4 BellSouth's contract language that allows the parties to reach mutual
5 agreement on the use of two-way trunks. This method has proven effective
6 where BellSouth and other ALECs have addressed the provision of two-way
7 trunks.

8

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

11

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

13

14 A. For the reasons stated in response to Issues 34 & 36, BellSouth is not required
15 to use two-way trunks for local traffic terminated to MCI. However, it is not
16 clear what remains in dispute on this issue, since BellSouth has agreed to offer
17 a combination trunk group under specified circumstances, that is by definition
18 a two-way trunk group.

19

20 Q. WHAT IS A COMBINATION TRUNK GROUP?

21

22 A. MCI's proposed interconnection agreement terms a combination trunk group
23 as one that carries local interconnection traffic, intraLATA toll and Transit
24 Traffic (including switched access traffic). Although not required by the 1996
25 Act, BellSouth is willing to provision what MCI terms combination trunks

1 under specified circumstances. MCI's combination trunk is equivalent to the
2 Supergroup two-way trunk group architecture offered by BellSouth.

3

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

8

9 Q. WHAT IS THE ESSENCE OF THE DISPUTE BETWEEN THE PARTIES
10 ON THIS ISSUE?

11

12 A. In a nutshell, this issue is about whose customers should pay for the costs that
13 MCI creates as a result of its network design decisions. MCI wants
14 BellSouth's customers to bear those costs. Not surprisingly, BellSouth's
15 position is that MCI's customers should bear the costs of MCI's decisions. All
16 of the discussion concerning who gets to establish points of interconnection,
17 how many points there will be, when reciprocal compensation applies to the
18 facilities, etc. are simply a means to an end. That end is whether customers
19 that MCI does not serve should bear the additional costs that result from MCI's
20 network design or whether MCI's own customers should bear those costs.
21 Although the processes required to implement the parties' positions concerning
22 network interconnection are very complicated, the Commission only has to
23 decide whether MCI should bear the full costs of its network design.

24

25

1 Q. TO PUT THIS ISSUE IN CONTEXT, PLEASE DESCRIBE THE WAY IN
2 WHICH BELLSOUTH'S "NETWORK" IS CONFIGURED.

3

4 A. BellSouth's "network" is actually a group of several distinct networks. For
5 example, BellSouth has local networks, long distance networks, packet
6 networks, signaling networks, E911 networks, etc. Each of these networks is
7 designed to provide a particular service or group of services.

8

9 Most telecommunications companies structure their networks as a group of
10 specialized networks. The important point is that for a customer to have a
11 particular service, the customer must be connected to the network where that
12 service is provided. Consequently, if an ALEC wants to deliver or receive a
13 particular kind of traffic from a BellSouth customer, the ALEC must connect
14 to the BellSouth network where that service is provided. For example, if a
15 customer receives local service from BellSouth, that customer must be
16 connected to the BellSouth local network in his or her local calling area.
17 Consequently, if an ALEC wants to deliver or receive local traffic to that
18 customer the ALEC must be connected to that same local network.

19

20 Q. PLEASE FURTHER DESCRIBE BELLSOUTH'S LOCAL NETWORKS.

21

22 A. The geographic basis upon which customers purchase local service from
23 BellSouth is a local calling area. To provide service within that local calling
24 area, BellSouth has to provide a local network. That local network has a
25 number of local switches that switch local calls. These local switches are

1 interconnected by trunks either directly, or through local tandem switches.

2 These interconnected switches allow one customer to call any other customer
3 located within that local calling area.

4

5 BellSouth has a number of such local networks in a LATA. For example, in
6 the Jacksonville LATA, BellSouth has local networks in Jacksonville, Lake
7 City, St. Augustine, Pomona Park, etc. Customers who want local service in a
8 particular local calling area must be connected to the local network that serves
9 that local calling area. For example, a customer who connects to the
10 Jacksonville local network won't receive local service in the Lake City local
11 calling area because Lake City is not in the local calling area of Jacksonville.
12 Likewise, an ALEC who wants to connect with BellSouth to provide local
13 service in Lake City has to connect to the local network that serves the Lake
14 City local calling area.

15

16 Q. WHY DO YOU SAY THAT THE ALEC MUST CONNECT TO THE
17 ILEC'S EXISTING NETWORK?

18

19 A. First, that is the only approach that makes economic sense. I will explain the
20 rationale for that statement later. Second, the Eighth Circuit determined that
21 the ILEC is only required to permit an ALEC to interconnect with the ILEC's
22 existing network.

23 "The Act requires an ILEC to (1) permit requesting new entrants
24 (competitors) in the ILEC's local market to interconnect with the
25 ILEC's existing local network and, thereby, use that network to

1 compete in providing local telephone service (interconnection);”
2 (Eighth Circuit Court, July 18, 2000, page 2)

3
4 “It is the cost to the ILEC of providing its existing facilities and
5 equipment through interconnection or by providing the specifically
6 requested existing network elements that the competitor will in fact be
7 obtaining for use that must be the basis for the charges. The new
8 entrant competitor, in effect, piggybacks on the ILEC’s existing
9 facilities and equipment. It is the cost to the ILEC of providing that
10 ride on those facilities that statute permits the ILEC to recoup.” (Id.,
11 page 8)

12

13 Q. HOW DO YOU UNDERSTAND THAT MCI’S LOCAL NETWORK WILL
14 BE CONFIGURED?

15

16 A. Apparently MCI will have a regional switch and very long loops. Indeed, MCI
17 could have a single switch in a state or region and serve all of the customers it
18 has in that state or region, provided that the switch physically could handle the
19 volume of subscribers. Exhibit CKC-2 illustrates the way that BellSouth
20 understands that MCI could provide local service to a customer in Lake City
21 using MCI’s local network switches. Page 1 of Exhibit CKC-2 shows an MCI
22 switch in Orlando with a Point of Interconnection in Jacksonville and with
23 long loops to serve end users in Jacksonville and Lake City. As this
24 Commission knows, both the Jacksonville and Lake City local calling areas are
25 within the Jacksonville LATA. MCI would be electing to have its local switch

1 in Orlando and a local loop well in excess of one hundred miles to its end user
2 in Jacksonville, for example. The parties agree that this arrangement is
3 technically feasible, and there is nothing at all wrong with such a configuration
4 if MCI decides that it makes economic sense for it to design its network this
5 way.

6
7 However, BellSouth cannot yet be involved in the delivery of interLATA
8 traffic. Therefore, in the scenario outlined above, MCI would be required to
9 put at least one Point of Interconnection in each LATA in which MCI intended
10 to serve local customers and where it therefore needed to hand off local traffic
11 to BellSouth. The parties also agree on this fact. At a later date, it could
12 decide to interconnect at one point on the east coast of the United States. Also,
13 MCI's proposal can be adopted by other ALECs who may not be willing to
14 interconnect in the LATA.

15

16 Q. WHAT IS A POINT OF INTERCONNECTION?

17

18 A. In its First Report and Order, at paragraph 176, the FCC defined the term
19 "interconnection" by stating that:

20 We conclude that the term "interconnection" under section 251(c)(2)
21 refers only to the physical linking of two networks for the mutual
22 exchange of traffic.

23

24 The term "Point of Interconnection" (POI) is the point on the ILEC's network
25 where that physical linking referred to above takes place. Simply speaking, the

1 Point of Interconnection is the place where facilities built by MCI connect to
2 facilities built by BellSouth.

3

4 Q. PLEASE EXPLAIN HOW CALLS ORIGINATED FROM MCI
5 CUSTOMERS FLOW BETWEEN THE NETWORKS DEPICTED ON
6 EXHIBIT CKC-2.

7

8 A. For the purpose of the following discussion, I will assume that MCI elects to
9 put a single Point of Interconnection in the Jacksonville LATA and that Point
10 of Interconnection will be at BellSouth's access tandem in Jacksonville. This
11 would be perfectly permissible because MCI would have built its network from
12 Orlando to Jacksonville, and then instructed BellSouth to pick up the traffic
13 MCI intends to deliver to BellSouth at that Point of Interconnection.

14

15 Now suppose that an MCI end user in Jacksonville wants to call a BellSouth
16 end user in Jacksonville. The MCI end user picks up his or her telephone, and
17 draws dial tone from MCI's Orlando switch. The call is routed from Orlando
18 to MCI's Point of Interconnection in Jacksonville (which is, we will assume,
19 collocated with the BellSouth access tandem in Jacksonville). The call is then
20 connected to BellSouth's Jacksonville local network via intrabuilding facilities.
21 This call flow is shown on Page 2 of Exhibit CKC-2. BellSouth is
22 compensated for transporting and terminating this call on its Jacksonville local
23 network by the reciprocal compensation payment that MCI would make to
24 BellSouth for this call. A call going in the reverse direction, i.e., from a

25

1 BellSouth end user in Jacksonville to an MCI end user in Jacksonville, would
2 be a mirror image of the call described above.

3
4 Next, suppose an MCI end user in Lake City wants to call a BellSouth end user
5 in Lake City. The MCI customer picks up his or her telephone, and draws dial
6 tone from MCI's Orlando switch. The MCI customer then dials the BellSouth
7 customer. The call is routed from Orlando to MCI's Point of Interconnection
8 in the Jacksonville LATA, which is still collocated with the BellSouth access
9 tandem. BellSouth then provides facilities on behalf of MCI from MCI's Point
10 of Interconnection in Jacksonville to a location on BellSouth's Lake City local
11 network. BellSouth then transports and terminates the call from the connection
12 point in Lake City to the called BellSouth end user in Lake City. This call
13 flow is shown on Page 3 of Exhibit CKC-2. A call in the reverse direction, i.e.,
14 from a BellSouth customer in Lake City to an MCI customer in Lake City, is
15 simply a mirror image of the call described above.

16

17 Q. ARE THERE ANY POINTS AFFECTING THIS ISSUE ON WHICH THE
18 PARTIES DO AGREE?

19

20 A. Yes, and to accurately describe the dispute, I need to highlight those points on
21 which the parties agree. First, the parties agree that MCI is not required to
22 duplicate the design of BellSouth's network, but can configure its network any
23 way MCI wants. For instance, MCI is free to elect to have a single switch in a
24 state to serve its local customers. In such a situation, if MCI has one switch, it
25 serves its customers in various parts of the state via very long loops connected

1 to that switch. MCI might install its local switch in Orlando, and serve local
2 customers in Lake City from its Orlando switch as depicted on Exhibit CKC-2.

3

4 Second, MCI may define the local calling area for its customers any way it
5 desires. It does not have to replicate the BellSouth local calling area.

6

7 Third, MCI or any other ALEC, may designate a single Point of
8 Interconnection in a LATA at any technically feasible point on BellSouth's
9 network. The ALEC establishes a Point of Interconnection, say at the access
10 tandem, and local traffic is delivered to the ILEC at that point. There is no
11 dispute that the ALEC can unilaterally decide where on BellSouth's network it
12 chooses to establish a Point of Interconnection. The ALEC can designate one
13 or several Points of Interconnection in the LATA.

14

15 Fourth, the parties agree that if MCI requests BellSouth to do so, BellSouth
16 must provide facilities required to connect MCI's Point of Interconnection to
17 BellSouth's local networks in the LATA. Who bears the cost of these
18 facilities, for example between Jacksonville and Lake City, is the point in
19 dispute under this issue.

20

21 Q. WHERE THEN DO THE PARTIES DISAGREE?

22

23 A. The parties disagree over whether MCI is required to pay for the facilities that
24 BellSouth provides to them between MCI's Point of Interconnection and
25 BellSouth's local networks. In the example described above, MCI wants

1 BellSouth to incur the additional cost of providing facilities for MCI between
2 Jacksonville and Lake City. BellSouth believes that MCI should pay for those
3 facilities.

4

5 Q. WHY DO YOU SAY BELLSOUTH IS INCURRING ADDITIONAL COSTS
6 ON BEHALF OF MCI?

7

8 A. The best way to describe these additional costs is to compare examples of two
9 local calls in the Lake City local area. One local call is between two BellSouth
10 customers. The other local call is between a BellSouth customer and an MCI
11 customer. Let's assume these two customers are next-door neighbors in Lake
12 City. First, let's examine what happens if both customers were served by
13 BellSouth. The call originates with one customer, and is transported over that
14 customer's local loop to a local switch in Lake City where the call is connected
15 to the other customer's local loop. The call never leaves the Lake City local
16 calling area. Therefore, the only cost BellSouth incurs for transporting and
17 terminating that call is end office switching in Lake City. Importantly, the call
18 never leaves the BellSouth Lake City local network.

19

20 Now, let's compare what happens when one of these two customers obtains its
21 local service from MCI. Assume that the BellSouth customer calls the MCI
22 customer next door. This assumption is just for simplicity of explanation; the
23 effect is the same regardless of which customer originates the call. The
24 BellSouth customer is connected to BellSouth's switch in Lake City. The
25 BellSouth switch then sends the call to Jacksonville because that is where MCI

1 told BellSouth to send the call. The call is then hauled over facilities owned by
2 MCI to Orlando where MCI connects the call through its end office switch to
3 the long loop serving MCI's end user customer back in Lake City. Again,
4 these two customers live next door to each other. In one case the call never left
5 Lake City. In the other, BellSouth hauled the call all the way to Jacksonville
6 and the only reason BellSouth did so was because that is what MCI wanted.

7
8 Although BellSouth has no objection to MCI using this roundabout routing to
9 handle local traffic, BellSouth does object to MCI's attempting to shift the
10 costs it creates by such routing onto BellSouth and its customers. The policy
11 that MCI wants this Commission to adopt would permit MCI to require
12 BellSouth to incur the cost of hauling that local call all the way to Jacksonville
13 at no charge to MCI. Further the policy MCI wants adopted would require
14 BellSouth to haul that call to Orlando, or to anywhere in the nation that MCI or
15 any other carrier wants free of charge. There is nothing fair, equitable or
16 reasonable about MCI's position. MCI is apparently willing to bear the cost of
17 carrying the call from Jacksonville to Orlando, but wants BellSouth to bear the
18 cost of carrying this call from Lake City to Jacksonville, for example. It is
19 these additional costs that BellSouth incurs solely at the insistence of MCI that
20 BellSouth objects to paying.

21

22 Q. DO BELLSOUTH'S LOCAL RATES COVER THESE ADDITIONAL
23 COSTS?

24

25

1 A. No. BellSouth is not compensated by the rates charged to BellSouth's local
2 customers for hauling all calls from one Lake City end user to another Lake
3 City end user through Jacksonville, for example. I believe this Commission
4 intends for local rates to cover the costs incurred in handling local traffic;
5 however, I do not believe it is reasonable to assume that local rates were set to
6 cover a transport fee from one local calling area to a remote point outside that
7 local calling area simply because MCI wants the traffic hauled to that point for
8 its own convenience. I believe it is clear that MCI has configured its network
9 in the way that is most economically advantageous to MCI. That's fine. It's
10 allowed to do that and it may choose to do so.

11

12 However, MCI is also attempting to shift costs from MCI to BellSouth for
13 local calls between its customers and BellSouth's customers. That is neither
14 fair, reasonable nor even logical. Where MCI asks BellSouth to transport calls
15 outside the BellSouth local calling area, it seems clear that MCI should be
16 required to pay for that transport.

17

18 Indeed, if MCI is not required to pay for that extra transport which MCI's
19 network design decisions caused, who will pay for it? The BellSouth calling
20 party is already paying for local calls and certainly won't agree to pay more
21 simply for MCI's convenience. Who does that leave to cover this cost? The
22 answer is that there is no one else, and because MCI has caused this cost
23 through its own decisions regarding the design of its network, it should be
24 required to pay for this additional cost.

25

1 Q. DOES BELLSOUTH RECOVER ITS COSTS FOR HAULING LOCAL
2 CALLS OUTSIDE THE LOCAL CALLING AREA THROUGH
3 RECIPROCAL COMPENSATION CHARGES?
4

5 A. No. The facilities discussed in this issue facilitate interconnection. Their costs
6 are not covered in the reciprocal compensation charges for transport and
7 termination. Paragraph 176 of FCC Order 96-325, the FCC clearly stated that
8 interconnection does not include transport and termination (“Including the
9 transport and termination of traffic within the meaning of section 251(c)(2)
10 would result in reading out of the statute the duty of all LECs to establish
11 “reciprocal compensation arrangements for the transport and termination of
12 telecommunications” under section 251(b)(5)”). Reciprocal compensation
13 charges apply only to facilities used for transporting and terminating local
14 traffic, not for interconnection of the parties’ networks.
15

16 Utilizing the Lake City example, under MCI’s proposal, MCI would pay
17 reciprocal compensation for calls originated by MCI customers in Lake City
18 and terminated to BellSouth customers in Lake City. However, reciprocal
19 compensation would only apply for the use of BellSouth’s facilities within the
20 Lake City local calling area. That is, reciprocal compensation would apply to
21 the facilities BellSouth used within its Lake City local network to transport and
22 switch an MCI originated call. Reciprocal compensation would not cover the
23 cost of the facilities necessary to haul the traffic from Jacksonville to Lake
24 City, for example. Further, BellSouth is paid reciprocal compensation only for
25 calls that originate with an MCI customer and terminate to a BellSouth

1 customer. BellSouth does not receive reciprocal compensation for calls that
2 originate from BellSouth and terminate to MCI. However, MCI wants
3 BellSouth to build facilities, at no charge, for calls in both directions.

4

5 Q. IS THE ARRANGEMENT THAT MCI PROPOSES EFFICIENT?

6

7 A. I don't see how it could be efficient. MCI equates efficiency with what is
8 cheapest for MCI. Of course, that is not an appropriate measure of efficiency.
9 Indeed, to measure efficiency, the cost to every carrier involved must be
10 considered. Presumably, MCI has chosen its particular network arrangement
11 because it is cheaper for MCI. A principal reason it's cheaper is because MCI
12 expects BellSouth's customers to bear substantially increased costs that MCI
13 causes by its network design. It simply doesn't make any sense for BellSouth
14 to eat the cost of hauling a local Lake City call outside the local calling area
15 just because MCI wants us to do so. MCI, however, wants this Commission to
16 require BellSouth to do just that. If MCI bought these facilities from anyone
17 else, MCI would pay for the facilities. However, MCI doesn't want to pay
18 BellSouth for the same capability.

19

20 MCI's method of transporting local traffic is clearly more costly in total, but
21 MCI blithely ignores the additional costs they want BellSouth to incur. Of
22 course, these increased costs will ultimately be borne by customers, and if MCI
23 has its way, these costs will be borne by BellSouth's customers. I submit that
24 competition is supposed to reduce costs to customers, not increase them.
25 Competition certainly is not an excuse for enabling a carrier to pass increased

1 costs that it causes to customers it doesn't serve. BellSouth requests that this
2 Commission require MCI to bear the cost of hauling local calls outside
3 BellSouth's local calling areas. Importantly, MCI should not be permitted to
4 avoid this cost nor should MCI be permitted to collect reciprocal compensation
5 for facilities that haul local traffic outside of the local calling area.

6

7 Q. DOES BELLSOUTH OBJECT TO MCI ESTABLISHING A SINGLE POINT
8 OF INTERCONNECTION IN EACH LATA?

9

10 A. No. BellSouth is not attempting to force MCI to build facilities throughout the
11 LATA. BellSouth offers all of the services necessary to permit MCI to have a
12 single Point of Interconnection in the LATA. Utilizing my hypothetical, if
13 MCI only wants to build facilities to a single point on BellSouth's network in
14 the Jacksonville LATA, that is fine with BellSouth. MCI can use that point to
15 serve all of its customers in the Jacksonville LATA. However, BellSouth's
16 local network in Jacksonville does not extend to Lake City. Therefore, if MCI
17 wants to provide local service in Lake City, MCI must get to that network in
18 Lake City. MCI can purchase facilities from BellSouth or another provider for
19 that purpose. BellSouth only requests that if MCI wants BellSouth to provide
20 the facilities, MCI must pay for them just as MCI would pay for them if they
21 obtained the facilities from another provider.

22

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

25

1 A. In its First Report and Order in Docket 96-325, the FCC states that the ALEC
2 must bear those costs. Paragraph 199 of the Order states that “a requesting
3 carrier that wishes a ‘technically feasible’ but expensive interconnection
4 would, pursuant to section 252(d)(1), be required to bear the cost of the that
5 interconnection, including a reasonable profit.” Further, at paragraph 209, the
6 FCC states that “Section 251(c)(2) lowers barriers to competitive entry for
7 carriers that have not deployed ubiquitous networks by permitting them to
8 select the points in an incumbent LEC’s network at which they wish to deliver
9 traffic. Moreover, because competing carriers must usually compensate
10 incumbent LECs for the additional costs incurred by providing
11 interconnection, competitors have an incentive to make economically efficient
12 decisions about where to interconnect.” (emphasis added)

13

14 Clearly, the FCC expected MCI to pay the additional costs that it causes
15 BellSouth to incur. If MCI is permitted to shift those costs to BellSouth, it has
16 no incentive to make economically efficient decisions about where to
17 interconnect.

18

19 Q. HOW DOES BELLSOUTH PROPOSE TO DELIVER ITS ORIGINATING
20 LOCAL TRAFFIC TO MCI?

21

22 A. BellSouth proposes to aggregate all of its customer’s originated local traffic to
23 a single location in a local calling area where such traffic will be delivered to
24 the ALEC. In the case of Lake City, for example, BellSouth would transport
25 the local traffic originated by all BellSouth customers in the Lake City local

1 calling area to a single location in the Lake City local calling area. MCI can
2 then pick up all local traffic that BellSouth's customers originate in the Lake
3 City local calling area at a single location.

4

5 However, MCI is not required to pick up the traffic at that point. Assuming
6 there is more than one end office in a local calling area, if MCI chooses to do
7 so, it can pick up the traffic at each individual end office.

8

9 Q. HOW HAS THE FCC ADDRESSED THE ISSUE OF WHO ESTABLISHES
10 THE POINT OF INTERCONNECTION?

11

12 A. The FCC addressed this issue in its Local Competition Order, in Section IV.
13 In that Section, the FCC established the concept that, due to reciprocal
14 compensation being paid by the originating company, the originating company
15 may seek to determine its Point of Interconnection in order to minimize its
16 reciprocal compensation obligation to the terminating company. For example,
17 in Subsection F, Technically Feasible Points of Interconnection, ¶ 209, the
18 FCC states:

19 We conclude that we should identify a minimum list of technically
20 feasible points of interconnection that are critical to facilitating entry by
21 competing carriers. Section 251 (c) gives competing carriers the right
22 to deliver traffic terminating on an incumbent LEC's network at any
23 technically feasible point on that network rather than obligating such
24 carriers to transport traffic to less convenient or efficient
25 interconnection points. Section 251(c)(2) lowers barriers to

1 competitive entry for carriers that have not deployed ubiquitous
2 networks by permitting them to select the points in an incumbent
3 LEC's network at which they wish to deliver traffic. Moreover,
4 because competing carriers must usually compensate incumbent LECs
5 for the additional costs incurred by providing interconnection,
6 competitors have an incentive to make economically efficient decisions
7 about where to interconnect.

8
9 This ruling requires the ALEC to establish a Point of Interconnection on the
10 incumbent LEC's network and only permits the ALEC to designate that point
11 for traffic originated by the ALEC. It does not allow the ALEC to specify a
12 Point of Interconnection for traffic originated on the incumbent LEC's
13 network. The rationale of this ruling clearly requires the ALEC to deliver its
14 traffic to the incumbent's network and supports the right of the originating
15 carrier to specify the Point of Interconnection. MCI's proposed plan is
16 contrary to this ruling by purporting to permit the terminating carrier to
17 designate the Point of Interconnection.

18

19 Q. HOW HAS THE FCC ADDRESSED THE ILEC'S ABILITY TO
20 DESIGNATE A POINT OF INTERCONNECTION FOR ITS
21 ORIGINATING TRAFFIC?

22

23 A. As previously discussed, the FCC permits the ILEC to designate the Point of
24 Interconnection for its originating traffic, and does not require that point to be
25 on the ALEC's network. The FCC has determined that issues regarding the

1 location of Points of Interconnection should be determined through the
2 negotiation and arbitration process. In the FCC's Order 96-325, MCI
3 attempted to have the FCC require ILECs to specify a Point of Interconnection
4 on the ALEC's network for the traffic originated by the ILEC's end user. In
5 paragraph 214 of that Order, the FCC states:

6 MCI also urges the Commission to require incumbents and competitors
7 to select one point of interconnection (POI) on the other carrier's
8 network at which to exchange traffic. MCI further requests that this
9 POI be the location where the costs and responsibilities of the
10 transporting carrier ends and the terminating carrier begins. [Emphasis
11 added]

12
13 In paragraph 220, the FCC rejected MCI's request, stating that:

14 We also conclude that MCI's POI proposal, permitting interconnecting
15 carriers, both competitors and incumbent LECs, to designate points of
16 interconnection on each other's networks, is at this time best addressed
17 in negotiations and arbitrations between parties.

18
19 Importantly, this ruling does not give an ALEC the right to establish the Point
20 of Interconnection for ILEC originated traffic as MCI sought to do. It also
21 rejects an attempt by MCI to interconnect at some place other than the ILEC's
22 existing local network.

23
24 Q. WHAT DOES BELL SOUTH REQUEST OF THIS COMMISSION?

25

1 A. BellSouth simply requests the Commission find that MCI is required to bear
2 the cost of facilities that BellSouth installs on MCI's behalf in order to extend
3 BellSouth's local network to MCI. I believe this to be an equitable
4 arrangement for both parties.

5

6 Q. WHY SHOULD THE COMMISSION ADOPT BELLSOUTH'S POSITION
7 ON THIS ISSUE?

8

9 A. BellSouth's solution is the only one that makes economic sense. If BellSouth,
10 or any incumbent for that matter, is required to haul traffic from a remote local
11 calling area to a centralized ALEC interface, the ALEC will have simply
12 succeeded in shifting the costs of its network from itself to BellSouth or the
13 other incumbent. That is neither logical nor fair. For these reasons, the
14 Commission should adopt BellSouth's proposed resolution of this issue.

15

16 ***Issue 39: How should Wireless Type 1 and Type 2A traffic be treated under the***
17 ***Interconnection Agreements?***

18

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

20

21 A. This issue deals with whether wireless traffic should be treated as transit traffic
22 for routing and billing purposes. "Transit traffic" is traffic that originates on
23 one party's network, is switched and transported by a second party and then is
24 sent to a third party's network. The party that switches the call from the first
25 party to the third party is due payment for that function. However, in many

1 cases, when a wireless company is one of the three parties, neither BellSouth,
2 the wireless company nor the ALEC has the necessary system capabilities
3 required to bill each other using the normal Meet Point Billing process. In
4 addition, as discussed below, for Wireless Type 1 traffic, BellSouth is unable
5 to determine whether or not the transiting function is being performed. As a
6 result, BellSouth simply proposes that traffic involving wireless carriers be
7 treated as if it were land-line traffic originated by either BellSouth or the
8 ALEC. For Type 2A traffic, this arrangement will continue until the involved
9 parties have the necessary Meet Point Billing system capabilities.

10

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

13

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

18

19 Q. PLEASE DESCRIBE WIRELESS TYPE 1 AND TYPE 2A TRAFFIC.

20

21 A. Wireless Type 1 traffic is wireless traffic that uses a BellSouth NXX. In other
22 words, the wireless carrier does not have its own NXX, but uses numbers in an
23 NXX assigned to BellSouth's land-line service. In this case, the Wireless Type
24 1 Traffic is indistinguishable from BellSouth-originated or BellSouth-
25 terminated traffic from a Meet Point Billing perspective. Therefore, for

1 routing and billing purposes, BellSouth is proposing to treat this transit traffic
2 as BellSouth-originated or terminated traffic. In reality, there is very little of
3 this type traffic, since most wireless carriers have distinct NXXs assigned.
4 Further, wireless Type 1 traffic has been treated in this manner for all ALECs,
5 including MCI.

6
7 Wireless Type 2A traffic is wireless traffic that is distinguishable from
8 BellSouth-originated or terminated traffic because the wireless carrier has
9 distinct NXXs assigned for its use. However, as I discussed earlier, the
10 necessary system capabilities required to bill through the Meet Point billing
11 process are not yet available. Such arrangements are necessary in order for
12 BellSouth to send the appropriate billing records to the wireless carrier and to
13 the ALEC. Therefore, until such arrangements are available, BellSouth must
14 continue to treat Wireless Type 2A transit traffic as BellSouth originated or
15 terminated traffic.

16
17 ***Issue 40: What is the appropriate definition of internet protocol (IP) and how***
18 ***should outbound voice calls over IP telephony be treated for purposes of reciprocal***
19 ***compensation?***

20
21 Q. PLEASE EXPLAIN BELLSOUTH'S UNDERSTANDING OF THIS ISSUE.

22
23 A. This issue addresses the appropriate compensation for phone-to-phone calls
24 that utilize a technology known as Internet Protocol ("IP"). First, let me be
25 clear on the distinction between "voice calls over the Internet" and "voice calls

1 over Internet Protocol (“IP”) telephony.” IP telephony is, in very simple and
2 basic terms, a mode or method of completing a telephone call. The word
3 “Internet” in Internet Protocol telephony refers to the name of the protocol; it
4 does not mean that the service necessarily uses the World Wide Web.

5

6 Technically speaking, Internet protocol, or any other protocol, is an agreed
7 upon set of technical operating specifications for managing and
8 interconnecting networks. The Internet protocol is the language that gateways
9 use to talk to each other. It has nothing to do with the transmission medium
10 (wire, fiber, microwave, etc.) that carries the data packets between gateways,
11 but rather concerns gateways, or switches, that are found on either end of that
12 medium.

13

14 Q. WHAT IS BELLSOUTH’S POSITION ON THIS ISSUE?

15

16 A. As with any other local traffic, reciprocal compensation should apply to local
17 telecommunications provided via IP telephony, to the extent that it is
18 technically feasible to apply such charges. To the extent, however, that calls
19 provided via IP telephony are long distance calls, access charges should apply,
20 irrespective of the technology used to transport them.

21

22 BellSouth’s position is that switched access charges, not reciprocal
23 compensation, apply to phone-to-phone long distance calls that are transmitted
24 using IP telephony because such calls go to an IXC just like any other long
25 distance calls. The IXC may use the Internet Protocol to transport all or some

1 portion of the long distance call, but that does not change the fact that it is a
2 long distance call.

3

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

5

6 A. Apparently, MCI believes that all traffic transmitted via IP telephony should be
7 treated as local, regardless of where the end points of the call occur, and that
8 reciprocal compensation should apply to all calls. For example, a call from
9 Cocoa Beach to Chicago sent over MCI's circuit switched network would be
10 treated as a long distance call, and access charges would apply. However, if
11 MCI transported that same call using IP telephony, MCI claims that the call
12 from Cocoa Beach to Chicago is a local call and that reciprocal compensation
13 applies. MCI makes this claim despite the fact that it charges the customer the
14 same long distance price in either case. This position is ridiculous. MCI's
15 choice of transmission medium does not transform a long distance call into a
16 local call.

17

18 Q. WHAT IS IP TELEPHONY?

19

20 A. IP telephony is telecommunications service that is provided using Internet
21 Protocol for one or more segments of the call. IP telephony is, in very simple
22 and basic terms, a mode or method of completing a telephone call. The word
23 "Internet" in Internet Protocol telephony refers to the name of the protocol; it
24 does not mean that the service uses the World Wide Web. Currently there are
25 various technologies used to transmit telephone calls, of which the most

1 common are analog and digital. In the case of IP telephony originated from a
2 traditional telephone set, the local carrier first converts the voice call from
3 analog to digital. The digital call is sent to a gateway that takes the digital
4 voice signal and converts or packages it into data packets. These data packets
5 are like envelopes with addresses which “carry” the signal across a network
6 until the packets reach their destination, which is known by the address on the
7 data packet, or envelope. This destination is another gateway, which
8 reassembles the packets and converts the signal to analog, or a plain old
9 telephone call to be terminated on the called party’s local telephone company’s
10 lines.

11

12 To explain it another way, phone-to-phone IP telephony is where an end user
13 customer uses a traditional telephone set to call another traditional telephone
14 set using IP telephony for a portion of the transport. The fact that IP
15 technology is used, at least in part, to transport the call is transparent to the end
16 user. Phone-to-phone IP telephony is identical, by all relevant regulatory and
17 legal measures, to any other basic telecommunications service, and should not
18 be confused with calls to the Internet through an ISP. Characteristics of
19 phone-to-phone IP telephony are as follows:

- 20 • IP telephony provider gives end users traditional dial tone (not modem
21 buzz);
- 22 • End user does not call modem bank;
- 23 • Uses traditional telephone sets (vs. computer);
- 24 • Call routes using telephone numbers (not IP addresses);
- 25 • Basic telecommunications (not enhanced);

1 ● IP telephony providers are telephone carriers (not ISPs).
2 Phone-to-phone IP telephony should not be confused with computer-to-
3 computer IP telephony, where computer users use the Internet to provide
4 telecommunications to themselves.

5

6 Q. HOW ARE IP TELEPHONY CALLS DIFFERENT FROM INTERNET
7 SERVICE PROVIDER (ISP) BOUND TRAFFIC?

8

9 A. Even though IP telephony and ISP traffic both have the word “Internet” in their
10 name, they are completely different services and should not be confused. The
11 FCC’s April 10, 1998 Report to Congress states: “The record... suggests...
12 ‘phone-to-phone IP telephony’ services lack the characteristics that would
13 render them ‘information services’ within the meaning of the statute, and
14 instead bear the characteristics of ‘telecommunication services’.” Further,
15 Section 3 of the 1996 Act defines “telecommunications” as the “transmission,
16 between or among points specified by the user, of information of the user’s
17 choosing, without change in the form or content of the information as sent and
18 received.” Thus, IP telephony is telecommunications service, not information
19 or enhanced service.

20

21 Q. DOES THE FCC VIEW ISP BOUND TRAFFIC DIFFERENTLY THAN IP
22 TELEPHONY IN TERMS OF APPLICABLE CHARGES?

23

24 A. Yes. Neither ISP bound traffic nor the transmission of long-distance voice
25 services via IP telephony is local traffic; however, the FCC has treated the two

1 types of traffic differently in terms of the rates that such providers pay for
2 access to the local exchange company's network. ESPs, or Information
3 Service Providers have been exempted by the FCC from paying access charges
4 for use of the local network in order to encourage the growth of these emerging
5 services – most specifically access to the Internet. The FCC has found that
6 ESPs and ISPs use interstate access service, but are exempt from switched
7 access charges applicable to other long distance traffic. Instead, ISP-bound
8 traffic is assessed at the applicable business exchange rate. On the other hand,
9 the transmission of long-distance voice services – whether by IP telephony or
10 by more traditional means -- is not an emerging industry. In fact, it is a mature
11 industry – one that is not exempt from paying access charges for the use of the
12 local network. These same access charges are currently paid by all other long-
13 distance carriers.

14

15 Q. HAS THE COMMISSION RECENTLY ADDRESSED THIS ISSUE?

16

17 A. Yes. In its recent decision in the Intermedia arbitration proceeding (Docket
18 No. 991854-TP), the Commission adopted the Staff's recommendation that IP
19 telephony is technology neutral.

20

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

23

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

25

1 A. BellSouth's understanding is that this issue is about whether MCI should be
2 permitted to disguise switched access traffic as local traffic. BellSouth's
3 position is that MCI should not be permitted to disguise switched access traffic
4 as local traffic by routing such switched access traffic over local
5 interconnection trunks. The handling of switched access traffic is governed
6 pursuant to switched access tariffs. Although couched as an issue concerning
7 "tandem switching," MCI is seeking to avoid paying switched access charges,
8 which the Commission should not permit.

9

10 Q. WHAT IS THE ISSUE IN DISPUTE?

11

12 A. BellSouth has proposed language making clear that MCI will not "deliver
13 switched access to BellSouth for termination except over MCI ordered
14 switched access trunks and facilities." In other words, MCI should not be
15 permitted to send access traffic under the guise of local traffic. MCI has
16 objected to this language for reasons that are not readily apparent, except to
17 perhaps the extent MCI wants to avoid paying access charges.

18

19 Q. WHY IS THIS ISSUE IMPORTANT TO BELLSOUTH?

20

21 A. This issue has to do with ensuring the payment of switched access charges.
22 BellSouth developed its existing switched access network configuration which
23 is comprised of (1) access tandem switches and subtending end office switches
24 (as reflected in the national Local Exchange Routing Guide (LERG),) (2)
25 switched access interconnection facilities resulting from the FCC's Local

1 Transport Restructure (LTR) and Access Reform orders, and (3) switch
2 recordings and Carrier Access Billing System (CABS) to ensure parity
3 treatment of IXCs in ordering, provisioning, maintenance, transmission levels,
4 and billing. BellSouth's ability to properly route and bill switched access
5 traffic between BellSouth and IXCs is dependent upon established switched
6 access processes and systems. Further, BellSouth's ability to properly route
7 and bill switched access traffic between IXCs and Independent Telephone
8 Companies and other ALECs subtending BellSouth access tandems also
9 depends on these switched access processes and systems.

10

11 Allowing MCI to terminate switched access traffic into BellSouth's network
12 via non-access trunks and processes would eliminate BellSouth's ability to
13 properly bill for this traffic. For example, BellSouth would not be able to
14 properly bill and recover switched access traffic terminated to BellSouth and
15 other subtending companies, if such traffic were routed via MCI's
16 interconnection trunk groups. Additionally, BellSouth could not ensure parity
17 of access traffic quality terminated to BellSouth via MCI's non-access
18 connections.

19

20 Q. UNDER ISSUE 35, BELLSOUTH AGREES TO PROVISION
21 SUPERGROUP TWO-WAY TRUNK GROUPS TO ACCOMMODATE
22 DIFFERENT TYPES OF TRAFFIC. WHAT MAKES MCI'S REQUEST IN
23 THIS INSTANCE DIFFERENT FROM ITS REQUEST UNDER ISSUE 35?

24

25

1 A. There is a significant difference between these two issues. Under Issue 35,
2 although the traffic exchanged between BellSouth and MCI's local switch
3 using a Supergroup may contain local, transit and switched access traffic, it is
4 BellSouth that exchanges the switched access traffic directly with the IXCs. In
5 this issue, MCI wants access traffic to be delivered to BellSouth through
6 MCI's local switch and not from MCI's access tandem to BellSouth's access
7 tandem. If such traffic is not exchanged through the companies' respective
8 access tandems, but is delivered to BellSouth end offices over local
9 interconnection trunks, BellSouth is unable to identify and properly bill
10 switched access traffic.

11

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

13

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

15

16 A. BellSouth understands that this issue pertains to the routing and billing of third
17 party local transit traffic by the parties. While BellSouth is willing to route
18 local transit traffic, MCI wants BellSouth to pay reciprocal compensation for
19 such traffic terminating to MCI, which BellSouth is not obligated to do. MCI
20 should seek such compensation from the originating carrier, which in this
21 instance is not BellSouth.

22

23 Q. DOES BELLSOUTH PROVIDE A LOCAL TRAFFIC TRANSITING
24 FUNCTION?

25

1 A. Yes. Since the introduction of ALECs interconnecting with its network,
2 BellSouth sought to assist ALECs in their efforts to reduce their speed to
3 market time as well as their interconnection costs by allowing ALECs to
4 access other LECs via BellSouth's network. However, BellSouth is not
5 required to provide this function. When BellSouth performs a transit network
6 function, ALECs do not have to establish direct interconnection with the other
7 LECs, which eases ALECs' recording and billing requirements.

8

9 Q. SINCE BELLSOUTH OFFERS TO PROVIDE A LOCAL TRANSIT
10 FUNCTION, WHAT IS THE DISPUTE?

11

12 A. In addition to handling the traffic, MCI wants BellSouth to pay reciprocal
13 compensation for local traffic originated from another carrier terminating to
14 MCI so MCI does not have to consummate an interconnection agreement with
15 the originating carrier. Section 251(b) of the 1996 Act requires all LECs to
16 negotiate interconnection contracts to set the terms and conditions of traffic
17 exchange. If an ALEC desires that BellSouth perform the transit function, the
18 ALEC is responsible for ordering from and payment to BellSouth for the
19 applicable transiting interconnection charges. Additionally, the ALEC is
20 responsible for negotiating an interconnection agreement with other ALECs
21 with which they intend to exchange traffic. BellSouth should not be asked to
22 relieve MCI of its obligations under the 1996 Act.

23

24 Further, BellSouth has initiated the multiple bill approach for local traffic
25 based upon the Multiple Bill, Multiple Tariff process designed and

1 implemented by the national Ordering and Billing Forum (OBF). This was
2 accomplished in order to avoid interfering with the contract arrangements
3 negotiated and agreed to between ALECs and third party LECs.
4 Accordingly, as the "transit company," BellSouth provides the records needed
5 by the ALECs to bill a third party carrier for terminating traffic from that third
6 party carrier. In turn, BellSouth recovers its transit traffic costs from the
7 originating LEC. ALECs (including MCI) and BellSouth already utilize the
8 OBF Multiple Bill, Multiple Tariff Meet Point Billing process to bill
9 Interexchange Carriers (IXCs) for originating and terminating switched access
10 traffic. The same billing and record exchange systems are used to bill for
11 transit local traffic, and has been used for the past three years with MCI and
12 the other ALECs.

13

14 Q. WHAT ACTION IS BELLSOUTH ASKING THIS COMMISSION TO
15 TAKE ON THIS ISSUE?

16

17 A. BellSouth respectfully requests that this Commission reject MCI's attempt to
18 require BellSouth to perform MCI's legal obligation to negotiate local
19 interconnection contracts (and perform all associated billing and administrative
20 activities) with third party LECs.

21

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

25

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

2

3 A. BellSouth is not attempting to restrict MCI's ability to allocate numbers out of
4 its assigned NPA/NXX codes to its end users. BellSouth is indifferent to the
5 way MCI chooses to allocate its numbers to its end users. Because of this
6 freedom, MCI can elect to give a telephone number to a customer who is
7 physically located in a different local calling area than the local calling area
8 where that NPA/NXX is assigned. If MCI chooses to give out its numbers in
9 the manner previously described, calls originated by BellSouth end users to
10 those numbers are not local calls. Consequently, such calls are not local traffic
11 under the agreement and no reciprocal compensation applies. Further, MCI
12 should identify such long distance traffic and pay BellSouth for the originating
13 switched access service BellSouth provides on those calls.

14

15 Q. WHAT DO YOU MEAN WHEN YOU SAY AN NPA/NXX IS ASSIGNED
16 TO A RATE CENTER?

17

18 A. When MCI or any other carrier is given an NPA/NXX code by the North
19 American Numbering Plan Administrator, the carrier must assign that
20 NPA/NXX code to a rate center. All other carriers use this assignment
21 information to determine whether calls originated by its customers to numbers
22 in that NPA/NXX code are local or long distance calls. For example, assume
23 that the administrator assigned the 305/336 NPA/NXX to MCI. MCI would
24 tell the administrator where 305/336 was assigned. Let's say MCI assigned the
25 305/336 code to the Key West, Florida rate center. When a local carrier's

1 customer called a number in the 305/336 code, the local carrier would bill its
2 customer based upon whether a call from the location where the call originated
3 to the Key West, Florida rate center was a local call or a long distance call. If
4 a BellSouth customer in the Key West local calling area called a number in the
5 305/336 code in this example, BellSouth would treat the call as a local call for
6 purposes of billing its Key West, Florida customer. Likewise, if a BellSouth
7 customer in Miami called a number in the 305/336 code, BellSouth would bill
8 the customer for a long distance call.

9

10 Q. IS MCI LIMITED TO GIVING NUMBERS, ASSIGNED TO A
11 PARTICULAR RATE CENTER, TO CUSTOMERS WHO ARE
12 PHYSICALLY LOCATED IN THAT SAME RATE CENTER?

13

14 A. No. In the example above, MCI is not limited to giving numbers in the
15 305/336 code only to customers that are physically located in the Key West,
16 Florida rate center. MCI is permitted to assign a number in the 305/336 code
17 to any of its customers regardless of where they are physically located. Again,
18 BellSouth is not attempting to restrict their ability to do this.

19

20 Let's see what happens if MCI disassociates the physical location of a
21 customer with a particular telephone number from the rate center where that
22 NPA/NXX code is assigned. Let's continue to use the hypothetical case of the
23 305/336 code that MCI assigned to the Key West, Florida rate center. Now,
24 assume that MCI gives the number 305-336-2000 to one of its customers in
25 Miami. If a BellSouth customer in Key West calls 305-336-2000, BellSouth

1 would treat the call as if its Key West customer had made a local call.
2 However, BellSouth would hand off the call to MCI at a BellSouth designated
3 point of interconnection. MCI would then carry the call from that point of
4 interconnection to its end user in Miami. The end points of the call are in Key
5 West and Miami. More extreme, MCI could elect to assign another number,
6 say 305-336-3000 to one of its customers who is physically located in New
7 York. A call from a BellSouth customer in Key West, Florida to 305-336-
8 3000 would be treated as if he made a local call, but the call would actually
9 terminate in New York. MCI proposes for BellSouth to pay reciprocal
10 compensation on those calls from Key West to Miami or Key West to New
11 York that I have just described, even though such calls are clearly long
12 distance calls.

13
14 In addition to the long distance service described above that MCI could
15 provide, they could also provide local service using that same 305/336 code.
16 MCI could elect to assign another number, say 305-336-5555 to one of its
17 customers who is physically located in Key West, Florida. A BellSouth
18 customer in Key West who called 305-336-5555 would be making a local call.
19 BellSouth agrees that appropriate reciprocal compensation should apply on that
20 call. BellSouth and MCI disagree on what the amount of that reciprocal
21 compensation should be, but that is the subject of Issue 51, not this issue.

22

23 Q. IS TRAFFIC JURISDICTION ALWAYS DETERMINED BY THE RATE
24 CENTERS WHERE THE ORIGINATING AND TERMINATING
25 NPA/NXXs ARE ASSIGNED AS INDICATED IN MCI'S PETITION?

1
2 A. No. Traffic jurisdiction based on rate center assignment is used for retail end
3 user billing, not for inter-company compensation purposes. The FCC has
4 made it clear that traffic jurisdiction is determined based upon the originating
5 and terminating end points of a call, not the NPA/NXXs of the calling or called
6 number. One example is originating Feature Group A access service. Even
7 though the originating end user dials a number that appears local to him or her,
8 no one disputes that originating FGA traffic is switched access traffic with
9 respect to jurisdiction and compensation between the involved companies. As
10 the Commission is aware, FGA access service is not a local service.

11
12 Another example is Foreign Exchange (FX) service. Here again, the
13 originating end user believes he or she is reaching a location local to him or her
14 when in fact the terminating location is long distance. Further, because the call
15 to the FX number appears local and the calling and called NPA/NXXs are
16 assigned to the same rate center, the originating end user is not billed for a toll
17 call. Despite the fact that the calls appear to be local to the originating caller,
18 FX service is clearly a long distance service.

19
20 Q. WHAT IS THE CLOSEST PARALLEL TO THE SERVICE YOU HAVE
21 DESCRIBED THAT IS THE SUBJECT OF THIS ISSUE?

22
23 A. The closest parallel is 800 service. While there are some comparable
24 characteristics to the previously described Feature Group A (FGA) and Foreign
25 Exchange (FX) service, the service described here does not use lines dedicated

1 to a particular customer for transporting the call between rate centers. In fact,
2 some ALECs have described this service as an FX-like service. Instead, as in
3 the case of 800 service, calls are placed to a "toll free" number and routed over
4 trunking facilities to a distant location that normally incurs a toll charge for the
5 originating customer. By utilizing enough NPA/NXX codes MCI could
6 provide this "toll free" 800-like service throughout the state or the nation. It is
7 clear that 800 service is not local and that access charges apply instead of
8 reciprocal compensation.

9

10 Q. WHEN MCI ASSIGNS NUMBERS IN THE MANNER YOU HAVE
11 DESCRIBED, IS IT ATTEMPTING TO DEFINE ITS OWN LOCAL
12 CALLING AREA?

13

14 A. No. When MCI assigns numbers in the manner described, MCI is not
15 attempting to define the local calling area for its customers. MCI is not
16 necessarily offering a different local calling area to its customers than the local
17 calling area offered by BellSouth. In fact, in our previous hypothetical of the
18 305-336 code that MCI assigned to Key West, MCI does not need to have any
19 customers at all who are physically located in the Key West local calling area.
20 What MCI is doing is offering "free" interexchange calling to customers of
21 other LECs (i.e. BellSouth). MCI is offering a service that allows BellSouth's
22 local service customers to call selected customers of MCI who are physically
23 located in another local calling area. At best, in the Key West example, MCI is
24 attempting to redefine the local calling area of BellSouth's customers in Key
25 West.

1
2 MCI is only permitted to define the local calling area for its customers. If MCI
3 had any of its own local service customers in the Key West example and
4 offered those customers the ability to call Miami without long distance
5 charges, then it could be said that MCI was offering a local calling area in Key
6 West that was different from BellSouth's. However, the local calling area
7 would be defined that way only for those customers to which MCI provided
8 local service. MCI is free to delineate whatever local calling area it wants for
9 its customers. MCI, however, cannot determine the local calling area for
10 BellSouth customers. Specifically, MCI cannot offer interexchange service to
11 BellSouth's local service customers and call that service local service even if it
12 is provided on a toll free basis.

13

14 Q. HOW DOES THE SERVICE DISCUSSED ABOVE IMPACT THE DEGREE
15 OF LOCAL COMPETITION?

16

17 A. Some ALECs have claimed that BellSouth's position on this issue would
18 impede local competition. However, the service at issue here has nothing to do
19 with local competition. Using the Key West example, the service described in
20 this issue does not create any local service, let alone any local service
21 competition, in Key West. Local service competition is only created where
22 MCI offers local service to its own customers. The service at issue here is
23 offered to BellSouth's local service customers in Key West, regardless of
24 whether MCI has any local service customers physically located in Key West.
25 When MCI allows a BellSouth customer in Key West to make a toll free call to

1 one of its true 800 service numbers, no local competition is created in Key
2 West. Likewise, in the example, when MCI assigns a number out of the
3 305/336 code to one of its customers in Miami, precisely the same amount of
4 local competition is created in Key West (where the 305/336 code is assigned)
5 as is created by MCI's 800 service offerings; i.e., none. In this case, MCI has
6 no contact or business relationship with the BellSouth customers for use of this
7 service. These customers remain, in fact, BellSouth's local service customers.
8 There is nothing that MCI is providing in this case that even resembles local
9 service. Yet, MCI claims that it should be paid reciprocal compensation for
10 providing this service.

11

12 Q. WHAT OTHER COMMISSIONS HAVE ADDRESSED WHETHER THE
13 SERVICE DESCRIBED IN THIS ISSUE IS LOCAL OR
14 INTEREXCHANGE?

15

16 A. To my knowledge, only the Maine Commission has definitively ruled on
17 whether the service described in this issue is local or interexchange service.
18 The California and Georgia Commissions were presented with the issue, but
19 did not decide whether the service was local or interexchange and deferred the
20 issue of appropriate compensation to a later date.

21

22 Q. BRIEFLY DESCRIBE THE MAINE COMMISSION'S ORDER THAT YOU
23 REFERRED TO ABOVE.

24

25

1 A. The Maine Commission's Order, attached to my testimony as Exhibit CKC-3,
2 was issued on June 30, 2000 in Docket Nos. 98-758 and 99-593. The service
3 at issue in that order is the same type of service described in this issue. (Order
4 at p. 4) Brooks Fiber (a subsidiary of MCI WorldCom) had been assigned 54
5 NPA/NXX codes that Brooks Fiber had subsequently assigned to various
6 exchanges that are outside the Portland Maine local calling area. However,
7 Brooks had assigned numbers from those codes to its customers who were
8 physically located in Portland. The Maine Commission was trying to
9 determine whether Brooks Fiber was entitled to retain the NPA/NXX codes
10 used for the service. If the service was local, Brooks Fiber was entitled to the
11 codes; if the service was interexchange, Brooks Fiber had to relinquish the
12 codes. The Maine Commission concluded that the service was interexchange.
13 Since Brooks Fiber did not have any customers at all in the rate centers where
14 45 of the codes were assigned, the Maine Commission ordered the Numbering
15 Plan Administrator to reclaim those codes (Order at p. 29)

16
17 There is a potential misunderstanding that could arise when reading the Maine
18 Order. There are several references to ISP in the Maine Order. The reason is
19 that Brooks Fiber had only given numbers in the NPA/NXX code to ISPs.
20 This is not the ISP reciprocal compensation that this Commission has
21 previously addressed. The findings of the Maine Commission regarding this
22 service does not depend on whether the number is given to an ISP or not.
23 Neither the Maine Commission findings on the nature of this traffic or
24 BellSouth's position on this issue depend on whether the number is given to an
25 ISP. The same findings and the same position apply regardless of the type of

1 customer who has been given the number. It is just a fact in the Maine case
2 that Brooks Fiber had only given numbers to ISPs; therefore there are
3 references to ISPs in the Order.

4

5 Q. HOW DOES BELLSOUTH'S POSITION COMPARE TO THE MAINE
6 COMMISSION ORDER?

7

8 A. BellSouth's position is completely consistent with the Maine Commission's
9 Order. Most importantly, the Maine Commission found that the service was
10 interexchange. (Order at pps. 4, 8-12, 18). The Maine Commission concluded
11 that this service and FX service has some parallels but the closest parallel is
12 800 service. (Order at pps. 11-12) The Maine Commission found that Brooks
13 Fiber is not attempting to define its local calling area with this service. (Order
14 at p. 14) Finally, the Maine Commission concluded that this service has no
15 impact on the degree of local competition. (Order at p. 13) Again, none of
16 these findings depend on whether the number is given to an ISP or another
17 type of customer.

18

19 Q. HAS THE COMMISSION ADDRESSED ASSIGNMENT OF NPA/NXXs IN
20 ANOTHER PROCEEDING?

21

22 A. Yes. In its recent ruling in the Intermedia arbitration proceeding, the
23 Commission adopted the Staff's recommendation that Intermedia not be
24 allowed to "assign numbers outside the areas to which they are traditionally
25 associated until it can provide information necessary for the proper rating of

1 calls to these numbers.” (Staff Recommendation at p. 57) Further, the
2 Commission adopted Staff’s recommendation that Intermedia “establish points
3 of interconnection at all BellSouth access tandems where Intermedia chooses
4 to home its NPA/NXX.” (Staff Recommendation at p. 61) Finally, the
5 Commission adopted the Staff’s conclusion that “for each assigned NPA/NXX,
6 Intermedia should be required to designate a ‘home’ local tandem....”

7

8 Q. WHAT IS BELLSOUTH REQUESTING OF THIS COMMISSION?

9

10 A. BellSouth requests that the Commission reach the same result in this case as it
11 did in the Intermedia arbitration proceeding.

12

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

15

16 Q. WHAT IS BELLSOUTH’S POSITION ON THIS ISSUE?

17

18 A. Reciprocal compensation should not apply to ISP-bound traffic. Based on the
19 1996 Act and the FCC’s Local Competition Order, reciprocal compensation
20 obligations under Section 251(b)(5) only apply to local traffic. ISP-bound
21 traffic constitutes access service, which is clearly subject to interstate
22 jurisdiction and is not local traffic. BellSouth recognizes that the Commission
23 has previously ruled in the ITC^DeltaCom, Intermedia and ICG arbitration
24 proceedings that the parties should continue to operate under the terms of the
25 current agreements until the FCC issues its final ruling on the issue of ISP-

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

8

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

11

12 Q. PLEASE BRIEFLY EXPLAIN THIS ISSUE.

13

14 A. The elements potentially involved in the transport and termination of local
15 traffic are end office switching, common interoffice transport and tandem
16 switching. However, all three elements are not necessarily involved in every
17 local call. BellSouth proposes to bill ALECs for use of a tandem only when
18 BellSouth incurs the cost of tandem switching. Further, BellSouth proposes to
19 pay ALECs the tandem switching rate only when the ALEC's switch provides
20 the geographic coverage and functionality of a tandem, as opposed to an end
21 office switch. However, MCI wants to charge BellSouth for tandem switching
22 on every local call, regardless of whether MCI incurs the cost.

23

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

25

1 A. In order for MCI to appropriately charge tandem rate elements, MCI must
2 demonstrate to the Commission that: 1) its switches serve a comparable
3 geographic area to that served by BellSouth's tandem switches and that 2) its
4 switches perform local tandem functions. MCI should only be compensated
5 for the functions that it actually provides. MCI is only entitled to charge for
6 tandem switching on the calls that are in fact switched by the tandem. MCI is
7 not entitled to tandem switching compensation on local calls not switched by a
8 local tandem even if MCI has a local tandem. Finally, the current rate
9 structure for common transport is appropriate and the Commission should
10 reject MCI's proposed structure.

11

12 Q. PLEASE DESCRIBE MCI'S POSITION ON THIS ISSUE.

13

14 A. MCI's position is that when its local switch covers a geographic area
15 comparable to BellSouth's tandem, MCI should always receive the rate for
16 tandem switching, transport and end office switching. MCI totally disregards
17 the FCC's second criteria for qualifying for tandem switching compensation –
18 that MCI's switch actually perform a tandem function on a given call. In
19 addition, MCI proposes that the price of common transport between the parties
20 be based upon the average mileage between end offices subtending
21 BellSouth's tandem versus the actual mileage between an end office and the
22 tandem.

23

24 Q. WHAT IS THE BASIS FOR BELLSOUTH'S POSITION ON THIS ISSUE?

25

1 A. Under Section 251(b)(5) of the 1996 Act, all local exchange carriers are
2 required to establish reciprocal compensation arrangements for the transport
3 and termination of telecommunications. 47 U.S.C. § 251(b)(5).

4
5 The terms and conditions for reciprocal compensation must be “just and
6 reasonable,” which requires the recovery of a reasonable approximation of the
7 “additional cost” of terminating calls that originate on the network of another
8 carrier. 47 U.S.C. § 252(d)(2)(A). The FCC’s rules limited this obligation to
9 local traffic. In its Local Competition Order, the FCC stated that the
10 “additional costs” of transporting and terminating traffic vary depending on
11 whether or not a tandem switch is involved. (¶ 1090) As a result, the FCC
12 determined that state commissions can establish transport and termination rates
13 that vary depending on whether the traffic is routed through a tandem switch or
14 directly to a carrier’s end-office switch. *Id.* To this end, BellSouth has
15 separate rates for local switching, transport and tandem switching. The ALEC
16 is charged reciprocal compensation based on the parts of BellSouth’s network
17 that are actually used to complete a call.

18
19 The FCC, of course, recognized that the ALECs might not use the same
20 network architecture that BellSouth or any other incumbent carrier uses.
21 However, that concern is not an issue in this case. In order to ensure that the
22 ALECs would receive the equivalent of a tandem switching rate if it were
23 warranted, the FCC directed state commissions to do two things. First, the
24 FCC directed state commissions to “consider whether new technologies (e.g.,
25 fiber ring or wireless network) performed functions similar to those performed

1 by an incumbent LEC's tandem switch and thus whether some or all calls
2 terminating on the new entrant's network should be priced the same as the sum
3 of transport and termination via the incumbent LEC's tandem switch." (Local
4 Competition Order ¶ 1090) (emphasis added). Further, the FCC stated that
5 "[w]here the interconnecting carrier's switch serves a geographic area
6 comparable to that served by the incumbent LEC's tandem switch, the
7 appropriate proxy for the interconnecting carrier's additional costs is the LEC
8 tandem interconnection rate. *Id.*

9
10 Therefore the FCC posed two requirements before an ALEC would be entitled
11 to compensation at both the end office and tandem switching rate for any
12 particular local call. The switch involved has to serve the appropriate
13 geographic area, and it has to perform tandem switching functions for local
14 calls. BellSouth notes that in Section 51.711(a)(1) of its Local Competition
15 Order, the FCC states that "symmetrical rates are rates that a carrier other than
16 an incumbent LEC assesses upon an incumbent LEC for transport and
17 termination of local telecommunications traffic equal to those that the
18 incumbent LEC assesses upon the other carrier for the same services."
19 (emphasis added) Again, in Section 51.711(a)(3), the FCC states that
20 "[w]here the switch of a carrier other than an incumbent LEC serves a
21 geographic area comparable to the area served by the incumbent LEC's tandem
22 switch, the appropriate rate for the carrier other than an incumbent LEC is the
23 incumbent LEC's tandem interconnection rate."

24
25

1 Therefore, pursuant to Section 51.711, MCI must show not only that its switch
2 covers the same geographic area as BellSouth's tandem switch but that MCI's
3 switch is providing the same services as BellSouth's tandem switch for local
4 traffic before charging BellSouth the tandem switching rate.

5

6 Q. HAS THE FCC DEFINED WHAT FUNCTIONS A TANDEM SWITCH
7 MUST PROVIDE?

8

9 A. Indeed it has. In its recently released Order No. FCC 99-238, the FCC's rules
10 at 51.319(c)(3) state:

11 Local Tandem Switching Capability. The tandem switching capability
12 network element is defined as:

13 (ii) Trunk-connect facilities, which include, but are not limited to,
14 the connection between trunk termination at a cross connect
15 panel and switch trunk card;

16 (iii) The basic switch trunk function of connecting trunks to trunks;
17 and

18 (iv) The functions that are centralized in tandem switches (as
19 distinguished from separate end office switches), including but
20 not limited, to call recording, the routing of calls to operator
21 services, and signaling conversion features.

22

23 Q. HOW DOES THE FCC'S DEFINITION OF TANDEM SWITCHING APPLY
24 TO THIS ISSUE?

25

1 A. To receive reciprocal compensation for tandem switching, a carrier must be
2 performing all of the functions described in the FCC's definition of tandem
3 switching. It is not enough that the switch is simply "capable" of providing the
4 function of a tandem switch, it has to be providing those functions for local
5 calls. This is true if for no other reason than because the reciprocal
6 compensation rate for tandem switching is the same as the UNE rate for
7 tandem switching. That rate recovers the cost of performing, for local calls,
8 the functions described in the FCC's definition. Otherwise, the carrier would
9 simply be receiving a windfall.

10

11 If MCI's switches are only switching traffic for end users directly connected to
12 that switch, then that is an end office switching function, not a tandem
13 switching function. As stated in the FCC's definition, to provide tandem
14 switching, MCI's switch must connect trunks terminated in one end office
15 switch to trunks terminated in another end office switch. Based on the limited
16 information presently available to BellSouth, MCI's switches do not appear to
17 be providing that function. Instead, MCI's switches are connecting trunks to
18 end users' lines. The local end office switching rate fully compensates MCI
19 for performing this function.

20

21 Q. PLEASE ADDRESS WHETHER THE ONLY RELEVANT CRITERIA FOR
22 DETERMINING ELIGIBILITY FOR TANDEM SWITCHING CHARGES IS
23 THE GEOGRAPHIC AREA SERVED.

24

25

1 A. As I have stated above, the FCC has a two-part test to determine if a carrier is
2 eligible for tandem switching: 1) an ALEC's switch must serve the same
3 geographic area as the ILEC's tandem switch, and 2) an ALEC's switch must
4 perform tandem switching functions. By the way, this is not just BellSouth's
5 view. In a case involving MCI (MCI Telecommunication Corp. v. Illinois Bell
6 Telephone, 1999 U.S. Dist. LEXIS 11418 (N.D. Ill. June 22, 1999)), the U.S.
7 District Court specifically determined that the test required by the FCC's rule
8 is a functionality/geography test. In its Order, the Court stated:

9

10 In deciding whether MCI was entitled to the tandem interconnection
11 rate, the ICC applied a test promulgated by the FCC to determine
12 whether MCI's single switch in Bensonville, Illinois, performed
13 functions similar to, and served a geographical area comparable with,
14 an Ameritech tandem switch.⁹ (emphasis added)

15

16 ⁹MCI contends the Supreme Court's decision in IUB affects resolution
17 of the tandem interconnection rate dispute. It does not. IUB upheld the
18 FCC's pricing regulations, including the 'functionality/geography' test.
19 119 S. Ct. at 733. MCI admits that the ICC used this test. (Pl. Br. At
20 24.) Nevertheless, in its supplemental brief, MCI recharacterizes its
21 attack on the ICC decision, contending the ICC applied the wrong test.
22 (Pl. Supp. Br. At 7-8.) But there is no real dispute that the ICC applied
23 the functionality/geography test; the dispute centers around whether the
24 ICC reached the proper conclusion under that test. (emphasis added)

25

1 Indeed, the Ninth Circuit Court of Appeals viewed the rule in the same way,
2 finding that:

3
4 [t]he Commission properly considered whether MFS's switch performs
5 similar functions and serves a geographic area comparable to US
6 West's tandem switch." (U.S. West Communications v. MFS Intelenet,
7 Inc, et. al, 193 F. 3d 1112, 1124)

8
9 Q. DOES MCI'S SWITCH SERVE A GEOGRAPHIC AREA COMPARABLE
10 TO BELLSOUTH'S TANDEM?

11
12 A. Without additional information, it is not possible to determine whether MCI's
13 switch would actually serve a geographic area comparable to BellSouth's
14 tandem. Although MCI's petition tends to suggest that MCI's switch covers
15 an area comparable to BellSouth's tandem switches, MCI offers absolutely no
16 evidence to support such a position. Even if one were to assume that MCI's
17 switch covers a geographic area similar to BellSouth's tandem, unless MCI's
18 switch is performing tandem functions, which the FCC has indicated is one of
19 the required criteria that an ALEC's switch must meet, MCI is not eligible for
20 the tandem switching element of reciprocal compensation.

21
22 To illustrate the importance of this point, assume MCI has ten customers in
23 Miami, all of which are located in a single office complex next door to MCI's
24 Miami switch. Under no set of circumstances could MCI seriously argue that,
25 in such a case, its switch serves a comparable geographic area to BellSouth's

1 switch. See Decision 99-09-069, In re: Petition of Pacific Bell for Arbitration
2 of an Interconnection Agreement with MFS/WorldCom, Application 99-03-
3 047, 9/16/99, at 15-16 (finding “unpersuasive” MFS’s showing that its switch
4 served a comparable geographic area when many of MFS’s ISP customers
5 were actually collocated with MFS’s switch).

6

7 Q. WHAT EVIDENCE DOES BELLSOUTH PRESENT TO DEMONSTRATE
8 ITS TANDEM SWITCH COVERAGE?

9

10 A. Attached to this testimony as Exhibit CKC-4 are BellSouth’s maps indicating
11 the areas served by BellSouth’s Local Tandems in the Orlando and Southeast
12 LATAs in Florida. BellSouth’s local tandems serve wire centers as shown on
13 the maps in various colors as noted in the legend on each map. These various
14 colored wire centers are only those that home on the applicable local tandem
15 for completion of calls in their basic local calling areas. Note that the
16 independent wire centers have an X in the 7th character position.

17

18 Q. WHY HAS BELLSOUTH PROVIDED MAPS THAT SHOW THE
19 GEOGRAPHIC AREA SERVED BY ITS LOCAL TANDEMS?

20

21 A. Before the advent of local competition, Access Tandems only provided for
22 interchange of long distance traffic between local exchange companies and
23 interexchange carriers and for the switching of intraLATA toll traffic on behalf
24 of local exchange carriers. Local tandems, by comparison, were and still are
25 used to handle local traffic only.

1

2 With local competition, Access Tandems also began to handle local traffic on
3 behalf of ALECs who chose to interconnect at the Access Tandem. BellSouth
4 provides interconnection at its Access Tandem switches for an ALEC's
5 originating intraLATA toll traffic, interLATA toll traffic and local traffic.
6 Alternatively, the ALEC may elect to interconnect at BellSouth's local tandem
7 switches instead of BellSouth's Access Tandem switches for the ALEC's
8 originating local traffic only. However, if an ALEC elects to interconnect at a
9 BellSouth local tandem switch for handling its originating local traffic, that
10 ALEC must still interconnect at an Access Tandem for its toll traffic (whether
11 intraLATA or interLATA).

12

13 Q. HAS THIS COMMISSION PREVIOUSLY RULED ON THE ISSUE OF
14 APPLICABILITY OF RECIPROCAL COMPENSATION TO TANDEM
15 SWITCHING?

16

17 A. Yes. In its January 14, 2000 Order No. PSC-00-0128-FOF-TP in Docket No.
18 990691-TP (ICG/BellSouth Arbitration), this Commission found that "the
19 evidence of record does not provide an adequate basis to determine that ICG's
20 network will fulfill this geographic criterion." (p. 10) Therefore, this
21 Commission has determined that BellSouth is not required to compensate ICG
22 for the tandem switching element.

23

24 Earlier, the Florida Public Service Commission, in Order No. PSC-97-0294-
25 FOF-TP, Docket 961230-TP, dated March 14, 1997, concluded at pages 10-11:

1 “We find that the Act does not intend for carriers such as MCI to be
2 compensated for a function they do not perform. Even though MCI
3 argues that its network performs ‘equivalent functionalities’ as Sprint in
4 terminating a call, MCI has not proven that it actually deploys both
5 tandem and end office switches in its network. If these functions are
6 not actually performed, then there cannot be a cost and a charge
7 associated with them. Upon consideration, we therefore conclude that
8 MCI is not entitled to compensation for transport and tandem switching
9 unless it actually performs each function.”

10

11 Similarly, Florida Order No. PSC-96-1532-FOF-TP, Docket No. 960838-TP,
12 dated December 16, 1996, states at page 4:

13

14

15

16

17

18

19

 “The evidence in the record does not support MFS’ position that its
 switch provides the transport element; and the Act does not
 contemplate that the compensation for transporting and terminating
 local traffic should be symmetrical when one party does not actually
 use the network facility for which it seeks compensation. Accordingly,
 we hold that MFS should not charge Sprint for transport because MFS
 does not actually perform this function.”

20

21

22

23

24

25

Reinstatement of the FCC’s rules previously vacated by the Eighth Circuit
Court of Appeals does not alter the correctness of this Commission’s
conclusions.

1 Q. PLEASE DESCRIBE MCI'S PROPOSAL TO CHARGE COMMON
2 TRANSPORT BASED ON THE AVERAGE MILEAGE BETWEEN END
3 OFFICES.

4
5 A. Although not discussed in its Petition, MCI's proposed agreement language
6 under Attachment 4, Section 10.4.2.2 contains the following statement:

7 The rate for common transport is set forth in Table 1 of Attachment 1
8 under the heading "Local Interconnection (Call Transport and
9 Termination)." For the purposes of this Section, both Parties shall bill
10 each other the average mileage of all End Offices subtending the
11 applicable BellSouth Tandem Office.

12 This language refers to MCI's contention that when its switch serves a
13 geographic area comparable to BellSouth's tandem switch, MCI should be able
14 to charge BellSouth the same rates BellSouth would charge MCI for transport
15 and termination of local traffic.

16
17 First, MCI's proposal is evidence that it does not have a tandem switch
18 performing tandem switching functions. If MCI did have a switch functioning
19 as a tandem, it would also have its own common transport and would charge
20 BellSouth for common transport based upon the distance from MCI's tandem
21 switch to each of MCI's end office switches. Instead, MCI proposes using an
22 average distance between BellSouth's end offices subtending a BellSouth
23 tandem switch.

24
25

1 Second, the issue of billing common transport only arises in the event the
2 Commission determines that MCI can charge BellSouth for tandem switching
3 even though MCI's switch does not perform a tandem switching function. The
4 reason is, when MCI is not actually performing a tandem function (switching
5 calls from the tandem to its end office switches), MCI has no common
6 transport it can bill to BellSouth. BellSouth is certainly not obligated to pay
7 common transport to MCI when MCI has no physical common transport
8 connections. MCI cannot recover costs from BellSouth that it has never
9 incurred.

10

11 Finally, not only would such a structure be an "administrative nightmare", it is
12 contrary to the rate structure this Commission approved in Docket Nos.
13 960757-TP, 960833-TP and 960846-TP for common transport. This is the
14 same rate structure proposed by BellSouth in Exhibit CKC-1. The approved
15 structure calls for billing common transport based on the actual mileage
16 between the end office and applicable tandem it subtends. Common transport
17 mileage is applied on a per call basis and, based on the V&H coordinates of its
18 central office locations, BellSouth can and does bill common transport based
19 on actual mileage.

20

21 Q. WHAT DOES BELL SOUTH REQUEST THE COMMISSION DO?

22

23 A. Importantly, BellSouth is not disputing MCI's right to compensation at the
24 tandem rate where the facts support such a conclusion. However, in this
25 proceeding, MCI is seeking a decision that allows it to be compensated for

1 functionality it does not provide. Absent real evidence that MCI's switches
2 actually serve the same geographic area as BellSouth's tandems, and absent
3 evidence that MCI's switches do perform the functions of a tandem switch,
4 BellSouth requests that this Commission determine that MCI is only entitled,
5 where it provides local switching, to the end office switching rate.

6
7 In addition, the Commission should deny MCI's proposed language that would
8 base charges for common transport on the average mileage of all end offices
9 subtending a BellSouth tandem. MCI is not entitled to recover costs for
10 common transport that it does not incur and based on a rate structure that is
11 contrary to the rate structure this Commission adopted in Docket Nos. 960757-
12 TP, 960833-TP and 960846-TP.

13
14 ***Issue 53A: Should MCI be required to utilize direct end office trunking in***
15 ***situations involving tandem exhaust or excessive traffic volumes?***

16

17 Q WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

18

19 A. In situations involving tandem exhaust or excessive traffic volume, MCI
20 should be required to utilize direct end office trunking for the transport of its
21 traffic. Such an arrangement is more efficient and is necessary to alleviate
22 network congestion. It is unclear why MCI will not agree to BellSouth's
23 proposal.

24

25

1 *Issue 54: Should security charges be assessed for collocation in offices with*
2 *existing card key systems, and how should security costs be allocated in central*
3 *offices where new card key systems are being installed?*

4

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

6

7 A. It is BellSouth's understanding that this issue has been resolved in Florida. If
8 this is not the case, BellSouth reserves the right to file additional testimony on
9 this issue.

10

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

13

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

15

16 A. BellSouth is willing to incorporate terms and conditions for virtual collocation
17 in the Interconnection Agreement.

18

19 Q. HAS BELLSOUTH PROPOSED TERMS AND CONDITIONS FOR
20 VIRTUAL COLLOCATION?

21

22 A. Yes. BellSouth has proposed such terms and conditions in the Interconnection
23 Agreement. The dispute currently is the actual language to be included.
24 BellSouth's proposed language is contained in Attachment 5A, Section 1 of its
25 proposed Interconnection Agreement. BellSouth's attached rates, terms and

1 conditions for virtual collocation are consistent with those currently contained
2 in BellSouth's FCC Tariff No. 1 and in BellSouth's Intrastate Access Services
3 Tariff, Section E.20.1.

4

5 Q. WHAT ASPECT OF THIS ISSUE REMAINS IN DISPUTE BETWEEN THE
6 PARTIES?

7

8 A. Primarily, two contract terms in Attachment 5, Section 6 remain in dispute on
9 this issue. With respect to this first contract term in dispute, MCI's position is
10 that it should only monitor and control circuits terminating at BellSouth's
11 premises at its option. BellSouth's position is that it is MCI's responsibility to
12 monitor and control MCI circuits terminating at BellSouth's premises. This
13 responsibility is not an option and MCI has provided no information to explain
14 why it should be relieved of its responsibility.

15

16 All collocators that purchase BellSouth's Virtual Collocation offering perform
17 this function themselves. There is no reason to treat MCI any differently. In
18 such arrangements, BellSouth is only responsible for monitoring tariffed
19 services and/or UNE circuits up to the frame, not the collocation equipment.

20

21 Q. WHAT IS THE SECOND CONTRACT TERM IN DISPUTE?

22

23 A. The second term in dispute involves MCI's belief that BellSouth should install
24 all equipment and facilities in the virtual collocation arrangement. BellSouth's
25 position is that MCI should contract directly with a BellSouth Certified Vendor

1 for installation of all equipment and facilities in accordance with BellSouth's
2 guidelines and specifications. Once again, MCI wants different treatment than
3 all other collocators with virtual arrangements on BellSouth's premises.
4 Section 20.20(H) of BellSouth's Virtual Expanded Interconnection tariff
5 clarifies that the collocator will contract directly with its chosen certified
6 vendor for installation and that BellSouth will retain project management
7 responsibility and authority related to the installation work done in the central
8 office.

9
10 At MCI's request, BellSouth is willing to arrange with a Certified Vendor for
11 installation of all equipment and facilities in accordance with BellSouth's
12 guidelines and specifications. MCI will be responsible for all charges
13 associated with such installation in addition to the charges for the work
14 BellSouth performs in managing the installation.

15
16 Both contract terms in dispute involve MCI's attempt to avoid its
17 responsibilities as a collocator in BellSouth's central offices. Again, MCI
18 wants to shift its costs to BellSouth. All other parties collocating on
19 BellSouth's premises under virtual collocation arrangements accept these
20 responsibilities. These contract terms are reasonable and have been approved
21 by the FCC and the FPSC as part of BellSouth's tariffed Virtual Expanded
22 Interconnection offering. BellSouth requests the Commission to adopt
23 BellSouth's language on this issue.

24
25

1 *Issue 67: When MCI has a license to use BellSouth rights-of-way, and BellSouth*
2 *wishes to convey the property to a third party, should BellSouth be required to*
3 *convey the property subject to MCI's license?*

4

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

6

7 A. BellSouth should be able to sell or otherwise convey its property without
8 restriction so long as BellSouth gives MCI reasonable notice of such sale or
9 conveyance.

10

11 Q. WHAT IS THE BASIS FOR BELLSOUTH'S POSITION?

12

13 A. The property in question includes BellSouth's poles, conduit or ducts to or in
14 which MCI has attached or placed facilities pursuant to a license. As reflected
15 in the Rights of Way agreement, such license to MCI does not constitute an
16 easement; does not give MCI ownership rights of this property; and does not
17 give MCI the right to restrict BellSouth's sale or conveyance of its own
18 property.

19

20 The Commission should reject the language that MCI proposes which would
21 allow MCI to control the disposition of BellSouth's property.

22

23 *Issue 88: For customer premises installations, should BellSouth be required, at*
24 *MCI's request, to cable from the demarcation point to the customer's equipment*

25

1 *location in accordance with BellSouth's procedures and at parity with the provision*
2 *of such services to BellSouth's customers?*

3

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

5

6 A. Inside wire on the customer's side of the demarcation point is not a part of
7 BellSouth's network. Such inside wire is under the control and ownership of
8 the customer. Thus, BellSouth is not obligated by the 1996 Act or the FCC's
9 rules to install inside wire for ALECs or end users. Nevertheless, BellSouth is
10 willing to negotiate with MCI, or any other ALEC for the provision of inside
11 wire on a non-regulated basis. Such installations would be consistent with
12 methods and procedures that BellSouth uses to install inside wire for its end
13 user customers. Further, such negotiations are not subject to the Section 251 or
14 252 provisions of the 1996 Act.

15

16 *Issue 94: Should BellSouth be permitted to disconnect service to MCI for*
17 *nonpayment?*

18

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

20

21 A. BellSouth should be permitted to disconnect service to MCI or any ALEC that
22 fails to pay billed charges that are not disputed within the applicable time
23 period. Also, MCI should not be, and by terms of the 1996 Act, cannot be
24 treated differently from any other ALEC with respect to disconnection of
25 service for nonpayment. Terms and conditions for handling billing disputes is

1 covered under Section 4.2.12 of Attachment 8 to the proposed interconnection
2 agreement. Billing disputes that are handled under this section are not at issue
3 here.

4

5 Q. PLEASE GIVE SOME REASONS WHY BELLSOUTH MUST BE
6 ALLOWED TO DISCONNECT SERVICE FOR NON-PAYMENT.

7

8 A. It would not be a reasonable business practice for BellSouth to operate “on
9 faith” that an ALEC will pay its bills. A business could not remain viable if it
10 were obligated to continue to provide service to customers who refuse to pay
11 lawful charges. BellSouth must be able to deny service in order to obtain
12 payment for services rendered and/or prevent additional past due charges from
13 accruing.

14

15 Further, BellSouth must consider that this is a larger issue than just MCI.
16 BellSouth must provide nondiscriminatory service to all ALECs. If BellSouth
17 were to exempt MCI from this requirement, from a parity perspective, it could
18 hardly disconnect any other ALEC for non-payment of undisputed charges.
19 Further, BellSouth must also consider that the terms and conditions of any
20 agreement it reaches with one ALEC is subject to being adopted by another
21 ALEC. The FCC’s Rule 51.809 requires that, subject to certain restrictions,
22 BellSouth must, “make available without unreasonable delay to any requesting
23 telecommunications carrier any individual interconnection, service, or network
24 element arrangement contained in any agreement to which it is a party that is
25 approved by a state commission pursuant to section 252 of the 1996 Act, upon

1 the same rates, terms, and conditions as those provided in the agreement.”
2 This “pick and choose” requirement makes it imperative that BellSouth include
3 language addressing disconnection of service for non-payment in each of its
4 interconnection agreements, without exception.

5
6 The simple way to resolve this issue is for MCI to pay undisputed amounts
7 within the applicable time frames, and this portion of the agreement will never
8 become an issue. BellSouth encourages the Commission to adopt BellSouth’s
9 proposed language and permit BellSouth to disconnect the service of ALEC
10 customers that fail to pay billed charges that are not disputed.

11

12 ***Issue 105: What performance measurement system should BellSouth be required to***
13 ***provide?***

14

15 Q. WHAT ASPECT OF THIS ISSUE DOES YOUR TESTIMONY ADDRESS?

16

17 A. My testimony addresses the application of an appropriate remedy mechanism,
18 should the Commission determine such a mechanism is necessary at this time.
19 Mr. Coon addresses BellSouth’s position on this issue and discusses service
20 quality measurements in his testimony. With respect to a remedy mechanism,
21 BellSouth has proposed its voluntary self-effectuating enforcement (“VSEEM
22 III”) to MCI for inclusion in the parties’ interconnection agreement.

23

24 Q. WHAT IS VSEEM III?

25

1 A. VSEEM III is a plan developed by BellSouth in response to the FCC's
2 expressed preference for enforcement mechanisms and penalties as a condition
3 of 271 relief. The plan incorporates the FCC's desired characteristics,
4 addresses various ALEC comments and considers the collaborative work
5 efforts by state commissions in BellSouth's region and elsewhere. Without
6 waiving its right to assert its legal position that performance remedies are not a
7 requirement of Section 251 of the Telecommunications Act of 1996 (the
8 "Act"), BellSouth has voluntarily included this plan into its interconnection
9 agreements with a number of ALECs, including ICG, KMC and e.spire, among
10 others. BellSouth's enforcement plan is designed to provide an additional
11 incentive to prevent BellSouth from backsliding on proper delivery of service
12 to ALECs once BellSouth has attained interLATA authority from the FCC.
13 The remedies in BellSouth's proposal are designed to have a significant impact
14 on BellSouth should they need to be applied.

15

16 Q. PLEASE BRIEFLY DESCRIBE THE THREE TIERS OF ENFORCEMENT
17 MEASURES CONTAINED IN VSEEM III.

18

19 A. VSEEM III consists of a three-tiered enforcement mechanism of escalating
20 remedies. Each tier operates independently, so the onset of a Tier-2 remedy,
21 for example, will not cease payout of applicable Tier-1 remedies. Tier-1
22 remedies are monetary in nature and paid directly to the ALEC when
23 BellSouth delivers non-compliant performance on any one of the VSEEM III
24 measures for any month as calculated by BellSouth. Tier-2 remedies are
25 monetary in nature and paid to a state Public Service Commission or its

1 designee. Tier-2 remedies are triggered by three consecutive monthly failures
2 in a quarter in which BellSouth performance is out of compliance or does not
3 meet the benchmark for the aggregate of all ALEC data as calculated by
4 BellSouth for a particular VSEEM III measure. The Tier-3 remedy is the
5 voluntary suspension of additional marketing and sales of long distance
6 services triggered by excessive repeat failures of specific sub-measures.

7

8 Q. WHEN SHOULD BELLSOUTH'S PROPOSAL TAKE EFFECT?

9

10 A. The FCC has consistently identified the implementation of enforcement
11 mechanisms to be a condition of 271 relief. The FCC believes such a plan
12 would be an additional incentive to ensure that BellSouth continues to comply
13 with the competitive checklist after interLATA relief is granted. Enforcement
14 mechanisms and penalties, however, are neither necessary nor required to
15 ensure that BellSouth meets its obligations under Section 251 of the Act, and
16 the FCC has never indicated otherwise.

17

18 Because performance remedies serve no purpose until after interLATA 271
19 relief is granted, it is appropriate that no part of the VSEEM III proposal take
20 effect until the plan is necessary to serve its purpose – i.e., until after BellSouth
21 receives interLATA authority. Under BellSouth's proposal, payment to
22 Florida ALECs that have incorporated the plan into their interconnection
23 agreements will commence, if necessary, at such time as BellSouth obtains
24 interLATA relief.

25

1 Q. HAS BELLSOUTH AGREED TO A DIFFERENT IMPLEMENTATION
2 SCHEDULE FOR TIER-1 REMEDIES IN ANY INTERCONNECTION
3 AGREEMENTS?

4

5 A. Yes, as part of an overall contract negotiation and settlement process,
6 BellSouth has included a different implementation schedule in the
7 interconnection agreements of some ALECs. Under these agreements, those
8 ALECs would be eligible to receive Tier-1 payments in all states once
9 BellSouth receives long distance authority in any state in BellSouth's region.
10 BellSouth is willing to incorporate a similar provision in its agreement with
11 MCI.

12

13 Q. SHOULD THE COMMISSION IMPOSE ADDITIONAL ENFORCEMENT
14 MECHANISMS BEYOND THOSE THE COMMISSION ROUTINELY HAS
15 USED TO ENFORCE ITS ORDERS AND RULES?

16

17 A. No. This Commission has provided adequate means to ALECs to ensure the
18 enforcement of the FPSC's Orders and Rules.

19

20 Further, nothing in the Act requires a self-executing enforcement plan. The
21 FCC has acknowledged as much in its orders. In its August 1996 Local
22 Competition Order, the FCC notes that several carriers advocated performance
23 penalties. *See Local Competition Order, 11 FCC Rcd at 15658 [¶ 305].* The
24 FCC did not adopt such performance penalties in the Local Competition Order.
25 Instead, it acknowledged the wide variety of remedies available to an ALEC

1 when it believes it has received discriminatory performance in violation of the
2 Act; see *FCC's Local Competition Order* ¶ 129, 11 *FCC Rcd.* at 15565
3 (*emphasizing the existence of sections 207 and 208 FCC complaints for*
4 *damages, as well as actions under the antitrust laws, other statutes and*
5 *common law*); and “encourage[d]” the States only to adopt reporting
6 requirements for ILECs. Likewise, in its order approving Bell Atlantic’s entry
7 into long distance in New York, the FCC analyzed Bell Atlantic’s performance
8 plan “solely for the purpose of determining whether the risk of post-approval
9 non-compliance is sufficiently great that approval of its section 271 application
10 would not be in the public interest.” *Bell Atlantic Order*, at ¶433 n.1326.

11
12 Furthermore, in its October 13, 1998 order regarding BellSouth’s Section 271
13 application for Louisiana, the FCC reiterated that the existence of such an
14 enforcement plan is not a pre-requisite to compliance with the competitive
15 checklist, but rather is a factor that the FCC will consider in assessing whether
16 the RBOC’s entrance into the interLATA market would serve the “public
17 interest.” See *FCC’s Louisiana II Order*, at ¶363 and n.1136. The FCC stated
18 that “evidence that a BOC has agreed in its interconnection agreements to
19 performance monitoring” (including performance standards, reporting
20 requirements, and appropriate self-executing enforcement mechanisms)
21 “would be probative evidence that a BOC will continue to cooperate with new
22 entrants, even after it is authorized to provide in-region, interLATA services.”
23 *Id.* at ¶¶363-64.

24 In a recent Ninth Circuit decision, when discussing objective performance
25 standards, the Court held that:

1 Neither the Act nor any FCC rule affirmatively requires states to
2 do so, however. The FCC might have wanted the WUTC to
3 impose more specific requirements, such as objective
4 performance standards, on an incumbent like U.S. West, but
5 again, our review seeks to determine solely whether the lack of
6 those requirements violates the Act. In the absence of an FCC
7 rule, the law does not require them.

8 *MCI Telecommunications, Inc. et al v. U.S. West Communications*, 204 F.3d
9 1262 (9th Cir. March 2, 2000).

10

11 The FCC has made it clear that the primary, if not sole, purpose of a voluntary
12 self effectuating remedy plan is to guard against RBOC “backsliding”; that is,
13 providing discriminatory performance after it has received the so-called
14 “carrot” of long distance approval. BellSouth’s proposal is consistent with this
15 approach.

16

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

20

21 Q. WHAT IS BELLSOUTH’S POSITION ON THIS ISSUE?

22

23 A. The language proposed by MCI regarding a liability cap for damages is not
24 subject to the Section 251 requirements of the 1996 Act. MCI’s proposed
25 language is not appropriate for inclusion in the Interconnection Agreement,

1 therefore, BellSouth proposes that the Commission reject MCI's language and
2 approve only the language already agreed to by both parties.

3

4 Q. HAVE THE PARTIES AGREED TO LANGUAGE CONCERNING A
5 LIABILITY CAP?

6

7 A. Yes. The parties have reached agreement on a liability cap. However, MCI
8 has proposed language that would exempt a "material" breach of contract.
9 BellSouth is willing to accept MCI's proposed language if MCI will accept
10 additional language that would address BellSouth's concerns. MCI has
11 refused.

12

13 Although BellSouth's position is that the Commission should not arbitrate this
14 issue, the Commission should adopt the additional language proposed by
15 BellSouth in the event the Commission includes MCI's requested language. In
16 other words, if the Commission is inclined to adopt the language proposed by
17 MCI to which BellSouth has not agreed, BellSouth requests that the
18 Commission also adopt the language proposed by BellSouth to which MCI has
19 not agreed.

20

21 ***Issue 108: Should MCI be able to obtain specific performance as a remedy for***
22 ***BellSouth's breach of contract?***

23

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

25

1 A. Specific performance is a remedy, not a requirement of Section 251 of the
2 1996 Act nor is it an appropriate subject for arbitration under Section 252. To
3 the extent MCI can show that it is entitled to obtain specific performance under
4 Florida law, MCI can make this showing without agreement from BellSouth.

5

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

11

12 Q WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

13

14 A. MCI should be permitted to substitute more favorable terms and conditions
15 consistent with the 1996 Act and applicable FCC rules. Because approved
16 interconnection agreements are available from the Commission, BellSouth
17 should not be required to post these agreements on the web, as MCI has
18 requested.

19

20 Q. EXPLAIN THE BASIS FOR BELLSOUTH'S POSITION.

21

22 A. Under Part A, Section 2.5 of the Interconnection Agreement, BellSouth agrees
23 to make available, pursuant to Section 252(i) of the 1996 Act and FCC Rule
24 51.809, any interconnection, service, or network element provided under any
25 other agreement at the same rates, terms and conditions as provided in that

1 agreement. This is commonly known as the “most favored nation” or “pick
2 and choose” option. MCI inappropriately seeks to extend this obligation to
3 make the adopted rates, terms and/or conditions effective for MCI when the
4 provision is actually agreed to by BellSouth and the negotiating party rather
5 than when MCI actually adopts the provision for inclusion in its agreement.

6
7 The adoption or substitution of a specific provision contained in a previously
8 approved agreement is effective on the date the amendment is signed by
9 BellSouth and MCI. BellSouth is under no obligation to give MCI the benefit
10 of those terms and conditions before such terms and conditions have been
11 incorporated into BellSouth's agreement with MCI.

12
13 With respect to posting filed agreements on BellSouth's website, BellSouth is
14 simply not obligated under the 1996 Act or the FCC's rules to do so. Although
15 the 1996 Act addresses the provision of agreements to ALECs, the obligation
16 to provide the agreements is placed upon the state commission. Section 252(h)
17 of the 1996 Act states:

18 A State commission shall make a copy of each agreement [negotiated
19 or arbitrated] approved under subsection (e) and each statement
20 [Statement of Generally Available Terms and Conditions] approved
21 under subsection (f) available for public inspection and copying within
22 10 days after the agreement or statement is approved.

23
24 MCI readily can obtain copies of the agreements from the Commission just
25 like any other ALEC. Beyond the fact that BellSouth has no obligation to post

1 interconnection agreements on its website, BellSouth certainly has no
2 obligation to post filed agreements that have not even been approved by the
3 Commission.

4

5 *Issue 110: Should BellSouth be required to take all actions necessary to ensure that*
6 *MCI confidential information does not fall into the hands of BellSouth's retail*
7 *operations, and shall BellSouth bear the burden of proving that such disclosure*
8 *falls within enumerated exceptions?*

9

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

11

12 A. BellSouth is willing to take all reasonable actions necessary to ensure that MCI
13 confidential information does not fall into the hands of BellSouth's retail
14 operations. The burden of proving that BellSouth has failed to do so should
15 rest with MCI. However, the only actions that BellSouth should be required to
16 take are those that are reasonable. BellSouth should not be strictly liable for
17 taking all actions, as MCI proposes.

18

19 MCI's proposed "rebuttable presumption" that BellSouth has done something
20 wrong simply because MCI's confidential information may be disclosed is
21 unreasonable. MCI's information is available from a number of sources,
22 including MCI itself. It is improper to assume that by default an inappropriate
23 disclosure of such information must have come from BellSouth.

24

25 Q. EXPLAIN BELLSOUTH'S POSITION ON THIS ISSUE.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A. BellSouth takes seriously its obligation to protect confidential information of MCI and every other ALEC and is willing to take all reasonable measures to protect such information.

Q. DOES THIS COMPLETE YOUR TESTIMONY?

A. Yes.

223599

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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 MCI metro 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?

1

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

9

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

15

16

17

18

19

20

21

22

23

24

25

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 ~~process~~ ^{process}. 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?

1

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

9

10 BellSouth offers access to its calling name database on a per query basis. The
11 terminating switch initiates a query to a calling name database when a call is
12 received by an end user that subscribes to Caller ID with name service. This
13 query is triggered based on the translations that appear on the terminating end
14 user's line. When an MCI end user with Caller ID with name service receives
15 a call from an end user whose name is stored in BellSouth's calling name
16 database, MCI's switch launches a query to BellSouth's calling name database
17 to retrieve the caller's name for display on the MCI end user's display device.
18 This same process occurs when the terminating end user is a BellSouth
19 customer with Caller ID with name service. The access that BellSouth
20 provides to its calling name database enables MCI to efficiently provide Caller
21 ID with name services to its end users. BellSouth is fulfilling its obligations to
22 provide unbundled access to its call-related databases as required by the Act
23 and the FCC's rules. Nothing in any FCC order can reasonably be read to
24 obligate BellSouth to provide an electronic download of any call-related
25 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.

1

2 BellSouth understands that the dispute here only involves transiting traffic.

3 However, BellSouth holds the same position with regard to any traffic that

4 BellSouth terminates for MCI.

5

6 *Issue 33: Does MCI WorldCom have the right to require interconnection via a Fiber*

7 *Meet Point arrangement, jointly engineered and operated as a SONET*

8 *Transmission System (SONET ring) whether or not that SONET ring presently*

9 *exists in BellSouth's network?*

10

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

13

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

22

23 Q. WHAT IS THE DISPUTE BETWEEN BELLSOUTH AND MCI?

24

25

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 BELLSOUTH'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.

1

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

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

10

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

16

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

19

20 A. Yes. In its Comments filed with the FCC, dated May 16, 1996, in CC Docket
21 No. 96-98, MCI stated, "There should be no limits on the directionality of the
22 traffic carried on any particular trunk groups; all trunk groups should be
23 designed as two-way for testing purposes, and carriers should have the option
24 of establishing them as one way or two way for call completion." Comments
25 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?

1
2 A. As I stated in my direct testimony, in a nutshell, this issue is about whose
3 customers should pay for the costs that MCI creates as a result of its network
4 design decisions. MCI wants BellSouth's customers to bear those costs. Not
5 surprisingly, BellSouth's position is that MCI's customers should bear the
6 costs of MCI's decisions. All of the discussion concerning who gets to
7 establish points of interconnection, how many points there will be, when
8 reciprocal compensation applies to the facilities, etc. are simply a means to an
9 end. And that end is whether customers that MCI does not serve should bear
10 the additional costs that result from MCI's network design or whether MCI's
11 own customers should bear those costs. Although the processes required to
12 implement the parties' positions concerning network interconnection are very
13 complicated, the Commission only has to decide whether MCI should bear the
14 full costs of its network design.

15
16 Q. BEGINNING AT PAGE 21, MR. OLSON'S TESTIMONY IMPLIES THAT
17 MCI'S NETWORK DESIGN REPRESENTS AN EFFICIENT NETWORK
18 ARCHITECTURE. PLEASE RESPOND.

19
20 A. MCI equates efficiency with what is cheapest for MCI. Of course, that is not
21 an appropriate measure of efficiency in a network environment. Indeed, to
22 measure efficiency, the cost to every carrier involved must be considered.
23 Presumably, MCI has chosen its particular network arrangement because it is
24 cheaper for MCI. A principal reason it's cheaper is because MCI expects
25 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.

1

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

4

5 Q. MR. PRICE, AT PAGE 41, STATES THAT WHEN THE PARTIES HAVE
6 THE NECESSARY MEET POINT BILLING CAPABILITIES FOR TYPE
7 2A TRAFFIC THAT BELLSOUTH SHOULD STILL CONTINUE TO
8 PROVIDE THE BILLING FUNCTION IT PROVIDES TODAY. DO YOU
9 AGREE?

10

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

16

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

19

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

24

25

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.

1

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

5

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

16

17 Q. DOES THIS COMPLETE YOUR REBUTTAL TESTIMONY?

18

19 A. Yes.

20

21 #226321

22

23

24

25

1 BY MR. ROSS:

2 Q Ms. Cox, do you have a summary of your
3 testimony?

4 A Yes, I do.

5 Q Can you please give it as this time.

6 A Good afternoon. I am here today to present
7 BellSouth's position on certain disputed issues that
8 remain between BellSouth and MCI. In my summary I will
9 only address a few major issues; the interconnection of
10 networks, billing for out of area NPA and NXX, and IP
11 Telephony, very briefly.

12 Before addressing the specific issues, I would
13 like to address a general theme that permeates a number of
14 issues. In numerous instances, MCI is requesting that
15 BellSouth perform functions not required by the Act or FCC
16 rules. In some cases courts or the FCC have stated that
17 BellSouth does not have these obligations. As a practical
18 matter, BellSouth already has a huge number of obligations
19 that it must fulfill, and I urge the Commission not to add
20 to these obligations.

21 The first issue is the interconnection of
22 networks. This is a new issue for this Commission, so I
23 will describe it in some detail. In a nutshell, this
24 issue is about whose customers should pay for the cost
25 that MCI creates as a result of its network design

1 decisions. MCI wants BellSouth's customers to bear these
2 costs; BellSouth believes MCI's customers should bear
3 them. All the discussion concerning who gets to establish
4 points of interconnection, how many points there will be,
5 and when reciprocal compensation applies to the facilities
6 is simply a means to an end, and that end is whether
7 customers that MCI does not serve should bear the
8 additional cost that result from MCI's network design or
9 whether MCI's own customers should bear those costs.

10 These additional costs are for the facilities
11 between MCI's designated point of interconnection and the
12 BellSouth local network where the customer is served. The
13 best way to explain these additional costs is to use the
14 example of a local call between two customers in the same
15 local calling area. And this is a diagram which you all
16 have already been handed out, but I have just put it up
17 for ease.

18 Let's consider two next door neighbors in Lake
19 City, and that would be the calling area over on the left.
20 First, let's examine what happens if both customers are
21 served by BellSouth. That call would originate with one
22 customer, be transported over that customer's local loop
23 to the Lake City wire center where the call is connected
24 to the other customer's local loop. The call never leaves
25 the Lake City exchange. Therefore, the only cost

1 BellSouth incurs for transporting and terminating that
2 call is end office switching in Lake City.

3 Now, let's compare what happens when one of
4 these customer obtains its local service from MCI. In
5 this case the local call originates with BellSouth's
6 customer in Lake City, and that would be End User A shown
7 there. BellSouth carries it from Lake City to MCI's point
8 of interconnection in Jacksonville, which is the local
9 calling area on the right. MCI then carries it on to
10 Orlando down in the lower corner, where MCI connects the
11 call through its end office switch to the long loop
12 serving MCI's end user customer back in Lake City.

13 Again, these two customers live next door to
14 each other. Although BellSouth has no objection to MCI
15 using this roundabout routing to handle local traffic,
16 BellSouth does object to giving MCI free use of the
17 facilities provided by BellSouth. MCI wants this
18 Commission to require BellSouth to haul a local call all
19 the way to Jacksonville or anywhere else that MCI wants at
20 no charge to MCI. BellSouth wouldn't haul these local
21 calls from Lake City to Jacksonville except for the
22 request of MCI. We ask the Commission to require MCI to
23 pay for the facilities it has asked BellSouth to provide.

24 The next issue is the billing of out of area NPA
25 and NXX, and this is another complex issue, but very

1 simply this issue is really about whether reciprocal
2 compensation should apply to long distance calls. First,
3 I would like to describe the arrangement that gives rise
4 to this dispute, and this again is the diagram we were
5 discussing earlier. When MCI, BellSouth, or any carrier
6 is given an NPA-NXX code assignment from the North
7 American Numbering Plan Administrator, the carrier must
8 assign that NPA-NXX to a rate center. All carriers,
9 including BellSouth, use this assignment information to
10 determine whether calls originated by its customers to
11 numbers in that NPA-NXX code are local or long distance.

12 This is an important point. This issue in no
13 way addresses how MCI may establish local calling areas
14 for its customers. MCI can do that anyway it wants. This
15 issue concerns intercarrier compensation for calls
16 originated or terminated to BellSouth's customers.

17 The clearest method of explaining the dispute is
18 to use an illustration. Assume MCI assigned NPA-NXX
19 561-336 and has chosen to assign that code to the Jupiter
20 rate center, and that would be the upper right-hand local
21 calling area. When a BellSouth end user in Jupiter calls
22 an MCI customer in Jupiter who has any number in the
23 561-336 code, the BellSouth customer is not charged for a
24 long distance call.

25 But what if MCI gave that telephone number

1 (561)336-2000, for example, to a customer in Miami. And
2 you will see that down in the larger circle there, the MCI
3 End User A. When the BellSouth customer in Jupiter calls
4 (561)336-2000, BellSouth would treat the call as if its
5 Jupiter customer called another customer in Jupiter.
6 However, in reality, BellSouth's Jupiter customer called a
7 Miami customer. More extreme, MCI could assign another
8 number, (561)336-3000, to its customer in New York City.
9 And you will see that up to the top left there.

10 MCI proposes for BellSouth to pay reciprocal
11 compensation on those calls from Jupiter to Miami or from
12 Jupiter to New York City even though such calls are
13 clearly long distance. In no way are these calls local
14 and reciprocal compensation should not apply.

15 The final issue I will discuss is reciprocal
16 compensation for IP Telephony. And this issue, which the
17 Commission has heard before, addresses the appropriate
18 compensation for Phone-to-Phone calls that utilize the
19 technology known as Internet Protocol, or IP. It appears
20 that we have narrowed the differences between BellSouth
21 and MCI on this issue, if not potentially resolved this
22 issue based on the Commission's ruling in the Intermedia
23 arbitration.

24 BellSouth urges the Commission to reach the same
25 conclusion here, that long distance -- and I am only

1 talking about long distance Phone-to-Phone IP Telephony --
2 is switched access, and therefore reciprocal compensation
3 would not apply on these long distance calls. We do not
4 dispute that reciprocal compensation would be applicable
5 for local calls made over IP Telephony.

6 Thank you. That concludes my summary.

7 MR. ROSS: The witness is available for cross.

8 (Transcript continues in sequence in Volume 6.)

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATE OF FLORIDA)

2 : CERTIFICATE OF REPORTER

3 COUNTY OF LEON)

4

5 I, JANE FAUROT, RPR, Chief, FPSC Bureau of Reporting,
6 Official Commission Reporter, do hereby certify that the
7 Hearing in Docket No. 000694-TP was heard by the Florida
8 Public Service Commission at the time and place herein
9 stated.

7

8 It is further certified that I stenographically
9 reported the said proceedings; that the same has been
10 transcribed under my direct supervision; and that this
11 transcript, consisting of 173 pages, Volume 5 constitutes
12 a true transcription of my notes of said proceedings and
13 the and the insertion of the prescribed prefiled testimony
14 of the witnesses.

11

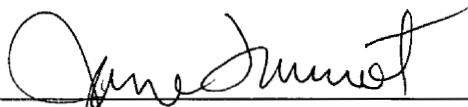
12 I FURTHER CERTIFY that I am not a relative, employee,
13 attorney or counsel of any of the parties, nor am I a
14 relative or employee of any of the parties' attorney or
15 counsel connected with the action, nor am I financially
16 interested in the action.

14

15 DATED THIS 19TH DAY OF OCTOBER, 2000.

15

16



17

JANE FAUROT, RPR
FPSC Division of Records & Reporting
Chief, Bureau of Reporting
(850) 413-6732

18

19

20

21

22

23

24

25