

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**
2 **REBUTTAL TESTIMONY OF GREGORY R. FOLLENSBEE**
3 **ON BEHALF OF**
4 **AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.**
5 **AND TCG SOUTH FLORIDA, INC.**
6 **DOCKET NO. 000731-TP**
7 **JANUARY 3, 2001**

8
9
10 **Q. PLEASE STATE YOUR NAME, ADDRESS AND EMPLOYMENT.**

11 **A.** My name is Gregory R. Follensbee. I am employed by AT&T Corp.
12 ("AT&T") as a Director in its Law & Government Affairs organization,
13 providing support for AT&T's regulatory and legislative advocacy in the nine
14 states that make up AT&T's Southern Region. My office is at 1200
15 Peachtree Street, Suite 8100, Atlanta, Georgia 30309.

16
17 **Q. DID YOU PREFILE DIRECT TESTIMONY ON NOVEMBER 16, 2000**
18 **IN THIS PROCEEDING?**

19 **A.** Yes, I did.

20
21 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

22 **A.** I will be rebutting the testimony of Mr. Ruscilli on issues 6, 7, 11, 12, and 27.
23 Issue 1 has been moved to Docket No. 000075-TP, issue 16 will now be

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1 addressed by AT&T witness Burgess, who is adopting my prefiled direct, and
2 issue 33 will now be addressed by AT&T witness Turner, who will be
3 adopting my prefiled direct testimony.

4

5 **ISSUE 6: UNDER WHAT RATES, TERMS, AND CONDITIONS MAY**
6 **AT&T PURCHASE NETWORK ELEMENTS OR COMBINATIONS**
7 **TO REPLACE SERVICES CURRENTLY PURCHASED FROM**
8 **BELLSOUTH TARIFFS?**

9

10 **Q. ON PAGE 14 OF HIS DIRECT TESTIMONY, MR. RUSCILLI**
11 **STATES THAT IF THE END USER IS CURRENTLY UNDER A**
12 **CONTRACTUAL AGREEMENT WITH BELLSOUTH, THEN THE**
13 **TERMS OF THE RETAIL AGREEMENT OR CONTRACT THAT**
14 **ARE APPLICABLE TO EARLY TERMINATION, INCLUDING**
15 **PAYMENT OF EARLY TERMINATION LIABILITIES, MUST BE**
16 **SATISFIED. HE FURTHER STATES THAT IF A CONTRACT IS**
17 **TERMINATED EARLY, IT IS APPROPRIATE FOR BELLSOUTH**
18 **TO IMPOSE A CHARGE FOR EARLY TERMINATION. DO YOU**
19 **AGREE?**

20 **A.** No. Mr. Ruscilli's testimony addresses retail end users, while AT&T is a
21 wholesale purchaser. The issue upon which AT&T and BellSouth disagree
22 pertains only to AT&T as the purchaser of special access from BellSouth, not
23 any end users who have purchased services directly from BellSouth and who

1 want to now take local service from AT&T. AT&T is not asking this
2 Commission to address the situation where retail end users purchase special
3 access from BellSouth, and those retail customers choose another ALEC to
4 serve them using these same facilities. In cases where AT&T is the
5 wholesale purchaser of special access, it is not appropriate for BellSouth to
6 apply early termination charges to AT&T.

7

8 **Q. WHY IS IT INAPPROPRIATE FOR BELLSOUTH TO APPLY**
9 **EARLY TERMINATION CHARGES WHEN AT&T SEEKS TO**
10 **CONVERT A PURCHASE OF TARIFFED SERVICES TO A**
11 **PURCHASE OF NETWORK ELEMENTS (OR COMBINATIONS OF**
12 **NETWORK ELEMENTS)?**

13 **A.** First, AT&T is not an “end user” of the tariffed services, as Mr. Ruscilli uses
14 the term. AT&T purchases wholesale services from BellSouth, not retail end
15 user services. In these circumstances there should be no termination liability
16 assessed when AT&T seeks to convert such tariffed services to unbundled
17 network elements.

18 Second, and more importantly, AT&T purchased these tariffed services
19 because BellSouth was unwilling to provide combinations of network
20 elements in lieu of special access as required by FCC rules. Rather than wait
21 for the dust to settle on this issue, AT&T utilized the only option it had
22 available. Furthermore, the FCC did not state or even imply that ILECs were
23 free to impose a penalty upon ALECs for such conversions. What BellSouth

1 seeks to do contravenes the clear intent of the FCC's Supplemental Order
2 Clarification, FCC Order 00-183 issued June 2, 2000 in CC Docket No. 96-
3 98. If this Commission approves BellSouth's proposal, then BellSouth
4 ultimately ends up with what it wanted all along –ALECs would not be able
5 to use Enhanced Extended Loops (EELs) or other combinations to serve
6 customers who are currently served through special access service.
7 Additionally, if ALECs are required to pay termination charges, then it will
8 have a chilling effect on competition. ALECs will not be able to pass on
9 these additional and unwarranted costs to their customers.

10

11 **Q. WHAT DOES AT&T REQUEST REGARDING THIS ISSUE?**

12 **A.** AT&T asks that the Commission prohibit BellSouth from applying
13 termination charges when AT&T converts a purchase of tariffed services to a
14 purchase of network elements (or combinations of network elements), such as
15 converting the purchase of special access services to EELs.

16

17 **ISSUE 7: HOW SHOULD AT&T AND BELLSOUTH**
18 **INTERCONNECT THEIR NETWORKS IN ORDER TO ORIGINATE**
19 **AND COMPLETE CALLS TO END-USERS?**

20

21 **Q. MR. RUSCILLI USES THE TERMS POINT OF**
22 **INTERCONNECTION (“POI”) AND INTERCONNECTION POINT**

1 **(“IP”) IN HIS DIRECT TESTIMONY. DO BELLSOUTH AND AT&T**
2 **AGREE ON THE MEANING AND USAGE OF THESE TWO TERMS?**

3 A. AT&T and BellSouth agree on the meaning of the terms, but AT&T cannot
4 agree with Mr. Ruscilli’s incorrect usage of them. Mr. Ruscilli is quite clear
5 in his explanation of the terms Point of Interconnection (“POI”) and
6 Interconnection Point (“IP”), but he is not entirely consistent in his
7 application of these terms. Indeed, as I will describe later in this testimony,
8 Mr. Ruscilli misapplies FCC rules addressing physical network
9 interconnection as if these rules apply to the establishment of IPs (strictly a
10 financial matter)¹. This Commission must be careful to understand the basis
11 and usage of these two terms throughout this proceeding.

12
13 **Q. DOES MR. RUSCILLI ACCURATELY DESCRIBE THE DISPUTE**
14 **BETWEEN THE PARTIES ON THIS ISSUE?**

15 A. No. Mr. Ruscilli misstates AT&T’s proposal in a number of respects. First,
16 AT&T has stated that it will establish two IPs in each LATA, unless there is a
17 *de minimus* volume of traffic that only justifies one IP. AT&T also agrees to
18 establish an IP for each AT&T switching center in the LATA. Accordingly,
19 if AT&T is successful in the Florida marketplace, AT&T will add switching
20 centers and will establish an additional IP for each switch it adds in a LATA.

¹ When I refer to ‘POI’ I am referring to the point where AT&T and BellSouth’s networks physically interconnect. When I refer to ‘IP’ I mean the point on the terminating party’s network to which the originating party is obligated (*i.e.*, has financial responsibility) to provide network interconnection facilities for the delivery of its originating traffic.

1 Second, BellSouth fails to point out that AT&T proposes that the parties first
2 attempt to come to mutual agreement as to the location of each party's IP in
3 each LATA and that the IP be based on the terminating NPA-NXX. This is a
4 far cry from the unilateral designation that Mr. Ruscilli asserts is required
5 under AT&T's proposal.

6
7 **Q. WHAT DO YOU UNDERSTAND BELLSOUTH'S PROPOSAL TO**
8 **BE?**

9 A. First, that AT&T should be financially responsible for transporting its
10 originating traffic all the way to each BellSouth end office in each BellSouth
11 local calling area. Second, that AT&T should be financially responsible for
12 transporting BellSouth's own originating traffic from some point in
13 BellSouth local calling area to AT&T's switch.

14
15 **Q. HOW DOES AT&T'S PROPOSAL DIFFER FROM BELLSOUTH'S**
16 **PROPOSAL?**

17 A. AT&T agrees that AT&T should be financially responsible for transporting
18 AT&T's own originating traffic to each BellSouth end office. AT&T would
19 provide the transport facilities between its switches and the BellSouth IP and
20 AT&T would pay BellSouth a fixed, per-minute reciprocal compensation rate
21 for the transport between the BellSouth IP and the BellSouth end office. This
22 does not appear to be objectionable to BellSouth.

1 However, contrary to BellSouth's proposal, AT&T asks that BellSouth bear a
2 reciprocal financial obligation for the transport of its own originating traffic
3 and not arbitrarily shift the cost for such transport to AT&T. Thus, under
4 AT&T's proposal, for BellSouth's originating traffic, BellSouth would
5 provide the transport facilities between its switches and AT&T's IP and
6 BellSouth would pay AT&T a fixed, per-minute reciprocal compensation rate
7 for the transport between the AT&T IP and the AT&T end office.

8 With respect to the method that will be used to establish the IP locations in
9 each LATA, AT&T proposes that the parties first attempt to come to mutual
10 agreement as to the location of each party's IP in each LATA and that the IP
11 be based on the terminating NPA-NXX. BellSouth, in contrast, proposes that
12 the originating party have a unilateral right to designate where its traffic must
13 be "picked up", meaning the IP would be based on the originating NPA-
14 NXX. BellSouth's position is in direct conflict with FCC rules, as I explain
15 later, in that it forces AT&T to establish numerous IPs throughout the state
16 and become responsible for BellSouth's originating costs.

17

18 **Q. UNDER AT&T'S PROPOSAL WHAT WOULD BELLSOUTH HAVE**
19 **TO DO?**

20 A. First, BellSouth would provide the transport facilities from the BellSouth
21 switch from which its customer's call originates, to the point on AT&T's
22 network that corresponds to the point at which AT&T delivers its originating
23 traffic on the BellSouth network. I use the term "top of the network" to

1 identify that comparable point on each party's network. Each party's IP
2 should be established at the top of its network.

3 Second, BellSouth would pay AT&T the identical fixed, per-minute
4 reciprocal compensation rate for the transport that AT&T provides for the
5 termination of BellSouth traffic from AT&T's IP across AT&T's network.

6

7 **Q. IS THIS FAIR?**

8 A. Completely so. As I stated in my direct testimony, AT&T's network covers a
9 geographic area comparable to that covered by BellSouth's network. Given
10 this geographic comparability, it is only fair that each party have comparable
11 and equivalent interconnection. The Commission should not give
12 BellSouth's network preferential treatment simply because it pre-existed
13 local telephone competition or is based on a traditional hierarchical network
14 architecture. Conversely, the Commission should not penalize AT&T
15 because it has chosen a different network design than that used by BellSouth.
16 The real test for equivalency should be geographic comparability that
17 provides the two parties the means to effectively compete. AT&T's network
18 meets this test.

19

20 **Q. DO YOU AGREE WITH MR. RUSCILLI'S ASSERTION THAT**
21 **BELLSOUTH DOES NOT HAVE A NETWORK, BUT "A HOST OF**
22 **NETWORKS THAT ARE GENERALLY INTERCONNECTED"?**

1 A. No. Mr. Ruscilli made numerous claims throughout his testimony that
2 BellSouth has a “separate” network in each BellSouth local calling area.²
3 Under scrutiny, such “Balkanization” of BellSouth’s network is nothing more
4 than a semantic effort by BellSouth to buttress its theory as to why AT&T
5 should interconnect wherever BellSouth determines.

6

7 **Q. PLEASE EXPLAIN.**

8 A. There is no such thing as a “BellSouth local network” that can be physically
9 separated and identified. BellSouth has not labeled each piece of switching
10 or transmission equipment as “local-only”, “toll-only” or “access-only.”
11 There is simply no business reason to do so. The assertion that a local-only
12 network exists is contrary to the way that equipment and facilities are
13 assigned to provide new services. BellSouth has designed a highly integrated
14 network to provide BellSouth the flexibility to adjust to changes in traffic
15 volumes of the various services it offers according to market conditions. In
16 other words, a certain piece of equipment in the BellSouth network used
17 today to provide local service may become spare and used tomorrow to
18 provide a toll service. To do otherwise, would create a risk of stranding plant
19 for some services and exhausting plant for other services.

² For example, on page 15 Mr. Ruscilli asserts that, “BellSouth has a local network in each of the local calling areas it serves in Florida” and that “BellSouth may have 10, 20 or even more such local networks in a given LATA.” Similarly, on the same page Mr. Ruscilli asserts that, “This [AT&T’s] approach simply ignores that there is not one [BellSouth] “network” but a host of networks that are generally all interconnected.”

1 Let's examine switching under this light. The typical end office switch is
2 used to originate and terminate local traffic, intraLATA toll traffic, and inter-
3 exchange traffic from and to inter-exchange carriers. If BellSouth's claim
4 that it has deployed a "distinct" local network were true, then BellSouth
5 would have deployed three separate local switches, one for each type of
6 traffic in each local calling area. BellSouth has not done so. That would be
7 an inefficient design.

8 Another example of BellSouth network integration can be found in the
9 manner in which BellSouth combines local, toll and access traffic on
10 common trunks between its tandem switches and end office switches.

11 BellSouth does not create separate trunk groups for each class of services.
12 To do so would require that BellSouth install many additional trunks, since
13 the period of peak traffic load often varies by the type of traffic.

14 Accordingly, the call carrying capacity of a trunk group having a mix of
15 traffic is greater than a single-use trunk group.

16 However, the most probative evidence that BellSouth's assertion about a
17 local network in each BellSouth local calling area is inaccurate is BellSouth's
18 use of local tandem switches. In Florida, BellSouth has more local calling
19 areas than it has local tandems. The fact that BellSouth has fewer tandems
20 than local calling areas means that, contrary to Mr. Ruscilli's assertions,
21 BellSouth is routing some of its local traffic beyond the boundaries of its
22 local calling areas for its own reasons. In fact, it would be very surprising to
23 find that BellSouth did not subscribe to this common engineering practice.

1 Every large local telephone company uses local tandem switches because it is
2 the least costly method of interconnecting many end offices until certain
3 traffic thresholds are reached, and this method provides alternative routing
4 during peak traffic periods.

5 For instance, in the Jacksonville LATA, BellSouth has established thirty-
6 three basic local calling areas, collectively served by a single local tandem.
7 Using the implausible standard suggested by BellSouth, the Commission
8 would conclude that BellSouth has thirty-three “local networks”, each
9 serving a basic local calling area. In this specific case, as well as numerous
10 other areas across the state, BellSouth carries its local traffic beyond the basic
11 local calling area, because that is the least costly and most efficient way to
12 provide telephony service.

13 BellSouth’s primary objection to AT&T’s proposal is its claim that it has one
14 network per basic local calling area, rather than one integrated network, and
15 thus an ALEC must provide physical interconnection at every one of these
16 “basic local networks.” However, BellSouth asks this Commission to reject
17 AT&T’s proposal on an incorrect premise. BellSouth’s network should not
18 be viewed as an integration of individual networks, but rather the integrated
19 network that it is.

20 Moreover, Mr. Ruscilli’s claim of separate and distinct networks that require
21 multiple connections to each one is contradicted by his company’s own press
22 statements. In one press release, BellSouth states:

1 BellSouth's e-Platform provides unique "bunker-
2 like" security and reliability against potential
3 natural and man-made disasters because BellSouth
4 utilizes "battle-tested," existing facilities that have
5 weathered hurricanes like Hugo, Andrew, and
6 Floyd. BellSouth is also building upon some three
7 million miles of fiber optic cable, 1,650 central
8 offices, 50 BellSouth Managed Facilities, 15,000
9 Sonet rings and over 500 fast-packet switches with
10 its e-Platform initiative.³

11
12 In another press release, BellSouth touts itself as an "integrated
13 communications services company" that provides customers with "integrated
14 voice, data, video, and data services to meet their communications needs."⁴
15 BellSouth cannot have it both ways. It cannot claim Balkanized specialized
16 networks for competitors while touting integrated networks for its end user
17 customers.

18
19 **Q. SHOULD THE BELLSOUTH LOCAL CALLING AREAS BE THE**
20 **BASIS OF NETWORK INTERCONNECTION?**

³ *BellSouth Launches 'E-Platform' for Business; New E-Biz Centers to Unleash Power of Extensive, fiber-based Network*, BellSouth News Release (Sept. 26, 2000).

⁴ *BellSouth Third Quarter EPS Increases 10%*, BellSouth New Release (Oct. 19, 2000).

1 A. No. BellSouth repeatedly asserts that AT&T should be required to pay for
2 transport of BellSouth's own local calls beyond the BellSouth basic local
3 calling areas. Contrary to these assertions, basic local calling areas should
4 not form the basis of network interconnection. First, basic local calling areas
5 are subject to substantial changes as BellSouth and ALECs seek competitive
6 advantages to their respective local service offerings. A case in point is
7 BellSouth's Area Plus calling plan, which allows its customers to make local
8 calls throughout a LATA on a flat-rate basis. Second, to be fair,
9 interconnection should not be done solely on the basis of BellSouth's existing
10 basic local calling areas. Basic local calling areas bear no relationship to the
11 geographic scope or capability of telecommunications equipment, such as
12 switches. To base interconnection on BellSouth's basic local calling areas
13 would completely disregard the legitimacy of an ALEC's local calling area,
14 would discourage ALECs from expanding basic local calling areas for the
15 benefit of customers and competition, and certainly would not be reciprocal
16 or fair. Third, using BellSouth's basic local calling areas as the basis of
17 network interconnection substantially compromises the network efficiencies
18 of the alternative network architectures deployed by AT&T and other ALECs
19 in Florida, forcing each ALEC into a BellSouth-look-a-like interconnection
20 arrangement. Lastly, AT&T and BellSouth have agreed that most of the
21 traffic within each LATA will be classified as local for purposes of
22 compensating each other for completing the other party's calls. Thus, the

1 local calling area for purposes of reciprocal compensation is now LATA
2 wide.

3

4 **Q. MR. RUSCILLI'S TESTIMONY PROVIDES SEVERAL EXAMPLES**
5 **OF HYPOTHETICAL CALLS BETWEEN BELLSOUTH AND AT&T**
6 **CUSTOMERS IN THE JACKSONVILLE LATA. HAS BELLSOUTH**
7 **ACCURATELY REPRESENTED AT&T'S PROPOSAL IN THESE**
8 **EXAMPLES?**

9 A. No. BellSouth's hypothetical examples are inaccurate in a number of
10 respects. First, as I have previously stated, AT&T agrees that the parties
11 should establish at least two IPs in each LATA in which AT&T offers local
12 exchange service, unless there is a *de minimus* volume of traffic. This means
13 that under AT&T's proposal, in the Jacksonville LATA, AT&T and
14 BellSouth would each have an IP in two locations, rather than in one location,
15 as Mr. Ruscilli incorrectly states. Second, BellSouth fails to provide
16 examples of calls originating on AT&T's network and terminating on
17 BellSouth's network. Such examples show the inequitable nature of
18 BellSouth's proposal.

19

20 **Q. WOULD YOU PLEASE PROVIDE ACCURATE EXAMPLES OF**
21 **HYPOTHETICAL CALLS BETWEEN BELLSOUTH AND AT&T**
22 **UNDER EACH PARTY'S PROPOSAL?**

1 A. Yes. First, assume that AT&T's has designated an IP in Jacksonville and an
2 IP in Lake City.

3 1. An AT&T customer in Lake City calls a BellSouth customer in Lake
4 City.

5 Under AT&T's proposal, AT&T would be financially responsible for
6 providing the transport between its switching center (regardless of
7 how distant) and the BellSouth IP in Jacksonville. In addition, AT&T
8 would pay reciprocal compensation for the transport between the
9 BellSouth IP in Jacksonville and the BellSouth end office in Lake
10 City. AT&T may choose to avoid tandem switching and common
11 transport reciprocal compensation payments by purchasing dedicated
12 transport from the BellSouth IP in Lake City to the BellSouth end
13 office in Lake City.

14 Under BellSouth's proposal, AT&T would be financially responsible
15 for providing the transport between its switching center and the
16 BellSouth end office where the call is to be terminated. AT&T may
17 elect to route the traffic on dedicated transport or on common
18 transport.

19 Although these proposals differ somewhat, there is little financial
20 difference to the parties.

1 2. A BellSouth customer in Lake City calls an AT&T customer in Lake
2 City.

3 Under AT&T's proposal, BellSouth would be financially responsible
4 for providing the transport between its Lake City end office and the
5 AT&T IP in Lake City. In addition, BellSouth would pay reciprocal
6 compensation to AT&T for the use of AT&T's network to complete
7 the BellSouth originated call.

8 Under BellSouth's proposal, BellSouth would only be financially
9 responsible for providing the transport between its Lake City end
10 office and IP located within the Lake City local calling area, that
11 BellSouth designates, at its own discretion. AT&T would be
12 financially responsible for providing the remaining transport for
13 BellSouth's own originated calls between the BellSouth-designated IP
14 and the AT&T switching center. BellSouth does not pay AT&T a
15 transport component or tandem switching component as a part of
16 reciprocal compensation, only local switching.

17 The biggest difference between these proposals is that under
18 BellSouth's proposal, AT&T must provide the transport from the
19 BellSouth-designated IP across its network (from the Lake City IP to
20 the AT&T switch) without any compensation for such costs from
21 BellSouth.

1 3. An AT&T customer in Lake City calls a BellSouth customer in
2 Jacksonville.

3 Under AT&T's proposal, AT&T would be financially responsible for
4 providing the transport between its switching center and the BellSouth
5 IP in Jacksonville. In addition, AT&T would pay reciprocal
6 compensation for the transport between the BellSouth IP in
7 Jacksonville and the BellSouth end office. AT&T may choose to
8 avoid tandem switching and common transport reciprocal
9 compensation payments by purchasing dedicated transport from the
10 BellSouth IP in Jacksonville to the BellSouth end office.

11 Under BellSouth's proposal, AT&T would be financially responsible
12 for providing the transport between its switching center and the
13 BellSouth Jacksonville end office where the call is to be terminated.
14 AT&T may elect to route the traffic on dedicated transport or on
15 common transport. Although these proposals differ somewhat, there
16 is little financial difference to the parties.

17 4. A BellSouth customer in Lake City calls an AT&T customer in
18 Jacksonville.

19 Under AT&T's proposal, BellSouth would be financially responsible
20 for providing the transport between its Lake City end office and the
21 AT&T IP in Jacksonville. In addition, BellSouth would pay
22 reciprocal compensation to AT&T for the use of AT&T's network to
23 complete the BellSouth originated call.

1 Under BellSouth's proposal, BellSouth would be financially
2 responsible for providing the transport only between its Lake City end
3 office and an IP located within the Lake City local calling area, that
4 BellSouth designates, at its own discretion. AT&T would be
5 financially responsible for providing the remaining transport between
6 the BellSouth-designated Lake City IP and the AT&T switching
7 center in Jacksonville. BellSouth does not pay AT&T a transport or
8 tandem switching component as a part of reciprocal compensation,
9 only local switching.

10 The biggest difference between these proposals is that under BellSouth's
11 proposal, AT&T must provide the transport from the BellSouth-designated
12 Lake City IP across the LATA to AT&T's network without any
13 compensation for such costs from BellSouth.

14
15 **Q. WOULD YOU SUMMARIZE THE AREAS OF AGREEMENT AND**
16 **DISAGREEMENT?**

17 A. AT&T has agreed that for its originating traffic it will be financially
18 responsible for all the transport required to carry its traffic across the LATA
19 to the BellSouth end office. BellSouth has not objected to this in Mr.
20 Ruscilli's testimony. AT&T also has agreed to establish at least two IPs in
21 each LATA in which AT&T provides local exchange services, unless the
22 volume is too small to justify two IPs. BellSouth omitted to mention this
23 point in Mr. Ruscilli's testimony, but seeing as that resolves many of

1 BellSouth's concerns about transporting its traffic outside its basic local
2 calling area, BellSouth may find this also acceptable. Given these areas of
3 agreement, the area of disagreement relates to BellSouth's originating traffic
4 that terminates to an AT&T customer within the LATA.

5
6 **Q. HOW DO YOU RESPOND TO BELLSOUTH'S ASSERTION THAT,**
7 **"ABSENT LATA RESTRICTIONS, AT&T'S THEORY WOULD**
8 **MEAN THAT AT&T COULD HAVE A PHYSICAL POINT OF**
9 **INTERCONNECTION WITH BELLSOUTH'S 'NETWORK' IN**
10 **MIAMI, AND BELLSOUTH WOULD BE REQUIRED TO HAUL**
11 **LOCAL CALLS ORIGINATING IN LAKE CITY AND DESTINED TO**
12 **TERMINATE IN LAKE CITY ALL THE WAY TO MIAMI, AT NO**
13 **COST TO AT&T."**

14 A. This is simply wrong. First, there are LATA restrictions and the FCC rules
15 and orders adopting those rules were established knowing there are LATA
16 restrictions still in place. If LATA restrictions are removed in the future, I
17 have no doubt that the FCC would readdress its orders and rules to revise
18 them to comport with the lifting of the LATA restrictions. Second, as I have
19 stated previously, AT&T has agreed to establish at least two IPs in each
20 LATA in which AT&T offers service, unless there is a *de minimus* volume of
21 traffic. In any event, AT&T will have at least one IP in each LATA and
22 BellSouth's assertion that it would be responsible for hauling local calls in
23 one LATA into another LATA for completion has no basis in fact.

1 **Q. HOW DO YOU RESPOND TO MR. RUSCILLI'S CLAIM THAT**
2 **UNDER FCC RULES AT&T IS OBLIGATED TO PAY THE COSTS**
3 **OF INTERCONNECTION?**

4 A. Mr. Ruscilli's reliance on paragraph 199 of the FCC's First order and Report
5 in Docket No. 96-98 is misplaced. Under FCC rules, the ILEC may recover
6 its costs to terminate the ALEC's originating traffic, and the ALEC may
7 recover its costs to terminate the ILEC's originating traffic. Under FCC
8 rules, the ALEC's terminating costs are presumed to be the same as the
9 ILECs. The ALEC, however, may make a showing to the state commission
10 that its actual costs may be higher, and the state commission may adopt those
11 rates for the ALEC. *See* 47 C.F.R. § 51.711. The FCC never contemplated
12 that one party or the other is to be less than fully compensated for its costs to
13 terminate the originating party's traffic. Moreover, the FCC rule also makes
14 clear that "one LEC may not assess charges on any other telecommunications
15 carrier for local telecommunications traffic that originates on that LEC's
16 network."⁵ As I stated in my direct testimony, this is exactly what BellSouth
17 is proposing.

18 In its role as originating carrier, AT&T agrees to fully compensate BellSouth
19 for transport that it provides to AT&T to complete AT&T's traffic, but does
20 not propose to have BellSouth financially responsible for any of the cost that
21 AT&T incurs to bring AT&T originated traffic to BellSouth's network for
22 completion by BellSouth. BellSouth should be required to do the same.

⁵ 47 CFR §51.703(b).

1 **Q. HAS THE FCC DISCUSSED THE CONCEPT OF EQUIVALENT**
2 **POINTS OF INTERCONNECTION?**

3 A. Yes, as outlined in my direct testimony, in its order on SBC’s 271 application
4 for Texas, the FCC made clear its view that under the Telecommunication
5 Act, ALECS have the legal right to designate the most efficient point at
6 which to exchange traffic. As the FCC explained, “New entrants may select
7 the most efficient points at which to exchange traffic with incumbent LECs,
8 thereby lowering the competing carriers’ cost of, among other things,
9 transport and termination.”⁶

10 The FCC has also articulated its view in other litigation. For example, in *In*
11 *re TSR Wireless, LLC, et. al., v. U.S. West*⁷ decision, the FCC reiterated its
12 position that ILECs may not impose upon other telecommunications carriers
13 charges for the facilities used to deliver LEC originated traffic.

14
15 **Q. WHAT HAVE OTHER STATE COMMISSIONS HELD REGARDING**
16 **AT&T’S PROPOSAL?**

17 A. Other state Commissions specifically have rejected the argument BellSouth
18 proffers here that ALECS should be required to pay the costs to receive
19 traffic within each local calling area established by the ILEC. For example,
20 the Kansas Commission found that TCG should be permitted to establish an

⁶ Memorandum Report and Order, Application of SBC Communications Inc., Southwestern Bell Telephone Company and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance. Pursuant to Section 271 of the Telecommunications Act of 1996 To Provide In-Region InterLATA Services in Texas, CC Docket No. 00-65, ¶ 78 (June 30, 2000).

1 interconnection point at SWBT's local and access tandems while SWBT
2 should establish its interconnection point at TCG's switch.⁸ Similarly, The
3 California Commission found that AT&T was not required to interconnect at
4 each Pacific Bell end office and set default points of interconnection at
5 AT&T's switch and Pacific Bell's tandem switch.⁹ Likewise, the arbitrators
6 sitting on behalf of the Texas Public Utilities Commission specifically
7 rejected SWBT's argument that AT&T must interconnect in each local
8 calling area.¹⁰ According to the Texas decision, "The FCC has clearly stated
9 that the CLEC is the one that determines at which points on the ILEC's
10 network it wants to interconnect, unless the ILEC demonstrates that the
11 CLEC's proposal is technically infeasible."¹¹ Arbitrators in Michigan,
12 Indiana, and Wisconsin also have held that each party is financially
13 responsible for delivering its originating interconnection traffic to the
14 terminating party's interconnection point.¹²

⁷ File Nos. E-98-13, et. al., FCC 00-194 (June 21, 2000) (Appeal filed *sub nom*, *Qwest Corp. v. FCC*, Docket No. 00-1376 (D.C. Cir. Aug. 17, 2000).

⁸ Arbitrator's Order No. 5: Decision, *In the Matter of the Petition of TCG Kansas City, Inc. for Compulsory Arbitration of Unresolved Issues with Southwestern Bell Telephone Company Pursuant to Section 252 of the Telecommunications Act of 1996*, pp. 4, 10 (Aug. 7, 2000). The Kansas Corporation Commission affirmed the arbitrator's decision on this issue on September 8, 2000, making a clarification as to the cost to be imposed to convert trunks. See Order Addressing and Affirming Arbitrator's Decision at 9.

⁹ Opinion, *Application of AT&T Communications of California, Inc. (U 5002 C), et al., for Arbitration of an Interconnection Agreement with Pacific Bell Telephone Company Pursuant to Section 252(b) of the Telecommunications Act of 1996*, Dkt. No. 00-01-022, p. 13 (CA PUC Aug. 3, 2000).

¹⁰ Revised Arbitration Award, *Petition of Southwestern Bell Telephone Company for Arbitration with AT&T Communications of Texas, L.P., TCG Dallas and Teleport Communications, Inc. Pursuant to Section 251(B)(1) of the Federal Communications Act of 1996*, Docket No. 22315. (Texas PUC Sept. 27, 2000.) .

¹¹ *Id.* at 9.

¹² See Arbitration Award, *Petition for Arbitration to Establish an Interconnection Agreement Between two AT&T subsidiaries, AT&T Communications of Wisconsin, Inc. and TCG Milwaukee and Wisconsin Bell, Inc. (d/b/a Ameritech Wisconsin)*, O5-MA-120 (Oct. 12, 2000); Decision of Arbitration Panel, *AT&T Communication's of Michigan Inc., and TCG Detroit's Petition for*

1 **Q. DOES BELLSOUTH'S PROPOSAL TO AGGREGATE ITS**
2 **ORIGINATING TRAFFIC TO A SINGLE POINT OF ITS CHOOSING**
3 **WITHIN THE BELLSOUTH LOCAL CALLING AREA NULLIFY**
4 **AT&T'S CONCERNS ABOUT COLLOCATION SPACE**
5 **EXHAUSTION AND HAVING TO GO TO EACH END OFFICE?**

6 A. No. Under BellSouth's proposal, BellSouth may unilaterally select an end
7 office where collocation space is limited or exhausted. In such instances,
8 AT&T would be required to interconnect at many end offices in a LATA.

9
10 **Q. HOW DO YOU RESPOND TO MR. RUSCILLI'S ASSERTION ON**
11 **PAGE 29 THAT AT&T IS NOT HAMPERED IN ITS ABILITY TO**
12 **COMPETE IF THE BELLSOUTH PROPOSAL IS ADOPTED?**

13 A. Mr. Ruscilli is wrong. BellSouth fails to recognize that its proposal not only
14 increases ALECs' costs to enter the market, but also requires ALECS to
15 create networks mirroring the embedded network BellSouth has in place
16 today. As a result, an ALEC's ability to differentiate itself in the market is
17 severely hampered. Because AT&T and BellSouth have agreed that all calls
18 within the LATA are local, and BellSouth continues to sell more and more

Arbitration, Case No. U-12465 (Oct. 18, 2000) (The Michigan Public Service Commission affirmed this portion of the Arbitration Panel's Decision by Order dated November 20, 2000); Order, AT&T Communications of Indiana TCG Indianapolis, Petition for Arbitration of Interconnection Rates, Terms, and Conditions and Related Arrangements with Indiana Bell Telephone Company, Incorporated d/b/a Ameritech Indiana Pursuant to Section 252(b) of the Telecommunications Act of 1996, Cause No. 40571-INT-03 (Nov. 20, 2000). The Oklahoma Corporation Commission as part of its 271 deliberations originally held that SWBT should allow CLECs to interconnect at a single technically feasible point to meet CLEC needs. However, the Commission modified its decision on this issue. See Order No. 445340, Order Nunc Pro Tunc Regarding Order No. 445180. Corporation Commission of Oklahoma, Cause No. PUD 970000560 (Oct. 4, 2000).

1 LATAwide local calling plans, BellSouth's proposal will result in AT&T
2 having to place an IP in every basic local calling area, contrary to BellSouth's
3 testimony that it will not.

4 **Q. IN HIS DIRECT TESTIMONY, MR. RUSCILLI SUGGESTS THAT**
5 **THE ISSUE IS ONE OF COST ALLOCATION BASED ON THE**
6 **AT&T NETWORK DESIGN. IS HE CORRECT?**

7 A. No. The question is not whether the parties' networks will be interconnected
8 based on the network design of one party, but rather will the parties'
9 networks be interconnected in a manner that is neutral to network design. It
10 is only fair and equitable that an interconnection arrangement does not favor
11 any particular design. Thus, AT&T has proposed its Equivalent
12 Interconnection Principles. Conversely, BellSouth proposes an
13 interconnection arrangement that strongly favors BellSouth's network
14 architecture.

15 AT&T has made a substantial investment to become a facilities-based local
16 exchange provider across Florida. AT&T should not suffer a burdensome
17 and discriminatory network interconnection arrangement because it chooses
18 to deploy a more efficient network design than the classic hub-and-spoke
19 telephony architecture. The Commission should be sensitive to issues which
20 give the incumbent carrier substantial competitive advantages over
21 competing carriers. Accordingly, the fair outcome is for both AT&T and
22 BellSouth to be interconnected on an equitable basis.

23

1 **Q. HOW DO YOU RESPOND TO THE CLAIM THAT BELLSOUTH'S**
2 **LOCAL EXCHANGE RATES DO NOT COVER ADDITIONAL**
3 **TRANSPORT COSTS?**

4 A. In none of the call examples provided above, in which BellSouth is the
5 originating party, is BellSouth required to provide transport for which it has
6 no means to recover its costs.

7 With respect to a call from a BellSouth customer to an AT&T customer
8 within the Lake City local calling area, where BellSouth has no toll revenue,
9 BellSouth would have no obligation to provide transport beyond the Lake
10 City local calling area, since AT&T has indicated it might place its IP in Lake
11 City. With respect to a call from a BellSouth customer in Lake City to an
12 AT&T customer in Jacksonville, BellSouth would have an obligation to
13 provide transport to AT&T's IP in Jacksonville; however this may be a toll
14 call under BellSouth's current local calling areas, and BellSouth would have
15 the option to collect toll revenue for these calls to cover its additional
16 transport expenses to AT&T, or it may be part of its Complete Choice
17 offering or Area Plus offering, both of which recover this cost.

18 Therefore, the Commission should disregard BellSouth's baseless assertion,
19 that AT&T's proposal would impose costs on BellSouth for which it has no
20 means to recover.

21

22 **ISSUE 11: SHOULD BELLSOUTH BE ALLOWED TO AGGREGATE**
23 **LINES PROVIDED TO MULTIPLE LOCATIONS OF A SINGLE**

1 **CUSTOMER TO RESTRICT AT&T’S ABILITY TO PURCHASE**
2 **LOCAL CIRCUIT SWITCHING AT UNE RATES TO SERVE ANY**
3 **OF THE LINES OF THAT CUSTOMER?**

4
5 **Q. WHAT IS AT&T’S POSITION ON THIS ISSUE?**

6 A. AT&T and other parties have requested that the FCC both clarify and amend
7 its UNE Remand decision pertaining to local circuit switching. AT&T has
8 petitioned the FCC to increase the number of lines that would be used to
9 provide exchange and exchange access service to customers using ILEC local
10 circuit switching in the top 50 Metropolitan Statistical Areas (“MSAs”) from
11 4 to 8. Additionally, AT&T is seeking clarification of the FCC order as it
12 pertains to three lines or less. Specifically, AT&T is asking the FCC to
13 clarify the exact same issues listed here. Rather than expend this
14 Commission’s resources on issues 9 and 10 at this time, AT&T recommends
15 that the Commission address these issues after the FCC has issued its
16 decision on AT&T’s petitions for reconsideration and clarification.

17
18 **Q. DO YOU AGREE WITH MR. RUSCILLI’S POSITION ON ISSUE 11?**

19 A. No. AT&T does not agree that it is appropriate to aggregate lines across the
20 Ft. Lauderdale, Miami and Orlando MSAs when determining whether a
21 customer has more than three lines. This just makes no sense. For example,
22 suppose that a customer that has a chain of stores in Orlando only has two
23 lines at each store. Further, suppose there are 20 such stores, but no two

1 stores are served from the same BellSouth local switch. However, for
2 purposes of managing his or her telecommunications bill, the customer
3 currently has billing for all 20 stores going to one location where his or her
4 business office is located. BellSouth's position is that since the total number
5 of lines is more than 3 (actually in this case it would be 40), then AT&T
6 would have to provide service to each of the 20 locations using something
7 other than UNE-P. Clearly this example is not what the FCC had in mind
8 when it reached its decision that an ALEC could economically serve this
9 customer using its own switch and either standalone loops or a loop/transport
10 combination. AT&T believes the FCC rule was intended to apply only when
11 more than three lines were being served from the same local switch.

12 BellSouth, on the other hand, wants to prohibit ALECs from using its local
13 switch to serve any customer who purchases over three lines from BellSouth,
14 no matter where those lines are actually provisioned. AT&T recommends
15 that this Commission not adopt such an anti-competitive position, and instead
16 reach a decision that clearly states that the four or more line limitation only
17 applies to each separate customer location, and not when a customer receives
18 aggregate billing on his or her multiple locations.

19

20 **ISSUE 12: SHOULD AT&T BE PERMITTED TO CHARGE TANDEM**
21 **RATE ELEMENTS WHEN ITS SWITCH SERVES A GEOGRAPHIC**
22 **AREA COMPARABLE TO THAT SERVED BY BELL SOUTH'S**
23 **TANDEM SWITCH?**

1 **Q. HOW DO YOU RESPOND TO MR. RUSCILLI'S ASSERTION THAT**
2 **AT&T IS NOT ENTITLED TO THE TANDEM RATE BECAUSE**
3 **AT&T DID NOT SHOW THAT AT&T IS ACTUALLY**
4 **PERFORMING A TANDEM FUNCTION?**

5 A. Rule 51.711(a)(3) of the FCC's Interconnection Order provides, " Where the
6 switch of a carrier other than an incumbent LEC serves a geographic area
7 comparable to the area served by the incumbent LEC's tandem switch, the
8 appropriate rate for the carrier other than an incumbent LEC is the ILEC's
9 tandem interconnection rate." The plain language of the order makes no
10 requirement that an ALEC network actually has a tandem switch or performs
11 an intermediate switching function to receive the tandem interconnection
12 rate. Any other conclusion would be illogical.

13 Carefully analyzing Mr. Ruscilli's argument illuminates its tortured logic. If
14 an ALEC were providing the actual local tandem switching capability, then
15 according to Mr. Ruscilli, BellSouth would agree to pay the tandem
16 interconnection rate to the ALEC. Therefore, to reach Mr. Ruscilli's
17 interpretation of Rule 51.711(a)(3), the FCC actually intended to make it
18 more difficult for an ALEC to qualify for the tandem interconnection rate
19 than an ILEC. Under Mr. Ruscilli's interpretation, BellSouth must merely
20 provide tandem switching, but an ALEC must pass a two part test: first, it
21 must actually provide the identical tandem switching functionality provided
22 by the ILEC and the ALEC switch must also serve a geographic area

1 comparable to the area served by the incumbent LEC's tandem switch. This
2 is illogical as well as anticompetitive.
3 It is important to note that AT&T's reliance on the FCC's proxy rule for
4 compensating ALECs for reciprocal compensation is in lieu of making an
5 individual cost showing that AT&T's costs are in fact higher than
6 BellSouth's rate, and thus should be compensated at a higher rate than
7 BellSouth. (FCC Rule 711(b)). It is quite possible for such a showing to be
8 made by an ALEC, particularly in the early stages of construction of a local
9 network that enjoys nowhere near the ubiquity and utilization that
10 BellSouth's network does.

11

12 **Q. WHAT ABOUT THE FCC'S LOCAL COMPETITION RULE, WHICH**
13 **MR. RUSCILLI CITES?**

14 A. Clearly the FCC did not intend to hold an ALEC to a higher standard to
15 qualify for the tandem interconnection rate than an ILEC. Indeed, the FCC's
16 own comments demonstrate this intent in Paragraph 1090 of the Local
17 Competition Order, the FCC stated:

18 [s]tates shall also consider whether new technologies (*e.g.*,
19 fiber ring or wireless networks) perform functions similar
20 to those performed by an incumbent LEC's tandem
21 switch.... (Emphasis added.)

22

1 This is not an additional test for ALECs, but an alternative by which the
2 ALEC may qualify for a “proxy” of the ALEC’s additional costs. Thus, it is
3 clear that actual local tandem (i.e., intermediate switching) functionality is
4 not a requirement for an ALEC to receive the tandem interconnection rate.

5

6 **Q. WHAT ABOUT THE FUNCTIONALITY OF AT&T’S SWITCHES?**

7 A. Although AT&T does not believe it must establish such functionality under
8 applicable FCC rules, AT&T’s switches do, in fact, provide the necessary
9 functionality. Tandem switches generally aggregate traffic from a number of
10 end office switches for purposes of passing that traffic to other offices for
11 termination elsewhere on the network. The tandem switch is also used for
12 aggregation and processing of operator services traffic, routing traffic that is
13 to be transferred between the trunk groups of two separate carriers, and
14 measuring and recording traffic detail for billing. While BellSouth employs
15 two separate switches to accomplish these tandem and end office functions,
16 AT&T’s switches perform all of these functions within the same switch.

17

18 **Q. CAN YOU SUMMARIZE THE EVIDENCE THAT AT&T HAS**
19 **PROVIDED REGARDING GEOGRAPHIC COMPARABILITY?**

20 A. Yes. In my direct testimony, AT&T provided a series of maps that show
21 separately for AT&T and BellSouth the geographic area served by its
22 respective switches (for AT&T) and tandems (for BellSouth) for each LATA
23 in Florida. Comparing the AT&T switch service area to the BellSouth

1 tandem service area shows that AT&T meets the requirement of §
2 51.711(a)(3). In addition, comparing the TCG switch service area to the
3 BellSouth tandem service area shows that TCG also meets the requirement of
4 § 51.711(a)(3).

5

6 **Q. HOW DO YOU RESPOND TO MR. RUSCILLI'S ASSERTION ON**
7 **PAGE 40 OF HIS TESTIMONY THAT, "THE BASIC NETWORK**
8 **ARCHITECTURE USED BY AT&T IS THE SAME AS BELLSOUTH,**
9 **SO THE COMMISSION DOES NOT NEED TO ATTEMPT TO**
10 **DETERMINE WHETHER SOME NEW TECHNOLOGY USED BY**
11 **AT&T PERFORMS THE TANDEM FUNCTIONS WITHOUT**
12 **PROVIDING TANDEM SWITCHING."**

13 A. Mr. Ruscilli provides no explanation or evidence to this assertion. Indeed,
14 this simply is not true. Beginning on page 8 of Mr. Talbott's direct
15 testimony, which I have adopted, I have provided the Commission with a
16 thorough description and diagrams of the BellSouth and AT&T architectures.
17 These clearly show that the two network architectures are very different.

18

19 **Q. WHAT IS YOUR RESPONSE TO MR. RUSCILLI'S REFERENCE TO**
20 **THE FLORIDA COMMISSION'S ORDERS ON THIS ISSUE?**

21 A. I find it interesting that the only state that is referenced is one that has found
22 for some of the ALECs that no tandem switching charge is appropriate. Mr.
23 Roscilli, of course, does not want to mention the numerous other orders that

1 have been issued across this region where state commissions have found that
2 ALECs could charge for tandem switching.

3

4 **Q. PLEASE SUMMARIZE WHAT YOU ASK THIS COMMISSION TO**
5 **DO WITH REGARD TO ISSUE 12.**

6 A. AT&T requests the Commission conclude that AT&T switches serve a
7 comparable geographic area as that served by BellSouth's tandem switches
8 and that AT&T is thus entitled to the tandem interconnection rate.

9

10 **ISSUE 27: SHOULD THE COMMISSION OR A THIRD PARTY**
11 **COMMERCIAL ARBITRATOR RESOLVE DISPUTES UNDER THE**
12 **INTERCONNECTION AGREEMENT?**

13

14 **Q. DO YOU AGREE WITH BELLSOUTH'S POSITION THAT THE USE**
15 **OF THIRD PARTY ARBITRATORS TO RESOLVE DISPUTES IS IN**
16 **FACT MORE COSTLY AND EXPENSIVE THAN SEEKING**
17 **RESOLUTION FROM THE GOVERNING REGULATORY**
18 **AUTHORITY?**

19 A. No. First, as Mr. Ruscilli states in his testimony, BellSouth and AT&T have
20 not utilized the previous commercial arbitration clause. Therefore, the parties
21 have no track record regarding this issue.

22

1 **Q. HAS AT&T HAD DIFFERENT EXPERIENCES WITH**
2 **COMMERCIAL ARBITRATION?**

3 A. Yes. In AT&T's Pacific region, several matters have been resolved through
4 commercial arbitration. In these proceedings, knowledgeable arbitrators
5 were utilized to resolve disputes in a timely and cost effective manner for
6 AT&T and Pacific Bell. Generally, the matter was heard over a one to two
7 day period with minimal costs to the parties. The decisions were quick and
8 allowed the parties to focus on performing pursuant to the interconnection
9 agreement. In fact, in AT&T's recent arbitration proceeding for its second
10 interconnection agreement with Pacific Bell, the California Commission
11 agreed with AT&T's position. In its final order dated August 3, 2000, the
12 Commission adopted AT&T's proposal to retain the requirement in the
13 interconnection agreement that disputes under the agreement should go
14 through an alternative dispute resolution process heard before third party
15 arbitrators, not the commission. *See Order in Application by AT&T*
16 *Communications of California, inc., et al, for Arbitration of an*
17 *Interconnection Agreement with Pacific Bell Telephone Company Pursuant*
18 *to Section 252(b) of the Telecommunications Act of 1996; Application 00-01-*
19 *022, August 3, 2000: pages 28-29. I should note that Pacific Bell also raised*
20 the issue that private arbitrators were not qualified to resolve
21 telecommunications disputes. The Commission rejected this argument.
22 While AT&T is well aware of this Commission's ability to handle
23 complaints, this Commission may not have the resources to address each and

1 every dispute that could arise under the interconnection agreement, or to
2 address them as promptly as could a commercial arbitrator.

3

4 **Q. WHAT IS AT&T ASKING THAT THE COMMISSION DO WITH**
5 **RESPECT TO THIS ISSUE?**

6 A. The Commission should adopt AT&T's position regarding private arbitration
7 for disputed issues between BellSouth and AT&T. This Commission has
8 opened numerous generic dockets regarding important policy and pricing
9 issues that are and will be applicable to all ALECs in Florida. In taking the
10 position that Interconnection Agreements are commercial agreements
11 between sophisticated parties, and disputes arising therein should be resolved
12 in a private commercial forum, the Commission will be able to expand its
13 focus on industry matters rather than spend time resolving two-party disputes
14 under a negotiated agreement.

15

16 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

17 A. Yes.