BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

REBUTTAL TESTIMONY OF JEFFREY KING

ON BEHALF OF

AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.

AND TCG-SOUTH FLORIDA, INC.

DOCKET NO. 000731-TP

JANUARY 3, 2001

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND TITLE.

A. My name is Jeffrey King and my business address is 1200 Peachtree Street, N.E., Atlanta, Georgia 30309. I am employed by AT&T as a District Manager in the Local Services & Access Management organization.

Q. BRIEFLY OUTLINE YOUR EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE IN THE TELECOMMUNICATIONS INDUSTRY.

A. I received a Bachelor of Arts degree in Business Administration with a concentration in Industrial Administration from the University of Kentucky, Lexington, KY, in 1983. I joined AT&T's Access Information Management organization in April of 1986 developing and testing the ordering and inventory Access Capacity Management System (ACMS) for electronically

interfacing High Capacity access orders with incumbent local exchange carriers (ILECs). I worked closely with the Ordering & Billing Forum (OBF) to insure industry standard specifications were implemented and enforced by quality control edits to maintain the integrity of the data. I joined the Integrated Access Planning and Implementation organization in August of 1990 and performed the national ACMS User Representative role for implementing Business Unit requirements, enhancements, Methods & Procedures, and training. This work function also required subject matter expertise of the processes to plan, provision and utilize special access circuits and facilities in order to optimize the effectiveness of AT&T's operational support systems (OSS) to manage these processes. I joined the Access Management organization in December of 1992 and managed customer/supplier relations on Interstate access price issues, including access charge impacts and tariff, terms and conditions analysis, with BellSouth Telecommunications, Inc. and Sprint LTD. In addition, my responsibilities included ILEC cost study analysis.

I began supporting AT&T's efforts to enter the local services market with the implementation of the Telecommunications Act of 1996. In particular, I support AT&T's efforts to obtain cost-based non-recurring rates for AT&T's requests of unbundled network elements (UNEs) from ILECs by analyzing ILEC non-recurring cost studies and utilizing the AT&T/MCI Non-Recurring Cost Model. I also interface with subject matter experts ("SMEs") on the efficient processes and practices of ordering and provisioning UNEs

based on a least-cost, forward looking telecommunications infrastructure. My organization also supports the cost models, such as the HAI Model, to develop the recurring costs (i.e., capital expenditure) to efficiently support the telecommunications infrastructure.

Since July 1998 my additional responsibilities include analyzing ILEC costs and recommending all cost-based prices charged by ILECs. My responsibilities also include managing access charges paid by AT&T to ILECs in the nine state BellSouth territory. Specifically, I advocate cost-based rates for access to the ILECs' networks for the purpose of originating and terminating local and toll traffic. Indeed, UNEs comprise the same elements of the telecommunications network as offered by BellSouth, and other ILECs, for access services.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY STATE PUBLIC SERVICE COMMISSIONS?

A. Yes, I have testified on behalf of AT&T in Florida, Alabama, North Carolina, Tennessee, Mississippi, Georgia, and Puerto Rico.

Q. DID YOU FILE DIRECT TESTIMONY IN THIS DOCKET?

A. No.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I will explain errors and make corrections to the testimony and cost study filed by Ms. Caldwell, BellSouth's witness, regarding the following unbundled network element ("UNE") collocation rates in connection with Issue 22:

- **Subsequent Application**
- **Project Management (including Space Preparation firm order processing)**
- **Space Availability Report**
- **Cable Records**
- **Security Access System**

Q. HAS BELLSOUTH PROPOSED APPROPRIATE RATES FOR COLLOCATION RATE ELEMENTS?

A. No. As explained below, BellSouth's cost study produces inappropriate rates for various collocation UNEs. The Commission should instead adopt the rates proposed in my Exhibit JAK-1, which are the appropriate recurring and/or non-recurring rates for the affected collocation UNEs.

Q. WHY IS AT&T ONLY ADDRESSING THE AFOREMENTIONED COLLOCATION UNES, YET BELLSOUTH FILED COST STUDIES TO SUPPORT VARIOUS ADDITIONAL COLLOCATION UNES?

A. This Commission previously ordered collocation rates in Order No.PSC-98-0604-FOF-TP on April 29, 1998. This Order addressed Docket Nos. 960757-

TP, 960833-TP and 960846-TP. AT&T and BellSouth therefore have agreed to narrow the issues in this docket, as shown in the Joint Stipulation filed in this docket on December 22, 2000. I will not be addressing power, however, as this Commission already established appropriate rates for the DC power that AT&T uses with its collocation space. AT&T at this time has no need for AC power. Therefore, I am addressing those collocation UNEs necessary for AT&T collocation requests and for which this Commission has not previously addressed in Order No.PSC-98-0604-FOF-TP. AT&T will address further collocation rates in the second phase of the collocation Docket Nos. 981834-TP/990321-TP, including the issue of AC power, where the ALEC provides its own DC power plant.

Q. DOES BELLSOUTH'S COST STUDY SUPPORTED BY BELLSOUTH WITNESS MS. CALDWELL PROPERLY DEPICT THE COLLOCATION FUNCTIONS IT INCURS TO PROVIDE COLLCATION SPACE TO AT&T? EXPLAIN.

A. No. BellSouth's cost study inappropriately includes the following charges associated with obtaining information, making an application and the performance of project management: (1) Physical Collocation - Space Availability Report Per Central Office and Collocation Cable Records, (2) Physical Collocation - Application Cost – Subsequent, and (3) Physical Collocation - Space Preparation - Firm Order Processing. Breaking apart the functions into these categories uses outdated ideas of collocation which are

not applicable to today's collocation. That is, BellSouth has not incorporated the many changes that have occurred in the evolution of collocation. The result is a cost study that is not forward looking.

Q. DID YOU MAKE CORRECTIONS TO BELLSOUTH'S COST STUDY FOR A SPACE AVAILABILITY REPORT?

A. Yes. BellSouth attempts to include engineering work that is not directly related to the task of providing a Space Availability Report. The only worktime associated with this report is the production of the report itself, and I corrected the cost study by eliminating this unrelated worktime. Such reports are also currently available to BellSouth as part of its reporting to meet Section 251(c)(6) requirements of the Telecom Act and therefore BellSouth should not be permitted to pass costs to ALECs which BellSouth does not directly incur related to the request of the ALEC. Exhibit JAK-2 provides the cost analysis supporting AT&T's proposed rates for the Space Availability Report.

Q. SHOULD BELLSOUTH CHARGE AN ALEC FOR UPDATING ITS OPERATIONAL SUPPORT SYSTEMS (OSS) WITH CABLE RECORDS AND WHY?

A. No. Establishing the OSS records of an ALEC's cables terminating on a BellSouth frame is a routine process and is already a cost being paid by the ALEC through the Engineer, Furnish, and Install (EF&I) loading factor

applied on the capital [recurring] recovery of the equipment investment. Additionally, as with any capital asset, making updates to the records is a normal function of maintaining the integrity of the asset and included in the recurring maintenance charge. This Commission should not accept BellSouth's new non-recurring rate proposal or alternatively rate the element as zero. AT&T proposes that there is no cost justification to create such a chargeable UNE element.

Q. PLEASE DESCRIBE WHAT FUNCTIONS ARE INCLUDED IN AN APPLICATION FEE AND IN AT&T'S PROPOSED PROJECT MANAGEMENT FEE, AND HOW THOSE FUNCTIONS ARE RELATED.

A. Under the new FCC guidelines[1], there are two distinct functions relating to the application fee and to project management of collocation in an incumbent's central office. One function relates to the initial application. This application usually results in a firm order. The work performed in processing the application to obtain a firm order is appropriate for inclusion in an application fee. Subsequent application fees are the fees charged to an ILEC when the ILEC is already collocated in the central office and submits an application to augment their installation. The interconnection language agreed to between AT&T and BellSouth (Attachment 4, Section 6.1.2) recognizes the variable of capital expenditures to distinguish between a

"limited effect" application and one that requires project management of capital expenditure.

The work that occurs after a firm order for collocation has been made is appropriate for inclusion in a project management fee. The two fees should be separated out so that if an ALEC cannot place a firm order or decides not to place a firm order, that ALEC should not have to pay for costs associated with project management. The Project management fee is therefore more analogous with BellSouth's Space Preparation fee. When no firm order is placed, BellSouth does not incur these project management costs to coordinate space preparation. The cost study support for the Subsequent Application fee and Project Management fee is found in Exhibit JAK-2.

Q. WHAT IS THE BASIS FOR THE COLLOCATION SECURITY ACCESS SYSTEM RATES THAT AT&T IS PROPOSING IN THIS PROCEEDING?

A. AT&T is proposing the following non-recurring charge structure for Security Access System use: (1) New Security Access Card, (2) Administrative Change, and (3) Replace Lost or Stolen Security Access Card. The material cost is approximately $7 for an access card, including postage. The processing labor to fully administer a new access card is estimated at 30

[1] See Order on Reconsideration and Second Further Notice of Proposed Rulemaking in CC Docket and Fifth Further Notice of Proposed Rulemaking in CC Docket No. 96-98, (August 10, 2000) ¶¶ 13-26.

minutes. Activation or de-activation of the access card entails about 15 minutes of labor.

Security Access Card - New

Material Cost		$ 7.00
Administration	(.5 hrs times $33.17)	$16.59
Activate/De-activate	(.25 hrs times $33.17)	$ 8.29
TOTAL		$31.88

Security Access Card – Administrative change

Administration	(.25 hrs times $33.17)	$ 8.29

Security Access Card – Replace lost or stolen

Material Cost		$ 7.00
Administration	(.1 hrs times $33.17)	$ 3.32
Activate/De-activate	(.25 hrs times $33.17)	$ 8.29
TOTAL		$18.61

Q. HOW DOES AT&T'S PROPOSAL DIFFER FROM THAT SUPPORTED BY BELLSOUTH'S WITNESS MS. CALDWELL?

A. AT&T agrees with BellSouth that a non-recurring charge is appropriate to obtain a security access card. There are certain processing and trivial material costs (i.e., the delivery of the card itself) to be recovered. AT&T,

however, does not agree with BellSouth that additional recurring rates are appropriate or applicable.

BellSouth's security system recurring cost study is flawed on two fronts. First, the assumption that new card readers must be installed (retrofitted into existing buildings) and the costs passed on to the ALECs is a violation of TELRIC methodology. The basic premise of TELRIC methodology is a "scorched node" scenario. The FCC 96-325 order states:

> ...We, therefore, conclude that the forward-looking pricing methodology for interconnection and unbundled network elements should be based on costs that assume that wire centers will be placed at the incumbent LEC's current wire center locations, but that the reconstructed local network will employ the most efficient technology for reasonably foreseeable capacity requirements (Paragraph 685).

The basic assumption for determining costs is that the serving central offices (end offices) and all distribution plant are placed new using forward looking, most efficient, least cost technologies that are currently available. One of the basic premises is that the building is placed and sized to meet today's demand, including collocation, using these same principles. The forward looking, most efficient, least cost security demands the use of card readers.

Thus, under TELRIC methodology, card readers are provisioned with the new building and there would be no need to retrofit with new readers. The only costs to pass on to the ALECs are the non-recurring costs associated with the issuing of a security card or an administrative change to an existing security card.

The second flaw in BellSouth's proposal is in the assumption that the costs associated with the card readers should be incremental costs to be passed on to the ALECs. Building security costs are booked to the building account and their costs are already recovered through loadings/factors applied to the recurring UNE rate elements. In this case, BellSouth is recovering its security system costs through the land and building factor, and attempting to over-recover Security Access System cost by charging an incremental recurring charge per central office for the security system.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

Study Name: Florida AT&T Arbitration
State: Florida

Description	AT&T Proposed Recurring	AT&T Proposed Non Recurring	BellSouth Proposed Recurring	BellSouth Proposed Non Recurring
PHYSICAL COLLOCATION				
Physical Collocation - Application Cost - Subsequent - Application		$110.12		$3,134
Physical Collocation - Application Cost - Subsequent - Disconnect Only		$1.01		$1.01
Physical Collocation - Space Availability Report per C.O.		$23.54		$2,151
Physical Collocation - Space Preparation - C.O. Modification per square ft.	N/A		$2.56	
Physical Collocation - Space Preparation - Common Systems Modification per sqaure ft. - Cageless	N/A		$2.85	
Physical Collocation - Space Preparation - Common Systems Modification - per Cage	N/A		$96.92	
Physical Collocation - Space Prep Project Management - Firm Order Processing - Initial		$1,445.11		$1,202
Physical Collocation - Space Prep Project Management - Firm Order Processing - Subsequent		$305.88		N/A
Physical Collocation - Security Access System - Security System, per Central Office, per Square Fo	N/A		$0.0113	
Physical Collocation - Security Access system - New Access Card Activation, per Card	N/A	$31.88	$0.0592	$55.59
Physical Collocation - Security Access System - Administrative Charge, Existing Card, per Card		$8.29		$15.59
Physical Collocation - Security Access System - Replace Lost or Stolen Card, per Card		$18.61		$45.58

Florida

Item / Description			Source	Labor Rate	(For use w/ one NR)	
Element	Description	JFC / JG / WS			Install	Install Cost
H.1	**PHYSICAL COLLOCATION**					
H.1.46	**Physical Collocation - Application Cost - Subsequent**					
	Service Inquiry	JG58	Account Team Collocation Coordinator (ATCC)	$47.07	1.0000	$47.07
	Service Inquiry	WS10	ATCC/Clerical	$24.14	0.5000	$12.07
	Service Inquiry	34XX	Interexchange Network Access Coord (INAC)	$50.98	0.0000	$0.00
	Service Inquiry	34XX	Power Capacity Management (PCM)	$50.98	0.0000	$0.00
	Service Inquiry	34XX	Circuit Capacity Management (CCM)	$50.98	0.0000	$0.00
	Service Inquiry	32XX	Outside Plant Engineering (OSPE)	$50.98	0.0000	$0.00
	Service Inquiry	JG58	Corporate Real Estate & Support (CRES)	$47.07	0.0000	$0.00
	Service Inquiry	JG55	Corporate Real Estate & Support (CRES)	$31.15	0.0000	$0.00
	Service Inquiry	34XX	Common Systems Capacity Mgmt. (CSCM)	$50.98	1.0000	$50.98
						$110.12
H.1.45	**Collocation - Space Prep Project Management - Firm Order Processing - Initial**					
	Firm Order Processing	JG58	Account Team Collocation Coordinator (ATCC)	$47.07	2.0000	$94.14
	Firm Order Processing	34XX	Interexchange Network Access Coord (INAC)	$50.98	15.0000	$764.70
	Firm Order Processing	34XX	Power Capacity Management (PCM)	$50.98	3.0000	$152.94
	Firm Order Processing	34XX	Circuit Capacity Management (CCM)	$50.98	8.0000	$407.84
	Firm Order Processing	32XX	Outside Plant Engineering (OSPE)	$50.98	0.5000	$25.49
						$1,445.11
H.1.45.1	**Collocation - Space Prep Project Management - Firm Order Processing - Subsequent**					
	Firm Order Processing	JG58	Account Team Collocation Coordinator (ATCC)	$50.98	1.0000	$50.98
	Firm Order Processing	34XX	Interexchange Network Access Coord (INAC)	$50.98	2.0000	$101.96
	Firm Order Processing	34XX	Power Capacity Management (PCM)	$50.98	1.0000	$50.98
	Firm Order Processing	34XX	Circuit Capacity Management (CCM)	$50.98	2.0000	$101.96
	Firm Order Processing	32XX	Outside Plant Engineering (OSPE)	$50.98	0.0000	$0.00
						$305.88
H.1.47	**Physical Collocation - Space Availability Report per CO**					
	Order Processing	JG58	Account Team Collocation Coordinator (ATCC)	$47.07	0.5000	**$23.54**