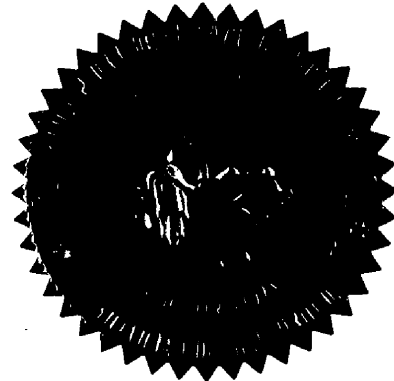


**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO. 000731-TP**

**In the Matter of**

**PETITION BY AT&T COMMUNI-  
CATIONS OF THE SOUTHERN STATES,  
D/B/A AT&T FOR ARBITRATION OF  
CERTAIN TERMS AND CONDITIONS OF  
A PROPOSED AGREEMENT WITH  
BELLSOUTH COMMUNICATIONS, INC.  
PURSUANT TO 47 U.S.C.  
SECTION 252.**



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

**VOLUME 1**

**PAGES 1 THROUGH 202**

**PROCEEDINGS: HEARING**

**BEFORE: CHAIRMAN E. LEON JACOBS, JR.  
COMMISSIONER BRAULIO L. BAEZ  
COMMISSIONER MICHAEL A. PALECKI**

**DATE: Wednesday, February 14, 2001**

**TIME: Commenced at 9:30 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**

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**FLORIDA PUBLIC SERVICE COMMISSION**

FPSC DIVISION OF RECORDS & REPORTING

**1 APPEARANCES:**

**2 MARSHA E. RULE, JIM LAMOUREUX and SUZIE**  
**3 OCKLEBERRY, AT&T Communications of the Southern**  
**4 States, Inc. 101 North Monroe Street, Suite 700,**  
**5 Tallahassee, Florida 32301-1509, appearing on behalf**  
**6 of AT&T Communications of the Southern States, Inc.**

**7 KIP EDENFIELD, NANCY B. WHITE and R.**  
**8 DOUGLAS LACKEY, BellSouth Telecommunications, Inc.,**  
**9 c/o Nancy Sims, 150 South Monroe Street, Suite 400,**  
**10 Tallahassee, Florida 32301, appearing on behalf of**  
**11 BellSouth Telecommunications, Inc.**

**12 C. LEE FORDHAM and JASON FUDGE, Florida**  
**13 Public Service Commission, Division of Legal**  
**14 Services, 2540 Shumard Oak Boulevard, appearing on**  
**15 behalf of the Commission Staff.**

**16****17****18****19****20****21****22****23****24****25**

**I N D E X**1  
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25**OPENING STATEMENT BY:****PAGE NO.****Ms. Rule****9****Mr. Lackey****12****WITNESSES****NAME:****GREGORY R. FOLLENSBEE****Direct Examination by Mr. Lamoureux****17****Prefiled Direct Testimony of Mr. Follensbee****Inserted****53****Prefiled Direct Testimony of David L.****Talbott Inserted****87****Cross-Examination of Mr. Follensbee****by Mr. Lackey****134****Cross-Examination of Mr. Follensbee by****by Mr. Fordham****181****Redirect Examination by Mr. Lamoureux****186**

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## EXHIBITS

NUMBER:		ID.	ADMTD.
1	Official Recognition List	8	8
2	Responses to Staff Discovery	8	8
3	(Confidential Responses to Staff Discovery	8	8
4	Deposition Transcripts of AT&T Witnesses	8	8
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**PROCEEDINGS**

**CHAIRMAN JACOBS: We will call the hearing to order.**

**Counsel, read the notice.**

**MR. FORDHAM: By notice issued January 19, 2001, this time and place have been set for a hearing in Docket Number 000731-TP, petition by AT&T Communications of the Southern States, Inc., doing business as AT&T, for arbitration of certain terms and conditions of a proposed agreement with BellSouth Communications, Inc.**

**CHAIRMAN JACOBS: We'll take appearances.**

**MR. EDENFIELD: For BellSouth, Kip Edenfield; also with me is Nancy White and Mr. Doug Lackey.**

**MS. RULE: For AT&T, Marsha Rule, Jim Lamoureux, and Suzie Ockleberry.**

**MR. FORDHAM: And for Commission staff, Lee Fordham and Jason Fudge.**

**CHAIRMAN JACOBS: Very well. Are there any preliminary matters, staff?**

**MR. FORDHAM: Just a couple, Commissioner. The issue came up late regarding the use of audiovisuals in the summary of the testimony for a couple of witnesses. The parties have agreed among themselves that there is no objection, and staff has no objection. And I understand the Chair has or will make a decision on that.**

1                   **CHAIRMAN JACOBS: Yes. If there were no**  
2 **objections by the parties, we will go ahead and approve**  
3 **that. I will need to make an announcement, as well. This**  
4 **was intended and I think noticed as a full panel.**  
5 **However, two of your members are in pretty ill conditions**  
6 **today. And so we have revised this panel to make it a**  
7 **three-member panel. And I might announce that this is the**  
8 **first time Commissioner Deason has missed a hearing due to**  
9 **illness, and we want to send him the appropriate**  
10 **condolences.**

11                   **And with that, are there any other preliminary**  
12 **matters?**

13                   **MR. FORDHAM: Just a couple of other things, Mr.**  
14 **Chairman. The parties have announced that they have**  
15 **mutually agreed and settled two additional issues in**  
16 **addition to those that were announced as being settled at**  
17 **the prehearing. Those would be Issues Number 14 and**  
18 **Number 22. And I would expect the parties would announce**  
19 **through their witnesses which testimony may be withdrawn**  
20 **as a result of settling those two issues.**

21                   **CHAIRMAN JACOBS: Very well.**

22                   **MR. FORDHAM: And also if the Commission wishes,**  
23 **we will go ahead at this time and introduce the staff**  
24 **exhibits. Not introduce them, but we will at least number**  
25 **them.**

1                   **CHAIRMAN JACOBS: Very well.**

2                   **MR. FORDHAM: As is usually the practice,**  
3 **Commissioner, the first exhibit that we would like labeled**  
4 **as Exhibit Number 1 for the staff would be the official**  
5 **recognition list. The official recognition list has**  
6 **additions to it also from both parties and would in**  
7 **essence be a composite exhibit, but introduced by staff.**

8                   **CHAIRMAN JACOBS: Show that marked as Exhibit 1.**

9                   **MR. FORDHAM: The second item would be responses**  
10 **to staff discovery, composite responses to staff**  
11 **discovery. We would like to request that that be**  
12 **identified as Exhibit Number 2. It is identified as Stip**  
13 **2.**

14                   **CHAIRMAN JACOBS: Very well.**

15                   **MR. FORDHAM: The third would be responses to**  
16 **staff's discovery which are categorized as proprietary.**  
17 **If we could have those labeled as Exhibit Number 3. They**  
18 **are identified on the package that you have in front of**  
19 **you as Stip 3.**

20                   **CHAIRMAN JACOBS: Show Stip 3 identified as**  
21 **Exhibit 3.**

22                   **MR. FORDHAM: And Number 4 would be a composite**  
23 **exhibit of the deposition transcripts of the AT&T**  
24 **witnesses. Those are identified as Stip 4, and we would**  
25 **ask that they be labeled as Exhibit Number 4.**

1                   **CHAIRMAN JACOBS: Show Stip 4 is identified as**  
2 **Exhibit 4.**

3                   **MR. FORDHAM: And, finally, the deposition**  
4 **transcripts of the BellSouth witnesses, which are labeled**  
5 **as Stip 5, and we request they be identified as Exhibit**  
6 **Number 5.**

7                   **CHAIRMAN JACOBS: Show Stip 5 as identified as**  
8 **Exhibit 5.**

9                   **MR. FORDHAM: And at this time, Commissioner, I**  
10 **would ask that those be moved into the record.**

11                   **CHAIRMAN JACOBS: Without objection, show**  
12 **Exhibits 1 through 5 admitted into the record.**

13                   **(Exhibits 1 through 5 marked for identification**  
14 **and admitted into the record.)**

15                   **MR. FORDHAM: Staff has no additional**  
16 **preliminary matters, Commissioner.**

17                   **CHAIRMAN JACOBS: Very well. Ms. Rule.**

18                   **MS. RULE: With regard to the testimony that**  
19 **will be withdrawn, both AT&T and BellSouth have provided**  
20 **written lists. And rather than read the line and page**  
21 **number into the record, it may be more helpful to**  
22 **distribute written copies to the Commissioners at a later**  
23 **time. Would that be acceptable?**

24                   **CHAIRMAN JACOBS: That would be fine. However,**  
25 **as the witnesses come on, let's make sure that we denote**



1 when we move their testimony if it is amended or not.

2 MS. RULE: Certainly.

3 CHAIRMAN JACOBS: Thank you. Anything else?

4 MS. RULE: Well, in connection with that I think  
5 we can go ahead and withdraw Mr. King's rebuttal entirely.  
6 He did not file direct and he will not be testifying here  
7 today.

8 CHAIRMAN JACOBS: Very well. So, Mr. King is  
9 excused. Very well. And with that, that brings us to the  
10 next moment. We can swear the witnesses. All of those  
11 who will testify, please stand and raise your right hand.

12 (Witnesses sworn.)

13 CHAIRMAN JACOBS: I'm going to go home and  
14 practice that in the mirror. I still don't get it right.

15 Will you go first?

16 MS. RULE: We have agreed upon brief opening  
17 statements.

18 CHAIRMAN JACOBS: Very well. Who would go  
19 first? Proceed.

20 MS. RULE: Good morning, Commissioners. I'm  
21 Marsha Rule with AT&T. And AT&T is here today to ask you  
22 to arbitrate 17 of the 34 issues we originally brought to  
23 you in our petition. Now, I can assure you that both  
24 BellSouth and AT&T have worked hard at negotiating these  
25 issues, and we are only bringing those to you that we have

1 not been able to resolve. And I assure you we continue to  
2 negotiate as these arbitrations move from state to state  
3 and we meet frequently trying to resolve these issues. So  
4 please understand, we are not trying to bring you issues  
5 that we have -- that we take lightly. We believe these  
6 are important to AT&T's local market entry and to the  
7 future of competition in this state. And as Mr. Fordham  
8 mentioned, we settled ten of our original issues, we  
9 withdrew two others, and five we have agreed to move to  
10 other Commission dockets for settlement.

11 Now, as you may know, AT&T through several of  
12 its certificated carriers currently offers competitive  
13 services to both consumers and business in major markets  
14 in Florida. And although AT&T does own switches and other  
15 network facilities in these cities, we still must rely  
16 extensively on BellSouth in order to provide local  
17 service. And if competition is to grow in Florida, it is  
18 critical that the issues you will hear today and tomorrow  
19 and perhaps the next day be resolved in a way that will  
20 facilitate competition in the state rather than hinder it.

21 And we are going to present six witnesses who  
22 have just been sworn in in support of our position on the  
23 issues. I would like to introduce them to you. Some of  
24 them have appeared before you in the past, but others have  
25 not. And first, Greg Follensbee -- Greg, could you stand

1 up -- will discuss a number of issues, including how AT&T  
2 and BellSouth should interconnect their networks and the  
3 rates, terms and conditions that should apply to the  
4 various interconnection arrangements. He will also  
5 explain AT&T's request for alternative dispute resolution.

6           Next, Joe Gillan will address the issue of  
7 combining network elements.

8           Jay Bradbury then will explain AT&T's request to  
9 provide specific operation support system improvements,  
10 including improvements to the process by which BellSouth  
11 makes changes to its systems.

12           Next, Steve Turner will address the issue of  
13 splitting the local loop to allow provision of both voice  
14 and high speed data services over the same line.

15           Ron Mills will next discuss access to  
16 collocation space in BellSouth offices.

17           And, finally, Ron Lindemann will explain AT&T's  
18 proposal to provide service to customers who live or work  
19 in multi-unit dwellings like apartments, or condominiums,  
20 or office buildings.

21           And I would also like to introduce the other --  
22 or I have already introduced the other AT&T attorneys, Jim  
23 Lamoureux, whom many of you know, and Suzie Ockleberry who  
24 has not appeared here before.

25           And as we begin this arbitration, I would like

1 to leave you with a couple of thoughts. It has been five  
2 years now since the Telecom Act was passed, and AT&T has  
3 had five years experience of negotiating and attempting to  
4 enter the local market both here in Florida and in other  
5 states. And during that process we have identified the  
6 roadblocks, the issues that we are bringing here to you  
7 today. We have pinpointed for you the specific BellSouth  
8 positions and arguments that make it difficult and  
9 impossible for AT&T and other ALECs to offer local  
10 service.

11 Please keep in mind as you decide these issues  
12 that many smaller ALECs typically adopt the contract  
13 provisions arbitrated or negotiated by AT&T, so your  
14 resolution of these issues have a very broad reach beyond  
15 the extent of this arbitration. And your decision on  
16 these issues, then, can well determine whether AT&T and  
17 other ALECs have a meaningful opportunity to compete  
18 against BellSouth in both the residential and local  
19 business markets. Thank you.

20 CHAIRMAN JACOBS: BellSouth.

21 MR. LACKEY: Thank you, Mr. Chairman and  
22 Commissioners. My name is Doug Lackey. I'm an attorney  
23 representing BellSouth here today. I come bearing good  
24 news and bad news. The bad news is, of course, that we  
25 are here at all. We wish we were not.

1           **AT&T and BellSouth have negotiated very**  
2 **diligently in this proceeding. You will find that unlike**  
3 **the case you tried a couple of months ago with another**  
4 **ALEC and BellSouth, we don't have 50 issues, we don't have**  
5 **40 issues, we have 17 issues. We have gotten it down to a**  
6 **pretty tight core of matters that we just need your help**  
7 **to resolve.**

8           **The issues themselves range from a very simple**  
9 **issue to a very complex issue. And I'm not going to try**  
10 **to cover them all here, but I'm going to touch on a couple**  
11 **of them. Some of them are simple. And I find it**  
12 **interesting that we are making it difficult or impossible**  
13 **for AT&T to compete by refusing to agree with them on what**  
14 **kind of a security check ought to be done on their**  
15 **employees. That is one of the issues that we have brought**  
16 **to you.**

17           **Our employees have criminal background checks**  
18 **before we let them into peoples' homes, before we let them**  
19 **go to work for us. We require our vendors to do criminal**  
20 **background checks on their employees before we let them in**  
21 **their central offices. We want AT&T to do the same and**  
22 **AT&T refuses. A pretty simple issue. Not very complex.**  
23 **We will be able to lay the details out and it ought to be**  
24 **a pretty clear choice for you.**

25           **On the other end of the spectrum we have some**

1 pretty complex issues that have national significance.  
2 They are not just Florida issues. One of the preeminent  
3 ones is one that we often refer to as the point of  
4 interconnection issue. What it really has to do with is  
5 compensation issues. That is who is going to pay for  
6 certain things that have occurred because of AT&T's  
7 network design.

8 This is an issue that has been taken up around  
9 the country. It has been taken up by the FCC.  
10 Unfortunately, we bring it to you here without a clear,  
11 clear avenue. We are just simply going to have to present  
12 our case. We hope you will find that it is not logical  
13 for BellSouth's customers to have to pay to haul a call  
14 for AT&T from Lakeland to Jacksonville, for instance,  
15 because AT&T chooses to only put a switch in Jacksonville  
16 in that LATA.

17 Other issues that are going to be important to  
18 us involve such things as what we refer to as the tandem  
19 switching issue. A pretty simple issue. It involves  
20 reciprocal compensation, which is what one carrier pays  
21 the other carrier for transport and terminating their  
22 calls.

23 When AT&T sends a call to us and we switch it at  
24 our tandem, we transport it to our customer's end office  
25 and switch it at the end office. We charge AT&T two

1 switchings, tandem switching and local switching, and we  
2 charge them the transport to get between those two.

3 When the call goes in the other direction and  
4 AT&T switches the call one time, they want to charge us  
5 for two switches. They want to charge us as if this call  
6 had been switched twice. And strangely enough, we object  
7 to that.

8 Other issues that are of importance not only to  
9 Florida, but to the region, involve such things as the  
10 three or four issues that deal with what we call the  
11 change control process. It is another very important  
12 issue. As you all know, AT&T and the other ALECs are  
13 allowed to interact and rely upon and use BellSouth's  
14 Legacy systems, our ordering systems, our provisioning  
15 systems, our maintenance and operations systems.

16 And in order to do that what they have to do is  
17 they hook their systems up to our systems using  
18 interfaces. And it is real important to them and to us  
19 how we change those interfaces. And so what we have is we  
20 have a change control process, and it is a process that  
21 all the ALECs are invited to participate in, all the CLECs  
22 around the region are invited to participate in, because  
23 it is a regional plan.

24 AT&T is unhappy with our change control process,  
25 and so they have been going from state to state asking the

1 Commissions to interfere with the change control process,  
2 to interject themselves into that process. We are going  
3 to ask you through our witnesses to allow the change  
4 control process to function as it is designed to function;  
5 that is, let the change control process address issues.

6           There is a provision in the change control  
7 process where if there is a disagreement between BellSouth  
8 and a consensus of the ALECs and CLECs that use it, that  
9 the thing can be escalated internally to BellSouth and  
10 then can be brought to a Commission. So that a consensus,  
11 so that a group of CLECs or ALECs who are unhappy with  
12 BellSouth, or maybe AT&T for that matter, can bring a  
13 question here. It's wrong to take this up in this  
14 proceeding when there is nobody but AT&T and BellSouth  
15 here when we are talking about issues that affect all of  
16 the ALECs and all of the CLECs in this region.

17           I said that there was bad news and good news,  
18 and I think the bad news is now evident. The good news is  
19 that we are going to do our absolute best to push this  
20 proceeding to a conclusion by the end of the day tomorrow.  
21 I know we are scheduled for three days. We have, of  
22 course, instructed our witnesses in accord with the  
23 prehearing order to answer questions directly with yes and  
24 no answers where they can, and with any luck we should be  
25 able to wrap it up late tomorrow afternoon. Thank you for



1 your attention, I appreciate it.

2 **CHAIRMAN JACOBS:** Very good news. Thank you.

3 Anything from staff? Very well. We're ready for the

4 first witness.

5 **MR. LAMOUREUX:** Good morning, Mr. Chairman and

6 Commissioners. My name is Jim Lamoureux, and AT&T calls

7 as its first witness Gregory Follensbee.

8 Before we begin, we have handed out an errata

9 sheet for the corrections that Mr. Follensbee will be

10 making to his testimony, and I believe everybody should

11 have a copy of that.

12 **CHAIRMAN JACOBS:** Yes, I think we do. I spoke

13 too quickly. I guess I don't see it. I'm sorry, I do.

14 **GREGORY R. FOLLENSBEE**

15 was called as a witness on behalf of AT&T COMMUNICATIONS

16 OF THE SOUTHERN STATES, INC. AND TCG SOUTH FLORIDA,

17 INC. and, having been duly sworn, testified as follows:

18 **DIRECT EXAMINATION**

19 **BY MR. LAMOUREUX:**

20 **Q** Mr. Follensbee, would you please state your full

21 name and business address for the record, please?

22 **A** It's Gregory R. Follensbee. The business

23 address is 1200 Peachtree Street, Atlanta, Georgia 30309.

24 **Q** And by whom are you employed?

25 **A** AT&T Corp.

1           **Q**     **And did you cause to be filed in this proceeding**  
2 **direct testimony filed on November 16th, 2000, consisting**  
3 **of 32 pages?**

4           **A**     **Yes, I did.**

5           **Q**     **And I know you have handed out an errata sheet.**  
6 **Do you have any changes or corrections other than what is**  
7 **on the errata sheet for that direct testimony?**

8           **A**     **I do not.**

9           **Q**     **And could you briefly -- for the changes**  
10 **particularly where it mentioned striking some of the**  
11 **lines, just briefly explain the purpose behind that?**

12          **A**     **Yes. And particularly in the first two items,**  
13 **the striking was the fact that we had moved one of the**  
14 **issues in my testimony to a generic proceeding that this**  
15 **Commission has, so it was not -- we are not going to take**  
16 **it up in this arbitration.**

17          **Q**     **Are you also adopting the direct testimony of**  
18 **Mr. Talbott in this proceeding?**

19          **A**     **Yes, I am.**

20          **Q**     **And that is direct testimony also filed on**  
21 **November 16th, consisting of 36 pages?**

22          **A**     **Yes, it is.**

23          **Q**     **Did you have any exhibits to your direct**  
24 **testimony?**

25          **A**     **Not to mine, no, sir.**

1           **Q     And did Mr. Talbott have six exhibits to his**  
2 **testimony?**

3           **A     Yes, he did.**

4           **Q     Do you have any changes or corrections to make**  
5 **to that testimony at this time?**

6           **A     I do not.**

7           **Q     Did you also cause to be filed rebuttal**  
8 **testimony on January 3rd, 2001, consisting of 34 pages?**

9           **A     Yes, I did.**

10          **Q     And aside from the errata sheet, do you have any**  
11 **other changes or corrections to make to that testimony?**

12          **A     I do not.**

13          **Q     Again, could you briefly just explain the**  
14 **purpose for the changes on the errata sheet, particularly**  
15 **ones where things have been stricken?**

16          **A     The first three are reflective of -- actually,**  
17 **the first four are reflective of one issue that was moved**  
18 **again to the generic proceeding that was in my prefiled**  
19 **testimony.**

20          **Q     Do you have any -- I don't even remember if I**  
21 **asked, did you have any exhibits to your rebuttal**  
22 **testimony?**

23          **A     I do not.**

24          **Q     If I were to ask you the same changes -- or the**  
25 **same questions as are contained in yours and Mr. Talbott's**

1 testimony with the corrections that you have set forth,  
2 would your answers be the same?

3 A Yes, they would.

4 MR. LAMOUREUX: Commissioners, Mr. Chairman, I  
5 would like to move Mr. Follensbee's and Mr. Talbott's  
6 testimony into the record as if read. And I believe in  
7 accordance with what we have done before, have the  
8 exhibits marked as a composite exhibit, which I guess  
9 would be Exhibit 6.

10 CHAIRMAN JACOBS: Very well. Without objection,  
11 show the testimony of Mr. Talbott and Mr. Follensbee  
12 entered into the record as though read, and we will mark  
13 as an composite exhibit the prefiled exhibits identified  
14 as J -- I'm sorry.

15 MR. LAMOUREUX: Actually, I believe it is just  
16 the exhibits to Mr. Talbott's testimony, which would be  
17 DLT-1 through 6.

18 CHAIRMAN JACOBS: That's correct. That will be  
19 Composite Exhibit 6.

20 (Composite Exhibit 6 marked for identification.)

21

22

23

24

25

1           **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2           **DIRECT 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           **NOVEMBER 16, 2000**

8

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

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

15

16 **Q.   PLEASE DESCRIBE YOUR BACKGROUND AND PROFESSIONAL**  
17 **EXPERIENCE AS THEY RELATE TO ISSUES IN THIS**  
18 **PROCEEDING.**

19 **A.**   I graduated from Florida State University in 1972 with a Bachelors of  
20       Science degree in accounting. I began work in August of that year as a field  
21       auditor with the Florida Public Service Commission. In 1976, I was  
22       promoted to Manager over the accounting group devoted to regulating  
23       electric and gas public utilities. In 1978, I was promoted to Manager over the

1 accounting for all public utilities regulated in Florida. In 1979, I was  
2 promoted to Director of the Accounting Department, which expanded my  
3 responsibilities to include all accounting matters for all public utilities  
4 regulated in Florida, which included auditing, cost of capital, and taxes. In  
5 1980, the department was expanded to include Management Audits as well.

6 In October 1983, I left the Florida Commission and began work with  
7 AT&T. I was a District Manager in its State Governmental Affairs staff  
8 organization, supporting AT&T's advocacy of regulatory issues for its  
9 Southern Region. In 1990, I became the Assistant Vice President for State  
10 Government Affairs for the State of South Carolina. In 1995, I returned to  
11 Atlanta and was promoted to Division Manager, responsible for AT&T's  
12 regulatory and legislative advocacy in the nine states in AT&T's Southern  
13 Region.

14

15 **Q. HAVE YOU TESTIFIED IN OTHER REGULATORY PROCEEDINGS**  
16 **IN THE PAST?**

17 **A.** Yes. I have testified in Florida, Georgia, North Carolina and South Carolina.

18

19 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
20 **PROCEEDING?**

21 **A.** I am testifying on behalf of AT&T Communications of the Southern States,  
22 Inc. and TCG South Florida (I will refer to these two companies as AT&T)  
23 on the following issues:

- 1                   • the appropriate terms and conditions that should be applied when  
2                   AT&T issues orders to migrate services to either network  
3                   elements or combinations of network elements (Issue 6);  
4                   • how the FCC's decision on the availability of local circuit  
5                   switching should be applied to serving customers with four or  
6                   more lines through combinations of network elements (Issue 11);  
7                   • why voice calls over Internet Protocol should not be treated as  
8                   long distance and why switched access charges should not apply  
9                   (Issue 16);  
10                  • why the alternative dispute resolution process should be an option  
11                  for resolving disputes arising under AT&T's interconnection  
12                  agreement with BellSouth (Issue 27); and,  
13                  • the terms and conditions that should apply when AT&T purchases  
14                  a loop/port combination and wishes to share the spectrum on a  
15                  local loop for voice and data purchases (Issue 33).

16

17   **Q.     WERE YOU PART OF THE TEAM FROM AT&T NEGOTIATING**  
18           **WITH BELLSOUTH ON THE INTERCONNECTION AGREEMENT**  
19           **THAT IS THE SUBJECT OF THIS PETITION?**

20   **A.     Yes.**

21

22

23

1 **Q. WHO ELSE WAS PART OF THE AT&T TEAM?**

2 A. The AT&T negotiating team consisted of two commercial attorneys, a lead  
3 negotiator, and two support personnel. From time to time, both AT&T and  
4 BellSouth would include subject matter experts in the negotiations to help  
5 reach resolution on a particular issue.

6  
7 **Q. WHAT WERE YOUR RESPONSIBILITIES DURING THE**  
8 **NEGOTIATIONS?**

9 A. Because I was involved in the negotiations of the existing interconnection  
10 agreement arbitrated by this Commission in 1996, I provided information on  
11 what was discussed and agreed to or arbitrated previously in 1996. In  
12 addition, I provided input on state and Federal Communications Commission  
13 (FCC) regulatory issues that impacted the negotiations.

14

15 **Q. WHO DID YOU NEGOTIATE WITH AT BELLSOUTH?**

16 A. BellSouth's team consisted of two commercial attorneys, a lead negotiator,  
17 one support person and one person from its regulatory group.

18

19 **Q. WAS AT&T ABLE TO REACH AN AGREEMENT WITH**  
20 **BELLSOUTH ON ALL ISSUES?**

21 A. No. While the vast majority of issues were resolved through negotiations, as  
22 can be seen from the agreement attached to AT&T's petition, several issues  
23 are still unresolved, and must be arbitrated by this Commission. The issues



1 currently before this Commission for arbitration are ones where the parties  
2 “disagree” on the resolution.

3

4 **Q. WHAT AT&T WITNESSES WILL BE ADDRESSING THESE**  
5 **REMAINING ISSUES?**

6 A. The witnesses supporting AT&T’s arbitration petition are as follows:

- 7 • Greg Follensbee  
8 • Joe Gillan  
9 • Jay Bradbury  
10 • Ron Mills  
11 • Ron Lindemann  
12 • Dave Talbott

13

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

18

19 **Q. EXPLAIN THE ISSUE PERTAINING TO THE APPROPRIATE**  
20 **TERMS AND CONDITIONS THAT SHOULD BE APPLIED WHEN**  
21 **AT&T ISSUES ORDERS TO MOVE TARIFFED SERVICES**  
22 **PURCHASED FROM BELLSOUTH TO EITHER NETWORK**  
23 **ELEMENTS OR COMBINATIONS OF NETWORK ELEMENTS?**

1 A. There are two remaining areas of disagreement pertaining to AT&T  
2 converting tariffed services to network elements. Since the FCC issued its  
3 Supplemental Order Clarification in CC Docket 96-98 on June 2, 2000  
4 (“Supplemental Order Clarification”), most of the disagreement between the  
5 parties has been resolved and the parties have reached agreement on the  
6 process for submitting requests for conversions. Thus, the two remaining  
7 areas that this Commission needs to address are as follows:

- 8 1. The appropriate rate BellSouth should charge AT&T for converting  
9 services to UNEs, which has already been addressed in Docket No.  
10 990649-U; and
- 11 2. The application of termination liability charges to services converted  
12 to either unbundled network elements or combination of unbundled  
13 network elements, which I will address below.

14

15 **Q. WHY IS THERE AN ISSUE ON CONVERTING TARIFFED**  
16 **SERVICES TO NETWORK ELEMENTS?**

17 A. In the past AT&T purchased tariffed services from BellSouth to provide local  
18 service to customers in Florida. As a result of the Telecommunications Act  
19 of 1996 and several FCC orders implementing that Act, AT&T is able to  
20 convert these services to network elements, including combinations of  
21 network elements. The FCC issued an order outlining certain criteria AT&T  
22 would have to meet in order to obtain these conversions from Bellsouth. The  
23 issue that BellSouth has raised is whether BellSouth should be allowed to

1 charge AT&T any cancellation charges for converting these tariffed services  
2 to network elements.

3

4 **Q. WHAT CANCELLATION CHARGES ARE INVOLVED?**

5 A. While the exact charges that may apply are dependent upon the specific  
6 service purchased by AT&T from BellSouth's tariffs, generally cancellation  
7 charges are assessed whenever tariffed services are purchased under some  
8 term or volume plan, and the purchaser decides to cancel the service before  
9 the end of the term of the plan. In this case, the service is completely  
10 terminated and not replaced with another service.

11

12 **Q. TO WHAT NETWORK ELEMENTS OR COMBINATIONS OF**  
13 **NETWORK ELEMENTS WOULD THE TARIFFED SERVICES BE**  
14 **CONVERTED?**

15 A. Predominantly, AT&T is looking to convert special access services to either  
16 unbundled loops or loop/transport combinations (commonly known as  
17 Enhanced Extended Links or EELs) that begin at a customer's premise and  
18 terminate into AT&T collocation space in a BellSouth central office, where  
19 AT&T then terminates the trunk in one of its switches used to provide local  
20 service.

21

22

23

1 **Q. WHAT IS AT&T PROPOSING?**

2 A. AT&T is proposing that it should not be assessed any cancellation charges  
3 when requesting to convert services originally purchased from BellSouth's  
4 tariffs to network elements or combinations of network elements. AT&T  
5 originally purchased these tariffed services mainly because BellSouth was  
6 unwilling to provide combinations of network elements in lieu of special  
7 access. Rather than wait for the issue to be fully resolved either through  
8 regulatory proceedings or litigation, AT&T utilized the only option it had  
9 available. AT&T and its customers should not be penalized for BellSouth's  
10 refusal to provide combinations of network elements. Furthermore, the FCC  
11 did not state or even imply that ILECs were free to impose a penalty upon  
12 ALECs for such conversions. What BellSouth seeks to do contravenes the  
13 clear intent of the FCC. If this Commission approves BellSouth's proposal,  
14 then BellSouth ultimately ends up with what it wanted all along - ALECs  
15 would not be able to use network elements to serve customers who are  
16 currently served through special access service. The Commission should not  
17 allow ALECs to be penalized when converting the purchase of special access  
18 services to network elements.

19  
20 **Q. IS AT&T CANCELING SERVICE PURCHASED FROM**  
21 **BELLSOUTH?**

22 A. No. AT&T is seeking to convert the existing tariffed services to network  
23 elements or combinations of network elements. The customers will still

1 receive the same service from AT&T and the service provided by BellSouth  
2 to AT&T will remain the same.

3

4 **Q. WHAT IS AT&T ASKING THIS COMMISSION DO?**

5 A. AT&T requests that this Commission order that no cancellation charges will  
6 be applied when AT&T requests to convert services purchased out of  
7 BellSouth's tariffs to network elements, including combinations of network  
8 elements.

9

10 **ISSUE 11: SHOULD BELLSOUTH BE ALLOWED TO**  
11 **AGGREGATE LINES PROVIDED TO MULTIPLE LOCATIONS OF**  
12 **A SINGLE CUSTOMER TO RESTRICT AT&T'S ABILITY TO**  
13 **PURCHASE LOCAL CIRCUIT SWITCHING AT UNE RATES TO**  
14 **SERVE ANY OF THE LINES OF THAT CUSTOMER?**

15

16 **Q. DESCRIBE THE UNRESOLVED ISSUE PERTAINING TO USE OF**  
17 **LOCAL SWITCHING IN PROVIDING EXCHANGE AND**  
18 **EXCHANGE ACCESS SERVICE TO CUSTOMERS?**

19 A. As a result of the Supreme Court's decision in AT&T Corp. v. Iowa Board of  
20 Utilities, 525 U.S. 366 (1999), the issue of network elements was remanded  
21 to the FCC with instructions to review its decision on what network elements  
22 must be provided by ILECs. As part of this remand, the FCC determined that  
23 ILECs need not provide alternative local exchange carriers (ALECs) with

1 local circuit switching capability where the ALEC intends to serve customers  
2 who have four or more voice grade (DS0) equivalents or lines and, (i) the  
3 affected local circuit switches are located in one of the top 50 Metropolitan  
4 Statistical Areas (MSAs) in density zone 1, and (ii) the incumbent LEC  
5 provides access to combinations of unbundled loops and transports  
6 throughout density zone 1, as defined as of January 1, 1999.

7

8 **Q. WHAT IS A LOCAL CIRCUIT SWITCH?**

9 A. A local circuit switch is the type of switch deployed by telecommunications  
10 carriers to provide dial tone to a customer so the customer can receive local  
11 service.

12

13 **Q. WHAT IS A METROPOLITAN STATISTICAL AREA?**

14 A. This is a geographic area within a state as defined by the United States  
15 Government Office of Management and Budget. MSAs are often used to  
16 administer federal programs. Presently, there are 258 MSAs in the United  
17 States. In Florida, the MSAs affected by the FCC rules are Ft. Lauderdale,  
18 Miami and Orlando.

19

20 **Q. WHAT LIMITATION IS BELLSOUTH PROPOSING ON THE USE**  
21 **OF LOOP/SWITCH COMBINATIONS TO SERVE CUSTOMERS IN**  
22 **THE FLORIDA MSAS?**

1 A. BellSouth is proposing the following limitation on the use of loop/switch  
2 combinations in the Florida MSAs:

- 3 • If a customer has multiple locations throughout the MSA, receives  
4 one bill from BellSouth for all lines, and the total number of lines  
5 from all locations is more than three, none of the lines at any  
6 location could be served using the loop/switch combination at  
7 cost-based rates.

8  
9 **Q. DOES AT&T AGREE WITH THIS RESTRICTION?**

10 A. No. BellSouth's interpretation of the FCC's rule is unreasonable.  
11 Furthermore, BellSouth's proposed restriction impedes competition.  
12 Additionally, some customers may actually want to have some lines served  
13 by one carrier and some lines served by another. This option of choice of  
14 carriers allows the customer to take advantage of service offerings from  
15 various companies and protect their business/home telephone service from  
16 disruption if there is a problem with one company.

17  
18 **Q. IN THE FCC'S UNE REMAND ORDER, THE FCC DECIDED THAT**  
19 **AN ILEC COULD CEASE PROVIDING LOCAL CIRCUIT**  
20 **SWITCHING AT COST-BASED RATES IF THE ILEC PROVIDES**  
21 **ACCESS TO ENHANCED EXTENDED LINKS THROUGHOUT THE**  
22 **MSA. WHY ISN'T THE USE OF SUCH COMBINATIONS OF**

1           **NETWORK ELEMENTS PRACTICAL TO SERVE A CUSTOMER IN**  
2           **THIS SITUATION?**

3    A.    The use of an enhanced extended link makes sense if the customer has more  
4           than two lines at one location. In its Remand Order, the FCC used four lines  
5           as the economic cut-off between using individual lines and high capacity  
6           trunks such as a DS1. AT&T has requested that the FCC reconsider four as  
7           the appropriate cut-off, but for purposes of this arbitration AT&T is agreeing  
8           to the four line limitation. Clearly less than four lines is not the appropriate  
9           number of lines a customer would use make a decision as to whether to buy,  
10          for instance, flat rated business service versus PBX service.

11  
12          Furthermore, BellSouth is proposing that even though no one customer  
13          physical location has more than three lines, if a customer receives one bill  
14          from BellSouth or AT&T that aggregates service across the MSA and the  
15          total number of lines on the bill from multiple locations exceeds three, then  
16          all lines could not be served by use of a loop/port combination at cost-based  
17          rates.

18

19    **Q.    WHAT IS AT&T ASKING THIS COMMISSION DO?**

20    A.    AT&T is asking that this Commission order that any local line limitation that  
21          applies to the use of local switching in the three specific MSAs in Florida  
22          apply to each physical location where AT&T orders local switching from



1 BellSouth, and not to a specific customer with multiple locations on the same  
2 bill.

3

4 **ISSUE 16: WHAT IS THE APPROPRIATE TREATMENT OF**  
5 **OUTBOUND VOICE CALLS OVER "INTERNET PROTOCOL ("IP")**  
6 **TELEPHONY?**

7

8 **Q. DESCRIBE THE ISSUE THAT BELLSOUTH HAS RAISED**  
9 **CONCERNING INTERNET PROTOCOL TELEPHONY?**

10 **A.** BellSouth proposed the following language to AT&T during negotiations to  
11 address this issue:

12 The origination and end point of the call shall determine the  
13 jurisdiction of the call, regardless of transport protocol  
14 method. Unless expressly agreed to by the Parties in this  
15 Agreement, neither Party shall represent as Local Traffic  
16 any traffic for which access charges may be lawfully  
17 assessed. The Parties have been unable to agree as to  
18 whether "Voice-over Internet Protocol" transmissions  
19 ("VOIP") which cross LATA boundaries constitute  
20 Switched Access Traffic. Notwithstanding the foregoing,  
21 and without waiving any rights with respect to either  
22 Party's position as to the jurisdictional nature of VOIP, the  
23 Parties agree to abide by any effective and applicable FCC

1 rules and orders regarding the nature of such traffic and the  
2 compensation payable by the Parties for such traffic, if any.  
3 Until such time as there is an effective and applicable FCC  
4 Rule or Order, VOIP traffic which crosses LATA  
5 boundaries will be considered switched access traffic.

6

7 AT&T proposed that this language not be included in the interconnection  
8 agreement.

9

10 **Q. WHY IS BELLSOUTH'S PROPOSAL INAPPROPRIATE FOR THE**  
11 **REGULATION OF INTERNET PROTOCOL TELEPHONY?**

12 **A.** BellSouth's claim that Internet Protocol telephony or VOIP is simply "plain  
13 old telephone service" that should be subject to payment of switched access  
14 charges is a continuation of a monopoly trying to hold on to its monopoly  
15 service. IP telephony is in its infancy. There is no need for, and this  
16 Commission should not, stifle its innovation by imposing burdensome  
17 regulatory rules that in fact may not even work. The nature of Internet  
18 Protocol could make enforcement of traditional regulatory classification next  
19 to impossible. While BellSouth argues that there is no service distinction  
20 involved between Internet Protocol and circuit-switched networks, Internet  
21 Protocol technology blurs traditional distinctions between local and long  
22 distance service and between voice, fax, data, and video services, thereby  
23 making "one-size fits all regulation" a difficult proposition. The fundamental

1 design of Internet Protocol networks converts all forms of information into  
2 indistinguishable packets of digital bits. Packets are routed through networks  
3 based on a non-geographical, non-hierarchical addressing scheme that allows  
4 packets to follow several possible routes between network nodes. At any  
5 given node, it is impossible to determine the geographic origin of an  
6 incoming packet, or its destination.

7

8 **Q. WHAT DOES VOICE OVER INTERNET PROTOCOL MEAN?**

9 A. The FCC has described IP Telephony or VOIP as "services that enable  
10 real-time voice transmission using Internet protocols." The FCC has  
11 observed that the service can be provided through "gateways" that enable  
12 applications originating and/or terminating on the public switched  
13 telecommunications network. The gateways are computers that transform the  
14 circuit-switched voice signal into Internet Protocol packets and vice versa,  
15 and perform associated signaling, control and address translation functions.  
16 (Federal-State Joint Board on Universal Service, CC Docket No. 96-45,  
17 Report to Congress, FCC 98-67, ¶ 84 (rel. April 10, 1998) ("Report to  
18 Congress").

19

20 The phrase "Voice over Internet Protocol" can encompass a wide variety of  
21 services. For instance, a voice call using Internet Protocol could be phone-to-  
22 phone, computer-to-phone, phone-to-computer, or computer-to-computer. In  
23 some cases it could be a voice call delivered to a World Wide Web address.

1 In other cases it could be a voice call delivered to a North American  
2 Numbering Plan number or to an Internet Protocol address not on the World  
3 Wide Web. Since all of these services make use of Internet Protocol  
4 technology in handling the voice call, under BellSouth's proposal, switched  
5 access charges would apply if the voice call crosses LATA boundaries.

6

7 **Q. WHICH TYPE OF CALL IS BELLSOUTH ADDRESSING?**

8 A. Although BellSouth has indicated in testimony in other states that it is only  
9 addressing phone-to-phone Voice over Internet Protocol calls, its proposed  
10 language makes no such delineation.

11

12 **Q. DOES AT&T AGREE WITH BELLSOUTH THAT SWITCHED  
13 ACCESS CHARGES SHOULD APPLY AT LEAST TO PHONE-TO-  
14 PHONE INTERNET PROTOCOL TELEPHONY?**

15 A. No. AT&T's position is that Internet Protocol telephony, including phone-to-  
16 phone Internet Protocol telephony, should not be subject to switched access  
17 charges.

18

19 **Q. HAS THE FCC EXPRESSLY DECLINED TO CLASSIFY PHONE-TO-  
20 PHONE INTERNET PROTOCOL TELEPHONY AS A  
21 TELECOMMUNICATIONS SERVICE, AND AS A RESULT  
22 EXEMPTED SUCH CALLS FROM SWITCHED ACCESS  
23 CHARGES?**

1 A. Yes. On several occasions over the last two years, the FCC has taken the  
2 position that phone-to-phone Internet Protocol telephony voice calls are not  
3 traditional telecommunications services and should not be treated as such. In  
4 its Report to Congress issued April 10, 1998, the FCC declined to classify  
5 phone-to-phone IP telephony as a telecommunications service. Report to  
6 Congress, ¶ 90. In April 1999, the FCC declined to act on US WEST's  
7 petition asking the FCC to declare phone-to-phone Internet Protocol  
8 telephony a telecommunications service.

9

10 **Q. HAS THE FCC ISSUED ANY POLICY STATEMENTS ABOUT THE**  
11 **TREATMENT OF INTERNET PROTOCOL TELEPHONY?**

12 A. Yes. The Chairman of the FCC has stated that he “does not want to impose  
13 ‘legacy’ telephone regulations on any part of the Internet, including Internet  
14 telephony.” He further stated:

15 [I]t's important to recognize that legacy regulation is not  
16 necessarily appropriate to emerging network technologies,  
17 so when people start asking ‘when are you going to regulate  
18 IP telephony,’ my answer is always the same – never.<sup>1</sup>

19

---

<sup>1</sup> *Kennard Pledges No Regulation for Internet Telephony*, WARREN'S WASHINGTON INTERNET DAILY, Vol. 1, No. 3, May 25, 2000, at 1

1 The Chairman reiterated this position in a speech delivered on September 12,  
2 2000. FCC Chairman Kennard urged regulators to decline imposing existing  
3 regulatory schemes on new technologies:

4 [D]uring this transition, the answer is not to saddle nascent  
5 technology with the increasingly obsolete legacy  
6 regulations of the past. Their architectures fundamentally  
7 differ, and so should their rules. In short, one-size  
8 regulation does not fit all. It just doesn't make sense to  
9 apply hundred-year old regulations meant for copper wires  
10 and giant switching stations to their IP networks of today.  
11 And I oppose any plan to levy any new fees or taxes on IP  
12 telephony.<sup>2</sup>

13  
14 Chairman Kennard's statements not only support the conclusion that  
15 the FCC has not found IP telephony to be the same as switched access traffic,  
16 but they further indicate that the FCC believes there is good reason to reject  
17 labeling this technological development by reference to older categories of  
18 service. Accordingly, although Internet Protocol telephony provides voice  
19 calling capability, BellSouth's argument that "if it looks like a duck, it must  
20 be a duck" and similar comparisons should not be accepted as justification  
21 for classifying new services as telecommunications services subject to  
22 applicable regulation.

1

2

3 **Q. WHAT DOES AT&T PROPOSE THIS COMMISSION DO?**

4 A. AT&T recommends that the Commission find that Internet Protocol  
5 telephony is not subject to switched access charges, and that BellSouth's  
6 proposed language be rejected.

7

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

11

12 **Q. EXPLAIN THE ISSUE CONCERNING ALTERNATIVE DISPUTE**  
13 **RESOLUTION?**

14 A. BellSouth proposes to eliminate the ability for either party to make use of a  
15 third party arbitrator in order to settle disputes arising from interpreting or  
16 implementing the new interconnection agreement.

17

18 **Q. WHAT IS AT&T'S PROPOSAL?**

19 A. AT&T had originally proposed the use of third party arbitrators as the  
20 preferred means for dispute resolution. Recently AT&T proposed language  
21 to BellSouth that would allow the dispute to go to the Commission if both  
22 parties agree and also request the Commission to hear the dispute on an

---

<sup>2</sup> Remarks by FCC Chairman Kennard before the Voice Over Net Conference, Atlanta,

1 expedited schedule. Alternatively, AT&T's language proposes that the  
2 dispute can go to the alternative dispute resolution process if both parties  
3 agree. If there is not agreement among the parties, then the aggrieved party  
4 can choose the method of resolution. BellSouth has indicated, however, that  
5 AT&T's proposed language is still unacceptable, and still prefers to have this  
6 Commission resolve all disputes arising from a disagreement on what the  
7 interconnection requires. AT&T's proposed language states, in part:

8           Upon agreement of both parties, disputes arising out of this  
9 Agreement will be submitted to the Commission and both  
10 parties will request the Commission to resolve the dispute on  
11 an expedited schedule. An expedited scheduled request  
12 would require the Commission to hear the Complaint within  
13 60 days of filing. In the alternative and upon the agreement  
14 of both parties, disputes arising under this contract may be  
15 resolved through a dispute resolution process as outlined  
16 below. If there is no agreement between the parties regarding  
17 an expedited schedule for disputes submitted to the  
18 Commission or for the dispute to be resolved through the  
19 dispute resolution process, then the aggrieved party may  
20 choose the method of resolution.

21

22 **Q       WHAT IS THE PURPOSE OF AT&T'S PROPOSAL?**

---

Georgia, September 12, 2000.



1 A. The purpose of AT&T's proposed language is the expeditious resolution of  
2 disputes. If a dispute can be resolved quicker through the alternative dispute  
3 resolution process, then AT&T would prefer the use of that method of  
4 resolution. On the other hand, if a dispute can be resolved more quickly  
5 through the Commission, then AT&T would want the Commission to hear  
6 the dispute. In fact, as I have similarly testified in the arbitration proceedings  
7 in both Georgia and North Carolina, if this Commission had rules established  
8 for hearing cases on a expedited basis, or a "rocket docket", then AT&T  
9 would agree to BellSouth's proposal to take all disputes to the Commission.

10

11 **Q. WHY SHOULD THE COMMISSION ADOPT AT&T'S, AS OPPOSED**  
12 **TO BELLSOUTH'S PROPOSAL?**

13 AT&T's proposal is a more reasonable and realistic approach to dispute  
14 resolution. It allows both parties a vote in whether the dispute goes to  
15 alternative dispute resolution or to the Commission. If one party votes for the  
16 dispute to go to the Commission and the other for alternative dispute  
17 resolution, then the aggrieved party can choose. AT&T's proposal also  
18 allows for the quickest resolution of the dispute. Often, service affecting  
19 disputes arise under these interconnection agreements that require immediate  
20 resolution. In such circumstances, it may not be feasible to take the dispute  
21 to the Commission if the Commission has a full calendar and would be  
22 unable to have a hearing for nine to twelve months. Accordingly,  
23 BellSouth's proposal that all disputes go to the Commission results in too

1 much uncertainty as to when a final decision would be reached on any given  
2 dispute.

3 **Q. IS AT&T OPPOSED TO HAVING THE COMMISSION ADDRESS**  
4 **ALL COMPLAINTS ARISING FROM DISPUTES BETWEEN AT&T**  
5 **AND BELL SOUTH CONCERNING THE INTERCONNECTION**  
6 **AGREEMENT?**

7 A. No. However, AT&T is aware that this Commission has already decided that  
8 it will not adopt a separate expedited process to resolve such disputes. In  
9 responding to an ALECs petition filed on December 10, 1998, requesting  
10 among other things the initiation of a rulemaking proceeding to establish  
11 expedited dispute resolution procedures, the Commission denied that request,  
12 stating:

13 We agree with BellSouth that parties already have the  
14 opportunity to file petitions with requests for expedited  
15 treatment. Also, we agree that the expedited processes  
16 requested would deprive us of the discretion to exercise our  
17 jurisdiction as we see fit and would entitle ALECs to  
18 special treatment that other entities who come before us do  
19 not receive.<sup>3</sup>

20

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<sup>3</sup> Order No. PSC-99-0769-FOF-TP issued April 21, 1999 in Docket No. 981834-TP.

1 As AT&T increases its entry into the local market, it is in the best interest of  
2 the parties and the Commission that the parties resolve commercial  
3 operational disputes as quickly as possible.

4

5 Q. WHAT DOES AT&T PROPOSE THIS COMMISSION DO?

6 A. AT&T requests that this Commission adopt AT&T's language allowing the  
7 parties an option of submitting disputes arising under the interconnection  
8 agreement to the Commission or to an alternative dispute resolution process.

9

10 **ISSUE 33: SHOULD AT&T BE ALLOWED TO SHARE THE**  
11 **SPECTRUM ON A LOCAL LOOP FOR VOICE AND DATA WHEN**  
12 **AT&T PURCHASES A LOOP/PORT COMBINATION AND IF SO,**  
13 **UNDER WHAT RATES, TERMS, AND CONDITIONS?**

14

15 Q. **WHAT IS THE FUNDAMENTAL ISSUE THAT AT&T SEEKS TO**  
16 **RESOLVE IN THIS ARBITRATION WITH RESPECT TO ACCESS**  
17 **TO THE HIGH-FREQUENCY SPECTRUM PORTION OF THE**  
18 **LOOP?**

19 A. AT&T seeks, through its proposed contract language on this issue, to gain  
20 reasonable and nondiscriminatory access to the "high frequency spectrum"  
21 portion of the local loops that AT&T leases from BellSouth to provide  
22 services to customers based upon the UNE-P and UNE-L architectures. Such  
23 access includes the ability for ALECs to purchase line splitters and avail

1 themselves of the same associated ordering, provisioning and maintenance  
2 functions that BellSouth provides to itself.

3

4 **Q. WHY SHOULD BELLSOUTH'S POSITION ON THIS ISSUE BE A**  
5 **MATTER OF CONCERN TO THE COMMISSION?**

6 **A. UNE-P is a key mechanism for rapid and broad market entry for an ALEC**  
7 **seeking to compete with BellSouth for the mass market. It is clear from press**  
8 **reports and pronouncements by the ILECs themselves that advanced services**  
9 **based on DSL technology are a prime source of both potential "new"**  
10 **revenues and a means to retain current customers. For instance, BellSouth is**  
11 **currently advertising its FastAccess Internet Service, and comparing its price**  
12 **to existing Internet service handled through a second telephone line. These**  
13 **DSL technologies were developed to utilize the high frequency spectrum of a**  
14 **traditional local loop and permit advanced services, such as asymmetrical**  
15 **high-speed Internet access, to operate on the same line and at the same time**  
16 **as POTS. Advanced services are attractive to a crucial segment of the market**  
17 **for local telecommunications services. Residential customers would only**  
18 **need one line instead of two when purchasing this service. Because of their**  
19 **importance, the manner in which advanced services are deployed will also**  
20 **affect the potential for competition in markets for traditional**  
21 **telecommunications.**

22

1           Thus, regardless of whether AT&T deploys its own xDSL assets (such as  
2           DSLAMs and packet switches) or makes the service available to customers  
3           via arrangements with third party contractors, it's ability to compete will be  
4           significantly constrained unless BellSouth is required to implement  
5           nondiscriminatory line splitting procedures that enable it to add, modify, or  
6           remove xDSL capabilities operating in the high frequency portion of the loop  
7           of a new or already operating UNE loop. It is also important that AT&T not  
8           be denied the opportunity to migrate existing BellSouth customers to a UNE-  
9           P architecture simply because BellSouth or its data affiliate provides  
10          advanced data service on the high frequency portion of the loop.

11

12   **Q.   PLEASE EXPLAIN WHAT YOU MEAN BY THE "HIGH**  
13   **FREQUENCY PORTION OF THE LOOP" AND DESCRIBE HOW IT**  
14   **IS USED IN THE PROVISION OF SERVICES TO CUSTOMERS.**

15   **A.   Advanced services or xDSL technologies take advantage of the ability to split**  
16   **a loop into separate high frequency and low frequency components. The**  
17   **low-frequency portion is used to provide voice services, and the high**  
18   **frequency portion may be used for high-speed digital data services. The**  
19   **xDSL technologies are uniquely capable of supporting efforts to provide**  
20   **voice and high-speed Internet access efficiently to customers over the**  
21   **existing wireline loop infrastructure.**

22

1 **Q. PLEASE EXPLAIN THE TERMS USED TO DESCRIBE THE**  
2 **VARIOUS CIRCUMSTANCES IN WHICH MULTIPLE PROVIDERS**  
3 **PROVISION SERVICE ON A LOOP SIMULTANEOUSLY.**

4 A. ILECs today are required, under the FCC's "line sharing" order, to provide  
5 access to the high-frequency portion of the local loop to a requesting ALEC.  
6 FCC order 99-255, issued in Docket Nos. 98-147 and 96-98, released  
7 December 9, 1999. BellSouth has chosen to interpret the FCC's order on line  
8 sharing to mean that only BellSouth can be the voice provider in these  
9 circumstances. Under this line sharing arrangement, BellSouth inserts a  
10 "splitter" on the line and a data ALEC may then use the high frequency  
11 spectrum to provide advanced services, leaving the voice service with ILEC.  
12 What AT&T in this arbitration seeks is what I refer to as "line splitting."  
13 From a technical viewpoint, "line sharing" and "line splitting" are identical,  
14 as I will discuss. Line splitting is distinct in one important respect, however.  
15 Under line splitting, BellSouth would not be the voice provider. Instead,  
16 AT&T would acquire the loop via the UNE-Platform (UNE-P) arrangement,  
17 and in turn would provide both the voice and data services, either by itself or  
18 in conjunction with another data carrier.

19  
20 **Q. HAS BELLSOUTH BEEN WILLING TO NEGOTIATE WITH AT&T**  
21 **TO PROVIDE ACCESS TO THE HIGH-FREQUENCY SPECTRUM**  
22 **OF A UNE LOOP WHEN THE LOOP IS PART OF A**  
23 **LOOP/SWITCHING COMBINATION?**

1 A. No. BellSouth refuses to provide the capability to perform line splitting.  
2 AT&T has requested a line splitting capability that, as I have indicated,  
3 would allow AT&T to gain access to the high frequency spectrum portion of  
4 the loop for UNE-Loops purchased as a part of the UNE-Platform. BellSouth  
5 has been unwilling to negotiate any practical ability by AT&T to gain access  
6 to the high frequency portion of the loop under UNE-P. Where UNE-P is  
7 involved, BellSouth has indicated that it will deny access to a BellSouth  
8 splitter. Instead, BellSouth has proposed that AT&T be required to purchase  
9 collocation space in every central office, add its own line splitters, and order  
10 and combine loops and switch ports in an uncoordinated manner in order to  
11 gain access to the high frequency portion of the loop. In other words, the  
12 restrictions insisted upon by BellSouth in negotiations would, as a practical  
13 matter, preclude a provider from using the UNE-Platform to provide voice  
14 and advanced data services.

15  
16 In taking this position BellSouth has chosen to ignore the FCC's First Report  
17 and Order in the Local Interconnection proceeding (FCC Order No. 96-325  
18 issued Docket No. 98-96, released August 8, 1996), which provides that a  
19 ALEC is entitled to utilize all functions and capabilities of the UNE element  
20 – in this case, the entire high- and low-spectrum capability of the UNE Loop  
21 – which the ALEC has bought and paid for. An ALEC is also entitled to  
22 avail itself of any equipment that allows the UNE element to be used to its  
23 fullest capability – in this case, the splitter. Moreover, BellSouth is refusing

1 to provision UNE-P in the same manner that it makes loop capabilities  
2 available to data ALECs. This discriminates against one class of carriers  
3 (i.e., UNE-P ALECs) in favor of another (data ALECs). BellSouth's position  
4 would ensure that it remains the voice provider with the data ALEC's  
5 advanced data service offerings, while precluding AT&T from providing  
6 voice and advanced data services utilizing the UNE-P architecture. This is  
7 clearly anticompetitive.

8

9 **Q. OPERATIONALLY, HOW WOULD BELLSOUTH PROVIDE LINE**  
10 **SPLITTING HIGH FREQUENCY PORTION OF THE LOOP ACCESS**  
11 **ON A UNE-P LOOP?**

12 A. Operationally, BellSouth would provide *line-splitting* high frequency portion  
13 of the loop access on a UNE loop in much the same way it provides *line*  
14 *sharing* with data ALECs when BellSouth provides the underlying local  
15 voice service. BellSouth needs only to simply insert a high frequency portion  
16 of the loop line splitter to the UNE-P loop/port combination, and wire the  
17 high-frequency output of the splitter to the designated collocation point of  
18 interconnection (POI) for the data ALEC.

19

20 **Q. WHY SHOULD BELLSOUTH BE REQUIRED TO DEPLOY THE**  
21 **LINE SPLITTERS FOR UNE-P ALECS?**

22 A. First, as the FCC has made clear, when AT&T buys a loop, the ILECs are  
23 obligated to provide access to all of the functionalities and capabilities of that



1 loop, including associated electronics (such as the line splitter). In fact, it  
2 appears that BellSouth agrees with this, per the testimony of BellSouth  
3 witness Ms. Cox in North Carolina. (NCUC Docket No. P-100, SUB 133d)  
4 Second, having the ILECs furnish the line splitter as an integral part of the  
5 loop electronics is the only way to allow high frequency portion of the loop  
6 access to be delivered in an UNE-P architecture in a manner that is efficient,  
7 timely, and minimally disruptive to the retail customer. It is also important to  
8 note that the line splitter is NOT a separate UNE itself. It is a part of the  
9 associated loop electronics that allows access to the high frequency portion of  
10 the loop of the loop. Without the option of an ILEC-furnished line splitter,  
11 an ALEC provider must, in every end office, purchase collocation space,  
12 deploy its own splitter, and go through a non UNE-P provisioning process  
13 that is lengthy, cost prohibitive, and unduly disruptive to the customer. Thus,  
14 any failure by the ILECs to deploy line splitters effectively destroys the  
15 utility of UNE-P as a viable means of competing for residential customers  
16 who want advanced services.

17

18 **Q. YOU MENTIONED PREVIOUSLY THAT BELLSOUTH'S**  
19 **PROPOSAL FOR ALLOWING ACCESS TO THE HIGH**  
20 **FREQUENCY PORTION OF THE LOOP WOULD IN FACT**  
21 **RENDER THE HIGH FREQUENCY PORTION OF THE LOOP**  
22 **UNAVAILABLE, AS A PRACTICAL MATTER. PLEASE EXPLAIN.**

1 A. Because BellSouth refuses to provide line splitters to UNE-P ALECs like  
2 they do for other data ALECs, UNE-P providers cannot provide service  
3 without first obtaining collocation space and installing their own line splitters  
4 in every central office. BellSouth's method would require AT&T to incur  
5 intolerable delays and significantly greater costs to provide both voice and  
6 advanced services to its customers. Moreover, AT&T customers would be  
7 subject to an unnecessary "hot-cut like" process, because AT&T would have  
8 to coordinate the combining of the loop and port elements. The BellSouth  
9 process is inconsistent with the concept of UNE-P, whereby the ILEC  
10 provides all of the contiguous elements and where the ALEC is not required  
11 to install its own equipment to provide service.

12

13 **Q. IN YOUR VIEW, IS BELLSOUTH USING ITS DOMINANT**  
14 **POSITION IN THE LOCAL MARKET TO GAIN A COMPETITIVE**  
15 **ADVANTAGE IN THE ADVANCED SERVICES MARKET?**

16 A. Yes. Even as it continues to refuse to cooperate in enabling ALECs to add  
17 advanced service capabilities to the voice services they provide via UNE-P,  
18 BellSouth is racing ahead with its own advanced service deployment and  
19 marketing. BellSouth is rolling out advanced services to retail customers at  
20 breakneck speed.

21

22 Of course, BellSouth's remarkable progress in rolling out its advanced  
23 service offering would not have been possible if the company's retail

1 operation had encountered the same kinds of delays that competitors have  
2 faced in obtaining high frequency portion of the loop access. While  
3 BellSouth has every right to try to win customers for its bundled local voice  
4 and data services, it cannot, at the same time, foreclose competition by  
5 denying competitors nondiscriminatory access to xDSL loops or preventing  
6 them from adding xDSL to UNE-P lines.

7 **Q. WHAT DOES AT&T RECOMMEND THE COMMISSION DO ON**  
8 **THIS ISSUE?**

9 A. AT&T asks that the Commission find that Bellsouth must provide line  
10 splitting as requested by AT&T, to be used when AT&T purchases loop/port  
11 combinations from BellSouth.

12

13 **Q. CAN YOU SUMMARIZE YOUR TESTIMONY?**

14 A. Yes. AT&T requests this Commission to order the following:

15

- 16 • no cancellation charges will be applied when AT&T requests to convert  
17 services purchased out of BellSouth's tariffs to network elements, including  
18 combinations of network elements. (Issue 6);
- 19 • any local line limitation that applies to the use of local switching in the three  
20 specific MSAs in Florida apply to each physical location where AT&T orders  
21 local switching from BellSouth, and not to a specific customer with multiple  
22 locations on the same bill. (Issue 11);

- 1       • Internet Protocol telephony is not subject to switched access charges, and that  
2       BellSouth's proposed language be rejected. (Issue 16);
- 3       • the parties will be allowed the option of submitting disputes arising under the  
4       interconnection agreement to the Commission or to an alternative dispute  
5       resolution process. (Issue 27); and
- 6       • BellSouth must provide line splitting as requested by AT&T, to be used when  
7       AT&T purchases loop/port combinations from BellSouth. (Issue 33).

8   **Q.    DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

9   **A.    Yes.**

10

11

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23

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

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 BELL SOUTH 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 BELL SOUTH**  
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)<sup>1</sup>. 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.

---

<sup>1</sup> 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.<sup>2</sup>  
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.

---

<sup>2</sup> 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.<sup>3</sup>

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."<sup>4</sup>  
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 BELL SOUTH LOCAL CALLING AREAS BE THE**  
20 **BASIS OF NETWORK INTERCONNECTION?**

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

<sup>4</sup> *BellSouth Third Quarter EPS Increases 10%*, BellSouth News 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."<sup>5</sup> 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.

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<sup>5</sup> 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."<sup>6</sup>

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*<sup>7</sup> 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

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<sup>6</sup> 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.<sup>8</sup> 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.<sup>9</sup> 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.<sup>10</sup> 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."<sup>11</sup> 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.<sup>12</sup>

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<sup>7</sup> 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).

<sup>8</sup> 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.

<sup>9</sup> 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).

<sup>10</sup> 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.)

<sup>11</sup> *Id.* at 9.

<sup>12</sup> 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

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*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 BELL SOUTH'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.

1           **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**  
2                   **DIRECT TESTIMONY OF DAVID L. TALBOTT**  
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                           **NOVEMBER 15, 2000**

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

10   A.   My name is David L. Talbott. My business address is 3737 Parke Drive,  
11        Edgewater, Maryland 21037. I am a District Manager in the Local Services  
12        and Access Management group in AT&T Network Services.

13  
14   **Q.   PLEASE PROVIDE YOUR BACKGROUND AND PROFESSIONAL**  
15        **EXPERIENCE AS THEY RELATE TO THE ISSUES IN THIS**  
16        **PROCEEDING.**

17   A.   I began my career with the AT&T Long Lines Department in 1976. From  
18        1979 through 1988, I held various management positions in engineering  
19        related to the design and implementation of private line services. From 1988  
20        through 1998, I developed and managed numerous business relationships  
21        between AT&T and selected Competitive Access Providers and Competitive  
22        Local Exchange Carriers. My responsibilities required that I address and  
23        resolve both technical and business issues, including the interconnection of

1 the respective networks. From February through August of 1999, I was the  
2 Business Development Manager for AT&T's Internet Protocol Cable  
3 Telephony Project. My responsibilities included assessing the technical  
4 capabilities of selected vendors and contracting with the best-qualified  
5 vendors to assist AT&T in its development of Internet Protocol cable  
6 telephony technology. As of September, 1999, I was assigned to my current  
7 position, where I am responsible for the development and negotiation of  
8 interconnection agreements between AT&T and incumbent local exchange  
9 carriers, focusing on network interconnection issues.

10

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
12 **PROCEEDING?**

13 A. My testimony supports AT&T's proposal as to how AT&T and BellSouth  
14 should interconnect their two networks and why AT&T should be permitted  
15 to charge BellSouth for tandem switching when completing calls from  
16 BellSouth's customers. First, I will explain that the AT&T and BellSouth  
17 networks should and can be interconnected on an equivalent basis, even  
18 though the two network architectures are substantially different. (Issue 7.)  
19 Second, I will describe to the Commission how AT&T's network  
20 interconnection solution would benefit AT&T, BellSouth, and Florida  
21 consumers. And third, I will demonstrate that the geographic area covered by  
22 AT&T's switches is comparable to the geographic area covered by  
23 BellSouth's tandem switches. (Issue 12.)



**I. NETWORK INTERCONNECTION****ISSUE 7**

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**Q. BRIEFLY DESCRIBE THE ISSUE REGARDING NETWORK ARCHITECTURE.**

A. This issue concerns a dispute about who will bear the costs of transporting local traffic between the BellSouth and AT&T networks in Florida. In particular, it concerns the question of whether BellSouth should be responsible for the costs of originating, transporting, and terminating local calls from its own customers to AT&T customers in Florida. BellSouth has inaccurately portrayed this as a question of whether its subscribers should pay for the design of the AT&T network in Florida. I want to dispel that myth at the outset: the AT&T proposal will not in any way impose any additional financial burden on any BellSouth customers in Florida.

Indeed, the real question is whether AT&T should be forced to design its network less efficiently and incur higher costs simply because BellSouth refuses to transport its own originating traffic as it is required to and as it has historically done and continues to do for calls to its own customers and as AT&T does for calls from its customers to BellSouth customers. The focus of this issue should be on the harm to competition and consumers caused by the BellSouth proposal and on the illegality of the BellSouth proposal under the Telecommunications Act of 1996 (the "Act") and FCC regulations.

1 **Q. WHAT HAS GIVEN RISE TO THIS ISSUE?**

2 A. In order to interconnect the BellSouth and AT&T networks, the two parties  
3 must deploy Interconnection Facilities between the switches serving AT&T's  
4 customers and the end office switches serving BellSouth customers and the  
5 subtending BellSouth tandem switches.<sup>1</sup> The parties must then establish  
6 trunking between these switches for the efficient routing of interconnection  
7 traffic.

8 As I explain in greater detail below, to effectively compete for local  
9 exchange customers in Florida, AT&T has designed and deployed a network  
10 architecture that is substantially different than the embedded BellSouth  
11 network. This means that some calls from BellSouth customers to AT&T  
12 customers must be transported beyond the BellSouth local calling areas to be  
13 delivered to the AT&T switch serving the terminating AT&T customers.  
14 Despite unequivocal legal obligations requiring each party to bear the cost to  
15 transport and terminate its own traffic, BellSouth objects to bearing any costs  
16 for Interconnection Facilities beyond the BellSouth local calling areas. This  
17 is true even though both parties have agreed that calls within each LATA will  
18 be considered local for purposes of reciprocal compensation. This means that  
19 BellSouth is proposing that AT&T bear the cost of transporting BellSouth's

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<sup>1</sup> Interconnection Facilities are the physical transmission channels that transport traffic between the AT&T and BellSouth switches that are used for local and intraLATA toll traffic. Facilities should be differentiated from trunks or trunk groups, which are the logical connections between two switches permitting traffic to be routed in an efficient manner. Trunks are established over working facilities.

1 originated intraLATA and Extended Area Calling from BellSouth's existing  
2 calling areas to AT&T's switch for completion of such calls.

3

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

5 A. BellSouth's position is that it is not responsible for all of the costs of  
6 originating, transporting, and terminating its own traffic for calls from its  
7 customers to AT&T customers. Rather, BellSouth asserts that it should have  
8 the unilateral and arbitrary right to designate a point within each of its Florida  
9 local calling areas where its responsibilities will end. Instead of transporting  
10 its own calls to their terminating (switch) destinations, BellSouth will only  
11 deliver its local and intraLATA traffic to the points designated by BellSouth  
12 and will require AT&T (and its customers) to bear the cost of transporting  
13 and terminating BellSouth's traffic beyond those points. Meanwhile,  
14 BellSouth wants AT&T to be financially responsible for delivering AT&T's  
15 originating traffic to each and every BellSouth end office and BellSouth also  
16 wants AT&T to be financially responsible for picking up BellSouth's  
17 originating traffic on each and every BellSouth local calling area. Thus,  
18 according to BellSouth, AT&T is financially responsible for delivering its  
19 own originating calls (calls from its customers to BellSouth customers) into  
20 every BellSouth end office, but BellSouth is not financially responsible for  
21 delivering its originating beyond the boundaries of its local calling areas to  
22 the location of the AT&T switch.

23

1   **Q.    WHAT IS AT&T'S POSITION ON THIS ISSUE?**

2    A.    AT&T's position is that the responsibility for originating, transporting, and  
3        terminating traffic should be mutual and that each party should be financially  
4        responsible for transporting its own originating traffic to a comparable point  
5        on the terminating party's network (i.e. the other party's switch serving the  
6        terminating customer).  AT&T, and all ALECs, should be permitted to  
7        choose the most efficient interconnection point, as the law allows.  ALECs  
8        should not have to design their networks less efficiently and their customers  
9        should not shoulder the burden of higher costs simply because BellSouth  
10       refuses to transport its own originating traffic as it is required to.

11

12   **Q.    WHAT SHOULD THE COMMISSION DO?**

13    A.    The Commission should adopt AT&T's network interconnection proposal.  
14        This proposal imposes on both parties the same relative obligations to  
15        transport and terminate traffic (i.e., equivalent interconnection).  The  
16        Commission should thus continue to incorporate the longstanding policy that  
17        the originating party pays the cost of its own traffic.  Unlike BellSouth's  
18        proposal, which places unequal obligations on the parties, substantially  
19        advantaging BellSouth, AT&T's proposal establishes equivalent  
20        interconnection, giving no party any advantage over the other.

21

1 Q. YOU MENTIONED THAT BELLSOUTH'S AND AT&T'S NETWORK  
2 ARCHITECTURES ARE SUBSTANTIALLY DIFFERENT. WHAT  
3 DO YOU MEAN BY THIS STATEMENT?

4 A. AT&T's and BellSouth's networks are similar in the sense that the two  
5 networks cover comparable geographic areas. This matter is discussed in  
6 greater detail later in my testimony under Issue 12. Beyond this one  
7 similarity, however, the two networks are substantially different with respect  
8 to their architecture.

9 BellSouth's network is a multi-layer or tiered network. BellSouth has many  
10 end office switches spread out over its service area and installed in the  
11 neighborhoods populated by its customers. These end office switches are  
12 interconnected by an overlying network of tandems. When certain volume  
13 levels are achieved and it is cost effective, BellSouth uses high-capacity  
14 trunks that directly link certain end office switches (bypassing the tandems).  
15 BellSouth's network architecture is depicted in Exhibit DLT-1 to my  
16 testimony. This hierarchical or layered network was deployed when there  
17 were limited transport options on the end-user side of the switch, resulting in  
18 many switches deployed in the neighborhood (thus, keeping loop lengths  
19 relatively short), as was dictated by the technology of the times. As I  
20 understand it, BellSouth finds the use of its tandem switches to be the least  
21 costly method of interconnecting many end offices until certain traffic  
22 thresholds are achieved between two end offices, and only then is it more  
23 efficient for BellSouth to directly connect the two end offices. This

1 arrangement recognizes that BellSouth's tandem facilities (both switch and  
2 common shared transport) are less expensive to utilize for occasional use  
3 than the capacity commitment associated with dedicated transport, until  
4 enough traffic is develops to fill the dedicated transport.

5

6 **Q. WHAT ABOUT AT&T'S NETWORK?**

7 A. AT&T, in contrast to BellSouth, began its local telephony deployment only  
8 recently. Therefore, AT&T's switches<sup>2</sup> are deployed consistent with the  
9 costs and efficiencies of today's technology. Currently, AT&T has a menu of  
10 options that are capable of economically connecting end users located  
11 relatively far from a switch. These options include: (1) high capacity fiber  
12 optic rings to commercial buildings and multiple dwelling units; (2) hybrid  
13 fiber coax plant being deployed by AT&T's cable TV properties; (3) fixed  
14 wireless technology now being beta tested (although this technology would  
15 likely come under a different (CMRS) interconnection agreement), (4) UNE  
16 loop resale through AT&T collocation in BellSouth end offices, and (5)  
17 dedicated high-capacity facilities (in some cases using special access services  
18 purchased from BellSouth but more appropriately through combinations of  
19 UNEs). Due to the very high initial cost of switching platforms as compared  
20 to the lower incremental cost of high-capacity facilities, AT&T has chosen to  
21 deploy fewer switches and more transport on the end-user side of the switch.

---

<sup>2</sup> Although AT&T switches normally provide both an end office and tandem function and are really multi-function switches, I will refer to them in this testimony simply

1 (Even where AT&T has determined the need for multiple switches within a  
2 LATA, they are often collocated within the same building.) The distinction  
3 between the two networks is that while BellSouth deploys tandems first and  
4 then grows into high use dedicated trunking between offices, AT&T deploys  
5 a single switch combined with long transport on the end-user side of the  
6 switch, because that combination is incrementally less costly than adding a  
7 new switch in each part of a market. AT&T's network architecture is  
8 depicted in Exhibit DLT-2 to my testimony.

9 Consistent with AT&T's architecture, there are certain LATAs in which  
10 AT&T has not deployed a switch physically within the LATA. AT&T has  
11 agreed that in such cases, AT&T will establish at least one physical Point of  
12 Interconnection (POI)<sup>3</sup> within the LATA, and AT&T will provide all of the  
13 facilities (for both originating and terminating traffic) between its switch and  
14 such POI. Where AT&T has chosen not to deploy a switch within a LATA,  
15 the POI will be treated as if it were an AT&T switch (i.e., AT&T has  
16 virtually extended its switching functionality into the LATA to the POI). The  
17 AT&T architecture, therefore, provides a switch (or switching presence) in  
18 every BellSouth LATA. Further, although AT&T believes it has the legal  
19 right to establish a POI at the most efficient, technically feasible point,  
20 AT&T is willing, under its proposal, to establish at least two physical POIs

---

as "switches." In AT&T's proposed Interconnection Agreement, they are referred to as "switch centers."

<sup>3</sup> As used in this testimony POI means the point at which the two networks are interconnected for the mutual exchange of traffic.

1 within each LATA where BellSouth provides service today unless there is a  
2 de minimus volume of traffic across the LATA.

3

4 **Q. WHY DIDN'T AT&T DEPLOY A NETWORK ARCHITECTURE**  
5 **THAT IS SIMILAR TO BELLSOUTH'S?**

6 A. Considering the number of customers AT&T serves, the volume of AT&T's  
7 traffic these customers generate, and the geographic dispersion of these  
8 customers, the BellSouth network architecture would be highly inefficient for  
9 AT&T. Yet, that is exactly what BellSouth proposes: that AT&T be  
10 required to replicate the BellSouth network architecture for network  
11 interconnection, or at least be required to incur the cost that would be  
12 associated with replicating the BellSouth architecture.

13

14 **Q. WHY WOULD BELLSOUTH'S PROPOSAL REQUIRE AT&T TO**  
15 **REPLICATE BELLSOUTH'S NETWORK?**

16 A. BellSouth has a sufficient volume of traffic within and between each its local  
17 calling areas to cost justify trunking to that area and had designed its network  
18 accordingly. AT&T may or may not have a sufficient volume of traffic  
19 between each BellSouth local calling area to cost justify trunking to that area.  
20 As AT&T enters a new market, it starts with few or no customers. In such  
21 circumstances, AT&T certainly would not have a sufficient volume of traffic  
22 to cost justify end office trunking to such a local calling area or justify the  
23 capital needed to build out AT&T's network. In these areas, the most



1 efficient method for AT&T to interconnect to the BellSouth network for  
2 AT&T's traffic would be through a BellSouth tandem switch, where AT&T  
3 may establish a POI. It would be highly inefficient for AT&T to establish  
4 trunk groups or build network where the volume of AT&T traffic does not  
5 justify such. AT&T should be permitted to determine the most cost efficient  
6 method of interconnection for itself, regardless of the volumes of traffic that  
7 BellSouth may have with or between certain local calling areas.

8

9 **Q. WHAT WOULD BE THE CONSEQUENCES OF REQUIRING AT&T**  
10 **TO INTERCONNECT WITHIN EACH LOCAL CALLING AREA?**

11 A. Such a requirement would have two adverse affects on AT&T. First, AT&T  
12 would lose the benefits of its efficient network architecture, incurring higher  
13 network costs. Second, it would shift to AT&T the transport costs that  
14 BellSouth is required to lawfully bear under the Act. The interconnection  
15 arrangement proposed by BellSouth would be extremely unfair to AT&T,  
16 substantially more favorable to BellSouth and would suppress investment in  
17 competitive facilities. The higher costs that AT&T would be forced to bear  
18 under BellSouth's proposal would make those Florida markets that would  
19 have been marginally profitable under AT&T's interconnection proposal,  
20 uneconomic to serve. Simply put, BellSouth's interconnection proposal is  
21 harmful to competition in Florida. AT&T has proposed, and my testimony  
22 explains, that the interconnection arrangement adopted by the Commission  
23 should be neutral to either party's network architecture (i.e., each party

1 should have the same relative obligations when it is in the role of originating  
2 carrier) and require each party to bear the costs to transport and terminate its  
3 own traffic.

4

5 **Q. DO YOU HAVE DIAGRAMS THAT DEPICT THE COSTS**  
6 **ASSOCIATED WITH ORIGINATING, TRANSPORTING AND**  
7 **TERMINATING TRAFFIC AS YOU DESCRIBE IN YOUR**  
8 **TESTIMONY?**

9 A. Yes. Exhibit DLT- 3 to my testimony depicts the costs that an ILEC incurred  
10 to complete a call prior to the Act. Exhibit DLT- 4 to my testimony depicts  
11 the costs that an originating carrier is expected to incur to compete a call  
12 between competing LECs under the Act.

13 Exhibit DLT-4 also depicts AT&T's proposed interconnection arrangement.  
14 Please note that in DLT-4 the costs are allocated between the parties in the  
15 exact same manner when each party is in the position of originating carrier  
16 and again as the terminating carrier.

17 Exhibit DLT-5 depicts BellSouth's interconnection proposal. If you compare  
18 how the transport costs are allocated to each party in this diagram, it cannot  
19 be more clear that the BellSouth interconnection proposal is not reciprocal  
20 and that it is BellSouth that has shifted a large portion of its interconnection  
21 costs to AT&T. Exhibit DLT-5 shows that AT&T would bear all of the costs  
22 to deliver its traffic to the BellSouth network when AT&T is the originating

1 carrier and that AT&T again would bear all of the costs to carry BellSouth's  
2 traffic back to the AT&T network when BellSouth is the originating carrier.

3

4 **Q. WHY IS BELLSOUTH'S PROPOSED INTERCONNECTION**  
5 **ARRANGEMENT UNFAIR TO AT&T?**

6 A. Under BellSouth's proposed interconnection arrangement, AT&T and  
7 BellSouth would have substantially inequitable obligations to provide  
8 interconnection facilities. AT&T would be financially responsible for the  
9 delivery of its traffic to each BellSouth end office, and BellSouth would  
10 deliver its traffic to AT&T no further than its own local calling area. This  
11 situation is unfair to AT&T, because the parties do not have reciprocal  
12 interconnection obligations even though the BellSouth and AT&T networks  
13 cover geographically comparable areas and have symmetrical compensation  
14 rates.

15

16 **Q. WHY SHOULD THE COMMISSION REQUIRE AT&T AND**  
17 **BELLSOUTH TO INTERCONNECT ON AN EQUIVALENT BASIS?**

18 A. First of all, as I discuss below, the law requires it. Moreover, as I have  
19 previously stated, AT&T's network covers a comparable geographic area to  
20 BellSouth's network. This is supported by the evidence provided under Issue  
21 12. If an ALEC has only a small network and only offers services over a  
22 small geographic area or only to an exclusive group of customers, then that  
23 ALEC's network would not be comparable to BellSouth's network. But

1 AT&T has made substantial network investments in Florida and AT&T  
2 offers its local exchange services without regard to location. Therefore, the  
3 Commission should require that the BellSouth and AT&T networks be  
4 interconnected on an equivalent basis.

5 BellSouth's interconnection proposal completely disregards the geographic  
6 comparability of the two networks. Ignoring the legitimacy of AT&T's  
7 network architecture, BellSouth proposes that the two networks be  
8 interconnected solely on the basis of *BellSouth's* network architecture. In  
9 other words, BellSouth is asking the Commission to ascribe an arbitrary  
10 primary status upon BellSouth's network. BellSouth may believe that its  
11 network is entitled to this arbitrary status because it pre-existed local  
12 telephone competition or is based on a traditional hierarchical network  
13 architecture, but the Commission should not be led into making such a  
14 decision.

15

16 **Q. SHOULD THE BELLSOUTH LOCAL CALLING AREA BE THE**  
17 **BASIS FOR INTERCONNECTING THE TWO PARTIES**  
18 **NETWORKS?**

19 A. No. BellSouth's local calling areas should not be the basis of network  
20 interconnection. First, there is no logical reason to use local calling areas.  
21 BellSouth's original local calling areas were established for the purpose of  
22 setting rates solely for BellSouth's customers. They bear no relationship to  
23 the capacity of switches and other facilities deployed by ALECs or

1 BellSouth. Moreover, there is no such thing anymore as “a” local calling  
2 area. For some time BellSouth has offered EAS plans and now even offers  
3 LATA-wide local calling areas. These various calling plan options dispel  
4 any suggestion that there is any real significance to the geographic scope of  
5 any given local calling area. Moreover, BellSouth’s local calling areas may  
6 be subject to substantial changes as BellSouth and its competitors seek  
7 competitive advantages for their respective local service offerings. More  
8 fundamentally, interconnection based solely on BellSouth’s local calling  
9 areas does not foster competition and does not benefit consumers. To  
10 interconnect based on BellSouth’s local calling areas would completely  
11 disregard the legitimacy of a competitor’s local calling areas, would  
12 discourage competitors from expanding local calling areas for the benefit of  
13 customers and competition, and certainly would not be reciprocal. Moreover,  
14 using BellSouth’s local calling areas as the basis of network interconnection  
15 substantially compromises the network efficiencies of the alternative network  
16 architectures deployed by AT&T, forcing AT&T into an inefficient  
17 BellSouth-look-a-like interconnection arrangement, and forcing ALEC  
18 customers to bear the burden of those inefficiencies.

19  
20 **Q. IS AT&T IMPROPERLY ATTEMPTING TO SHIFT FACILITY**  
21 **COSTS FROM AT&T TO BELLSOUTH FOR AT&T’S CUSTOMERS’**  
22 **TRAFFIC THAT TERMINATES ON BELLSOUTH’S NETWORK?**

23 A. No. AT&T believes that it is responsible for the costs to originate, transport  
24 and terminate its traffic. Accordingly, AT&T proposes that it should provide

1 (either lease or build) all of the facilities for its originating traffic between the  
2 AT&T switch and the POI selected by AT&T and that AT&T should  
3 compensate BellSouth for any transport and switching functions provided by  
4 BellSouth for the completion of AT&T's traffic in the form of reciprocal  
5 compensation. Regardless of any claims by BellSouth to the contrary, AT&T  
6 agrees to bear the full financial costs of its traffic.

7 Contrary to AT&T's fair, reciprocal and lawful position, BellSouth is trying  
8 to shift its interconnection facility costs to AT&T. BellSouth retains the vast  
9 majority of end users and the revenue these customers produce, yet BellSouth  
10 seeks to avoid compensating AT&T for AT&T's costs in terminating traffic  
11 from BellSouth's end-users. This provides BellSouth with an unlawful  
12 competitive advantage. Accordingly, the Commission should reject the  
13 BellSouth proposal and adopt the AT&T proposal.

14

15 **Q. BUT DOESN'T THE BELLSOUTH PROPOSAL REFLECT THE**  
16 **ADDITIONAL COSTS THAT BELLSOUTH MUST INCUR TO**  
17 **PROVIDE FACILITIES FROM ITS LOCAL CALLING AREA TO**  
18 **THE AT&T SWITCH?**

19 **A.** No. The BellSouth proposal is nothing more than an anticompetitive  
20 proposal to unilaterally designate interconnection points for  
21 BellSouth-originated traffic. If BellSouth designates interconnection points  
22 at end offices some distance from the AT&T point of presence, the

1 intercarrier compensation will not be symmetrical. Indeed, BellSouth's  
2 proposal confirms the FCC's conclusion that:

3 Because an incumbent LEC currently serves virtually  
4 all subscribers in its local serving area, an incumbent  
5 LEC has little economic incentive to assist new  
6 entrants in their efforts to secure a greater share of that  
7 market. An incumbent LEC also has the ability to act  
8 on its incentive to discourage entry and robust  
9 competition by not interconnecting its network with  
10 the new entrant's network or by insisting on  
11 supracompetitive prices or other unreasonable  
12 conditions for terminating calls from the entrant's  
13 customers to the incumbent LEC's subscribers.<sup>4</sup>

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<sup>4</sup> First Report and Order, *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, 11 FCC Red. 11499 (1996) at ¶ 10 (footnote omitted), hereinafter "FCC Local Competition Order".

1 **Q. HOW DOES THE ACT APPLY TO THIS ISSUE?**

2 A. Prior to the passage of the Act, unless a call was directed to the operating  
3 territory of another local carrier, the originating carrier was responsible for  
4 the costs of originating, transporting and terminating each call, simply  
5 because the call never left the originating carrier's territory or network.  
6 Consistent with the originating carrier's overall financial responsibility, the  
7 originating carrier collected and retained the applicable revenue.  
8 With the passage of the Act, the originating carrier continues to collect and  
9 keep the local exchange revenue, and where a competing LEC is used to  
10 terminate the call (because the terminating customer belongs to a competing  
11 LEC), the Act establishes reciprocal compensation to compensate the  
12 terminating carrier for its costs. However, in so doing, the Act did not alter  
13 the long-standing economic model under which the originating carrier  
14 collects the local exchange revenue and is responsible for the costs of  
15 originating, transporting and terminating its traffic. Section 252(d)(2)(A) of  
16 the Act states:

17 ... a state commission shall not consider the terms and  
18 conditions for reciprocal compensation to be just and  
19 reasonable unless... such terms and conditions provide  
20 for the mutual and reciprocal recovery by each carrier of  
21 costs associated with the transport and termination on  
22 each carrier's network facilities of calls that originate on  
23 the network facilities on the other carrier.



1 If the parties have unequal interconnection obligations, as proposed by  
2 BellSouth, then the parties should have non-symmetrical reciprocal  
3 compensation rates, so that each party would recover its respective costs to  
4 transport and terminate the other party's traffic. To meet the "just and  
5 reasonable" test under Section 252(d)(2)(A), the parties must have  
6 comparable obligations to deliver traffic to the other party's network. If it is  
7 found that one party to the Agreement is not compensated for "costs  
8 associated with the transport and termination on each carrier's network  
9 facilities of calls that originate on the network facilities on the other carrier",  
10 then the resulting Agreement would be neither "just" nor "reasonable".

11

12 **Q. IF AT&T CHOOSES TO PLACE ONE SWITCH PER LATA,**  
13 **SHOULDN'T BELLSOUTH BE ALLOWED TO PLACE ITS**  
14 **INTERCONNECTION POINT AT ITS DESIRED LOCATION?**

15 A. No. The Act and FCC orders clearly allow new entrants to interconnect at  
16 any technically feasible point. The single switch presence per LATA allows  
17 new entrants to grow their business economically without having to duplicate  
18 the ILECs existing network. If Congress had wanted ILECs to have the  
19 ability to designate interconnection points and ALECs to bear the same duty  
20 in establishing interconnection points that incumbent LECs have, it would  
21 have specifically stated that outcome, rather than separating out the  
22 interconnection obligations to apply only to incumbent LECs under Section  
23 251(c)(2).

1 **Q. HAS THE FCC PROVIDED ANY GUIDANCE ON THIS ISSUE?**

2 A. Yes. This issue has two sub-parts. First, should BellSouth have the right to  
3 designate the point on BellSouth's network within its own local calling area  
4 where it will deliver its local and intraLATA traffic to AT&T? Second, how  
5 should the costs of Interconnection Facilities be allocated between the  
6 parties? The FCC has spoken on both of these issues.

7  
8 **Q. DO EXISTING FCC RULES ALLOW BELLSOUTH TO DISIGNATE**  
9 **THE POINT ON ITS NETWORK WHERE AT&T MUST ACCEPT**  
10 **BELLSOUTH'S TRAFFIC?**

11 A. No. FCC regulations do not allow BellSouth or any ILEC the right to  
12 designate the point at which the other party must "pick up" the ILEC's  
13 traffic. To the contrary, Rule 51.305(a)(2) obligates BellSouth to allow  
14 interconnection by an ALEC at any technically feasible point. In its Local  
15 Competition Order, the FCC explained:

16 The interconnection obligation of section 251(c)(2),  
17 discussed in this section, allows competing carriers to  
18 choose the most efficient points at which to exchange  
19 traffic with incumbent LECs, thereby lowering the  
20 competing carriers' costs of, among other things,  
21 transport and termination of traffic.<sup>5</sup>

22

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<sup>5</sup> FCC Local Competition Order at ¶ 172 (emphasis added).

1 The FCC identified the Act as the source of these differing obligations:

2 Section 251(c)(2) does not impose on non-incumbent LECs  
3 the duty to provide interconnection. The obligations of LECs  
4 that are not incumbent LECs are generally governed by  
5 sections 251(a) and (b), not section 251(c). Also, the statute  
6 itself imposes different obligations on incumbent LECs and  
7 other LECs (i.e., section 251(b) imposes obligations on all  
8 LECs while section 251(c) obligations are imposed only on  
9 incumbent LECs).<sup>6</sup>

10

11 **Q. DOES THE FACT THAT THERE IS NO PROHIBITION AGAINST**  
12 **ILECS DETERMINING TECHNICALLY FEASIBLE**  
13 **INTERCONNECTION POINTS GIVE THEM THE RIGHT TO DO**  
14 **SO?**

15 **A.** No. As noted above, the interconnection obligations of LECs and ILECs are  
16 specifically identified in the Act. BellSouth may not assume some authority  
17 that is not provided for in the Act. BellSouth has claimed in other  
18 proceedings that its should be permitted to designate the point where AT&T  
19 must pick up BellSouth's traffic so that BellSouth may avoid the transport  
20 costs at issue. However, the FCC's statement is clear. The competing carrier  
21 has the right to designate the point at which traffic is exchanged, "thereby

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<sup>6</sup> Id. at ¶ 220.

1 lowering the competing carriers' costs." The FCC reiterated its reasoning in  
2 connection with an interconnection dispute in Oregon, where the FCC  
3 intervened and urged the court to reject US West's argument that the Act  
4 requires competing carriers to interconnect in the same local exchange in  
5 which it provides local service. The FCC explained:

6 Nothing in the 1996 Act or binding FCC regulations  
7 require a new entrant to interconnect at multiple locations  
8 within a single LATA. Indeed, such a requirement could-  
9 be so costly to new entrants that it would thwart the Act's  
10 fundamental goal a opening of opening local markets to  
11 competition.<sup>7</sup>

12 More recently, in its order on SBC's 271 application for Texas, the FCC made clear  
13 its view that under the Telecommunication Act, ALECs have the legal right to  
14 designate the most efficient point at which to exchange traffic. As the FCC  
15 explained:

16 New entrants may select the most efficient points at which  
17 to exchange traffic with incumbent LECs, thereby lowering  
18

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<sup>7</sup> Memorandum of the FCC as Amicus Curiae at 20-21, *US West Communications Inc. v. AT&T Communications of the Pacific Northwest, Inc.*, (D. Or. 1998) (No. CV 97-1575- JE) (emphasis added).

1 the competing carriers' cost of, among other things,  
2 transport and termination.<sup>8</sup>

3 The FCC was very specific:

4 Section 251, and our implementing rules, require an  
5 incumbent LEC to allow a competitive LEC to interconnect  
6 at any technically feasible point. This means that a  
7 competitive LEC has the option to interconnect at only one  
8 technically feasible point in each LATA.

9

10 **Q. WHAT HAS THE FCC PROVIDED ON HOW COSTS OF**  
11 **INTERCONNECTION FACILITIES SHOULD BE ALLOCATED**  
12 **BETWEEN THE PARTIES?**

13 A. 47 C.F.R. § 51.703(b) very clearly provides:

14 A LEC may not assess charges on any other telecommunications carrier for  
15 local telecommunications traffic that originates on the LEC's network.

16 Further, 47 C.F.R. § 51.709(b) reads:

17 The rate of a carrier providing transmission facilities  
18 dedicated to the transmission of traffic between two  
19 carriers' networks shall recover only the costs of the

20

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<sup>8</sup> 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 at ¶ 78 (June 30, 2000).

1           proportion of that trunk capacity used by an  
2           interconnecting carrier to send traffic that will terminate  
3           on the providing carrier's network.

4           In its Local Competition Order, the FCC explained:

5           The amount an interconnecting carrier pays for dedicated  
6           transport is to be proportional to its relative use of the  
7           dedicated facility. For example, if the providing carrier  
8           provides one-way trunks that the inter-connecting carrier  
9           uses exclusively for sending terminating traffic to the  
10          providing carrier, then the inter-connecting carrier is to pay  
11          the providing carrier a rate that recovers the full forward-  
12          looking economic cost of those trunks. The inter-  
13          connecting carrier, however, should not be required to pay  
14          the providing carrier for one-way trunks in the opposite  
15          direction, which the providing carrier owns and uses to  
16          send its own traffic to the inter-connecting carrier.<sup>9</sup>

17          A simple hypothetical example should make the application of this rule clear.  
18          If there were a sufficient volume of traffic between an AT&T switch and a  
19          certain BellSouth end office, AT&T would elect to establish one-way trunks  
20          between the two switches to deliver AT&T's originating traffic. The least  
21

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<sup>9</sup> FCC Local Competition Order at ¶ 1062 (emphasis added).

1           costly method for AT&T to obtain the transport needed for such trunks may  
2           be to lease the capacity from BellSouth as dedicated transport. BellSouth  
3           would also need to establish one-way trunks between the same two switches  
4           for its originating traffic. BellSouth almost certainly will establish such  
5           trunks on its own facilities. What we end up with is a single BellSouth  
6           facility system between the AT&T and BellSouth switches that is used to  
7           carry both AT&T's one-way trunks and BellSouth's one-way trunks. What  
8           the FCC is saying in C.F.R. 51.709(b) is that BellSouth may only recover the  
9           cost of the proportion of that trunk capacity used by AT&T between the two  
10          switches to send traffic that will terminate on BellSouth's network. AT&T  
11          agrees that it would pay for the transport for its one-way trunks. However,  
12          contrary to 47 C.F.R. 51.709(b), what BellSouth proposes is to recover the  
13          costs of both AT&T's portion *and* the costs of the proportion of that trunk  
14          capacity used by BellSouth to send traffic that will terminate on AT&T's  
15          network. This would be especially onerous to AT&T when the volume of  
16          traffic originated on BellSouth's network far exceeds the volume of traffic  
17          that is originated on AT&T's network.

18          The situation is identical when AT&T elects to route traffic via a BellSouth  
19          tandem switch rather than via direct end office trunks. Again, AT&T agrees  
20          to pay BellSouth for the one-way trunk capacity needed to transport AT&T's  
21          traffic between the AT&T switch and the BellSouth tandem, however, AT&T  
22          should not be required to pay BellSouth for one-way trunks in the opposite  
23          direction, which BellSouth owns and uses to send its own traffic to AT&T.

1 **Q. HAS THE FCC ISSUED ANY DECISIONS ON THIS ISSUE?**

2 A. Yes. In *In re TSR Wireless, LLC, et. al., v. U.S. West*, file Nos. E-98-13, et.  
3 al., FCC 00-194 (June 21, 2000), several paging carriers alleged that US  
4 West and other ILECs had improperly imposed charges for facilities used to  
5 deliver LEC-originated traffic. The paging carriers based their complaint on  
6 47 C.F.R. § 51.703(b) and sought an order from the FCC prohibiting the  
7 ILECs from charging for dedicated and shared transmission facilities used to  
8 deliver LEC-originated traffic. The FCC agreed with the paging carriers. In  
9 its Order, after finding (1) that paging carriers provide telecommunications  
10 and are thus included within the scope of the rules governing reciprocal  
11 compensation (47 C.F.R. § 701(e)) and (2) that paging carriers “switch” and  
12 “terminate” traffic within the meaning of those rules, the FCC determined  
13 that “any LEC efforts to continue charging CMRS or other carriers for  
14 delivery of such [LEC-originated] traffic would be unjust and unreasonable.”  
15 Accordingly, the FCC concluded that the ILECs “may not impose upon  
16 Complainants charges for the facilities used to deliver LEC-originated traffic  
17 to Complainants.”

18

19 **Q. WHY SHOULD THE COMMISSION ADOPT AT&T’S SOLUTION?**

20 A. AT&T’s network interconnection solution would benefit AT&T, BellSouth  
21 and Florida consumers in the following ways:



1           **1.     AT&T's solution is fair to both parties.**

2           First, both parties would establish equivalent interconnection between the  
3           respective networks. Neither party would gain a substantial advantage over  
4           the other, as BellSouth proposes. Second, both parties would provide  
5           interconnection facilities in proportion to the interconnection traffic that it  
6           delivers to the other party. Considering the geographic parity of both parties'  
7           networks, it would clearly be unfair to AT&T to adopt the practice of  
8           disproportional, unequal interconnection.

9           **2.     AT&T's solution promotes competition.**

10          AT&T's proposal allows competing callers to use alternative network  
11          architecture without any penalty. Additionally AT&T's proposal does not  
12          require ALECs to duplicate the network already established by BellSouth.  
13          Less costly and more efficient solutions are promoted, not discouraged.

14          **3.     AT&T's solution provides flexibility to the parties.**

15          Each party would have a variety of methods that it may employ to deliver its  
16          traffic to the other party's terminating switch. Parties can lease facilities  
17          from one another, they can lease facilities from third parties, implement a  
18          mid-span meet, or they can deliver their traffic using AT&T's facilities.  
19          Under AT&T's proposal, even though not obligated to do so, AT&T is even  
20          willing to offer BellSouth space, power, and site services in its switching  
21          centers, compensated appropriately, so that BellSouth may use its own  
22          facilities to deliver its interconnection traffic to such AT&T locations. In this

1 way, each party may determine for itself the most efficient method of  
2 interconnection under the terms of the Agreement.

3 **4. AT&T's solution allows AT&T to use scarce collocation space for**  
4 **interconnection to UNEs.**

5 BellSouth's proposed interconnection arrangement jeopardizes AT&T's local  
6 market entry plans, because it allows BellSouth to "hand-off" its traffic at a  
7 BellSouth location that may have limited or no additional collocation space.  
8 AT&T has found that the smaller AT&T collocation arrangements in certain  
9 BellSouth end offices are being prematurely exhausted by the transport of  
10 BellSouth's interconnection traffic through such collocation space. AT&T  
11 requires collocation space within BellSouth end offices so that AT&T may  
12 interconnect to BellSouth's UNEs in order to fulfill its market entry plans.  
13 Because of this dual need for collocation space, BellSouth's proposal forces  
14 AT&T to choose between essential uses of scarce collocation space; where  
15 there is an equal priority on using collocation space for network  
16 interconnection and UNE combination. The result of BellSouth's proposal is  
17 that in many areas AT&T's local market entry may be delayed or thwarted.  
18 AT&T's solution provides for a joint transition plan that would require that  
19 BellSouth's interconnection traffic to be transitioned from any existing POI  
20 in jeopardized AT&T collocation space to a new POI. The Commission  
21 should adopt AT&T's network interconnection solution, because, otherwise,  
22 consumers served by a BellSouth end office for which AT&T's collocation

1 space is exhausted would not enjoy the same level of local exchange  
2 competition as customers in unaffected areas.

3 **5. AT&T's solution is consistent with law and regulation.**

4 The FCC has made clear that ILECs do not have the right to determine where  
5 ALECS must interconnect to pick up ILEC traffic. ALECs can interconnect  
6 at any technically feasible point, and can select a point which is most  
7 efficient to lower costs. AT&T's proposal clearly meets these requirements.

8

**II. TANDEM SWITCH RATE****ISSUE 12**

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**Q. WHAT DO THE FCC REGULATIONS PROVIDE ABOUT ALEC SWITCHES AND TANDEM RATES?**

A. The FCC recognizes that there is parity between a competitive carrier's end office switch and an ILEC tandem switch. The FCC regulations, 47 C.F.R. § 51.711 (a)(3), provide:

Where the switch of a carrier other than an incumbent LEC serves a geographic area comparable to the area served by the incumbent LEC's tandem switch, the appropriate rate for the carrier other than an incumbent LEC is the incumbent LEC's tandem interconnection rate.

**Q. HAS THE FCC PROVIDED ANY ADDITIONAL GUIDANCE REGARDING THE ESTABLISHMENT OF TRANSPORT AND TERMINATION RATES?**

A. Yes, it has. In the Local Competition Order, the FCC stated:

We find that the "additional costs" incurred by a LEC when transporting and terminating a call that originated on a competing carrier's network are likely to vary depending on whether tandem switching is involved. We, therefore, conclude that states may establish transport and termination

1 rates in the arbitration process that vary according to  
2 whether the traffic is routed through a tandem switch or  
3 directly to the end-office switch. In such event, states shall  
4 also consider whether new technologies (*e.g.*, fiber ring or  
5 wireless networks) perform functions similar to those  
6 performed by an incumbent LEC's tandem switch and thus,  
7 whether some or all calls terminating on the new entrant's  
8 network should be priced the same as the sum of transport  
9 and termination via the incumbent LEC's tandem switch.  
10 Where the interconnecting carrier's switch serves a  
11 geographic area comparable to that served by the  
12 incumbent LEC's tandem switch, the appropriate proxy for  
13 the interconnecting carrier's additional costs is the LEC  
14 tandem interconnection rate.<sup>10</sup>

15  
16 **Q. DO AT&T'S SWITCHES IN FLORIDA COVER A GEOGRAPHIC**  
17 **AREA COMPARABLE TO THE AREA COVERED BY BELL SOUTH**  
18 **SWITCHES?**

19 A. Yes. AT&T offers local exchange service in Florida via 4ESS switches,  
20 which function primarily as long distance switches, and 5ESS switches,  
21 which act as adjuncts to the 4ESS switches. AT&T has the ability to connect

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<sup>10</sup> FCC Local Competition Order at ¶ 1090 (emphasis added).

1 virtually any qualifying local exchange customer in Florida to one of these  
2 switches through AT&T's dedicated access services.

3 TCG provides local exchange services using Class 5 switches. TCG is able  
4 to connect virtually any customer in a LATA to the TCG switch serving that  
5 LATA either through (1) TCG's own facilities built to the customer premises,  
6 (2) UNE loops provisioned through collocation in BellSouth end offices, or  
7 (3) using dedicated high-capacity facilities (in special access services or  
8 combinations of UNEs purchased from BellSouth).<sup>11</sup>

9 AT&T requests that the Commission order BellSouth to pay AT&T  
10 BellSouth's tandem interconnection rate for the termination of local traffic at  
11 any AT&T Communications switch and any TCG switch. AT&T is justified  
12 in its request because the geographic area covered by each switch is  
13 comparable to the area covered by BellSouth's tandem switches.

14

15 **Q. HAVE YOU PREPARED ANY MATERIALS THAT WILL ASSIST**  
16 **THE COMMISSION IN DETERMINING THE GEOGRAPHIC**  
17 **COVERAGE OF AT&T'S AND TCG'S SWITCHES?**

18 A. To assist the Commission in understanding this issue, I have prepared a series  
19 of maps that are marked as Exhibit DLT-6. Exhibit DLT-6 contains both

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11 AT&T and TCG are separate legal entities, are separately certified in Florida, and should be treated as separate entities under the completed agreements. Moreover, their local service networks provide entirely distinct services and products to distinct classes of customers and are not integrated in any way. Accordingly, each entity should be examined separately for purposes of determining whether that entity meets the requirements under 47 C.F.R. § 51.711 (A)(3).

1 color transparency maps and color copies (of the same maps). The  
2 transparent maps are supplied so that the reader can “overlay” the maps and  
3 compare the geographic area served by AT&T and TCG switches and  
4 BellSouth switches.

5 Exhibit DLT-6a<sup>12</sup> provides the number of switches AT&T currently operates  
6 in Florida on a LATA by LATA basis. It is important to note that in some  
7 cases, the AT&T switch serving a LATA is not physically located in the  
8 LATA.

9 Exhibit DLT-6b<sup>13</sup> shows the number of switches TCG currently operates in  
10 Florida on a LATA by LATA basis. Like AT&T’s switches, it is important  
11 to note that in some cases, the TCG switch serving a LATA is not physically  
12 located in the LATA.

13 Exhibit DLT-6c<sup>14</sup> shows the number of tandem switches BellSouth Florida  
14 currently operates in Florida on a LATA by LATA basis. When 6a, 6b, and  
15 6c are superimposed over each other, it becomes clear that both AT&T’s and  
16

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<sup>12</sup> On the AT&T maps, green shading depicts the areas covered by AT&T’s switches.

<sup>13</sup> On the TCG maps, blue shading depicts the areas covered by TCG’s switches.

<sup>14</sup> On the BellSouth maps, various color shading depicts areas covered by BellSouth’s tandems.

1 TCG's switches cover the same (or a comparable) geographic area as that  
2 covered by BellSouth's tandem switches.<sup>15</sup>

3

4 **Q. WHAT ABOUT THE FUNCTIONALITY OF THE SWITCHES?**

5 A. The relevant FCC rule does not focus on tandem functionality<sup>16</sup> for purposes  
6 of determining whether an ALEC meets the requirements under 47 C.F.R. §  
7 51.711(a)(3). However, each AT&T and TCG switch performs certain  
8 tandem functions for the respective AT&T entity. First, each of these  
9 switches acts as an access tandem routing the preponderance of interLATA  
10 traffic directly to the applicable interexchange carrier. Second, with respect  
11 to traffic between any AT&T customer and any BellSouth customer within  
12 the same LATA, AT&T has direct trunking to each BellSouth tandem in the  
13 LATA so that such traffic may be completed without transiting multiple  
14 AT&T switches or multiple BellSouth tandems. In other words, AT&T uses

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<sup>15</sup> Statewide and LATA-specific maps were created by using data contained in the Local Exchange Routing Guide (LERG). The LERG, produced by Telcordia Technologies, contains routing data that supports the current local exchange network configuration within the North American Numbering Plan (NANP) as well as identifying reported planned changes in the network. The LERG data in conjunction with MapInfo V-4.1.1.2, a commercial mapping software package, was used to prepare the state-wide and LATA-specific maps attached herein.

<sup>16</sup> The primary function of a tandem is the aggregation of traffic between customers calling outside their immediate exchange. As described in the preceding discussion of network architecture, the BellSouth network is comprised of a large number of end offices each serving a relatively small area. Rather than connect every end office to every other end office, BellSouth routes certain traffic to tandem switches which serve groups of end offices. Thus, a call from a BellSouth customer to someone in another rate center often will travel to a tandem switch which has a connection to the end office switch serving the called customer. Under the BellSouth network architecture, the tandem switches aggregate traffic to be sent to other switches. Under AT&T's network architecture, AT&T's switches also



1 its switches in the same functional manner that BellSouth uses its tandem  
2 switches.

3

4 **Q. DO AT&T'S SWITCHES PROVIDE TANDEM FUNCTIONALITIES**  
5 **IN THE MANNER DESCRIBED IN THE FCC'S DISCUSSION IN**  
6 **THE LOCAL COMPETITION ORDER?**

7 A. As the foregoing description of AT&T switch function indicates, AT&T's  
8 switches do indeed perform both end office and tandem switch functions.  
9 Tandem switches generally aggregate traffic from a number of end office  
10 switches for purposes of passing that traffic to other offices for termination  
11 elsewhere on the network. The tandem switch is also used for aggregation  
12 and processing of operator services traffic, routing traffic that is to be  
13 transferred between the trunk groups of two separate carriers, and measuring  
14 and recording traffic detail for billing. While BellSouth employs two  
15 separate switches to accomplish these tandem and end office functions; as I  
16 have shown above, AT&T's switches perform all of these functions within  
17 the same switch.

18 Thus, AT&T and TCG have not only met the geographic requirements of 47  
19 C.F.R. §51.711(a)(3), but also meets a higher standard by virtue of its  
20 substantial investments in physical plant and deployment of an architecture  
21 comprised of network components comparable to BellSouth.

---

perform a substantial amount of traffic aggregation and, therefore, are performing the primary function of a tandem switch.

1           The Commission should, therefore, conclude that AT&T should receive the  
2           tandem interconnection rate as BellSouth's reciprocal compensation for the  
3           termination of its local calls by AT&T and TCG.

4

5   **Q.    DOES THAT CONCLUDE YOUR TESTIMONY?**

6   **A.    Yes.**

1 **BY MR. LAMOUREUX:**

2 **Q Mr. Follensbee, do you have a summary of your**  
3 **testimony?**

4 **A Yes, I do.**

5 **Q Would you give that now, please.**

6 **A Yes. Good morning, Commissioners. I will be**  
7 **speaking to Issues 6, 7, 11, 12, and 27. However, I just**  
8 **plan to summarize three of those five issues.**

9 **First, Issue 7. This is a dispute about whether**  
10 **each party will bear the total cost to transport its own**  
11 **originating local traffic to the other party's network for**  
12 **completion by that other party. AT&T's proposal maintains**  
13 **the status quo of how the two networks are interconnected**  
14 **today and the long-held industry practice that each party**  
15 **is financially responsible for delivering its own**  
16 **originating traffic to the other party's network.**

17 **BellSouth is proposing a major change to the**  
18 **current arrangement. Existing laws and regulations**  
19 **support AT&T's proposal. BellSouth's proposal violates**  
20 **existing laws and regulations.**

21 **Let's look at a typical call flow to see what**  
22 **are the issues related to that call flow. Before the Act**  
23 **you had a customer picking up the phone and getting dial**  
24 **tone for, in this case, a BellSouth switch. Those were**  
25 **the originating costs that took place up to that switch.**

1 If the customer was calling a friend across town, that  
2 call had to be transported to another switch and then from  
3 there it got to the end customer and those became the  
4 originating LEC's total costs. They were responsible for  
5 those costs and collected revenues to compensate them for  
6 incurring those costs.

7           After the Act passed, a change was made really  
8 at the end, not really in the middle. Again, you had  
9 originating costs where a customer on the originating end  
10 got dial tone from a switch, again what you had here was  
11 the need to transport that call to another switch. The  
12 change here, though, is the switch is now owned by  
13 somebody other than the incumbent local exchange company,  
14 as BellSouth here. In this case the switch is owned by  
15 AT&T.

16           What AT&T is proposing is that point of  
17 interconnection exists at the AT&T switch, both physically  
18 and for financial purposes. AT&T then would complete the  
19 call to the end user and instead of the ILEC incurring its  
20 own costs on the network, what has changed is you have an  
21 instance where you have reciprocal compensation being  
22 charged. In this case AT&T charging BellSouth to complete  
23 that call. Again, though, what we believe is appropriate  
24 is that in this case, BellSouth would be responsible for  
25 the total cost, end-to-end, to complete that call.

1                   **Now, let's look at BellSouth's proposal. I**  
2 **first want to contrast this with a call starting from AT&T**  
3 **going to BellSouth. Here we have AT&T's customer getting**  
4 **dial tone from our switch. These are costs that AT&T**  
5 **incurs, our originating costs. We will be responsible for**  
6 **transporting that call to the BellSouth switch and then**  
7 **BellSouth from that point will complete the call, charge**  
8 **us reciprocal compensation, and in that case AT&T's total**  
9 **costs are end to end. I will tell you there is no dispute**  
10 **between AT&T and BellSouth on this issue. We both agree**  
11 **that AT&T should be responsible for the total cost of that**  
12 **call end-to-end.**

13                   **Now let's look at the call going the other way.**  
14 **Again, we are starting with a situation where the**  
15 **BellSouth customer is trying to call an AT&T customer.**  
16 **All of this is within a local calling area. Again, you**  
17 **have transport costs, but you will notice the major change**  
18 **here is that BellSouth is proposing to move for financial**  
19 **purposes that point of interconnection on the BellSouth**  
20 **side of the switch before transport actually is incurred.**  
21 **Transport then is taken to the AT&T switch, and AT&T**  
22 **charges BellSouth reciprocal compensation.**

23                   **Now, in a normal environment, all of the costs**  
24 **you are looking at there would be what Bell incurs. But**  
25 **you will notice from what I just did -- let me go back and**

1 show you again. Basically what we are trying to show on  
2 this particular slide is that what has occurred is that  
3 the costs have been transferred from AT&T -- from  
4 BellSouth to AT&T. And I apologize that it didn't quite  
5 work out the way I wanted to go back. Let me do it real  
6 quick and show you.

7           **Again, what we are trying to demonstrate is that**  
8 **BellSouth's proposal is today they are responsible for**  
9 **those transport costs between their switch and our switch.**  
10 **What they are proposing to do is shift those costs down to**  
11 **AT&T.**

12           **CHAIRMAN JACOBS: So the transport, they would**  
13 **not cover the transport is what you are saying?**

14           **THE WITNESS: I'm sorry, I didn't --**

15           **CHAIRMAN JACOBS: So they would not cover the**  
16 **transport is what you are saying?**

17           **THE WITNESS: That is correct. They would have**  
18 **AT&T responsible for that transport cost, they would not**  
19 **incur the cost, it would not be part of their cost**  
20 **structure, it would be part of AT&T's cost structure. So**  
21 **they basically are proposing to change what is occurring**  
22 **today and shift those transport costs to AT&T, whereas**  
23 **today they are responsible for those transport costs.**

24           **As you just saw, AT&T agrees that it will be**  
25 **financially responsible for delivering its originating**

1 traffic to each and every BellSouth end office.  
2 Similarly, BellSouth should be responsible for delivering  
3 its originating traffic to each and every AT&T switch.  
4 This is exactly what is occurring today. Under  
5 BellSouth's proposal, AT&T becomes financially responsible  
6 for picking up BellSouth's own originating traffic within  
7 each and every BellSouth basic local calling area, and  
8 paying BellSouth for the facilities necessary to transport  
9 that BellSouth originating local traffic to AT&T's  
10 switches. BellSouth is trying to shift its financial  
11 obligation onto AT&T and its customers.

12 I ask the Commission to evaluate each parties'  
13 proposal against the following law and regulation.  
14 Specifically, under FCC Rule 51.703(b), a local exchange  
15 carrier, be it the incumbent or the new entrant, may not  
16 assess charges on any other telecommunications carrier for  
17 local telecommunications traffic that originates on that  
18 local exchange carrier's network. Contrary to this  
19 regulation, BellSouth is proposing to assess charges on  
20 AT&T for traffic that originates on BellSouth's network.  
21 BellSouth is trying to shift its financial burden to AT&T.

22 In essence, BellSouth's proposal forces AT&T to  
23 adopt BellSouth's less efficient network design and  
24 prevents AT&T from passing on the efficiency of its own  
25 network design to its customers. It is also based on the

1 outmoded concept of a basic local calling area as  
2 BellSouth has defined it for many years. BellSouth's  
3 proposal will have the effect of raising AT&T's cost and  
4 inhibiting the development of competition. BellSouth's  
5 proposal is no more than an effort to pass off its  
6 responsibilities for paying to haul its own originating  
7 traffic and to make ALECs pay for those costs for which  
8 BellSouth should be responsible. AT&T asks that this  
9 Commission maintain the status quo on who is responsible  
10 for transporting BellSouth's own originating local traffic  
11 to AT&T's switches.

12           Let me now turn to Issue 12. Issue 12 deals  
13 with whether or not AT&T should be able to charge the  
14 tandem interconnection rate as a part of its reciprocal  
15 compensation billing to BellSouth for completing calls  
16 from BellSouth customers. AT&T believes that it is  
17 entitled to charge BellSouth a tandem interconnection rate  
18 when BellSouth sends those calls to AT&T.

19           This dispute is based on different  
20 interpretations of Rule 51.711(a)(3). This rule reads as  
21 follows: Where the switch of a carrier other than the  
22 incumbent LEC serves a geographic area comparable to the  
23 area served by the incumbent LEC's tandem switch, the  
24 appropriate rate for the carrier other than the incumbent  
25 LEC is the incumbent LEC's tandem interconnection rate.



1 It is a very simple rule.

2 Under BellSouth's interpretation of this rule,  
3 the FCC actually meant to make it harder for an ALEC to  
4 collect these reciprocal compensation charges than it did  
5 for incumbents like BellSouth. In BellSouth's view,  
6 BellSouth must only provide tandem functionality to  
7 receive the tandem switching and common transport rates.  
8 AT&T, on the other hand, must provide both proof of  
9 functionality and also deploy a geographically comparable  
10 network. Under AT&T's interpretation of the rule, AT&T  
11 need only demonstrate that it serves -- that its switches  
12 serve a comparable geographic area to BellSouth's tandem  
13 switches.

14 What I am now going to show you is some maps  
15 that we have prepared. And I apologize because one of the  
16 maps will not be real clear. But what these maps show is,  
17 first off, these are the BellSouth tandems and the area  
18 they serve here in Florida. So you are looking at the  
19 colored areas of BellSouth's tandem switches, and one  
20 thing you will notice is that these switches serve less  
21 than the total area that BellSouth serves because  
22 BellSouth does have some end offices that do not connect  
23 to a local tandem, they don't use those for purposes.

24 Now, let me first look at the AT&T switches and  
25 then I'm going to look at the TCG switches. AT&T switches

1 serving the state, basically we serve the whole state with  
2 the exception of two small territories up in the  
3 panhandle. Basically, then our switches cover a larger  
4 territory than the comparable BellSouth local tandems.

5           **Again, I know it's kind of hard to read, but**  
6 **basically there is a mirroring in the southeast LATA that**  
7 **our tandems, our switches and BellSouth's local tandems**  
8 **are a mirror image, but if you look, for instance, in the**  
9 **Daytona Beach LATA, ours serve a greater portion of that**  
10 **territory. And if you look in the Gainesville LATA, our**  
11 **switches serves the whole LATA, their tandems do not. If**  
12 **you look at the Jacksonville LATA, our switches serve the**  
13 **whole LATA, BellSouth's tandems do not. And, again, if**  
14 **you look lastly at the panhandle, our switches are able to**  
15 **cover the whole two LATAs there, BellSouth's tandem**  
16 **switches do not.**

17           **Turning to the TCG switches, currently our TCG**  
18 **switches just serve the east coast. They mainly serve --**

19           **CHAIRMAN JACOBS: Excuse me, what is a TCG**  
20 **switch?**

21           **THE WITNESS: We basically have two companies --**  
22 **actually three companies that operate in this state as**  
23 **ALECs. We have AT&T Communications of the Southern**  
24 **States, Inc., we have TCG South, and we also have**  
25 **MediaOne. Now, for purposes of this arbitration we are**

1 only dealing with AT&T and TCG's operations, not the  
2 MediaOne.

3 CHAIRMAN JACOBS: And those networks are  
4 interchangeable?

5 THE WITNESS: No, we actually have separate  
6 tariffs for both companies on file with this Commission.  
7 I guess they actually would be price lists in this case.  
8 We have networks that for local purposes are actually  
9 operated separately. They do interconnect for long  
10 distance, but they are operated separately for local  
11 service.

12 CHAIRMAN JACOBS: Okay.

13 THE WITNESS: In the case of the TCG switches,  
14 we serve the Jacksonville LATA, the Orlando LATA, and the  
15 Miami LATA. Again, what you are looking at here is that  
16 in the Orlando and Jacksonville LATAs, again, AT&T's  
17 switching are serving a greater portion of the territory  
18 than BellSouth's local tandems.

19 The Commission should determine whether in  
20 establishing its rule on this issue the FCC was erecting a  
21 barrier to ALECs receipt of the tandem interconnection  
22 rate or whether the FCC was providing a method for an ALEC  
23 to collect an appropriate proxy for the interconnecting  
24 carriers additional cost. This last quote comes from the  
25 FCC's First Order and Report in Paragraph 1090.

1           **If this Commission comes to the conclusion that**  
2 **the FCC rule is a proxy for an ALEC's additional cost,**  
3 **then the Commission must disregard tandem functionality in**  
4 **determining whether AT&T is entitled to the tandem**  
5 **interconnection rate. However, even if the Commission**  
6 **comes to the conclusion that the FCC rule is an additional**  
7 **test for an ALEC's receipt of the tandem interconnection**  
8 **rate, then the Commission will find that my testimony**  
9 **provides ample evidence that AT&T's network provides**  
10 **similar – not exact, but similar tandem functions to**  
11 **BellSouth's local tandem switches. In either case the**  
12 **Commission should find that AT&T is entitled to reciprocal**  
13 **compensation at the tandem interconnection rate.**

14           **The last issue I'm going to talk about is Issue**  
15 **11. In the FCC's remand order issued last summer,**  
16 **BellSouth is allowed to not provide local switching as an**  
17 **unbundled network element to ALECs in certain large cities**  
18 **when a customer location has four or more lines being**  
19 **served and BellSouth agrees to provide extended enhanced**  
20 **links to that customer. In this state for BellSouth those**  
21 **large cities are Miami, Fort Lauderdale and Orlando.**

22           **BellSouth has agreed to provide AT&T with**  
23 **extended enhanced links in those cities, so that is not an**  
24 **issue. However, BellSouth has indicated that in**  
25 **determining when to discontinue providing AT&T local**

1 circuit switching it will aggregate multiple customer  
2 locations in these three cities when that customer  
3 currently is served through one bill for all locations.  
4 This will occur even if every physical location where the  
5 bill is -- billing for services has three or less lines  
6 going to it.

7 AT&T disagrees. So let me give you an example  
8 of what I'm talking about here. Suppose a business person  
9 owns three businesses, three stores, a Starbucks, a  
10 Blockbusters, a real estate agency in the Orlando area.  
11 All locations have three or fewer local lines going to  
12 them, yet to help manage expense that business person  
13 wants one telephone bill for all of the shops, not three.

14 Clearly if each shop were independently owned  
15 there would be no disagreement on this issue. However,  
16 because the same business person who would prefer one  
17 telephone bill owns all three businesses, BellSouth would  
18 deny AT&T the ability to use local circuit switches to  
19 serve those three physically different locations.

20 AT&T does not believe that it was the intent  
21 with the FCC's ruling on local circuit switching in the  
22 top 50 MSAs to cover this issue. AT&T asks that this  
23 Commission approve the language proposed by AT&T that will  
24 clearly allow AT&T to serve each of these locations with  
25 local circuit switching.

1           **That concludes my summary.**

2           **MR. LAMOUREUX: And Mr. Follensbee is available**  
3 **for cross-examination.**

4           **MR. LACKEY: Thank you, Mr. Chairman. I have**  
5 **Mr. Follensbee.**

6           **CHAIRMAN JACOBS: Very well, you may proceed.**

7           **MR. LACKEY: And by the way, my promise to get**  
8 **done by tomorrow afternoon won't work if we take three**  
9 **times the allowed time for summaries. I didn't object**  
10 **this time, but I will on the future witnesses. I think we**  
11 **were supposed to be limited to five minutes, sir.**

12           **CHAIRMAN JACOBS: Very well.**

13                           **CROSS-EXAMINATION**

14 **BY MR. LACKEY:**

15           **Q     Let's start with Issue 7, Mr. Follensbee, which**  
16 **is the issue that you have been offering your PowerPoint**  
17 **presentation on, is that correct?**

18           **A     Yes, sir.**

19           **MR. LACKEY: I don't have a PowerPoint, but I**  
20 **have an exhibit I would like to hand out, Mr. Chairman,**  
21 **that I hope will help clarify this. If I could have this**  
22 **document marked for identification purposes as I believe**  
23 **it is Exhibit 7, Mr. Chairman.**

24           **CHAIRMAN JACOBS: Yes. Show it marked as**  
25 **Exhibit 7.**

1 (Exhibit 7 marked for identificaton.)

2 BY MR. LACKEY:

3 Q Now, Mr. Follensbee, you have seen this type of  
4 an exhibit before, correct?

5 A Yes, sir.

6 Q Let's see if we can lay it out for everybody.  
7 This document has a large rectangle on it labeled LATA  
8 boundary, do you see that?

9 A Yes, sir.

10 Q And within that large rectangle there are 20  
11 smaller rectangles labeled from the left local calling  
12 area one, and then there follows the numbers 2 through 20,  
13 correct?

14 A Yes.

15 Q And when you have talked about this exhibit in  
16 prior proceedings, we have identified those 20 rectangles  
17 as local calling areas, correct?

18 A I believe we labeled them as basic local calling  
19 areas.

20 Q Okay. Well, for the purpose of this, will you  
21 accept that we can call these local calling areas?

22 A Yes, sir.

23 Q And the one on the left is labeled local calling  
24 area one, and the one on the right is labeled local  
25 calling area 20, correct?

1           **A     Yes.**

2           **Q     Let's focus on local calling area 20 just for a**  
3 **moment. You will see in local calling area 20 that**  
4 **beginning at the top there is a symbol for a BellSouth end**  
5 **user, connected to a BellSouth end office, connected to a**  
6 **BellSouth tandem, and then if you continue down that**  
7 **column, there is an X that is labeled POI, and then that**  
8 **is connected to an AT&T switch, that is connected to an**  
9 **AT&T end user. Do you see all of that?**

10          **A     Yes, I do.**

11          **Q     All right. Now, it's not as sophisticated as**  
12 **your PowerPoint example, but that is essentially the**  
13 **diagram you laid out on the board behind the**  
14 **Commissioners, correct?**

15          **A     No, sir. I believe the diagram I laid out had**  
16 **the point of interconnection at the AT&T switch.**

17          **Q     Well, I'm looking on at the one that is on the**  
18 **board right now. Doesn't it have the POI exactly where I**  
19 **have it on this diagram, right next to the BellSouth**  
20 **switch?**

21          **A     If you had a call going from AT&T to BellSouth,**  
22 **that would be correct. I thought you were describing a**  
23 **call going from BellSouth to AT&T, which is the opposite**  
24 **of that.**

25          **Q     Well, in any event, in this case your position**



1 is that in the arrangement that is in local calling area  
2 20 that there will only be one point of interconnection  
3 where the parties exchange traffic, correct?

4 A There will be one physical point of  
5 interconnection where the parties exchange traffic, that  
6 is correct.

7 Q And so you don't have any disagreement with what  
8 I have laid out as the various parts of the telephone  
9 network in local calling area 20, do you?

10 A Not from a physical standpoint, no, sir.

11 Q All right. Now, let's track a call that begins  
12 with the BellSouth end user in local calling area 20. The  
13 BellSouth end user picks up the telephone and draws dial  
14 tone from the box marked BellSouth end office, right?

15 A Yes, sir.

16 Q If the customer dials the number assigned to the  
17 AT&T end user, BellSouth hauls the call to the BellSouth  
18 tandem, correct?

19 A Yes.

20 Q And at the X, at the point of interconnection  
21 hands the call off to AT&T for transport and termination,  
22 correct?

23 A That is correct.

24 Q And the way reciprocal comp works, BellSouth  
25 would then owe AT&T for that call reciprocal compensation

1 from the point of interconnection to the AT&T switch,  
2 would owe some kind of switching at the AT&T switch, and  
3 then AT&T would complete the call, right?

4 A That is correct.

5 Q Now, in the context of a single local calling  
6 area, AT&T -- I'm sorry, BellSouth has agreed to deliver  
7 all calls, all local calls to that point of  
8 interconnection at no additional charge to AT&T, hasn't  
9 it?

10 A Yes, sir.

11 Q And if the call went from the BellSouth caller  
12 to the AT&T end user in that scenario, BellSouth would pay  
13 AT&T the appropriate transport between the point of  
14 interconnection and the AT&T switch and the appropriate  
15 switching charge, wouldn't it?

16 A Yes, it would.

17 Q So there is no dispute about who pays what for  
18 whom when it all takes place in the same local calling  
19 area, right?

20 A I would disagree with what you just said. There  
21 is no dispute if AT&T's switch is located in the same  
22 local calling area.

23 Q Okay. I'm sorry, I meant that to be implicit in  
24 my question, so let me ask it again. When all of the  
25 elements are in the same local calling area as I have laid

1 out local calling area 20, that is the call originates and  
2 terminates in the same local calling area, AT&T's switch  
3 is in that local calling area, the tandem is in that local  
4 calling area, and the BellSouth end office is in that  
5 local calling area, there is no dispute between the  
6 parties as to their respective obligations, is there?

7 A That is correct.

8 Q All right. So when you were putting your  
9 PowerPoint up on the board behind the Commissioners there  
10 and telling them that we had a dispute, you were not  
11 talking about the situation where it all took place in the  
12 same local calling area in the manner I have just  
13 described, were you?

14 A That is correct.

15 Q All right. Let's change the scenario a little  
16 bit, and let's assume that BellSouth has an end user in  
17 local calling area one that is represented by the little  
18 telephone down there. And AT&T has an end user in that  
19 local calling area one, as well. Now, what AT&T is doing  
20 with its network design is it is locating a switch,  
21 perhaps a single switch in a LATA, and then it is serving  
22 its subscribers throughout that LATA from that single  
23 switch using transport, correct?

24 A In some cases that is correct.

25 Q And I realize this isn't universal, that there

1 may be two points of interconnection or maybe like down in  
2 Miami, I think you have got four or five switches, don't  
3 you?

4 A Yes, sir.

5 Q But for the purpose of addressing the principle  
6 we are trying to get the Commission to address here, what  
7 I just said is correct, right?

8 A Where we have one switch serving that LATA, yes,  
9 sir.

10 Q All right. And what AT&T is doing is it is  
11 serving its end user in local calling area one out of its  
12 switch located in local calling area 20, because it is  
13 cheaper to provide transport across the LATA than it is to  
14 put in multiple switches, right?

15 A At this time for AT&T, given its customer base,  
16 that is correct.

17 Q Okay. And so when the AT&T end user in local  
18 calling area one picks up their telephone and draws dial  
19 tone, even though they are in local calling area one, they  
20 are drawing dial tone from the switch in local calling  
21 area 20, correct?

22 A In this example, yes, sir.

23 Q Okay. Now, let's -- I know the arrows aren't  
24 flowing that way, but let's look at a call that originates  
25 with the AT&T user in local calling area one and is headed

1 for the BellSouth user who is also in local calling area  
2 one, okay?

3 A Yes, sir.

4 Q AT&T's end user picks up the telephone, draws  
5 dial tone from the AT&T switch in local calling area one,  
6 right?

7 A Yes.

8 Q How do you get that call from local calling area  
9 one to local calling area 20 is your business, right?

10 A Yes, sir.

11 Q Not in dispute in this case, is it?

12 A I don't believe so.

13 Q You hand the call off to us at the thing marked  
14 POI in local calling area 20, right?

15 A In this example, yes, sir.

16 Q And BellSouth is perfectly willing to haul that  
17 call all the way from local calling area one back to local  
18 calling area one for you and you pay us reciprocal  
19 compensation for that, correct?

20 A Yes.

21 Q And we don't have a dispute about that, either,  
22 right?

23 A We do not.

24 Q And that is a decision that AT&T made because it  
25 wanted to have one switch in the LATA, correct?

1           **A     Yes.**

2           **Q     All right. Now let's take the call that flows**  
3 **the other way. The BellSouth customer --**

4                   **CHAIRMAN JACOBS: Let me make sure I understand**  
5 **that. Going by your diagram --**

6                   **MR. LACKEY: I'm sorry?**

7                   **CHAIRMAN JACOBS: Going by your diagram I want**  
8 **to make sure I understand that last question. This is for**  
9 **the AT&T end user originating a call to a BellSouth end**  
10 **user. An AT&T end user in area one gets dial tone from**  
11 **the switch in area 20?**

12                   **MR. LACKEY: Yes, sir, that's what I asked.**

13                   **CHAIRMAN JACOBS: That goes to your tandem.**

14                   **MR. LACKEY: Yes, sir.**

15                   **CHAIRMAN JACOBS: And then it gets transported**  
16 **back to your end office in area one.**

17                   **MR. LACKEY: Yes, sir. That's what I was asking**  
18 **Mr. Follensbee and he agreed with all of that.**

19                   **CHAIRMAN JACOBS: But on your diagram it says**  
20 **that transport from your tandem in area 20 to your end**  
21 **office in area one is in dispute.**

22                   **MR. LACKEY: Yes, sir. I asked him that time**  
23 **about the call -- I told him to ignore the arrows --**

24                   **CHAIRMAN JACOBS: Okay.**

25                   **MR. LACKEY: -- and I told him the call flowed**

1 from his --

2 CHAIRMAN JACOBS: Going back the other  
3 direction. I understand.

4 MR. LACKEY: I'm sorry for the confusion.

5 CHAIRMAN JACOBS: No, I should have been  
6 listening closer.

7 MR. LACKEY: I wanted to make sure what was in  
8 dispute and what wasn't in dispute. And we have  
9 already --

10 BY MR. LACKEY:

11 Q Just to clarify, for the call that flows from  
12 your end user in that local calling area one to  
13 BellSouth's end user in local calling area one there is no  
14 dispute, you have elected to set it up this way and pay us  
15 reciprocal comp to deliver the call for you, right?

16 A That is correct. And actually on some of these  
17 drawings to make it clearer we have actually drawn a line  
18 from the BellSouth tandem to the BellSouth end office  
19 going the other way because the trunking we use is one-way  
20 directional for local. In other words, we send calls to  
21 BellSouth over one set of facilities, they send calls to  
22 us over a completely different set of facilities, and  
23 sometimes that is easier to understand. There isn't a  
24 dispute on one of the lines, there is on the other.

25 Q All right. Let's take the call the other way.

1 Now, this question is going to involve the call flow that  
2 flows in the direction that the arrows are pointing.  
3 Let's assume that the BellSouth end user in local calling  
4 area one wishes to call the AT&T end user in local calling  
5 area one. An AT&T end user picks up the phone and draws  
6 dial tone from the BellSouth end office in local calling  
7 area one, correct?

8 A Can you repeat that first part.

9 Q Yes. I'm talking about the BellSouth end user  
10 in local calling area one calling the AT&T end user in  
11 local calling area one. The BellSouth end user picks up  
12 the telephone and draws dial tone from that customer's  
13 BellSouth serving end office in local calling area one,  
14 correct?

15 A That is correct.

16 Q Just like the diagram shows?

17 A That is correct.

18 Q All right. Now, in order to get to the AT&T end  
19 user, however, because AT&T only has a switch in local  
20 calling area 20, that call has to be hauled from the  
21 BellSouth end office in local calling area one to the  
22 BellSouth tandem in local calling area 20 where it is  
23 handed off to AT&T, correct?

24 A Yes, with one change. It not only has to be,  
25 but in many case it is being done that way.



1           **Q**    I'm sorry, what?

2           **A**    I said in some cases it is being done that way  
3 today, not that it will be. But, yes, what you have  
4 stated is correct. The call has to go from the BellSouth  
5 end office in local calling one to the BellSouth local  
6 tandem in local calling 20 in order to turn that call over  
7 to the AT&T switch for completion to AT&T's customer.

8           **Q**    All right. And on that Exhibit 7 there is a  
9 legend that says this facility is in dispute, and it's got  
10 a curved arrow that goes down and points to that, do you  
11 see that?

12          **A**    Yes.

13          **Q**    This issue involves who is financially  
14 responsible for hauling the call I have just described  
15 from the BellSouth end office in local calling area one to  
16 the point of interconnection in local calling area 20,  
17 correct?

18          **A**    For the most part, I would say it is an issue of  
19 who is going to be financially responsible under the new  
20 agreement, since what you are proposing is a change from  
21 what is occurring under the current agreement.

22          **Q**    Now, we didn't litigate this issue in the 1997  
23 arbitration, did we?

24          **A**    No, sir, we did not have a dispute over the fact  
25 that BellSouth was going to be financially responsible for

1 its originating costs. BellSouth did not raise that as an  
2 issue of saying that is not what I want to do in that  
3 first arbitration.

4 Q And, of course, AT&T didn't raise the issue that  
5 this was the way they intended to design their network  
6 either at that time, did they?

7 A I would disagree. We had many discussions and  
8 negotiations back in '96 of how our network would look.

9 Q Anyway, when you were talking about us having a  
10 dispute over transport and you were pointing to various  
11 things in your PowerPoint proposal, this is the transport  
12 you were talking about, hauling a call all the way across  
13 a LATA for delivery to a single point of interconnection  
14 so AT&T could then haul it all the way back to that same  
15 local calling area, right?

16 A Yes, sir.

17 Q All right. Now, this issue has been presented  
18 squarely to the FCC most recently in the SBC  
19 Kansas/Oklahoma application for interLATA relief, correct?

20 A Yes, sir.

21 Q Did the FCC resolve this by putting a sentence  
22 in that order that said AT&T is entitled to have a single  
23 point of interconnection in each LATA, and, SBC, you are  
24 obligated to deliver free of charge calls from any point  
25 in that LATA to that point of interconnection? And I

1 caution you if you answer yes to that question I'm going  
2 have you show me in the order where that sentence appears.

3 A It did not as clearly stated as you just asked  
4 the question. AT&T believes it did answer, though,  
5 affirmatively by saying in one sentence this does not  
6 change the situation that a LEC cannot pass on any of the  
7 costs of originating calls on its network to the other  
8 carrier.

9 Q Do you happen to have that 271 order with you  
10 there on the stand?

11 A I don't have it in front of me, but I know it is  
12 in the room.

13 Q Let's just see -- let me test your memory first.  
14 Is it correct that the sentence that you have just  
15 referred to in the Kansas order was footnoted to the TSR  
16 case that you cite in your testimony?

17 A Among other cases, that is one that it  
18 referenced in the footnote. There was actually either two  
19 or three cases that it referenced in the footnote.

20 Q Now, you are familiar with the TSR case, and, in  
21 fact, cite it in your testimony, is that correct?

22 A That is correct.

23 MR. LACKEY: Mr. Chairman, the TSR order has  
24 been officially noticed, but I have copies that I would  
25 like to pass out just for ease of reference at this point.

1                   **CHAIRMAN JACOBS: You may.**

2                   **BY MR. LACKEY:**

3                   **Q     Do you have the TSR order in front of you?**

4                   **A     Yes, I do.**

5                   **Q     Now, this is the order that you make reference**  
6 **to in your testimony, and this is the order that the FCC**  
7 **made reference to at the point in its order that you made**  
8 **reference to earlier?**

9                   **A     Yes. But as I indicated it is one of the two**  
10 **orders, I believe, they referenced in the footnote.**

11                  **Q     All right. Now, isn't it true that the TSR**  
12 **order involved as opposed to wire line carriers, CMRS**  
13 **providers, wireless carriers?**

14                  **A     Yes, it did.**

15                  **Q     And isn't it true that for wireless carriers the**  
16 **equivalent of the local calling area for a wireless**  
17 **carrier is the MTA?**

18                  **A     Yes.**

19                  **Q     Major trading area, is that what MTA stands for?**

20                  **A     Yes.**

21                  **Q     All right. And that is to be distinguished from**  
22 **a wire line carrier whose local service area is the area**  
23 **established by the appropriate state commission, correct?**

24                  **A     Yes.**

25                  **Q     Now, I want you to turn to Page 22 of the TSR**

1 order, and particularly Paragraph 31. Are you there?

2 A I am.

3 Q Isn't what the FCC actually said that the  
4 incumbent local carrier has the obligation to deliver a  
5 call without charge to the ALEC, or the CLEC, or the CMRS  
6 in this case anywhere within the MTA?

7 A Yes, it did. That is one of the statements it  
8 found in making its decision.

9 Q Okay. So for the TSR, in the TSR case the point  
10 that the FCC was making is that the incumbent local  
11 exchange company had an obligation to deliver a call  
12 without charge to the CMRS provider, a call that  
13 originates and terminates in the same MTA, right?

14 A Originates and terminates within the same MTA,  
15 that is correct.

16 Q Is there anything in this order that you can  
17 find where the FCC said that the carrier, the ILEC had to  
18 haul the call outside the MTA at no charge to the CMRS  
19 provider?

20 A No, because that wasn't the question being  
21 raised by the pleadings from the wire line or the paging  
22 companies. Now, what it does say is, again, Page 23,  
23 pursuant to Section 51.703(b), a LEC may not charge in  
24 this case CMSR providers for facilities used to deliver  
25 LEC originated traffic that originates and terminates

1 within the same MTA.

2 The difference we have here is it is instead of  
3 the MTA, local calling area. The example that you have  
4 asked me to look at on local calling area one, that call  
5 originates and terminates within local calling one.

6 Q But in my example, but in my example, AT&T's  
7 network design requires BellSouth to deliver the call  
8 first to a point outside the local calling area one to a  
9 point in local calling area 20, right?

10 A I don't think we dispute that.

11 Q Now, let me make sure I'm clear about my  
12 question. Is there anywhere in the TSR order that you are  
13 aware of where the FCC has required -- has required an  
14 ILEC to deliver the call at no charge outside the relevant  
15 local calling area as opposed to delivering the call at no  
16 charge within the local service -- relevant local service  
17 area?

18 A As I indicated, I don't believe that particular  
19 point was in front of them. So there was no finding such  
20 as that.

21 Q Thank you. Now, let's move -- yes, I'm sorry, I  
22 did almost forget the most important part. You do agree  
23 that there is a cost associated with hauling the call in  
24 my Exhibit 7 from local calling area one to local calling  
25 area 20, right?

1           **A     Yes, sir.**

2           **Q     And somebody has to incur it, either BellSouth's**  
3 **customers have to incur it or AT&T's customers have to**  
4 **incur it, right?**

5           **A     That is correct.**

6           **Q     Let's move to Issue 12, which deals with the**  
7 **tandem switching rate. And I think we can use this same**  
8 **example again. Let me see if I can set it up. And I'm**  
9 **only going to be focusing on local calling area 20 for**  
10 **these questions. And if I'm repeating, it's just to set**  
11 **the stage, Mr. Follensbee, bear with me for a moment.**

12                   **An AT&T end user places a call to the BellSouth**  
13 **end user all taking place in local calling area 20. You**  
14 **hand the call off to us at the point of interconnection,**  
15 **right?**

16           **A     Yes.**

17           **Q     We switch it in the tandem, transport it to the**  
18 **end office, switch it in the end office, and it goes to**  
19 **our end user, right?**

20           **A     Yes.**

21           **Q     And what we do is we bill you for tandem**  
22 **switching, we bill you for transport between the tandem**  
23 **and the end office, and we bill you for end office**  
24 **switching, correct?**

25           **A     Yes, that is correct if we have not chosen to**

1 buy dedicated transport all the way to the end office,  
2 which in many cases we are actually doing that instead.

3 Q Okay. I'm going to get that in a moment. But  
4 just for right now looking at my diagram, what I said is  
5 correct, right?

6 A Yes, if that is the way the call has been set up  
7 to be routed.

8 Q All right. Now, when the call comes the other  
9 way, when the BellSouth end user calls the AT&T end user,  
10 BellSouth gets it to the tandem as we have already  
11 discussed and hands it off to you at the point of  
12 interconnection, correct?

13 A Yes, sir.

14 Q You haul it back to your switch and we pay you  
15 transport for that, correct?

16 A Yes, you do.

17 Q And you switch it in the thing called the AT&T  
18 switch and it goes to your end user, right?

19 A Yes, it does.

20 Q Now, even though you only switched the call one  
21 time, you want BellSouth to pay you the equivalent of --  
22 or the combination, rather, of an end office switching  
23 charge and a tandem switching charge, right?

24 A Yes, sir.

25 Q And you want us to do that on every call you



1 handle for us irrespective of where the call originates or  
2 terminates, right?

3 A Yes, sir. And the reason being that that is the  
4 best approximation at this time we have of our cost to  
5 complete all of these calls. It recognizes that in some  
6 cases as you have noted here, we are transporting that  
7 call from local calling area 20 to local calling area one.  
8 That is part of our network design that we have put in.  
9 Because as you have mentioned earlier, it is much cheaper  
10 in today's environment to buy transport than it is to put  
11 in switches. And we believe that was what the AT&T  
12 meant -- or, excuse me, what the FCC meant when it  
13 indicated that that is an appropriate approximation for  
14 our costs is to use your actual local reciprocal  
15 compensation rates.

16 Q Well, let's take another example, and let's do  
17 what you said. Let's modify Exhibit 7 and assume that the  
18 BellSouth end office in local calling area 20 is directly  
19 trunked to the AT&T switch in local calling area 20.  
20 That's what you were hypothesizing, right?

21 A Today in every instance they are directly  
22 trunked to our switch. They do not ride on any other  
23 facilities other than dedicated to BellSouth.

24 Q Okay. And so the point you were making earlier  
25 is that when your subscriber picks up his phone in local

1 calling area 20 and calls BellSouth's customer, the call  
2 probably wouldn't go through the tandem, it would be  
3 directly trunked to the BellSouth end office, right?

4 A That is correct.

5 Q And vice versa; when the BellSouth end user  
6 picks up the phone and calls the AT&T customer, it  
7 probably would have been directly trunked to the AT&T end  
8 user's serving office, right?

9 A No, sir. Normally what is occurring is you are  
10 aggregating your traffic at the tandem, that is the point  
11 of interconnection, and we are then charging you dedicated  
12 local channels to bring it from the tandem to our switch.  
13 We are not at all involved in whatever costs you are  
14 incurring to get it from your end office to your tandem.

15 Q All right. I must have confused my question  
16 somewhere, so let me try to set it up a little more  
17 plainly. When your end user picks up the phone in local  
18 calling area 20 and draws dial tone from the box marked  
19 AT&T's switch and calls our end user, what you are telling  
20 us is oftentimes the AT&T switch is directly trunked to the  
21 BellSouth end office, it doesn't go through the tandem,  
22 right?

23 A That is correct.

24 Q Okay. Now, let's fix this one. In that  
25 circumstance, when the AT&T end user calls the BellSouth

1 end user, you don't pay us tandem switching, do you?

2 A No, sir.

3 Q All you pay us is one end office switch for that  
4 functionality, right?

5 A That is correct.

6 Q But if the BellSouth end user picked up the  
7 BellSouth end user's phone and called the AT&T end user,  
8 you would still want BellSouth to pay the tandem switching  
9 rate, or the combination tandem switching rate and the end  
10 office switching rate, right?

11 A Yes, sir. And the reason, again, is that in  
12 that particular instance while we are not necessarily  
13 incurring the exact same cost, in other instances, for  
14 instance, if the customer in local area -- calling area 20  
15 was calling our customer in local calling area one, once  
16 it gets to our switch and we transport it to the end user,  
17 we are not going to charge you the actual cost to  
18 transport it to local calling one. We are going to use an  
19 approximation known as BellSouth's reciprocal  
20 compensation. And so that's why you have offsetting  
21 costs.

22 In some cases we are underrecovering our costs,  
23 in some cases we may be overrecovering our costs, but on  
24 balance we are hopeful we are recovering our costs. That,  
25 we believe, is what the FCC intended when they set up the

1 rules and they used the language to describe it in their  
2 First Order and Report.

3 Q Let's get back to my example. You will agree  
4 with me that regardless of the direction in which the call  
5 is flowing, from your customer to mine or my customer to  
6 yours, as we have set up this example we are each  
7 providing the same functionality for the other. I am  
8 providing the same functionality to your customer that you  
9 are providing to my customer in that call in local calling  
10 area 20, right?

11 A I don't know if it is exactly the same. I would  
12 say it at least is similar.

13 Q It is at least equivalent, isn't it?

14 A Well, if we want to say similar equals  
15 equivalent, yes. I'm not sure it does, but it is --  
16 generally, again, the intent of what we are charging is to  
17 approximate the costs we incur rather than having to file  
18 our own cost study which very well may justify charging  
19 higher rates than the rates that we are using which are  
20 the rates established for you. That is an option AT&T  
21 has.

22 Q But you haven't done it, though, right?

23 A We haven't done it yet.

24 Q And you have had how many years to do it?

25 A In some cases a few, because some of these

1 networks are knew. In some cases the networks have been  
2 in since the first interconnection was executed, which I  
3 think was June -- in Florida, June of 1997.

4 Q Now, do you happen to have -- I'm sorry, you  
5 said that AT&T was relying on CFR Section 51.711(a)(3),  
6 for it's position in this case, is that correct?

7 A Yes, sir.

8 Q Do you happen to have a copy of the CFR with  
9 you?

10 A I have an excerpt from the CFR.

11 MR. LACKEY: Mr. Chairman, the CFR has also been  
12 officially noticed. But I have copied a page out of it  
13 for everybody's ease if I could have it handed out.

14 CHAIRMAN JACOBS: By all means. Thank you.

15 BY MR. LACKEY:

16 Q Do you have that, Mr. Follensbee?

17 A Yes, sir, I do.

18 Q Do you recognize that as parts of two pages in  
19 the CFR that contain CFR Section 51.711?

20 A Yes, sir.

21 Q And does it contain that section, Subsection 3  
22 that AT&T relies upon in this proceeding?

23 A Yes.

24 Q And do you agree that 51.711(a) requires that  
25 rates for transport and termination of local

1 telecommunications traffic shall be symmetrical except as  
2 provided in Paragraphs B and C?

3 A Yes.

4 Q And Paragraphs B and C are not implicated in  
5 this dispute that we are having here, are they?

6 A No, sir, I don't believe they are.

7 Q I mean, you said you were relying on  
8 51.711(a)(3), right?

9 A Yes.

10 Q Okay. So you will agree with me that under  
11 57.711 (sic) the rates have to be symmetrical, that's what  
12 it says, right?

13 A Yes.

14 Q And Section 711(a)(1) is what BellSouth is  
15 actually relying on in this proceeding, isn't it?

16 A That is my understanding.

17 Q And Section (a)(1) says that for the purposes of  
18 this subpart, symmetrical rates are rates that a carrier  
19 other than an incumbent LEC assesses upon an incumbent LEC  
20 for transport and termination of local telecommunications  
21 traffic equal to those that the incumbent LEC assesses  
22 upon the other carrier for the same services, did I read  
23 that right?

24 A You did. And AT&T is interpreting that as I  
25 think the words say is the rates have to be the same.

1           **Q**     **All right. But you believe that even though we**  
2 **are basically providing each other the same service, you**  
3 **are switching and terminating my call in local calling**  
4 **area 20 once, and I'm switching yours once in the case of**  
5 **the direct connection, that we can charge two different**  
6 **rates for that call depending on which way it flows?**

7           **A**     **Yes, sir. And, again, if you look at (a)(3),**  
8 **that's what it says.**

9           **Q**     **Now, the FCC has never actually come out and**  
10 **said in any of these interLATA orders that AT&T's position**  
11 **is correct, has it?**

12          **A**     **No, they have never arbitrated this issue. They**  
13 **have left it up to the states. I will tell you they will**  
14 **finally get their chance to speak to it because they will**  
15 **be arbitrating AT&T's case with Verizon in Virginia. So I**  
16 **think for the first time we may get hopefully some very**  
17 **clear direction on some of these issues from the FCC.**

18          **Q**     **Now, we have talked about the law here, but**  
19 **really what the issue here is AT&T claims this it only has**  
20 **to provide similar geographic coverage and BellSouth**  
21 **claims that the test here ought to be the same geographic**  
22 **coverage and the same functional services being provided,**  
23 **right?**

24          **A**     **Yes, sir.**

25          **Q**     **We have talked a little bit about the**

1 functionality. Let's talk about the geographic coverage,  
2 and you had your maps up there. I won't ask you to put  
3 them back up again, but let me ask you this. My  
4 recollection is that you have -- neither you, nor TCG have  
5 any switches located in the panhandle of Florida,  
6 including the area that we are located in now, is that  
7 correct?

8 A We have -- excuse me, we have no switches  
9 actually located in the panhandle. We have switches that  
10 we use in other locations to serve customers and we  
11 actually do have customers in the panhandle. They could  
12 be served out of Montgomery, they could be served out of  
13 Macon, they could be served out of any of the switches in  
14 Florida, and, in fact, are.

15 We incur, of course, the cost to transport it to  
16 those switches. We don't charge BellSouth for the fact  
17 that the switches aren't located in the LATA, but we have  
18 the ability to serve any customer in the LATAs in the  
19 panhandle with the AT&T switches.

20 Q And that's my point. I mean, if I read  
21 Mr. Talbott's maps correctly, you are serving people in  
22 the panhandle out of a switch that is located in  
23 Montgomery, Alabama, is that right?

24 A That is one of the switches that serves the  
25 panhandle, yes, sir.



1           **Q**    And you are serving the panhandle out of  
2 switches located in Macon, Georgia?

3           **A**    That switch could be serving the panhandle. I'm  
4 not sure it is, but it could be.

5           **Q**    And the point of the matter is is that your  
6 position is because you have the switch in Montgomery or  
7 because you have the switch in Macon and because you can  
8 run a long loop, you can serve every nook and cranny of  
9 Florida and therefore you have the same geographic  
10 coverage, right? That is the argument that you have put  
11 together?

12          **A**    Yes. And, in fact, we are serving some nooks  
13 and crannies in some of these LATAs.

14          **Q**    Good. How many residential customers do you  
15 have in the panhandle of Florida that you are serving?

16          **A**    We don't have any residential customers today in  
17 the panhandle. All we are serving is business customers.

18          **Q**    Okay.

19          **A**    And I'm not aware of any switch in the panhandle  
20 that BellSouth has that is only serving residential.

21          **Q**    Well, I didn't mean to suggest it was. I'm  
22 sorry if I did.

23                    Let's move to Issue 6. Issue 6, if I recall  
24 correctly, involves termination liabilities when AT&T  
25 converts its special access services to unbundled network

1 elements, correct?

2 A Yes, sir.

3 Q And if I understand what the ruckus is here,  
4 AT&T entered into a contract with BellSouth either through  
5 an actual contract or through taking a tariff offering  
6 where AT&T guaranteed a certain level of billings each  
7 month from our billings, payments to BellSouth in exchange  
8 for a reduced rate on special access services, is that  
9 correct?

10 A Yes, sir.

11 Q And you agreed to do that for a certain term of  
12 months, correct?

13 A Yes.

14 Q I think it was 60 months?

15 A The current one is for 60 months.

16 Q And just so we are clear on this, what we are  
17 talking about, just to use an example, is AT&T may have  
18 agreed to buy \$100,000 worth of special access a month  
19 from BellSouth, and in exchange BellSouth gave AT&T a 10  
20 or 15 percent discount on its total bill, something like  
21 that, is that right?

22 A It could be that or it could be we agreed to buy  
23 certain numbers and the dollars just resulted from the  
24 application of the tariff rates. And then if we reached  
25 certain numbers you would get a discount off of what the

1 **billing would be.**

2 **Q Well, this came up in South Carolina, didn't it?**

3 **A Yes.**

4 **Q Did you check after the South Carolina hearing**  
5 **to find out anything about the contract?**

6 **A No, I have not had a chance.**

7 **Q All right. Let's just assume that for the**  
8 **moment that what it is is it is a billing level contract,**  
9 **you agreed to pay \$100,000 a month in special access**  
10 **billings in return for a discount. But the issue now is**  
11 **you are converting some of those special access lines to**  
12 **UNEs, correct?**

13 **A Not yet. We are wanting to convert those.**

14 **Q Now, just so we are clear, you don't want to**  
15 **convert all of your special access services to UNEs, just**  
16 **some of them, right?**

17 **A No, actually we would love to convert all of**  
18 **them. We are just prohibited by current FCC guidelines to**  
19 **do that.**

20 **Q I'm sorry, our friends at the FCC preclude you**  
21 **from converting all of your special access lines to UNEs**  
22 **because you have to be using them predominantly for local**  
23 **service in order to convert them, right?**

24 **A Yes. They indicated they were a little bit**  
25 **concerned over the arbitrage that could occur and the**

1 impact it might have on the revenues of the RBHCs, the  
2 ILEC, so they basically have in place -- some interim  
3 guidelines have to be met before any of these facilities  
4 can be converted to unbundled network elements.

5 Q Okay. So you want to convert some of them, but  
6 you can convert all of them, right?

7 A That is correct.

8 Q And when you convert them you are going to pay a  
9 lower rate for them, right?

10 A Yes, sir, otherwise we wouldn't be seeking to  
11 convert them.

12 Q And if you pay a lower rate for them your  
13 monthly billings are going to drop below the level you  
14 agreed to pay, right?

15 A They might.

16 Q And if they do -- well, if they don't, we don't  
17 have a problem here.

18 A That's correct.

19 Q Okay. There is no issue. But if they drop  
20 below the guaranteed level, then you are going to owe some  
21 termination liabilities as a result of not paying what you  
22 agreed to pay, right?

23 A Yes.

24 Q And what you are asking the Commission to do is  
25 to excuse you from your contractual obligation to pay that

1 termination liability if you don't do what you agreed to  
2 do in the first instance, right?

3 A That is correct.

4 Q Now, do you have your rebuttal testimony there?

5 A I do.

6 Q Would you turn to Page 3 of your rebuttal  
7 testimony?

8 A Yes, sir.

9 Q I want to look at Line 22 on Page 3. And if I  
10 read it correctly, and this deals with this issue we are  
11 talking about, right?

12 A Yes.

13 Q You say, "Furthermore, the FCC did not state or  
14 even imply that ILECs were free to impose a penalty upon  
15 ALECs for such conversions." Did I read that correctly?

16 A You did. And in retrospect I probably should  
17 have struck that given what was made known to me from your  
18 petition for reconsideration filed in South Carolina.

19 Q In other words, you now agree that the FCC did,  
20 in fact, say that any substitution of unbundled network  
21 elements for special access would require the requesting  
22 carrier to pay any appropriate termination penalties  
23 required under volume or term contracts, right?

24 A It did say that. However, we still think there  
25 are a couple of mitigating circumstance that would cause

1 that not to come into play. And let me speak to what  
2 those are.

3           **Number one, which I think is one of the more**  
4 **important, is we are not able to order unbundled network**  
5 **elements that we are seeking to do electronically.**  
6 **BellSouth has failed to be able -- or to provide a means**  
7 **to order those electronically, they have to be ordered**  
8 **manually. That means AT&T is going to incur additional**  
9 **costs if we so choose to do it manually, which is not what**  
10 **we think should be done.**

11           **Secondly, we weren't able to order some of the**  
12 **combinations because this Commission's rulings weren't**  
13 **permissive to allow that. In other words, in cases we had**  
14 **in choice. We either had a -- well, actually we had a**  
15 **choice. We had a choice not to serve the customer or had**  
16 **a choice to basically try to take advantage of the lowest**  
17 **prices we possibly could get at the time which was to**  
18 **enter into this agreement. I'm not sure those two facts**  
19 **were presented to the FCC when they rendered that**  
20 **decision.**

21           **Q     Okay. So now if I understand, you want the**  
22 **Commission here to let you out of your contractual**  
23 **obligation and you want the Commission to do it in face of**  
24 **the FCC's order that says you ought it pay those, right?**

25           **A     Yes, sir.**

1           **Q**     **Let's talk about Issue 11. Issue 11 may require**  
2 **a little bit of explanation, so let's go through it. The**  
3 **FCC has determined that BellSouth does not have to provide**  
4 **unbundled switching in certain circumstances, right?**

5           **A**     **I didn't catch the last part, Mr. Lackey.**

6           **Q**     **I'm sorry, I moved away from the microphone.**  
7 **The FCC has determined --**

8                   **CHAIRMAN JACOBS: Why don't we take a moment**  
9 **since we are transitioning to give the court reporter a**  
10 **break. Let's take a break for ten minutes.**

11                   **(Recess.)**

12                   **CHAIRMAN JACOBS: We will go back on the record.**  
13 **Mr. Lackey, you may continue.**

14                   **MR. LACKEY: Thank you, Mr. Chairman.**

15 **BY MR. LACKEY:**

16           **Q**     **Mr. Follensbee, we were getting ready to talk**  
17 **about Issue 11, and I was laying the foundation when we**  
18 **broke. Let me cover that again.**

19                   **There are certain circumstances in which the**  
20 **FCC -- under which the FCC has said BellSouth does not**  
21 **have to provide unbundled switching, right?**

22           **A**     **As an unbundled element at cost-based rates,**  
23 **that is correct.**

24           **Q**     **And those circumstances involve customers who**  
25 **are located in a top 50 MSA, metropolitan statistical**

1 area, right?

2 A It's a little bit more specific than that. It  
3 does talk about the 50 top MSAs in the United States, but  
4 in addition it actually speaks to the Zone 1 end offices  
5 that existed in the NECA tariff as of 1995. And what that  
6 means is actually is it is not the whole city of Orlando,  
7 it's not the whole City of Miami, or Fort Lauderdale, it's  
8 actually a smaller portion than that.

9 Q Okay. So to put a point on it, according to the  
10 FCC, if BellSouth is willing to do one specific thing,  
11 there are end offices located in Miami, let's say, where  
12 BellSouth is not obligated to offer unbundled switching as  
13 an unbundled network element, correct?

14 A That is correct.

15 Q And what that means is that if AT&T in those  
16 offices, assuming BellSouth meets the conditions, if AT&T  
17 wants unbundled switching it either has to buy it from  
18 BellSouth at a market rate or it has got to buy it from  
19 one of the other competitors who have switches in that  
20 area, right?

21 A Or provide it itself, yes, sir.

22 Q Or provide it itself. And the FCC's logic in  
23 doing this was that in such metropolitan areas there would  
24 be an abundance of switches from various competitors and  
25 that the competitive market could control the price,



1 correct?

2 A Yes, sir.

3 Q All right. Now, the condition that the FCC  
4 imposed is that it would only apply to customers with four  
5 or more lines?

6 A Four or more lines, yes, sir.

7 Q And BellSouth would have to agree to provide  
8 what are called EELs, which I think stands for enhanced  
9 extended links, correct?

10 A Yes.

11 Q Now, let's talk about an EEL. Would you agree  
12 that an EEL is simply a loop combined with transport?

13 A Yes, it is.

14 Q And so what this means is if BellSouth provided  
15 AT&T with an EEL for a specific customer, BellSouth would  
16 put that customer's loop together with transport and the  
17 customer would then be connected to say an AT&T switch  
18 with that combination, correct?

19 A That is correct. And that was a recognition of  
20 the fact that that was one way an ALEC could possibly  
21 reduce its costs because it would not be required to have  
22 to collocate in every end office.

23 Q Okay. And to use a specific example, AT&T has a  
24 switch located in a Miami Density Zone 1 central office --  
25 I'm sorry, has a switch located in a Miami Density Zone 1

1 area, correct?

2 A Yes.

3 Q All right. And so what the FCC has said is if  
4 BellSouth is willing to combine loops and EELs for AT&T's  
5 customers so that AT&T can carry those customers to AT&T's  
6 switch, BellSouth doesn't have to provide unbundled  
7 switching in its own switches, right?

8 A If that customer has four or more lines.

9 Q Okay. Now, clearly if a business customer in  
10 Miami has five lines running into that customer's premise,  
11 that is a situation where BellSouth would not have to  
12 provide unbundled switching, correct?

13 A Under today's FCC ruling that is true.

14 Q Okay. And the issue we have here is if that  
15 customer, instead of having five lines in one building has  
16 one line in five different buildings, AT&T says those  
17 lines can't be aggregated to see how many the customer  
18 has, right?

19 A That is correct. We are taking the position  
20 that we believe the FCC intended to mean a physical  
21 location.

22 Q Now, if BellSouth is willing to provide a  
23 loop/transport combo, an EEL from each of the five  
24 locations to AT&T's switch, what difference does it make  
25 if the five lines are in each of five buildings or all

1 five lines are in one building?

2 A The problem is is you could have a customer with  
3 one line in five buildings and those five buildings are  
4 basically served from five different switches. So  
5 basically then what you are saying is you are providing an  
6 EEL to do one line, a DS-0, putting on some kind of  
7 transport, DS-0, DS-1, from five different end offices to  
8 bring it to AT&T's switch, and that is clearly not cost  
9 justified to do it in that arrangement. Otherwise the FCC  
10 wouldn't have said four lines or more. They would have  
11 said simply any lines.

12 Q Well, let's remember, again, we are talking  
13 about a situation in Miami where AT&T already has its  
14 switch, right?

15 A Yes, sir.

16 Q What difference does it make if the EELs, the  
17 combination of loop/transport that BellSouth furnishes  
18 comes to the AT&T switch from five different directions or  
19 all of them come from the same direction?

20 A Again, you're talking about what it may cost to  
21 actually install. You may not be able to do one EEL, you  
22 may have to do five separate EELs.

23 Q Well, you would never be able to do one EEL with  
24 five lines because each number has a different local loop,  
25 doesn't it?

1           **A**     You could do it through a DS-1, which means you  
2 are putting in one trunk as opposed to doing five  
3 separate. I mean, that is the justification the FCC used  
4 to do four lines or more, unfortunately. We don't believe  
5 the break point was correct. But they established that at  
6 four lines or more you probably would consider serving the  
7 customer with a larger facility, such as a DS-1, similar  
8 to a PBX trunk. That's why they did the break point.

9           **Q**     So, once again, this is a financial issue?

10          **A**     I would say just about everything an ALEC incurs  
11 to try to compete with BellSouth is a financial issue.

12          **Q**     Okay. Now, the FCC hasn't agreed with your  
13 position, nor has it extended the threshold from four to  
14 eight lines as you requested, have they?

15          **A**     Not yet. There are pending petitions for  
16 reconsideration that the FCC has had in front of it for  
17 three or four months. And I believe a lot of the industry  
18 is anxiously awaiting their order on those reconsideration  
19 petitions.

20          **Q**     And you made the same argument to the FCC trying  
21 to get the threshold increased from four to eight as you  
22 are making in these arbitrations, right?

23          **A**     We didn't make the initial argument. I believe  
24 we made the argument in our petition for reconsideration  
25 and that is what is pending.

1           **Q**     **Okay. And so if the FCC buys your argument and**  
2 **evidences that is what their intent originally was, then**  
3 **they will raise it to eight lines and this problem will go**  
4 **away, right?**

5           **A**     **Not necessarily. Again, this is a point of**  
6 **physical locations, and it may not automatically eliminate**  
7 **it going from four to eight, because you could still have**  
8 **a situation where a customer could have four stores with**  
9 **two lines at each, two times four is eight, you still have**  
10 **the same issue.**

11                   **We have raised this issue as part of our**  
12 **petition for reconsideration, as well. We are hopeful**  
13 **they will address it affirmatively in our manner. But,**  
14 **again, it is something that is pending in front of the**  
15 **FCC.**

16           **Q**     **Let me state the issue the other way. If the**  
17 **FCC rejects your petition and your position, then clearly**  
18 **that would be evidence that your interpretation of the**  
19 **FCC's intent was incorrect, wouldn't it?**

20           **A**     **Well, clearly, if we have asked for a**  
21 **clarification on the exact point and they reject it with**  
22 **their language in their decision that would definitely be**  
23 **true.**

24           **Q**     **Okay. Let's finish up with Issue 27. Now, if I**  
25 **understand Issue 27 that is the issue --**

1           **CHAIRMAN JACOBS:** Excuse me, Mr. Lackey. May I  
2 ask a question on that issue before you move on?

3           **MR. LACKEY:** Yes, I'm sorry.

4           **CHAIRMAN JACOBS:** And I'm trying to follow this  
5 logic. As I understand, I guess this is in your Page 11  
6 and 12 of your testimony, I guess this is your rebuttal.  
7 No, this is direct. And the idea here is for a customer  
8 who has multiple lines, you're looking to give them an  
9 option of -- a least-cost option to provide your service.  
10 And is it that you may not be serving all of those lines,  
11 is that the complicating factor here?

12           **THE WITNESS:** That is one complicating factor.  
13 The other complicating factor, as we have indicated, you  
14 may have a physical location, an office building where it  
15 has two lines coming from it and the customer has a  
16 business across town and he has got another office  
17 building with two lines coming from it.

18           Under Bell's scenario, because the customer has  
19 chosen one bill for those four lines, they will aggregate  
20 to say, well, that is four or more and I don't have to  
21 give you local switching at either location.

22           **CHAIRMAN JACOBS:** Oh, I see.

23           **THE WITNESS:** We don't think that is what the  
24 FCC intended. We sure hope not. We think it should be  
25 physically location-specific because that is basically how

1 we will have to provide service. And it's not easy or  
2 economical to use the enhanced extended links to serve  
3 both locations if they both just have two lines. It isn't  
4 cost justified.

5 CHAIRMAN JACOBS: The EELs need to be done for  
6 four or more?

7 THE WITNESS: Well, we would argue they ought to  
8 be done at eight and more. Some ALECs will argue it ought  
9 to be 16 or more. But clearly when you have a customer  
10 considering service from Bell today, there is a break  
11 point they look at economically between buying separate  
12 lines one-by-one-by-one before they, for instance, will  
13 buy CENTREX or PBX service, which is cheaper on a per line  
14 basis. And that is an economic decision business  
15 customers make today.

16 We are trying to apply that same principle here  
17 in saying that I don't believe a customer who has a store  
18 with two lines is going to buy a PBX trunk. They will buy  
19 two lines, normally.

20 CHAIRMAN JACOBS: Okay. Thank you.

21 THE WITNESS: You're welcome.

22 CHAIRMAN JACOBS: Mr. Lackey.

23 MR. LACKEY: Thank you, Mr. Chairman.

24 BY MR. LACKEY:

25 Q That raises another point. BellSouth is not

1 suggesting that you have to aggregate lines that a  
2 customer has that go to carriers other than AT&T, is it?

3 A I don't think the language you have proposed is  
4 clear on that point, Mr. Lackey.

5 Q Okay. You think that if a customer had three  
6 lines going to AT&T and three lines going to MCI that  
7 BellSouth would take the position that we would aggregate  
8 these lines into a group of six and then not provide  
9 unbundled switching?

10 A I do, Mr. Lackey, for two reasons. One, in  
11 making your determinations you are looking at what you are  
12 currently billing the customer. And, number two, in  
13 discussions we have had on this issue, your company yet  
14 hasn't figured out how they are going to be able to  
15 determine other than through your own billing how many  
16 lines that customer had. So I would say it is not clear  
17 at all from the language and discussions we have had with  
18 BellSouth that it is other than that.

19 Q And the other issue that was raised is the rule  
20 that you are talking about doesn't say four or more lines  
21 in the same physical location, it only refers to customers  
22 that have four or more lines, right?

23 A That is the problem.

24 Q Okay. Now let's go to Issue 27, which deals  
25 with alternate dispute resolution. If I understand the



1 dispute here, AT&T wants to include in the interconnection  
2 agreement a provision that will require us to take  
3 disputes under the interconnection agreement to commercial  
4 third-party arbitrators rather than bringing them to  
5 either the Commission or some subset of the Commission, is  
6 that right?

7 A Not quite. The language we proposed to you said  
8 that the two parties, when one had a dispute against the  
9 other, were to discuss the appropriate forum to use. If  
10 the two parties couldn't agree on the appropriate forum,  
11 then the company that is raising the dispute would then be  
12 able to take it to ADR if that is what they chose, or to  
13 the Commission, if that is what they chose.

14 Q All right. So what you want is language in the  
15 agreement that says if AT&T has a dispute over the meaning  
16 of the agreement, that AT&T can choose whether it wishes  
17 to take it to a third-party arbitrator or whether it  
18 chooses to bring it to the Commission, right?

19 A If we could not agree with you where it should  
20 go, that is correct.

21 Q All right. Now, you had a third-party  
22 arbitration clause in your original contract with  
23 BellSouth, correct?

24 A Yes, sir.

25 Q Can you tell me how many times you sought

1 commercial arbitration over the past three years under  
2 that contract?

3 A Here in Florida, zero.

4 Q No, no. Anywhere in the BellSouth region?

5 A Zero.

6 Q Okay. And, in fact, even though you had a  
7 third-party arbitration clause, in Kentucky you filed a  
8 complaint over the interpretation of the interconnection  
9 agreement, didn't you?

10 A I believe it was both an interpretation of the  
11 interconnection agreement and an interpretation of the  
12 Commission's original order.

13 Q And similarly, in Georgia, even though you had a  
14 third-party arbitration clause, you filed a complaint with  
15 the Georgia Commission over a dispute involving the  
16 contract, right?

17 A Yes, sir. And they threw it out and said go to  
18 ADR. And we were able to resolve the issue without having  
19 to do either.

20 Q All right. And indeed, in Georgia you told the  
21 Commission that you wanted to go to the Commission rather  
22 than ADR because ADR took longer and was more expensive,  
23 didn't you?

24 A At the time we filed that petition, that was our  
25 belief. As I indicated in my testimony, the experience we

1 have now had not in this region but in others, we have  
2 found that in those cases going to ADR actually is quicker  
3 than going to Commissions.

4 Q Now that was some instant -- that was some  
5 arbitrations that your -- some affiliate of yours was  
6 involved in in California, is that right?

7 A Yes. To my understand that is the only  
8 experience we have had with ADR under any of our  
9 interconnection agreements.

10 Q Okay. Now, if that is the only experience you  
11 have had, and in the prior three years when you had an  
12 opportunity to do third-party arbitrations you went to  
13 Commissions instead, what has happened to change AT&T's  
14 position in this case?

15 A I think two things. Again, it is our experience  
16 that we have had in California that ADRs can actually work  
17 quickly; and, two, our experience with some Commissions  
18 where going in front of them with a complaint does not get  
19 handled quickly.

20 Our concern under this agreement is AT&T  
21 compared to the last agreement has a much more robust  
22 offering of local service than we did before, and some of  
23 our concerns is where you have issues that are clearly  
24 service affecting, that waiting six or eight month to  
25 resolve an issue that is service affecting won't resolve

1 the problem. Basically by then the customer is gone.

2 Q Is this position that we have to have  
3 third-party ADR in a contract a position that has been  
4 adopted by AT&T nationally?

5 A No, sir, it is usually state-by-state. In other  
6 words, if a state has adopted a very clear process, what  
7 is known as a rocket docket process, we are more than  
8 willing to have all complaints go to that state  
9 commission.

10 Q Do you happen to know whether this Commission  
11 has expedited -- or rules dealing with expedited  
12 proceedings to resolve service affecting complaints?

13 A You can ask for expedited treatment here at the  
14 Commission. There is no guarantee that it will be  
15 granted.

16 Q Well, certainly if you had a meritorious claim,  
17 you are not suggesting this Commission wouldn't take it up  
18 under its rules for expedited proceeding, are you?

19 A I don't know what the Commission would do since  
20 we haven't brought one of those in front of the  
21 Commission.

22 MR. LACKEY: That's all I have, Mr. Chairman.  
23 Thank you.

24 CHAIRMAN JACOBS: Very well. Staff.

25 MR. FORDHAM: A few questions, Commissioner.

**CROSS-EXAMINATION**

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**BY MR. FORDHAM:**

**Q I'm Lee Fordham over here, Mr. Follensbee.**

**A Yes, sir.**

**Q Let's talk for a moment about Issue 12. Is it a fair statement that that basically deals with symmetrical compensation at the tandem rate?**

**A Yes, sir.**

**Q Earlier you had mentioned to Mr. Lackey that AT&T serves only business customers in North Florida. You recall that conversation, I think?**

**A Yes, sir.**

**Q And could you tell us, please, approximately how many business customers you serve in North Florida?**

**MR. LAMOUREUX: I don't know that Mr. Follensbee knows the answer, but before he has a chance to speak, I am going to interpose an objection that we consider that information proprietary. And if there is an effort to gain that information, we would want to ensure that we have protections to keep that information proprietary.**

**CHAIRMAN JACOBS: Have we covered this before in depositions?**

**MR. FORDHAM: I don't believe we did, Commissioner, but that's fine.**

**BY MR. FORDHAM:**

1           **Q**     **Would you be able to tell us generally the**  
2 **cities in North Florida where you serve business**  
3 **customers?**

4           **A**     **Generally, yes, sir. Panama City, Pensacola,**  
5 **Pace. Those are three that come to the top of my head,**  
6 **but I know there are several more. For instance, there**  
7 **may be Destin. It has been awhile since I have looked at**  
8 **the list of the cities. But it's more than just**  
9 **Pensacola, for instance, I know that.**

10          **Q**     **Looking at your total customer base in Florida,**  
11 **what are the primary cities where you have a customer**  
12 **base?**

13          **A**     **Let me just speak to the BellSouth territory,**  
14 **because I did not look at the Verizon or Sprint**  
15 **territories. Basically, we are serving every major city;**  
16 **Miami, Fort Lauderdale, West Palm Beach, Orlando,**  
17 **Jacksonville, Pensacola, but included in that was also**  
18 **Ocala, Gainesville, Daytona Beach, Panama City. And there**  
19 **are probably dozens of more cities that we are serving.**

20                   **Now we may just have one customer in some of**  
21 **those cities. Not the once I mentioned, but some of the**  
22 **smaller ones. For instance, I think we have one customer**  
23 **in Yulee, Florida. So we are pretty dispersed across the**  
24 **LATAs in serving business customers.**

25          **Q**     **Okay. Did I understand that you represented**

1 earlier in your testimony that AT&T is capable of serving  
2 customers throughout Florida?

3 A Yes, sir. We just have to convince some  
4 customers to take local service from us.

5 Q And have you provided in the AT&T evidence that  
6 you have introduced in the record for showing numbers,  
7 whether it be under confidentiality or not, have you  
8 provided anything in the record to that effect?

9 A Not in this record. I know we provide periodic  
10 reports to the Commission on the numbers of customers we  
11 serve. I don't remember whether that also delineates the  
12 end offices that we are serving them out of or the cities.  
13 It may. But that is provided under the Commission's  
14 normal requests for information on what ALECs are doing  
15 and serving customers in the state. It was not filed in  
16 this proceeding.

17 Q Okay. Are you familiar, sir, with the PSC Docket  
18 Number 000075, a generic docket regarding reciprocal  
19 compensation?

20 A I am, sir.

21 Q And are you aware that in that docket this  
22 Commission will likely set a policy regarding the matter  
23 of when it is appropriate for an ALEC to receive  
24 compensation at the tandem rate?

25 A Yes. My understanding is the docket will

1 establish guidelines or criteria that would have to be  
2 demonstrated by an ALEC and then the individual ALECs are  
3 going to have to come back in some forum and try to  
4 demonstrate they have met those guidelines. In deciding  
5 whether to move this issue into that generic, our concern  
6 was that our current interconnection agreement says that  
7 whatever comes out of this arbitration and resulting  
8 interconnection agreement, those rates, terms and  
9 conditions are actually retroactively applicable to June  
10 11th of 2000.

11 So our concern was that if we rolled this into  
12 the generic case and then had to then reapply at a later  
13 date that we would have a lot of outstanding billing we  
14 had just at soon know the answer to. You know, we win the  
15 issue, fine; we lose, the issue. But at least it would  
16 close the door on a lot of accounts receivable that is  
17 currently pending on the books.

18 Q Would it be your plan, the AT&T plan to  
19 incorporate whatever the decision is in that generic  
20 docket into the interconnection agreement that we are  
21 discussing here today if it should be different from what  
22 is resolved in this arbitration?

23 A I don't know. I haven't really thought about  
24 that, what we would do. Again, because of the  
25 retroactivitiness of what we are doing here, I haven't had



1 a chance to talk to our attorneys as to how that plays  
2 into having a decision in this arbitration apply back to  
3 June 11th, have the generic come out, we then have to see  
4 if we can meet the conditions of that and then trying to  
5 readjust bills again back to June 11th to know whether  
6 that is appropriate or not. I'm not an attorney to know.

7 MR. FORDHAM: Okay. I have no further  
8 questions.

9 CHAIRMAN JACOBS: Commissioners. I have a brief  
10 question. Recently primarily through press reports we  
11 have seen statements by your Chairman, Mr. Armstrong, that  
12 there were serious concerns about your ability to pursue  
13 local competition. I suspect that elements of this  
14 interconnection agreement bear upon some of those  
15 statements. Which elements, which provisions of this  
16 interconnection agreement are most vital?

17 THE WITNESS: There are a couple that play in on  
18 that particular statement that the Chairman made. Let me  
19 first preface it that the Chairman's statement was  
20 directed towards the purchase of unbundled network  
21 elements and combinations. I think the industry has  
22 called this UNE-P, UNE platform is kind of the name it has  
23 become known as. That's what he was speaking to.

24 So in that vein, the issues that you are  
25 addressing here today would be the issue on current

1 combinations and what that definition means, the  
2 applicability of other than cost-based rates to some  
3 combinations. Some of the issues around the ability to  
4 use operator services provided by BellSouth and how we are  
5 able to order it and how we are able to have it  
6 provisioned. And a couple of the issues surrounding the  
7 operational support systems, the change control process.  
8 What needs to be done so that we can order those  
9 combinations.

10 The other major decision that is not in this  
11 docket but you will be making in about two months is the  
12 actual rates that we will have to pay BellSouth for the  
13 use of their network.

14 CHAIRMAN JACOBS: Very well. Thank you.  
15 Redirect.

16 MR. LAMOUREUX: I have a few questions. I'm  
17 going to skip around the issues a little bit.

18 REDIRECT EXAMINATION

19 BY MR. LAMOUREUX:

20 Q I will begin with the three line issue. Mr.  
21 Lackey used an example of a customer that has five  
22 buildings with one line to each building so that in  
23 aggregate that customer would have more than five lines.  
24 In that situation is there any technical impediment to  
25 BellSouth providing unbundled switching to allow AT&T or

1 other ALECs to serve those customers?

2 A No, that is never been an issue between the two  
3 of us of the technical feasibility or infeasibility.

4 Q Is there any reason BellSouth could not provide  
5 unbundled switching to ALECs to be able to serve that  
6 customer with those five lines?

7 A No. That is simply a policy decision BellSouth  
8 has made.

9 Q Okay. Is AT&T asking BellSouth to provide  
10 switching to serve those five lines for free?

11 A No, sir.

12 Q Would BellSouth be compensated in providing  
13 those -- switching to serve those five lines in that  
14 situation?

15 A Well, I imagine the two companies may disagree  
16 on whether it is appropriate compensation. Yes, they will  
17 receive compensation at the rates the Commission  
18 establishes in about two months.

19 Q By refusing to provide switching and requiring  
20 AT&T and other ALECs to use EELs, as Mr. Lackey described,  
21 does that have an effect on the costs incurred to be able  
22 to serve the customers in that situation and similar  
23 situations?

24 A Yes. Now, again, not knowing what the final  
25 rates are going to be in the upcoming decision of this

1 Commission, but normally the costs to provide service  
2 using, say, a loop and a local switch combination with  
3 other elements can be cheaper than buying a single DS-0  
4 and buying DS-0 interoffice transport taking it to, in  
5 that case to a location where then it has to be  
6 transported further into AT&T's switch to get a dial tone.

7 Q Is there any effect on competition in  
8 restricting the provision of unbundled switching in  
9 situations where in aggregate a customer with multiple  
10 locations has more than three lines?

11 A We believe it will have an impact on  
12 competition, because basically you will have three choices  
13 to make. Don't serve the customer because you just can't  
14 offer a competitive offering; make use of market-based  
15 rates if BellSouth is willing to give those to us. And,  
16 again, that is not something they would have to do, we  
17 would hope they would; or you may make use of the extended  
18 enhanced link.

19 Q Let me turn to the issue of the tandem rate for  
20 reciprocal compensation. Let me follow on to some  
21 questions that Mr. Fordham asked you. Has AT&T provided  
22 evidence in the record in this proceeding on the scope of  
23 coverage provided by its switches?

24 A Yes, it has. I mean, as the maps indicate, we  
25 have the capability to serve the whole LATA. In the case

1 of AT&T, it is every LATA where BellSouth operates. In  
2 the case of TCG, it is three or four of the LATAs. I  
3 think it is three of the LATAs where BellSouth operates.  
4 And that is, again, the only reason they can't do more is  
5 because of the cost to have to transport that much further  
6 from those switches.

7 Q And in answering his questions you rattled off  
8 some of the areas and cities that are served by the AT&T  
9 and TCG switches. Is that information shown in the  
10 evidence that AT&T has put in this record?

11 A No, it isn't.

12 Q Has BellSouth in any way challenged the accuracy  
13 of the evidence that AT&T has put in this record as to the  
14 scope of its switches?

15 A I would say no, but I will almost say that may  
16 call for a legal conclusion. But I haven't seen where  
17 they have --

18 MR. LACKEY: Well, in that case I object.

19 MR. LAMOUREUX: Well, if nothing else this  
20 demonstrates that we certainly didn't choreograph this  
21 question and answer period.

22 CHAIRMAN JACOBS: Somehow that gives us some  
23 assurance, I guess.

24 BY MR. LAMOUREUX:

25 Q Mr. Lackey asked you not only questions about

1 711(a)(3), which you referred to in your summary, but also  
2 711(a)(1). Do you recall that line of questioning?

3 A Yes.

4 Q And in particular, Mr. Lackey asked you some  
5 questions about the fact that that section of the  
6 regulation discusses symmetrical compensation for the same  
7 services, do you recall that?

8 A Yes, sir.

9 Q Okay. Is there any relationship to the  
10 symmetrical compensation for the same services and costs  
11 associated with the services that we are talking about?

12 A Yes. I mean, clearly that is what the FCC was  
13 trying to do in crafting Section A as opposed to what they  
14 did in Section B, was it gave the ALECs a choice. In  
15 Section B part of the rule an ALEC could bring in its own  
16 forward-looking cost study to demonstrate what its costs  
17 were in which case you could end up with asymmetrical  
18 rates being charged. Or in lieu of that, it simply could  
19 adopt the rates established for the incumbent which in  
20 that case you will end up with symmetrical rates.

21 And the whole idea of the second part was to  
22 avoid having an ALEC having to go to the expense of  
23 preparing cost studies of what its own network costs would  
24 be. And in lieu of that the symmetrical rates are  
25 supposed to be a proxy or an approximation to the best of

1 the FCC's knowledge at the time they rendered that  
2 decision.

3 Q One last clarification question. I think you  
4 mentioned that AT&T is not serving residential customers.  
5 You in your, I think, response to a question from  
6 Commissioner Jacobs mentioned that there are three actual  
7 AT&T affiliates. Is AT&T using any of its affiliates to  
8 serve residential customers in Florida?

9 A Yes. I mean, we are using the MediaOne  
10 facilities to serve residential in Jacksonville and along  
11 the southeast coast. The question that was asked is are  
12 we serving any residential customers in the panhandle.  
13 The answer today is no.

14 Q Let's talk a little bit about the cancellation  
15 charges issue. Is there any substantial physical  
16 difference in the facilities when AT&T purchases  
17 facilities as special access or as combination of UNEs to  
18 be able to provide the service that is in question?

19 A The assets or the physical plant itself, no. In  
20 fact, in an interrogatory request of BellSouth they  
21 indicated that the only costs they incur to do the  
22 conversion is a change in their billing records to switch  
23 out what codes they have to put in as to what we have  
24 actually purchased from them on a monthly basis.

25 Q Is there any perceptible difference to the end

1 user customer in the fact that AT&T is purchasing these  
2 facilities as combinations of UNEs rather than special  
3 access from BellSouth?

4 A We certainly hope not. Now, it remains to be  
5 seen with their performance whether that, in fact, will  
6 come true. But we don't believe there should.

7 Q If there is no difference in facilities, and  
8 there is no difference hopefully to the end user customer,  
9 why is there a difference in price when AT&T purchases  
10 these facilities as special access versus combinations of  
11 UNEs?

12 A Basically, in one case they have to be  
13 cost-based rates pursuant to the Act. In the other case  
14 they are priced according to the FCC or state guidelines.  
15 And in the State of Florida those prices are not regulated  
16 by this Commission.

17 Q Is there a significant difference between the  
18 prices paid for those facilities as special access and  
19 what would be paid as combinations of UNEs?

20 A Yes. For instance, the transport on a mileage  
21 basis, the unbundled network element transport mileage  
22 rate is like 60 cents per mile. I think in the access  
23 tariff it could be like \$15 per mile.

24 Q Mr. Lackey discussed with you a statement from  
25 an FCC order discussing the payment of penalties in the



1 conversion from special access to UNE combinations. Do  
2 you recall whether there was any consideration associated  
3 with that statement about the availability of combinations  
4 in order to convert special access to combinations?

5 A My recollection is the footnote referred to  
6 language that says that if you could order combinations of  
7 network elements then in doing the conversion you would  
8 have to pay any penalty or termination fees associated  
9 with that request.

10 Q Has BellSouth always made combinations of  
11 elements available to AT&T?

12 A No. No.

13 Q Until the Supreme Court decision, did BellSouth  
14 ever make UNE combinations available to AT&T unless  
15 ordered to do so by a particular commission?

16 A Not of the ones we are talking about here. As I  
17 mentioned, in fact, you still can't get them by ordering  
18 them electronically. You can only do it by a very  
19 expensive manual process.

20 Q And lastly, a few questions about the point of  
21 interconnection issue. And let me begin by following up a  
22 little bit with the Kansas and Oklahoma decision and hand  
23 out a couple of things. One handout is just the relevant  
24 pages from the FCC's decision, which is already on the  
25 official recognition list. The other handout is some

1 portions of the reply brief filed by Southwestern Bell in  
2 that proceeding that discusses this issue that led up to  
3 the FCC decision.

4 MR. LAMOUREUX: And if I could I would like to  
5 have that marked as Exhibit 8.

6 CHAIRMAN JACOBS: Very well. We will mark this  
7 as Exhibit 8, entitled reply brief of Southwestern Bell  
8 before the FCC.

9 (Exhibit 8 marked for identification.)

10 BY MR. LAMOUREUX:

11 Q Let me ask you to turn particularly to Page 84  
12 of the portions of the Southwestern Bell reply brief that  
13 I handed you. And particularly the full paragraph that is  
14 set forth on that page.

15 MR. LACKEY: What page did you send us to?

16 MR. LAMOUREUX: 84.

17 MR. LACKEY: In the brief?

18 MR. LAMOUREUX: In the brief, that's right. And  
19 in particular the paragraph that begins, "Given this  
20 scenario."

21 BY MR. LAMOUREUX:

22 Q Looking at that paragraph, and frankly any of  
23 the other parts of the brief that I handed out to you, can  
24 you tell whether the issue raised by SBC on this issue is  
25 the same as what AT&T is raising and BellSouth is raising

1 in this proceeding?

2 A It is exactly the same issue, which is no  
3 surprise because this brief was responding to an affidavit  
4 filed by AT&T on this very issue.

5 Q And, again, let me direct you a couple of pages  
6 over to Page 86. And in the last -- well, actually the  
7 only paragraph that begins on Page 86, where SBC is  
8 discussing the previous FCC Texas 271 order. From that  
9 can you tell whether SBC was arguing the same position in  
10 that 271 proceeding that BellSouth is arguing in this  
11 proceeding as to who should bear costs for what part of  
12 the call?

13 A Yes. It is, again, the same issue that is in  
14 front of this Commission today.

15 Q And if you look at the part of the FCC order  
16 that I handed out, particularly Paragraph 235, how did the  
17 FCC characterize the SBC position taken in that  
18 proceeding?

19 A As stated in their order, it says we caution  
20 Southwestern Bell from taking what appears to be an  
21 expansive and out-of-context interpretation of findings we  
22 made in the Texas order. And then further into the  
23 paragraph on the next page it says, again, you know, for  
24 example, our rules preclude an incumbent LEC from charging  
25 carriers for local traffic that originates on the

1 incumbent LEC's network.

2 Q In particular, in that same paragraph when  
3 discussing the SBC's interpretation of the prior Texas  
4 order, is that also where the FCC references its own TSR  
5 decision?

6 A Yes, it is.

7 Q And just so we are clear, does this issue turn  
8 on the interpretation of FCC rules?

9 A It is that and a combination of what is  
10 considered a local calling area.

11 Q Okay. And that TSR decision is a decision of  
12 the FCC, is that correct?

13 A Yes, it was.

14 Q Let me follow up on something you just said.  
15 You said it turns on an interpretation of what is a local  
16 calling area. What did you mean by that?

17 A Well, customers in buying services from local  
18 providers can really define their own local calling area.  
19 For instance, with BellSouth you can have a local calling  
20 area that is the traditional basic local calling area, you  
21 could end up with a local calling area that includes  
22 either extended area service or extended calling service,  
23 you can end up with LATA-wide local calling. All of those  
24 are local offerings that BellSouth makes available to a  
25 customer. So in some cases a customer's local calling

1 area is the whole LATA.

2 Q I hate to seesaw back and forth a little bit,  
3 but let me ask you to go back to the FCC order. When you  
4 said further in the paragraph the FCC referred to its own  
5 rules, is that the same rule that you referred to in your  
6 summary?

7 A Yes, it is.

8 Q Okay. In the diagram that Mr. Lackey handed out  
9 to you where we have local calling area one, local calling  
10 area 20. And when we were looking at the call flow that  
11 goes from the BellSouth end user to the AT&T end user that  
12 shows the facility in dispute for that, where does that  
13 call originate?

14 A In local calling area one.

15 Q Where does that call terminate?

16 A In local calling area one.

17 Q So is it fair to say that that call originates  
18 and terminates in the same local calling area?

19 A Absolutely.

20 Q Now, when this sheet says local calling area, in  
21 particular what local calling area is that, what kind of  
22 local calling area is that referring to?

23 A I believe it is referring to a basic local  
24 calling area.

25 Q Is a basic local calling area one that has been

1 approved by the Florida Public Service Commission?

2 A It has through the tariffs that have been filed  
3 by BellSouth and other ILECs.

4 Q Let me hand you a copy of 51.701(a)(1), unless  
5 you already have a copy?

6 A I have that.

7 Q Does that define local telecommunications  
8 traffic for purposes of the rule that you mentioned in  
9 your summary?

10 A It does.

11 Q And what is required in order for traffic to be  
12 local telecommunications traffic for purposes of that rule  
13 you referenced in your summary?

14 A The call must originate and terminate within  
15 that local -- in this case they call it service area. And  
16 that local service area has been established by the state  
17 commission.

18 Q Okay. And with respect to 703(b), what does  
19 703(b) say with respect to traffic that is included in the  
20 definition of local traffic as defined above?

21 A Again, in several instances when the FCC has  
22 made a ruling on this issue, they have said clearly a LEC,  
23 and as I said that could be AT&T, that could be BellSouth,  
24 may not assess charges on any other telecommunications  
25 carrier for local telecommunication traffic that

1 originates on that LEC's network.

2 Q In the hypothetical that Mr. Lackey went over  
3 with you where we are talking about a call from a  
4 BellSouth end user to an AT&T end user, is that traffic  
5 that originates on the BellSouth network?

6 A Absolutely.

7 Q Okay. More generally on this diagram, this  
8 shows local calling areas one through 20 within a LATA, a  
9 particular LATA. Does BellSouth have any local calling  
10 areas in Florida that would encompass that entire LATA?

11 A As I indicated, they have at least two offerings  
12 that I am aware of, their complete choice offering and  
13 their area plus offering.

14 Q Let me show you a copy of the BellSouth tariff  
15 for Florida. In particular, what I'm showing you is  
16 A.3.4.4 of the BellSouth general subscriber services  
17 tariff for Florida. Does that provision in any way relate  
18 to BellSouth's offering of LATA-wide local service in  
19 Florida?

20 A That is specifically what it does describe. It  
21 describes the area plus service, and it basically says on  
22 a flat rate basis customers subscribing to that service  
23 can call all access lines within the serving exchange, the  
24 additional exchanges in the associated extended area  
25 service and extended calling service categories, and all

1 other exchanges in the subscriber's LATA.

2 Q So even if we look at the entirety of all the  
3 lines that Mr. Lackey has drawn in here going from the  
4 BellSouth end user to the AT&T end user, crossing all the  
5 basic local calling areas and coming back to local calling  
6 area one, is the entirety of that path encompassed within  
7 a calling area established -- or approved, rather, by the  
8 Florida Public Service Commission?

9 A Absolutely.

10 Q Just one last question on this. Does this issue  
11 arise solely because of some particular manner in which  
12 AT&T has designed its network in Florida?

13 A No, not really. I mean, it arises from the fact  
14 that BellSouth is finding that it is actually sending more  
15 calls to AT&T than AT&T is sending to BellSouth.

16 MR. LAMOUREUX: That's all I have.

17 CHAIRMAN JACOBS: Exhibits.

18 MR. LACKEY: I move Exhibit 7, Mr. Chairman.

19 CHAIRMAN JACOBS: Without objection, show  
20 Exhibit 7 is admitted.

21 MR. LAMOUREUX: And I would move for the  
22 admission of Exhibit 6 and 8.

23 CHAIRMAN JACOBS: Without objection, show  
24 Exhibits 6 and 8 are admitted.

25 (Exhibits 6, 7 and 8 admitted into the record.)



**1                   CHAIRMAN JACOBS: Thank you, Mr. Follensbee, you**  
**2   are excused. Next witness.**

**3                   (Transcript continues in sequence in Volume 2.)**

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1 **STATE OF FLORIDA )**

2 **: CERTIFICATE OF REPORTER**

3 **COUNTY OF LEON )**

4

5 **I, JANE FAUROT, RPR, Chief, FPSC Bureau of Reporting**  
6 **FPSC Commission Reporter, do hereby certify that the**  
7 **Hearing in Docket No. 000731-TP was heard by the Florida Public**  
8 **Service Commission at the time and place herein stated.**

9 **IT IS FURTHER CERTIFIED that I stenographically**  
10 **reported the said proceedings; that the same has been**  
11 **transcribed under my direct supervision; and that this**  
12 **transcript, consisting of 201 pages, Volume 1 constitutes a**  
13 **true transcription of my notes of said proceedings and the**  
14 **insertion of the prescribed prefiled testimony of the**  
15 **witnesses.**

16 **I FURTHER CERTIFY that I am not a relative, employee,**  
17 **attorney or counsel of any of the parties, nor am I a relative**  
18 **or employee of any of the parties' attorney or counsel**  
19 **connected with the action, nor am I financially interested in**  
20 **the action.**

21 **DATED THIS 26TH DAY OF FEBRUARY, 2001.**

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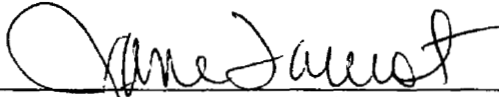
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