

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Consideration of]
BellSouth Telecommunications,]
Inc.'s entry into InterLATA Services]
Pursuant to Section 271 of the]
Telecommunications Act of 1996]

Docket No. 960786-TL

Filed: July 20, 2001

**REBUTTAL TESTIMONY OF JIM SFAKIANOS
ON BEHALF OF
KMC TELECOM, INC.**

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1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 **A.** My name is Jim Sfakianos, and my business address is 220 W. Garden Street,
3 Pensacola, Florida.

4 **Q. WHAT IS YOUR POSITION AND RESPONSIBILITIES WITH KMC**
5 **TELECOM?**

6 **A.** I am the City Director of KMC Telecom in Pensacola, Florida, and as such am
7 responsible for all daily business functions in the Pensacola area, including sales,
8 operations, construction, customer care and business development projects.

9 **Q. PLEASE DESCRIBE YOUR BACKGROUND AND PROFESSIONAL**
10 **EXPERIENCE.**

11 **A.** I joined KMC Telecom in April 1998, and have worked in the
12 Telecommunication field for 22 years, serving three of those years with BellSouth. I
13 have a Bachelor of Science Degree from the University of Alabama in Birmingham.

14 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
15 **PROCEEDING?**

16 **A.** I am testifying in opposition to BellSouth's draft application for authority to
17 provide in-region InterLATA services, in response to the Direct Testimony filed by
18 BellSouth on May 31, 2001.

19 **Q. PLEASE DESCRIBE THE NATURE OF YOUR TESTIMONY.**

20 **A.** My testimony will address the nature of KMC's relationship with BellSouth in the
21 State of Florida, from the perspective of my job as City Director for one of KMC's cities
22 within the state. From that perspective, I will address BellSouth's performance in
23 provisioning facilities and services to KMC.

24 **Q. CAN YOU SUMMARIZE THE NATURE OF KMC'S ACTIVITIES IN**

1 **PENSACOLA?**

2 A. KMC provides local, long distance and data services to customers in the
3 Pensacola area, utilizing a fiber network with SONET technology and a Lucent 5ESS
4 switch.

5 **Q. PLEASE DESCRIBE BELLSOUTH'S PERFORMANCE, GENERALLY.**

6 A. The facilities and service that BellSouth provides to KMC are poor and
7 inadequate to support competitive entry. The problems that KMC experiences in
8 Pensacola relate primarily to T-1 (DS-1) loops and to BellSouth's winback program.

9 **Q. PLEASE DISCUSS THE PROBLEMS WITH BELLSOUTH T-1 LINES.**

10 A. The major problem with the T-1 lines is outages. During my 22 years of
11 telecommunications experience prior to joining KMC, I installed over 3,000 T-1 lines.
12 Despite installing less than one-tenth as many lines in the three years that I have been
13 with KMC, those relatively few KMC circuits have experienced considerably more
14 outages and down time than the previous 3,000. It is worth noting that most of the 3,000
15 T-1 lines were provisioned for BellSouth customers. In short, KMC customers
16 experience many times the number of problems that BellSouth's customers do.

17 **Q. PLEASE ELABORATE ON THE NATURE OF THE OUTAGE**
18 **PROBLEMS.**

19 A. Quite simply, the T-1 loops that we buy from BellSouth are constantly out of
20 service. While BellSouth's own reported data confirms that it has serious outage
21 problems, the problem is actually much more severe. Although BellSouth reports that an
22 unsatisfactorily high 8% of the circuits it installed for KMC in Florida had troubles
23 within 30 days of the installation in April, 2001, an even bigger problem for us in
24 Pensacola involves chronic outages.

1 **Q. HOW CHRONIC ARE THE OUTAGES ON THE BELLSOUTH LOOPS?**

2 **A.** These outages are constant. Many KMC customers experience outage after
3 outage on the same circuit – even after BellSouth claims to have repaired the loop. Even
4 though BellSouth reports that an inordinately high 17% of the troubles KMC experienced
5 in Florida in April, 2001, were on circuits with a prior trouble, my sense is that this self-
6 reported percentage is low. Even accepting this percentage as accurate for purposes of
7 argument, the trouble percentages alone understate the true impact of the outages, as
8 illustrated below.

9 **Q. DOES BELLSOUTH EVER INCORRECTLY CLOSE OUT TROUBLE**
10 **REPORTS?**

11 **A.** Yes. KMC will quite frequently report a T-1 outage and BellSouth will report
12 back no trouble found, identifying the trouble as either an end user or KMC problem.
13 After further investigation, these often turn out to be a BellSouth circuit or equipment
14 problem. Significantly, BellSouth fails to describe the “analysis” that results in
15 BellSouth closing out trouble tickets as “NTF” (no trouble found) – an analytical process
16 that is obviously deficient in light of the frequently improper NTF designations.
17 BellSouth’s incorrect trouble identification and the associated back-and-forth obviously
18 wastes many valuable hours while customers are awaiting repairs.

19 **Q. COULD YOU PROVIDE EXAMPLES TO ILLUSTRATE THESE**
20 **PROBLEMS, BASED ON YOUR ACTUAL EXPERIENCE?**

21 **A.** Yes. Four particularly large KMC customers in Pensacola, which represent
22 significant revenue in our operation, lose their T-1 service virtually every time it rains.
23 Over a three-week period spanning late June and early July, 2001, the Pensacola-
24 Bayview location of a large hotel chain experienced *eight* outages, representing a total of

1 93 hours that the T-1 line was either down or experiencing trouble. Similarly, a Tractor
2 and Equipment retailer experienced *seven* outages, representing a total of 46 hours that
3 their T-1 was either down or experiencing trouble. A Credit Union experienced *five*
4 outages totaling 36 hours that their T-1 was down or experiencing troubles. Finally, a
5 door company experienced *four* outages that represented a total of *230* hours that their T-
6 1 was either down or experiencing problems. Unfortunately, there are numerous other
7 examples.

8 **Q. WHAT IS THE EFFECT OF THESE PROBLEMS ON KMC'S ABILITY**
9 **TO COMPETE?**

10 **A.** These four particular customers have stated that they plan to switch back to
11 BellSouth. Even though these are knowledgeable customers, who know that the outages
12 are caused by BellSouth, they simply cannot be out of service every time rain clouds
13 appear. Although I never point the finger of blame at BellSouth, one of these customers
14 told me straight out, "I understand that it is BellSouth's problem, Jim, but when I was
15 their customer I did not experience these problems," while another asked me whether I
16 "think that they [BellSouth] are doing this to you intentionally?" The loss of these
17 customers will mean the loss of thousands of dollars in revenue each month. While KMC
18 invested heavily in facilities, it is simply too expensive to replicate the last mile in many
19 instances. So even with the investment KMC has made in my city, we cannot compete
20 given the poor quality of the loops BellSouth provides.

21 **Q. BASED ON YOUR EXPERIENCE IN THE INDUSTRY, DO YOU FEEL**
22 **THAT KMC IS RECEIVING NON-DISCRIMINATORY ACCESS TO LOOPS?**

23 **A.** Absolutely not. During my years with BellSouth, T-1 loops almost never went
24 down. While I was with another CLEC in Birmingham, Alabama, we had more installed

1 T-1s but fewer outages; this leads me to believe that the BellSouth outage problems may
2 be worse in Florida, which is very costly for Florida business, or are targeted at KMC.
3 For the circuits to fail with the frequency that they do for KMC should make the
4 Commission, and any other neutral party, extremely suspicious. Based on my
5 understanding of the Telecommunications Act, there is simply no way BellSouth can
6 claim to be in compliance.

7 **Q. DO YOU ALSO EXPERIENCE ANY INSTALLATION PROBLEMS**
8 **WITH BELLSOUTH T-1 LINES?**

9 **A.** Yes. The major problem in this regard relates to a claimed lack of facilities by
10 BellSouth. In other words, BellSouth will fail to provision a T-1 line in accordance with
11 a previously issued Firm Order Confirmation (FOC), and will instead hold the order
12 Pending Facilities (PF).

13 **Q. DOES YOUR EXPERIENCE ACCORD WITH THAT OF OTHER KMC**
14 **FLORIDA CITY DIRECTORS REGARDING INSTALLATION PROBLEMS?**

15 **A.** Yes, it appears that we all suffer the same poor installation performance. Based
16 on conversations with Art Webb, City Director for Brevard, it appears that he too suffers
17 from an unacceptably high BellSouth missed appointment percentage in the 25-35%
18 range, which accords with the BellSouth reported percentage.

19 **Q. HAVE THESE ISSUES BEEN RAISED WITH BELLSOUTH CARRIER**
20 **MANAGEMENT?**

21 **A.** Yes, but BellSouth's performance has remained consistently poor. It is my
22 understanding that BellSouth has even created a chronic trouble team, ostensibly to
23 address KMC and CLEC-wide outages. Obviously, this apparent effort has been
24 ineffective, and the BellSouth Direct Testimony is noticeably silent regarding the

1 adequacy of BellSouth's repair performance.

2 **Q. WHAT TYPE OF WINBACK ISSUES HAS KMC BECOME AWARE OF?**

3 **A.** I am informed that BellSouth is utilizing questionable tactics in its effort to attract
4 former BellSouth customers that have switched to competitive providers. I am told that
5 these marketers are questioning KMC's viability and misrepresenting its status as a
6 facilities-based competitor. One customer relayed that he had been told by a BellSouth
7 representative that KMC did not have a switch in Pensacola and was backhauling traffic
8 to Mobile, Alabama – an obvious falsehood.

9 **Q. DOES KMC PROVIDE SERVICE IN ANY OTHER AREAS OF THE**
10 **STATE AND IN OTHER JURISDICTIONS?**

11 **A.** Yes. KMC has built out facilities in seven Florida cities, competing against
12 Verizon and Sprint in Tallahassee, Greater Pinellas, Sarasota and Fort Myers. KMC and
13 its affiliates are also authorized to provide facilities-based and/or resold local exchange,
14 switched and special access, and resold interexchange services throughout the United
15 States. KMC has a region-wide interconnection agreement with BellSouth, and has
16 operations in eight of the nine BellSouth monopoly states.

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

18 **A.** Yes, it does.

CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that a true and correct copy of the foregoing Rebuttal Testimony of Jim Sfakianos on Behalf of KMC Telecom, Inc. has been furnished by (*) hand delivery or by U. S. Mail on this 20th day of July, 2001, to the following:

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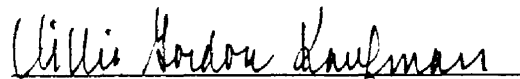
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