

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Complaint of IDS Long Distance, Inc.  
n/k/a IDS Telcom, LLC Against  
BellSouth Telecommunications, Inc.,  
and Request for Emergency Relief.

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Docket No. 01740-TP

Filed September 5, 2001

REBUTTAL TESTIMONY

OF

BRADFORD HAMILTON

ON BEHALF OF

IDS TELCOM, LLC

DOCUMENT NUMBER-DATE

11056 SEP-5 01

FPSC-COMMISSION CLERK

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1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Bradford Hamilton. My business address is 1525 NW 167<sup>th</sup>  
3 Street, Suite 200, Miami, Florida, 33169.

4  
5 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?

6 A. I am employed by IDS Telcom, LLC. My title is project manager.

7  
8 Q. HAVE YOU TESTIFIED IN THESE PROCEEDINGS PREVIOUSLY?

9 A. Yes, I provided direct testimony on July 23, 2001.

10  
11 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

12 A. I will rebut the testimony of BellSouth employees on issues involving  
13 BellSouth's anticompetitive conduct in specifically targeting IDS with its Full  
14 Circle program, and its preventing IDS from participating in Full Circle. I will  
15 also present rebuttal testimony regarding the testing of the Bell South  
16 Electronic Data Interchange ("EDI") system, and the flow-through problems  
17 with Bell South's Operational Support Systems ("OSS").

18  
19 **FULL CIRCLE**

20 Q. HOW DOES BELLSOUTH'S FULL CIRCLE PROGRAM SPECIFICALLY  
21 TARGET IDS CUSTOMERS WHO HAVE SWITCHED FROM BELLSOUTH?

22 A. IDS is the fastest growing ALEC in Florida, and therefore poses the greatest  
23 threat to BellSouth's monopoly position in the local exchange market.

1 Naturally, in order to process a switch from BellSouth to IDS, BellSouth would  
2 be privy to each customer's personal information in the Customer Proprietary  
3 Network Information ("CPNI"). Bell South has used that information to contact  
4 customers to "win them back" to BellSouth. In most cases, BellSouth  
5 representatives give frustrated customers the false impression that  
6 disruptions in service are due to IDS's inefficiency rather than an intentional  
7 glitch in the BellSouth's system for processing conversion orders, and has  
8 gone so far as telling IDS customers that IDS is going bankrupt. Even in  
9 those cases where BellSouth does not provide false information regarding  
10 IDS, if customers have lost service, they are often so desperate to get their  
11 service back that they agree to the fastest way to do so. As alleged in IDS's  
12 Complaint, BellSouth has repeatedly told customers that the fastest way to  
13 have their service restored is by switching back to BellSouth.

14  
15 Q. JOHN RUSCILLI OF BELLSOUTH TESTIFIED THAT IT IS AGAINST  
16 BELLSOUTH'S POLICY FOR A CUSTOMER SERVICE REPRESENTATIVE  
17 TO USE CALLS FROM A SWITCHING CUSTOMER REGARDING  
18 DISCONNECTS, TO ATTEMPT TO WIN BACK THAT CUSTOMER. IS THIS  
19 CORRECT?

20 A. It is ironic that Mr. Ruscilli would say this, given that in a September 4, 2001  
21 article in the Florida *Sun Sentinel* newspaper entitled "Inquiries Target  
22 BellSouth Offers," BellSouth *defended* the very "win-back" efforts that Mr.  
23 Ruscilli now denies. BellSouth customer service representatives operate

1 under sales quotas, and are therefore under an inordinate amount of pressure  
2 to sell BellSouth service. As a result, it is apparent that some customer  
3 service representatives have capitalized on disconnect problems with Local  
4 Service Requests ("LSRs") to attempt to "win-back" former BellSouth  
5 customers. See article dated August 4, 2001 attached as Exhibit 1.

6  
7 Q. JOHN RUSCILLI ALSO TESTIFIED THAT BELLSOUTH'S FULL CIRCLE  
8 PROMOTION AND VIRTUALLY SIMULTANEOUS 15% INCREASE IN  
9 BUSINESS RATES WAS UNRELATED TO IDS, BUT WAS IN RESPONSE  
10 TO LOSSES CAUSED BY COMPETITION. WHAT IS YOUR RESPONSE  
11 TO THIS?

12 A. Quite to the contrary, the above-mentioned increase and decrease have  
13 everything to do with IDS. ALECs control a very small percentage of the local  
14 exchange market, so the "competition" that BellSouth describes hardly  
15 justifies its predatory conduct through its Full Circle Program. It is no  
16 coincidence that the Full Circle Promotion discount matched the discount  
17 being offered by IDS. Further, BellSouth's suggestion that its Full Circle  
18 Program was not directed at IDS because it was available in several states  
19 other than Florida is nonsensical as IDS operates in each of these states.  
20 Florida is by far BellSouth's market, with over 11 million lines. As the fastest-  
21 growing ALEC in Florida, IDS posed much more of a threat to BellSouth's  
22 monopoly position than any other ALEC. BellSouth's illusory 20% discount

1 was therefore directly tailored to "mirror" the bona fide discount offered by  
2 IDS.

3 Additionally, BellSouth instituted the 20% discount for certain business  
4 customers, including many IDS customers who used to be with BellSouth, at  
5 almost the same time it received authorization to increase its business rates  
6 by 15%. BellSouth's publicly filed statement that the 15% increase was being  
7 offered in response to losses caused by competition is telling, as a truly  
8 competitive environment usually causes market participants to *lower*, not  
9 increase, rates in order to keep or attract customers. It is only in a market  
10 monopoly such as the one held by BellSouth, that the monopolist can  
11 respond to the slightest hint of competition by raising rates, because  
12 customers have no viable alternatives through which to secure service. I  
13 believe that BellSouth's 15% increase was designed to offset the illusory 20%  
14 "discount" offered to IDS customers targeted by its Full Circle program, in  
15 effect taking back with one hand what it had given with the other.

16  
17 Q. IN HIS DIRECT TESTIMONY, JOHN RUSCILLI ASSERTS THAT THE FULL  
18 CIRCLE PROMOTION IN FLORIDA WAS AVAILABLE FOR RESALE AT A  
19 WHOLESALE DISCOUNT BY ALECs. WHAT IS YOUR RESPONSE?

20 A. Mr. Ruscilli's assertion is squarely contradicted by the facts. First, BellSouth  
21 was most unreceptive to IDS's efforts to participate in the Full Circle  
22 promotion. I contacted Michael Lepkowski at BellSouth in late October 2000,  
23 regarding IDS's participation in Full Circle. He stated that he was unsure

1 whether IDS could participate in the promotion, and forwarded my request to  
2 Cathy Crosswhite, Support Manager at BellSouth. On November 14, 2000,  
3 Cathy Crosswhite responded to my request, and informed me that the  
4 promotion had been cancelled as of November 9, 2000. Ms. Crosswhite was  
5 not forthcoming with any further information, and did not mention whether  
6 there were any plans to resume the promotion in the future. After this single  
7 conversation, the only follow-up information received by IDS from BellSouth  
8 was a cursory notice informing IDS that a similar promotion called Full Circle  
9 2001 was being initiated in January 2001. No explanation was given to IDS  
10 as to how it could participate in this new "win-back" program.

11  
12 Q. IN PAT RAND'S PANEL REBUTTAL TESTIMONY, SHE ASSERTS THAT  
13 SHE PROVIDED TRAINING TO IDS EMPLOYEES IN FEBRUARY 2000  
14 BECAUSE, IN HER ESTIMATION, LOCAL SERVICE REQUEST FLOW-  
15 THROUGH WOULD IMPROVE IF THEY WERE BETTER TRAINED IN THE  
16 USE OF EDI. SHE FURTHER TESTIFIED THAT NO ONE FROM IDS  
17 ASKED HER TO PROCESS AN ORDER THROUGH EDI DURING OR  
18 AFTER THIS TRAINING SESSION. WHAT IS YOUR RESPONSE?

19 A. Her testimony is certainly misleading. Although she may not have personally  
20 typed in the order, Pat Rand attempted to walk me through the proper way to  
21 process an order through EDI. I met with Pat Rand and Pattie Knight for the  
22 specific purpose of doing the "walk-through" order. From the beginning, the  
23 process was fraught with problems. Ms. Rand had to call BellSouth

1 repeatedly on her cell phone for guidance on how to navigate through the  
2 various glitches in the EDI system. Even then she was unable to complete  
3 the order. Ms. Rand attributed this failure to the fact that the business rules  
4 (protocol) were "changing as we speak." My assessment is that this  
5 confirmed that BellSouth's EDI system was simply not adequate to permit IDS  
6 to submit its orders for conversion to network combinations to BellSouth  
7 electronically. BellSouth misled IDS into believing that it was using EDI to  
8 handle thousands of orders per day, when BellSouth was in fact, using  
9 another, more efficient system for processing its own orders.

10  
11 Q. BELLSOUTH, THROUGH THE TESTIMONY OF JANET MILLER FIELDS  
12 AND ROBBY K. PANNELL, CLAIMS THAT LESS THAN 1% OF END USERS  
13 EXPERIENCE LOSS OF DIAL TONE DUE TO FLOW-THROUGH  
14 PROBLEMS DURING CONVERSION. DO YOU AGREE?

15 A. BellSouth's representatives grossly underestimate the gravity and frequency  
16 of the flow-through problems. BellSouth intentionally processes requests to  
17 switch to IDS and other ALECs as two separate orders to disconnect and  
18 reconnect service. Because of the large time gap between completion of the  
19 disconnect and reconnect orders, customers switching to IDS experience  
20 disruptions in services and features such as dial tone, voice mail, and call  
21 forwarding.

1 Q. WHAT IS THE SYSTEMIC ORIGIN OF THE FLOW-THROUGH  
2 PROBLEMS?

3 A. The basic cause of the flow-through problems is a lack of parity between the  
4 systems that BellSouth uses to process its own service orders and those of  
5 ALECs. The system that BellSouth uses to process its own service orders  
6 has an automatic editing and checking function. This means that if an order is  
7 faulty or is missing information, the system alerts the inputter, who must then  
8 correct the order before it goes through. The system which is used to  
9 process orders from IDS and other ALECs, does not have this editing  
10 function. So an ALEC's orders go through, only to be "bumped-back" later in  
11 the process when the missing or faulty information is discovered. This  
12 disjointed process for correcting errors is the source of the delays and service  
13 disruptions experienced by customers switching to ALECs. I believe that  
14 BellSouth intentionally maintains this disparity between the two systems to  
15 make the provisioning process as negative as possible for the customer, to  
16 ensure that its "win-back" efforts will be successful.

17  
18 Q. HAS BELLSOUTH DONE ANYTHING TO ALLEVIATE THE FLOW-  
19 THROUGH PROBLEMS?

20 A. No, in fact BellSouth capitalized on its deliberate inefficiency in processing  
21 conversion orders by communicating with customers that placed orders to  
22 switch to IDS, and convincing them to switch back to BellSouth. Moreover, it  
23 is in BellSouth's interest to "gloss-over" the problems with the LENS system,



1           since BellSouth's authorization to sell long-distance service is contingent on  
2           BellSouth's proving that the LENS system is adequate for processing LSRs.  
3           In fact, nothing could be further from the truth.

4  
5       Q.    ARE YOU SPONSORING ANY EXHIBITS TO YOUR TESTIMONY?

6       A.    Yes, I am sponsoring the following exhibit:  
7           Exhibit 1: Article from the Florida *Sun Sentinel* dated September 4, 2001,  
8           entitled "Inquiries Target BellSouth Offers."

9  
10      Q.    DOES THIS CONCLUDE YOUR TESTIMONY?

11     A.    Yes.

**Brad Hamilton**

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**From:** Brad Hamilton  
**Sent:** Wednesday, September 05, 2001 3:48 PM  
**To:** Suzzane (E-mail)  
**Subject:** FW: Inquiries target BellSouth offers from the Sun Sentinel

## -----Original Message-----

**From:** Brad Hamilton  
**Sent:** Tuesday, September 04, 2001 1:45 PM  
**To:** Joe Millstone  
**Cc:** Policy Implementation Team  
**Subject:** Inquiries target BellSouth offers from the Sun Sentinel

**Inquiries target BellSouth offers**

BellSouth Corp., the dominant local-phone carrier in the Southeast, is being investigated in Alabama, Florida and Georgia for possible anti-competitive actions to regain customers won by rivals.

Competitors such as IDS Telecom and ITC Deltacom Inc. said in complaints that Atlanta-based BellSouth will offer their customers below-cost rates to get subscribers to switch from a rival back to BellSouth. In July, Georgia began a review, and Florida regulators started an investigation this month, officials said. Alabama has held a hearing on the matter.

A 1996 U.S. law required BellSouth and other regional phone companies to open their networks to competitors so consumers have a choice of service providers. BellSouth, which said it loses 6,500 customers a day to rivals, defended its business practices and suggested competitors call their former customers to get them back.

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