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July 29, 2002

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COMMISSION
CLERK

Mrs. Blanca S. Bayó
Director, Division of the Commission
Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: **Docket No. 020129-TP: Joint Petition of US LEC of Florida, Inc., Time Warner Telecom of Florida, LP and ITC^DeltaCom, Communications objecting to and requesting suspension of proposed CCS7 Access Arrangement Tariff filed by BellSouth Telecommunications, Inc.**

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of BellSouth Telecommunications, Inc.'s Rebuttal Testimony of W. Keith Milner, John A. Ruscilli, Clyde L. Greene, Gregory R. Follensbee and Thomas Randklev, which we ask that you file in the captioned docket.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return a copy to me. Copies have been served to the parties shown on the attached certificate of service.

Sincerely,

Patrick W. Turner
Patrick W. Turner (LA)

Enclosures

cc: All Parties of Record
Marshall M. Criser III
R. Douglas Lackey
Nancy B. White

0792602 thru 07932-02

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**CERTIFICATE OF SERVICE
DOCKET NO. 020129-TP**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via Electronic Mail and Federal Express this 29th day of July 2002 to the following:

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(+) Signed Protective Agreement

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BELLSOUTH TELECOMMUNICATIONS, INC.
REBUTTAL TESTIMONY OF JOHN A. RUSCILLI
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 020129-TP
JULY 29, 2002

Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH BELLSOUTH TELECOMMUNICATIONS, INC. ("BELLSOUTH") AND YOUR BUSINESS ADDRESS.

A. My name is John A. Ruscilli. I am employed by BellSouth as Senior Director for State Regulatory for the nine-state BellSouth region. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375.

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?

A. Yes. I filed direct testimony, including three exhibits, on July 1, 2002.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my rebuttal testimony is to respond to certain portions of the direct testimony of Mr. Steve Brownworth filed on behalf of ITC^DeltaCom Communications, Inc. ("DeltaCom"), Ms. Wanda Montano filed on behalf of US LEC of Florida ("US LEC"), and Mr. Mark Argenbright filed on behalf of

1 WorldCom, Inc. ("WorldCom") with the Florida Public Service Commission
2 ("Commission") on July 1, 2002.

3

4 *Issue 1: To what kind of traffic does BellSouth's CCS7 Access Arrangement tariff*
5 *apply?*

6

7 Q. IN RESPONSE TO ISSUE 1, MR. BROWNORTH'S CONTENTS (PAGES
8 4-5) THAT BELLSOUTH'S CCS7 TARIFF CAUSES DELTACOM TO
9 "BEAR THE [SIGNALING] COSTS" OF THEIR THIRD-PARTY SS7
10 CUSTOMERS BECAUSE "BELLSOUTH DID NOT MAKE ANY
11 PROVISIONS FOR HOW THE THIRD-PARTY PROVIDER WAS TO
12 TAKE DATA AND PASS-THROUGH BILLING DETAIL" TO
13 DELTACOM'S SS7 CUSTOMERS. PLEASE RESPOND.

14

15 A. DeltaCom is a third-party hubbing provider, which means that DeltaCom
16 provides CCS7 signaling services to other carriers. In doing so, DeltaCom
17 often uses BellSouth's CCS7 network in order to provide some of these
18 signaling services to its carrier customers. When DeltaCom uses BellSouth's
19 CCS7 network in this manner with regard to non-local intrastate calls,
20 DeltaCom pays BellSouth the tariffed charges (including the tariffed ISUP and
21 TCAP per-message rates) for its use of BellSouth's CCS7 network. As I
22 understand Mr. Brownorth's testimony, DeltaCom is suggesting that it cannot
23 pass these charges it pays BellSouth for its use of BellSouth's CCS7 network
24 along to DeltaCom's carrier customers.

25

1 Q. IS THAT SUGGESTION ACCURATE?

2

3 A. No, it is not. In addition to providing CCS7 signaling services to other carriers
4 with regard to non-local intrastate calls, DeltaCom also provides CCS7
5 signaling services to other carriers with regard to local calls and interstate calls.
6 In doing so, DeltaCom often uses BellSouth's CCS7 network in order to
7 provide some of these signaling services to its carrier customers. As I
8 mentioned in my direct testimony, when DeltaCom uses BellSouth's CCS7
9 network in this manner with regard to local calls, DeltaCom pays BellSouth the
10 CCS7 rates set forth in its interconnection agreement with BellSouth. When
11 DeltaCom uses BellSouth's CCS7 network in this manner with regard to
12 interstate calls, it pays BellSouth the CCS7 rates set forth in BellSouth's FCC
13 tariff. As I mentioned in my direct testimony, the ISUP and TCAP rates in
14 BellSouth's FCC tariff are identical to the ISUP and TCAP rates in the Florida
15 tariff that is the subject of this docket.

16

17 Before the tariff that is the subject of this proceeding went into effect,
18 therefore, DeltaCom was paying for its use of BellSouth's CCS7 network with
19 regard to local and interstate calls, and presumably, DeltaCom has developed a
20 method of recovering these charges from the carriers to whom it provides
21 signaling services. Although I am not a billing expert, BellSouth is at a loss to
22 understand why DeltaCom cannot similarly recover the charges it pays
23 BellSouth for the use of BellSouth's CCS7 network with regard to non-local
24 intrastate calls from the carriers to whom it provides signaling services.

25

1 Finally, how to recover these charges from the carriers to whom it provides
2 signaling services is DeltaCom's choice. If DeltaCom wants to recover these
3 charges on a per-message basis from the carrier that caused DeltaCom to incur
4 those charges, DeltaCom can do what BellSouth has done – modify its systems
5 to enable it to keep track of the information necessary to perform such billing.
6 Alternatively, DeltaCom could apportion these charges to its carrier customers
7 in some other manner. DeltaCom, however, is simply wrong when it suggests
8 that there is no way for it to recover the charges it pays for its use of
9 BellSouth's CCS7 network from its carrier customers that cause DeltaCom to
10 incur those charges.

11

12 *Issue 3: Is BellSouth's CCS7 Access Arrangement Tariff revenue neutral? Why or*
13 *why not?*

14

15 Q. DELTACOM'S WITNESS MR. BROWNORTH AND WORLDCOM'S
16 WITNESS MR. ARGENBRIGHT PUT FORTH THE POSITION THAT
17 BELLSOUTH'S CCS7 TARIFF CANNOT BE CHARACTERIZED AS
18 "REVENUE NEUTRAL" SINCE THEIR COMPANIES ARE INCURRING
19 ADDITIONAL SS7 SIGNALING COSTS. PLEASE RESPOND.

20

21 A. Whether a tariff filing is revenue neutral is not based on the impact on a
22 specific customer (i.e., DeltaCom or WorldCom) or class of customers (i.e.,
23 IXC's, Wireless, ALECs, etc.). Instead, whether a tariff filing is revenue
24 neutral is based on a comparison of the total projected revenue increases
25 associated with the tariff to the total projected revenue decreases associated

1 with the tariff. Unlike most instances in which BellSouth increases rates under
2 the price regulation statutes, in this case, BellSouth only recently developed the
3 ability to capture ISUP/TCAP message data. Thus, there was little if any actual
4 demand data available that BellSouth could have used in projecting the revenue
5 impact reflected in the filing package, and BellSouth made a good-faith
6 forecast of projected per-message demand. BellSouth has provided evidence
7 showing that the filing that is the subject of this proceeding was forecast to be
8 revenue neutral (see proprietary Exhibit JAR-1 attached to my direct
9 testimony). Based on the amounts BellSouth has billed under this tariff, the
10 actual demand for ISUP and TCAP messages is higher than BellSouth's good-
11 faith estimates.

12

13 Q. ON PAGES 4-5 OF HIS TESTIMONY, MR. ARGENBRIGHT STATES
14 THAT "BELLSOUTH ALSO BENEFITS BY SADDLING ITS
15 COMPETITORS WITH RATES FOR CCS7 USAGE THAT ARE WELL IN
16 EXCESS OF BELLSOUTH'S COSTS", SUGGESTING THAT THE TELRIC
17 RATES ESTABLISHED FOR THE CCS7 UNBUNDLED NETWORK
18 ELEMENT SHOULD BE USED IN THE CCS7 TARIFF AT ISSUE IN THIS
19 PROCEEDING. PLEASE RESPOND.

20

21 A. Mr. Argenbright's suggestion that BellSouth is obligated to always charge
22 ALECs cost-based rates for use of its CCS7 network elements is incorrect. To
23 the extent that CCS7 signaling associated with the completion of local calls is
24 an unbundled network element, sections 251 and 252 of the federal

25

1 Telecommunications Act of 1996 require BellSouth to charge cost-based or
2 TELRIC rates for those elements. BellSouth does so.

3

4 BellSouth, however, is not obligated to charge cost-based rates for CCS7
5 services associated with non-local, intrastate calls. Instead, the rates BellSouth
6 may charge for such services are limited only by the Florida price regulation
7 statutes and, as I explain both in my direct testimony and below, the rates set
8 forth in the tariff at issue in this proceeding comply with those statutes.

9

10 Q. ON PAGE 5, MR. ARGENBRIGHT APPEARS TO BELIEVE THAT
11 BELLSOUTH, ONCE IT IS ABLE TO PROVIDE LONG DISTANCE IN
12 FLORIDA, WILL PAY TELRIC CCS7 RATES FOR INTERLATA CALLS.
13 IS HE CORRECT?

14

15 A. Absolutely not. Once BellSouth is granted authority to provide long distance,
16 interLATA and interstate long distance services will be provided by BellSouth
17 Long Distance Inc. ("BSLD") which is BellSouth's 272 affiliate. As a
18 structurally separate 272 affiliate, the rates that BSLD will pay will be the same
19 tariffed rates that any other interexchange carrier pays BellSouth for CCS7
20 network services. BSLD's cost input for use of BellSouth's CCS7 network
21 when purchased under BellSouth's CCS7 Tariff is the same as any other
22 interexchange carrier that purchases CCS7 services from BellSouth's CCS7
23 Tariff.

24

25

1 *Issue 4: Does BellSouth's CCS7 Access Arrangement Tariff violate Section*
2 *364.163 or any other provisions of Chapter 364, Florida Statutes?*

3

4 Q. THE MAJORITY OF MR. AGRENBRIGHT'S TESTIMONY (PAGES 6-11)
5 ADDRESSES WHETHER BELLSOUTH'S CCS7 TARIFF COMPORTS
6 WITH FLORIDA STATUTE. HOW DO YOU RESPOND TO HIS
7 CONTENTIONS?

8

9 A. As I discussed in my direct testimony, parity between interstate and intrastate
10 switched access charges is a moving target. As the Commission's Staff
11 indicated in October 1997 (see Exhibit JAR-2 attached to my direct testimony),
12 BellSouth has reach parity. Although I am not an attorney, it is my
13 understanding that once BellSouth reached the parity point originally required
14 (and discussed in my direct testimony), BellSouth was within its authority to
15 raise the rates of network access services consistent with the limitations of the
16 Statute. BellSouth will appropriately address the legal arguments concerning
17 this issue in its post-hearing brief.

18

19 *Issue 9: Does BellSouth bill ILECs for the signaling associated with the types of*
20 *traffic identified in Issue 1? (a) If not, why not? (b) Has BellSouth offered ILECs*
21 *a bill and keep arrangement for local and/or intrastate CCS7 messages and B-links?*

22

23 Q. ON PAGE 9, MS. MONTANO CONTENDS THAT BELLSOUTH'S
24 "TREATMENT OF THE OTHER ILECs OPERATING IN FLORIDA IS
25 DISCRIMINATORY TO US LEC AS THESE CARRIERS ARE NOT

1 CHARGED” FOR CCS7 MESSAGE CHARGES OR B-I NETWORKS. HAS MS.
2 MONTANO ACCURATELY REFLECTED BELLSOUTH’S OBLIGATIONS
3 WITH RESPECT TO OTHER ILECS?
4

5 A. No. BellSouth’s obligations with respect to other Incumbent LECs (also
6 referred to as Independent Telephone Companies) are not the same as
7 BellSouth’s obligations with respect to ALECs. Pursuant to the Act and FCC
8 rules, BellSouth is required to make certain public switched network
9 infrastructure, technology, information, and telecommunications facilities and
10 functions available to any qualifying carrier in the service area in which the
11 qualifying carrier has requested and obtained designation as an eligible carrier
12 under section 214(e) of the Act. Specifically, Section 59.1 of the FCC’s rules
states,

14 “Incumbent local exchange carriers (as defined in 47 U.S.C. section
15 251(h)) shall make available to any qualifying carrier such public
16 switched network infrastructure, technology, information, and
17 telecommunication facilities and functions as may be requested by such
18 qualifying carrier for the purpose of enabling such qualifying carrier to
19 provide telecommunications services, or to provide access to
20 information services, in the service area in which such qualifying
21 carrier has obtained designation as an eligible telecommunications
22 carrier under section 214(e) of this title (47 U.S.C. 214(e)).”
23

24 BellSouth provides CCS7 services to other ILECs, which have obtained
25 designation as an eligible carrier, through infrastructure sharing arrangements.

1 In its *Infrastructure Sharing Order*¹, which adopted rules implementing section
2 259 of the Act, the FCC concluded that “while section 251 of the Act applies to
3 all carriers in all situations - including, but not limited to, new entrants
4 competing with the incumbent LEC – section 259 only applies in narrow
5 circumstances, i.e., for the benefit of those carriers that are eligible to receive
6 universal service support but lack economies of scale or scope and *only to the*
7 *extent that the qualifying carriers do not use section 259-obtained*
8 *infrastructure to compete with the providing incumbent LEC.” Order at ¶7*
9 (emphasis added). Section 259, unlike section 251, contemplates situations
10 where the requesting carrier is not using the incumbent LEC’s facilities or
11 functions to compete in the incumbent LEC’s telephone exchange area.
12 Obviously the Petitioners in this proceeding compete with BellSouth in its
13 telephone exchange area. The bottom line is that carriers that intend to
14 compete with BellSouth using any of the services or facilities it purchases from
15 BellSouth must request such services and facilities pursuant to section 251.
16 BellSouth is not obligated to provide such services and facilities under the
17 terms and conditions provided to other ILECs pursuant to section 259.

18
19 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

20
21 A. Yes.

22 #453933

23

24

25

¹ *In the Matter of Implementation of Infrastructure Sharing Provisions in the Telecommunications Act of 1996*. Report and Order, 12 FCC Rcd. 5470 (rel. Feb. 7, 1997) (“*Infrastructure Sharing Order*”).