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December 19, 2002

Mrs. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket Nos. 981834-TP and 990321-TP (Generic Collocation)

Dear Ms. Bayó:

Enclosed please find an original and fifteen copies of BellSouth Telecommunications, Inc.'s Direct Testimony of A. Wayne Gray and W. Keith Milner, which we ask that you file in the captioned matter.

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

Sincerely,

J. Phillip Carver

J. Phillip Carver

cc: All Parties of Record
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A. Wayne Gray
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CERTIFICATE OF SERVICE
Docket No. 981834-TP and 990321-TP

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via Electronic Mail and U. S. Mail this 19th day of December, 2002 to the following:

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BELLSOUTH TELECOMMUNICATIONS, INC.

DIRECT TESTIMONY OF A. WAYNE GRAY

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NOS. 981834-TP/990321-TP

DECEMBER 19, 2002

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

A. My name is A. Wayne Gray. I am employed by BellSouth as Director Regional Planning and Engineering Center in the Network Planning and Support organization located at 675 West Peachtree Street, Atlanta, Georgia, 30375.

Q. PLEASE SUMMARIZE YOUR BACKGROUND AND EXPERIENCE.

A. I graduated from Georgia Tech in 1979 with a Bachelor of Electrical Engineering degree. In 1992, I graduated from Emory University with a Master of Business Administration degree. I began working for Southern Bell in 1979 in the Equipment Engineering organization in Miami, Florida. Throughout my 23-year career with BellSouth, I have held various line and staff positions in Equipment Engineering, Traffic Engineering (Capacity Management), Infrastructure Planning and Project Management. From November 1999 to November 2001, I held the position of Director-Collocation in the Network Planning and Support organization. In December 2001, my scope of responsibility was expanded and my title was changed to Director – Regional Planning and Engineering Center. In this position, I am responsible for ensuring that BellSouth provisions collocation space in the timeframes established by contractual agreements and governmental mandates, as well as managing the planning and engineering of BellSouth's Advanced Intelligent Network, Common Channel Signaling Network, Link Monitoring System, Public Packet Switching Network, MemoryCall® Service platform, Pooled Internet Access Platforms, and corporate transport network. My responsibilities also include the activities performed by BellSouth's Numbering and Technology Forecasting groups. In addition, I also direct switch software upgrades and contract administration for the purchase of network technologies.

Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE ANY STATE PUBLIC SERVICE COMMISSION, AND IF SO, BRIEFLY DESCRIBE THE SUBJECT OF YOUR TESTIMONY?

A. Yes. I have previously testified before the state public service commissions in Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, and South Carolina, the Tennessee Regulatory Authority, and the Utilities Commission in North Carolina on BellSouth's expanded calling areas, unbundling, collocation processes and other collocation issues. Most recently, I testified on various collocation issues before the Florida Public Service Commission ("Commission") in Docket No. 960786-TL, In re: Consideration of BellSouth Telecommunications, Inc.'s entry into interLATA Services pursuant to Section 271 of the Federal Telecommunications Act of 1996.

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

A. The purpose of my testimony is to provide the Commission with BellSouth's position in regard to Collocation Issues 1A, 1B, 1C, 2A, 2B, 2C, 2D, and 3 in this proceeding.

Issue 1A: When should an ALEC be required to remit payment for non-recurring charges for collocation space?

Q. WHAT NONRECURRING CHARGES DOES BELLSOUTH CURRENTLY ASSESS FOR COLLOCATION SPACE?

A. BellSouth currently assesses nonrecurring charges for application fees, the Bona Fide Firm Order, cable installation, cable records, security access administration, access card or key replacement, a space availability report and security escort service. It is appropriate to apply nonrecurring charges to recover work activities that are one-time in nature. FCC Rule 51.507(a) states:

> Element rates shall be structured consistently with the manner in which the costs of providing the elements are incurred.

These items recover the nonrecurring charges for certain collocation elements based on the fact that the work required to comply with an ALEC's request is one-time or nonrecurring. The nonrecurring charge allows BellSouth to recover costs (such as those incurred in the determination of space availability – the application fee) which are not recovered anywhere else.

Q. WHEN SHOULD AN ALEC BE REQUIRED TO REMIT PAYMENT FOR THESE NONRECURRING CHARGES?

BellSouth bills the ALEC an application fee, via a service order, at the time BellSouth provides its Application Response to the ALEC. The Application Response includes a price quote for the space requested by the ALEC, unless the central office is currently in space exhaust. BellSouth must provide the Application Response within fifteen (15) calendar days of receipt of a Bona Fide Application (a complete and accurate application), pursuant to the Application Response interval established by this Commission in FPSC Order No. PSC-00-0941-FOF-TP, issued May 11, 2000, in Docket No. 981834-TP/990321-TP ("FPSC May 11, 2000 Collocation Order"). On page 15 of this Order, the Commission stated:

> [W]e hereby require ILECs to respond to a complete and accurate application for collocation within 15 calendar days. This response shall provide sufficient information to enable an ALEC to place a firm order, including information on space availability and price quotes.

Billing of the application fee when BellSouth provides its Application Response is appropriate because the application fee is designed to recover the costs associated with assessing the ALEC's space requirements and developing the associated price quote. When BellSouth provides the ALEC with the Application Response, these activities have been completed. Therefore, billing the application fee at the time that BellSouth provides the Application Response to the ALEC for the space requested makes sense.

In contrast, if BellSouth were to require the ALEC to remit the application fee at the time the ALEC submits its application, BellSouth would have to refund the fee if the application were not a Bona Fide Application or if there was no space available in the requested central office. This would result in extra administrative work and expense for the ALEC in issuing the check, processing the refund, and reissuing the check (in the case of a non-Bona Fide Application) and for BellSouth in tracking ALEC applications (both incomplete/inaccurate and Bona Fide) and issuing refunds when the application was not Bona Fide or when space was unavailable. Therefore, it would be inappropriate to bill the ALEC until BellSouth has determined that space is available, the assessment of the space has been completed and a price quote has been performed.

The non-recurring fees associated with the Bona Fide Firm Order, cable installation, cable records, and security access administration are billed at the time the ALEC submits its Bona Fide Firm Order. A Bona Fide Firm Order document would be submitted by an ALEC to BellSouth to indicate its intent to proceed with the equipment installation in the central office requested on the Bona Fide Application (for which BellSouth has already provided an Application Response). The activities associated with installing cable, building cable records in

BellSouth's central office databases, and setting up the appropriate security access records in BellSouth's security access database for the ALEC's employees and vendors would only be performed on a one-time basis. Therefore, BellSouth's position is that it is appropriate to bill the costs of performing these activities on a non-recurring basis. Once these activities have been completed, there would be no need to repeat them unless the ALEC changes its employee access requirements or modifies its collocation space or equipment requirements on a future augment application, which would entail a whole new request.

The assessment of the non-recurring fees for the replacement of a security access card or key, the provision of a space availability report and/or security escort service occurs after BellSouth has provided the ALEC with the requested product or service. Specifically, when an ALEC requests that a security access card or key be replaced due to theft, loss or destruction, BellSouth will provide a replacement to the ALEC after it has updated its security access database to remove the original access card or key (so there can be no unauthorized entry by someone using this card or key) and a new access card or key has been created. In this instance, BellSouth would begin billing the ALEC for this service based on the date the change was made in BellSouth's security access database. The charge would appear on the ALEC's next billing statement.

In regard to the billing for a Space Availability Report, BellSouth bills the ALEC for this report at the time BellSouth provides the requested report to the ALEC. Since the charge for the report is assessed on a one-time basis per central office, the billing for this report would appear on the next billing statement following the date that BellSouth provides the report to the ALEC.

Finally, BellSouth bills the ALEC for any security escort services (in excess of those provided at no charge pursuant to the ALEC's Interconnection Agreement) that it provides pursuant to the ALEC's request at the time the service is performed. Security escort services would be required when an ALEC's employees or vendors require access to the entrance manhole or its collocation space at the ALEC's request prior to the ALEC's completion of BellSouth's Security Training requirements. Security escort fees are billed in quarter-hour or half-hour increments, depending upon the ALEC's Interconnection Agreement, and are rounded up to the next quarter-hour or half-hour increment, respectively, when the duration of the escort falls between two quarter-hour or two half-hour increments. If an ALEC's employees or vendors fail to show up for a scheduled escort appointment within thirty (30) minutes of the agreed-upon appointment time, BellSouth will bill the ALEC for one-half hour of security escort services. Security escort fees are billed to the ALEC based on the amount of time a BellSouth employee spends performing the escort service for the ALEC to access the entrance manhole or the ALEC's collocation space. Billing of the appropriate security escort fees will appear on the ALEC's billing statement within two billing cycles of when the actual escort service was performed.

All of the above activities (the replacement of a security access card or key and the provision of a space availability report and/or security escort service) would be performed on an as-requested basis by the ALEC. Therefore, it is appropriate for BellSouth to bill these items on a non-recurring basis and to bill them at or immediately after the activity generating the non-recurring costs has been performed.

Issue 1B: When should billing of monthly recurring charges begin?

Q. WHEN SHOULD BELLSOUTH BEGIN BILLING MONTHLY RECURRING CHARGES FOR COLLOCATION SPACE?

A. If an ALEC conducts an acceptance walkthrough of the collocation space within fifteen (15) calendar days of the Space Ready Date, which is defined as the date BellSouth completes the space and notifies the ALEC, monthly recurring charges begin on the date that the ALEC accepts the space ("Space Acceptance Date"). If the ALEC fails to conduct the acceptance walkthrough within this fifteen-calendar day period, the monthly recurring charges begin on the Space Ready Date. If BellSouth permits the ALEC to occupy its collocation space prior to the Space Ready Date, BellSouth begins billing the monthly recurring charges on the date the ALEC occupies the space, which would then be deemed the Space Acceptance Date.

BellSouth's position is that the monthly recurring charges are appropriately assessed when it has completed its space conditioning and provisioning work and turned the now "functional space" over to the ALEC. Functional space is defined as space that is completely conditioned according to the ALEC's specifications and can be immediately utilized to interconnect with BellSouth's network and/or access BellSouth's unbundled network elements ("UNEs") in the provision of telecommunications services. Once BellSouth has turned this functional space over to the ALEC, it is the ALEC's responsibility to install and begin operating its equipment as quickly as possible. There is nothing further that BellSouth needs to do to the space for the ALEC to begin utilizing it for the purpose for which it was designed.

As noted above, BellSouth begins its billing of monthly recurring charges on either the Space Acceptance Date or the Space Ready Date, because these collocation items reflect activities requiring capital investments which are recovered on a recurring cost basis, instead of on a one-time basis.

Q. PLEASE LIST SOME OF THE MORE COMMON ELEMENTS FOR WHICH MONTHLY RECURRING CHARGES WOULD BE ASSESSED BY BELLSOUTH.

A. Some of the more common elements for which BellSouth assesses monthly recurring charges are Space Preparation – C.O. Modifications per square foot, Space Preparation – Common Systems Modifications – Cageless per square foot, Space Preparation – Common Systems Modifications – Caged per Cage, DC Power per fused amp, Welded Wire Cage, and Floor Space per Square Foot. The Space Preparation fees (for C.O. Modifications and Common Systems Modifications) and the power plant construction (investment) rate were billed on an Individual Case Basis prior to the FPSC May 11, 2000 Collocation Order, which mandated a fifteen (15) calendar day Application Response interval, including the associated price quote, to an ALEC's request for physical collocation space. BellSouth changed its methodology for these items pursuant to the FPSC May 11, 2000 Collocation Order, because the fifteen (15) calendar day Application Response interval was premised upon the use of standard rates for physical collocation space preparation.

The space preparation charges recover the costs associated with preparing the collocation space, which include the survey, engineering of the collocation space, and design and modification costs for network, building and support systems. The DC power rate recovers the costs associated with the power plant investment required to convert AC power to DC power for central office usage and the monthly AC power utility costs associated with powering the ALECs' collocation equipment.

It is appropriate for Space Preparation fees and the DC power rate to be billed on a monthly recurring charge basis, because these charges allow BellSouth to properly recover capital investments associated with collocation space preparation work. The only alternative to using standard space preparation fees and a standard DC Power charge would be to go back to ICB billing. Many CLECs requested recurring space preparation charges to avoid the up-front costs resulting from ICB space preparation charges. Returning to ICB pricing is not the preferable option for BellSouth, nor the ALECs, because BellSouth would not be able to provide a fifteen (15) calendar day Application Response that included a *firm* price quote (since ICB pricing is necessarily not *firm* until the work is completed and the costs from the contractors is known) and the ALECs would be required to pay all space preparation charges up-front. Moreover, to my knowledge, there have been no complaints from the ALECs regarding the use of standard monthly recurring rates for space preparation fees and the DC power charge.

The welded wire cage fee and floor space charges, which are based on square footage, includes reasonable costs for providing a welded wire cage, lighting, HVAC, other allocated expenses and associated maintenance of the collocation space within the central office, but does not include any power-related costs incurred by BellSouth. Since these charges are to assess BellSouth's tenants (ALECs) for ongoing expenses and maintenance activities that must be performed in the central office on an ongoing basis, it makes sense that these charges should be billed as monthly recurring charges.

In further support of BellSouth's position that the above items should continue to be billed as monthly recurring charges, the Commission approved BellSouth's cost study methodology in the Covad Arbitration Proceeding, FPSC Order No. PSC-01-2017-FOF-TP, Docket No. 001797-TP, dated October 9, 2001 ("Covad Arbitration Order") in which all of the above rates, with the exception of Space Preparation - Common Systems Modification – Cageless per square foot, were approved. The proposed monthly recurring charge for Space Preparation – Common Systems Modification – Cageless per square foot was not approved in this proceeding, because BellSouth did not adequately satisfy the Commission's concerns regarding this rate element. However, BellSouth intends to file the necessary supporting documentation in the pricing issues portion of this proceeding to substantiate the appropriateness of this rate element. This will be included in BellSouth Witness Bernard Shell's testimony that will be filed on February 4, 2003.

<u>Issue 1C: What cancellation charges should apply if an ALEC cancels its request for collocation space?</u>

Q. IF AN ALEC CANCELS ITS REQUEST FOR COLLOCATION PRIOR TO THE DATE THE MONTHLY RECURRING CHARGES WOULD COMMENCE (I.E., EITHER THE SPACE ACCEPTANCE DATE OR THE SPACE READY DATE), WHAT CANCELLATION CHARGES SHOULD THE ALEC BE REQUIRED TO PAY?

A. If an ALEC cancels its order anytime from the Bona Fide Firm Order to the date monthly recurring charges commence (either at the Space Acceptance Date or the Space Ready Date), the ALEC should be required to reimburse the ILEC for any non-recoverable costs (expenses) incurred by the ILEC for the work performed up to the date that the written notice of cancellation is received and acknowledged by the ILEC. Non-recoverable costs include the non-recoverable cost of equipment and material ordered, provided or used; the non-recoverable cost of installation and removal, including the costs of equipment and material ordered, provided or used; labor; transportation and any other associated costs. It is appropriate for an ILEC to recover these costs since the ILEC has begun and completed some measure of the associated work activities required to meet the Commission's provisioning intervals for the ALEC's space request. Moreover, the ILEC should not be penalized just because an ALEC changes its mind about collocating in the central office before its space request has been completed and turned over to the ALEC for occupancy.

<u>Issue 2A: Should an ALEC be required to justify its space reservation needs to the ILEC when an ILEC is forced to consider a building addition to accommodate future space requirements?</u>

Q. WHEN AN ILEC IS FORCED TO CONSIDER A BUILDING ADDITION TO ACCOMMODATE FUTURE SPACE REQUIREMENTS, SHOULD AN ALEC BE REQUIRED TO JUSTIFY ITS EXISTING SPACE RESERVATION? IF THE ALEC CANNOT JUSTIFY ITS RESERVATION OF SPACE TO THE ILEC, SHOULD THE ILEC BE PERMITTED TO RECLAIM THE SPACE AND RETURN IT TO ITS SPACE INVENTORY FOR REASSIGNMENT?

A. Yes. Any ALEC collocated in a central office should be prepared to justify the amount of its reserved collocation space and provide a timeline for occupation to the ILEC. Specifically, when a central office is at or near space exhaust, the ALECs should be required to substantiate their reserved unused space. If an ALEC cannot provide justification, then the space should be returned to the ILEC's available space inventory so that it can be reallocated to other ALECs that have requested space, according to the FCC's first-come, first-served rules.

Pursuant to the FCC's rules, an ILEC must provide collocation to requesting telecommunications carriers, but the ILEC is not required to construct additional space to provide for physical collocation when existing space has been exhausted in order to accommodate the ALECs' collocation requests. (See *47 U.S.C. §51.323(a) and §51.323(f)(1)*). However, if an ILEC is forced to consider a building addition to accommodate its future space requirements, as well as those of the ALECs, the ALECs should be required to justify any unused space reservations they have in the office to ensure that there is no unused space that should be returned to the ILEC's space inventory prior to launching a major building renovation or addition. To achieve this objective, the ILEC and the ALECs should endeavor to work together in a mutually cooperative manner to efficiently utilize all available central office space in order to delay or avoid, if possible, an unnecessary building addition, when a central office is at or near space exhaust.

When an ILEC is faced with the possibility of constructing a new building addition, justification of the ALEC's space reservation is warranted, because reserved space was allocated based on the ALEC's forecasted growth requirements being reasonably contemplated to accommodate its needs for an eighteen (18) month period at the time the ALEC submitted its space reservation request.[1] Arguably, an ALEC's failure to occupy the reserved space within a reasonable amount of time is evidence that the space reservation may not have been reasonably contemplated to accommodate an eighteen (18) month growth period or in some instances, the ALEC's plans may have simply changed, resulting in a reduction of its space requirements. When an ALEC has reserved

[1] This Commission determined that an eighteen (18) month reservation period was appropriate for both the ILECs and ALECs, under the same terms and conditions, in the FPSC May 11, 2000 Collocation Order.

unused collocation space within a central office and the ILEC must construct a building addition to ensure future space is available for its, or another ALEC's, use, the ALEC should either justify its reserved space or return the space to the ILEC for inclusion in the inventory of available space.

The need for an ALEC to justify reserved space is even more compelling in a situation where the building addition is in a central office at or near space exhaust. To allow ALECs to retain unused, reserved space, without adequate justification, in a space exhaust situation is inconsistent with the FCC's mandate that an ILEC must offer collocation on rates, terms and conditions that are just, reasonable and nondiscriminatory. (See *47 U.S.C. §251 (c)(6)*). To allow ALECs to retain unused reserved space in this situation is inconsistent with this mandate for two reasons: 1) it forces the ILEC to allocate space to the ALECs in an inherently unreasonable manner, and 2) it allows a situation to exist where ALECs first collocating in a central office may practice anticompetitive behavior.

First, where ALECs are permitted to retain reserved space, without justification, in a central office requiring a building addition due to space exhaust, the ILEC is forced to allocate space among ALECs in a manner inconsistent with the FCC's mandate. Although ILECs are required to allocate space on a first-come, first-served basis, the FCC mandates that the allocation be *"reasonable."* (See *47 U.S.C. §251 (c)(6)*). To allocate available space to the ALEC that first applies for the space seems reasonable on its face. However, to allocate space to the ALEC that first applies, but then fails to occupy the space and as a direct result, prevents, delays or economically burdens subsequent applicants belies the FCC mandate and should be considered presumptively unreasonable. In order to overcome this presumption, all collocated ALECs should be required to justify their space reservations in a central office that is at or near space exhaust. Any reserved space that cannot be justified should be returned to the available inventory for reassignment.

Secondly, when ALECs are permitted to retain reserved space, without justification, in a central office requiring a building addition due to space exhaust, a potential risk is created that the collocated ALECs may stifle competition. In this situation, an ALEC could prevent, delay or economically burden subsequent applicants and potential competitors by simply refusing to relinquish unused reserved space. This could ultimately result in space exhaust within the central office, thereby precluding a competitor from collocating and competing in that market, or it could force the ILEC to incur the unnecessary expense of constructing a building addition and necessitate the resultant delay in accommodating a competitor's collocation request. This practice would permit, condone or perhaps even encourage, anticompetitive behavior among the ALECs and thus is inconsistent with the FCC's mandate.

The FCC has indicated that an ILEC may impose reasonable restrictions on the warehousing of unused space by ALECs, provided that the ILEC may not set maximum space limitations applicable to the ALECs unless the ILEC proves to the State Commission that space constraints make such restrictions necessary (See *47 U.S.C. §51.323(f)(6))* In other words, this Commission has the authority to determine whether specific requirements should be imposed on the ALECs (such as documentation justifying the ALECs' reserved space), when it appears that the ALECs may be warehousing (or hoarding) unused reserved space in a central office that is at or near space exhaust. BellSouth believes that it is appropriate for the Commission to require ALECs to justify their reserved unused space requirements when an ILEC is forced to consider a building addition to accommodate future space requirements.

Q. YOU HAVE ADDRESSED THE NEED FOR AN ALEC TO JUSTIFY ITS CURRENT SPACE RESERVATIONS WHEN AN ILEC IS FORCED TO CONSIDER A BUILDING ADDITION AND THE ALEC HAS RESERVED UNUSED SPACE. SHOULD THE ALEC BE REQUIRED TO JUSTIFY FUTURE SPACE RESERVATIONS EVEN IF IT DOES NOT HAVE RESERVED UNUSED SPACE?

A. Yes. For the reasons I've discussed, ALECs should have to justify any reserved unused space when the ILEC is considering a building addition to accommodate future space requirements. However, even if the ALEC does not have reserved unused space, it should still be required to justify its future space reservation in this situation.

The FCC requires that when an ILEC plans renovations to its existing facilities or construction of new facilities, the ILEC must take into account the projected demand for collocation of equipment by the ALECs. (See *47 U.S.C. §51.323(f)(3))* Therefore, when an ILEC has already determined the need for a building addition to accommodate its future space requirements (and the needs of the ALECs) for a particular central office, the ALECs should be required to justify their current and future reservation needs for the office to assist the ILEC in substantiating the large capital expenditure associated with the new building addition.

The ILEC and the ALECs should work together to develop an appropriate forecast of the collocation space that will be needed upon completion of the building and how much space should be reserved for collocation purposes for a period of at least two years following the building's completion. To accomplish this objective, the ILEC should be allowed to require each ALEC collocated in the central office to justify its current reserved unused space and provide an appropriate forecast, along with supporting documentation, of its anticipated collocation needs when the building addition is completed. The ALEC should also provide a forecast of its space reservation needs for least two years after completion of the new building. This will enable the ILEC to forecast the appropriate level of collocation space that will be needed in the new building addition for at least two years after the building addition has been completed.

Q. HOW SHOULD ALECS JUSTIFY THEIR SPACE RESERVATIONS?

A. Supporting documentation that could be used to substantiate an ALEC's reserved unused space requirements might include, but not be limited to, demand forecasts, including supporting historical data, and collocation equipment orders.

Issue 2B: Under what conditions should an ILEC be allowed to reclaim unused collocation space?

Q. UNDER WHAT CONDITIONS SHOULD AN ILEC BE ALLOWED TO RECLAIM UNUSED COLLOCATION SPACE?

A. For the reasons previously discussed, an ILEC should be allowed to reclaim reserved unused collocation space from an ALEC prior to the expiration of the eighteen (18) month reservation period, when a central office is at or near space exhaust, if an ALEC cannot justify its plans for utilizing the space within this period.

Issue 2C: What obligations, if any, should be placed on the ALEC that contracted for the space?

Q. WHAT OBLIGATIONS, IF ANY, SHOULD BE PLACED ON THE ALEC THAT CONTRACTED FOR THE COLLOCATION SPACE?

A. ALECs should be required to justify their space reservations in the manner previously discussed in Issues 2A and 2B above.

Issue 2D: What obligations, if any, should be placed on the ILEC?

Q. WHAT OBLIGATIONS, IF ANY, SHOULD BE PLACED ON THE ILEC?

A. With respect to the reclamation of space from an ALEC in a central office that is at or near space exhaust, the ILEC should be obligated to notify all of the ALECs collocated in the central office that they must justify their space in the manner discussed earlier, and provide the circumstances necessitating the justification. The ILEC should then review the documentation submitted by each ALEC as justification for its reserved unused space. Any space that the ALEC is unable to justify should be reclaimed and returned to the ILEC's available space inventory for reassignment. If the justification submitted by the ALEC is inadequate or appears unreasonable, the ILEC should request additional documentation from the ALEC to substantiate its reserved unused space requirements. If the ALEC is unable to submit the additional information, the ILEC should file a petition with the Commission requesting expedited relief and authority to reclaim the space and return it to the ILEC's available space inventory for reassignment.

Issue 3: Should an ALEC have the option to transfer accepted collocation space to another ALEC? If so, what are the responsibilities of the ILEC and ALECs?

Q. SHOULD AN ALEC HAVE THE OPTION TO TRANSFER ACCEPTED COLLOCATION SPACE TO ANOTHER ALEC?

A. Yes, the ALEC should be allowed to transfer collocation space to another ALEC if the central office is not in space exhaust and the transfer of the collocation space is in conjunction with the ALEC's sale of in-place collocation equipment to the same ALEC.

In a transfer of existing collocation space that is made in conjunction with an in-place equipment sale (where the central office is not in space exhaust), BellSouth will require the acquiring ALEC to apply for collocation by submitting an application in the same manner as if it were ordering a new collocation arrangement and requesting collocation in the central office pursuant to an existing Interconnection Agreement between BellSouth and the acquiring ALEC, if the acquiring ALEC already has an Interconnection Agreement with BellSouth. If the acquiring ALEC does not have an existing Interconnection Agreement with BellSouth, then after the acquiring ALEC and BellSouth have properly executed either the Standard Interconnection Agreement or a negotiated Interconnection Agreement, BellSouth would submit this document to the Commission for approval. The application for the space must match exactly the configuration of the particular collocation arrangement and the equipment that will be transferred, as it currently exists in the central office. BellSouth will begin the process of transferring the right to occupy the collocation space ("Transfer Process") upon receipt of the application.

As part of the Transfer Process, the acquiring ALEC would be required to provide the correct contact information including billing information, update BellSouth's collocation database inventory records, update physical records maintained on-site, update assignment records at the POT frame (if applicable), and perform equipment stenciling in the collocation space. BellSouth will work closely with the acquiring ALEC to identify all of the changes required. These responsibilities would be performed by the acquiring ALEC's BellSouth Certified Supplier no later than thirty (30) calendar days following the acquiring ALEC's execution of a

Transfer Agreement with BellSouth. The Transfer Process would be completed after all of the responsibilities set forth above have been discharged. This would then become the "Transfer Date".

After the Transfer Date, BellSouth will authorize the acquiring ALEC to maintain the collocation arrangement in accordance with the rates, terms and conditions of its Interconnection Agreement. The acquiring ALEC will not be permitted to make any changes to the collocation arrangement or services ordered until after the Transfer Date.

The acquiring ALEC will also be responsible for payment of all recurring and nonrecurring charges pursuant to its Interconnection Agreement, in the same manner and to the same extent as if such collocation arrangement had been requested as a new arrangement by the acquiring ALEC, including but not limited to, the payment of monthly recurring space preparation charges.

The primary responsibilities of the ALEC that would be transferring its collocation space ("ALEC-1") to another ALEC ("ALEC-2") are:

a. Notifying BellSouth that it will be transferring ownership of some (or all) of its existing collocation arrangements to ALEC-2 without changing the type of existing collocation arrangement;
b. Submitting a Letter of Authorization to BellSouth for the transfer and release of its existing facilities;
c. Entering into a Transfer Agreement with BellSouth and ALEC-2; and
d. Returning all access devices (keys and cards) to BellSouth.

The primary responsibilities of ALEC-2 (the ALEC acquiring the collocation space(s)) are:

a. Submitting an application to BellSouth for transfer of the collocation arrangement;
b. Satisfying all of the legal requirements of its Interconnection Agreement with BellSouth;
c. Submitting a letter to BellSouth for the assumption of services;
d. Entering into a Transfer Agreement with ALEC-1 and BellSouth; and
e. Re-stenciling all of the equipment and facilities.

BellSouth's responsibility is to work cooperatively and in good faith with both ALECs to ensure that the above responsibilities have been completely satisfied and that the transfer of the collocation space is handled as smoothly as possible in accordance with the Transfer Agreement. BellSouth will also work closely with the acquiring ALEC in processing the application to transfer the space as quickly as possible.

Q. WHAT IF AN ALEC WISHES TO TRANSFER COLLOCATION SPACE IN A CENTRAL OFFICE THAT IS IN SPACE EXHAUST?

A. If a central office is in space exhaust, the ALEC should only be allowed to transfer collocation space if the transfer is part of a transfer of all or substantially all of the transferring ALEC's assets to another ALEC **and** if the Commission has approved the transfer in the space exhausted central office. This will avoid those situations in which an ALEC could effectively circumvent the space exhaust waiting list by assuming another ALEC's collocation space on a location by location basis.

Q. WHY ARE BELLSOUTH'S PROCEDURES FOR THE TRANSFER OF COLLOCATION SPACE APPROPRIATE?

A. BellSouth's procedures reflect the most appropriate requirements for transferring accepted collocation space from one ALEC to another, because the transfer of existing space would be limited to only those situations in which the in-place collocation equipment is being sold to an acquiring ALEC in the existing configuration. In other words, when the acquiring ALEC assumes ownership of the existing collocation space, the configuration of the space and the installed equipment would remain unchanged until after the Transfer Process has been completed and an appropriate Transfer Date determined by BellSouth. Once the Transfer Process has been completed, the ALEC would be able to modify its space and/or equipment requirements via an augment application submitted in accordance with the terms and conditions of its Interconnection Agreement. BellSouth believes that its transfer of ownership procedures appropriately define the circumstances in which a transfer would be permitted, the responsibilities of all parties involved in the transfer (including BellSouth), the steps that each ALEC must follow to effect the transfer of space and equipment, and how BellSouth will process the transfer of space from one ALEC to another. Furthermore, BellSouth's procedures are reasonable, orderly and will prevent an ALEC from circumventing the FCC's first-come, first-served space allocation rules in offices currently at space exhaust.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.