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BELLSOUTH TELECOMMUNICATIONS, INC.
DIRECT TESTIMONY OF JOHN A. RUSCILLI
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 030851-TP
DECEMBER 4, 2003

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 – Policy Implementation and Regulatory Compliance for the nine-state BellSouth region. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375.

Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND EXPERIENCE.

A. I attended the University of Alabama in Birmingham where I earned a Bachelor of Science Degree in 1979, and a Master of Business Administration in 1982. After graduation I began employment with South Central Bell as an Account Executive in Marketing, transferring to AT&T in 1983. I joined Southern Bell in late 1984 as an analyst in Market Research, and in late 1985, moved into the Pricing and Economics organization with various responsibilities for business case analysis, tariffing, demand analysis and price

1 regulation. In July 1997, I became Director of Regulatory and Legislative
2 Affairs for BellSouth Long Distance, Inc., with responsibilities that included
3 obtaining the necessary certificates of public convenience and necessity,
4 testifying, Federal Communications Commission (“FCC”) and state regulatory
5 support, federal, and state compliance reporting and tariffing for all 50 states
6 and the FCC. I assumed my current position in July 2000.

7

8 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

9

10 A. The purpose of my testimony is to provide an overview of BellSouth’s position
11 on the issues that the Florida Public Service Commission (“Commission”) will
12 address in determining the geographic markets in Florida where competitive
13 local exchange carriers (“CLECs”) are not “impaired” without unbundled local
14 switching – a finding that I will refer to as “impairment” in this testimony. I
15 begin by outlining the delegation that the FCC has made to the state
16 commissions. After discussing what the FCC has directed the state
17 commissions to do, I introduce BellSouth’s witnesses. These witnesses will
18 explain in detail the evidence that addresses the issues that the FCC has asked
19 the state commissions to examine, including demonstrating that CLECs are not
20 impaired within the meaning of the Federal Telecommunications Act of 1996
21 (“the Act”) in specific geographic areas in Florida. I provide information
22 regarding certain interpretive decisions that BellSouth has made with respect to
23 the FCC’s Triennial Review Order, such as using the FCC’s default
24 demarcation point for differentiating between “mass market” customers and
25 “enterprise” customers. I also discuss the appropriate rate for batch hot cuts

1 and address the availability of collocation in BellSouth's central offices.

2 Finally, I address BellSouth's provisioning of co-carrier cross connects and
3 show that these operational factors do not cause CLECs to be impaired.

4

5 Q. WHAT HAS THE FCC CHARGED THIS COMMISSION WITH DOING IN
6 THIS PROCEEDING?

7

8 A. On August 21, 2003, the FCC issued its long-awaited written order in its
9 triennial review of unbundled network elements ("UNEs"). In its written
10 order, which I will refer to as the "TRO," the FCC determined that "[a]lthough
11 we find competitors to be impaired without access to the incumbent LEC's
12 switch on a national level when serving the mass market, we authorize state
13 commissions to play a fact-finding role – as set forth below – to identify where
14 competing carriers are not impaired without access to unbundled local circuit
15 switching." (*TRO* ¶ 493). As a result of the TRO, the Commission established
16 this proceeding to identify the geographic markets in Florida where CLECs are
17 not impaired in their ability to serve mass market customers without the
18 availability of circuit switching as an unbundled network element. In defining
19 these markets, state commissions must "evaluate impairment by determining
20 the relevant geographic area to include in each market." (C.F.R. §
21 51.319(d)(2)(i)). My testimony uses the terms "geographic market area",
22 "geographic area", and "geographic market" interchangeably.

23

24 In making its determination of whether CLECs are impaired in a given
25 geographic area, the FCC has required state commissions to make several

1 interrelated decisions. A state commission must first define the appropriate
2 geographic market to which it will apply the impairment analysis outlined in
3 the TRO. Next, state commissions must determine the definition for the class
4 of customers that the FCC identified as “mass market”. In the TRO, the FCC
5 divides customers into two classes, “mass market” customers and “enterprise”
6 customers (see TRO ¶419). The FCC created a presumption that CLECs
7 serving “enterprise” customers are not impaired even if the CLECs lack access
8 to unbundled switching. Conversely, CLECs serving “mass market”
9 customers are presumed to be impaired, unless a state commission determines
10 otherwise. However, the FCC did not specify which customers comprise the
11 “mass market” and directed state commissions to make that determination.

12
13 Once appropriate definitions of the relevant geographic areas and “mass
14 market” customers are determined, the FCC requires state commissions to
15 apply two “triggers” tests to see whether CLECs are impaired with respect to
16 serving mass market customers in each defined geographic market. Both of
17 the triggers tests are straightforward. If there are three CLECs with self-
18 provisioned switches serving mass market customers in a given geographic
19 market, the state commissions are required to find that CLECs are not impaired
20 in that geographic market. Alternatively, if there are two CLECs providing
21 wholesale switching services to other CLECs who are providing retail service
22 to mass market customers in a geographic market, the state commissions are
23 required to find that CLECs are not impaired in that geographic area. To
24 summarize, if either of these bright line tests are met in a given geographic

1 market, the switching inquiry is complete in that area and a finding of “no
2 impairment” is mandatory.

3

4 If neither of these “triggers” is met in a given geographic area, the FCC
5 requires that state commissions determine whether there is sufficient *potential*
6 for competitive deployment in any of these areas to warrant a finding of “no
7 impairment.” The “potential deployment” test is independent of the triggers
8 tests and requires the state commissions to consider the economics of an
9 efficient CLEC looking to provide service in a geographic market.

10

11 Finally, the FCC delegated to the state commissions the separate task of
12 determining for which geographic markets a “batch hot cut process” is needed
13 and approving such a batch process.

14

15 Q. PLEASE PROVIDE AN OVERVIEW OF BELL SOUTH’S TESTIMONY IN
16 THIS PROCEEDING.

17

18 A. Consistent with the charge given to the state commissions by the FCC, I divide
19 BellSouth’s testimony into five major areas and identify the corresponding
20 issues established by this Commission in this proceeding.

21

22 First, certain words and phrases used in the TRO must be defined, and the
23 geographic market areas for evaluating the FCC’s triggers must be established.

24 This portion of the testimony relates to Issues 1 and 2, Market Definition.

25 Second, the geographic areas in which the FCC’s “triggers” are met and no

1 impairment is found are identified. This portion of the testimony covers Issue
2 4, Local Switching Triggers. Third, where the FCC's triggers are not met, the
3 issue of "potential deployment" is addressed, which corresponds to Issue 5,
4 Potential for Self-Provisioning of Local Switching. Fourth, the testimony
5 addresses BellSouth's hot cut process, which is Issue 3 in this docket. Finally,
6 I will end my testimony with a brief discussion of Issues 5(c)(2) and 5(c)(3) as
7 well as Issue 6.

8

9

ISSUES 1 AND 2: MARKET DEFINITION

10

11 Q. TURNING TO THE FIRST TOPIC (ISSUES 1 AND 2), WHAT ARE THE
12 CRITICAL DEFINITIONS THAT BELLSOUTH PROVIDES?

13

14 A. BellSouth's witnesses provide a logical and economically sound definition of
15 the "geographic markets" in which the "triggers" and other tests for
16 impairment should be applied. As set forth by the FCC in the TRO, state
17 commissions were given some parameters that must be used in defining the
18 appropriate geographic market. Specifically, the FCC said: "In defining
19 markets, a state commission shall take into consideration the locations of mass
20 market customers actually being served (if any) by competitors, the variation
21 in factors affecting competitors' ability to serve each group of customers, and
22 competitors' ability to target and serve specific markets profitably and
23 efficiently using currently available technologies. A state commission shall
24 not define the relevant geographic area as the entire state." (47 C.F.R.
25 §51.319(d)(2)(i)). The FCC further notes that the geographic market in which

1 the triggers and potential deployment tests are applied must be large enough to
2 permit CLECs to realize economies of scale and scope, ruling out, as Dr. Chris
3 Pleatsikas will testify, wire centers as the market definition.

4
5 After examining a number of alternatives, BellSouth has concluded that the
6 appropriate “geographic markets” for use in these proceedings are the
7 individual UNE rate zones adopted by this Commission, subdivided into
8 smaller areas using the Component Economic Areas (“CEAs”) as developed
9 by the Bureau of Economic Analysis of the United States Department of
10 Commerce. CEAs are defined by natural geographic aggregations of economic
11 activity and cover the entire state of Florida. UNE rate zones are an
12 appropriate starting point for the market definition because, by design, they
13 reflect the locations of customers currently being served by CLECs, which are
14 predominantly UNE zones 1 & 2, as well as the costs that affect competitive
15 ability to serve customers profitably. As Dr. Pleatsikas will explain further
16 dividing UNE zones by CEAs allows for an extremely granular assessment of
17 impairment.

18
19 In short, BellSouth’s proposed geographic market definition is consistent with
20 the existing distribution of customers and the other factors that the FCC
21 indicates should be considered in setting a market definition. By selecting
22 these boundaries for the set of geographic markets to be examined under the
23 state commission’s impairment analysis, BellSouth offers a geographic market
24 definition smaller than the entire state, but large enough so that a competitor
25 can realize appropriate economies of scope and scale. This definition of

1 geographic market results in 31 separate geographic markets in BellSouth's
2 service area in Florida. Attached hereto as Exhibit JAR-1 is a map of the state
3 of Florida showing these 31 geographic market areas. As I noted, Dr.
4 Pleatsikis will provide further detailed information regarding the definition of
5 "geographic market."

6
7 In addition to defining the appropriate geographic market, the Commission
8 must also establish an appropriate definition for the "mass market" customer.
9 In this proceeding, BellSouth accepts the FCC's default delineation between
10 "mass market" customers and "enterprise" customers - that is customers with
11 three or fewer CLEC DS0 lines serving them are deemed "mass market"
12 customers. This is a reasonable assumption, and is quite conservative given
13 the FCC's direction to define the cross-over point as "where it makes sense for
14 a multi-line customer to be served via a DS1 loop." (TRO, ¶ 497).

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1 **ISSUE 4: ACTUAL SWITCH DEPLOYMENT**

2 **LOCAL SWITCHING TRIGGERS**

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Q. WITH THESE DEFINITIONS OF THE RELEVANT GEOGRAPHIC MARKET AND “MASS MARKET”, LET US MOVE TO THE SECOND MAJOR AREA OF THE TESTIMONY. IN WHAT GEOGRAPHIC MARKETS ARE CLECS NOT IMPAIRED WITHOUT ACCESS TO BELLSOUTH’S UNBUNDLED SWITCHING BECAUSE THE TRIGGERS TEST IS MET?

A. BellSouth’s witness Pamela A. Tipton provides evidence that the self-provisioning switching trigger established by the FCC in its TRO is met in thirteen of the thirty-one geographic markets in Florida. That is, Ms. Tipton will demonstrate that CLECs are not impaired in thirteen geographic markets, because there are mass market customers in those geographic areas actively being served by at least three (and often more) CLECs using self-provisioned switching. Ms. Tipton has obtained this evidence from the CLECs themselves and from BellSouth’s business records. Although there is a second and separate “trigger” involving the situation where a CLEC obtains switching from a wholesale provider, BellSouth has not relied upon that trigger in establishing the geographic areas where CLECs are not impaired. Attached hereto as Exhibit JAR-2 is a map that indicates the geographic areas in which the FCC’s self-provisioning switching trigger is met.

1 **ISSUE 5: POTENTIAL FOR SELF-PROVISIONING**
2 **OF LOCAL SWITCHING**
3

4 Q. REGARDING THE THIRD MAJOR AREA OF THE TESTIMONY,
5 WHERE THE FCC'S SWITCHING TRIGGERS ARE NOT MET, WHAT
6 EVIDENCE DOES BELLSOUTH PRESENT WITH REGARD TO
7 "POTENTIAL DEPLOYMENT"?

8
9 A. In ten of the remaining eighteen geographic market areas where the triggers
10 tests are not met, BellSouth's witnesses will provide evidence to demonstrate
11 that the FCC's potential deployment test is met and that CLECs are not
12 impaired in those markets without access to BellSouth's unbundled switching.
13 Attached hereto as Exhibit JAR-3 is a map that illustrates the ten additional
14 geographic market areas where CLECs are not impaired without access to
15 BellSouth's unbundled switching.

16
17 Q. PLEASE PROVIDE ADDITIONAL DETAILS REGARDING
18 BELLSOUTH'S "POTENTIAL DEPLOYMENT" CASE, AS IT RELATES
19 TO WHETHER CLECS ARE IMPAIRED WITHOUT ACCESS TO
20 BELLSOUTH'S UNBUNDLED SWITCHING.

21
22 A. While the "triggers" test is a "bright line" test, the FCC recognized that the
23 current availability of unbundled switching may influence the nature and
24 extent of actual competition. In other words, the fact that fewer than three
25 CLECs are self-provisioning switching to mass market customers in a

1 particular geographic market is not necessarily dispositive on the issue of
2 whether impairment exists in that geographic market. To address this, the FCC
3 created a different test that can be used to determine whether CLECs are
4 impaired where the triggers tests are not met. In creating this alternative, the
5 FCC instructed the state commissions to weigh three things which, taken
6 together, constitute the “potential deployment” approach to making a “no
7 impairment” finding where the FCC “triggers” are not met:

8

9 First, the FCC told the states to look at actual competition where it did not rise
10 to the level necessary to meet the triggers tests. Ms. Tipton will provide
11 testimony regarding the actual level of competition from CLECs that self-
12 provision switching but where the triggers tests are not met.

13

14 Second, the FCC also instructed the state commissions to consider any
15 operational barriers to entry, specifically mentioning non-discriminatory
16 provisioning of loops, access to collocation, and access to co-carrier cross
17 connects. Mr. Alphonso Varner will present BellSouth’s testimony
18 demonstrating that BellSouth provides CLECs with non-discriminatory access
19 to unbundled loops. I discuss the availability of collocation in BellSouth’s
20 offices in Florida, as well as BellSouth’s provision of co-carrier cross connects
21 to any carrier who requests such cross connects.

22

23 Finally, the FCC directed the states to consider any economic barriers to entry
24 when determining whether CLECs are impaired to serve the mass market
25 customer in a particular geographic market without access to BellSouth’s

1 unbundled local switching. To address the economic issues, BellSouth has
2 commissioned the creation of a highly detailed, economic model, a CLEC
3 business case, that, in accordance with the TRO's guidance, can be used to
4 evaluate whether an efficient CLEC could economically enter individual
5 markets without access to BellSouth's unbundled switching.

6

7 The model itself will be described and discussed by Mr. Jim Stegeman, whose
8 company created the model. Dr. Debra Aron, an economist, will discuss how
9 the model meets the criteria laid out in the TRO, the model's economic
10 underpinnings, some of the model's key economic inputs and the results of the
11 potential deployment analysis. Dr. Randall Billingsley will provide
12 information regarding the cost of capital that has been used as an input into the
13 model. Finally, Mr. Keith Milner will discuss the network design that the
14 model emulates.

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ISSUE 3: BATCH CUT PROCESS

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Q. PLEASE DESCRIBE THE FOURTH MAJOR AREA OF BELLSOUTH'S TESTIMONY ADDRESSING "HOT CUTS".

A. Apart from testimony demonstrating the results of the triggers and potential deployment analyses, BellSouth will also present testimony showing that an efficient hot cut process is in place, enabling competitors to compete by obtaining access to BellSouth's unbundled loops and using either the competitors' own switches or wholesale switching. Further, BellSouth will present testimony demonstrating BellSouth has a seamless and effective batch hot cut process in place that enables competitors to convert existing Unbundled Network Element – Port/Loop Combination ("UNE-P") lines to unbundled loops and switching that is not provided by BellSouth.

Q. WHAT DECISION MUST THE COMMISSION MAKE REGARDING HOT CUTS?

A. The hot cut case is simple because it involves a process that has been around for 100 years – moving a jumper from one location to another. BellSouth can do it, AT&T can do it, and MCI can do it. As of October 2003, there are 156,746 lines in Florida served by a combination of a BellSouth unbundled loop and a CLEC's switch, which demonstrates without doubt that BellSouth has a hot cut process that has been tested, and that works.

1 The case is also simple because it is familiar to this Commission. The
2 Commission expended a great deal of time and energy reviewing the
3 provisioning of hot cuts in the Section 271 case (FPSC Docket No. 960786).
4 That work will inform and facilitate its decision-making in this case.
5

6 Q. WHO ARE THE BELL SOUTH WITNESSES THAT WILL TESTIFY
7 ABOUT THE HOT CUT PROCESS?
8

9 A. There are a number of witnesses. Mr. Ken Ainsworth explains BellSouth's hot
10 cut process that handles both the migration from a BellSouth retail customer to
11 an Unbundled Network Element – Loop ("UNE-L") terminating in a CLEC's
12 collocation space and the migration of a UNE-P to a UNE-L. Mr. Ainsworth
13 also addresses BellSouth's seamless and cost-effective batch hot cut process
14 that enables BellSouth to manage the volume of hot cuts that will be presented
15 to BellSouth when local circuit switching is no longer a UNE.
16

17 Mr. Ron Pate provides testimony that explains the ordering process BellSouth
18 has developed for UNE-P to UNE-L Bulk Migration/batch hot cut process
19 when CLECs migrate existing multiple UNE-P customers to UNE-L.
20

21 Mr. Al Heartley testifies that the BellSouth Network Services organization is
22 prepared to handle the batch hot cut process for the volume of orders with
23 which BellSouth will be presented.
24

1 Given the simple process, all the Commission needs to decide is whether
2 BellSouth can carry out this process in sufficient volumes, and with sufficient
3 speed and accuracy, to allow CLECs to compete using UNE-L. BellSouth's
4 witnesses will demonstrate that BellSouth absolutely can execute hot cuts in
5 this manner, and as Mr. Varner will explain, BellSouth's performance
6 measurements will demonstrate its ability to accomplish these tasks.

7

8 Q. GIVEN THIS COMMISSION'S EXTENSIVE EXPERIENCE WITH HOT
9 CUTS, WHY IS BELLSOUTH DEVOTING SO MUCH TESTIMONY TO
10 THIS ISSUE?

11

12 A. BellSouth would prefer not to do so. However, when faced with the
13 overwhelming evidence that BellSouth has regarding the actual facilities-based
14 competition that exists in Florida and the geographic areas where the FCC's
15 triggers are met, it is most likely that the CLECs will try to make a stand and
16 protect their cheap access to BellSouth's network by focusing on the hot cut
17 process. When faced with this straightforward issue, the CLECs have resorted
18 to delay and obstruction. In New York's Bulk Migration/Hot Cuts proceeding
19 (Case No. 02-C-1425), in an obviously circular argument, AT&T contended
20 that "until Verizon demonstrates that it can execute a hot cut process at high
21 volumes, we do not have a process that can handle mass market volumes in a
22 post UNE-P world." (Falcone Testimony, Case No. 02-C-1425, filed October
23 24, 2003, at p. 78.) Of course, so long as UNE-P exists, CLECs have no
24 incentive to order UNE-L, making AT&T's purported threshold impossible to
25 meet. To further delay, AT&T has argued that state commissions must first

1 adopt a hot cut process, but “refrain from approving those processes until
2 appropriate metrics have been developed and approved.” (Nurse Testimony,
3 Case No. 02-C-1425, filed October 24, 2003, at pp. 8-9.) AT&T, of course, is
4 counting on months of delay from extended negotiations about performance
5 measures.

6
7 To complicate and obscure the straightforward issue, certain CLECs, and
8 specifically AT&T in proceedings before the FCC, have argued, and will
9 probably argue here, that until BellSouth makes changes to its network that
10 would cost billions of dollars, no adequate hot cut process is possible. An
11 adequate process, according to AT&T, will require “some form of electronic,
12 not manual, loop provisioning.” The FCC already rejected AT&T’s proposal,
13 but based on the issues that the FCCA offered in this proceeding, it is all but
14 certain that AT&T, if not the FCCA, intends to advance this very same tired
15 old argument again. The CLECs’ suggestion that BellSouth must overhaul its
16 existing network to provide electronic loop provisioning prior to a state
17 commission finding that BellSouth, or any ILEC, has an adequate hot cut
18 process, whether “batch” or otherwise, is what this Commission can expect to
19 hear. As a result, BellSouth offers extensive testimony from Messrs.
20 Ainsworth, Varner, Pate and Heartley regarding the hot cut issues to
21 demonstrate that nothing more is necessary.

22
23

1 Q. HAS THIS COMMISSION PREVIOUSLY REVIEWED THE ISSUE OF
2 BELLSOUTH'S HOT CUT PROCESS? IF SO, WHAT WAS ITS
3 DETERMINATION?
4

5 A. Yes. This Commission reviewed BellSouth's hot cut process during
6 BellSouth's 271 proceeding and UNE Cost proceeding. In Docket No.
7 960786, the Commission determined that BellSouth's policies and procedures
8 relating to its ordering and provisioning met the requirements of the Act and
9 were non-discriminatory. In the UNE Cost docket, the Commission approved
10 the TELRIC-based nonrecurring rates applicable to hot cuts.
11

12 Q. IN THE TRO, WHAT DID THE FCC REQUIRE STATE COMMISSIONS
13 TO DO WITH RESPECT TO HOT CUTS?
14

15 A. The FCC urged state commissions to require ILECs to develop a bulk
16 migration process. The FCC stated, "[t]he record evidence strongly suggests
17 that the hot cut process could be improved if cut overs were done on a bulk
18 basis, such that the timing and volume of the cut over is better managed. We
19 expect that such improvements would result in some reduction of the non-
20 recurring costs."
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1 Q. HAS BELLSOUTH DEVELOPED SUCH A PROCESS?

2

3 A. Yes. As BellSouth Witnesses Ainsworth, Pate and Heartley explain, BellSouth
4 has developed and implemented a bulk migration process that meets the
5 concerns expressed by the FCC.

6

7 Q. WHAT RATES DOES BELLSOUTH PROPOSE FOR THE BULK
8 MIGRATION HOT CUT PROCESS?

9

10 A. In the TRO, the FCC suggested that the batch hot cut rates “should reflect the
11 efficiencies associated with batched migration of loops to a competitive LEC’s
12 switch, either through a reduced per-line rate or through volume discounts.”
13 (TRO ¶ 489.) BellSouth proposes a 10% discount of the total amount of the
14 Commission approved nonrecurring UNE rates applicable for hot cuts.¹ Based
15 on a recent cost study, BellSouth determined that the nonrecurring cost for
16 certain elements are actually lower than the ordered rate with the 10%
17 discount. For those elements where the cost study results are lower than the
18 discounted rate, BellSouth will charge the CLECs the rate produced by the cost
19 study.

20

21

22

¹ BellSouth will apply the net 10% discount to the Service Level 1 (SL1) loop, the Service Level 2 (SL2) loop and the Unbundled Copper Loop - Non-designed (UCL-ND) nonrecurring rate.

1 Q. DO UNE LOOP NONRECURRING CHARGES CONSTITUTE AN
2 ECONOMIC BARRIER?

3
4 A. No. This Commission approved the UNE loop prices currently charged by
5 BellSouth in the UNE Cost proceeding. BellSouth's proposal to offer a 10%
6 discount off these nonrecurring prices when CLECs use the batch hot cut
7 process is an incentive for CLECs to use that process.

8

9 **ISSUES 5 (C)(2) and(C)(3): OPERATIONAL BARRIERS –**
10 **COLLOCATION AND CROSS-CONNECTS**

11

12 *ISSUE 5(C)(2) – COLLOCATION SPACE*

13

14 Q. TURNING TO OPERATIONAL ISSUES, PLEASE DISCUSS THE
15 AVAILABILITY OF COLLOCATION SPACE IN BELLSOUTH'S
16 CENTRAL OFFICES.

17

18 A. Space is available for CLECs to collocate equipment in all of BellSouth's
19 Florida central offices, except two. For one of these two offices, the
20 Jacksonville J. Turner Butler Central Office (CLLI Code JCVLFLJT), the
21 Florida Commission has granted a waiver for collocation until October 31,
22 2006. The J. Turner Butler Central Office is located in a multi-tenant, multi-
23 story office building that BellSouth does not own. BellSouth leases its space
24 under terms that allow for renewals for 10-year intervals at pre-negotiated,
25 below market rates. If BellSouth were to enter into a collocation arrangement

1 with a CLEC, such arrangement would be a sublease, which is only allowed
2 pursuant to the terms of the lease agreement upon approval of the building
3 owner. Accordingly, if BellSouth enters into a sublease arrangement without
4 prior approval, BellSouth violates the lease agreement, potentially is liable for
5 contract penalties and waives and terminates its right to the renewal options
6 provided in the agreement, thus potentially putting at risk its facilities currently
7 in place. BellSouth would also waive its option to lease additional space at the
8 landlord's discretion. In addition to the lease agreement issues, there is a
9 building code restriction requiring sprinklers in any additional space acquired.
10 BellSouth has received an exemption from this requirement for its existing
11 space, but the Fire Marshall has refused to extend this exemption to any
12 additional space acquired by BellSouth in the future.

13

14 The other office, Lake Mary Main (CLLI LKMRFLMA), is scheduled for
15 relocation on March 26, 2004, because the existing building is located over a
16 sinkhole and must be vacated. Consequently, no new collocation arrangements
17 are being provided in the current Lake Mary Main Central Office. Once the
18 new building is complete, BellSouth will offer space for collocation giving
19 priority to those CLECs who are on a waiting list.

20

21 Q. ARE THERE ALTERNATIVES TO PHYSICAL COLLOCATION IN THE
22 CENTRAL OFFICE IN THE RARE CIRCUMSTANCES WHERE
23 PHYSICAL COLLOCATION IS NOT VIABLE?

24

25 A. Yes. CLECs may elect either adjacent collocation or virtual collocation.

1 Q. IS BELLSOUTH PROVIDING PHYSICAL COLLOCATION TO CLECS
2 TODAY?

3

4 A. Yes. CLECs currently lease approximately 130,010 square feet of collocation
5 space within 128 of BellSouth Florida's 198 central offices.

6

7 Q. DOES BELLSOUTH PROVIDE COLLOCATION SPACE TO CLECS IN A
8 TIMELY MANNER FOLLOWING CLECS' REQUESTS FOR SPACE?

9

10 A. Yes. As Mr. Varner discusses in his testimony, over the past year, BellSouth
11 has achieved 100% performance in meeting the collocation provisioning
12 intervals established by this Commission. In fact, of the 470 collocation
13 requests received, BellSouth consistently has completed these orders in much
14 shorter intervals than required.

15

16 Q. ARE THERE MEASURES IN PLACE TO ASSURE THAT BELLSOUTH'S
17 LEVEL OF PERFORMANCE REGARDING COLLOCATION DOES NOT
18 DIMINISH?

19

20 A. Yes. This Commission has ordered Performance Measurements that are in
21 place today. Should BellSouth fail to meet these metrics, BellSouth would be
22 subject to penalty payments under the Self-Effectuating Enforcement
23 Mechanism ("SEEMs") plan. However, as Mr. Varner's testimony explains,
24 BellSouth has met all of these metrics since September 2002.

25

1 Q. IS A CLEC'S ABILITY TO OBTAIN COLLOCATION A BARRIER TO
2 CLEC ENTRY IN BELLSOUTH'S MARKETS?

3

4 A. Absolutely not.

5

6 *ISSUE 5(C)(3) – CROSS-CONNECTS*

7

8 Q. WHAT IS A "COMPETITIVE LEC-TO-COMPETITIVE LEC CROSS-
9 CONNECT"?

10

11 A. "Competitive LEC-to-Competitive LEC Cross-Connects" are commonly
12 referred to as Co-Carrier Cross Connects ("CCXCs"). A CCXC is a
13 connection between two CLECs' facilities located in the same BellSouth
14 premises. A CCXC must be provisioned using facilities owned by the ordering
15 carrier and must use BellSouth's common cable support structure. The CLECs
16 must also contract with a BellSouth Certified Supplier to place the CCXC.

17

18 Q. WHY WOULD TWO COLLOCATORS USE CO-CARRIER CROSS-
19 CONNECTS?

20

21 A. There are a couple of potential uses. A CLEC might use CCXCs to share
22 facilities and/or equipment or exchange interexchange traffic

23

24

1 Q. DOES BELLSOUTH ALLOW CO-CARRIER CROSS-CONNECTS
2 TODAY?

3

4 A. Yes, and BellSouth has done so for several years. Today, a CLEC can connect
5 its collocation arrangement to another CLEC's collocation arrangement by
6 enlisting a certified installation vendor from the list of BellSouth certified
7 vendors to place the cabling necessary to make the connections. Beginning
8 first quarter 2004, BellSouth will provide another means for CLECs to obtain
9 CCXCs. BellSouth will make CCXCs available pursuant to its FCC No. 1
10 Tariff, whereby BellSouth (rather than a third-party vendor) will provide a
11 CCXC for both CLECs at a demarcation point.

12

13 Q. ARE THERE CLECS WHO HAVE CO-CARRIER CROSS-CONNECTS IN
14 SERVICE TODAY IN BELLSOUTH'S CENTRAL OFFICES?

15

16 A. Yes. In Florida, there are over 500 existing CCXCs in BellSouth central
17 offices.

18

19 Q. IS THE ABILITY OF CLECS TO OBTAIN CROSS-CONNECTS IN
20 BELLSOUTH CENTRAL OFFICES ON A TIMELY BASIS A BARRIER
21 TO CLEC ENTRY IN BELLSOUTH'S MARKETS?

22

23 A. Absolutely not.

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1 ISSUE 6 – TRANSITIONAL USE OF UNBUNDLED

2 LOCAL SWITCHING

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Q: CAN YOU BRIEFLY DISCUSS THE TRANSITIONAL USE OF UNBUNDLED LOCAL SWITCHING?

A: Yes. As the testimony of BellSouth’s witnesses sets forth, CLECs in Florida are not impaired in 23 of 31 geographic markets. Consequently, the transitional use of unbundled local switching is not needed at this time because the switching triggers and economic analysis mandate relief. If the transitional use of unbundled local switching were necessary, the appropriate time period for that switching should not exceed ninety (90) days.

Q: PLEASE SUMMARIZE YOUR TESTIMONY.

A. I anticipate that the CLECs will contest the issues in this proceeding in every way possible and throw road block after road block in the path of progress toward real competition in the telecommunications industry in Florida. However, the simple truth of the matter is that facilities-based competition has arrived in Florida and has been in place for some time. Those CLECs who have chosen to invest in the state of Florida have put in switches and are actively serving mass market customers in a number of geographic areas in the state, other CLECs want to continue to provide services using nothing but BellSouth’s network. Such competition, however, cannot be sustainable in the long run. Requiring BellSouth to unbundle its network, as is presently the case, creates disincentives for CLECs to invest in Florida, which no doubt

1 explains why there is not more facilities-based competition than there is now.
2 Any argument that BellSouth's "hot cut" process is to blame is simply a red
3 herring. Thousands and thousands of lines have been moved from BellSouth's
4 switches to CLEC switches. The Commission has looked at BellSouth's hot
5 cut process and found it sufficient to support BellSouth's entry into the
6 interLATA long distance business. As discussed in my testimony and the
7 testimony of BellSouth's other witnesses, BellSouth has met the requirements
8 given in the TRO to have switching relief in 23 of its geographic market areas.
9 It is time to take the next step and begin weaning carriers like MCI and AT&T
10 from the cheap switching that BellSouth is currently required to offer, and time
11 to compel these and other companies to make real investments in Florida that
12 will be of real benefit over time.

13 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

14

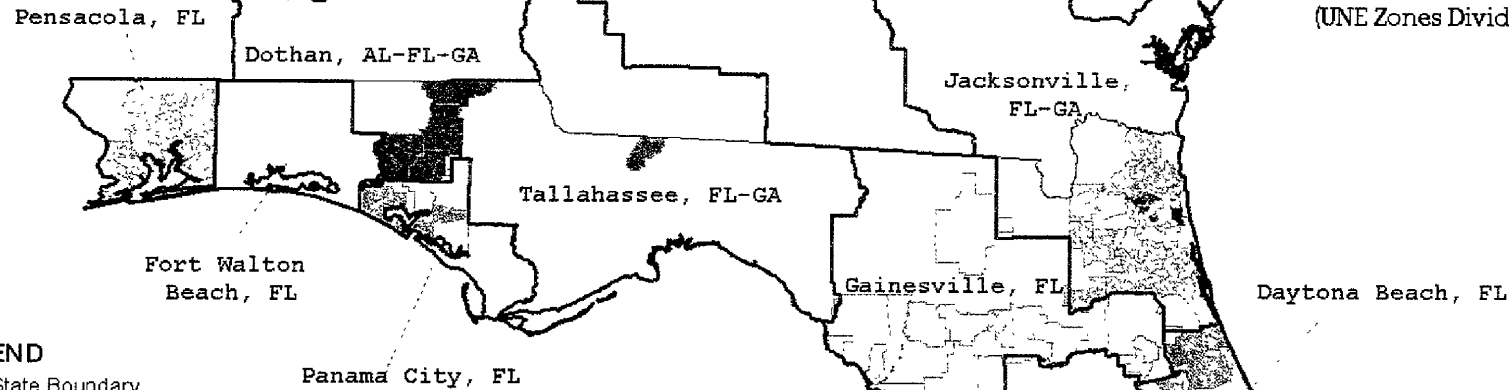
15 A. Yes.

16 [515427]

BellSouth Serving Area

Geographic Markets

(UNE Zones Divided by CEA)



LEGEND

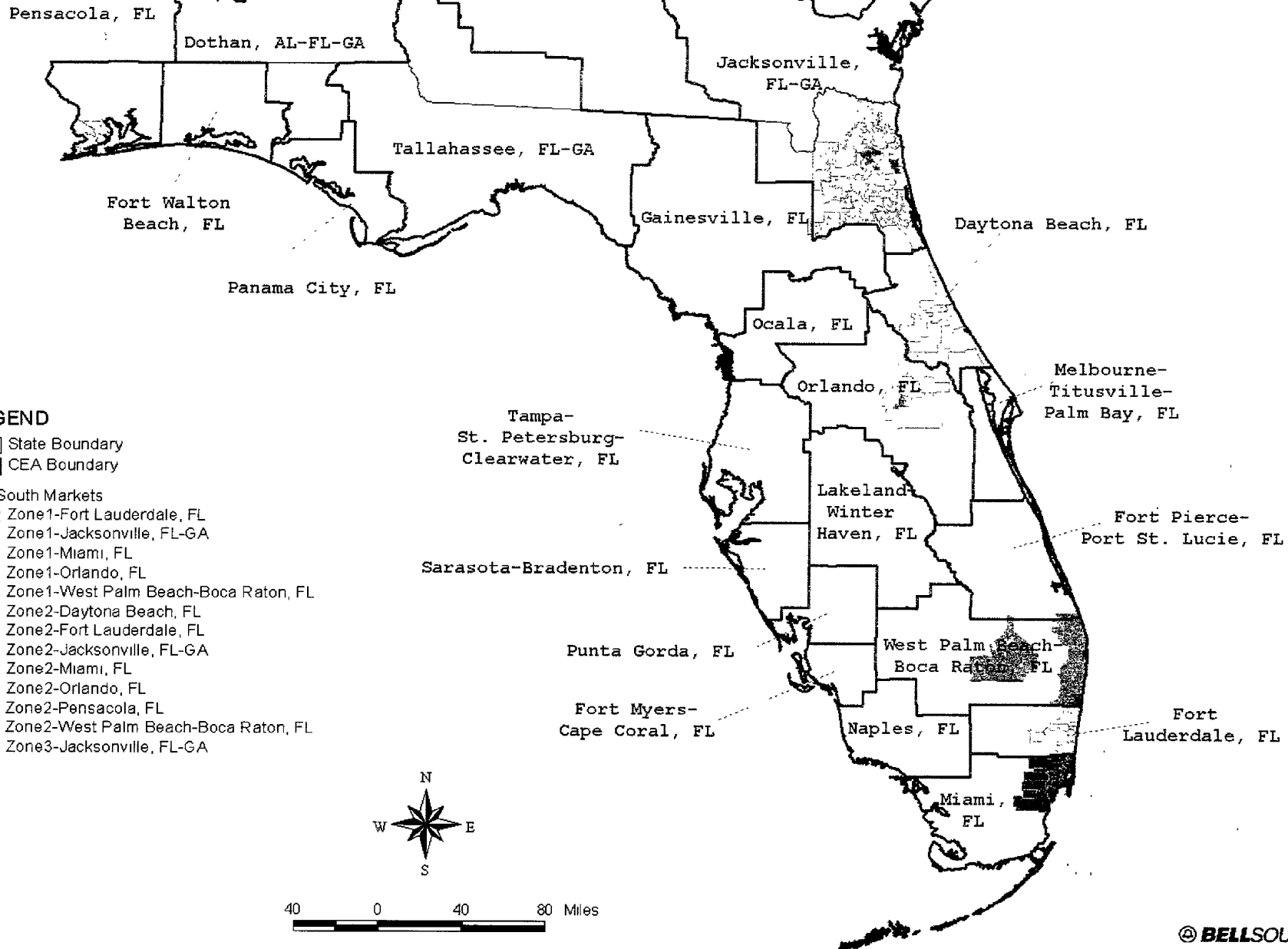
- State Boundary
- CEA Boundary

BellSouth Markets

- Zone1-Daytona Beach, FL
- Zone1-Fort Lauderdale, FL
- Zone1-Jacksonville, FL-GA
- Zone1-Miami, FL
- Zone1-Orlando, FL
- Zone1-West Palm Beach-Boca Raton, FL
- Zone2-Daytona Beach, FL
- Zone2-Fort Lauderdale, FL
- Zone2-Fort Pierce-Port St. Lucie, FL
- Zone2-Gainesville, FL
- Zone2-Jacksonville, FL-GA
- Zone2-Melbourne-Titusville-Palm Bay, FL
- Zone2-Miami, FL
- Zone2-Orlando, FL
- Zone2-Panama City, FL
- Zone2-Pensacola, FL
- Zone2-Tampa-St. Petersburg-Clearwater, FL
- Zone2-West Palm Beach-Boca Raton, FL
- Zone3-Daytona Beach, FL
- Zone3-Dothan, AL-FL-GA
- Zone3-Fort Pierce-Port St. Lucie, FL
- Zone3-Gainesville, FL
- Zone3-Jacksonville, FL-GA
- Zone3-Miami, FL
- Zone3-Ocala, FL
- Zone3-Orlando, FL
- Zone3-Panama City, FL
- Zone3-Pensacola, FL
- Zone3-Tallahassee, FL-GA
- Zone3-Tampa-St. Petersburg-Clearwater, FL
- Zone3-West Palm Beach-Boca Raton, FL



BellSouth Markets Where Trigger is Met



**Additional Market Areas Where
 BACE Model Shows NPV is Positive
 in BellSouth Serving Area**

