

1 BELL SOUTH TELECOMMUNICATIONS, INC.
2 REBUTTAL TESTIMONY OF W. KEITH MILNER
3 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
4 DOCKET NO. 030851-TP
5 JANUARY 7, 2004
6

7 Q. PLEASE STATE YOUR NAME, YOUR BUSINESS ADDRESS, AND
8 YOUR POSITION WITH BELL SOUTH TELECOMMUNICATIONS, INC.
9 ("BELL SOUTH").
10

11 A. My name is W. Keith Milner. My business address is 675 West Peachtree
12 Street, Atlanta, Georgia 30375. I am Assistant Vice President -
13 Interconnection Operations for BellSouth.
14

15 Q. ARE YOU THE SAME W. KEITH MILNER THAT FILED DIRECT
16 TESTIMONY IN THIS PROCEEDING?
17

18 A. Yes.
19

20 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY FILED
21 TODAY?
22

23 A. My testimony provides rebuttal to the direct testimony of Mr. Jay M.
24 Bradbury and Mr. Steven E. Turner on behalf of AT&T Communications of
25 the Southern States, LLC.

1 **Rebuttal to Mr. Bradbury**

2 Q. ON PAGE 10 OF HIS TESTIMONY, MR. BRADBURY CONTENDS “THE
3 LEGACY ILEC NETWORK ARCHITECTURE PROVIDES AN
4 INEFFICIENT AND UNECONOMIC MEANS FOR A CLEC THAT TRIES
5 TO CONNECT THOSE SAME LOOPS TO ITS SWITCH THAT IS
6 ALWAYS REMOTELY LOCATED FROM THE ILEC CENTRAL OFFICE
7 WHERE THESE LOOPS TERMINATE.” [Emphasis added] CAN YOU
8 ADDRESS THIS CONTENTION?

9
10 A. Yes. Despite Mr. Bradbury’s characterization to the contrary, there is no
11 requirement that Competitive Local Exchange Carriers (“CLECs”) install
12 their local switch at some location other than the Incumbent Local
13 Exchange Carrier’s (“ILEC’s”) central office building. For example, one (1)
14 CLEC in Florida has chosen to install its switches in that CLEC’s
15 collocation arrangements within BellSouth’s central offices thereby
16 reducing its “backhaul” costs.

17
18 Q. ON PAGE 10 OF HIS TESTIMONY, MR. BRADBURY QUOTES THE
19 FEDERAL COMMUNICATIONS COMMISSION (“FCC”) AS SAYING
20 “THE NEED TO BACKHAUL THE CIRCUIT DERIVES FROM THE USE
21 OF A SWITCH LOCATED IN A LOCATION RELATIVELY FAR FROM
22 THE END USER’S PREMISES, WHICH EFFECTIVELY REQUIRES
23 COMPETITORS TO DEPLOY MUCH LONGER LOOPS THAN THE
24 INCUMBENT.” PLEASE RESPOND.

25

1 A. Mr. Bradbury correctly quotes the FCC. However, I disagree with the
2 assertion that a CLEC's switch will be "relatively far" from the end user's
3 premises. The CLEC could, for example, house its switch in a building
4 directly across the street from the ILEC's central office. In such a case,
5 the loop would not be "much longer." More importantly, however, I would
6 remind the Commission that during recent proceedings regarding the
7 CLECs' eligibility for reciprocal compensation for tandem switching,
8 CLECs argued that their switches covered very large stretches of
9 geography and that CLECs had chosen an architecture with fewer
10 switches and longer loops compared to incumbents' networks
11 characterized by more switches (including tandem switches) and relatively
12 shorter loops and that their chosen architecture yielded significant
13 benefits. In my direct testimony in this proceeding, I cited the testimony of
14 Mr. David Talbott on behalf of AT&T and Mr. Don Price on behalf of
15 Worldcom in which they explained the long "reach" of their respective
16 switches. I find it somewhat ironic that the network characteristic that
17 these CLECs touted in those earlier proceedings as an advantage over
18 incumbents' respective architectures, those same CLECs now bemoan.

19
20 Q. ON PAGE 11 OF HIS TESTIMONY, MR. BRADBURY STATES "THE
21 CLEC BACKHAUL COSTS INCLUDE THE NON-RECURRING COSTS
22 NECESSARY TO ESTABLISH A COLLOCATION ARRANGEMENT IN
23 EVERY ILEC WIRE CENTER IN WHICH THE CLEC WISHES TO OFFER
24 MASS MARKET SERVICES..." CAN YOU ADDRESS THIS?

25

1 A. Yes. Apparently, AT&T has chosen to assume that collocation in each
2 wire center is required, although in AT&T's response to BellSouth's Fourth
3 Set of Interrogatories, No. 154, Mr. Bradbury concedes that options for
4 collocation that I described in my direct testimony are accurate. Moreover,
5 as I noted in my direct testimony in this proceeding, BellSouth's Analysis
6 of Competitive Entry ("BACE") model accommodates the assumption that
7 the CLEC may collocate in every ILEC central office in order to serve
8 mass market customers. BellSouth's BACE model also allows the CLEC
9 to collocate in some, but not all, ILEC central offices and use the so-called
10 Enhanced Extended Link ("EEL") to serve those mass market customers
11 whose loops terminate in ILEC central offices in which the CLEC is not
12 collocated.

13

14 Q. ON PAGE 11 OF HIS TESTIMONY, MR. BRADBURY STATES "THIRD,
15 THE CLEC MUST PAY EXORBITANT CHARGES TO THE ILEC FOR
16 TRANSFERRING LOOPS FROM THE ILEC SWITCH TO A CLEC
17 COLLOCATION FACILITY, OR FROM ONE CLEC TO ANOTHER." TO
18 WHAT CHARGES DOES MR. BRADBURY REFER?

19

20 A. Apparently, Mr. Bradbury refers to the rates set by this Commission for the
21 ordering and provisioning of unbundled loops. I disagree with Mr.
22 Bradbury that the charges are "exorbitant" and he does not explain the
23 basis for his claim. Indeed, this Commission took extensive testimony in
24 Docket No. 990649-TP before reaching its decision as to what rates are
25 appropriate for the "hot cut" required to disconnect a loop from BellSouth's

1 switch and then re-connect that same loop to the CLEC's facilities.

2

3 Q. ON PAGE 11 OF HIS TESTIMONY, MR. BRADBURY TAKES ISSUE
4 WITH THE TRANSFER PROCESS, CONTENDING THAT THE
5 PROCESS IS INFERIOR IN COMPARISON TO UNE-P CHANGES OR
6 THE PRIMARY INTEREXCHANGE CARRIER ("PIC") CHANGE
7 PROCESS. ARE THESE COMPARISONS VALID?

8

9 A. No. The two (2) processes which Mr. Bradbury prefers (that is, use of
10 UNE-P or the use of PIC change capabilities) are billing changes that are
11 effectuated without the need to make physical changes to the ILEC's
12 network. The hot cut process, on the other hand, requires physical work
13 within the ILEC's network to remove the loop from the ILEC's switch and
14 then to re-connect that loop to the CLEC's facilities including the CLEC's
15 switch. There are profound dissimilarities between the processes Mr.
16 Bradbury apparently wishes could be used for "hot cuts" and the
17 processes that are actually used. Most importantly, he offers no
18 replacement for or improvements to the "hot cut" process that AT&T and
19 BellSouth jointly developed and which is in use daily across BellSouth's
20 nine-state region.

21

22 Q. ON PAGE 18 OF HIS TESTIMONY, MR. BRADBURY QUOTES THE
23 FCC AS SAYING "NO PARTY SERIOUSLY ASSERTS THAT
24 COMPETITIVE LECs ARE SELF-DEPLOYING COPPER LOOPS TO
25 PROVIDE TELECOMMUNICATIONS SERVICES TO THE MASS

1 MARKET." PLEASE RESPOND.

2

3 A. While Mr. Bradbury accurately quotes the FCC, I would point out that in
4 the referenced passage, the FCC merely pointed out that CLECs were not
5 deploying copper cables over which services are or will be provided.
6 Nonetheless, CLECs are deploying analogous network facilities over
7 which loops are transported, namely fiber optic-based transmission
8 systems.

9

10 Q. ON PAGE 23 OF HIS TESTIMONY, MR. BRADBURY STATES "THE
11 FCC'S RULES DO NOT PERMIT A CLEC TO PLACE A CIRCUIT
12 SWITCH IN A COLLOCATION." ARE THERE ANY CLEC SWITCHES
13 COLLOCATED WITHIN BELL SOUTH'S CENTRAL OFFICES IN
14 FLORIDA?

15

16 A. Yes. Please see BellSouth's response to the Florida Staff's Second Set of
17 Interrogatories, Item No. 17, in this Docket.

18

19 Q. ON PAGE 25 OF HIS TESTIMONY, MR. BRADBURY ASSERTS THAT
20 CLECs MUST "INSTALL AND MAINTAIN THE EQUIPMENT
21 NECESSARY TO DIGITIZE AND, USING CONCENTRATION AND
22 MULTIPLEXING TECHNIQUES, AGGREGATE THE TRAFFIC ON
23 THOSE LOOPS TO PERMIT CONNECTIONS TO THE CLEC'S SWITCH
24 AT ACCEPTABLE QUALITY LEVELS..." CAN YOU ADDRESS THIS?

25

1 A. Yes. CLECs need not perform this function for themselves, as Mr.
2 Bradbury apparently believes. To the contrary, BellSouth's Unbundled
3 Loop Concentration ("ULC") offer aggregates and digitizes the loops in a
4 given BellSouth central office for delivery to the CLEC's collocation
5 arrangement. Please see BellSouth's Interconnection website
6 (<http://www.interconnection.bellsouth.com/>) for details of BellSouth's offer.

7
8 Q. ON PAGE 29 OF HIS TESTIMONY, MR. BRADBURY DISCUSSES A
9 CLEC'S USE OF DIGITAL LOOP CARRIER ("DLC") EQUIPMENT WITHIN
10 THE CLEC'S COLLOCATION ARRANGEMENT AND STATES "WHILE
11 THIS DLC EQUIPMENT IS ABSOLUTELY MANDATORY FOR THE
12 CLEC, IT IS NOT REQUIRED FOR THE ILEC WHEN SERVING THE
13 SAME CUSTOMERS." PLEASE RESPOND.

14
15 A. While I agree that CLECs will use DLC equipment (either self-provided or
16 via BellSouth's ULC offer I discussed earlier), DLC equipment is useful not
17 for differences in transmission quality alluded to by Mr. Bradbury, but
18 rather by the economics achieved by concentrating individual loops for
19 conveyance to the CLEC's switch which, under Mr. Bradbury's
20 assumption, is housed somewhere other than within BellSouth's central
21 office. In other words, DLC equipment is efficiently used to aggregate
22 individual loops and thus economize on facilities investments. Mr.
23 Bradbury's suggestion that DLC equipment is useful only for achieving a
24 certain level of transmission performance and that only CLECs make use
25 of DLC equipment is simply a red herring. ILECs such as BellSouth use

1 DLC equipment routinely.

2

3 Q. ON PAGE 32 OF HIS TESTIMONY, MR. BRADBURY STATES “DLC
4 EQUIPMENT IS NOT DESIGNED TO, AND THEREFORE CANNOT,
5 SCALE PRECISELY WITH THE LEVEL OF DEMAND OR NUMBER OF
6 LINES) SERVED IN A WIRE CENTER.” CAN YOU ELABORATE ON
7 THIS POINT?

8

9 A. Yes. Mr. Bradbury is correct to a certain point. What he fails to point out,
10 however, is that few, if any, electronic devices used in a modern
11 telecommunications network are smoothly scalable. Instead, to improve
12 the cost efficiency of their products, manufacturers offer devices with
13 stated levels of capacity. Once the devices are installed, the service
14 provider (whether the CLEC or the ILEC) need not augment network
15 capacity simply to provide service to one more customer. Indeed, most
16 products (from a loaf of bread to airplane seats) are offered in capacity
17 units, which the producer believes to be proper increments. Contrary to
18 Mr. Bradbury’s assertion that DLC investment is very “lumpy”, I would
19 point out that Mr. Bradbury has chosen to support his example with DLC
20 equipment in the very largest increment commercially available (that is,
21 the Alcatel LiteSpan 2000). There are numerous providers of DLC
22 equipment with “start up” levels far smaller than that of the LiteSpan 2000.
23 In fact, the AT&T model allows a choice from three (3) sizes of DLC, the
24 LiteSpan being the largest, but CLECs may also place smaller DLC to
25 scale to offices with smaller demand. See Turner Revised Exhibit SET-2,

1 Section II.B.1.a, page 12 (continuing on page 13).

2

3 Q. ON PAGE 33 OF HIS TESTIMONY, MR. BRADBURY DISCUSSES
4 DIGITAL CROSS CONNECTION (“DSX”) EQUIPMENT AND
5 ATTRIBUTES IT WITH THE SAME LUMPINESS AS FOR DLC
6 EQUIPMENT. WHAT IS YOUR REACTION?

7

8 A. Here again, while I will agree that DSX equipment is available in various
9 capacity increments, Mr. Bradbury supports his example with that piece of
10 equipment (that is, the DSX-3) that provides the greatest amount of
11 capacity rather than choosing some smaller device such as the DSX-1.

12

13 Q. BEGINNING AT THE BOTTOM OF PAGE 36 OF HIS TESTIMONY, MR.
14 BRADBURY DESCRIBES THE WORK STEPS IN THE TRANSFER OF A
15 WORKING LOOP FROM THE ILEC’S SWITCH TO THE CLEC’S
16 SWITCH. CAN YOU SPEAK TO THIS?

17

18 A. Yes. While Mr. Bradbury has correctly noted the work steps involved, I
19 find it ironic that earlier in his testimony (see page 11 of Mr. Bradbury’s
20 testimony) he decries this process as insufficient compared to processes
21 that do not involve these physical work steps (the UNE-P transfer or a PIC
22 change). Further, a “hot cut” process with accompanying physical work
23 steps is likewise required were BellSouth to “win back” a customer that
24 had earlier chosen service from a CLEC. Thus, any acquisition costs
25 related to “hot cuts” should be attributed to both the ILEC’s and CLECs’

1 respective costs of doing business.

2

3 Q. ON PAGE 41 OF HIS TESTIMONY, MR. BRADBURY DISCUSSES
4 LOOPS SERVED BY INTEGRATED DIGITAL LOOP CARRIER ("IDLC")
5 EQUIPMENT AND STATES "FOR EXAMPLE, IF THE ILEC'S DATABASE
6 DOES NOT REVEAL THE PRESENCE OF IDLC BEFORE A
7 CONVERSION DATE IS COMMITTED TO THE CUSTOMER, THE CLEC
8 MUST NEGOTIATE A NEW DATE WITH THAT CUSTOMER, WHICH OF
9 COURSE MAKES A NEGATIVE IMPRESSION." PLEASE RESPOND.

10

11 A. BellSouth's database (that is, Loop Facilities Administration and Control
12 System or "LFACS") includes indicators as to whether a given loop is
13 provided via IDLC equipment. Through the loop makeup process, the
14 CLEC can readily determine the presence of IDLC in a given instance and
15 negotiate due dates with the CLEC's customer accordingly. See the
16 testimony of BellSouth witness Ronald Pate for a fuller discussion of this
17 topic.

18

19 Q. ON PAGE 43 OF HIS TESTIMONY, MR. BRADBURY DISCUSSES IDLC
20 ARRANGEMENTS AND DIGITAL SUBSCRIBER LINE ("DSL") SERVICE.
21 HE STATES "ADDITIONALLY, EXCEPT WHEN THE IDLC SERVED
22 CUSTOMER CAN BE PLACED ON A COPPER LOOP LESS THAN
23 18,000 FEET IN LENGTH, CLECS ARE DENIED THE CAPABILITY OF
24 PROVIDING DSL SERVICES TO THEIR CUSTOMERS." IS THAT A
25 CORRECT STATEMENT?

1 A. No. As Mr. Bradbury himself points out, even BellSouth must make
2 alternative arrangements to provide DSL service to those of its customers
3 served by DLC. In such a case, BellSouth must place its Digital
4 Subscriber Line Access Multiplexer ("DSLAM") in the remote terminal
5 rather than in the central office. A CLEC that sought to provide DSL
6 service to its customers could likewise collocate its DSLAM at the remote
7 terminal.

8

9 Q. ON PAGE 42 OF HIS TESTIMONY, MR. BRADBURY STATES
10 "...BECAUSE THE CLEC DOES NOT HAVE THE ECONOMIES OF
11 SCALE TO DIRECT CONNECT ITS SWITCH WITH EFFICIENT
12 INTEROFFICE TRUNK GROUPS TO EACH OF THE ILEC'S LOCAL
13 SWITCHES, THE CLEC WILL BE MORE RELIANT ON THE ILEC'S
14 TANDEM NETWORK FOR THE EXCHANGE OF TRAFFIC." WHAT IS
15 YOUR RESPONSE?

16

17 A. Whether or not is economical to have direct trunks between a particular
18 pair of local switches in a local calling area is a function of the amount of
19 traffic to be handled and the distance between those two switches.
20 Although Mr. Bradbury's testimony would lead one to believe that CLECs
21 must interconnect at a tandem for all of their local traffic, this simply is not
22 true. BellSouth allows (and some CLECs have elected) interconnection
23 directly between the BellSouth end office switch and the CLEC's switch
24 rather than at the tandem. Those same factors affect BellSouth's decision
25 whether to have direct trunking between certain of its end office switches,

1 and it is not uncommon for the traffic between two BellSouth end offices in
2 a given local calling area to be handled solely via tandem switching
3 connecting the two end offices. Thus, BellSouth faces exactly the same
4 challenges regarding cost efficiency and customer services, as does the
5 CLEC in such cases.

6
7 **Rebuttal to Mr. Turner**

8 Q. ON PAGE 5 OF HIS TESTIMONY, MR. TURNER STATES "...IN THE
9 ABSENCE OF UNBUNDLED LOCAL SWITCHING, CLECs FACE
10 PRACTICALLY INSURMOUNTABLE COST DISADVANTAGES
11 RELATIVE TO THE INCUMBENT LOCAL EXCHANGE CARRIERS
12 ("ILECs") IF UNBUNDLED NETWORK ELEMENT LOOPS ("UNE-L's
13 USED IN CONJUNCTION WITH THEIR OWN (OR A THIRD PARTY
14 PROVIDER'S) SWITCHING IS THE SOLE OPTION FOR PROVIDING
15 LOCAL SERVICES TO MASS MARKET CUSTOMERS." DO YOU
16 AGREE WITH MR. TURNER'S CONCLUSION IN THIS REGARD?

17
18 A. No. It is impossible to draw the conclusions that Mr. Turner reaches
19 based on the testimony he has provided because that testimony is based
20 on a number of assumptions that are simply wrong.

21
22 Q. IN WHAT WAYS IS MR. TURNER'S ANALYSIS FLAWED?

23
24 A. Mr. Turner's analysis hinges on identifying costs that a CLEC would incur
25 in acquiring and servicing a customer that an ILEC would not incur. This

1 "analysis" is the basis of his determination that an "absolute cost
2 disadvantage" exists. As the following paragraphs will make clear, many
3 of the costs Mr. Turner attributes to CLEC operations but not to ILEC
4 operations, are in fact incurred by ILECs. In addition, he clearly
5 overstates, or fails to consider the possibility of less costly alternatives in
6 his analysis, which lead to conclusions that are not necessarily correct.

7 Briefly, Mr. Turner's analysis is wrong for the following reasons:

- 8 • Mr. Turner attributes "hot cut" costs to each and every customer
9 that might choose service from a CLEC. While Mr. Turner is
10 correct that the CLEC will incur costs associated with the hot cut
11 to disconnect the loop serving the customer from BellSouth's
12 switch and then re-connect the loop to the CLEC's switch, he
13 ignores the fact that in cases where a customer chooses to
14 return to the ILEC, those same work steps (disconnection of the
15 serving loop from the CLEC's switch and re-connecting the loop
16 to the ILEC's switch) will likewise be incurred by the ILEC.
- 17 • Mr. Turner attributes costs to perform Local Number Porting
18 ("LNP") activities to the CLEC but does not likewise attribute
19 those same costs to ILECs in cases where the customer
20 chooses to return to the ILEC. In other words, the work steps
21 required to "port" the telephone number from BellSouth's
22 network to the CLEC's network are required to "port" the
23 telephone number from the CLEC's network to BellSouth's
24 network.
- 25 • Mr. Turner's analysis assumes that an efficient CLEC will

1 collocate in every ILEC end office in which the CLEC has or will
2 have mass market customers. For reasons Mr. Turner does not
3 explain in his testimony, he assumes that CLECs will not make
4 use of so-called Enhanced Extended Links (“EELS”), which
5 reduce the quantity of collocation arrangements in a given Local
6 Access Transport Area (“LATA”) to as few as one. In addition,
7 Mr. Turner evidently completely ignores the fact that there are
8 variations in the types of collocation available, relying instead on
9 only the most expensive type of collocation.

- 10 • Mr. Turner’s Facility Ring Processor (“FRP”) tool used in his
11 analysis does not reduce the total facility costs by the amount of
12 the capacity required to handle that portion of the capacity used
13 that is not for “backhauling” loops and is not used “enterprise”
14 customer traffic. This is the capacity that is used to carry
15 interconnection traffic (that is, voice calls between the CLEC’s
16 customers and the customers of other local service providers
17 including but not limited to other CLECs and ILECs). Here
18 again, both ILECs and CLECs incur costs of transporting calls
19 between and among the networks of various local service
20 providers. However, Mr. Turner incorrectly leaves those costs in
21 as part of his “absolute disadvantage” calculation.

22
23 Q. WHAT WOULD BE THE IMPACT OF CORRECTING THE ERRORS
24 THAT YOU HAVE POINTED OUT IN THE ASSUMPTIONS MR. TURNER
25 HAS MADE AND THE ANALYSIS HE HAS PRESENTED?

1 A. The obvious conclusion is that he has overstated the supposed “absolute
2 cost disadvantage” that he claims to identify. What the actual cost
3 disadvantage would be, assuming that there was one, cannot be
4 determined. Of course, as other witnesses have pointed out, even if such
5 a cost advantage exists, the CLECs have ample other advantages, not the
6 least of which is the ability to pick and chose the customers they serve,
7 that would offset such a cost disadvantage.

8

9 Q. DOES THAT CONCLUDE YOUR REBUTTAL TESTIMONY?

10

11 A. Yes.