BELLSOUTH TELECOMMUNICATIONS, INC.
SURREBUTTAL TESTIMONY OF W. KEITH MILNER
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 030851-TP
JANUARY 28, 2004

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

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

Q. ARE YOU THE SAME W. KEITH MILNER THAT FILED DIRECT AND REBUTTAL TESTIMONY IN THIS PROCEEDING?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY FILED TODAY?

A. The first part of my surrebuttal testimony responds to criticisms regarding the inputs to BellSouth's BACE model that I provided. In that part of my testimony, I discuss several areas in which the default inputs to the BACE

model cause the model to yield financially conservative results. The second part of my testimony provides surrebuttal to the rebuttal testimonies of Mr. David A. Nilson on behalf of Supra Telecommunications and Information Systems, Inc. ("Supra") and Mr. Mark David Van de Water on behalf of AT&T Communications of the Southern States, LLC ("AT&T").

BACE Model Assumptions

Q. PLEASE EXPLAIN HOW BELLSOUTH'S BACE MODEL USES CONSERVATIVE INPUTS AND THUS YIELDS CONSERVATIVE OUTPUTS.

A. In my opinion, BellSouth's BACE model yields conservative results based on inputs made for the following elements:

1. The quantity of switches a CLEC will operate in a Local Access and Transport Area ("LATA")
2. The quantity of trunk groups between a CLEC's switch and the E911 tandems in a LATA
3. The use of Special Access transport instead of CLEC-provided transport between the CLEC's central office and the BellSouth access tandem
4. The use of Special Access transport instead of CLEC-provided transport between the CLEC's switch and the CLEC's choice of Directory Assistance and Operator Services platforms
5. The deployment of a voicemail platform per LATA
6. The portion of unbundled loops provisioned as Service Level 2

("SL2") loops rather than lower priced Service Level 1 ("SL1") loops

7. The use of current "full price" Non-Recurring Charge ("NRC") levels rather than discounted levels for all cutover of unbundled loops

I discuss each of these issues in greater detail below.

Q. PLEASE EXPLAIN HOW BELLSOUTH'S ASSUMPTION REGARDING THE QUANTITY OF SWITCHES A CLEC WILL OPERATE IN A LOCAL ACCESS AND TRANSPORT AREA ("LATA") WILL YIELD A CONSERVATIVE RESULT.

A. The default BACE inputs assume a CLEC will deploy at least one switch per LATA. As was discussed in my direct and rebuttal testimony in this proceeding, CLECs can deploy a single switch and provide service to end users over a very large geographic area, perhaps even over an entire state or more. Thus, the default assumption that a CLEC will place at least one switch per LATA results in a higher quantity of switches deployed

Q. PLEASE EXPLAIN HOW BELLSOUTH'S ASSUMPTION REGARDING THE QUANTITY OF TRUNK GROUPS BETWEEN A CLEC'S SWITCH AND THE E911 TANDEMS IN A LATA WILL YIELD A CONSERVATIVE RESULT.

A. In developing the default input for the quantity of E911 trunks a CLEC would deploy, I found that the maximum quantity of E911 tandems in a

single LATA in BellSouth's region is six (6). Thus, the BACE default assumption is that a CLEC will equip its switch for six (6) DS-1 transport facilities (one each to the E911 tandem switches) which, if fully equipped, would provide for 144 simultaneous calls to E911 operators from the CLEC's switch. Since most end office switches have only one or two trunk groups to E911 tandem switches, this assumption results in a higher quantity of E911 trunk groups being equipped.

Q. PLEASE EXPLAIN HOW BELLSOUTH'S ASSUMPTION REGARDING THE USE OF SPECIAL ACCESS INSTEAD OF CLEC-PROVIDED FACILITIES BETWEEN THE CLEC'S CENTRAL OFFICE AND THE BELLSOUTH ACCESS TANDEM WILL YIELD A CONSERVATIVE RESULT.

A. The default assumption in the BACE model is that a CLEC will use Special Access facilities rather than CLEC-provided facilities to connect the CLEC's switch to BellSouth's access tandem. In cases where the CLEC self-provides these facilities and where the resulting costs are less, BACE derives a higher cost that would actually be incurred. Further, BACE determines the quantity of DS-1 or DS-3 equivalents required based on traffic loads. Since BACE does not assume the use of higher transport facilities than DS-3, BACE will, depending on traffic demand, deploy multiple DS-3 circuits rather than OCn circuits which in some situations would be more efficient and thus less costly.

Q. PLEASE EXPLAIN HOW BELLSOUTH'S ASSUMPTION REGARDING THE USE OF SPECIAL ACCESS TRANSPORT INSTEAD OF CLEC-PROVIDED TRANSPORT BETWEEN THE CLEC'S SWITCH AND THE CLEC's CHOICE OF DIRECTORY ASSISTANCE AND OPERATOR SERVICES PLATFORMS WILL YIELD A CONSERVATIVE RESULT.

A. The default assumption is that a CLEC will elect the use of Special Access facilities rather than self-provided facilities between the CLEC's switch and the CLEC's choice of director assistance platform. Likewise, BACE assumes the use of Special Access rather than CLEC-provided facilities to transport traffic between the CLEC's switch and the CLEC's choice of operator services platform. In any case where the CLEC self-provides this transport and the resulting cost is less than Special Access charges, BACE will have assumed a higher cost to the CLEC than would actually be incurred.

Q. PLEASE EXPLAIN HOW BELLSOUTH'S ASSUMPTION REGARDING THE DEPLOYMENT OF A VOICEMAIL PLATFORM PER LATA WILL YIELD A CONSERVATIVE RESULT.

A. As with switches, voicemail platforms can be equipped to handle demand over a very large geographic area, often over an entire state or even larger. Thus, the default assumption within the BACE model yields a conservative result because the quantity of voicemail platforms assumed to be deployed would be larger than a CLEC would actually probably

deploy.

Q. PLEASE EXPLAIN HOW BELLSOUTH'S ASSUMPTION REGARDING THE PORTION OF UNBUNDLED LOOPS PROVISIONED AS SERVICE LEVEL 2 ("SL2") LOOPS RATHER THAN LOWER PRICED SERVICE LEVEL 1 ("SL1") LOOPS WILL YIELD A CONSERVATIVE RESULT.

A. The model assumes a high proportion (45% of non-DSL customers) of mass market unbundled loops will be purchased as SL-2 loops. This level was chosen assuming that CLECs would continue to order the higher-priced SL2 loops as they have in the recent past. SL2 loops are designed loops that are provisioned with test points that allow automated testing. The CLEC also receives a Detailed Layout Record ("DLR") depicting the loop makeup. Providing the test points and DLRs adds cost over those incurred in the provisioning of SL1 loops that are not equipped with test points and do not come with a DLR. In my opinion, CLECs will not choose SL2 loops for residential end users. For small business customers, the CLECs may sometimes choose SL2 loops over SL1 loops. Since the existing UNE-P base is predominantly residential customers, the default assumption in the BACE model that 45% of all unbundled loops will be provided as SL2 loops is probably overstated and thus results in the model deriving higher CLEC costs.

Q. PLEASE EXPLAIN HOW BELLSOUTH'S ASSUMPTION THAT ALL CUTOVER OF UNBUNDLED LOOPS WILL BE PRICED AT THE

CURRENT NON-RECURRING CHARGE ("NRC") LEVELS RATHER THAN DISCOUNTED LEVELS WILL YIELD A CONSERVATIVE RESULT.

A. The BACE model assumes that all NRCs for unbundled loop provisioning are the current NRCs. BellSouth has announced discounts off the NRC for CLECs using the Batch Hot Cut method of 10%. For CLECs using the Mass Migration method described in the surrebuttal testimony of BellSouth witness Milton McElroy, the discounts are even steeper. Thus, the BACE model calculates NRCs higher than will be experienced by CLECs using the Batch Hot Cut method or the Mass Migration method.

Rebuttal to Mr. Nilson

Q. ON PAGE 5 OF HIS TESTIMONY, MR. NILSON DESCRIBES SUPRA'S NETWORK ARCHITECTURE AS BEING COMPOSED OF A HOST SWITCH, A REMOTE SWITCH AND SIXTEEN OUTLYING LOCATIONS WHERE SUPRA HAS INSTALLED DIGITAL LOOP CARRIER ("DLC") EQUIPMENT IN ORDER TO SERVE ITS CUSTOMERS. WHAT IS YOUR UNDERSTANDING OF SUPRA'S NETWORK ARCHITECTURE?

A. My understanding of Supra's network architecture generally agrees with Mr. Nilson's description. Instead of a total of 18 collocation arrangements in place (that is, the two (2) switch locations plus the 16 DLC equipment locations), BellSouth's records indicate that BellSouth has provided a total of ***-----*** collocation arrangements in Florida which are geographically

dispersed. ***----------
---------.*** The two (2) switches to which Mr. Nilson refers and that Supra operates are collocated in two (2) different BellSouth central offices in Florida. The host switch is collocated in BellSouth's North Dade Golden Glades central office and the remote switch is collocated in BellSouth's Miami Red Road central office. The 16 locations wherein Mr. Nilson states Supra has collocated DLC equipment for aggregating unbundled loops for delivery to either the Golden Glades or Red Road switch are likewise collocated within BellSouth central offices. Thus, Supra has at present access to the loops in at least 18 (by Supra's count) and as many as ***---*** (by BellSouth's count) of BellSouth's central offices, all of which are in Florida.

Q. WHAT IS THE GEOGRAPHIC DISPERSION OF SUPRA'S COLLOCATION ARRANGEMENTS?

A. While most of the collocation arrangements are ***---------- ----------,*** Supra also has collocation in ***----------.*** Thus, even with its existing collocation arrangements, Supra has a large geographic "footprint" that reaches many consumers in the state.

Q. HOW COULD SUPRA EXTEND THE REACH OF ITS NETWORK EVEN FURTHER?

A. Supra (as well as all other facilities based Competitive Local Exchange Carriers ("CLECs") have different options as I described in my direct testimony in this proceeding. Supra has chosen one of the options I described, namely establishing collocation arrangements in each central office in which it acquires customers. Supra then uses its DLC equipment to aggregate the loops in a given central office for transport to one of its switches. Supra (and other CLECs) could also make use of so-called Enhanced Extended Links ("EELs") wherein Supra would establish collocation in a single central office and BellSouth would deliver the loops from outlying central offices to that single office.

Q. ON PAGE 5 OF HIS TESTIMONY, MR. NILSON STATES THAT SUPRA IS ACTUALLY SERVING 6,000 LINES OVER ITS OWN SWITCHES AT PRESENT. PLEASE COMMENT.

A. BellSouth's records indicate that it had performed ***-------*** "hot cuts" at Supra's request. This number is not reduced for any unbundled loop disconnects that Supra may have requested so Supra's number and BellSouth's number are probably both reasonably accurate. More importantly than the actual quantity of unbundled loops in service at present, is the fact that Supra has only recently begun ordering unbundled loops in significant quantities. Supra ordered its first unbundled loops about ***----------,*** so I am not surprised that, compared to Supra's entire customer base of about 300,000 lines (that is, the volume of customers Mr. Nilson claims Supra serves), the portion actually connected

to Supra's switches is relatively small. However, even in the short period that Supra has begun using unbundled loops connected to its switches, Supra and BellSouth have provisioned over ***--------*** unbundled loops in a single BellSouth central office ***----------*** Proprietary Exhibit WKM-5, attached to this testimony, shows each of Supra's ***---*** collocation arrangements in place and the quantity of unbundled loops which BellSouth has provisioned via the "hot cut" process. Thus, BellSouth has already provided unbundled loops in ***----*** different central offices in Florida and stands ready to provide unbundled loops in the remaining ***--*** central offices where Supra has established collocation. Finally, Supra is free to acquire collocation in other BellSouth central offices in Florida. BellSouth's witness Wayne Gray discusses the topic of collocation availability.

Q. ON PAGE 10 OF HIS TESTIMONY, MR. NILSON SUGGESTS THAT IN EXCESS OF 20,000 "HOT CUTS" PER MONTH ARE REQUIRED IN THE MASS MARKET. CAN BELLSOUTH HANDLE THAT MANY "HOT CUTS" PER MONTH?

A. Yes. Let's look at the daily volumes that would be required at the central office level. Given 23 business days per month, a total volume of 20,000 would equate to 870 "hot cuts" per day (that is, 20,000 / 23). Assuming that all of that daily "hot cut" volume is focused in the ***----*** central offices within which Supra already has collocation, the daily volume on average per central office is only slightly more than ***----------

------.*** As BellSouth's witnesses Ainsworth, Heartley and McElroy demonstrate in their respective testimony, BellSouth's "hot cut" capability per central office per day is at least several times greater than Mr. Nilson speculates may be the extreme volume.

Q. ON PAGE 15 OF HIS TESTIMONY, MR. NILSON STATES THAT SUPRA SERVES 20,000 CUSTOMERS IN THE PEMBROKE PINES CENTRAL OFFICE BUT SERVES "LESS THAN ONE SIXTH" THAT NUMBER IN THE WESTON CENTRAL OFFICE. WHAT ARE THE RELATIVE SIZES OF BELLSOUTH'S PEMBROKE PINES AND WESTON CENTRAL OFFICES IN TERMS OF THE TOTAL QUANTITY OF LINES SERVED?

A. BellSouth's Pembroke Pines central office serves a total of about 144,000 lines. Thus, Supra serves about 14% of the total lines in that central office. While I cannot determine with precision from Mr. Nilson's testimony the quantity of customer lines Supra claims to serve from the Weston central office, assume Supra has one seventh the quantity of customer lines in Weston than it has in Pembroke Pines. I used one seventh inasmuch as Mr. Nilson stated that Supra had less than one sixth as many customers in Weston as in Pembroke Pines. Thus, Supra would have about 2,857 customer lines in the Weston central office (20,000 / 7). Since the Weston central office serves a total of about 40,000 customer lines, even in the Weston central office, Supra has won about 7% of the market and thus has a significant customer base to work with.

Q. ON PAGE 17 OF HIS TESTIMONY, MR. NILSON DISCUSSES THE ISSUE OF UNBUNDLED LOOPS AND INTEGRATED DIGITAL LOOP CARRIER ("IDLC") EQUIPMENT. HE SUGGESTS THAT PROVISIONING UNBUNDLED LOOPS SERVED BY IDLC IS PROBLEMATIC IN THAT "THE FACILITIES [THAT IS, UNIVERSAL DIGITAL LOOP CARRIER ("UDLC") AND COPPER LOOPS] "DOE NOT EXIST IN ANY LARGE NUMBER AND THOSE THAT DOE ARE ALREADY PARTIALLY OR FULLY USED BY BELLSOUTH ITSELF." [sic] DO YOU AGREE THAT BELLSOUTH DOES NOT HAVE SUFFICIENT UDLC OR COPPER FACILITIES CAPACITY?

A. No. The direct testimony of BellSouth witness Ainsworth discussed the various alternatives that BellSouth can exercise to provide loops served by IDLC on an unbundled basis. Further, instances where a given carrier serving area is composed of IDLC-derived loops is fairly uncommon given that IDLC technology was introduced relatively recently compared to copper loops and older forms of Digital Loop Carrier ("DLC"). This means that in most cases UDLC facilities and copper loop facilities are available and can be used. In addition to moving a particular loop from IDLC to UDLC or to copper loop facilities, additional alternatives such as the use of "side door" or "hairpin" solutions can also be called upon. While each of the eight alternatives Mr. Ainsworth discusses in his direct testimony is not always available at every DLC remote terminal, BellSouth successfully handles unbundled loops served by IDLC on a daily basis.

Q. BEGINNING ON PAGE 18 OF HIS TESTIMONY, MR. NILSON DISCUSSES THE AVAILABILITY OF ENHANCED EXTENDED LINKS ("EELs") AS AN ALTERNATIVE TO COLLOCATION IN EVERY BELLSOUTH WIRE CENTER. ON PAGE 19 HE STATES "BELLSOUTH SIMPLY CANNOT PROVIDE 290,000 POTS EELs TO REPLACE THE UNE-P SERVICE BEING PROVIDED TO SUPRA CUSTOMERS TODAY." WHAT IS YOUR UNDERSTANDING OF THE BASIS FOR MR. NILSON'S STATEMENT?

A. I do not know and he does not explain why he believes EELs are unavailable. While I would agree with Mr. Nilson that CLECs in general have not availed themselves of large quantities of DS0 EELs, I believe that is because in many instances CLECs have simply served their customers via UNE-P arrangements rather than over their own switches. In Supra's case, it elected collocation of its DLC equipment to aggregate loops in a given central office for transport to its switches and, in my opinion, has done so successfully. I am not aware of any intention expressed by Supra to change its strategy of using collocation to serve its customers.

Q. ON PAGE 23 OF HIS TESTIMONY, MR. NILSON DISCUSSES CLECs' COSTS FOR UNBUNDLED LOOPS AND COLLOCATION AND STATES "ON TOP OF THESE COSTS, THE CLEC MUST PAY ENORMOUS NONRECURRING CHARGES TO THE ILEC TO CONVERT A CUSTOMER'S SERVICE FROM UNE-P TO UNE-L CUSTOMER'S

SERVICE." [Footnote omitted] DO YOU AGREE WITH MR. NILSON REGARDING NONRECURRING CHARGES FOR UNBUNDLED LOOPS?

A. No. The nonrecurring rates BellSouth is allowed to charge CLECs in Florida was set by this Commission in its Docket 990649-TP. The Commission set those rates after hearing extensive testimony from BellSouth and from interested CLECs. Mr. Nilson claims that it would take Supra months to recover the nonrecurring cost for the unbundled loop compared to the nonrecurring cost were that same customer served by UNE-P. Mr. Nilson misses the point. If Mr. Nilson is concerned about the nonrecurring cost, Supra could elect to use BellSouth's bulk migration process (BellSouth's witnesses Ken Ainsworth and Milton McElroy discuss this process in their respective testimony in this proceeding) and thus gain a 10% discount. More importantly, however, there is physical work required to move the loop serving an end user from BellSouth's switch to the CLEC's switch. For an end user transferring its service from BellSouth's retail operation to a CLEC using UNE-P, there is no corresponding physical work in the central office. BellSouth should be compensated for the work it performs on behalf of a CLEC who uses its own switches (or a third party's switches) rather than BellSouth's switches. Instead, Mr. Nilson appears to "wish away" that physical work and the costs accompanying that work.

Q. ON PAGE 27 OF HIS TESTIMONY, MR. NILSON SUGGESTS THAT

THE COMMISSION GIVE NO CONSIDERATION TO ELIMINATING UNE-P WHEN THE CLEC's SWITCH IS PHYSICALLY LOCATED OUTSIDE THE RATE CENTER. DO YOU AGREE?

A. In my direct testimony in this proceeding I quoted testimony filed in other dockets by witnesses representing AT&T and MCI who claimed their respective switches could serve very large geographic areas. Most or all modern switching systems are capable of serving end users in more than a single rate center. Indeed it is not at all uncommon to find switches that serve end users in more than one state. Even in BellSouth's network, it is common to find single switches located physically close to the state boundary serving end users in the state in which the switch is located as well as end users in the neighboring state. Thus, the Commission should not infer from Mr. Nilson's suggestion that modern switches (including Supra's switches) are incapable of providing service to end users in multiple rates centers or even in multiple states. Indeed, Mr. Nilson's own testimony on pages 46-47 shows that Supra's two switches provide service to end users in eight different rate centers in LATA 460 and six other rate centers from Orlando to Pensacola.

Q. ON PAGE 48 OF HIS TESTIMONY, MR. NILSON STATES "SUPRA IS COMMITTED TO THE PROCESS OF CONVERTING ITS 300,000 PLUS UNE-P CUSTOMERS TO UNE-L, AND WILL GROW ITS NETWORK DEPLOYMENT BEYOND THE 28,000 LINE CURRENT CAPACITY IF GIVEN THE CHANCE TO DO SO." IN YOUR OPINION, ARE SUPRA'S

TWO (2) SWITCHES CAPABLE OF HANDLING 300,000 CUSTOMER LINES?

A. Possibly. The actual line capacity of a switch is a function of several factors including physical line capacity as well as call-handling capability of the call processors. Further, the various equipment components comprising a given switch are modular in nature and manufacturers design their switching equipment to capacity break points. In my experience it is rare that a service provider equips its switches at the outset for the ultimate capacity of the switch. Instead, rational firms determine forecasts of switching capacity required and then, using common economic techniques, determine the amount of capacity that is sufficient to handle expected growth while still yielding the best economic rate of return. As a result, telephone service providers periodically augment existing switching capacity in response to anticipated demands. I will note, however, that on its website (http://www.lucent.com/livelink/090094038004f536_Brochure_datasheet.pdf), Lucent Technologies claims that its 5E-XC switch (which is an expansion to Lucent's 5ESS product line which Supra purchased and installed) will handle up to one (1) million customer lines and four (4) million busy hour calls. Thus, in my opinion, Supra can augment the capacity of its two switches significantly were it to choose to do so.

Rebuttal to Mr. Van de Water

Q. ON PAGE 31 OF HIS TESTIMONY, MR. VAN DE WATER CONTENDS THAT THE SPECIFIC ISSUES HE IS CONCERNED ABOUT ARE COLLOCATION SPACE AND TRUNK BLOCKING. MR. VAN DE WATER CONTENDS THAT IF UNBUNDLED LOCAL SWITCHING IS NO LONGER AVAILABLE AT COST-BASED RATES TO CLECS, CUSTOMER SERVICE WILL BE NEGATIVELY IMPACTED. DO YOU AGREE?

A. No. I will address Mr. Van de Water's concerns regarding the adequacy of BellSouth's trunking facilities and BellSouth's witness Mr. Wayne Gray will address Mr. Van de Water's concerns regarding collocation space.

Q. PLEASE BRIEFLY DESCRIBE THE CONSIDERATIONS TAKEN INTO ACCOUNT WHEN DESIGNING AND DEPLOYING TRUNKING FACILITIES.

A. Traffic volumes (that is, levels of simultaneous customer calling) reach peaks during certain hours of the day or week. Trunks connecting the various switches in a local calling area are usually engineered to accommodate average time-consistent busy-hour loads in the busy season of the year, typically the three highest months in a year for traffic volumes. Switching systems in a LATA are interconnected by a network of trunks. These interconnections provide for both intraLATA and interLATA services. For interLATA services, trunks connect most LEC

networks to the networks of the Interexchange Carriers ("IXCs"). For intraLATA services, trunks connect the various end office switches (both incumbents' switches and CLECs' switches) and, if used, the tandem switches. Trunks between switching systems are most commonly carried on channels of digital carrier systems (Digital Signal level 1 or "DS-1"and higher-order systems). The successful completion of traffic dialed by customers and operators depends upon a trunking network in which blocked call conditions are rarely encountered under expected conditions.

Q. PLEASE BRIEFLY DESCRIBE MR. VAN DE WATER'S CONCERN REGARDING TRUNKING FACILTIES.

A. Mr. Van de Water suggests that once CLECs serve their customers from the CLECs' switches rather than from the incumbent's switches, traffic congestion and call blockage will occur due to traffic displacement. Let me give an example of how traffic displacement might occur. Let us assume that in a given local calling area there are at present only three (3) switches (Switches A, B, and C) handling all the customers. Assume that each switch handles 10,000 customers and that all customers have similar calling habits. A CLEC has won 25% of the customers and serves those customers via UNE-P arrangements acquired from the switch owner. Further assume that within a given switch the 10,000 customers each make three calls and that 50% of those calls are to customers to other customers served by that same switch and that the remaining 50% of the calls area split evenly to the customers served by the other two (2)

switches. Lastly, to simplify, assume the use of one-way rather than two-way trunking.

Thus, in my hypothetical example, Switch A handles 30,000 calls in the busy hour. Half (50%) of those calls are intra-switch calls so no external trunking is needed for those calls to be completed. Trunking facilities to the other two (2) switches (Switches B and C) must be sized to handle 15,000 simultaneous calls in the busy hour. In this simple example, each of the three (3) switches would have two (2) outgoing trunk groups (one trunk to each of the other two switches) and two (2) incoming trunk groups (one trunk from each of the other two switches).

If a fourth switch (let us assume that the new switch is the CLEC's switch referred to as Switch D) is introduced into the local calling area and if the CLEC moves all of its 7,500 customers to that switch (30,000 * 0.25) then traffic is displaced from the existing trunk groups connecting Switches A, B, and C onto new trunk groups connecting Switches A and D, Switches B and D, and Switches C and D. Even though the total traffic load is precisely the same before and after the CLEC moved its own customers to its own switches, the "old trunk groups" are over-sized in that they were sized for larger loads than they will now be required to carry. The traffic volume that was displaced from these trunk groups is displaced to new trunk groups from Switches A, B, and C respectively to new Switch D.

Q. HOW DO TRUNKING ENGINEERS HANDLE TRAFFIC DISPLACEMENT

ISSUES?

A. In my simple example above, the situation calls for building new trunk groups between Switches A, B, and C respectively to the new Switch D. Once those trunk groups are operational and the traffic displacement has occurred (that is, the CLEC has moved its customers to its own switches), the "old trunk groups" may be re-sized (decremented) in response to the smaller loads on them or they can be left alone if the excess capacity is expected to be consumed (due to overall customer growth) in a reasonable period.

Q. IS TRAFFIC DISPLACEMENT AN ARTIFACT OF CLECs DEPLOYING THEIR OWN SWITCHES?

A. Certainly not. For many years, telecommunications engineers have confronted and successfully handled traffic displacement. Just a few examples include the following:

The introduction of new wire centers (central offices) and thus additional switching systems

The replacement of older switching system technology with newer switching system technology

The introduction or expansion of so-called Extended Area Service ("EAS") toll-free calling areas

Q. DO YOU BELIEVE IT IS A REASONABLE EXPECTATION THAT CALL BLOCKING WILL OCCUR ONCE CUSTOMERS ARE MOVED FROM INCUMBENTS' SWITCHES TO CLECs' SWITCHES?

A. No. Just as trunking engineers have successfully planned for large-scale traffic displacement in the past, they will do so in the situation where CLECs begin using their own switches. I expect the trunking engineers will create new trunk groups in response to CLEC requests and that those trunk groups will be of sufficient size so as to not cause traffic congestion or call blockage. Once the customers are moved, trunking engineers will use the extensive traffic reporting capabilities already available to them to ensure that trunking facilities are adequately sized.

Q. MR. VAN DE WATER, ON PAGE 33 OF HIS TESTIMONY, EXPRESSES CONCERN ABOUT THE MOVEMENT OF TRAFFIC FROM BELLSOUTH'S EXISTING LOCAL SWITCH NETWORK ONTO ITS TANDEM TRANSPORT NETWORK NECESSITATED BY THE CONVERSION OF THE EMBEDDED BASE OF UNE-P CUSTOMERS TO CLECs' SWITCHES. DO YOU CONCUR?

A. No. This is essentially the same concern as Mr. Van de Water expresses for individual trunk groups. Here, he opines that the tandem switches and the trunk groups connecting end office switches and tandem switches are insufficiently sized and that call blockage will occur. I disagree with his conclusions regarding tandem switching capacities for the same reasons

as I set out in response to his concerns regarding trunk group adequacy. Essentially, the same call volumes will be present whether the calls are handled over the incumbents' switches (that is, their own customers' calling plus the CLECs' customers' calling) or in the case where CLECs move their customers to their own switches. While I agree that traffic displacement will occur, that situation has occurred countless times in the past and trunking engineers and switching engineers have successfully handled those transitions. I fully expect that this situation will be no different in that respect.

Q. ON PAGE 35 OF HIS TESTIMONY, MR. VAN DE WATER EXPRESSES CONCERN OVER WHETHER BELLSOUTH'S TANDEM SWITCHES CAN HANDLE THE INCREASED TRAFFIC LOAD RESULTING FROM UNE-P TO UNE-L CONVERSION. PLEASE COMMENT.

A. There is no increased call volume as a result of CLECs moving their customers to their own switches. Instead, the same amount of calling must be handled in a different way. Just as has happened in the past, certain trunk groups will be added (or augmented) to handle traffic that was handled differently before the traffic displacement while after the transition certain trunk groups can de decremented. While there may be a need to augment tandem switching capacity should CLECs initially route their traffic exclusively through the tandem switches to reach all other local switches, over time I expect that CLECs will elect direct trunking between their switches and certain other switches in a given local calling area thus

diminishing the total traffic load handled by the tandem switches.

Q. DOES THAT CONCLUDE YOUR SURREBUTTAL TESTIMONY?

A. Yes.

Supra Loop Migration Volumes

As of January 8, 2004

PUBLIC DISCLOSURE DOCUMENT