

NANCY B. WHITE
Assistant General Counsel-Florida

BellSouth Telecommunications, Inc.
150 South Monroe Street
Room 400
Tallahassee, Florida 32301
(305) 347-5558

February 20, 1998

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

Re: Docket No. 971140-TP (Recombination Docket)

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of BellSouth Telecommunications, Inc.'s Rebuttal Testimony of D. Daonne Caldwell, Jerry Hendrix, Eno Landry and Alphonso J. Varner, 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.

- ACK
- AFA
- APP
- CAF
- CMU *Stavizza*
- CTR
- EAG
- LEG
- LIN *Stacy*
- OPC
- RCH
- SEC
- WAS
- OTH

Enclosures

cc: All parties of record
A. M. Lombardo
R. G. Beatty
William J. Ellenberg II

Sincerely,

Nancy B. White
Nancy B. White (BW)

RECEIVED & FILED

DOCUMENT NUMBER-DATE

FPSC-BUREAU OF RECORDS 02460 FEB 20 98

FPSC-RECORDS/REPORTING

DOCUMENT NUMBER-DATE

02461 FEB 20 98

FPSC-RECORDS/REPORTING

Varner
DOCUMENT NUMBER-DATE

02463 FEB 20 98

FPSC-RECORDS/REPORTING

Landry
DOCUMENT NUMBER-DATE

02462 FEB 20 98

FPSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE
DOCKET NO. 971140-TP (Recombination Issues)

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via Federal Express 20th day of February, 1998 to the following:

Monica Barone
Charles J. Pelligrini
Staff Counsel
Division of Legal Services
Florida Public Service Comm.
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
(850) 413-6187

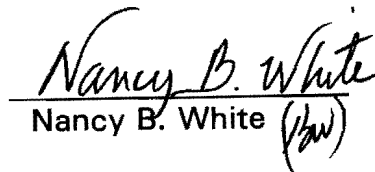
C. Everett Boyd, Jr.
Ervin, Varn, Jacobs,
Odom & Ervin
305 South Gadsden Street
Post Office Drawer 1170
Tallahassee, FL 32302
(850) 224-9135

Richard Melson
Hopping Green Sams & Smith
123 South Calhoun Street
Post Office Box 6526
Tallahassee, FL 32314
(850) 222-7500

Mr. Thomas K. Bond
MCI Metro Access Transmission
Services, Inc.
780 Johnson Ferry Road
Suite 700
Atlanta, GA 30342

Tracy Hatch, Esq.
Michael W. Tye, Esq.
101 N. Monroe Street
Suite 700
Tallahassee, Florida 32301
Attys. for AT&T
Tel. (850) 425-6364

Mark A. Logan, Esq.
Brian D. Ballard, Esq.
Bryant, Miller & Olive, P.A.
201 S. Monroe Street
Tallahassee, Florida 32301
Attys. for AT&T
Tel. (850) 222-8611


Nancy B. White (N.W.)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BELLSOUTH TELECOMMUNICATIONS, INC.
REBUTTAL TESTIMONY OF D. DAONNE CALDWELL
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 971140-TP (RECOMBINATION)
FEBRUARY 20, 1998

Q. PLEASE STATE YOUR NAME, OCCUPATION AND ADDRESS.

A. My name is D. Daonne Caldwell. I am a Director in the Finance Department of BellSouth Telecommunications, Inc. (hereinafter referred to as "BellSouth" or "the Company"). My area of responsibility encompasses the development of economic costs. My business address is 675 W. Peachtree St., N.E., Atlanta, Georgia, 30375.

Q. ARE YOU THE SAME D. DAONNE CALDWELL WHO FILED DIRECT PANEL TESTIMONY IN THIS DOCKET?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my testimony is to rebut testimony provided by witnesses for AT&T and MCI.

Q. MR. LYNOTT AND MR. HYDE HAVE PROPOSED COSTS WHICH ARE SUBSTANTIALLY LOWER THAN THOSE PRESENTED BY BELLSOUTH. CAN YOU COMMENT ON THE DIFFERENCES?

1 A. Yes. The main difference stems from the underlying assumption about
2 what these costs should reflect. The AT&T/MCI interpretation is that
3 the purpose of this docket is to determine the cost of transferring an
4 existing BellSouth customer to an Alternative Local Exchange
5 Company (ALEC), i.e. "migration". However, as Mr. Varner makes
6 perfectly clear in both his direct and rebuttal testimony, one of the goals
7 of this proceeding is to eliminate duplicate cost recovery in
8 nonrecurring charges for stand alone elements when requested at the
9 same time on the same order. This is exactly what was done by
10 BellSouth and what was presented in my direct testimony, that is, the
11 difference in cost between ordering a loop and port individually as
12 compared to when they are ordered on the same service request. Mr.
13 Varner then utilized the resulting percent difference to ascertain the
14 "savings" incurred when a loop and port are requested on the same
15 order.

16

17 Q. CAN YOU ELABORATE ON WHY THE NEW COSTS EXCEED THE
18 CURRENT RATES IN EFFECT?

19 A. Yes. At the time the original 1996 nonrecurring cost studies were
20 conducted, methods and procedures had not been finalized and
21 several technical issues were still being resolved. Thus, work flows
22 from existing retail services were used as a guide to developing the
23 costs presented in the 1996 time frame. The newer studies reflect
24 BellSouth's experience gleaned in processing orders for unbundled
25 elements. For example, it was determined an interface organization,

1 the Access Carrier Advocacy Center (ACAC) was required to ensure
2 dates were met and transmission standards were maintained. Thus,
3 the ACAC organization plays an integral part in the new studies being
4 presented. Additionally, only minimal testing was included for the loop
5 in the 1996 studies. As BellSouth witness, Mr. Landry, explains testing
6 is an important step in ensuring that the unbundled loop meets
7 transmission standards. The 1997 studies reflect the level of testing
8 required to meet transmission standards outlined in arbitration
9 agreements.

10

11 Q. DO YOU HAVE ANY FURTHER COMMENTS ON THE
12 NONRECURRING COSTS PRESENTED BY AT&T/MCI WITNESSES?

13 A. Yes. As I have stated in my deposition and in rebuttal testimony in
14 Docket No. 960833-TP, the nonrecurring model touted by AT&T/MCI is
15 based upon an unobtainable level of mechanization. The seamless
16 processing assumed in their model anticipates every Operational
17 Support System (OSS) is totally compatible, with limited order fall-out.
18 Probably the most blatant misconception in their model is that every
19 piece of required equipment is in place from the central office to every
20 subscriber. This is not an arrangement BellSouth, nor any company,
21 would design in its network since it is not economical due to the capital
22 investment required.

23

24 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

25 A. Yes.