

ORIGINAL

FLORIDA PUBLIC SERVICE COMMISSION

REBUTTAL TESTIMONY OF

DAVID EPPSTEINER

ON BEHALF OF

AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.

DOCKET NO. 971140-TP

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FPSC-RECORDS/REPORTING

1 REBUTTAL TESTIMONY OF
2 DAVID EPPSTEINER
3 ON BEHALF OF
4 AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.
5 DOCKET NO. 971140-TP
6

7 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

8 A. My name is David Eppsteiner. My business address is 1200 Peachtree Street, NE,
9 Atlanta, Georgia 30309.
10

11 **Q. ARE YOU THE SAME DAVID EPPSTEINER WHO FILED DIRECT**
12 **TESTIMONY ON BEHALF OF AT&T COMMUNICATIONS OF THE**
13 **SOUTHERN STATES, INC. (AT&T) IN THIS PROCEEDING?**

14 A. Yes.
15

16 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

17 A. The purpose of my rebuttal testimony is to:

- 18 1. Respond to the direct testimony of Messrs. Varner and Hendrix regarding
19 BellSouth's obligation to provide unbundled network elements under the
20 AT&T/BellSouth interconnection agreement;
- 21 2. Respond to the direct testimony of Messrs. Hendrix and Varner regarding
22 the contractually appropriate pricing for unbundled network element
23 combinations pending resolution of the United States Supreme Court
24 appeal of the Eighth Circuit's decisions on the Telecommunication Act;
25 and

1 3. Respond to Messrs. Hendrix and Varner's testimony regarding BellSouth's
2 requirement to provide AT&T all usage data.

3
4 **Q. ARE MESSRS. VARNER AND HENDRIX CORRECT IN STATING THAT**
5 **THE BELLSOUTH/AT&T INTERCONNECTION AGREEMENT**
6 **OBLIGATES BELLSOUTH TO PROVIDE UNBUNDLED NETWORK**
7 **ELEMENT COMBINATIONS TO AT&T?**

8 A. Yes. As outlined in my direct testimony, several provisions of the
9 AT&T/BellSouth interconnection agreement obligate BellSouth to provide AT&T
10 unbundled network element combinations. This includes network elements that
11 are already combined, and network elements that are capable of being combined,
12 but have not been. Messrs. Varner and Hendrix do not dispute this contractual
13 obligation.

14
15 **Q. WHAT DO THEY DISPUTE?**

16 A. BellSouth continues to take the position that when AT&T orders unbundled
17 network element combinations that replicate existing BellSouth services, that such
18 combinations will be treated for all purposes as resale, including being priced at
19 the resale discount rather than at cost-based rates as the Act requires for
20 unbundled network elements.

21
22 **Q. DOES THE CONTRACT SUPPORT BELLSOUTH'S POSITION?**

23 A. No. There is no contractual basis for BellSouth's claim that unbundled network
24 combinations be treated as resold services rather than combinations of unbundled
25 network elements. Indeed, BellSouth made this argument three times before the

1 Commission prior to the execution of the final interconnection agreement and in
2 all three instances, the Commission rejected BellSouth's argument. In the
3 December 31, 1997 arbitration order (Order No. PSC-96-1579-FOF-TP), in the
4 final order on the motions for reconsideration (Order No. PSC-97-0298-FOF-TP,
5 and in the May 27, 1997 order on the BellSouth/AT&T interconnection agreement
6 (Order No. PSC-97-0600-FOF-TP), the Commission rejected BellSouth's
7 argument. As a result, the contract does not contain any language that allows
8 BellSouth to treat unbundled network element combinations as resold services in
9 any circumstances. Indeed, the contract requires precisely the opposite. The
10 contract requires that combinations of unbundled network elements be treated as
11 what they are – combinations of unbundled network elements.

12
13 **Q. DOES THE CONTRACT REQUIRE BELL SOUTH TO PROVIDE**
14 **COMBINATION OF UNBUNDLED NETWORK ELEMENTS, INCLUDING**
15 **THOSE ALREADY COMBINED?**

16 **A.** Yes. As outlined in my direct testimony, the contract contains several provisions
17 that obligate BellSouth to provide AT&T unbundled network element
18 combinations. These provisions include Sections 1 and 1A of the General Terms
19 and Conditions, Sections 30.5 and 30.6 of Part II of the Agreement and Sections
20 2.2 and 4.5 of Attachment 4 to the Agreement. Section 4.5, for example, makes
21 clear that "[w]hen AT&T orders Elements or Combinations that are currently
22 interconnected and functional, such Elements and Combinations will remain
23 interconnected and functional without any disconnection or disruption of service."
24 This means that the agreement obligates BellSouth to provide unbundled network
25 elements that are already combined and that BellSouth cannot disconnect them to

1 provide them to AT&T. BellSouth's direct testimony ignores this contractual
2 commitment. Similarly, Section 30.6 of Part II requires BellSouth to provide
3 "contiguous Network Elements to AT&T" as defined in Section 4.5 of
4 Attachment 4 with existing interconnections and no demarcation points.
5 BellSouth voluntarily agreed to both of these provisions and thus they were not
6 subject to arbitration and have not been raised in any BellSouth filed appeal.
7

8 **Q. WHAT ABOUT BELLSOUTH CONTENTION THAT THE AGREEMENT**
9 **DOES NOT CONTAIN PRICES BELLSOUTH WILL CHARGE FOR**
10 **UNBUNDLED NETWORK ELEMENT COMBINATIONS?**

11 A. Although BellSouth may wish to ignore them, the agreement contains provisions
12 to price unbundled network elements which are combined. As outlined in my
13 direct testimony, Part IV of the Agreement covers pricing of unbundled network
14 elements including combinations of unbundled network elements. Section 36 in
15 Part IV sets forth the appropriate prices for unbundled network elements and
16 combinations. In addition, Section 36.1 contains a special provision relating to
17 charges for multiple network elements. BellSouth and AT&T included this
18 provision to reflect the Commission's ruling on AT&T's Cross Motion for
19 Reconsideration of the Commission's arbitration decision. See Order No. PSC-
20 97-0298-FOF-TP (Reconsideration Order). The prices for such combinations
21 remain those that are set forth in Part IV, Table 1 (which are UNE prices, not
22 resale prices) until such time as BellSouth and AT&T agree to lower prices for
23 combined elements to remove duplicate or unnecessary charges in existing rates,
24 or alternatively, until the Commission establishes lower prices. Thus, whatever
25 network elements are ordered, including already combined network elements,

1 under the contract AT&T will pay the sum of the individual element prices. To
2 the extent those prices may contain duplicate charges, AT&T believes that future
3 negotiations or Commission action will bring the prices down.

4
5 **Q. WHAT ABOUT PRICING WHERE BELLSOUTH CLAIMS THT AT&T**
6 **IS USING COMBINATIONS TO RECREATE EXISTING BELLSOUTH**
7 **RETAIL SERVICES?**

8 A. Despite BellSouth's continued attempts to raise the argument, the fact that
9 BellSouth may believe AT&T is somehow using a combination of network
10 elements to recreate an existing BellSouth service is irrelevant for pricing
11 purposes under the existing contract, or, as the Eighth Circuit has determined, the
12 Act. The offering basis for pricing such combinations is the same for any
13 network element. The price schedules set forth in Part IV, Table 1 govern such
14 pricing.

15
16 **Q. WHAT ABOUT BELLSOUTH POSITION THAT SUCH COMBINATIONS**
17 **SHOULD BE PRICED AT THE WHOLESALE DISCOUNT?**

18 A. Under the contract, the wholesale discount only applies to resold services, not to
19 services provided through network elements. The pricing of all network element,
20 including network element combinations is governed by Part IV and Table 1 of
21 the Interconnection Agreement, not the wholesale discount.

1 **Q. DOES THE CONTRACT REQUIRE BELLSOUTH TO PROVIDE TO**
2 **AT&T DETAILED USAGE DATA FOR SWITCHED ACCESS SERVICE,**
3 **LOCAL EXCHANGE SERVICE AND LONG DISTANCE SERVICE**
4 **NECESSARY FOR AT&T TO BILL CUSTOMERS?**

5 A. Yes. BellSouth's obligation to provide this data is clear. Attachment 7 of the
6 Interconnection Agreement sets forth BellSouth's obligations to provide customer
7 usage data. Section 2.1 of Attachment 7 specifically provides that BellSouth
8 "shall provide AT&T with Recorded Usage Data in accordance with" Attachment
9 7. Section 3.1 of Attachment 7 further provides that "BellSouth will provide all
10 usage originating from AT&T Customers using BellSouth provided Elements or
11 Local Services." Section 3.2 of Attachment 7, further provides that "BellSouth
12 shall provide to AT&T Recorded Usage Data for AT&T Customers only.
13 BellSouth will not submit other carrier local usage data as part of AT&T
14 Recorded usage data." The contract language is written broadly to encompass all
15 usage data including both interstate and intrastate switched access service, local
16 exchange service and long distance services. An illustration of the particular
17 types of usage data the contract requires BellSouth to provide are shown in
18 Rebuttal Exhibit DE-1.

19
20 **Q. WHAT ABOUT BELLSOUTH'S CONTENTION THAT IT ONLY**
21 **PROVIDE "APPROPRIATE" USAGE DATA?**

22 A. The direct testimony of Messrs. Varner and Hendrix do not dispute BellSouth's
23 contractual obligation to provide usage data, but claim that the only data that
24 BellSouth must provide AT&T is "appropriate" usage data. Under this position,
25 BellSouth claims that it need not provide intrastate, interLATA data. The

1 contract, however, does not support such an exclusion. Under the contract,
2 BellSouth is required to provide AT&T all usage data, including interstate
3 switched access, all intrastate switched access, including both intraLATA and
4 interLATA data and all local usage data.

5

6 **Q. HAS BELLSOUTH PROVIDED AT&T WITH CORRECT USAGE DATA?**

7 A. No. Even for the usage data that BellSouth agrees it must provide AT&T,
8 BellSouth has not been able to provide correct usage data. This includes both
9 usage data for the calls that AT&T customers have made under the current testing
10 of the use of unbundled network elements, as well as usage data related to the bills
11 BellSouth has rendered to AT&T for the use of unbundled network elements.
12 Although Mr. Hendrix claims that "Interstate access records are available to
13 AT&T," such records have not been provided to AT&T. Additionally, the access
14 records are but one form of usage data BellSouth must provide AT&T under the
15 contract. Additional usage data regarding use of unbundled network elements
16 must be provided. AT&T began purchasing unbundled network elements from
17 BellSouth in Florida on April 30, 1997. To date, BellSouth has not provided the
18 appropriate data or has not been able to provide this data correctly to AT&T.

19

20 **Q. WHAT IS IT THAT AT&T WANTS THE COMMISSION TO ORDER AS**
21 **A RESULT OF THIS PROCEEDING?**

22 A. AT&T wants the Commission to order BellSouth to:

23 1. Provide unbundled network elements, either individually or combined, to
24 AT&T;

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- 2. Provision and bill all unbundled network element combinations ordered by AT&T as network elements, not as resold services;
- 3. Bill AT&T recurring prices for combinations of network elements utilizing the prices for each element of the combination contained in Part IV, Table 1 of the Agreement, until the parties negotiate a final, lower combination price (eliminating any duplicative charges) or this Commission establishes lower price at the request of one of the parties;
- 4. Bill AT&T nonrecurring facilities migration charges in lieu of the current nonrecurring charges contained in Part IV, Table 1 of the Agreement, as recommended by AT&T witness Dick Walsh when a BellSouth customer migrates to AT&T service that is provided using network elements; and,
- 5. Provide all usage data to AT&T, including all data for interstate and intrastate switched access service, local exchange service and long distance service, in accordance with the interconnection agreement.

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes.

1

2

Local Calls - Intraswitch

1. AT&T (UNE) Originating and Bell South Terminating

Recording

BST provides customer usage to AT&T

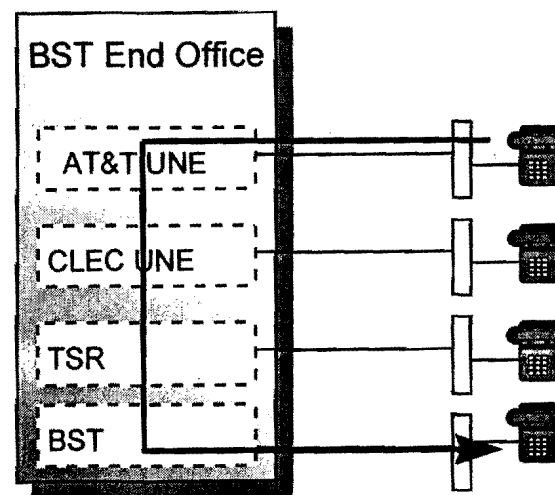
Intercompany Compensation

None

UNE Billing

BST Bills AT&T

One Unbundled Local Switching charge



9/23/97
C. Rhodes

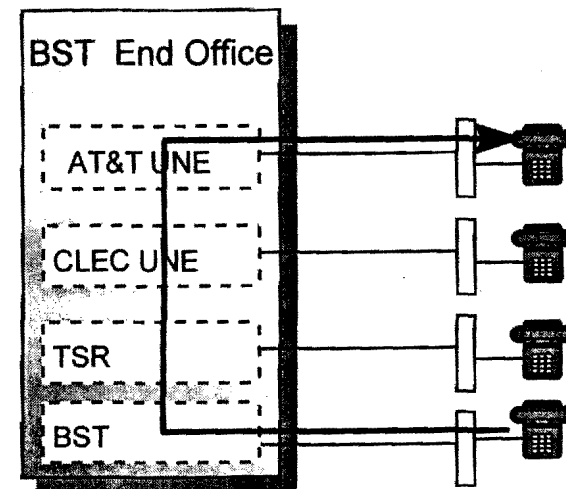
Local Calls - Intraswitch

2. Bell South Originating and AT&T (UNE) Terminating

Recording
None required for
AT&T

**Intercompany
Compensation**
None

UNE Billing
BST Bills AT&T
No charges.



9/23/97
C. Rhodes

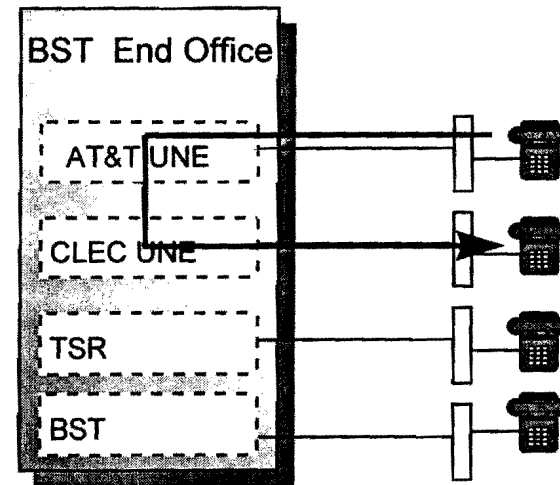
Local Calls - Intraswitch

3. AT&T (UNE) Originating and CLEC (UNE) Terminating

Recording
BST provides customer usage to AT&T

Intercompany Compensation
None

UNE Billing
BA Bills AT&T
One Unbundled Local Switching charge



9/23/97
C. Rhodes

Local Calls - Intraswitch

4. CLEC (TSR) Originating and AT&T (UNE) Terminating

Recording

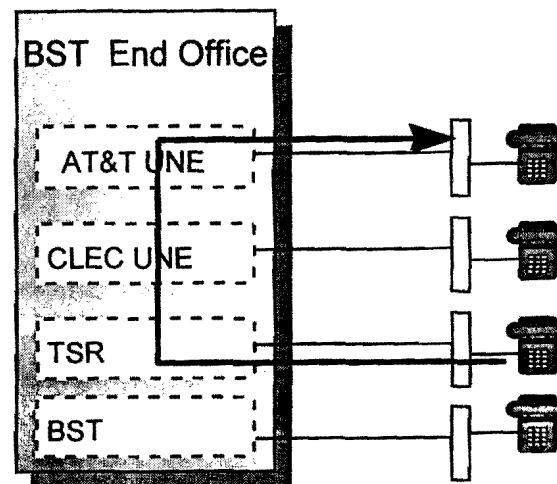
BST provides appropriate records to CLEC (TSR).
None required for AT&T.

Intercompany Compensation

None

UNE Billing

BST Bills AT&T
No charges.



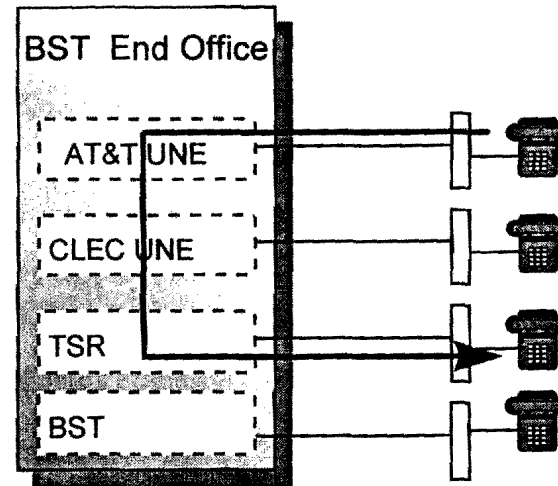
Local Calls - Intraswitch

5. AT&T(UNE) Originating and CLEC (TSR) Terminating

Recording
BST provides customer usage to AT&T

Intercompany Compensation
None

UNE Billing
BST Bills AT&T
One Unbundled Local Switching charge



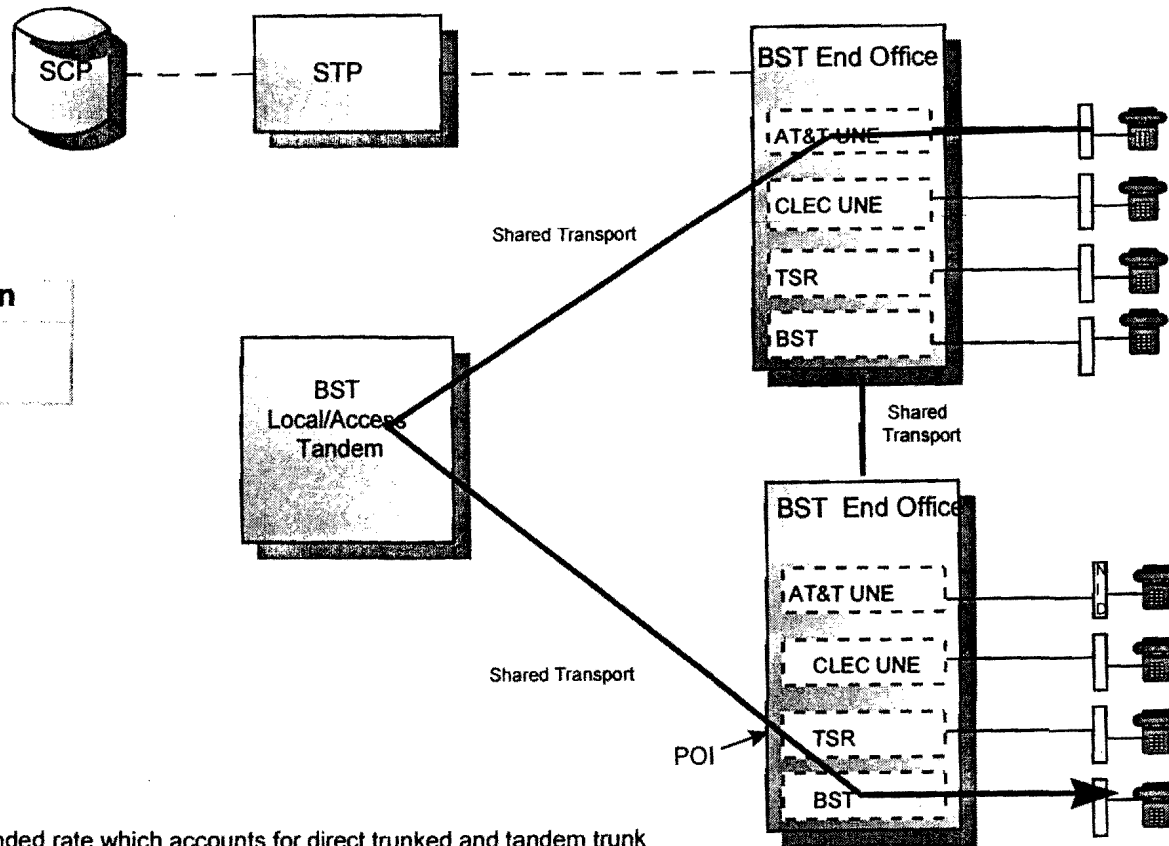
Local Calls - Interswitch

6. AT&T (UNE) Originating and Bell South Terminating

Recording
 BST provides customer usage to AT&T.

Intercompany Compensation
 None per Interim Bill & Keep Arrangement

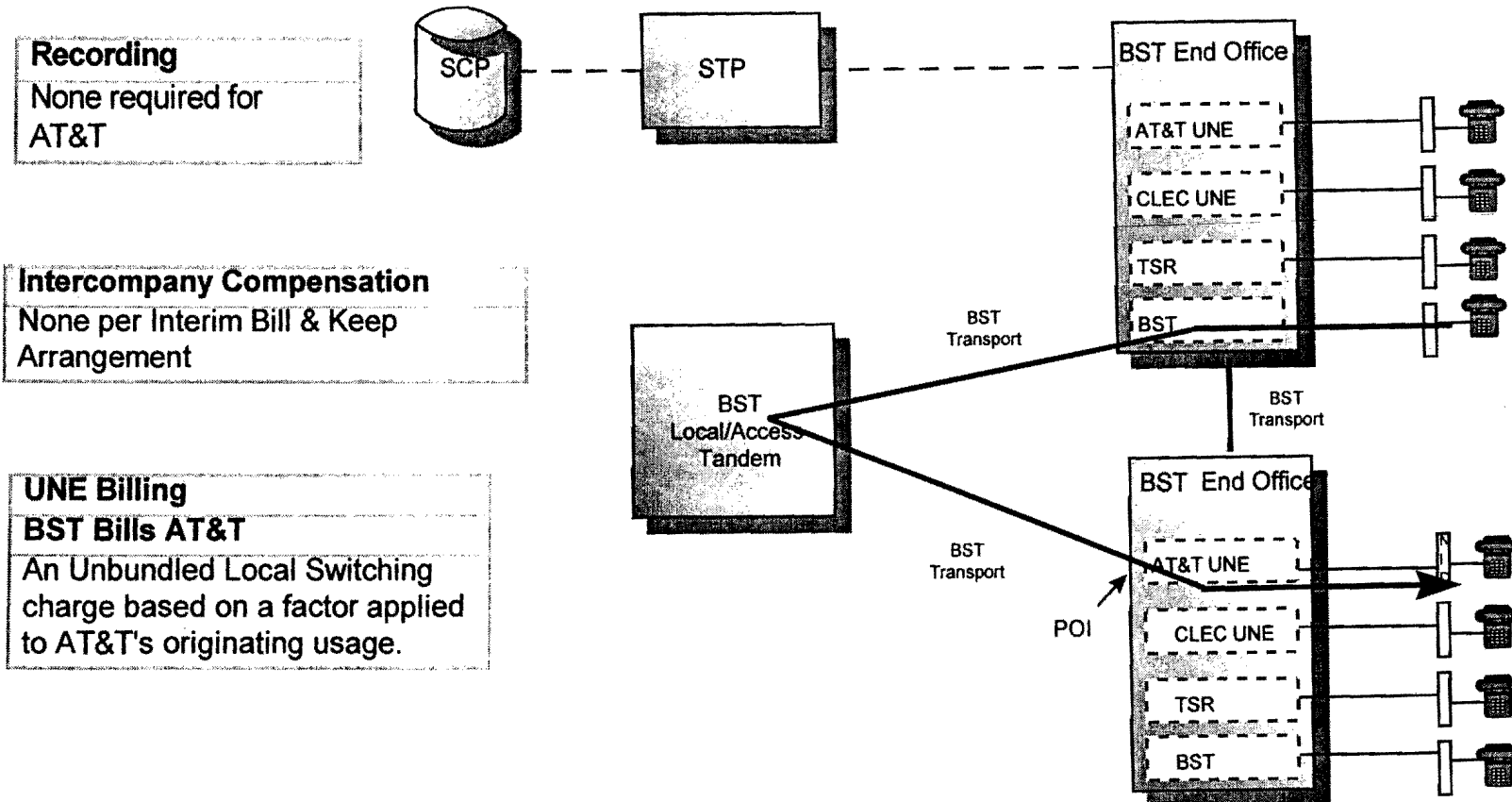
UNE Billing
 BST Bills AT&T
 One Unbundled Local Switching charge
 UNE shared transport*



*Shared transport is billed based on a blended rate which accounts for direct trunked and tandem trunk arrangements with tandem switching included. This picture shows the call routed through the tandem. Alternatively, it might be routed directly from one end office to the other.

Local Calls - Interswitch

7. Bell South Originating and AT&T (UNE) Terminating



Recording
 None required for AT&T

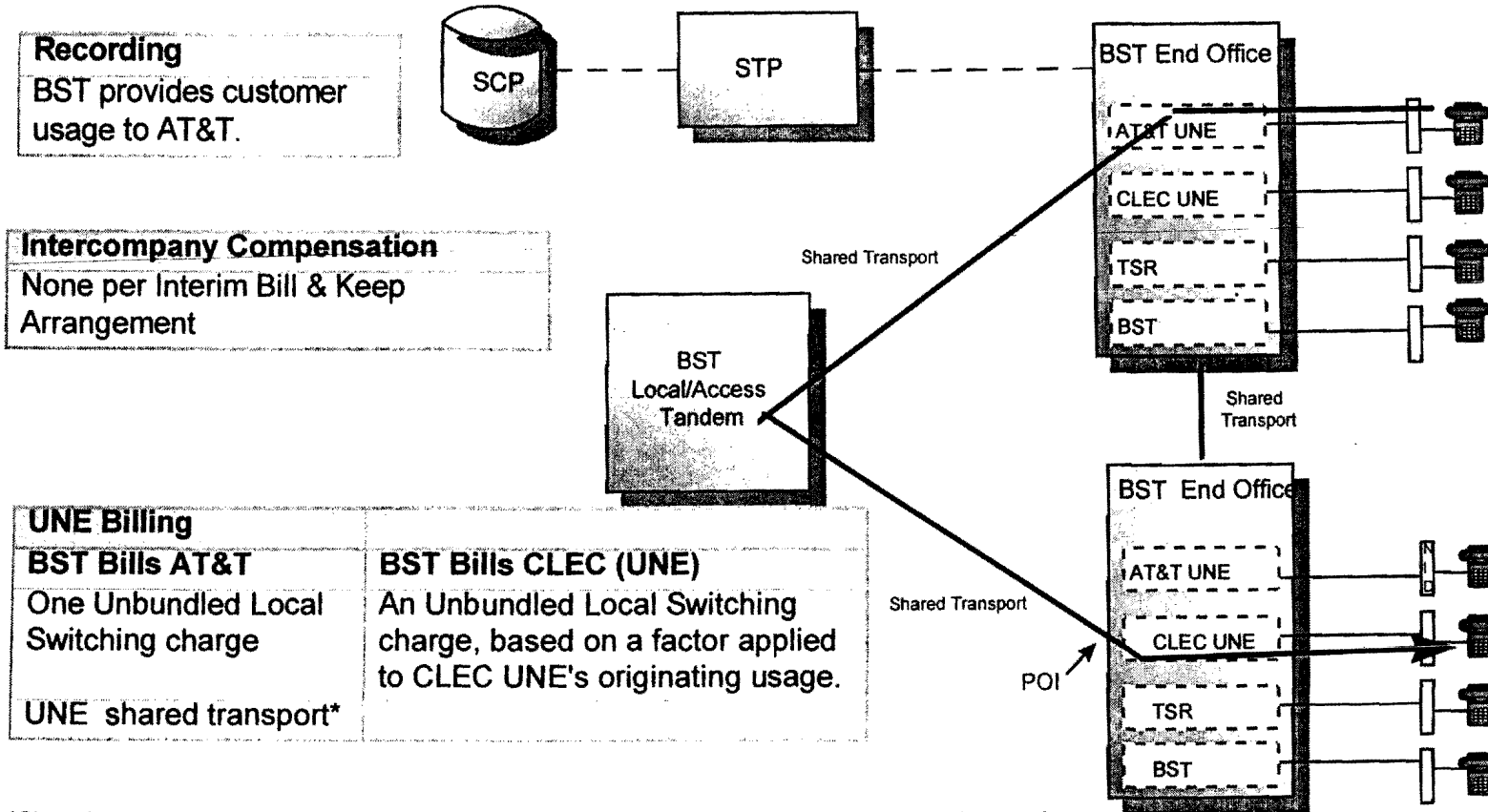
Intercompany Compensation
 None per Interim Bill & Keep Arrangement

UNE Billing
BST Bills AT&T
 An Unbundled Local Switching charge based on a factor applied to AT&T's originating usage.

This picture shows the call routed through the tandem. Alternatively, it might be routed directly from one end office to the other.

Local Calls - Interswitch

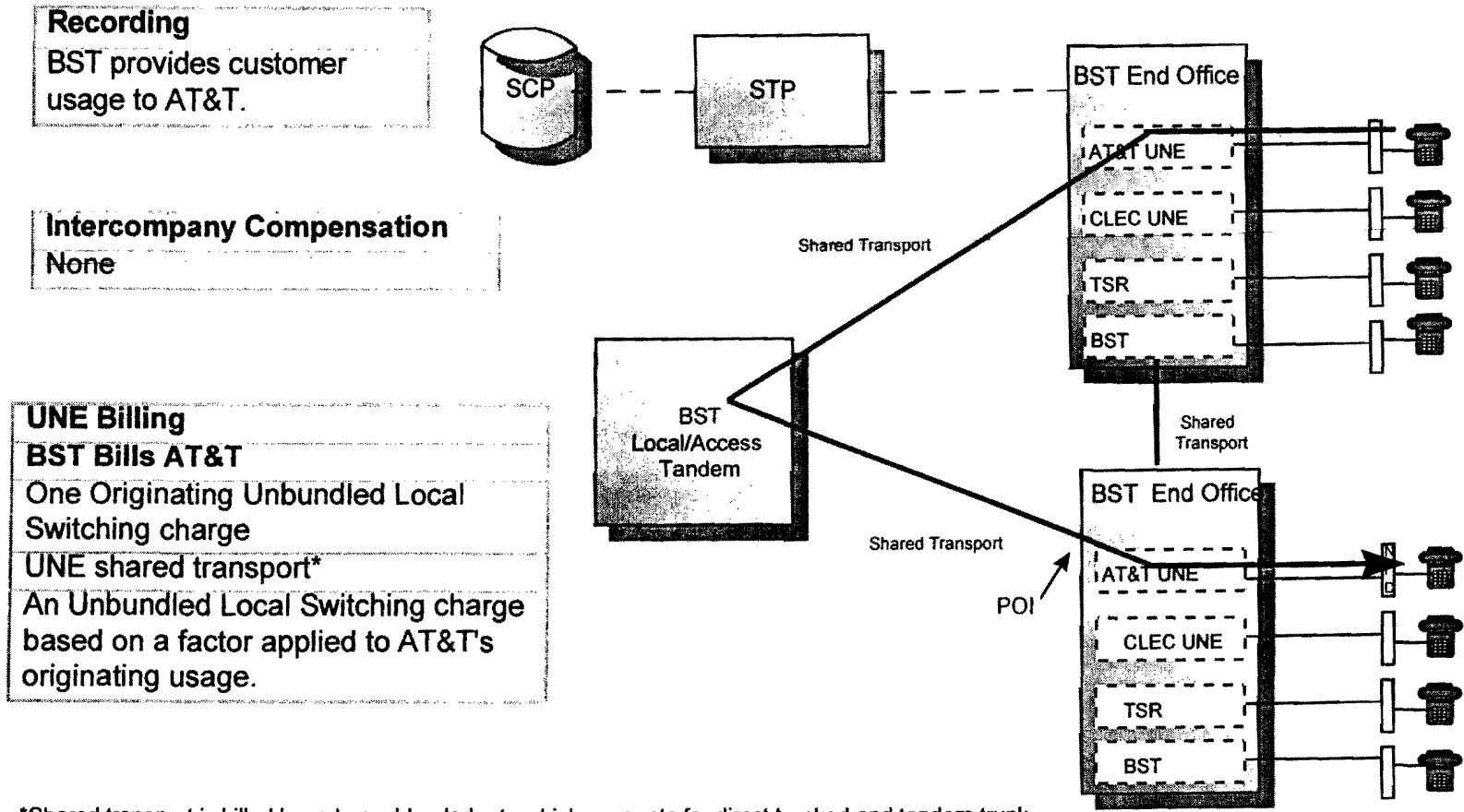
8. AT&T (UNE) Originating and CLEC (UNE) Terminating



*Shared transport is billed based on a blended rate which accounts for direct trunked and tandem trunk arrangements with tandem switching included. This picture shows the call routed through the tandem. Alternatively, it might be routed directly from one end office to the other.

Local Calls - Interswitch

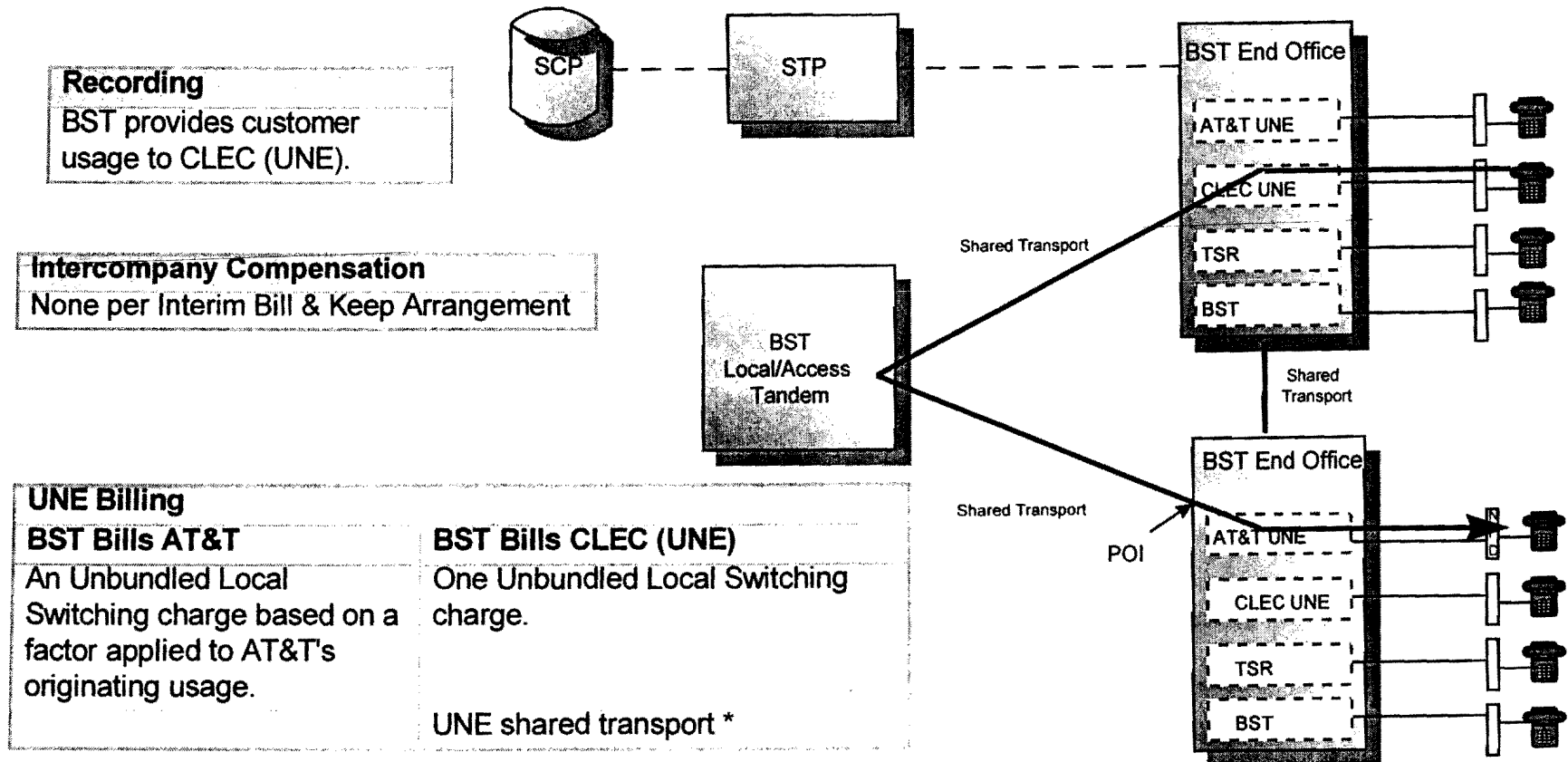
9. AT&T (UNE) Originating and AT&T (UNE) Terminating



*Shared transport is billed based on a blended rate which accounts for direct trunked and tandem trunk arrangements with tandem switching included. This picture shows the call routed through the tandem. Alternatively, it might be routed directly from one end office to the other.

Local Calls - Interswitch

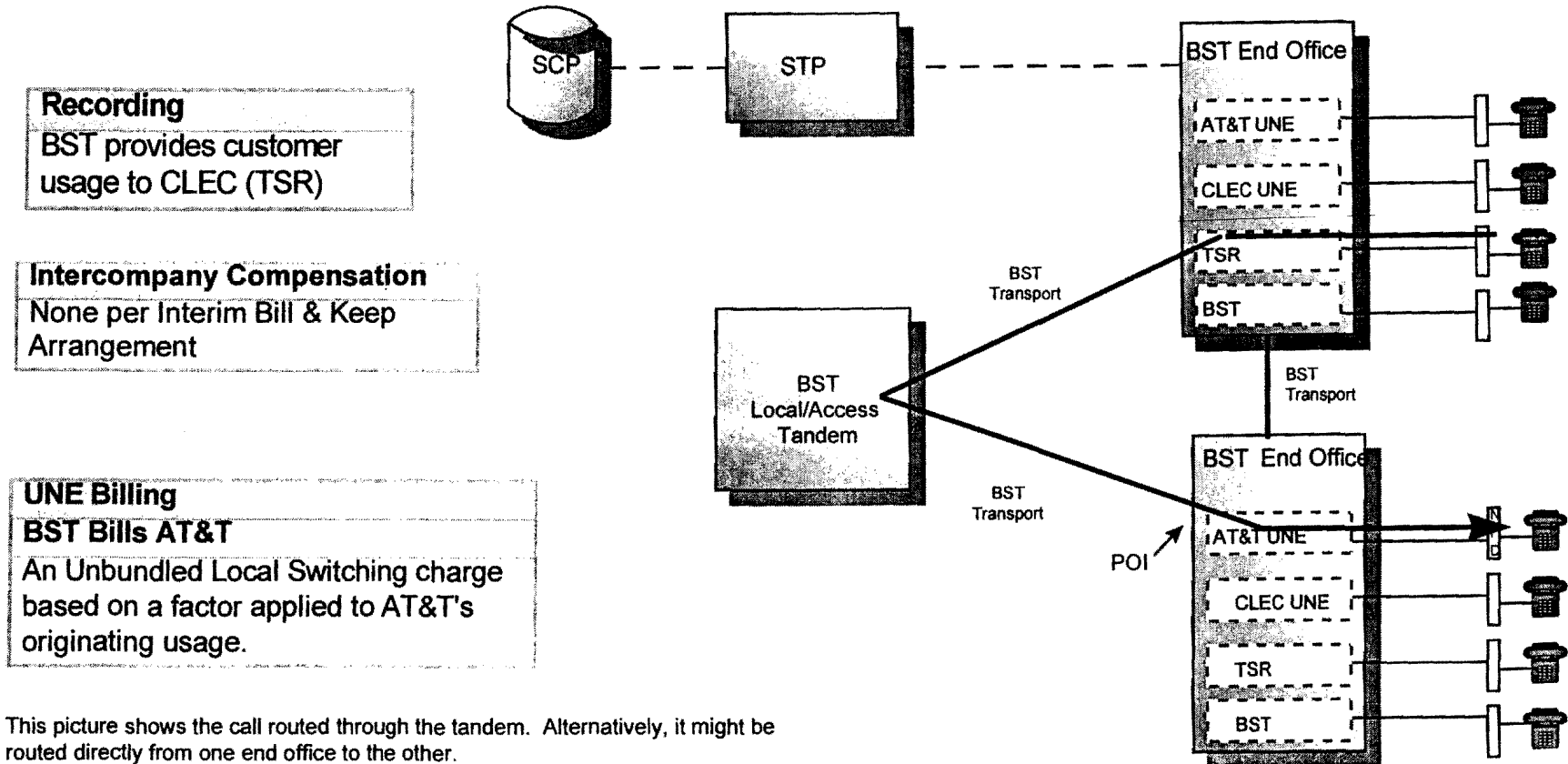
10. CLEC (UNE) Originating and AT&T (UNE) Terminating



*Shared transport is billed based on a blended rate which accounts for direct trunked and tandem trunk arrangements with tandem switching included. This picture shows the call routed through the tandem. Alternatively, it might be routed directly from one end office to the other.

Local Calls - Interswitch

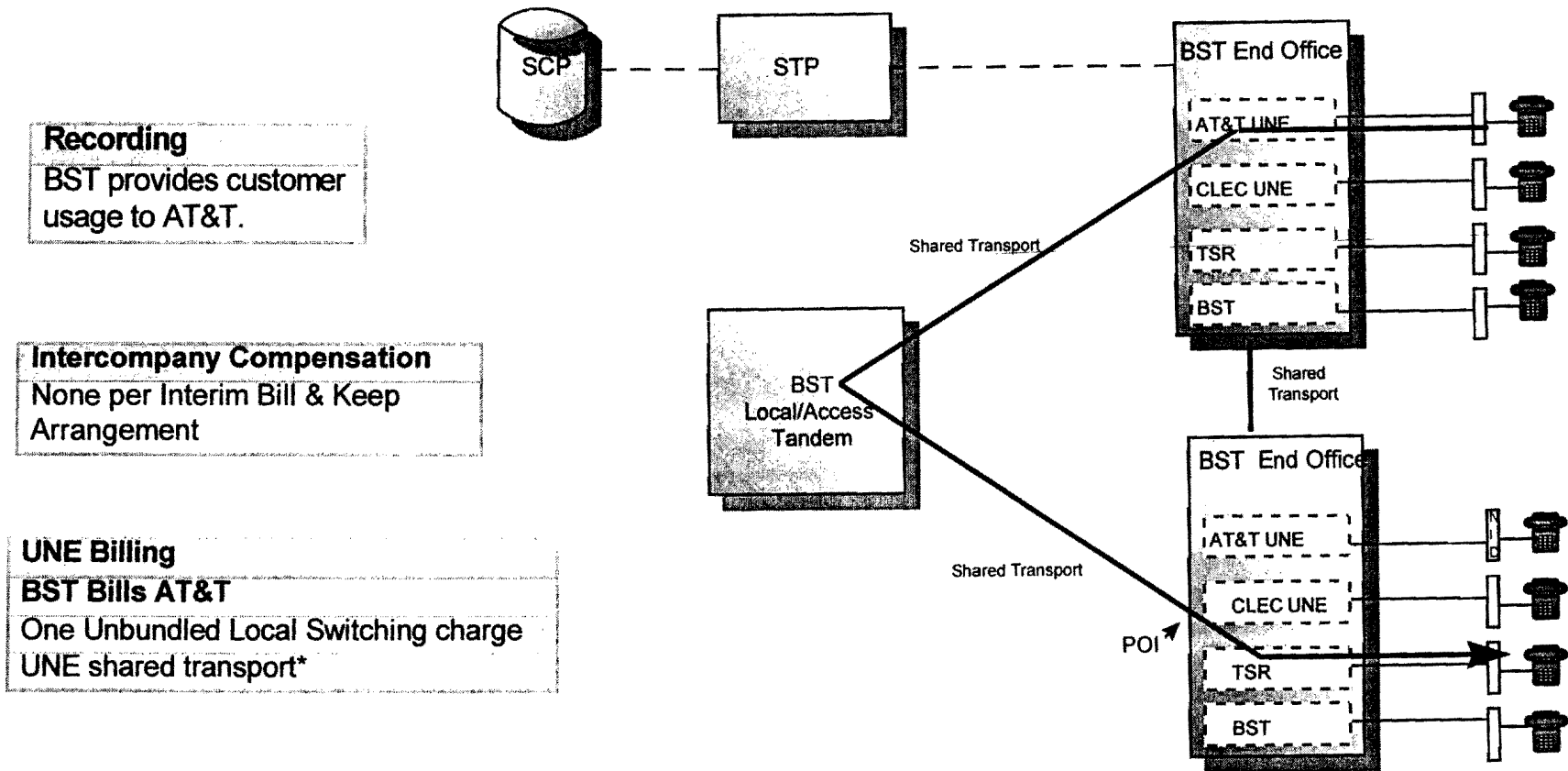
11. CLEC (TSR) Originating and AT&T (UNE) Terminating



This picture shows the call routed through the tandem. Alternatively, it might be routed directly from one end office to the other.

Local Calls - Interswitch

12. AT&T (UNE) Originating and CLEC (TSR) Terminating



*Shared transport is billed based on a blended rate which accounts for direct trunked and tandem trunk arrangements with tandem switching included. This picture shows the call routed through the tandem. Alternatively, it might be routed directly from one end office to the other.

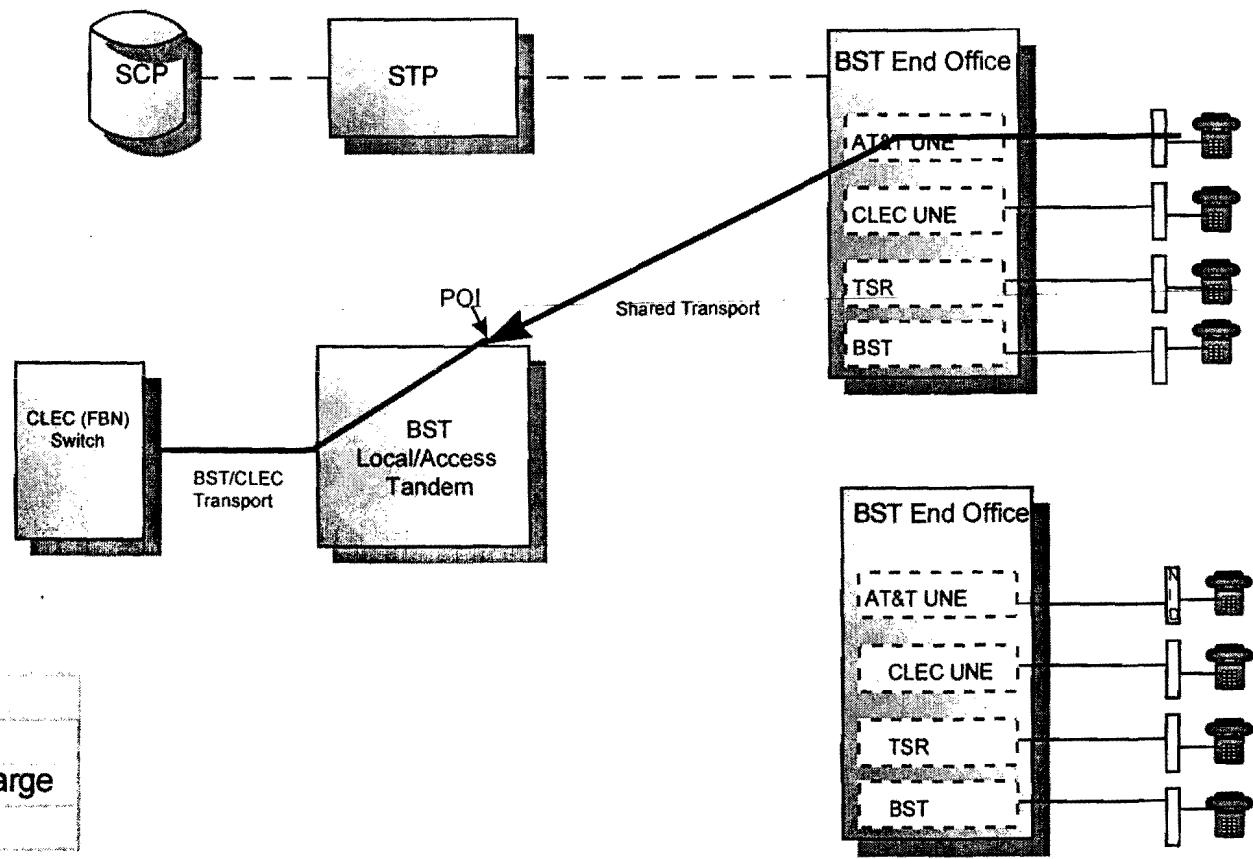
Local Calls - Interswitch

13A. AT&T (UNE) Originating to CLEC (FBN) Terminating Tandem Routed

Recording
 BST provides customer usage to AT&T.

Intercompany Compensation
 Until actual records can be exchanged, CLEC (FBN) bills BST for reciprocal compensation on an interim basis.

UNE Billing
 BST Bills AT&T
 One Unbundled Local Switching charge
 UNE shared transport*



*Shared transport is billed based on a blended rate which accounts for direct trunked and tandem trunk arrangements with tandem switching included. This picture shows the call routed through the tandem.

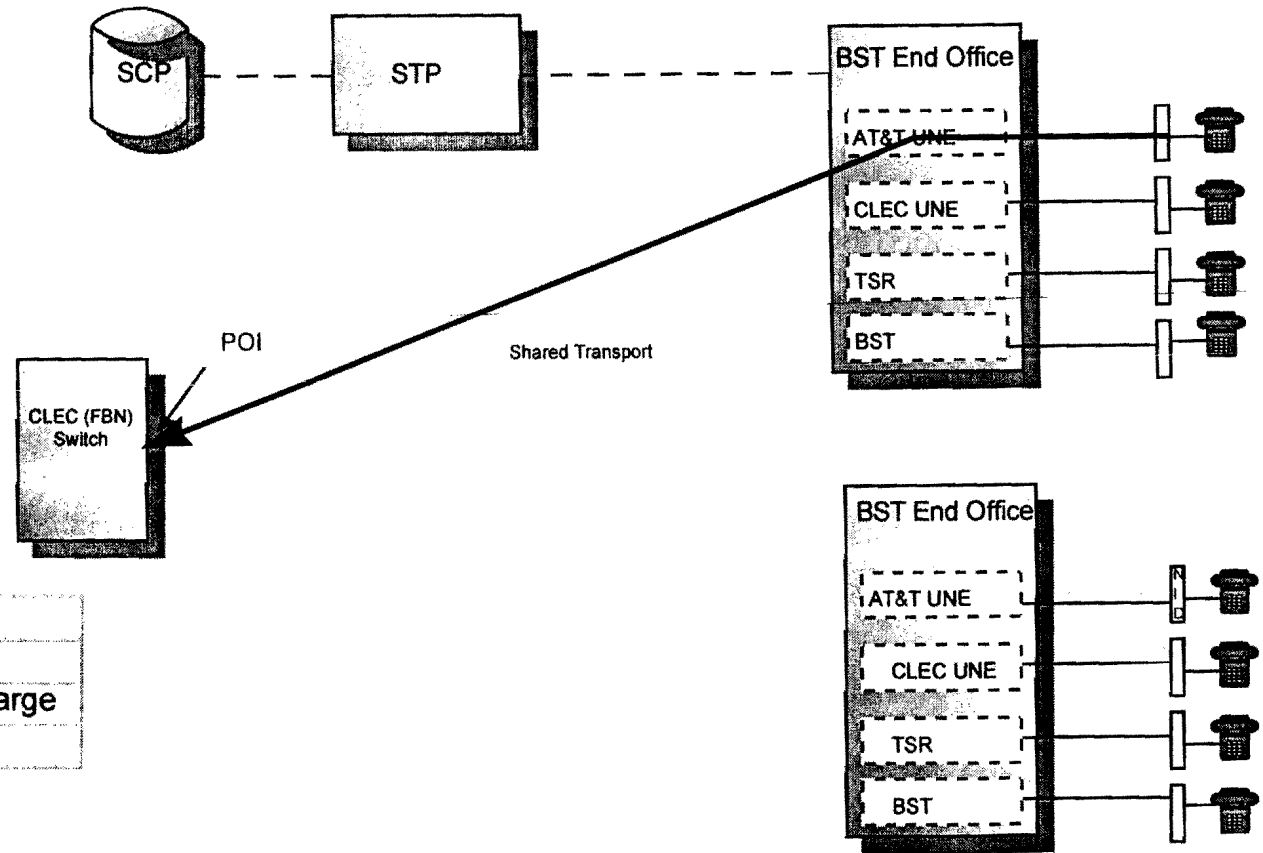
Local Calls - Interswitch

13B. AT&T (UNE) Originating to CLEC (FBN) Terminating Direct Trunk Routed

Recording
 BST provides customer usage to AT&T.

Intercompany Compensation
 Until actual records can be exchanged, CLEC (FBN) bills BST for reciprocal compensation on an interim basis.

UNE Billing
 BST Bills AT&T
 One Unbundled Local Switching charge
 UNE shared transport*



*Shared transport is billed based on a blended rate which accounts for direct trunked and tandem trunk arrangements with tandem switching included. This picture shows the call routed directly.

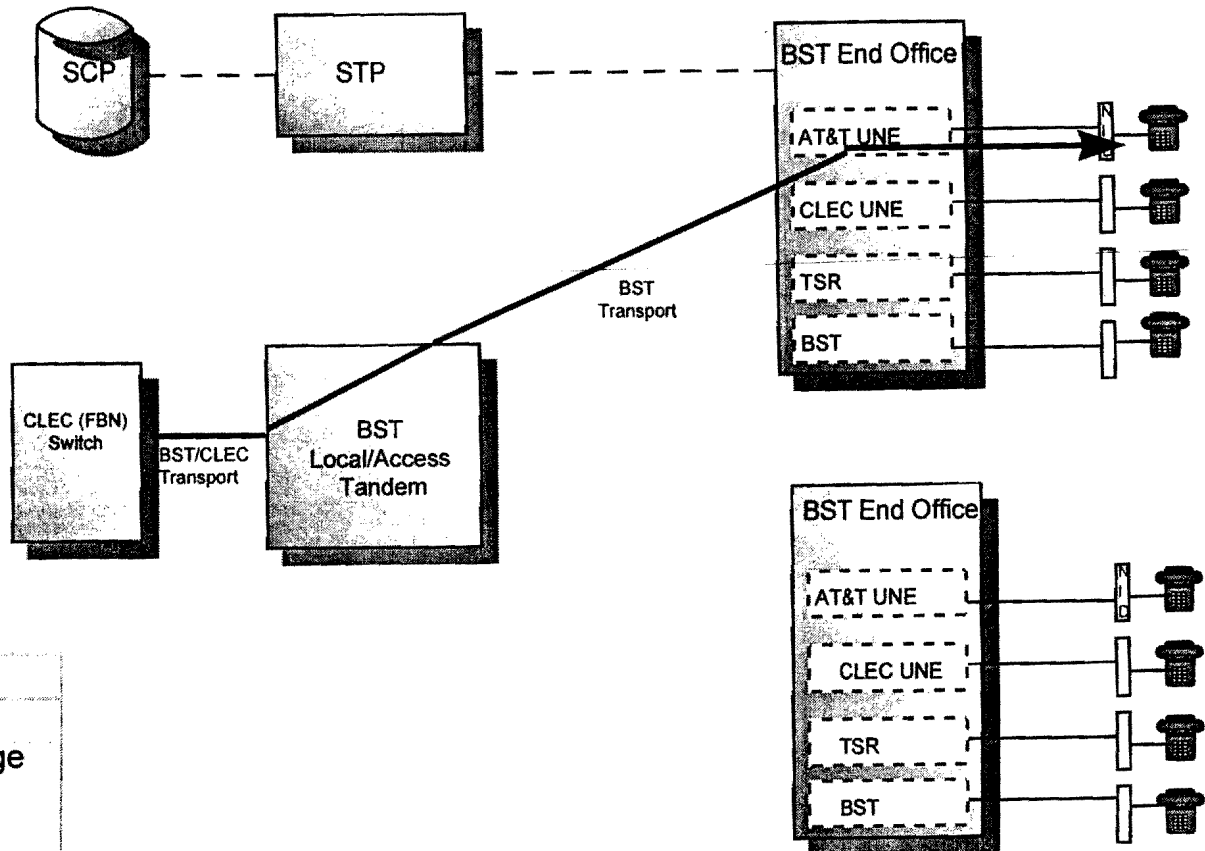
Local Calls - Interswitch

14A. CLEC (FBN) Originating to AT&T (UNE) Terminating Tandem Routed

Recording
BST records CLEC call at the tandem.

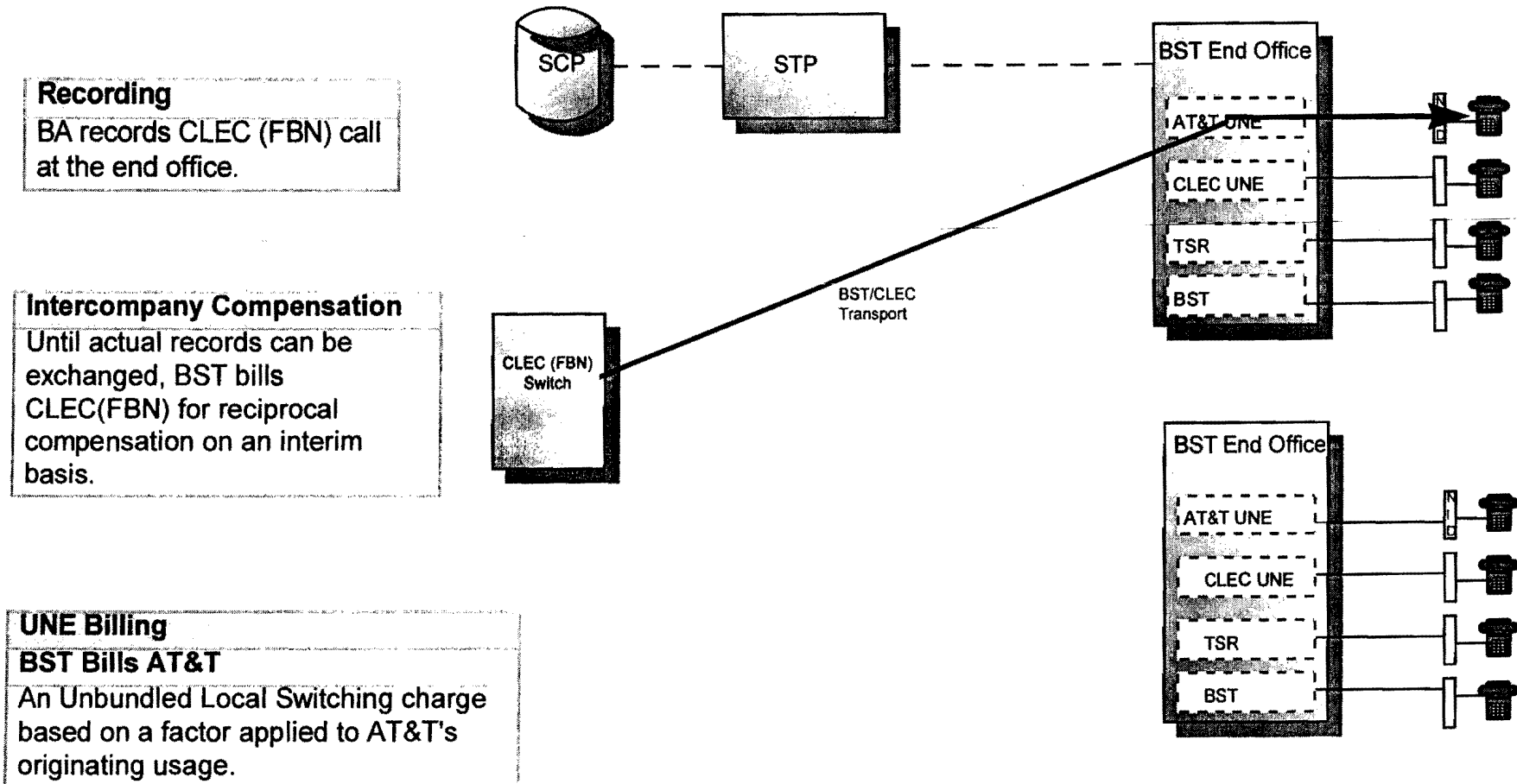
Intercompany Compensation
Until actual records can be exchanged, BST bills CLEC(FBN) for reciprocal compensation on an interim basis.

UNE Billing
BST Bills AT&T
An Unbundled Local Switching charge based on a factor applied to AT&T's originating usage.



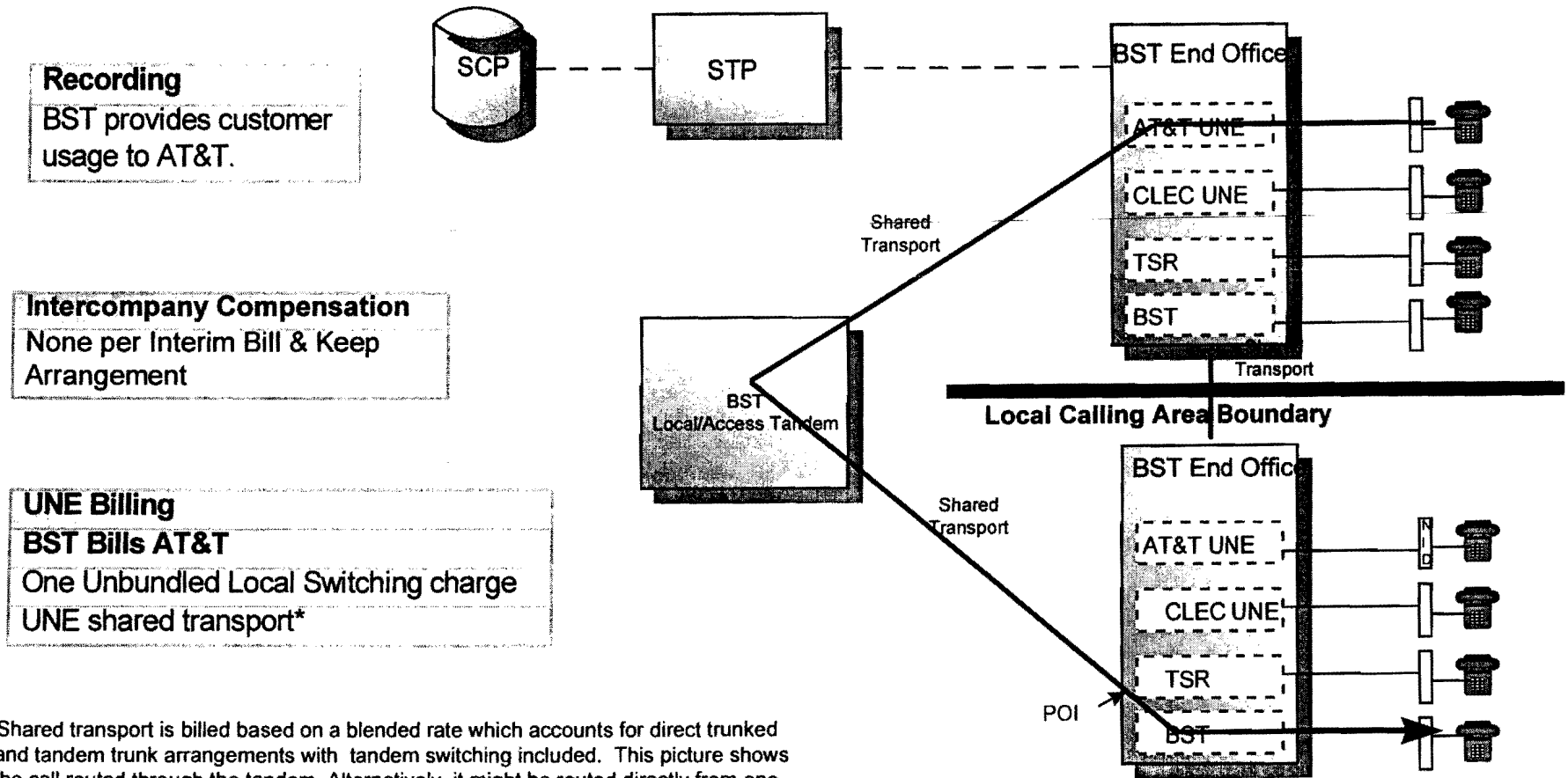
Local Calls - Interswitch

14B. CLEC (FBN) Originating to AT&T (UNE) Terminating Direct Routed



Toll Calls - IntraLATA

15A. AT&T (UNE) Originating to Bell South Terminating Non 2-PIC - AT&T is the intraLATA toll provider



Recording
 BST provides customer usage to AT&T.

Intercompany Compensation
 None per Interim Bill & Keep Arrangement

UNE Billing
 BST Bills AT&T
 One Unbundled Local Switching charge
 UNE shared transport*

*Shared transport is billed based on a blended rate which accounts for direct trunked and tandem trunk arrangements with tandem switching included. This picture shows the call routed through the tandem. Alternatively, it might be routed directly from one end office to another.

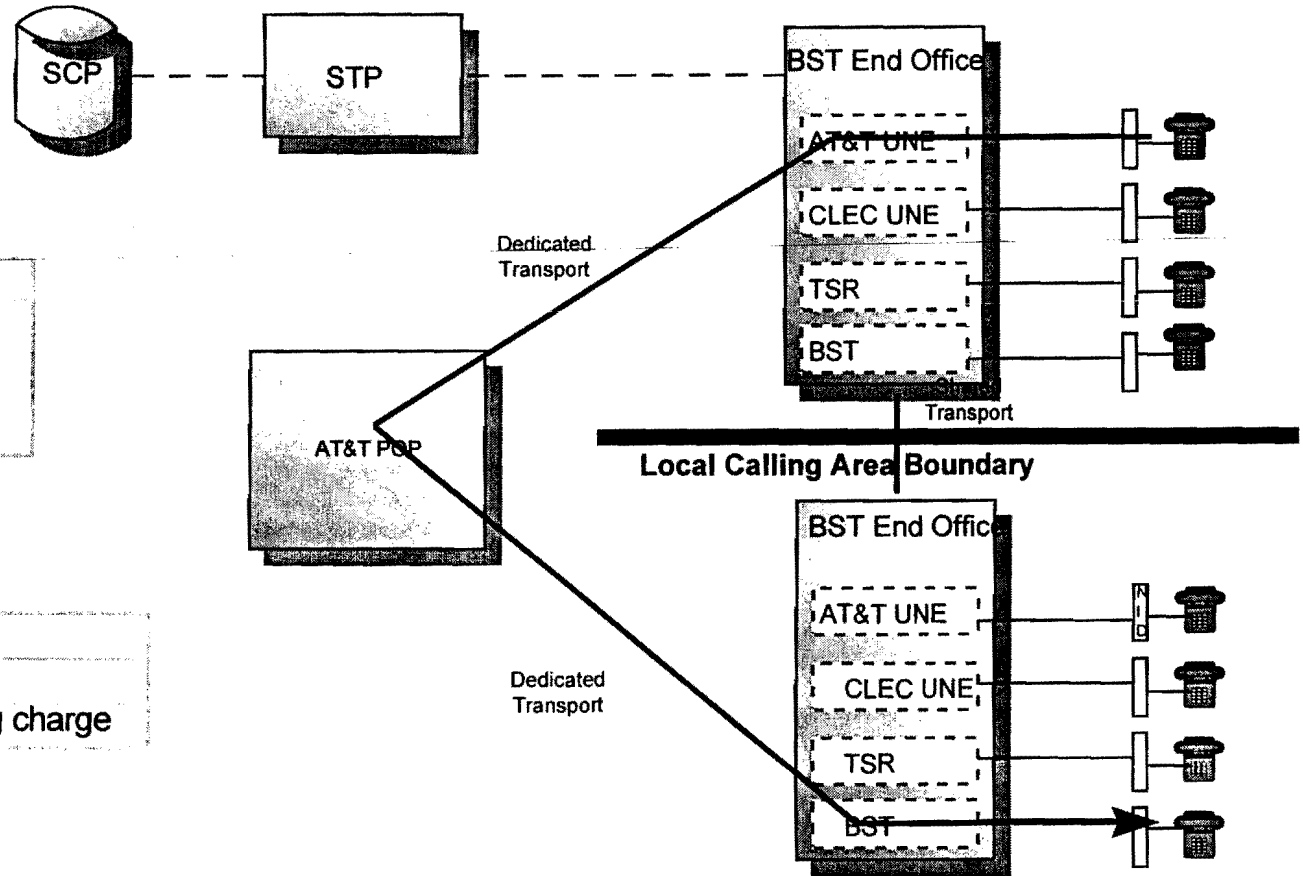
Toll Calls - IntraLATA

15B. AT&T (UNE) Originating to Bell South Terminating 2-PIC - AT&T is the intraLATA toll provider

Recording
BST provides customer usage to AT&T.

Intercompany Compensation
No originating access billed to AT&T. BST bills AT&T for terminating access based on actual usage.

UNE Billing
BST Bills AT&T
One Unbundled Local Switching charge



9/29/97
C. Rhodes

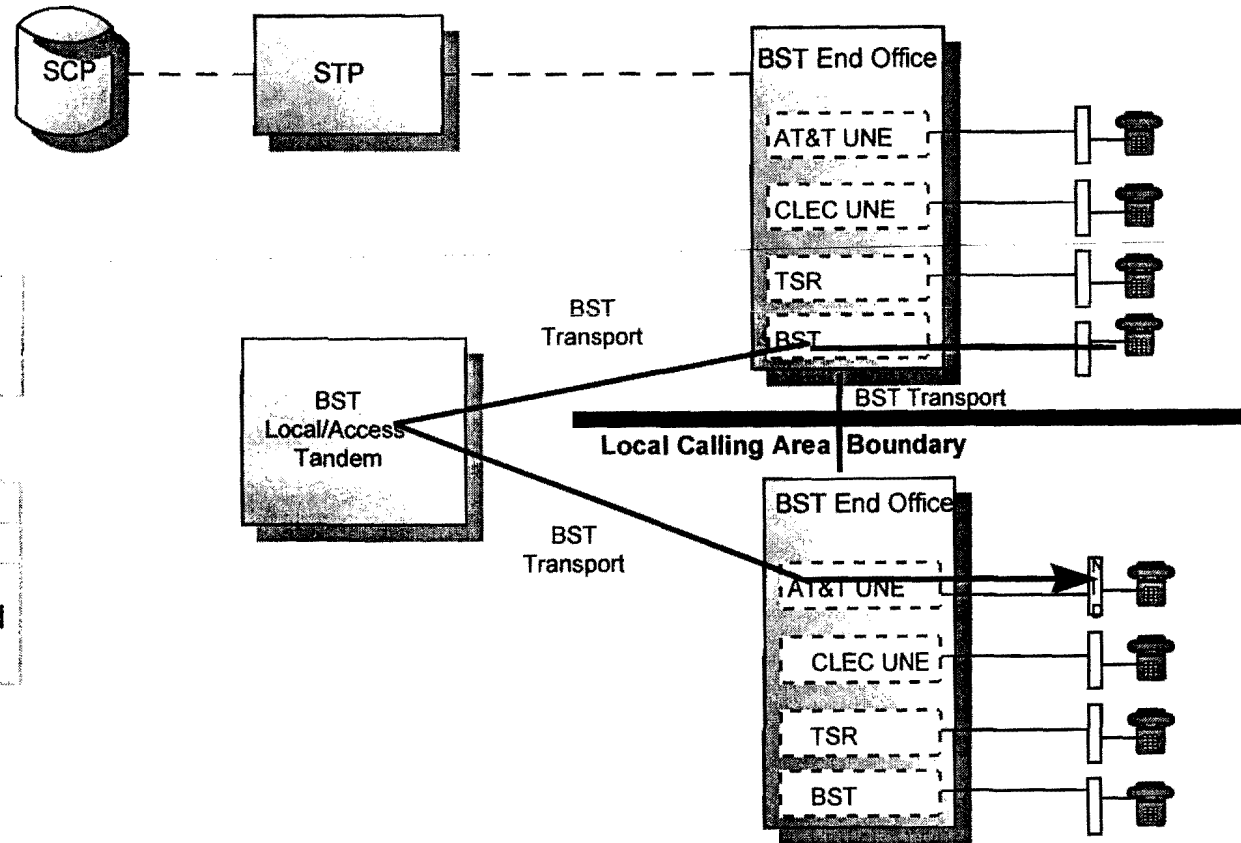
Toll Calls - IntraLATA

16A. Bell South Originating to AT&T (UNE) Terminating Non 2-PIC - BST is the intraLATA toll provider

Recording
None required for AT&T

Intercompany Compensation
None per Interim Bill & Keep Arrangement

UNE Billing
BST Bills AT&T
An Unbundled Local Switching charge based on a factor applied to AT&T's originating usage.



Toll Calls - IntraLATA

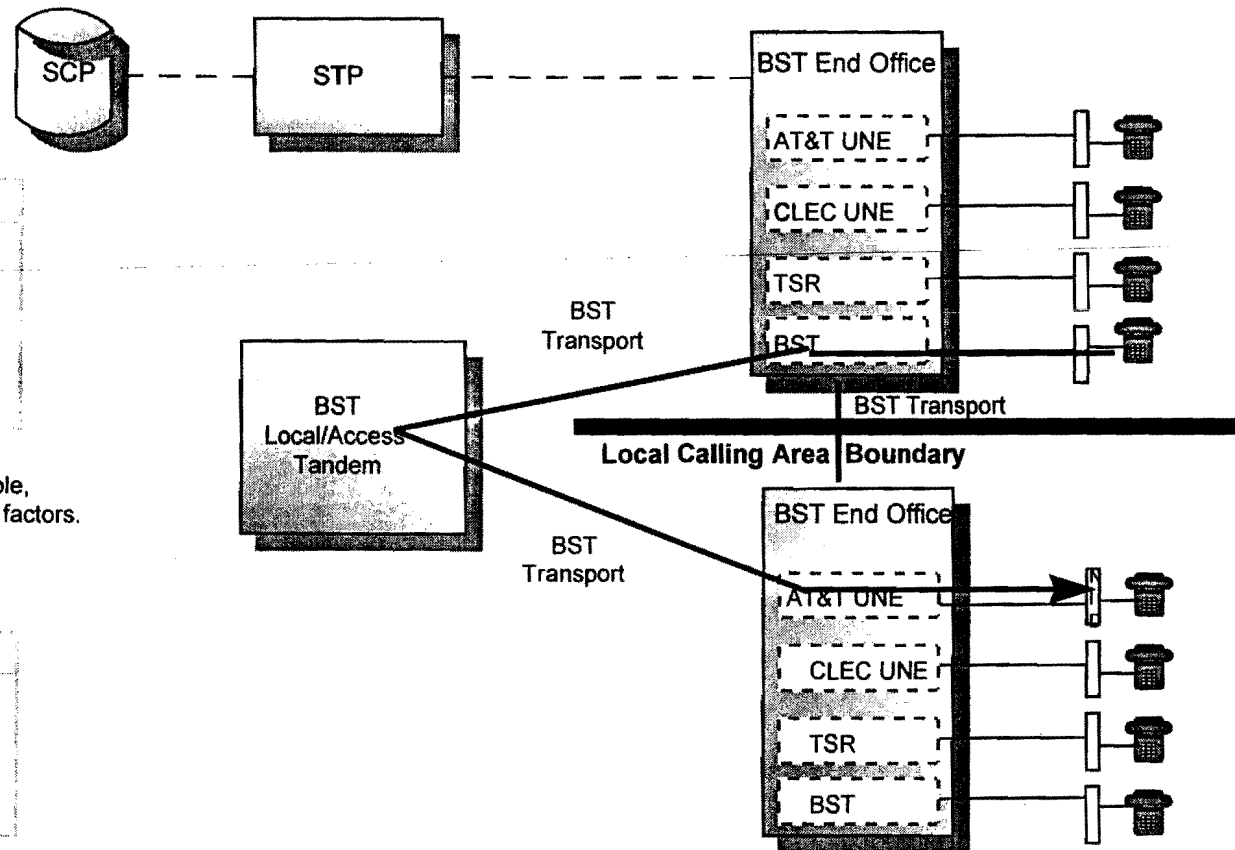
16B. Bell South Originating to AT&T (UNE) Terminating 2-PIC - BST is the intraLATA toll provider

Recording
 None required for AT&T

Intercompany Compensation
 BST provides AT&T terminating minutes for local toll access based on line "bashing" program*. AT&T bills BST for terminating access.

*Note: Until the "Bashing" program is available, this usage will be derived by the use of T/O factors.

UNE Billing
BST Bills AT&T
 An Unbundled Local Switching charge based on a factor applied to AT&T's originating usage.



Toll Calls - IntraLATA

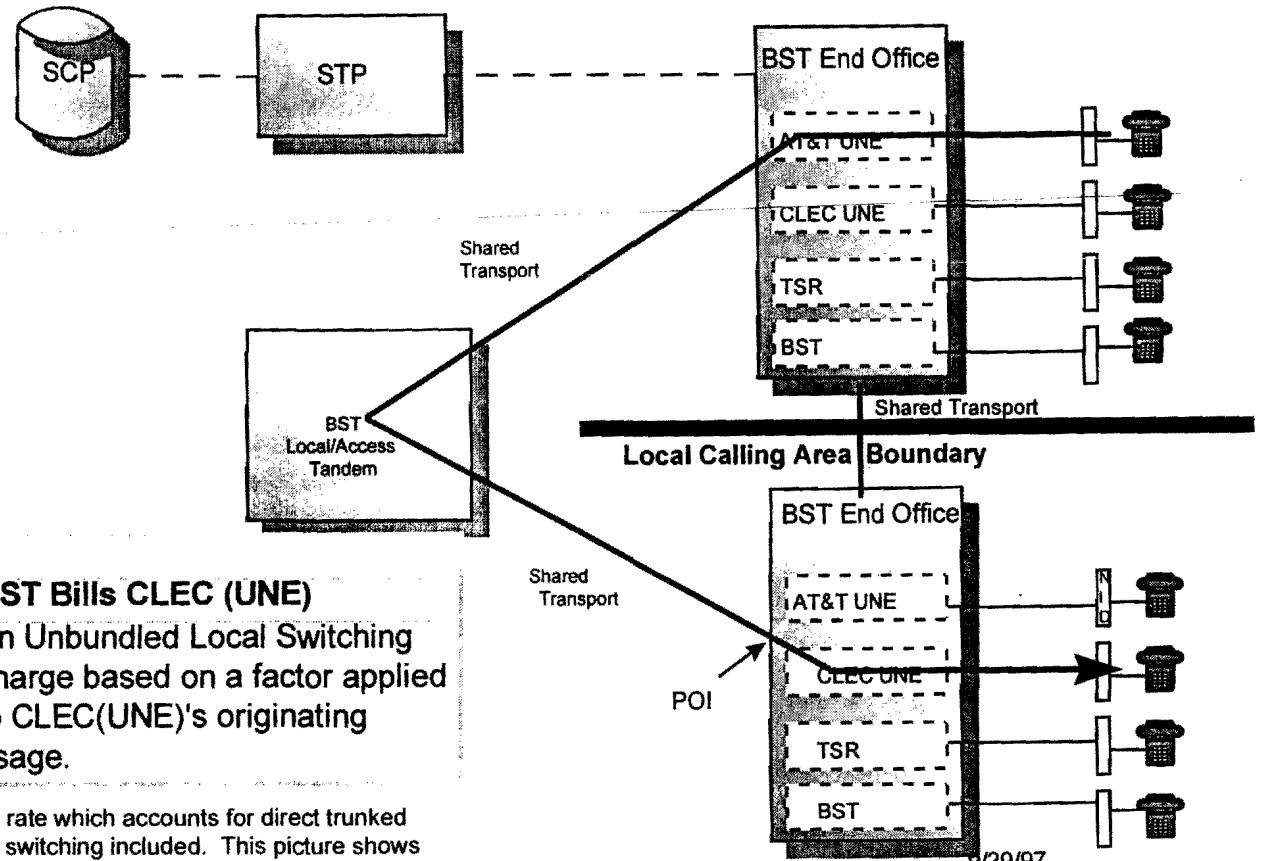
17. AT&T (UNE) Originating to CLEC (UNE) Terminating Non 2-PIC - AT&T is the intraLATA toll provider

Recording
 BST provides customer usage to AT&T.

Intercompany Compensation
 None per Interim Bill & Keep Arrangement

UNE Billing
BST Bills AT&T
 One Unbundled Local Switching charge
UNE shared transport*

BST Bills CLEC (UNE)
 An Unbundled Local Switching charge based on a factor applied to CLEC(UNE)'s originating usage.



*Shared transport is billed based on a blended rate which accounts for direct trunked and tandem trunk arrangements with tandem switching included. This picture shows the call routed through the tandem. Alternatively, it might be routed directly from one end office to another.

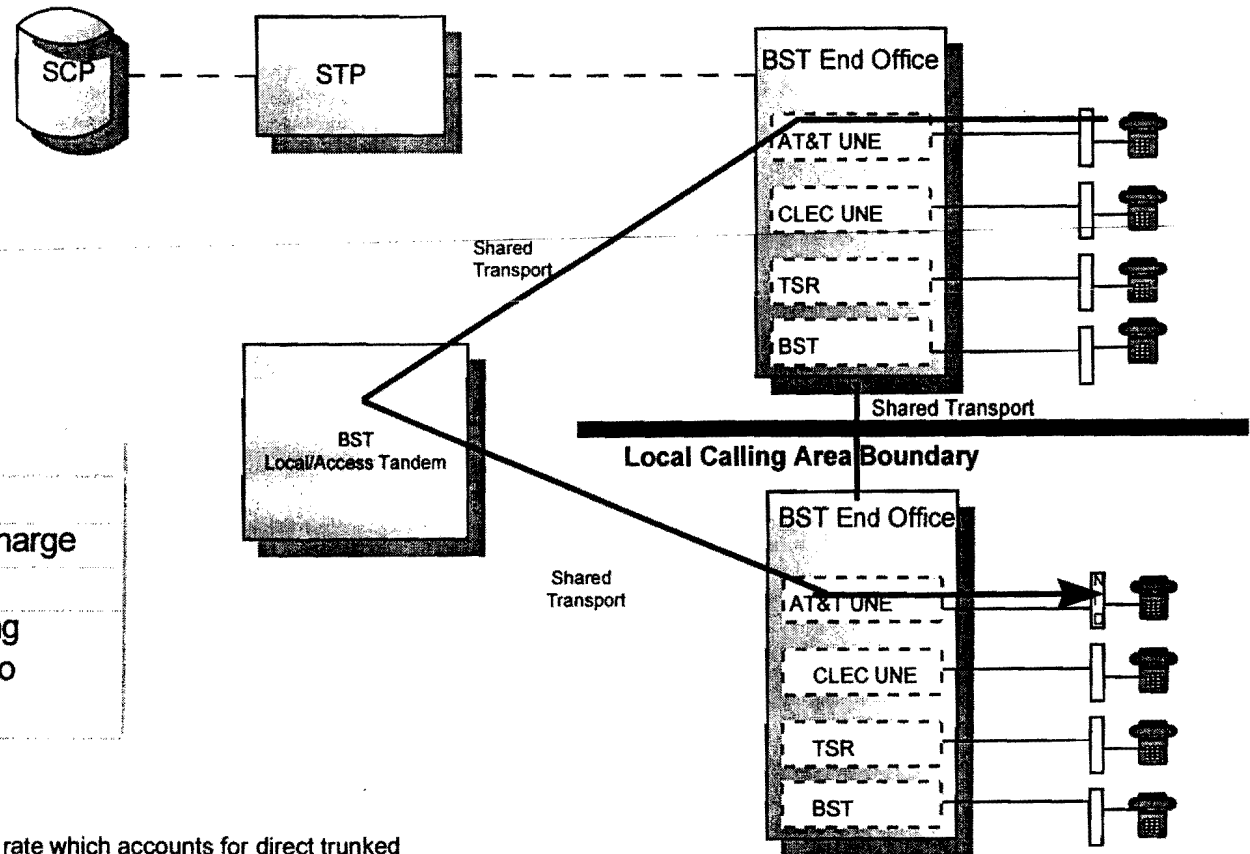
Toll Calls - IntraLATA

18. AT&T (UNE) Originating to AT&T (UNE) Terminating Non 2-PIC - AT&T is the intraLATA toll provider

Recording
 BST provides customer usage to AT&T.

Intercompany Compensation
 None.

UNE Billing
 BST Bills AT&T
 One Unbundled Local Switching charge
 UNE shared transport*
 Another Unbundled Local Switching charge based on a factor applied to AT&T's originating usage.



*Shared transport is billed based on a blended rate which accounts for direct trunked and tandem trunk arrangements with tandem switching included. This picture shows the call routed through the tandem. Alternatively, it might be routed directly from one end office to another.

Toll Calls - IntraLATA

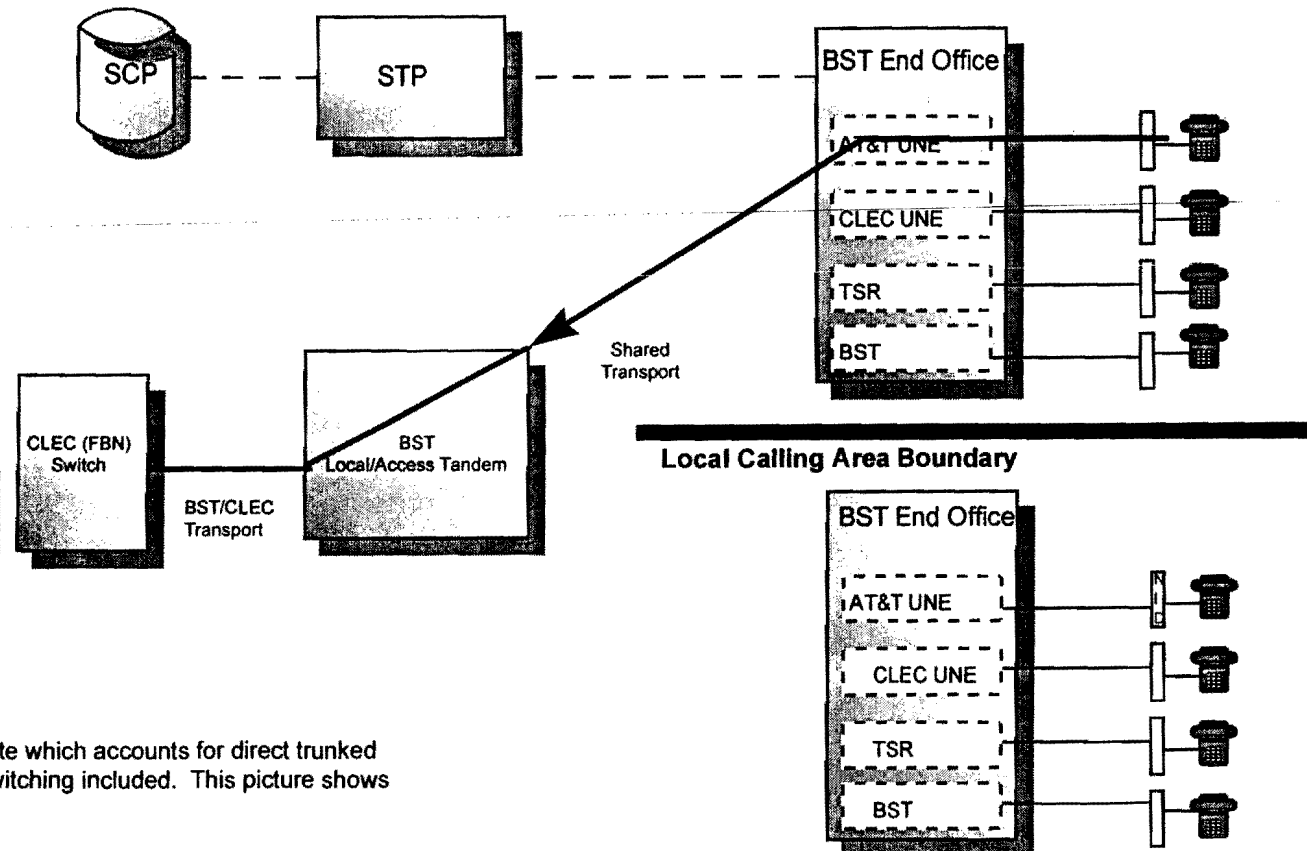
19. AT&T (UNE) Originating to CLEC (FBN) Terminating Tandem Routed

Non 2-PIC - AT&T is the intraLATA toll provider

Recording
 BST provides customer usage to AT&T.

Intercompany Compensation
 Until actual records can be exchanged, CLEC (FBN) bills BST for terminating access on an interim basis..

UNE Billing
 BST Bills AT&T
 One Unbundled Local Switching charge
 UNE shared transport*



*Shared transport is billed based on a blended rate which accounts for direct trunked and tandem trunk arrangements with tandem switching included. This picture shows the call routed through the tandem.

Toll Calls - IntraLATA

20. CLEC (FBN) Originating to AT&T (UNE) Terminating

Recording

None required for AT&T.

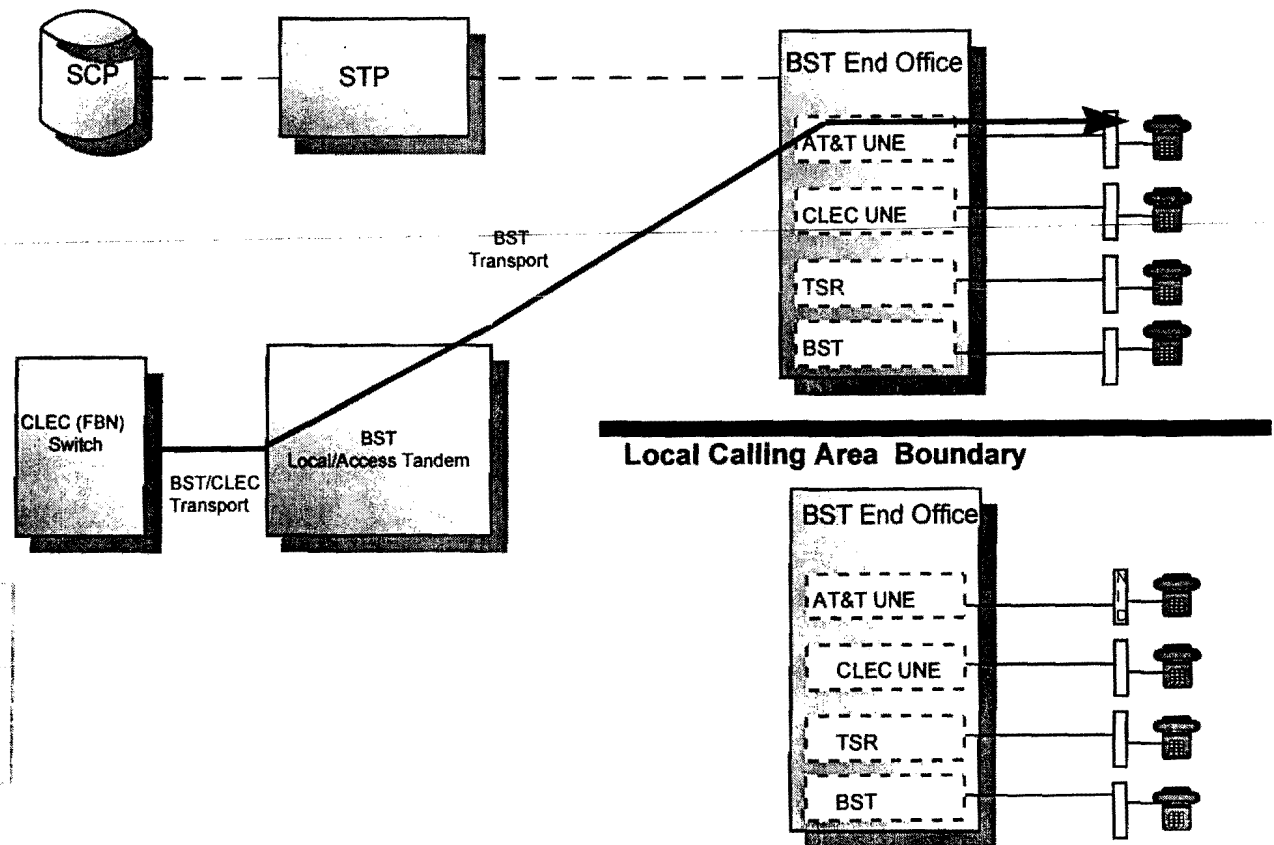
Intercompany Compensation

Until actual records can be exchanged, BST bills CLEC (FBN) for terminating access on an interim basis.

UNE Billing

BST Bills AT&T

An Unbundled Local Switching charge based on a factor applied to AT&T's originating usage.



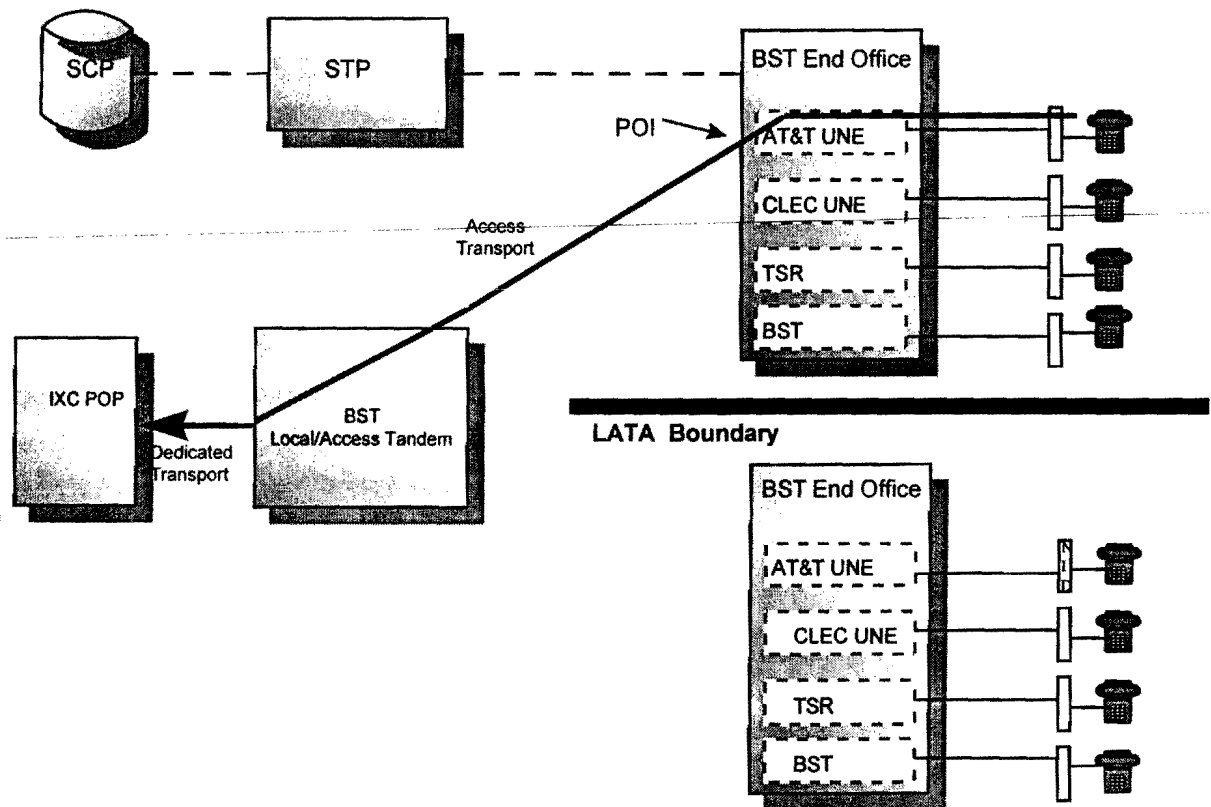
Toll Calls to/from an IXC POP

21. AT&T (UNE) Originating to an IXC-Tandem Switched

Recording
 BST provides AT&T customer usage and originating access records including whether IXC transport is direct or common.

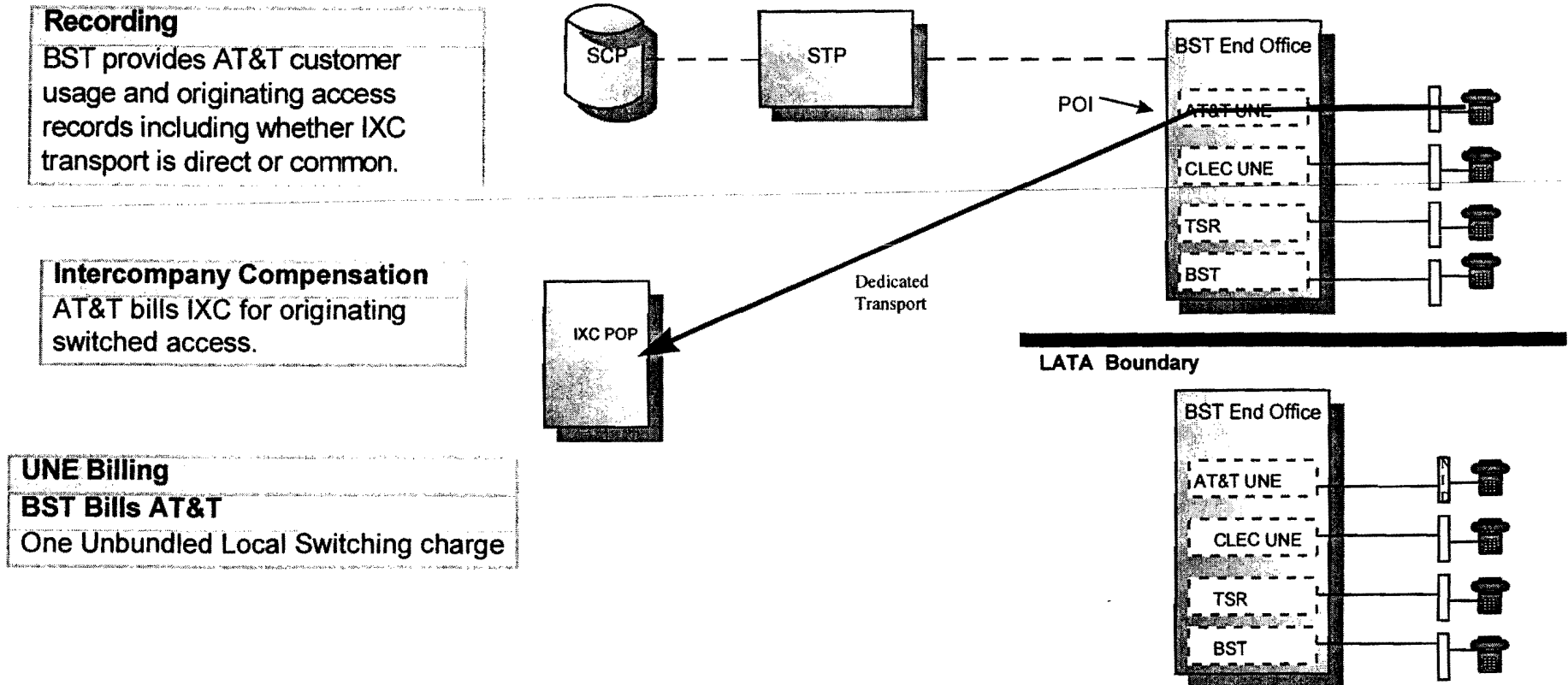
Intercompany Compensation
 AT&T bills the IXC for originating switched access using meet point arrangements.

UNE Billing
BST Bills AT&T
 One Unbundled Local Switching charge



Toll Calls to/from an IXC POP

22. AT&T (UNE) Originating to an IXC-Direct



Toll Calls to/from an IXC POP

23. AT&T (UNE) Terminating from an IXC-Tandem Switched

Recording

BST provides AT&T terminating access usage by IXC based on terminating line "bashing" program..

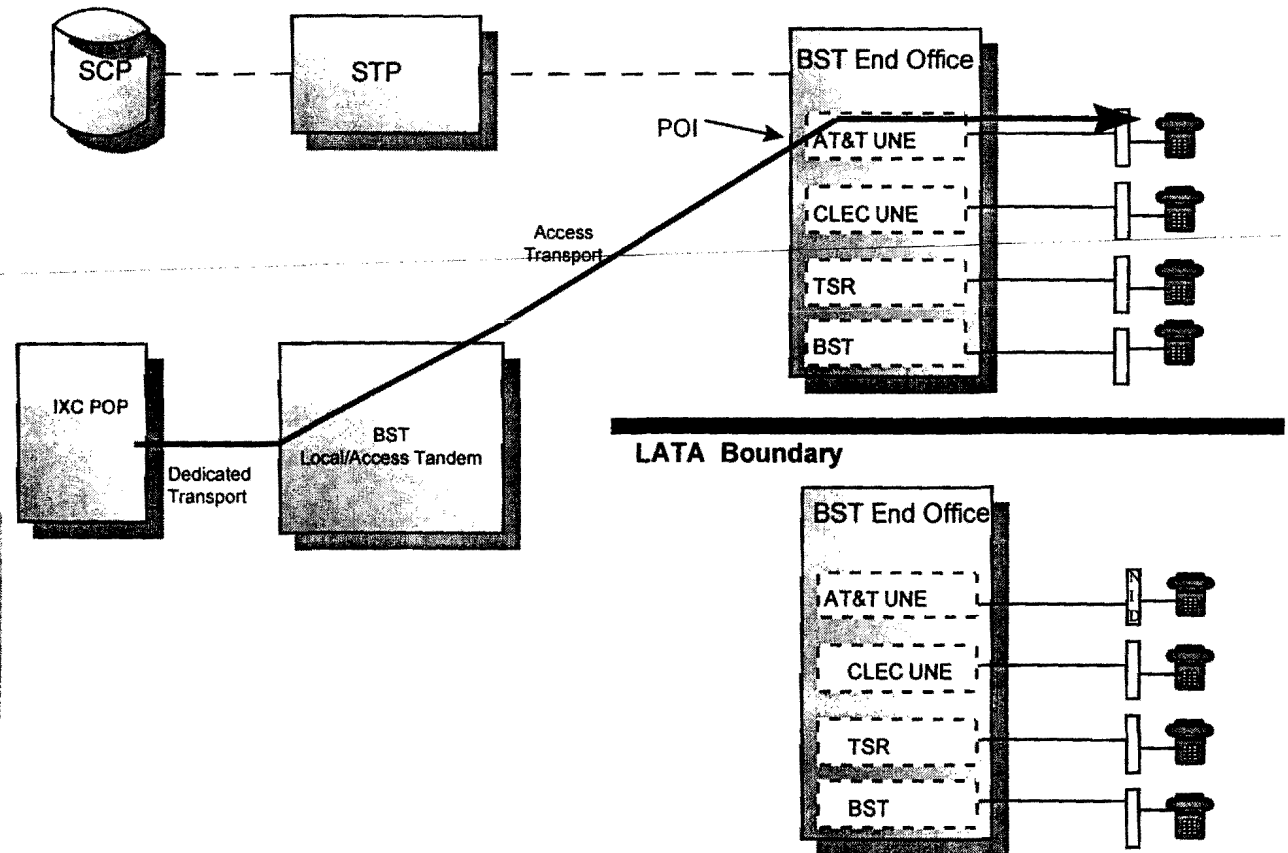
Intercompany Compensation

AT&T bills IXC for terminating switched access using meet point arrangements..

UNE Billing

BST Bills AT&T

An Unbundled Local Switching charge based on a factor applied to AT&T's originating usage.



Toll Calls to/from an IXC POP

24. AT&T (UNE) Terminating from an IXC-Direct

Recording
 BST provides AT&T terminating access usage by IXC based on terminating line "bashing" program..

Intercompany Compensation
 AT&T bills IXC for terminating switched access.

UNE Billing
BST Bills AT&T
 An Unbundled Local Switching charge based on a factor applied to AT&T's originating usage.

