

Docket No. 981052-TP

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

## REBUTTAL TESTIMONY

OF

ELDER N. RIPPER, III

1 Q. Please state your name, business address and position with the Telephone  
2 Company of Central Florida (TCCF).

3 A. Elder (Kip) N. Ripper, III, 3599 West Lake Mary Boulevard, Lake Mary, Florida  
4 32746. I am the Chief Executive Officer for TCCF.

5 Q. Are you the same Elder N. Ripper who filed direct testimony in this docket?

6 A. Yes.

7 Q. What is the purpose of your rebuttal testimony?

8 A. The purpose of my rebuttal testimony is to address the testimony of BellSouth  
9 Telecommunications, Inc. (BellSouth) as presented by witnesses Jerry Hendrix and  
10 Susan Arrington. I will discuss the errors in this testimony relating both to  
11 TCCF's ESSX complaint and the issue of whether ESSX should be made available  
12 for resale in the new Agreement between TCCF and BellSouth.

13 Q. Can you describe your basic areas of disagreement with the BellSouth  
14 witnesses?

15 A. Yes. In his testimony, Mr. Hendrix attempts to rewrite history. Until his  
16 testimony was filed in this case, there was never any question raised as to TCCF's  
17 entitlement to resell ESSX under its current Resale Agreement; this last minute  
18 change of position is astonishing and should be rejected by the Commission.

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1 Further, BellSouth clearly did not provide ESSX as required by the current  
2 Agreement. As to Ms. Arrington's testimony, I strongly disagree that ESSX  
3 should not be made available for resale to new customers; as explained below, this  
4 is the only way that BellSouth's failure to perform under the current Agreement  
5 can be remedied.

#### 6 **Complaint**

7 **Q. In his testimony, Mr. Hendrix describes the signing of the TCCF/BellSouth**  
8 **Resale Agreement as "last minute" and infers that somehow this affects the**  
9 **Commission's decision in this case. Please respond.**

10 **A. As discussed in my direct testimony, it was always part of TCCF's Business Plan**  
11 **to resell ESSX. The original Resale Agreement was signed at the time that it was**  
12 **to ensure that TCCF would have that ability during the term of the Agreement.**  
13 **This was confirmed to TCCF in correspondence attached to my direct testimony.**  
14 **See Exhibit No. \_\_\_ (ENR-2), an April 18, 1997 letter signed by Mr. Hendrix**  
15 **himself! Further, Mr. Hendrix admits in his direct testimony, that by signing the**  
16 **73-month ESSX tariff offering, TCCF was able "to receive a pricing benefit on**  
17 **the ESSX Service, based on a monthly tariffing arrangement as opposed to the**  
18 **higher monthly rates." There is no secret about what TCCF was trying to**  
19 **accomplish, and which it did accomplish, through execution of the original Resale**  
20 **Agreement on May 26, 1996.**

21 Mr. Hendrix's attempt to imply that there was something "last minute"  
22 about my decision to sign the original Resale Agreement is just wrong. But

1 beyond, that, it is not relevant to the Commission's deliberations in this case. The  
2 original TCCF/BellSouth Resale Agreement specifically provides for the resale of  
3 ESSX and TCCF was so entitled. The fact that ESSX may have been  
4 grandfathered after the Agreement was signed makes no difference.

5 **Q. Mr. Hendrix claims that TCCF was entitled to resell ESSX only for a two-day**  
6 **period. Do you agree?**

7 A. Absolutely not. Pursuant to the clear terms of the original Resale Agreement,  
8 TCCF was entitled to resell ESSX for the term of the Agreement (and as discussed  
9 below is entitled to resell it under the new Agreement because BellSouth never  
10 properly provisioned ESSX). Further, up until the time that Mr. Hendrix's  
11 testimony was filed in this case, such a position was **never** taken by BellSouth.  
12 I find it quite remarkable that over the past two and a half year period, TCCF has  
13 continually tried to work with BellSouth to provision ESSX; at no time during our  
14 many, many conversations and the reams of written correspondence did anyone  
15 at BellSouth ever question TCCF's right to resell the service. If they had, we  
16 would have immediately come to the Commission for relief. While we had many  
17 problems with BellSouth and its inability to provision ESSX service, no one ever  
18 suggested we were not entitled to resell it. Mr. Hendrix himself admits that this  
19 issue was never raised with TCCF. BellSouth's 11th hour attempt to inject such  
20 a suggestion into this case is simply another example of how far it is willing to  
21 go to block the efforts of resellers to enter the local market. Finally, even if what  
22 BellSouth says is correct (which TCCF vigorously disputes), certainly BellSouth's

1           conduct over the last two years evidences that it has waived any right to assert  
2           such a position in this case.

3           **Q. Mr. Hendrix asserts that the 73-month ESSX tariff offering did not allow**  
4           **TCCF to resell ESSX to new customers after the service was grandfathered.**  
5           **Do you agree?**

6           A. No. The 73-month agreement provides that TCCF will be able to sell its services  
7           for the entire period. Additionally, not once during the two and one-half years  
8           since the May 25th contract signing has BellSouth disputed this position. Not one  
9           letter has been written!

10          **Q. Mr. Hendrix insists that BellSouth had no problems provisioning ESSX to**  
11          **TCCF. Is this correct?**

12          A. No. As both I and Mr. Koller describe in detail in our direct testimony, there  
13          have been numerous problems with BellSouth's attempt to provision ESSX and  
14          those problems are well-documented in the exhibits attached to my direct  
15          testimony and Mr. Koller's direct testimony.

16          **Q. How do you respond to Mr. Hendrix's claim that TCCF wanted BellSouth's**  
17          **ESSX service "to provide features and functions that the service was not**  
18          **intended to provide"?**

19          A. This is not the case. Mr. Hendrix's testimony does not point out one element of  
20          ESSX service that BellSouth was not obligated to provide. He makes a bald  
21          accusation without supporting facts to back them up.

22          **Q. Mr. Hendrix says that BellSouth and TCCF reached a settlement on ESSX**

1           **issues. Please comment.**

2           A.     The documents speak for themselves. Again, Mr. Hendrix seems to be very loose  
3           with the facts. The Commission may ask BellSouth to see the settlement  
4           agreement if it so desires. The bottom line is that ESSX has never been properly  
5           provisioned by BellSouth. TCCF has always wanted to deliver to its customers  
6           the services outlined in Ms. Webb's letter dated May 31, 1996. (Exhibit No. \_\_\_\_  
7           (ENR-6)). BellSouth has not let us do so.

8           **Q.     Mr. Hendrix also mentions "other adjustments" made to TCCF regarding**  
9           **ESSX service. To what is he referring?**

10          A.     BellSouth has had to make many adjustments to our billings for its numerous  
11          billing errors. But after the initial ESSX settlement, no further credits were issued  
12          related to ESSX.

13          **Q.     Do you agree with Mr. Hendrix that BellSouth provided TCCF with ESSX**  
14          **service in compliance with the parties' Agreement?**

15          A.     No. First, as discussed above, I take strong issue with Mr. Hendrix's statement  
16          that BellSouth was only obligated to provide the service for two days and  
17          gratuitously took the rest of the actions detailed in my and Mr. Koller's direct  
18          testimony for the past two and a half years. I take particular offense at the claim  
19          that TCCF is somehow in violation of the Agreement. Putting aside Mr.  
20          Hendrix's last minute excuse, it is abundantly clear from TCCF's direct testimony  
21          that ESSX was not appropriately provisioned--customers were cut off from service  
22          for days at a time and numerous other service problems occurred.

1       **Q. Mr. Hendrix recommends that the Commission take no action on TCCF's**  
2       **ESSX complaint. What action do you recommend the Commission take?**

3       A. BellSouth is in serious violation of its Resale Agreement with TCCF. Mr.  
4       Hendrix's claim that TCCF has received the "pricing benefit associated with a 73-  
5       month pricing arrangement for BellSouth's ESSX service" does not pass the  
6       "straight-face" test. The Commission must show new entrants that it is serious in  
7       enforcing the requirements of the Telecommunications Act. The only remedy  
8       TCCF has, which will put it in the position it would be in if not for BellSouth's  
9       failure to perform, is to require the resale of ESSX in the new Agreement.

10                                       **ESSX Arbitration**

11       **Q. Both Ms. Arrington and Mr. Hendrix rely on a Commission order which they**  
12       **say stands for the proposition that grandfathered services are available for**  
13       **resale only to existing customers. But doesn't TCCF want to sell ESSX to**  
14       **existing and new customers under its new Agreement?**

15       A. Yes. First of all, the Commission's order says that "all grandfathered services are  
16       subject to resale." I do not see the restriction which BellSouth attempts to impose.

17               But even if such a restriction exists in that particular order, which relates  
18       to a particular arbitration between specific parties, TCCF is in a unique situation.  
19       As previously discussed, BellSouth has failed to perform; the only remedy TCCF  
20       has is the ability to resell ESSX in its new Agreement. Otherwise, BellSouth will  
21       have succeeded in violating its Agreement causing extreme harm to TCCF, but  
22       with no consequences to itself. I don't think this is the message the Commission

1           wants to send to ALECs who are attempting to enter the Florida market.

2           **Q. Ms. Arrington asserts that ESSX should not be made available for resale in**  
3           **the new Agreement between TCCF and BellSouth. How do you respond?**

4           A. First, Ms. Arrington makes the same argument as Mr. Hendrix that ESSX was  
5           only available for resale for two days. For the reasons discussed above, this  
6           should be rejected outright. Second, BellSouth has yet to properly provision  
7           ESSX. Its failure to do so has resulted in severe financial losses to TCCF and has  
8           damaged TCCF's reputation in the marketplace. The only way to address this  
9           situation, enforce the Telecommunications Act and ensure that BellSouth does not  
10          profit from its behavior is to permit TCCF to resell ESSX to new and existing  
11          customers under the new Agreement.

12          **Q. Does this conclude your rebuttal testimony?**

13          A. Yes.

Docket No. 981052-TP

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

## REBUTTAL TESTIMONY

OF

ANDREA K. WELCH

1 Q. Please state your name, business address and position with the Telephone  
2 Company of Central Florida (TCCF).

3 A. Andrea K. Welch, 3599 West Lake Mary Boulevard, Lake Mary, Florida 32746.  
4 I am the Chief Operating Officer for TCCF.

5 Q. Are you the same Andrea K. Welch who filed direct testimony in this docket?

6 A. Yes.

7 Q. What is the purpose of your rebuttal testimony?

8 A. The purpose of my rebuttal testimony is to address the testimony of BellSouth  
9 Telecommunications, Inc. (BellSouth) as presented by witnesses Susan Arrington  
10 and D. Dianne Caldwell. I will point out the errors in their testimony, including  
11 the unsubstantiated assertion that BellSouth has in place the nondiscriminatory  
12 OSS as required by the Act.

13 Q. What are the basic differences between your testimony and the testimony  
14 offered by Ms. Arrington?

15 A. My testimony is based on real world experience attempting to use BellSouth's  
16 OSS in the marketplace, while Ms. Arrington's testimony appears to be based on  
17 wishful thinking.



- 1 Q. How do you respond to Ms. Arrington's comment that BellSouth has  
2 developed and implemented the required nondiscriminatory electronic  
3 interfaces required by the Act?
- 4 A. BellSouth clearly admits its obligation under the Telecommunications Act to  
5 provide nondiscriminatory electronic interfaces; however, I totally disagree with  
6 Ms. Arrington's unsupported contention that such systems have been provided.  
7 In my direct testimony, I provided examples of OSS problems (such as no order  
8 flow through) and will provide below further examples of the numerous  
9 deficiencies in BellSouth's OSS. In contrast, Ms. Arrington provides one  
10 unsubstantiated conclusion on the topic. Her statement ignores reality and the  
11 numerous and continual problems experienced by resellers in attempting to use  
12 BellSouth's OSS. Further, she makes no mention of the many functions for which  
13 BellSouth has no electronic OSS and which must be done on a manual basis.
- 14 Q. Please illustrate the fallacy in Ms. Arrington's assertion that access to  
15 nondiscriminatory OSS is in place.
- 16 A. Within the state of Florida, all orders processed by BellSouth personnel for  
17 BellSouth end-user customers are processed (new orders as well as adds, moves  
18 and changes) using one of two systems. If the order is for a residential account,  
19 the system used is the Regional Negotiation System (RNS). For business  
20 accounts, all orders are processed using the Direct Order Entry System (DOE).  
21 RNS was implemented in 1991 and DOE was established in 1986. Order flow  
22 through can be achieved by both systems.

1           According to BellSouth, order flow through can be achieved using LENS,  
2           EDI and TAG. Speak with any reseller and they will tell you that order flow  
3           through can only be achieved on "very vanilla" orders, such as residential  
4           accounts, with one line. Even then, "flow through" is not always achievable.  
5           BellSouth's response is, "order flow through can be achieved if the order is  
6           completed properly by the reseller. If not, the order will "fall into clarification"  
7           and manual processing will become necessary." This statement is BellSouth's fall  
8           back answer which allows it to continue to explain away OSS deficiencies.

9           To provide nondiscriminatory access to OSS, BellSouth must provide  
10          Florida-based resellers access to RNS and DOE. These systems have been  
11          developed over time and allow BellSouth personnel to process orders error free  
12          and to deliver well-defined, time-proven service intervals to their end-user  
13          customers. To eliminate all of the finger pointing regarding OSS, the Commission  
14          must require BellSouth to demonstrate RNS and DOE side-by-side with LENS,  
15          EDI and TAG. A side-by-side comparison will prove that nondiscriminatory  
16          access to OSS has not been provided.

17          TCCF does not believe that all resellers are incapable of submitting error  
18          free orders to BellSouth for processing. Rather, the OSS offered to the resellers  
19          are deficient and BellSouth is using the "clarification" explanation as a defense for  
20          system deficiencies. Resellers are never given an adequate explanation for why  
21          orders "error out" and "fall into clarification." The reseller sends the order  
22          electronically, BellSouth intercepts the orders and processes it manually.

1 BellSouth's explanation is that the order fell into "clarification." TCCF believes  
2 that the true answer lies with OSS deficiencies.

3 BellSouth has made a conscious effort not to provide resellers with order  
4 processing tools that work. All BellSouth end-user orders are processed using one  
5 of two fully integrated systems. By comparison, resellers have been provided with  
6 bits and pieces of automation and are expected to pull all of the pieces together.  
7 This approach does not work and does not provide the reseller with  
8 nondiscriminatory access to OSS.

9 Q. Do you have any specific examples?

10 A. Yes. For the past week, TCCF has dedicated one customer service representative  
11 to TAFI and LENS. Pulling an employee off the telephones to "play around" with  
12 systems which, according to BellSouth, are fully operational, places a very real  
13 strain on an organization the size of TCCF. How productive has this employee's  
14 week been?

15 Up to this point, a total of approximately 10 hours has been spent  
16 attempting to get TAFI to work. After several hours of trying to get past the first  
17 several screens, a call to the appropriate trouble desk resulted in our finding out  
18 that "someone" had canceled TCCF's access to the program. BellSouth could not  
19 tell us who had canceled access or when or why, but they did promise to have us  
20 up and running within a few hours. Once again, our customer service  
21 representative attempted to access TAFI. Now, we learn that our user passwords  
22 have been canceled. Another call to the trouble desk results in another apology

1 and a promise to fix the passwords. Our employee could have opened numerous  
2 trouble tickets manually in the amount of time invested simply to get onto the  
3 system.

4 According to BellSouth, LENS can be utilized to accomplish more than  
5 preordering functions. The ability to change a directory listing is one of the  
6 functions which you should be able to accomplish using LENS. The same  
7 customer service representative which invested ten hours attempting to use TAFI,  
8 invested four hours attempting to change a yellow page heading code using LENS.  
9 Our customer service representative called the BellSouth trouble desk looking for  
10 assistance. He spoke with Jason Weaver at (888) 462-8030 who apologized for  
11 the problems and suggested that the order be placed manually because he was  
12 unable to help our employee.

13 After investing fourteen hours, TCCF's employee accomplished nothing.  
14 BellSouth's response to this would probably be something like, "... that's the cost  
15 of doing business. You have to invest the time required to become proficient with  
16 the systems." I would agree if this were the first time that TCCF had attempted  
17 to get BellSouth OSS to work, but it is not.

18 BellSouth's OSS do not work. TCCF has learned that it is more efficient  
19 to place orders manually than it is to attempt to utilize existing OSS. We have a  
20 business to run and should not be burdened with troubleshooting deficient OSS or  
21 being required to use OSS which do not work.

22 Q. Ms. Arrington says that this Commission found that OSS costs may be

1           recoverable costs. How do you respond?

2           A. First of all, in a BellSouth/MCI and AT&T arbitration case regarding UNEs, the  
3           Commission in reference to that case and those parties used the word may. The  
4           Commission did not guarantee any such recovery and, in fact, in the order Ms.  
5           Arrington refers to, the Commission struck the testimony on this topic, excluding  
6           ordering charges from the costs set in that proceeding.

7                        Much more on point is the following determination by the  
8           Commission:

9                                [W]e find that . . . operations support systems are  
10                              necessary for competition in the local market to be  
11                              successful. We believe that both the new entrants and the  
12                              incumbent LECs will benefit from having efficient  
13                              operational support systems. Thus, all parties shall be  
14                              responsible for the costs to develop and implement such  
15                              systems. . . .

16                             [E]ach party shall bear its own cost of developing  
17                             and implementing electronic interface systems, because  
18                             those systems will benefit all carriers.

19           Order No. PSC-96-1579-FOF-TP at 87, emphasis supplied. Thus, the Commission  
20           has already found that each party should bear its own costs, just as I have  
21           suggested. Finally, in the event any recovery is permitted, I would hope that the  
22           Commission would assure itself that BellSouth has systems in place that are in

1 compliance with the Act. As discussed in my direct testimony and above,  
2 BellSouth is very far away from that day.

3 **Q. Ms. Arrington suggests that at the conclusion of the hearing in this case, the**  
4 **Commission should direct the parties to negotiate OSS language. Do you**  
5 **agree?**

6 **A.** No. TCCF and BellSouth have been attempting to negotiate OSS language since  
7 the beginning of May 1998. After initially agreeing to delete the OSS rate chart  
8 and language requiring TCCF to pay for OSS development, BellSouth has been  
9 intransigent and insisted that such language and chart appear in the new  
10 Agreement. TCCF believes that no purpose is served (other than more delay and  
11 expense to TCCF which inures to BellSouth's benefit) in sending the parties back  
12 for more negotiation.

13 **Q. Do you agree with the language on this issue which Ms. Arrington proposes?**

14 **A.** No; the substance of the language Ms. Arrington advocates is at the heart of this  
15 dispute. It would require resellers to pay for systems BellSouth must develop to  
16 comply with the Act and it ignores the development and other costs which  
17 resellers must bear. Lastly, it makes the unfounded assumption that appropriate  
18 OSS systems exist.

19 **Q. What language should be included in the new Agreement on OSS?**

20 **A.** The new Agreement should state that BellSouth is required to supply the reseller  
21 with nondiscriminatory access to OSS. Furthermore, a penalty of \$25 should be  
22 imposed upon BellSouth for each order submitted manually, due to the lack of

1 OSS. BellSouth seems to ignore the fact that TCCF has been forced to submit  
2 orders manually for two and a half years.

3 At an absolute minimum, if the Commission allows BellSouth to recover  
4 development and processing costs associated with OSS (which TCCF opposes), it  
5 is imperative that the Agreement clearly state that no recovery will be permitted  
6 until such time as BellSouth can prove that nondiscriminatory access to OSS has  
7 been provided. Page 8 of my direct testimony provides the following suggested  
8 language:

9 OSS Order Charge Rates (electronic and/or manual) will not  
10 be applicable until such time as BellSouth has made  
11 available to the reseller an automated means of processing  
12 the applicable order type (i.e. adds, moves, changes, trouble  
13 tickets) via an electronic interface.

14 **Q. Do you agree with the OSS rates included in Ms. Arrington's testimony?**

15 **A.** No; though it appears that the rates BellSouth has now proposed have been  
16 reduced in comparison to what BellSouth offered TCCF in negotiation, the rates  
17 are still excessive. Further, the large difference in the rates offered to TCCF in  
18 negotiation with BellSouth and the rates in Ms. Arrington's testimony raise further  
19 questions about the propriety of the rates.

20 **Q. Should rates for OSS be included in the new Agreement?**

21 **A.** No. OSS rates should not be included in the Agreement. Each party should bear  
22 its own costs as the Commission has previously directed. If the Commission does

1 find charges for OSS to be appropriate, certainly no rates should be included until  
2 the Commission has concrete answers to the questions raised on page 20 of my  
3 direct testimony, as well as the issues raised below, including how such costs will  
4 be apportioned among ALECs, what future OSS costs will be and assurance that  
5 such systems function properly and at parity with BellSouth's retail systems. At  
6 that time, the Commission can address the issue of appropriate OSS rates, if any,  
7 on an industry-wide basis.

8 Q. As to Ms. Caldwell's testimony, was any specific data underlying her cost  
9 study provided?

10 A. No. Ms. Caldwell has provided some high level spreadsheets and information.  
11 While in Docket No. 960757-TP, BellSouth provided an electronic filing with  
12 complete data, no such supporting information was provided to TCCF. For  
13 example, while various assumptions were provided, there appears to be no  
14 information as to how or why such assumptions were chosen or whether they are  
15 appropriate in this instance.

16 Q. Does TCCF have the resources to analyze the BellSouth cost study in depth?

17 A. Probably not, though without complete information, it is certainly impossible.  
18 And, as a preliminary matter, let me reiterate that TCCF believes that no charges  
19 are appropriate for OSS development or for processing fees, especially the inflated  
20 fees for processing manual orders; thus, the cost information is irrelevant.

21 Further, in comparison to BellSouth, TCCF is a very small company. We  
22 simply have neither the personnel nor the resources to do a detailed analysis of the



1 BellSouth cost model. Additionally, we believe that it would frustrate the intent  
2 of the Act to place such a tremendous burden on small carriers. For example, it  
3 is my understanding that the BellSouth model uses several other complex models  
4 and price calculators which would necessitate extensive analysis. If the  
5 Commission is interested in evaluating BellSouth's cost studies or using them in  
6 any way as a basis for OSS charges, it should open a generic docket and not allow  
7 BellSouth to place the burden for analyzing its cost study on TCCF.

8 **Q. With the above comments in mind, do you have any general observations**  
9 **about the BellSouth cost study?**

10 **A.** Yes. BellSouth's analysis appears to place many of the costs of doing business  
11 on the reseller, thus, relieving BellSouth of many costs previously incurred by it.  
12 However, BellSouth does not appear to have taken any of these cost reductions  
13 into account when calculating OSS costs and fees.

14 For example, resellers are currently responsible for the costs of sales,  
15 marketing, order entry, billing, collections, customer service, and bad debt  
16 expense. This represents a significant cost reduction for BellSouth, but BellSouth  
17 does not appear to have taken this into account or quantified it in any way. If  
18 BellSouth is willing to work effectively with resellers instead of purposely creating  
19 inefficiencies in the process, its costs could be even further reduced.

20 **Q. Can you provide examples of some of the inefficiencies to which you refer?**

21 **A.** Yes. Why must entirely new systems be created for resellers? One would think  
22 that existing BellSouth systems could be utilized for reseller orders. There is no

1 evidence in Ms. Caldwell's testimony that BellSouth has thoroughly researched  
2 potential options for OSS. Nor is there any explanation of why resellers cannot  
3 use the current BellSouth systems. If a common OSS system is used, the cost of  
4 a common OSS will be spread over a much larger user base and result in lower  
5 reseller and end-user costs. There is no evidence that BellSouth has explored this  
6 reasonable option.

7 **Q. Are there other issues the Commission should consider in looking at**  
8 **BellSouth's cost study?**

9 **A. Yes. Those issues include:** what technologies have been analyzed for the  
10 development of OSS; whether total development and support costs, including the  
11 costs incurred by resellers, have been taken into account; whether any proposed  
12 OSS project has been put out for bid to outside consultants to ensure that resellers  
13 have some cost control over the systems for which BellSouth wants them to pay.  
14 Of particular importance is the issue of how BellSouth itself will benefit from  
15 improved OSS which it wants resellers to fund. Cost and operational efficiencies  
16 must be taken into account when looking at any proposed reseller fee. Only  
17 BellSouth has, and can provide, information on these issues to the Commission.  
18 The Commission should require BellSouth to produce such information.

19 **Q. Has BellSouth addressed issues regarding order volume?**

20 **A. No. How projected order volume affects BellSouth's calculations of OSS charges**  
21 **is unclear. As ALEC order volume increases, it is logical to assume that OSS fees**  
22 **will decrease. But, there appears to be no mechanism in place to reduce fees if**

1 projected volumes (whatever they are) decline. Nor is it clear who is responsible  
2 for monitoring the volume of orders and making the appropriate changes in the  
3 resellers' fees BellSouth proposes. All of these important questions remain  
4 unanswered. BellSouth should be required to demonstrate to the Commission what  
5 volume of orders are needed/projected to pay for the OSS development costs it  
6 claims. It should set out the volume projections used (and how those projections  
7 were developed) in the current BellSouth calculations.

8 **Q. What about issues related to order rejection?**

9 **A.** We have been told by BellSouth that TCCF has an order reject rate of  
10 approximately 13% versus an average of 35% for all resellers. Under these facts,  
11 is it fair for all ALECs to pay the same OSS charge? Further, is any charge fair  
12 if the order rejection is caused by BellSouth? That is, why should TCCF (or any  
13 ALEC) be penalized for BellSouth's mistakes? The Commission should review  
14 whether the customer representatives who process ALEC orders are as experienced  
15 as those who process BellSouth retail orders and how the reject rates as to the two  
16 types of orders compare. BellSouth has provided no information about this.

17 **Q. Do you have any comments regarding the duration of the OSS fees BellSouth**  
18 **seeks?**

19 **A.** Yes. In my direct testimony, I said that it appears that BellSouth wants to collect  
20 OSS fees forever. BellSouth's testimony confirms this. One would certainly  
21 expect that once development costs are recovered, the fees would cease, however,  
22 this does not appear to be what BellSouth contemplates. And, no information

1 about total development costs has been provided.

2 **Q. Are there other important issues Ms. Caldwell does not address?**

3 A. Yes. For example, what safeguards will protect resellers from the potential of  
4 BellSouth booking unrelated costs against the OSS development for resellers?  
5 How will resellers be compensated if fraudulent cost allocation practices occur?  
6 Who will audit cost allocation? Will the results of any such audits be available  
7 to ALECs for review and verification?

8 **Q. Do you have any concluding observations about the OSS charges BellSouth  
9 wants to impose on TCCF?**

10 A. Yes. The only way to provide fair treatment for resellers is to charge a consistent  
11 fee to BellSouth end-users and to resellers, but to discount resellers' fees to adjust  
12 for the costs which resellers incur for their customers which BellSouth no longer  
13 incurs, such as customer service, order entry, collections, billing costs, bad debt  
14 expense, sales costs, etc. If the overall cost of doing business with BellSouth is  
15 not compared to the cost of providing service to a BellSouth end-user, then the  
16 local competition mandated by the Telecommunications Act of 1996 will never  
17 become a reality. Resellers have very slim margins; it would not take much for  
18 BellSouth to recapture that margin through excessive OSS fees. BellSouth could  
19 create a scenario where OSS fees become a significant profit center. Such an  
20 outcome would be short-lived, however, because it would cause the financial  
21 collapse of the already struggling local resale market.

22 Additionally, by utilizing a common OSS system, which treats BellSouth

1 orders and reseller orders the same, parity of service can become a real possibility.  
2 A common OSS system should hide the order's origin from the operational  
3 support staff so that the potential for bias against resellers' orders is mitigated.  
4 Parity of service remains a significant requirement of the Telecommunications Act  
5 of 1996 which has not been yet realized by resellers.

6 **Q. Does this conclude your rebuttal testimony?**

7 **A. Yes.**