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LAW OFFICES
MESSER, CAPARELLO & SELF
A PROFESSIONAL ASSOCIATION

215 SOUTH MONROE STREET, SUITE 701
POST OFFICE BOX 1876
TALLAHASSEE, FLORIDA 32302-1876
TELEPHONE: (904) 222-0720
TELECOPIERS: (904) 224-4359; (904) 425-1942

July 31, 1997

Ms. Blanca Bayo, Director
Division of Records and Reporting
Room 110, Easley Building
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Docket No. 960786-TL

Dear Ms. Bayo:

Enclosed for filing on behalf of WorldCom, Inc. are an original and fifteen copies of the Rebuttal Testimony of Robert W. McCausland in the referenced docket.

Please indicate receipt of this document by stamping the enclosed extra copy of this letter.

Thank you for your assistance in this matter.

Sincerely,
Norman H. Horton, Jr.
Norman H. Horton, Jr.

- ACK
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- CAF Enclosures
- CMU cc: Mr. Brian Sulmonetti
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**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

In Re:)
)
Consideration of BellSouth)
Telecommunications, Inc.'s)
Entry Into InterLATA Services)
Pursuant to Section 271 of the)
Telecommunications Act of 1996)
_____)

Docket No. 960786-TL

**REBUTTAL TESTIMONY OF ROBERT W. MCCAUSLAND
ON BEHALF OF
WORLDCOM, INC.**

July 31, 1997

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

2 **A. The purpose of my testimony is to respond to the direct testimony filed on**
3 **behalf of BellSouth Telecommunications, Inc. ("BST") and others in this**
4 **docket. As I discussed in my direct testimony, BST cannot yet show that it**
5 **meets all the preconditions of Section 271 authority to provide interLATA**
6 **long distance service.**

7 **Q. DO YOU AGREE WITH BST WITNESS SCHEYE WHO, IN HIS**
8 **DIRECT TESTIMONY IN THIS PROCEEDING, ALLEGES THAT**
9 **BST HAS MET THE REQUIREMENTS OF SECTION 252 (f) AND**
10 **HAS FULLY IMPLEMENTED EACH OF THE CHECKLIST ITEMS**
11 **OF THE TELECOMMUNICATIONS ACT OF 1996?**

12 **A. Definitely not. Despite BST Witness Scheye's claims for each of the**
13 **fourteen Section 271 checklist items, the record in this proceeding reflects the**
14 **substantial lack of empirical data that are needed in order for BST to**
15 **demonstrate parity and show compliance. The testimony of the new entrants**
16 **which have begun to operate in Florida strongly and unanimously reflects**
17 **numerous deficiencies in the Operations Support System ("OSS") interfaces**
18 **that BST has introduced.**

19 **I. BST CANNOT DEMONSTRATE THAT IT OFFERS ALECS OSS**
20 **ACCESS AT PARITY WITH THAT ACCESS BST PROVIDES TO**
21 **ITSELF (ISSUE 3)**

1 **Q. ARE THE OSS PERFORMANCE TARGETS AND MEASUREMENTS**
2 **THAT BST WITNESS STACY IDENTIFIED IN HIS DIRECT**
3 **TESTIMONY SUFFICIENT FOR THIS COMMISSION TO**
4 **DETERMINE THAT BST IS PROVIDING TO ALECS ACCESS AT**
5 **PARITY WITH THAT WHICH IT PROVIDES TO ITSELF?**

6 **A. No. *First*, OSS performance targets and measurements that are set in**
7 **isolation of the measurements for the interconnection and access that BST**
8 **provides to itself are of no value in attempting to demonstrate parity. The**
9 **BST targets can only be useful in determining parity if they are based on**
10 **actual BST results, which they do not appear to be. *Second*, the**
11 **measurements must compare the performance of the OSS interfaces that BST**
12 **provides to ALECs to the performance of the interfaces that it provides to**
13 **itself and BST must add other key measurements to those that BST has listed**
14 **in order to demonstrate parity (such as the other measurements included in**
15 **the LCUG SQM attachment to my Direct Testimony in this proceeding).**
16 ***Third*, the data must be independently verifiable and shown to be statistically**
17 **valid. WorldCom's recent experiences with BST unbundled loops in Georgia**
18 **have not been nearly as good as the results shown in BST Witness Stacy's**
19 **exhibits, raising questions of data validity. And the same BST exhibit data**
20 **are also at odds with experiences cited by others such as MCI Witness**
21 **Martinez whose Direct Testimony in this case reflects an average six-day**
22 **processing time for BST to complete resale orders in Florida. (P. 51, L. 10).**

1 **Q. IS BST PROVIDING NONDISCRIMINATORY ACCESS TO ITS EDI**
2 **INTERFACE?**

3 **A. No. Based on the record in this proceeding, it is quite obvious that the way**
4 **WorldCom and other ALECs are ordering services is not at parity with the**
5 **way BST provides service to its own customers. BST Witness Calhoun**
6 **states ALECs can use the EDI system because that is the industry standard**
7 **and that would provide a non-discriminatory means of ordering. However,**
8 **it is WorldCom's understanding that the EDI system that has been proposed**
9 **by BST is not fully mechanized. Even though the format is industry standard,**
10 **by the time its gets to BellSouth it still has to be manually re-entered into the**
11 **BST system. Therefore, BST's EDI interface cannot be considered**
12 **nondiscriminatory. Until we have access to fully mechanized OSS interfaces,**
13 **I do not believe we will be at parity with BST systems.**

14 **II. BST CHARGES FOR OSS ACCESS ARE NOT COST BASED (ISSUE**
15 **3)**

16 **Q. DOES BST SEEK TO CHARGE ALECS FOR DAILY USAGE**
17 **RECORDS?**

18 **A. Yes. BST's draft Statement of Generally Available Terms and Conditions**
19 **("SGAT"), found appended to BST Witness Scheye's testimony at Exhibit**
20 **RCS-1, Attachment A, page 4 lists per message charges for daily usage**
21 **charges. BST's pursuit of charges for daily usage records is consistent with**
22 **its practice of demanding that Florida ALECs execute separate contracts,**

1 apart from interconnection agreements, to establish Daily Usage File Service
2 and to charge for that service. It is also consistent with BST Witness
3 Scheye's testimony at the Georgia Commission in Docket No. 6863-U in
4 support of BST's compliance with the Section 271 checklist in that state. In
5 Georgia, Mr. Scheye testified that BST intends to recover OSS costs directly
6 from the ALECs that use OSS with recurring and non-recurring charges, as
7 well as per transaction charges.

8 **Q. DOES WORLDCOM OBJECT TO CHARGES FOR DAILY USAGE**
9 **RECORDS?**

10 **A.** Yes. The FCC has ruled that OSS constitutes a network element that
11 incumbents like BST must unbundle. Of course, the Telecommunications
12 Act of 1996 mandates that unbundled network elements be priced at cost.
13 Placing the costs for BST's own OSS interfaces squarely on ALECs does not
14 comply with the 1996 Act, risks providing BST with an impermissible double
15 recovery, and represents a barrier to entry.

16 As AT&T Witness Bradbury testified (P. 92, L.4), neither ALECs nor
17 the Commission can determine whether BST daily usage record charges are
18 based on cost in conformity with the 1996 Act. In addition, It is not at all
19 clear that an element of OSS cost recovery is not inherent in the permanent
20 unbundled network element rates and wholesale resale discounts that the
21 Commission has already set. If there is, BST is asking for double recovery.
22 Such excessive charges pose a barrier to entry to Florida ALECs.

1 **III. BST HAS DELAYED ALEC ENTRY THROUGH FAILURE TO**
2 **IMPLEMENT INTERCONNECTION AGREEMENTS**

3 **Q. DO YOU AGREE WITH THE CHARACTERIZATION BY AT&T**
4 **WITNESS HAMMAN THAT BST HAS “DRAGGED OUT THE**
5 **DISCUSSIONS” ON MATTERS THAT DELAY ALEC MARKET**
6 **ENTRY? (P. 20, L. 7)**

7 **A. Yes. Like AT&T, WorldCom has experienced difficulties in implementing**
8 portions of its interconnection agreement because those BST personnel in
9 charge of implementation either are not aware of what BST agreed to provide
10 to WorldCom, or they misinterpreted BST obligations under the agreement.
11 The most recent example of this situation involves WorldCom’s efforts to
12 achieve a “blended,” i.e., composite, rate in lieu of the application of separate
13 rates for local, intrastate access and interstate access.

14 The use of blended rates that are computed based on rates set forth in
15 interconnection agreements and tariffs and based on agreed-upon mixes of
16 traffic types (e.g., local traffic, intrastate access traffic, interstate access
17 traffic) has become generally accepted in the industry as an efficient way of
18 billing for such traffic and of overcoming current billing system and data-
19 reporting deficiencies. BST personnel involved in numerous conference calls
20 and meetings with WorldCom helped devise a plan to implement a blended
21 rate. Once it came time to implement this provision, BST personnel who
22 were not involved in the interconnection agreement negotiations refused to

1 proceed with the use of a blended rate, stating that such a rate scheme is not
2 permitted by the Interconnection Agreement. Additionally, BST has recently
3 cited systems limitations as a reason for not proceeding with the use of a
4 blended rate. The effect is to force a re-start of WorldCom's efforts to
5 establish the billing process for such traffic, resulting in delay and duplicative
6 effort. As AT&T Witness Hamman testified, AT&T's experience on this
7 issue is similar. (PP. 19-20)

8 **Q. HAS WORLDCOM EXPERIENCED BST SERVICE**
9 **INTERRUPTIONS AS DESCRIBED BY SPRINT WITNESS CLOSZ**
10 **IN HER TESTIMONY? (P. 25, L.10)**

11 **A.** As stated previously, WorldCom is not yet fully operational in Florida and
12 therefore has had limited experiences with BST here. However, WorldCom
13 has experienced local service problems with BST in Georgia. Specifically,
14 BST had recently begun to block the vast majority of our customers' calls to
15 800 and 888 telephone numbers (all such calls except those for which
16 WorldCom is the Resporg. were blocked by BST). This continued for more
17 than twenty-four hours. A BST supervisor in its Access Customer Advocacy
18 Center ("ACAC") organization went so far as to inform WorldCom that he
19 was instructed not to open a trouble ticket in order to eliminate the BST-
20 imposed block on the 800 and 888 calls because, according to him, BST
21 personnel had suddenly interpreted our interconnection agreement as not
22 allowing the completion of such calls. As a result, WorldCom had to

1 continue to divert its resources to escalations within BST. Ultimately BST
2 acknowledged that its personnel had inappropriately put in place the block
3 and finally removed it. But this was not before WorldCom's customers had
4 been exposed for more than a day to problems that appeared to them to be in
5 WorldCom's network. As stated in my Direct Testimony in this proceeding,
6 such events can be very damaging to a new entrant and can affect its ability
7 to build and retain a customer base.

8 **IV. BST'S PROPOSED CHARGE FOR RECOMBINED NETWORK**
9 **ELEMENTS VIOLATES THE 1996 ACT (ISSUES 3 & 15)**

10 **Q. IS BST'S SGAT PRICING PROPOSAL WITH RESPECT TO**
11 **RECOMBINED BST NETWORK ELEMENTS CONSISTENT WITH**
12 **THE 1996 ACT?**

13 **A.** On page 9 of BST's draft SGAT, Exhibit RCS-1, BST proposes to charge
14 ALECs recombining BST unbundled network element to recreate BST retail
15 service the BST retail price for the service less the wholesale discount. While
16 I am not a lawyer, I understand that the Eighth Circuit's recent review of the
17 FCC's interconnection rules confirms that ALECs are entitled to provide
18 finished telecommunications services entirely through the use of unbundled
19 elements. Consequently, the price of the individual unbundled elements that
20 ALECs may choose to recombine must be based on cost, rather than based
21 on the retail rate for the service minus the wholesale discount.

22 **IV. CONCLUSION**

1 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

2 **A. As is reflected in the Direct Testimony of the ALECs, new competitive**
3 **entrants are in many significant ways dependent on BST in order to succeed.**
4 **For most such dependencies, the failures and poor performance of BST for**
5 **the interconnection circuits and services that it provides for the ALEC will**
6 **be viewed by the ALEC's customers as the failures and poor performance of**
7 **the ALEC instead. BST continues to control access to the vast majority of**
8 **Florida local telephone service consumers within the areas that it serves.**
9 **WorldCom and other ALECs will be severely disadvantaged, and even**
10 **precluded altogether, from effectively competing against BST if BST does**
11 **not fully deliver access to operations support system functions that BST**
12 **provides to itself. BST must demonstrate through the use of empirical**
13 **measurement data that such access is truly available on a nondiscriminatory**
14 **basis and that its interfaces have achieved parity before the incentive that**
15 **Section 271 provides is forever removed. BST has still not provided the**
16 **critically-important empirical measurement data that are needed for such a**
17 **determination. If Section 271 authority is granted before BST makes such a**
18 **demonstration, which it has not and currently cannot, there is a far greater**
19 **chance that telephone service competition in Florida will be inhibited.**

20 WorldCom has been working diligently to roll out facilities-based
21 local exchange service in Florida. As I mentioned previously, however,
22 WorldCom does not yet have enough experience in Florida to comment on

1 BST's compliance with every element of the Section 271 checklist. As I
2 stated in my Direct Testimony at page 2, BST must affirmatively comply
3 with every element of that checklist. Based on the checklist items with which
4 WorldCom has experience, our view is that BST cannot yet satisfy all the
5 preconditions to Section 271 authority. WorldCom urges the Commission
6 to consider these BST deficiencies when it is called upon to make a
7 recommendation to the FCC on a future BST Section 271 application.

8 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

9 **A. Yes.**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the Rebuttal Testimony of Robert W. McCausland on behalf of WorldCom, Inc. in Docket No. 960786-TL have been served upon the following parties by Hand Delivery (*) and/or Overnight Delivery (**) this 31st day of July, 1997:

Monica Barone, Esq.*
Division of Legal Services, Room 370
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Ms. Nancy White*
c/o Ms. Nancy Sims
BellSouth Telecommunications, Inc.
150 S. Monroe Street, Suite 400
Tallahassee, FL 32301

Joseph A. McGlothlin, Esq.*
Vicki Gordon Kaufman, Esq.
McWhirter, Reeves, McGlothlin,
Davidson, Rief & Bakas, P.A.
117 South Gadsden St.
Tallahassee, FL 32301

Patrick K. Wiggins, Esq.*
Donna Canzano, Esq.
Wiggins & Villacorta, P. A.
501 E. Tennessee St., Suite B
Tallahassee, Florida 32302

Patricia Kurlin, Esq.**
Intermedia Communications, Inc.
3625 Queen Palm Drive
Tampa, FL 33169-1309

Richard D. Melson*
Hopping Green Sams & Smith
123 S. Calhoun St.
Tallahassee, FL 32301

Thomas K. Bond**
MCI Telecommunications
780 Johnson Ferry Road, Suite 700
Atlanta, GA 30342

Tracy Hatch, Esq*
AT&T
101 N. Monroe St., Suite 700
Tallahassee, Florida 32301

Marsha E. Rule, Esq.*
AT&T
101 N. Monroe St., Suite 700
Tallahassee, Florida 32301

Mr. Andrew O. Isar**
Director- Industry Relations
Telecommunications Resellers
Association
4312 92nd Avenue, NW
Gig Harbor, WA 98335

Benjamin Fincher**
Sprint Communications Co., L.P.
3100 Cumberland Circle
Atlanta, GA 30339

C. Everett Boyd, Jr.*
Ervin, Varn, Jacobs, Odom & Ervin
305 S. Gadsden St.
Tallahassee, FL 32301

Richard M. Rindler**
Swidler & Berlin, Chartered
3000 K Street, N.W., Suite 300
Washington, DC 20007

Sue E. Weiske, Esq.**
Time Warner Communications
3rd Floor North
160 Inverness Drive West
Englewood, CO 80112

Peter M. Dunbar, Esq.*
Robert S. Cohen, Esq.
Pennington, Culpepper, Moore, Wilkinson,
Dunbar & Dunlap, P.A.
215 S. Monroe St., 2nd Floor
Tallahassee, FL 32301

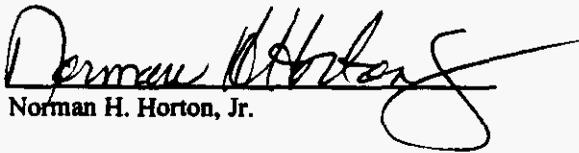
Ms. Carolyn Marek**
Vice President Regulatory Affairs, Southeast
Time Warner Communications
2828 Old Hickory Blvd, S.E., Apt. #713
Nashville, TN 37221

Kenneth A. Hoffman*
Rutledge, Ecenia, Underwood,
Purnell & Hoffman, P.A.
215 S. Monroe St., Suite 420
Tallahassee, FL 32301

Mr. Paul Kouroupas**
TCG - Washington
2 Lafayette Centre, Suite 400
1133 Twenty First Street, N.W.
Washington, DC 20036

Laura Wilson*
Charles F. Dudley
Florida Cable Telecommunications Association
310 N. Monroe Street
Tallahassee, FL 32301

James C. Falvey, Esq.**
American Communications Services, Inc.
131 National Business Parkway, Suite 100
Annapolis Junction, MD 20701


Norman H. Horton, Jr.

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Tallahassee, FL 32301

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Vicki Gordon Kaufman, Esq.
McWhirter, Reeves, McGlothlin,
Davidson, Rief & Bakas, P.A.
117 South Gadsden St.
Tallahassee, FL 32301

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Donna Canzano, Esq.
Wiggins & Villacorta, P. A.
501 E. Tennessee St., Suite B
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Intermedia Communications, Inc.
3625 Queen Palm Drive
Tampa, FL 33169-1309

Richard D. Melson*
Hopping Green Sams & Smith
123 S. Calhoun St.
Tallahassee, FL 32301

Thomas K. Bond**
MCI Telecommunications
780 Johnson Ferry Road, Suite 700
Atlanta, GA 30342

Tracy Hatch, Esq*
AT&T
101 N. Monroe St., Suite 700
Tallahassee, Florida 32301

Marsha E. Rule, Esq.*
AT&T
101 N. Monroe St., Suite 700
Tallahassee, Florida 32301

Mr. Andrew O. Isar**
Director- Industry Relations
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Association
4312 92nd Avenue, NW
Gig Harbor, WA 98335

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3100 Cumberland Circle
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Ervin, Varn, Jacobs, Odom & Ervin
305 S. Gadsden St.
Tallahassee, FL 32301

Richard M. Rindler**
Swidler & Berlin, Chartered
3000 K Street, N.W., Suite 300
Washington, DC 20007

Sue E. Weiske, Esq.**
Time Warner Communications
3rd Floor North
160 Inverness Drive West
Englewood, CO 80112

Peter M. Dunbar, Esq.*
Robert S. Cohen, Esq.
Pennington, Culpepper, Moore, Wilkinson,
Dunbar & Dunlap, P.A.
215 S. Monroe St., 2nd Floor
Tallahassee, FL 32301

Ms. Carolyn Marek**
Vice President Regulatory Affairs, Southeast
Time Warner Communications
2828 Old Hickory Blvd, S.E., Apt. #713
Nashville, TN 37221

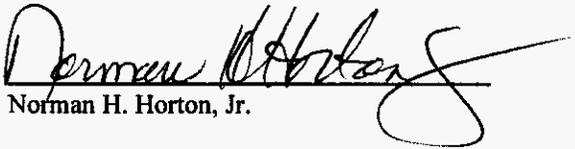
Kenneth A. Hoffman*
Rutledge, Ecenia, Underwood,
Purnell & Hoffman, P.A.
215 S. Monroe St., Suite 420
Tallahassee, FL 32301

DN 07776-97
7/31/97

Mr. Paul Kouroupas**
TCG - Washington
2 Lafayette Centre, Suite 400
1133 Twenty First Street, N.W.
Washington, DC 20036

Laura Wilson*
Charles F. Dudley
Florida Cable Telecommunications Association
310 N. Monroe Street
Tallahassee, FL 32301

James C. Falvey, Esq.**
American Communications Services, Inc.
131 National Business Parkway, Suite 100
Annapolis Junction, MD 20701


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