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June 24, 1993

Mr. Steve C. Tribble
Director, Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301

Re: Docket No. [REDACTED]

Dear Mr. Tribble:

Enclosed are an original and fifteen copies of Southern Bell Telephone and Telegraph Company's Testimony of David B. Denton. Please file this document in the above-captioned docket.

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 on the parties shown on the attached Certificate of Service.

Sincerely,

David M. Falgoust
David M. Falgoust

ACK _____
MFA 1
JEP _____
DSE _____
GMU _____
GTY _____
EYS _____
LES 1
LFD 6
CJ _____
R _____
SD _____
WFS _____
OTH _____

cc: All Parties of Record
A. M. Lombardo
H. R. Anthony
R. D. Lackey

RECEIVED & FILED

[Signature]
FPSC-BUREAU OF RECORDS

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CERTIFICATE OF SERVICE
Docket No. 921074-TL

I HEREBY CERTIFY that a copy of the foregoing has been
furnished by United States Mail this 24th day of June, 1993 to:

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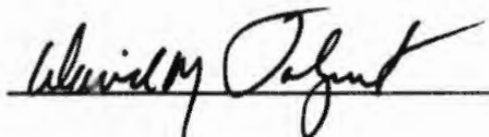
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1 **SOUTHERN BELL TELEPHONE & TELEGRAPH COMPANY**

2 **TESTIMONY OF DAVID B. DENTON**

3 **BEFORE THE**

4 **FLORIDA PUBLIC SERVICE COMMISSION**

5 **DOCKET NO. 921074-TP**

6 **JUNE 24, 1993**

7

8

9

10 **Q. WILL YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?**

11

12 **A. I AM DAVID B. DENTON. MY BUSINESS ADDRESS IS 675 WEST**
13 **PEACHTREE STREET, ATLANTA, GEORGIA.**

14

15 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

16

17 **A. I AM EMPLOYED BY BELLSOUTH TELECOMMUNICATIONS INC., D/B/A**
18 **IN FLORIDA AS SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY**
19 **("SOUTHERN BELL"), AS OPERATIONS MANAGER IN THE REGULATORY**
20 **POLICY AND PLANNING DEPARTMENT.**

21

22 **Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND**
23 **EXPERIENCE.**

24

25 **A. I SERVED IN THE UNITED STATES MARINE CORPS FROM 1954 TO**

1 1958. I WAS GRADUATED FROM THE UNIVERSITY OF MIAMI IN 1961
2 WITH A BACHELOR OF BUSINESS ADMINISTRATION DEGREE CUM LAUDE
3 IN ECONOMICS AND WAS AWARDED A MASTER OF ARTS DEGREE IN
4 ECONOMICS IN 1964 FROM THE SAME UNIVERSITY. IN 1979, I WAS
5 AWARDED A MASTER OF SCIENCE DEGREE IN ADVANCED MANAGEMENT
6 FROM PACE UNIVERSITY.

7
8 I BEGAN EMPLOYMENT WITH SOUTHERN BELL IN 1962 AND HELD
9 VARIOUS POSITIONS IN THE COMMERCIAL DEPARTMENT BEFORE
10 JOINING THE HEADQUARTERS RATES ORGANIZATION IN 1966. I
11 HAVE HELD VARIOUS POSITIONS AT SOUTHERN BELL HEADQUARTERS
12 IN ATLANTA AND AT AT&T HEADQUARTERS IN NEW YORK CITY IN THE
13 RATES AND TARIFF AREA. SINCE NOVEMBER 1991, I HAVE BEEN IN
14 THE BELLSOUTH TELECOMMUNICATIONS INC., HEADQUARTERS
15 REGULATORY POLICY AND PLANNING DEPARTMENT. I HAVE
16 TESTIFIED BEFORE THIS COMMISSION (HEREINAFTER "FPSC" OR
17 "COMMISSION") AND BEFORE THE GEORGIA, NORTH CAROLINA, AND
18 SOUTH CAROLINA COMMISSIONS. ATTACHED TO MY TESTIMONY IS AN
19 APPENDIX LISTING THE SPECIFIC STATE DOCKETS IN WHICH I HAVE
20 TESTIFIED.

21
22 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

23
24 A. THE PURPOSE OF MY TESTIMONY IS TO ADDRESS THE ISSUES
25 IDENTIFIED IN THIS DOCKET.

1 Q. IS EXPANDED INTERCONNECTION FOR SPECIAL ACCESS AND/OR
2 PRIVATE LINE IN THE PUBLIC INTEREST?

3

4 A. ASSUMING, AS THIS COMMISSION DID IN THE ALTERNATE ACCESS
5 VENDOR DOCKET, THAT AAV COMPETITION IS IN THE PUBLIC
6 INTEREST, THEN ALLOWING EXPANDED INTERCONNECTION WILL
7 RESULT IN MORE COMPETITIVE OPTIONS FOR SPECIAL ACCESS AND
8 PRIVATE LINE SERVICE. HOWEVER, THERE IS A CONTRIBUTION
9 THAT INTRASTATE SPECIAL ACCESS AND PRIVATE LINE SERVICES
10 PROVIDE TO RESIDENTIAL LOCAL EXCHANGE SERVICE. IF THAT
11 CONTRIBUTION IS LOST AND NO COMPETITIVE FLEXIBILITIES ARE
12 GAINED BY THE LOCAL EXCHANGE COMPANIES (LECs), THEN THERE
13 IS THE POTENTIAL THAT THE PUBLIC INTEREST MAY NOT BE WELL
14 SERVED.

15

16 BY ALLOWING EXPANDED INTERCONNECTION, TELECOMMUNICATIONS
17 ALTERNATIVES TO THE LECs' SERVICES WILL GAIN A GREATER
18 MARKET SHARE. THEREFORE, THE LECs MUST HAVE THE PRICING
19 FLEXIBILITIES NECESSARY TO MEET THESE COMPETITIVE
20 CHALLENGES HEAD ON. THESE COMPETITIVE FLEXIBILITIES, IF
21 AVAILABLE TO ALL TELECOMMUNICATIONS SERVICE PROVIDERS,
22 WOULD RESULT IN TRUE PRICE COMPETITION, WHICH WOULD SERVE
23 THE PUBLIC INTEREST.

24

25 Q. HOW DOES THE FCC'S ORDER ON EXPANDED INTERCONNECTION IMPACT

1 THE COMMISSION'S ABILITY TO IMPOSE FORMS AND CONDITIONS OF
2 EXPANDED INTERCONNECTION THAT ARE DIFFERENT FROM THOSE
3 IMPOSED BY THE FCC'S ORDER?
4

5 A. THE FPSC HAS THE AUTHORITY TO ALLOW FOR EXPANDED INTER-
6 CONNECTION ON AN INTRASTATE BASIS IN ORDER TO SERVE THE
7 PUBLIC INTEREST. THE FCC'S ORDER, WHILE NOT NECESSARILY
8 IMPOSING A FRAMEWORK FOR EXPANDED INTERCONNECTION ON THE
9 FPSC, MAY MAKE ANY SUBSTANTIAL DEPARTURE FROM THAT ORDER
10 MORE DIFFICULT AND EXPENSIVE TO ADMINISTER FOR THOSE
11 PROVIDING EXPANDED INTERCONNECTION. VASTLY DIFFERENT
12 EXPANDED INTERCONNECTION STRUCTURES FOR INTRASTATE AND
13 INTERSTATE SERVICES COULD HINDER THE DEVELOPMENT OF
14 SERVICES THAT COULD BE OFFERED AS A RESULT OF EXPANDED
15 INTERCONNECTION.
16

17 Q. UNDER WHAT CIRCUMSTANCES SHOULD THE COMMISSION IMPOSE
18 DIFFERENT FORMS AND CONDITIONS OF EXPANDED INTERCONNECTION?
19

20 A. THE FPSC SHOULD NOT MANDATE THE TERMS AND CONDITIONS OF
21 EXPANDED INTERCONNECTION ON LECs WHO PROVIDE EXPANDED
22 INTERCONNECTION AS A SERVICE OFFERING. SOUTHERN BELL
23 BELIEVES THAT THE COMMISSION SHOULD ALLOW THE LECs TO
24 PROVIDE EITHER VIRTUAL OR PHYSICAL COLLOCATION AT THEIR
25 OPTION. INDEED, SOUTHERN BELL HAS APPEALED THE FCC'S ORDER

1 BECAUSE OF ITS MANDATORY PHYSICAL COLLOCATION REQUIREMENT.

2
3 FOR THE PURPOSES OF THIS TESTIMONY, PHYSICAL COLLOCATION
4 REFERS TO THAT SITUATION WHERE THE INTERCONNECTING PARTY
5 PAYS FOR LEC CENTRAL OFFICE SPACE IN WHICH TO LOCATE THE
6 EQUIPMENT NECESSARY TO TERMINATE ITS TRANSMISSION LINKS,
7 AND HAS A PHYSICAL ACCESS TO THE LEC CENTRAL OFFICE TO
8 INSTALL, MAINTAIN AND REPAIR ITS EQUIPMENT.

9
10 VIRTUAL COLLOCATION, ON THE OTHER HAND, PERMITS THE
11 COLLOCATORS TO DESIGNATE THE CENTRAL OFFICE TRANSMISSION
12 EQUIPMENT DEDICATED FOR THEIR USE. THE EQUIPMENT USED TO
13 TERMINATE INTERCONNECTED CIRCUITS WOULD BE LOCATED IN THE
14 LEC CENTRAL OFFICE UNDER EITHER VIRTUAL OR PHYSICAL
15 COLLOCATION. WITH VIRTUAL COLLOCATION, HOWEVER, THE LEC
16 WOULD BE REQUIRED TO INSTALL, MAINTAIN AND REPAIR THE
17 COLLOCATOR'S EQUIPMENT.

18
19 Q. DOES CHAPTER 364 FLORIDA STATUTES ALLOW THE COMMISSION TO
20 ORDER EXPANDED INTERCONNECTION?

21
22 A. I AM NOT A LAWYER, BUT SOUTHERN BELL'S ATTORNEYS ADVISE ME
23 THAT THERE IS NOTHING IN CHAPTER 364, FLORIDA STATUTES THAT
24 WOULD PROHIBIT THIS COMMISSION FROM ORDERING EXPANDED
25 INTERCONNECTION. HOWEVER, EXPANDED INTERCONNECTION COULD

1 NOT BE USED AS A WAY TO DO SOMETHING THAT WOULD OTHERWISE
2 BE PROHIBITED BY CHAPTER 364. FOR EXAMPLE, UNDER SECTION
3 364.337 OF THE STATUTE, AN ALTERNATE ACCESS VENDOR CANNOT
4 PROVIDE SWITCHED SERVICES TO AN END USER. THEREFORE,
5 EXPANDED INTERCONNECTION COULD NOT BE USED IN ANY SITUATION
6 WHERE THAT USE WOULD VIOLATE THIS PART OF THE STATUTE.

7
8 Q. DOES A PHYSICAL COLLOCATION MANDATE RAISE FEDERAL AND/OR
9 STATE CONSTITUTIONAL QUESTIONS ABOUT THE TAKING OR CON-
10 FISCATION OF LEC PROPERTY?

11
12 A. THIS IS ANOTHER LEGAL QUESTION, BUT I KNOW SOUTHERN BELL
13 HAS APPEALED THE FCC'S ORDER BECAUSE IT BELIEVES IT
14 CONSTITUTES AN UNLAWFUL TAKING OF PROPERTY. THIS ISSUE
15 WILL BE ADDRESSED IN FURTHER DETAIL IN SOUTHERN BELL'S
16 POST-HEARING BRIEF.

17
18 Q. SHOULD THE COMMISSION REQUIRE PHYSICAL AND/OR VIRTUAL
19 COLLOCATION?

20
21 A. THE FPSC SHOULD NOT MANDATE ANY FORM OF COLLOCATION.
22 RATHER, THE LOCAL EXCHANGE COMPANIES SHOULD HAVE THE OPTION
23 OF PROVIDING EITHER PHYSICAL OR VIRTUAL INTERCONNECTION
24 ARRANGEMENTS, TAKING INTO ACCOUNT COLLOCATOR REQUESTS.
25 ALLOWING THE LECs TO PROVIDE EITHER PHYSICAL OR VIRTUAL

1 ARRANGEMENTS WILL ENABLE THE COORDINATION OF INTRASTATE AND
2 INTERSTATE COLLOCATION ARCHITECTURES FOR THOSE
3 INTERCONNECTORS WHO HAVE A NEED FOR BOTH JURISDICTIONAL
4 ARRANGEMENTS.
5

6 Q. WHAT LECs SHOULD PROVIDE EXPANDED INTERCONNECTION?
7

8 A. UNDER THE FCC'S ORDER MANDATING PHYSICAL COLLOCATION, ONLY
9 TIER 1 LECs ARE REQUIRED TO PROVIDE EXPANDED
10 INTERCONNECTION. THE FCC'S RATIONALE FOR THIS DECISION WAS
11 THAT MANY SMALLER LECs MAY HAVE INADEQUATE CENTRAL OFFICE
12 SPACE TO ACCOMMODATE COLLOCATION. THE FPSC IS, OF COURSE,
13 FREE TO EITHER ADOPT THIS SAME APPROACH OR TO DECIDE THIS
14 ISSUE DIFFERENTLY. HOWEVER, IF THIS COMMISSION WERE TO
15 GIVE ALL LECs THE OPTION OF OFFERING EITHER PHYSICAL OR
16 VIRTUAL COLLOCATION, THEN MANY SMALLER LECs COULD OFFER
17 COLLOCATION EVEN THOUGH THEY MIGHT NOT BE ABLE TO COMPLY
18 WITH A MANDATORY PHYSICAL COLLOCATION REQUIREMENT.
19

20 Q. WHERE SHOULD EXPANDED INTERCONNECTION BE OFFERED?
21

22 A. EXPANDED INTERCONNECTION COULD BE OFFERED IN ALL SOUTHERN
23 BELL CENTRAL OFFICES IN FLORIDA WHERE SUFFICIENT SPACE IS
24 AVAILABLE. THERE IS A POSSIBILITY THAT SOME CENTRAL
25 OFFICES MAY NOT HAVE SUFFICIENT SPACE TO ACCOMMODATE EITHER

1 PHYSICAL OR VIRTUAL COLLOCATION. IF SO, THEN NO
2 COLLOCATION SHOULD BE REQUIRED AT SUCH OFFICES.

3

4 Q. WHO SHOULD BE ALLOWED TO INTERCONNECT?

5

6 A. THOSE WHO DESIRE TO INTERCONNECT THEIR OWN BASIC
7 TRANSMISSION FACILITIES ASSOCIATED WITH OPTICAL TERMINATING
8 EQUIPMENT AND MULTIPLEXERS SUCH AS INTEREXCHANGE CARRIERS,
9 ALTERNATE ACCESS VENDORS, CABLE COMPANIES, AND END USERS
10 SHOULD BE ALLOWED TO INTERCONNECT ON AN INTRASTATE BASIS.

11

12 Q. SHOULD THE SAME TERMS AND CONDITIONS OF EXPANDED INTER-
13 CONNECTIONS APPLY TO AT&T AS APPLY TO OTHER INTER-
14 CONNECTORS?

15

16 A. YES. THE SAME TERMS AND CONDITIONS FOR EXPANDED INTER-
17 CONNECTION SHOULD APPLY TO ALL INTERCONNECTORS.

18

19 Q. SHOULD THE COMMISSION REQUIRE STANDARDS FOR PHYSICAL AND/OR
20 VIRTUAL COLLOCATION? IF SO, WHAT SHOULD THEY BE?

21

22 A. IF THE FPSC ALLOWS THE LECs THE OPTION OF PHYSICAL OR
23 VIRTUAL COLLOCATION, SOUTHERN BELL WOULD PROPOSE THE
24 FOLLOWING STANDARDS. FIRST, CENTRAL OFFICE SPACE SHOULD BE
25 PROVIDED ON A "FIRST COME, FIRST SERVED" BASIS. THE

1 DETERMINATION OF THE AVAILABILITY OF SPACE SHOULD BE THE
2 RESPONSIBILITY OF THE LEC.

3
4 SECOND, THE POINT OF INTERCONNECTION SHOULD CONSTITUTE THE
5 DEMARCATION POINT FOR LEC AND INTERCONNECTOR
6 RESPONSIBILITIES. FOR PHYSICAL COLLOCATION, THE
7 INTERCONNECTION POINT IS THE LOCATION IN THE CENTRAL OFFICE
8 DESIGNATED BY THE LEC WHERE THE LEC'S DS1 AND DS3 SERVICES
9 ARE TERMINATED FOR INTERCONNECTION TO THE COLLOCATOR'S
10 TERMINATION EQUIPMENT. FOR VIRTUAL COLLOCATION, THE POINT
11 OF INTERCONNECTION SHOULD BE AS CLOSE AS REASONABLY
12 POSSIBLE TO THE CENTRAL OFFICE, SUCH AS THE CENTRAL OFFICE
13 MANHOLE.

14
15 THE REQUIREMENTS FOR EXPANDED INTERCONNECTION SHOULD APPLY
16 ONLY TO CENTRAL OFFICE EQUIPMENT NEEDED TO TERMINATE BASIC
17 TRANSMISSION FACILITIES ASSOCIATED WITH OPTICAL TERMINATING
18 EQUIPMENT AND MULTIPLEXERS. INTERCONNECTION SHOULD NOT BE
19 ALLOWED FOR OTHER TYPES OF EQUIPMENT, SUCH AS ENHANCED
20 SERVICES, SWITCHES AND CUSTOMER PREMISES EQUIPMENT.

21
22 FINALLY, BECAUSE OF THE POTENTIAL FOR ADVERSE EFFECTS
23 REGARDING THE AVAILABILITY OF CONDUIT AND RISER SPACE, THE
24 INTERCONNECTION OF NON-FIBER OPTIC CABLE SHOULD NOT BE
25 ALLOWED. INTERCONNECTION SHOULD BE LIMITED TO DS1s AND

1 DS3s PROVIDED BY FIBER OPTICS WITH FUTURE ENHANCEMENTS TO
2 INCLUDE NEW TECHNOLOGIES AS THEY MAY BE DEPLOYED.

3
4 Q. SHOULD COLLOCATORS BE REQUIRED TO ALLOW LECs AND OTHER
5 PARTIES TO INTERCONNECT WITH THEIR NETWORKS?

6
7 A. YES, RECIPROCITY SHOULD BE PART OF ANY INTERCONNECTION/
8 COLLOCATION ORDER IN FLORIDA. THE ABILITY TO BENEFIT FROM
9 INCREASED COMPETITION IN THE MARKETPLACE SHOULD BE
10 AVAILABLE TO ALL TELECOMMUNICATIONS PROVIDERS.

11
12 Q. WHAT STANDARDS SHOULD BE ESTABLISHED FOR THE LECs TO
13 ALLOCATE SPACE FOR COLLOCATORS?

14
15 A. CENTRAL OFFICE SPACE FOR COLLOCATION SHOULD BE ALLOCATED ON
16 A "FIRST COME, FIRST SERVED" BASIS. CONSISTENT WITH THE
17 INTERSTATE EXPANDED INTERCONNECTION SERVICE OFFERING, THE
18 INTRASTATE TARIFF SHOULD ALLOW THE LECs TO MAKE FLOOR SPACE
19 AVAILABLE TO EACH COLLOCATOR IN 100 SQUARE FOOT MODULES,
20 PER CENTRAL OFFICE. ADDITIONAL SPACE WOULD ALSO BE MADE
21 AVAILABLE, WHERE FEASIBLE, IN 100 SQUARE FOOT MODULES.

22
23 VIRTUAL COLLOCATION SHOULD ALSO FOLLOW THE SAME TERMS AND
24 CONDITIONS ESTABLISHED IN THE INTERSTATE JURISDICTION.
25 WITH VIRTUAL INTERCONNECTION, EACH REQUEST FOR COLLOCATION

1 WOULD BE REVIEWED BY THE LECs TO DETERMINE THE AMOUNT OF
2 FLOOR SPACE AND POWER REQUIRED TO PROVISION THE
3 ARRANGEMENT. SPACE WOULD THEN BE ALLOCATED ACCORDINGLY.
4

5 Q. SHOULD THE COMMISSION ALLOW EXPANDED INTERCONNECTION FOR
6 NON-FIBER OPTIC TECHNOLOGY?
7

8 A. AS MENTIONED PREVIOUSLY, BECAUSE OF THE POTENTIAL LIMITED
9 AVAILABILITY OF CONDUIT AND RISER SPACE THE INTERCONNECTION
10 OF NON-FIBER OPTIC CABLE SHOULD NOT BE ALLOWED. IN
11 ADDITION, THE TELECOMMUNICATIONS NETWORK IS MOVING TOWARDS
12 A FIBER OPTICS-BASED NETWORK. SOUTHERN BELL IS IN THE
13 PROCESS OF MODERNIZING ITS NETWORK AND DEPLOYING FIBER
14 OPTIC TECHNOLOGY. ANY EXPANDED INTERCONNECTION OFFERING
15 SHOULD BE COMPATIBLE WITH THESE TECHNOLOGICAL DEVELOPMENTS.
16

17 Q. IF THE COMMISSION PERMITS EXPANDED INTERCONNECTION, WHAT
18 PRICING FLEXIBILITY SHOULD THE LECs BE GRANTED FOR SPECIAL
19 ACCESS AND PRIVATE LINE SERVICES?
20

21 A. THE LECs SHOULD RETAIN THE PRICING FLEXIBILITY THEY
22 CURRENTLY HAVE FOR PRIVATE LINE SERVICES. CONTRACT SERVICE
23 ARRANGEMENTS (CSAs) FOR PRIVATE LINE SERVICES ARE ALLOWED
24 TODAY, AND IT IS APPROPRIATE TO CONTINUE THIS PRICING
25 STRUCTURE.

1 BECAUSE SOUTHERN BELL IS CURRENTLY UNABLE TO PROVIDE CSAs
2 FOR INTRASTATE SPECIAL ACCESS SERVICES, AT A MINIMUM
3 SOUTHERN BELL SHOULD BE PERMITTED TO IMPLEMENT ZONE PRICING
4 ON THE BASIS OF WIRE CENTER GROUPINGS RATHER THAN AT
5 AVERAGED STATEWIDE RATES.

6
7 ALL SIMILARLY SITUATED SPECIAL ACCESS SERVICE CUSTOMERS IN
8 A GIVEN WIRE CENTER WOULD BE CHARGED THE SAME RATES FOR THE
9 SAME SERVICE.

10
11 Q. IF THE COMMISSION PERMITS COLLOCATION, WHAT RATES, TERMS,
12 AND CONDITIONS SHOULD BE TARIFFED BY THE LECs?

13
14 A. THE LECs SHOULD NOT BE REQUIRED TO FILE A TARIFF THAT SETS
15 FORTH RATES FOR FLOOR SPACE AND UTILITY COSTS. WITH THOSE
16 EXCEPTIONS, ALL OTHER RATE ELEMENTS FOR VIRTUAL COLLOCATION
17 SHOULD BE TARIFFED. FOR PHYSICAL COLLOCATION THE RATE
18 STRUCTURE SHOULD MIRROR THE ONE FILED WITH THE FCC WITH THE
19 EXCEPTIONS FOR FLOOR SPACE AND UTILITY COST ELEMENTS
20 MENTIONED ABOVE.

21
22 Q. SHOULD ALL SPECIAL ACCESS AND PRIVATE LINE PROVIDERS BE
23 REQUIRED TO FILE TARIFFS?

24
25 A. IF TARIFFS ARE A REQUIREMENT FOR ANY PROVIDER OF SPECIAL

1 ACCESS OR PRIVATE LINE SERVICES, THEN THEY SHOULD BE
2 REQUIRED OF ALL PROVIDERS OF THESE SERVICES. A BETTER
3 COURSE, HOWEVER, WOULD BE TO REMOVE THESE COMPETITIVE
4 SERVICES FROM THE VERY DETAILED REGULATORY REQUIREMENTS
5 THAT APPLY TODAY. THE PROCESS SHOULD NOT IMPOSE ADDITIONAL
6 REGULATORY BURDENS BUT INSTEAD SHOULD SEEK TO LESSEN AND
7 EVENTUALLY ELIMINATE THE EXISTING REGULATORY REQUIREMENTS
8 IN PLACE TODAY.

9

10 Q. WHAT SEPARATIONS IMPACT WILL EXPANDED INTERCONNECTION HAVE
11 ON THE LECs?

12

13 A. AT THE PRESENT TIME, SOUTHERN BELL HAS NOT DEVELOPED A
14 FORECAST OF DEMAND FOR COLLOCATION AND THEREFORE CANNOT
15 QUANTIFY THE POTENTIAL JURISDICTIONAL SEPARATIONS IMPACT OF
16 EXPANDED INTERCONNECTION.

17

18 Q. HOW WOULD RATEPAYERS BE FINANCIALLY AFFECTED BY EXPANDED
19 INTERCONNECTION?

20

21 A. RESIDENTIAL RATEPAYERS MAY BE FINANCIALLY AFFECTED IF THE
22 LECs ARE NOT ABLE TO COMPETE FOR THE PROVISION OF
23 TELECOMMUNICATIONS SERVICES THAT CURRENTLY PROVIDE A
24 CONTRIBUTION TO RESIDENTIAL SERVICE. TELECOMMUNICATIONS
25 SERVICES PROVIDED BY THE LECs CANNOT BE VIEWED SINGULARLY

1 AND IN A VACUUM. THERE ARE CROSS-ELASTICITIES BETWEEN
2 DEDICATED AND SWITCHED SERVICES. IF THE PRICE FOR
3 DEDICATED SERVICES DROPS BECAUSE OF COMPETITION, THEN MORE
4 DEDICATED SERVICES WILL BE USED AS SUBSTITUTES FOR SWITCHED
5 SERVICES. BOTH SERVICES PROVIDE A LEVEL OF CONTRIBUTION TO
6 RESIDENTIAL EXCHANGE SERVICE BUT THE AMOUNT PROVIDED BY
7 SWITCHED SERVICES IS SIGNIFICANTLY GREATER THAN THAT FROM
8 DEDICATED SERVICES. THERE IS A NEED TO RECOGNIZE THAT
9 UNDER THE CURRENT PRICING STRUCTURE, THE SERVICES THAT
10 PROVIDE THE MOST CONTRIBUTION TO RESIDENTIAL EXCHANGE
11 SERVICE WILL EVENTUALLY BE UNDER THE GREATEST COMPETITIVE
12 PRESSURES.

13
14 Q. SHOULD THE COMMISSION GRANT ICI'S PETITION?

15
16 A. THIS COMMISSION SHOULD RESOLVE THE QUESTIONS RAISED BY THE
17 PETITION OF ICI IN LIGHT OF ALL THE ISSUES CONSIDERED IN
18 THIS DOCKET. IN OTHER WORDS, ANY ACTION THIS COMMISSION
19 TAKES ON THE ICI PETITION SHOULD BE CONSISTENT WITH ITS
20 GENERAL RULINGS IN THIS DOCKET.

21
22 Q. SHOULD EXPANDED INTERCONNECTION BE SUBJECT TO A "NET
23 REVENUE TEST" REQUIREMENT IN ORDER TO AVOID POSSIBLE CROSS-
24 SUBSIDY CONCERNS?

1 NO. SOUTHERN BELL ROUTINELY PRICES ALL NEW PRODUCTS AND
2 SERVICES ABOVE THEIR LONG RUN INCREMENTAL COST FLOOR, AND
3 PROPOSES TO DO THE SAME WITH EXPANDED INTERCONNECTION.
4 THEREFORE, EVEN IF AVOIDING A CROSS-SUBSIDY FOR EXPANDED
5 INTERCONNECTION WERE AN APPROPRIATE CONCERN, SOUTHERN
6 BELL'S NORMAL PRICING PROCEDURE IS SUFFICIENT TO AVOID ANY
7 CROSS-SUBSIDY.

8
9 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

10
11 A. EXPANDED INTERCONNECTION FOR SPECIAL ACCESS AND PRIVATE
12 LINE SERVICES IS ANOTHER STEP TOWARD FULL COMPETITION IN
13 THE LOCAL EXCHANGE. THEREFORE, THE LONG RUN EFFECTS OF
14 THIS DOCKET ARE NOT SIMPLY LIMITED TO THE SERVICES WHICH
15 ARE THE PRIMARY FOCUS OF THIS PROCEEDING. THE COMMISSION
16 MUST PROVIDE REGULATORY FLEXIBILITY SO THAT LECs CAN MEET
17 THE CHALLENGES OF PROVIDING SERVICE IN AN INCREASINGLY
18 COMPETITIVE ENVIRONMENT. THE COMMISSION SHOULD VIEW THIS
19 PROCEEDING AS THE LEADING EDGE OF THE TRANSITION TO FULL
20 COMPETITION IN THE LOCAL EXCHANGE ARENA. LIKEWISE, THE
21 COMMISSION MUST BALANCE THE CONTINUING ADVANCE OF
22 COMPETITION FOR TELECOMMUNICATIONS SERVICES WITH ITS
23 CONCERN FOR UNIVERSAL SERVICE. AS COMPETITION IN THESE
24 MARKETS DEVELOPS, ALL PROVIDERS SHOULD BE SUBJECT TO THE
25 SAME RULES, REQUIREMENTS AND OBLIGATIONS. NO PROVIDER

1 **SHOULD BE ARTIFICIALLY CONSTRAINED IN ITS EFFORTS TO BE A**
2 **VIABLE PLAYER IN THE TELECOMMUNICATIONS MARKETPLACE.**

3

4

5 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

6

7 **A. YES IT DOES.**

8

STATE DOCKET ACTIVITY, cont.

Georgia	1987	No. 3710-U, Uniform Telephone Charges for Selected Services
	1988	No. 3783-U, Alternative Operator Services
	1988	No. 3765-U, ESSX and Digital ESSX Tariff Filing
	1989	No. 3821-U, IntraLATA Toll Compensation
	1989	No. 3883-U, AT&T's Petition for Investigation of the Level and Structure of Intrastate Access Charges
	1990	No. 3905-U, Rule NISI: Business Risk; BAPCO Contract Issues; MTS and WATS Rate Changes; Proposed Incentive Regulation Plan
	1990	No. 3921-U, Compliance With and Implementation of Senate Bill 524, Issue Related to Incentive Regulation
NORTH CAROLINA	1974	No. P-55, Sub 733, General Rate Application
	1975	No. P-55, Sub 742, General Rate Application
	1975	No. P-100, Sub 34, Application to Change Toll Prices
	1982	No. P-100, Sub 61, Resale of Telecommunication Services
	1985	No. P-100, Sub 72, Resale of InterLATA WATS and MTS
	1985	No. P-100, Sub 72, Resale of IntraLATA WATS and MTS
	1986	No. P-100, Sub 86, Restructuring of Outward WATS and 800 Services
	1986	No. P-140, Sub 9, ATT-C General Rate Application
	1986	No. P-100, Sub 72, IntraLATA Competition
	1986	No. P-100, Sub 65, Access Charges
	1987	No. P-100, Sub 65 and 72, Billing of Dedicated Access Line and the Dedicated Access Line Extender
	1987	No. P-100, Sub 65 and 72, Access Charges and IntraLATA Competition

STATE DOCKET ACTIVITY, cont.

SOUTH CAROLINA	1981	No. 81-28-C, Application of TSI, Inc. for a Certificate of Public Convenience and Necessity
	1984	No. 82-134-C, Exchange Network Access Facilities Tariff
	1985	No. 82-134-C, IntraLATA One-Plus Dialing
	1985	Nos. 84-430C, 431C, 433C, 435C, 452C, Applications of Resellers for Certificates of Public Convenience and Necessity
	1985	No. 85-157-C, Application of PalmettoNet, Inc. for a Certificate of Public Convenience and Necessity
	1986	No. 86-10-C, Proposal of ATT-C to Provide Custom Network Services
	1986	No. 82-134-C, Exchange Network Access Facilities Tariff
	1987	No. 85-398-0, Pricing of Competitive/Supplemental Service Offerings
	1988	No. 88-74-C, ESSX and Digital ESSX Tariff Filing
	1988	No. 88-213-C, SouthernNet's Proposal to Introduce Operator Services
	1990	No. 90-305-C, Proceeding to Consider Allowing Local and IntraLATA O+ Collect Authority for COCOT Providers Serving Confinement Facilities

STATE DOCKET ACTIVITY, cont.

SOUTH CAROLINA	1981	No. 81-28-C, Application of TSI, Inc. for a Certificate of Public Convenience and Necessity
	1984	No. 82-134-C, Exchange Network Access Facilities Tariff
	1985	No. 82-134-C, IntraLATA One-Plus Dialing
	1985	Nos. 84-430C, 431C, 433C, 435C, 452C, Applications of Resellers for Certificates of Public Convenience and Necessity
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