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July 31, 1996

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

Docket No. 960833-TP

Dear Mrs. Bayo:

Enclosed for filing in the above referenced docket are an original and fifteen (15) copies of the Direct Testimonies of William J. Carroll, Joseph P. Cresse, Wayne Ellison, Joseph Gillan, David L. Kasserman, Art Lerma, L. G. Sather, Ronald H. Shurter and James A. Tamplin, Jr.

As explained in his direct testimony, Mr. Carroll's Exhibit JC 1 incorporates by reference the 17 volumes of supporting documents which were filed with AT&T's Petition in this docket on July 17, 1996. Since those documents have already been filed with the Commission and served on BellSouth, AT&T has not attempted to attach the 17 volumes to Mr. Carroll's testimony. However, should the Commission, its Staff, or other parties require additional copies of such documents, AT&T will furnish such documents upon request.

Also, please note that portions of Mr. Lerma's Exhibits AL 6 and AL 7 and portions of Mr. Ellison's Exhibits WE 1, WE 3, WE 4, and WE 5 contain confidential proprietary business information. AT&T is filing redacted versions of the confidential information with its prefiled testimony, and will file the unredacted versions under separate cover with an appropriate request for confidentiality.

- ACK
- AFA
- APP
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- LEG   3
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Mrs. Blanca S. Bayo  
July 31, 1996  
Page 2

Copies of the foregoing are being served on all parties of record in accordance with the attached Certificate of Service.

Yours truly,



Tracy Hatch

Attachments

cc: J. P. Spooner, Jr.  
Parties of Record

**CERTIFICATE OF SERVICE**

**DOCKET NO. 960833-TP**

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by U. S. Mail or hand-delivery to the following parties of record this 31<sup>st</sup> day of July, 1996:

BellSouth Telecommunications  
c/o Nancy H. Sims  
150 S. Monroe Street, Suite 400  
Tallahassee, FL 32301

Donna Canzano  
Division of Legal Services  
Florida Public Service Comm.  
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Tallahassee, FL 32399

  
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Tracy Hatch

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**DIRECT TESTIMONY OF**

**WILLIAM J. CARROLL**

**ON BEHALF OF AT&T COMMUNICATIONS**

**OF THE SOUTHERN STATES, INC.**

**Docket No. 960833-TP**

**Q. PLEASE IDENTIFY YOURSELF.**

A. My name is William J. (Jim) Carroll and my business address is 1200 Peachtree Street, Atlanta, Georgia, 30309.

**Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND AND EXPERIENCE.**

A. From 1967 to 1971, I attended Georgia State University and received a CG BS degree. I also attended the Massachusetts Institute of Technology in 1985 as part of the Sloan Fellows Program.

I started my work career in June, 1962 in Macon, Georgia as a communications technician in the Long Lines Division of AT&T. Since that time I have held positions with AT&T including positions in the following functional areas: operations; engineering; human resources; labor relations; and marketing. I was present during the evolution of the long distance telecommunications market from a pure monopoly to what is today an extremely competitive and active industry. Since divestiture of the long distance business from the telephone monopolies in 1982, I have held positions as Senior Vice President - New York and Northeast where I was responsible for services and products and Vice President - Network Operations and Engineering where I held nation-wide responsibility for AT&T. From these positions I have observed and studied the behavior of customers in both a competitive and a monopoly telecommunications environment.

1 **Q. PLEASE DESCRIBE YOUR CURRENT POSITION AND**  
2 **RESPONSIBILITIES AT AT&T.**

3 **A. Currently I am Vice President - Local Services for the Southern States. My**  
4 **responsibilities include developing and implementing local services for AT&T**  
5 **customers in nine southern states, including Florida. I provide the leadership for the**  
6 **AT&T product teams to accomplish this objective. In this regard, I initiated**  
7 **AT&T's request to BellSouth to negotiate an interconnection agreement under the**  
8 **Telecommunications Act of 1996 (the "Act"). I also provided, and continue to**  
9 **provide, leadership and direction to AT&T's negotiating teams.**

10 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE ANY COMMISSION OR**  
11 **OTHER REGULATORY AUTHORITY?**

12 **A. No**

13 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
14 **PROCEEDING?**

15 **A. The purpose of my testimony is to describe, from a business perspective, why**  
16 **AT&T is before this Commission and to introduce the issues in dispute and the**  
17 **witnesses who will testify on AT&T's behalf as to these issues. I will explain that**  
18 **AT&T has sought entry into the local exchange market in Florida and other southern**  
19 **states even before passage of the Act, that the Act expanded AT&T's prospects for**  
20 **entry through negotiations with BellSouth, that those negotiations have only been**  
21 **partially successful, and that if AT&T is granted the relief found in AT&T's**  
22 **proposed interconnection agreement attached as Exhibit JC2 to my testimony (the**  
23 **"Interconnection Agreement"), then AT&T will commit to provide Florida**  
24 **consumers with high quality services and technological innovations at competitive**  
25 **prices in competition with BellSouth's monopoly.**

1 I also will list the actions AT&T requests the Commission to take and describe why  
2 each action is necessary from a business perspective to achieve the goal of the Act  
3 which I understand to be "to promote competition and reduce regulation in order to  
4 secure lower prices and higher quality services for American telecommunications  
5 consumers and encourage the rapid deployment of new telecommunications  
6 technologies." S. Rep. No. 23, 104th Cong., 1st Sess., at 2 (1995).

7 **Q. AT&T FILED SEVERAL VOLUMES OF DOCUMENTS WITH ITS**  
8 **PETITION FOR ARBITRATION. PLEASE IDENTIFY THOSE**  
9 **DOCUMENTS.**

10 A. The Act obligates AT&T to submit with its Petition for Arbitration  
11 ("Petition") all documents relevant to the issues to be arbitrated and documents  
12 relevant to any issues the parties have resolved. Both categories of documents are  
13 contained in the seventeen binders submitted to this Commission with the Petition.  
14 These binders were filed with AT&T's Petition and collectively are incorporated  
15 into my testimony as Exhibit JC1. Each binder contains documents which are  
16 identified by a tab number and each page is Bates stamped. During my testimony, I  
17 will refer occasionally to a document by its exhibit number, Exhibit JC1, and its tab  
18 number.

19 The documents in the binders include AT&T's record of all formal negotiation  
20 sessions with BellSouth, letters and memoranda exchanged between AT&T and  
21 BellSouth regarding various negotiation issues, proposed interconnection  
22 agreements, studies and other documents.

23 **Q. GENERALLY, WHAT DOES AT&T NEED THE FLORIDA COMMISSION**  
24 **TO ORDER AND WHY?**

25 A. AT&T needs this Commission to help complete the terms of an interconnection

1 agreement between AT&T and BellSouth that will allow AT&T to enter the Florida  
2 local exchange market as a viable competitor. The parties have made some progress  
3 in their negotiations, but require assistance on certain fundamental issues.

4 Regarding the resale of BellSouth services to AT&T customers, AT&T is  
5 asking the Commission to order BellSouth to:

- 6 a. make all services BellSouth provides to its customers available to  
7 AT&T for resale;
- 8 b. provide real-time and interactive access to BellSouth's operational  
9 support systems via electronic interfaces;
- 10 c. provide direct routing of calls for operator services and directory  
11 assistance services to AT&T's platforms rather than to BellSouth's platforms;
- 12 d. brand all products purchased from BellSouth as AT&T products;
- 13 e. commit to quality standards for products sold to AT&T and agree to  
14 compensate AT&T if it violates those standards;
- 15 f. sell retail services to AT&T at a wholesale rate that equals  
16 BellSouth's retail rates, as changed from time to time, less 41.7% for avoided costs,  
17 less 15% to compensate for any lack of real-time and interactive access to BellSouth  
18 operational support systems via electronic interfaces, and less 10 to 15% to stimulate  
19 competition.

20 Regarding the unbundling of network elements, AT&T is asking the  
21 Commission to order BellSouth to:

- 22 a. unbundle its local network into twelve elements;
- 23 b. provide access to Advanced Intelligent Network ("AIN") "triggers;"
- 24 c. make other arrangements for the efficient use of unbundled network  
25 elements; and

- 1                   d.     price each at total services long run incremental cost ("TSLRIC").
- 2                   Regarding interconnection between BellSouth's network and AT&T's
- 3                   planned local network, AT&T is asking the Commission to order BellSouth to:
- 4                   a.     improve the efficiency of interconnecting the AT&T and BellSouth
- 5                   networks;
- 6                   b.     use "bill and keep" as the method of compensation for
- 7                   interconnection until TSLRIC cost studies are adopted;
- 8                   c.     conduct TSLRIC studies for local interconnection, call transport and
- 9                   call termination; and
- 10                  d.     produce all existing interconnection agreements between BellSouth
- 11                  and new entrants and BellSouth and other incumbent local exchange carriers
- 12                  ("LECs").

13                  Each request relates directly to AT&T's ability to become a true competitor to

14                  BellSouth in Florida and, thereby, offer Florida consumers choices in local services.

15                  AT&T requires relief in the resale area to ensure that BellSouth, which currently

16                  enjoys a monopoly, will not use that monopoly to limit the number of services

17                  AT&T can offer, or degrade those services below what BellSouth provides, or take

18                  credit for those services when they should be branded as AT&T products.

19                  Additionally, if the price at which AT&T acquires services for resale from

20                  BellSouth does not address BellSouth's avoided costs and its current monopoly

21                  position (i.e., does not provide consideration for the absence of real-time and

22                  interactive access to BellSouth operational support systems via electronic interfaces

23                  or an inducement to market entry), there is little hope AT&T will be able to

24                  compete. In the network elements area, AT&T requires an order obligating

25                  BellSouth to unbundle its network into twelve discrete elements. Without this level



1 of unbundling, AT&T may be forced to purchase services it does not need or which  
2 it can acquire at less cost elsewhere, thereby artificially increasing AT&T's costs.  
3 As to interconnection of AT&T's and BellSouth's local networks, AT&T only must  
4 be required to pay BellSouth's true economic cost of interconnection. Any higher  
5 price will result in a price squeeze making it that much more difficult, if not  
6 impossible, for AT&T to compete. Finally, the current price for interexchange  
7 access paid by AT&T to BellSouth in Florida (the subsidy AT&T pays to BellSouth  
8 each time AT&T terminates a long distance call to a BellSouth customer) is much  
9 higher than BellSouth's economic cost for that interconnection. If AT&T is to  
10 compete with BellSouth on relatively equal terms in the local market, I believe the  
11 interexchange access charges must be reduced to reflect BellSouth's actual  
12 economic costs of providing those services.

13 **Q. WHEN DID AT&T FIRST CONSIDER COMPETING IN THE FLORIDA**  
14 **LOCAL EXCHANGE MARKET AND WHAT STEPS DID YOU TAKE?**

15 **A.** AT&T began assessing the possibility of local competition in Florida in 1994.  
16 Taking what we knew from our long distance experience, economic theory and past  
17 LEC marketplace behaviors, we developed a set of conditions under which we  
18 believed local competition could emerge. AT&T lobbied heavily for these  
19 conditions to be supported in the 1995 revisions to Chapter 364, Florida Statutes,  
20 opening the local franchise to competition. Despite our belief that the new state law  
21 fell far short of establishing an environment for broad, robust competition, AT&T  
22 began evaluating its options for local market entry. Without the resale of flat-rated  
23 services (to which 95% of all customers subscribe), AT&T began investigating other  
24 entry alternatives -- use of others' networks, building our own network, or a  
25 combination of the two. To that end, we built a regionally deployed organization to

1 understand the demands of the Florida services market, to develop a business plan  
2 for meeting those customer needs and to further delineate the pre-conditions to  
3 effective local services competition in an environment in which most, if not all, of  
4 the relevant facilities are owned by the provider of monopoly services.

5 AT&T continues to work to meet the needs of our customers. And we will continue  
6 to bring the benefits of competition -- competitive prices, higher quality services and  
7 technological innovations -- to Florida consumers through our provision of local  
8 services.

9 **Q. HOW DID PASSAGE OF THE ACT IMPACT AT&T'S PLANS FOR ENTRY**  
10 **INTO THE LOCAL EXCHANGE SERVICES MARKET IN FLORIDA?**

11 **A.** The Act encouraged AT&T because, for the first time, the law obligated BellSouth  
12 to negotiate a complete set of entry conditions for carriers who wished to compete in  
13 the local exchange market. It also mandated negotiations for the sale of services to  
14 market entrants for resale to consumers. AT&T was particularly interested in  
15 Section 251 (c)(3) of the Act that allowed AT&T to create new service offerings by  
16 combining unbundled network elements.

17 AT&T quickly organized itself into seven regions - - to coincide with the regions in  
18 which the seven Regional Bell Operating Companies ("RBOCs"), including  
19 BellSouth, operated as monopolies. The region for which I am responsible,  
20 AT&T's Southern Region, was responsible for negotiating with BellSouth.  
21 In our region, AT&T established several types of negotiating teams -- we designated  
22 the primary negotiators as the "Core" Team. Supporting the Core Team were  
23 subject matter experts on technical and cost issues ("SME Teams"). The SME  
24 Teams met with BellSouth representatives to implement agreements reached by the  
25 Core Team and to negotiate specific operational and cost issues. Finally, we

1 designed an Executive Team consisting of myself and several of my senior  
2 colleagues at AT&T to meet with BellSouth representatives as needed to attempt to  
3 resolve issues that could not be settled by the Core and SME Teams.  
4 Next we developed a list of technical and other requirements for entry into the local  
5 exchange market. That list is contained in Exhibit JC1, Tab 1.  
6 Finally, at my direction, on March 4, 1996 AT&T requested negotiations with  
7 BellSouth in Florida under 47 U.S.C. 251 (c)(1). A copy of AT&T's request is  
8 found at Exhibit JC1, Tab 17.

9 **Q. WOULD YOU DESCRIBE THE HISTORY OF NEGOTIATIONS BETWEEN**  
10 **BELLSOUTH AND AT&T?**

11 A. AT&T and BellSouth met on numerous occasions after March 4, 1996 -- the Core  
12 Team held meetings with BellSouth on approximately twenty occasions; the SME  
13 Teams met with BellSouth on operational issues at least 85 times and on cost issues  
14 about fifteen times; and AT&T's Executive Team met face-to-face with BellSouth  
15 about eleven times, and held numerous phone calls, voice mail messages, and  
16 informal meetings. Many of the early "negotiations" consisted of AT&T explaining  
17 its requirements and BellSouth responding that it would take those under  
18 advisement. AT&T made numerous requests that BellSouth share information  
19 which AT&T believed would be helpful in reaching agreements (AT&T agreed to  
20 protect confidential information under a confidentiality agreement signed by both  
21 parties). After some time passed with little agreement or sharing of information, we  
22 decided to "jump-start" the negotiations by offering a proposal on resold services  
23 that committed AT&T to purchase a specific volume of services in return for  
24 agreement on a percentage discount off BellSouth's retail prices. That June 5, 1996  
25 proposal is found at Exhibit JC1, Tab 331. AT&T has yet to receive any counter

1 offer from BellSouth to this proposal.  
2 The parties did exchange proposed interconnection agreements in June 1996.  
3 BellSouth's proposed agreement of June 13, 1996 merely adopted an agreement  
4 reached earlier by BellSouth with Hart Communications and bore no relationship to  
5 the AT&T negotiations or AT&T's requirements. BellSouth's proposal and  
6 AT&T's response are at Exhibit JC1, Tabs 208 and 252. AT&T made a price  
7 proposal on unbundled network elements and interconnection on June 21, 1996.  
8 That proposal is at Exhibit JC1, Tab 333. AT&T's proposed Interconnection  
9 Agreement was provided to BellSouth on June 28, 1996. It contained  
10 comprehensive provisions reflecting the negotiations to date and additional  
11 provisions AT&T believed were consistent with the Act. AT&T's proposed  
12 Interconnection Agreement is attached to my testimony as Exhibit JC2 (and also at  
13 Exhibit JC1, Tab 259). Today the parties continue to negotiate, but are making little  
14 progress. Issues presented in this arbitration remain unresolved.

15 **Q. YOU PREVIOUSLY REFERRED TO BELL SOUTH'S JUNE 13, 1996**  
16 **PROPOSED INTERCONNECTION AGREEMENT WITH AT&T. HOW**  
17 **WOULD YOU DESCRIBE THAT PROPOSAL?**

18 **A.** My letter to BellSouth of June 26, 1996 at Exhibit JC1, Tab 252 best describes my  
19 view of the proposal. Generally, the proposal was not responsive to AT&T's  
20 particular requirements. It appeared to be almost a word for word copy of  
21 BellSouth's agreement with Hart Communications. As such, it failed to reflect  
22 agreements which I understood AT&T and BellSouth had reached and lacked  
23 provisions necessary for AT&T to enter the local market as a viable competitor to  
24 BellSouth.

25 **Q. HOW WOULD YOU DESCRIBE AT&T'S PROPOSED**

1           **INTERCONNECTION AGREEMENT TO BELLSOUTH OF JUNE 28, 1996?**

2    A.    AT&T's proposed Interconnection Agreement, Exhibit JC2, was a comprehensive  
3           and detailed set of rates, terms and conditions to govern all aspects of AT&T's  
4           business relationship with BellSouth as it enters the Florida local exchange market --  
5           the resale of local services, access to unbundled network elements, and  
6           interconnection. It represents the *minimum requirements*, both now and in the near  
7           term, to allow effective competition in the local exchange market. AT&T's  
8           proposed Interconnection Agreement includes items that AT&T understands were  
9           resolved or may be resolved through negotiations, as well as items representing  
10          compromises made by AT&T with the hope that the parties could move closer  
11          together on the outstanding issues.

12   **Q.    DO YOU KNOW IF ANY TELECOMMUNICATIONS CARRIERS HAVE**  
13          **ENTERED INTO AGREEMENTS WITH BELLSOUTH?**

14    A.    Yes. I am aware of several interconnection agreements that BellSouth has entered  
15           into with various telecommunications carriers. For instance, I am aware of the  
16           agreements BellSouth has with MCIMetro, Time Warner, Hart Communications  
17           Corporation, NEXTLink Tennessee, The Telephone Company of Central Florida,  
18           Intermedia Communications, TCG, and MediaOne. While there may be a few more,  
19           these are the ones with which I am most familiar.

20   **Q.    WOULD YOU COMPARE THOSE AGREEMENTS WITH AT&T'S**  
21          **PROPOSED INTERCONNECTION AGREEMENT?**

22    A.    The agreements mentioned in my previous answer fall into two general categories.  
23           For large companies (e.g., MCIMetro, Time Warner) the agreements are incomplete.  
24           For example, BellSouth's agreement with MCIMetro pertains primarily to the  
25           interconnection of two networks, and what is required to permit traffic from one

1 carrier to terminate calls to another carrier. The Time Warner agreement addresses  
2 these same subjects, but also includes resale and unbundling of network elements.  
3 However, it omits any prices for resold services or unbundled network elements - -  
4 critical ingredients for entry into the local telecommunications market.  
5 For smaller companies (e.g., Hart Communications, Intermedia Communications)  
6 the agreements are more comprehensive, but reflect those carriers' intentions to  
7 provide niche services and not broad-based competitive offerings. For that reason  
8 the companies have agreed to what BellSouth traditionally has offered in the  
9 regulatory environment, and the agreements generally do not reflect movement by  
10 BellSouth from its entrenched monopoly positions.  
11 By contrast, AT&T's Interconnection Agreement, contains details on operational  
12 and pricing aspects of interconnection, resale and unbundled network elements,  
13 unlike the agreements discussed above. AT&T fully expects that when finally  
14 executed, its interconnection agreement -- which under the Act will be available to  
15 all carriers -- will be the baseline for all agreements between BellSouth and new  
16 entrants into the local market (indeed, in their respective agreements, MCIMetro,  
17 Time Warner and Hart reserve the right to adopt any later, more favorable  
18 agreements).  
19 Additionally, I believe AT&T's plan for entry into Florida is more comprehensive  
20 than the plans of any of the companies with whom BellSouth has entered into  
21 agreements to date. AT&T intends to aggressively pursue resale, unbundled  
22 network elements and interconnection, separately and in combination, to bring  
23 services throughout Florida to the greatest number of potential customers as soon as  
24 an agreement is reached. I do not believe any other company plans such a broad  
25 entry as soon as AT&T. To accomplish its plan, AT&T requires a detailed

1 agreement now covering all issues. An agreement that leaves critical terms open to  
2 future negotiation, as do BellSouth's existing agreements, will ensure that AT&T  
3 cannot meet its plan. Florida consumers will be the losers - - they simply will have  
4 to wait that much longer for full competition to reach them.

5 **Q. HOW DID BELL SOUTH'S AGREEMENTS WITH OTHER CARRIERS**  
6 **INFLUENCE AT&T'S NEGOTIATIONS?**

7 A. Although AT&T initially hoped these agreements would contain detailed  
8 concessions by BellSouth that might benefit AT&T in addressing the local exchange  
9 market, upon review there is little of meaningful substance to AT&T because AT&T  
10 seeks broad-based, rather than niche, competition.

11 **Q. WHAT ARE THE KEY ISSUES THAT REMAIN UNRESOLVED?**

12 A. Three major categories of issues remain unresolved. These will be addressed in  
13 detail by AT&T's other witnesses in these proceedings. My purpose here is to  
14 introduce the issues to the Commission.

15 The first category of issues is whether the Act allows BellSouth to limit the services  
16 and network elements that it will make available to AT&T and to restrict how  
17 AT&T may use the purchased services and network elements. AT&T believes that  
18 the Act requires BellSouth to provide any retail services it offers to customers and to  
19 provide AT&T nondiscriminatory access to unbundled network elements at any  
20 technically feasible point. BellSouth, however, is unwilling to offer AT&T: (i) the  
21 same range of services that BellSouth offers its retail customers; (ii) certain services  
22 without restrictions on the resale of those services; (iii) access to twelve unbundled  
23 network elements; (iv) equal and nondiscriminatory access to BellSouth's rights-of-  
24 way, conduits, pole attachments, and other pathways; and (v) two-way trunking  
25 interconnection.

1           The second category of issues is whether the Act requires BellSouth to provide  
2           AT&T with the same capabilities and quality of services that BellSouth provides  
3           itself as a supplier of local exchange services to Florida consumers. AT&T has  
4           requested that BellSouth provide services and network elements so that AT&T can  
5           provide its customers with the same experience as BellSouth's customers. It is not  
6           AT&T's intention to provide services that are perceived as being inferior to services  
7           currently provided by BellSouth. AT&T's position, therefore, is that it must have  
8           electronic interfaces to obtain the same real-time and interactive access to  
9           BellSouth's operations support systems that BellSouth provides to itself when  
10          servicing its customers, direct routing of calls from AT&T customers to AT&T's  
11          service platforms, branding of purchased wholesale services with the AT&T name,  
12          service quality assurances, and access to information regarding changes in service  
13          offerings and interconnection agreements with other telecommunications carriers.  
14          The third category of issues is the appropriate rate that BellSouth should charge  
15          AT&T for wholesale services, access to unbundled network elements, and  
16          interconnection. It is AT&T's position that wholesale rates charged AT&T for  
17          resold services cannot exceed the lowest retail rates that BellSouth offers, less the  
18          costs BellSouth avoids by offering services at wholesale, less factors for lack of  
19          operational parity and to spur competition. For unbundled network elements, the  
20          rates should equal TSLRIC. For interconnection, reciprocal compensation should be  
21          on a bill and keep basis until cost studies are available. At that time, rates for  
22          interconnection should be set at TSLRIC.

23       **Q.    REGARDING THE FIRST CATEGORY OF ISSUES, WHAT RETAIL**  
24       **SERVICES HAS AT&T REQUESTED FROM BELLSOUTH?**

25       **A..   This subject will be discussed more fully in the testimony of AT&T Witness Sather**



1 filed on behalf of AT&T in this proceeding. Generally, however, I understand that  
2 the Act requires BellSouth to offer for resale any telecommunications services that  
3 BellSouth provides at retail to subscribers who are not telecommunications carriers.  
4 Pursuant to the Act, AT&T has requested that BellSouth offer to AT&T the same  
5 services that BellSouth provides to its retail customers. AT&T wants to be able to  
6 offer all Florida consumers the same range of services that BellSouth provides today  
7 so that all consumers will have a choice of at least two providers for their local  
8 services.

9 **Q. WHAT WAS BELLSOUTH'S RESPONSE TO AT&T'S REQUEST?**

10 **A. BellSouth stated that it was unwilling to offer for resale the following types of**  
11 **services:**

12 Grandfathered and Obsolete Services -- These retail services include any services  
13 that BellSouth offers to existing retail customers, but not to new subscribers.

14 911/E911 Services -- 911/E911 are retail services that provide the facilities and  
15 equipment required to route emergency calls to the appropriate Public Safety  
16 Answering Point.

17 N11 Service -- N11 is a retail service provided to entities that provide information  
18 services to consumers via three (3) digit dialing.

19 Contract Service Arrangements and Promotions -- Contract Service Arrangements  
20 and Promotions are retail services offered at special rates or prices.

21 Link-Up and Lifeline -- Link-Up and Lifeline are retail offerings that respectively  
22 provide billing credits to help defray the cost of service installation charges and  
23 monthly recurring service charges to customers who qualify for financial assistance.

24 State Specific Discount Plans or Services -- State Specific Discount Plans or  
25 Services are retail offerings in which BellSouth provides retail services at

1 discounted prices to particular customers, such as educational institutions.

2 **Q. WHY IS IT IMPORTANT THAT BELLSOUTH OFFER AT&T ITS FULL**  
3 **RANGE OF RETAIL SERVICES?**

4 **A. From a business perspective, AT&T's chances of succeeding in the Florida local**  
5 **exchange market hinge on whether it can offer a full range of services. Because of**  
6 **the tremendous capital investment and time needed to become a facilities-based**  
7 **competitor, AT&T must rely initially on BellSouth to provide local services which**  
8 **AT&T then can resell. Just one simple example demonstrates how AT&T will be**  
9 **disadvantaged unless it can offer at least the same services as BellSouth. Imagine**  
10 **an AT&T attempt to attract a current BellSouth customer to AT&T. The customer**  
11 **asks whether it will lose any of the services it currently is receiving from BellSouth.**  
12 **Because BellSouth has grandfathered a service which the customer currently enjoys,**  
13 **AT&T must answer that the service no longer will be provided. Under these**  
14 **circumstances, can AT&T really expect to convince that customer to switch?**  
15 **Importantly, BellSouth currently serves virtually all Florida consumers. Through its**  
16 **monopoly position and its ability to unilaterally grandfather services, BellSouth has**  
17 **total control over what services AT&T will, and will not, be able to offer as a**  
18 **competitor. If allowed to stand, this control presents a huge barrier to AT&T's**  
19 **success as a viable competitor in the Florida local exchange market.**

20 **Q. HAS BELLSOUTH ATTEMPTED TO IMPOSE LIMITS ON AT&T'S**  
21 **RESALE OF SERVICES?**

22 **A. BellSouth imposes on its retail customers numerous restrictions and conditions set**  
23 **forth in its tariffs. BellSouth wants to impose those same retail restrictions and**  
24 **conditions when it offers services to AT&T, although AT&T will be purchasing**  
25 **those services as a wholesaler for resale. It is unreasonable and discriminatory to**

1            treat resellers, like AT&T, as a retail customer. All services should be sold to  
2            resellers free of restrictions. In that way, full competition can flourish --  
3            competitors of BellSouth will have the freedom to offer any services to any  
4            customers. If BellSouth then finds that its existing restrictions place it at a  
5            competitive disadvantage, it may do like all players in a competitive market -- adapt  
6            its services to what the marketplace demands.

7            **Q.    WHY IS IT IMPORTANT NOT TO HAVE RESTRICTIONS ON AT&T'S**  
8            **RESALE OF LOCAL SERVICES?**

9            A.    The impact of unreasonable restrictions on the resale of local services is addressed  
10           fully by AT&T Witness Sather in his testimony. Generally, consumers want  
11           innovative solutions to their telecommunications needs and AT&T intends to  
12           provide Florida consumers with those solutions. However, restrictions imposed by  
13           BellSouth on how AT&T can offer its services, will constrain that flexibility and  
14           place too much control in the hands of AT&T's competition. Further, the  
15           restrictions that currently exist apply to retail purchasers of services, not  
16           wholesalers, and were imposed by BellSouth in its role as a monopoly provider.  
17           AT&T is not a retail purchaser, and now, by law, BellSouth's monopoly must end.  
18           BellSouth's restrictions have no place in a wholesale market.

19           **Q.    WHAT ARE THE NETWORK ELEMENTS TO WHICH AT&T**  
20           **REQUESTED ACCESS?**

21           A.    AT&T requested access to twelve network elements: Network Interface Device,  
22           Loop Distribution, Loop Concentrator/Multiplexer, Loop Feeder, Local Switching,  
23           Operator Systems, Dedicated Transport, Common Transport, Tandem Switching,  
24           Signaling Link Transport, Signal Transfer Points, and Service Control Points. Each  
25           of these are discussed fully in the testimony of AT&T Witness Tamplin filed on

1           behalf of AT&T in this proceeding.

2   **Q.    WHAT WAS BELLSOUTH'S RESPONSE TO AT&T'S REQUEST?**

3   **A.    BellSouth agreed to provide unbundled access to Tandem Switching, Signaling Link**  
4           **Transport, Signal Transfer Points, and Service Control Points. However, BellSouth**  
5           **would not agree to provide unbundled access to any of the other twelve requested**  
6           **elements.**

7   **Q.    WHY IS IT IMPORTANT TO HAVE ACCESS TO THOSE TWELVE**  
8           **UNBUNDLED NETWORK ELEMENTS?**

9   **A.    From a business perspective, AT&T seeks access to the maximum number of**  
10           **network elements. AT&T will use the network elements in a variety of ways to**  
11           **bring consumers choices in local exchange services to Florida. As explained in**  
12           **AT&T Witness Tamplin's testimony, AT&T needs these elements for maximum**  
13           **flexibility in designing competitive offers. For example, we may combine several of**  
14           **the elements to offer new services not currently offered by BellSouth, or we may**  
15           **integrate some of the BellSouth elements with elements AT&T owns or will**  
16           **purchase from others to offer a service at less cost than BellSouth. Section**  
17           **251(c)(3) of the Act specifically allows AT&T to combine some or all of the**  
18           **unbundled network elements to offer a telecommunications service.**

19   **Q.    WHAT DID AT&T REQUEST FROM BELLSOUTH WITH RESPECT TO**  
20           **ACCESS TO RIGHTS-OF-WAY, CONDUITS, AND POLE**  
21           **ATTACHMENTS?**

22   **A.    Access to rights-of-way, conduits, and pole attachments also is addressed in the**  
23           **testimony of AT&T Witness Tamplin. Generally, I understand that Section**  
24           **224(f)(1) of the Act requires BellSouth to afford access to its poles, ducts, conduits,**  
25           **and rights-of-way on a nondiscriminatory basis. For this reason, AT&T requested**

1 that BellSouth provide AT&T with access to rights-of-way, conduits, poles and  
2 other pathways at terms and conditions equivalent to that provided by BellSouth to  
3 itself or to any other party. AT&T also requested that BellSouth not preclude or  
4 delay allocation of these facilities to AT&T because of potential future needs. In  
5 addition, AT&T requested that BellSouth provide AT&T with copies of its current  
6 engineering records relating to rights-of-way, conduits, poles and other pathways.

7 **Q. WHAT WAS BELLSOUTH'S RESPONSE TO AT&T'S REQUEST?**

8 A. BellSouth's response was that it would provide AT&T with any residual capacity on  
9 its poles, ducts, conduits and rights-of-way after BellSouth reserved for itself five  
10 years worth of capacity to meet BellSouth's anticipated needs. BellSouth also  
11 refused to provide AT&T with copies of its pole and conduit engineering records.

12 **Q. WHY IS IT IMPORTANT THAT AT&T HAVE EQUAL AND**  
13 **NONDISCRIMINATORY ACCESS TO RIGHTS-OF-WAY, CONDUITS,**  
14 **AND POLE ATTACHMENTS?**

15 A. Rights-of-way, conduits and pole attachments constitute a substantial portion of the  
16 capital necessary to establish a local exchange network. Without equal and  
17 nondiscriminatory access to these existing facilities, a new entrant faces a daunting  
18 financial barrier to market entry. Moreover, substantial time would be necessary to  
19 replicate these facilities. For these reasons, a new entrant may simply decide to  
20 forego market entry. To achieve competition that will produce choices for  
21 consumers, AT&T believes the Commission should order equal access to these  
22 facilities.

23 **Q. WHAT DID AT&T REQUEST FROM BELLSOUTH WITH RESPECT**  
24 **INTERCONNECTION OF LOCAL NETWORKS?**

25 A. The subject of interconnection between BellSouth's network and AT&T's network

1 also is addressed fully in the testimony of AT&T Witness Tamplin. Generally, I  
2 understand that Section 251(c)(2) of the Act obligates BellSouth to allow its network  
3 to be connected with the facilities and equipment of AT&T on a nondiscriminatory  
4 basis. Because BellSouth interconnects with other networks using both one-way  
5 and two way trunks, AT&T requested the capability to interconnect with  
6 BellSouth's network using both one-way and two-way trunk groups. In addition,  
7 AT&T requested that these trunks ultimately carry intraLATA, interLATA and local  
8 traffic.

9 **Q. WHAT WAS BELLSOUTH'S RESPONSE TO AT&T'S REQUEST?**

10 A. BellSouth has indicated it will accept local and intraLATA calls from AT&T on one  
11 trunk group and interLATA calls from AT&T on another trunk group. BellSouth  
12 has not agreed to a plan of action by a date certain that ultimately would allow all  
13 AT&T calls to be combined on one trunk group.

14 **Q. WHY IS IT IMPORTANT THAT AT&T HAVE THE CAPABILITY TO**  
15 **INTERCONNECT VIA TWO-WAY TRUNK GROUPS AND COMBINE ALL**  
16 **TYPES OF CALLS ON THE SAME TRUNK?**

17 A. These requests improve the efficiency of interconnection by commingling traffic  
18 terminating on either BellSouth's or AT&T's network on larger, more efficient  
19 trunk groups between the two networks. It reduces the number of trunks and trunk  
20 connections needed to connect the two networks.

21 **Q. WITH RESPECT TO THE SECOND CATEGORY OF UNRESOLVED**  
22 **ISSUES, WHY IS PARITY IMPORTANT TO AT&T?**

23 A. The importance of parity to AT&T is fully addressed in the testimony of AT&T  
24 Witness Shurter filed on behalf of AT&T in this proceeding. "Parity" is a term  
25 AT&T uses to refer to the capability to provide AT&T customers with the same

1 experiences as BellSouth provides its own customers.

2 AT&T seeks parity for very straightforward business reasons -- if AT&T is to  
3 compete with BellSouth in Florida through the resale of BellSouth services or  
4 through integration of BellSouth network elements with non-BellSouth facilities,  
5 what AT&T receives from BellSouth must be at least equal in form and quality to  
6 what BellSouth provides to itself for sale to its customers. If BellSouth is allowed to  
7 provide AT&T with *inferior services*, compared to what BellSouth makes available  
8 to itself, real competition will be greatly delayed or never will develop.

9 **Q. WHAT HAS AT&T REQUESTED FROM BELL SOUTH TO HELP**  
10 **ACHIEVE PARITY?**

11 A. AT&T has requested the following from BellSouth in order to achieve parity: (i)  
12 real-time and interactive access to BellSouth operational support systems via  
13 electronic interfaces; (ii) direct routing of calls from AT&T customers to AT&T  
14 service platforms; (iii) branding of purchased wholesale services with the AT&T  
15 name; (iv) contractual commitments to service quality; and (v) access to  
16 interconnection agreements with other carriers and advance notification of changes  
17 in service offerings.

18 **Q. WITH RESPECT TO ELECTRONIC INTERFACES, WHAT HAS AT&T**  
19 **REQUESTED BELL SOUTH TO PROVIDE?**

20 A. The subject of electronic interfaces with BellSouth's network is discussed fully in  
21 AT&T Witness Shurter's testimony. Generally, AT&T has requested BellSouth to  
22 provide AT&T with the same capability to service its customers as BellSouth uses to  
23 service its customers. Electronic interfaces are the means by which AT&T's  
24 systems can communicate with BellSouth's systems on a real-time, interactive basis.  
25 Electronic interfaces support the following functions, each of which is important to

- 1 achieving customer satisfaction:
- 2 Pre-Ordering -- includes obtaining information regarding a prospective customer
- 3 that is needed to place an order for services, assign a telephone number, and
- 4 schedule installation.
- 5 Ordering and Provisioning -- includes placing and filling an order for services.
- 6 Maintenance and Repair -- includes arranging for responses to customer requests for
- 7 maintenance and repair services.
- 8 Customer Usage Data Transfer -- includes collecting and transmitting data customer
- 9 usage data for billing purposes.
- 10 Local Account Maintenance -- includes updating information in a customer's
- 11 service record to reflect changes in features, services or other items.
- 12 **Q. WHAT WAS BELLSOUTH'S RESPONSE TO AT&T'S REQUEST?**
- 13 A. BellSouth has been unwilling to commit to implement real-time and interactive
- 14 electronic interfaces to AT&T by a date certain.
- 15 **Q. WHAT WILL HAPPEN IF BELLSOUTH DOES NOT PROVIDE**
- 16 **ELECTRONIC INTERFACES TO AT&T?**
- 17 A. If BellSouth is able to service its customers with real-time electronic ordering and
- 18 service order processing, while AT&T must rely upon fax messaging, or something
- 19 other than real-time communication (with its incumbent delays), AT&T will be at a
- 20 serious competitive disadvantage. Imagine a potential new customer calling AT&T
- 21 to order local exchange service. Under BellSouth's plan, AT&T must wait to give
- 22 the customer its new phone number and the date of installation until BellSouth
- 23 responds to a fax message from AT&T. On the other hand, BellSouth can give any
- 24 new customer that information during the very first contact.
- 25 **Q. DO YOU KNOW WHETHER ANY STATE COMMISSION HAS ORDERED**



1           **BELLSOUTH TO PROVIDE REAL-TIME AND INTERACTIVE ACCESS**  
2           **TO BELLSOUTH OPERATIONAL SUPPORT SYSTEMS VIA**  
3           **ELECTRONIC INTERFACES?**

4    A.    Yes. On June 12, 1996, the Georgia Public Service Commission ordered BellSouth  
5           to provide AT&T with the same access to BellSouth's operational support systems  
6           as BellSouth enjoys. I understand BellSouth has appealed this order which will  
7           delay the time when AT&T can expect to have these interfaces available for  
8           AT&T's offer of local services. Again, this significantly delays our ability to  
9           compete effectively with BellSouth for Florida's consumers, and more importantly,  
10          delays the time when Florida consumers will have choices for local services.

11   **Q.    WITH RESPECT TO DIRECT ROUTING, WHAT DID AT&T REQUEST**  
12          **BELLSOUTH TO PROVIDE?**

13   A.    This subject is addressed fully in AT&T Witness Shurter's testimony. Generally,  
14          AT&T requested that BellSouth route calls from AT&T customers directly to AT&T  
15          service platforms for Operator Services and Directory Assistance Services. When a  
16          BellSouth customer dials the traditional and familiar numbers for Operator Services  
17          (0+, 0-) or Directory Assistance (411, 555-1212), their call is "routed" to  
18          BellSouth's service platforms from which BellSouth will provide the services or  
19          assistance. AT&T wants to provide its customers with the same convenience  
20          through AT&T's facilities. In other words, when an AT&T customer dials those  
21          same traditional and familiar numbers, their call should be routed to AT&T's service  
22          platforms.

23   **Q.    WHAT WAS BELLSOUTH'S RESPONSE TO AT&T'S REQUEST?**

24   A.    BellSouth would not agree to provide direct routing and has proposed that AT&T  
25          customers dial unfamiliar and perhaps significantly longer numbers to access

1 AT&T's service platforms.

2 **Q. WHY IS DIRECT ROUTING IMPORTANT?**

3 A. From a business perspective, AT&T needs the opportunity to distinguish itself from  
4 the competition and to strengthen its relationship with its customers by providing  
5 quality services. Most regular customer contacts occur when customers use a  
6 carrier's Operator Services and Directory Assistance Services. If AT&T customers  
7 attempt to contact their service provider through one of these avenues, only to find  
8 themselves routed to BellSouth, AT&T loses its opportunity to establish brand  
9 loyalty for its local market customers (and BellSouth gains an unfair opportunity to  
10 win over a new customer by establishing its reputation as a local services provider).  
11 Further, I believe direct routing will eliminate possible customer confusion over the  
12 identities of local services carriers that inevitably will result when an AT&T local  
13 services customer reaches a BellSouth operator or directory assistance provider  
14 when dialing the traditional and familiar numbers for Operator Services and  
15 Directory Assistance Services.

16 Finally, direct routing will allow AT&T customers access to any services from  
17 AT&T's service platforms that are not available from BellSouth, e.g., receiving  
18 accurate AT&T rate quotes and calling card services.

19 Ultimately, AT&T wants to establish choices for Florida consumers. Unless AT&T  
20 can differentiate itself from BellSouth as I have outlined, real choices will not  
21 develop. If consumers are confused by the identities of the players in the market,  
22 and mechanisms remain that allow one player to appear as a customer's provider  
23 when in fact this is not the case, real competition will never develop.

24 **Q. WITH RESPECT TO BRANDING, WHAT DID AT&T REQUEST OF**  
25 **BELLSOUTH?**

1 A. This subject is fully addressed in AT&T Witness Shurter's testimony. Generally,  
2 AT&T wants products and services sold by it to bear AT&T's brand. Therefore,  
3 AT&T requested that when BellSouth communicates with AT&T's customers on  
4 behalf of AT&T, BellSouth must: (i) advise AT&T's customers it is representing  
5 AT&T; (ii) furnish any customer information materials provided by AT&T; and (iii)  
6 refrain from marketing BellSouth directly or indirectly to AT&T customers.  
7 Essentially, when AT&T is paying BellSouth to act on behalf of AT&T, AT&T  
8 expects that BellSouth will not act to undermine AT&T's relationships with its  
9 customers. AT&T also requested that BellSouth's affiliate, BellSouth Advertising  
10 & Publishing Corporation, include the AT&T logo on its telephone directories.

11 **Q. WHAT WAS BELLSOUTH'S RESPONSE TO AT&T'S REQUEST?**

12 A. BellSouth was unwilling to: (i) brand the services purchased by AT&T as AT&T  
13 services; and (ii) furnish AT&T customers with material supplied by AT&T.  
14 BellSouth asserts that the Act only requires BellSouth to offer its services "as is."  
15 BellSouth proposed to use generic materials for customers of new entrants and to  
16 write the name of the appropriate carrier in a blank space. BellSouth agreed to  
17 include AT&T's logo on the cover of its telephone directories only if AT&T agreed  
18 to significant rates and restrictive and anticompetitive terms and conditions.

19 **Q. WHY IS IT IMPORTANT TO BRAND SERVICES?**

20 A. When a customer chooses AT&T, it reasonably expects to receive a quality product.  
21 Through branding, AT&T tells its customers, "These are AT&T services, they have  
22 the level of quality necessary to carry the AT&T name, and AT&T will stand behind  
23 its services." *Generic materials with the AT&T name handwritten into a blank*  
24 *space do not meet AT&T's standards for quality or professionalism.*  
25 If AT&T customers receive services branded with BellSouth's name, customers

1           understandably may be confused. They may ask themselves, "Why am I receiving  
2           BellSouth services instead of AT&T services? Do these services have the quality  
3           that I paid for when I chose AT&T? Who do I call if I have a problem with my  
4           services?" Without branding, BellSouth undermines AT&T's relationship with its  
5           customers every time it performs BellSouth branded services on behalf of AT&T.  
6           At the same time that AT&T is paying BellSouth to act on its behalf, BellSouth is  
7           advertising its name directly with AT&T's customers.

8   **Q.    IN TERMS OF CONTRACTUAL COMMITMENTS TO PROVIDE**  
9   **QUALITY SERVICE, WHAT DID AT&T REQUEST FROM BELL SOUTH?**

10  A.    This subject is addressed fully in AT&T Witness Shurter's testimony. Generally,  
11        AT&T requested that BellSouth make a contractual commitment to meet specified  
12        Direct Measures of Quality ("DMOQs"). DMOQs are objective and quantifiable  
13        standards or measurements of service quality. AT&T requested that BellSouth  
14        periodically report its record of performance in meeting the DMOQs and  
15        compensate AT&T for failing to meet important quality standards.

16  **Q.    WHAT WAS BELL SOUTH'S RESPONSE TO AT&T'S REQUEST?**

17  A.    BellSouth has refused to agree to any DMOQs or to any contractual remedies for  
18        failure to meet quality standards.

19  **Q.    WHY ARE CONTRACTUAL COMMITMENTS TO PROVIDE QUALITY**  
20  **SERVICE IMPORTANT TO AT&T?**

21  A.    To provide Florida consumers with real choices, AT&T must be able to provide a  
22        quality of service that equals or exceeds that of BellSouth. If AT&T is to succeed as  
23        a viable alternative to BellSouth in the Florida local exchange market, it must be  
24        perceived as a reliable, high quality provider. Because AT&T has no choice initially  
25        but to rely on BellSouth for the services it will sell, BellSouth must provide that

1           quality. It is common in *customer/supplier relationships* that suppliers provide  
2           certain assurances of performance to their customers backed by contractual  
3           remedies. AT&T's request that BellSouth agree to quality standards consistent with  
4           AT&T's reputation as a reliable services provider and to a provision providing  
5           remedies if BellSouth fails to meet those standards is entirely consistent with this  
6           practice. *Without agreed upon standards and contractual incentives to meet those*  
7           standards, BellSouth, as both AT&T's supplier and competitor, may be tempted  
8           intentionally or unintentionally to gain AT&T's customers through poor quality of  
9           services.

10    **Q.    REGARDING THE THIRD CATEGORY OF UNRESOLVED ISSUES –**  
11    **PRICING – WHAT WHOLESALE PRICES DID AT&T PROPOSE FOR**  
12    **LOCAL EXCHANGE SERVICES IN FLORIDA?**

13    A.    The subject of wholesale prices for services in Florida is addressed fully in the  
14    testimony of AT&T Witness Lerma filed on behalf of AT&T in this proceeding.  
15    Generally, AT&T estimated that, in its Florida wholesale operations, BellSouth  
16    should avoid costs amounting to nearly forty-two percent of its retail prices.  
17    Nevertheless, AT&T proposed a much reduced percentage that would apply to all  
18    retail rates throughout the nine states in BellSouth's territory. Additionally, AT&T  
19    proposed a further reduction of up to fifteen percent if BellSouth did not provide  
20    electronic interfaces within specified dates. As an incentive to BellSouth, AT&T  
21    also proposed to make a commitment to purchase specified volumes of lines in  
22    exchange for additional price reductions.

23    **Q.    WHAT WAS BELL SOUTH'S RESPONSE TO AT&T'S PROPOSED**  
24    **PRICES?**

25    A.    BellSouth would not accept AT&T's proposed wholesale prices. BellSouth

1 proposed two different percentage reductions, one for residential and one for  
2 business customers, for each state in the nine state Southeast region. The percentage  
3 reductions would apply only to recurring retail charges rather than both recurring  
4 and non-recurring charges. For Florida, BellSouth proposed an eighteen percent  
5 reduction of recurring residential retail charges and a twelve percent reduction of  
6 recurring business retail charges.

7 **Q. WHY IS IT IMPORTANT THAT THE COMMISSION SET WHOLESALE**  
8 **PRICES THAT DO NOT EXCEED RETAIL PRICES LESS COSTS THAT**  
9 **BELLSOUTH SHOULD AVOID?**

10 A. This subject is discussed fully in the testimonies of AT&T Witnesses Gillan,  
11 Kaserman and Lerma, all filed on behalf of AT&T in this proceeding. Generally,  
12 such prices are necessary to foster healthy and robust competition.

13 **Q. WHAT DID AT&T PROPOSE FOR PRICES OF UNBUNDLED NETWORK**  
14 **ELEMENTS?**

15 A. This subject is addressed fully in the testimony of AT&T Witness Ellison filed on  
16 behalf of AT&T in this proceeding. Generally, AT&T proposed pricing BellSouth's  
17 unbundled network elements at TSLRIC.

18 **Q. WHAT WAS BELLSOUTH'S RESPONSE TO AT&T'S PROPOSAL?**

19 A. BellSouth rejected AT&T's proposal. BellSouth proposed to use its tariffed rates.

20 **Q. WHAT DID AT&T PROPOSE AS RECIPROCAL COMPENSATION FOR**  
21 **INTERCONNECTION OF LOCAL TRAFFIC?**

22 A. This subject of interconnection compensation is fully discussed in the testimonies of  
23 AT&T Witnesses Ellison, Gillan and Kaserman filed on behalf of AT&T in this  
24 proceeding, and includes a discussion of appropriate pricing as defined by the Act.  
25 AT&T proposed that prices be set at TSLRIC. Until BellSouth provides appropriate

1 TSLRIC studies, AT&T proposed a reciprocal "bill and keep" compensation  
2 arrangement for at least the first year of AT&T's Interconnection Agreement.

3 **Q. WHAT WAS BELLSOUTH'S RESPONSE TO AT&T'S PROPOSAL?**

4 A. BellSouth did not accept AT&T's proposal. Instead, BellSouth maintained that  
5 compensation should be based on the interexchange access charges that BellSouth  
6 has set in its tariffs.

7 **Q. WOULD YOU SUMMARIZE YOUR TESTIMONY?**

8 A. *AT&T was interested in the Florida local exchange services even prior to passage of*  
9 *the Act. From an early time we have envisioned providing Florida consumers with a*  
10 *choice of local service providers. While BellSouth has remained a monopoly,*  
11 *Florida consumers have been denied the benefits of technological innovations and*  
12 *competitive pressure on prices. AT&T promptly moved out following passage of the*  
13 *Act to engage BellSouth in negotiations. Those negotiations have achieved a*  
14 *number of agreements, but have failed on significant, key issues including*  
15 *restrictions on resale, operational parity, branding, unbundled network elements and*  
16 *pricing. AT&T's requests of BellSouth are intended to ensure that real, true*  
17 *competition arrives in Florida - - and not just the appearance of competition. For*  
18 *AT&T to have a real opportunity to provide Florida consumers with quality local*  
19 *services, it must have the ability to compete against BellSouth on equal terms and be*  
20 *able to offer customers at least the same quality services as BellSouth.*

21 **Q. DOES THIS COMPLETE YOUR TESTIMONY?**

22 A. Yes.