

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by AT&T) DOCKET NO. 960833-TP
Communications of the Southern) DOCKET NO. 960846-TP
States, Inc., MCI) DOCKET NO. 960916-TP
Telecommunications Corporation,)
MCI Metro Access Transmission) ORDER NO.
Services, Inc., American) ISSUED:
Communications Services, Inc.)
and American Communications)
Services of Jacksonville, Inc.)
for arbitration of certain terms)
and conditions of a proposed)
agreement with BellSouth)
Telecommunications, Inc.)
concerning interconnection and)
resale under the)
Telecommunications Act of 1996.)
)

FIRST DAY -- MID AFTERNOON SESSION

VOLUME 2

Pages 162 through 268

PROCEEDINGS:

Hearing

BEFORE:

CHAIRMAN SUSAN F. CLARK
COMMISSIONER J. TERRY DEASON
COMMISSIONER JULIA L. JOHNSON
COMMISSIONER DIANE K. KIESLING
COMMISSIONER JOE GARCIA

DATE:

Wednesday, October 9, 1996

PLACE:

Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

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APPEARANCES:

(As heretofore noted.)

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P R O C E E D I N G S

(Hearing reconvened at 1:45 p.m.)

(Transcript follows in sequence from Volume 1.)

CHAIRMAN CLARK: Let's call the hearing back to order.

I think we were on Staff's Cross Examination of Mr. Gillan.

MS. CANZANO: Staff has no questions.

CHAIRMAN CLARK: Questions, Commissioners?

Redirect.

MS. DUNSON: Yes. Actually I just have a few questions for Mr. Gillan.

REDIRECT EXAMINATION

BY MS. DUNSON:

Q Mr. Gillan, I believe Mr. Carver asked you several questions about resell and unbundling of network elements. And I believe he asked you a series of questions about recombining elements to provide certain services. And I just wanted you to maybe explain to the Commission your view as to whether or not it's a problem for other carriers to recombine these elements.

A No. I think it's very important for the Commission to understand why the ability to combine network elements is so important, not only from the entrant's perspective but presumably from the Commission's perspective as well of trying to make sure that it isn't just downtown business locations that see some benefit or have the opportunity to select, you know, to choose their local telephone company.

1 The ability to order combinations of network elements
2 is not some surprise that Congress inadvertently put in the
3 statute. It was there to address a fundamental problem. That
4 problem is that competitive networks in the local market do not
5 exist today. It is going to take considerable time for them to
6 be deployed to even those locations where it makes economic
7 sense and in some instances will not be deployed at all, you
8 know, in the near term.

9 The question then becomes if you're going to enact a
10 statute that has as one of its outcomes the ability of
11 customers to choose providers of local and long distance
12 service as a package, it's very easy for the Bell Company or
13 any local telephone company to add long distance service and to
14 be able to do so to every subscriber in their territory. How
15 do you then make it possible for anyone else to offer -- to
16 also go out and offer any subscriber the ability to provide end
17 local and local distance.

18 At one point in time, I think there was a myth in this
19 industry that said that all you need to do is unbundle local
20 loops and if you do that then customer carriers will be able to
21 easily offer local and long distance services together or local
22 services. That myth, however, missed a couple of key points
23 about what it is like to broadly approach a market instead of
24 narrowly approach a market. And one of the reasons I'm here
25 today on behalf of AT&T is AT&T isn't -- In fact, any long

1 distance carrier is not like other entrants. They already have
2 customers. Those customers aren't just located in downtown
3 areas. They need the ability to go out and offer those
4 customers a broad solution.

5 If you only have local loops available to you, then
6 that means two things: You have to construct a network
7 effectively out to the switches where those loops today
8 terminate. Well, in the network today there's roughly 22,000
9 of those locations. To give you some idea of scale, in order
10 to provide long distance service to everyone in America, you
11 only need, on a facilities basis, you only need construct your
12 network to each LATA. There's 900 LATAs. So to be able to go
13 to the next level of going to all of these switches and buying
14 unbundled loops, that network would have to expand from 900 to
15 22,000 points of termination; not likely.

16 But there's an even bigger problem. That problem is
17 if you use unbundled loops, every time a customer changes, you
18 actually have to physically rearrange the network. The loop
19 from that customer has to be identified, it has to be
20 disconnected from the existing switch, it has to be reconnected
21 to a new switch in order for service to occur. What that means
22 is that that mode of operation will never be able to handle
23 inexpensively or quickly a large number, a large volume of
24 requests.

25 So, on the one hand entrants need the ability to

1 handle these customer requests in an inexpensive and rapid
2 manner. The loop isn't going to do it. Resale? Well, resale
3 has other problems. Resale, you're never able to offer
4 services that are different than the LECs. By definition, the
5 only service you can offer is exactly what they offer and the
6 only pricing flexibility you have is in the differential
7 between the wholesale and retail.

8 So, the idea evolved that instead of having a choice
9 of just resale or having to buy unbundled loops, you'd be able
10 to buy network combinations and those network combinations were
11 designed fundamentally so the customer carriers could rapidly
12 approach the market, easily change customers, because now when
13 a customer goes from one carrier to another carrier, instead of
14 physically rearranging the network, all the changes are
15 software controlled.

16 Two, you can now innovate. You can do different
17 things than the LEC has chosen to do because you can add and
18 delete features and make your local product differently.

19 Three, your pricing flexibility is the same as the
20 local telephone company's. You face the full cost of serving
21 the customer, which is why frequently you will pay them more
22 than under a resale scenario, but you have the same revenue
23 sources available to you.

24 This idea came about so that carriers would be able to
25 offer service broadly and quickly. Is it why the Illinois

1 Commission embraced it. I believe it is why Congress put it
2 into the Act and it's why the FCC ultimately adopted it as
3 well. So, I think it's important for the Commission to
4 understand that it's fundamentally there so that people can
5 serve smaller users.

6 Q Mr. Gillan, is it your opinion that new entrants, such
7 as AT&T, will buy these unbundled elements, recombine them
8 solely for the purpose of providing RF-1 service?

9 A I'm sorry. I didn't hear the last part. Solely to
10 provide --

11 Q BellSouth's basic local exchange service, RF-1.

12 A No, it represents a completely different step in a
13 transition to becoming a full facilities based carrier. Once
14 you are providing service through a combination of network
15 elements, you have the flexibility to change out different
16 network elements with your own facilities. In addition, it
17 does give you the ability to offer services that are different
18 than the local telephone company, an opportunity that the
19 resale scenario never inherently can provide you.

20 MS. DUNSON: No more questions.

21 CHAIRMAN CLARK: Exhibits.

22 MS. DUNSON: Madam Chairman, I'd like to move for the
23 admission of the Exhibit No. 3, which is JPG-1 and JPG-2 into
24 the record.

25 CHAIRMAN CLARK: Without objection, they'll be

1 admitted in the record.

2 (Exhibit No. 3 admitted.)

3 COMMISSIONER CLARK: Thank you, Mr. Gillan.

4 WITNESS GILLAN: Thank you.

5 MR. TYE: Madam Chairman, AT&T calls Ron Shurter to
6 the stand.

7 CHAIRMAN CLARK: Mr. Shurter, you did stand up when we
8 swore in the witnesses; is that correct?

9 WITNESS SHURTER: Yes, I did.

10 CHAIRMAN CLARK: Thank you.

11 RONALD H. SHURTER

12 was called as a witness on behalf of AT&T and, having been
13 previously duly sworn, testified as follows:

14 DIRECT EXAMINATION

15 BY MR. LOGAN:

16 Q Good afternoon, Mr. Shurter. Could you state your
17 name and business address for the record, please.

18 A Ronald H. Shurter. And my --

19 COMMISSIONER KIESLING: Sir, you have to push the
20 button so the red light is off.

21 A Thank you. How's that? Much better. Even I can
22 hear.

23 Ronald H. Shurter. My business address is AT&T, One
24 Oak Way, Berkley Heights, New Jersey.

25 BY MR. LOGAN (Continuing):

1 Q And in what capacity are you employed by AT&T?

2 A I have the responsibility of the local infrastructure
3 and access management for the southern states as well as
4 interfacing with national local service providers such as GTE
5 and Sprint United.

6 Q Mr. Shurter, did you cause to be prepared Prefiled
7 Direct Testimony dated July 31, 1996, Supplemental Direct
8 Testimony dated August 23rd, 1996, and Rebuttal Testimony dated
9 August 30th, 1996?

10 A Yes, I did.

11 Q Do you have any changes to those, to that testimony?

12 A Yes, I do. To my Direct Testimony, on page 5, line
13 18, the cite to the page number is shown as 5 and it should be
14 page 51.

15 And on the same page, line 25, the cite page reference
16 is to page 5 and it should be page 50.

17 Q Any changes to your Supplemental Direct or Rebuttal
18 Testimony?

19 A No.

20 Q Mr. Shurter, if I were to ask you the questions
21 contained in that testimony today, would your answers be the
22 same with the corrections that you've just made?

23 A Yes, they would.

24 MR. LOGAN: Madam Chairman, I'd move for the admission
25 of Mr. Shurter's testimony.

1 CHAIRMAN CLARK: Yes. The Prefiled Direct Testimony,
2 Supplemental Direct and Rebuttal will be inserted in the record
3 as though read.

4 BY MR. LOGAN (Continuing):

5 Q Mr. Shurter, did you also cause to be prepared an
6 exhibit to your rebuttal testimony?

7 A Yes, I did.

8 MR. LOGAN: Madam Chairman, I would move for
9 identification Mr. Shurter's Exhibit RHS-1.

10 CHAIRMAN CLARK: We'll mark that as Exhibit 4.

11 MR. LOGAN: Thank you.

12 (Exhibit No. 4 marked for identification.)
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1 **DIRECT TESTIMONY OF RONALD H. SHURTER**
2 **ON BEHALF OF AT&T COMMUNICATIONS**
3 **OF THE SOUTHERN STATES, INC.**

4 **Q. PLEASE IDENTIFY YOURSELF.**

5 A. I am Ronald H. Shurter and my business address is 1 Oak Way, Berkeley Heights,
6 New Jersey, 07922-2724.

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

9 A. I earned a Bachelor of Science degree in Business Administration from Ferris State
10 University in 1969. In 1974, I earned a Masters of Business Science in Finance
11 from the University of Detroit. In 1992, I completed the Senior Executive Program
12 of the Sloan Business School at the Massachusetts Institute of Technology. I also
13 have completed various training programs sponsored by AT&T.
14 In 1969, I started my career in the telecommunications industry with Michigan Bell
15 Telephone, where I held various operations management positions. Between 1981
16 and 1983, I coordinated a number of efforts on behalf of AT&T involving
17 divestiture. I played a major role in the development and implementation of the
18 Shared Network Facilities Contract, which provided for the sharing of post-
19 divestiture network facilities between AT&T and the Bell operating companies. I
20 further coordinated the implementation of divestiture-sharing intercompany
21 contracts, which addressed shared network facilities, data center services, operation
22 systems enhancements and billing services. From 1983 to 1986, I worked in
23 AT&T's Network Systems Operations, and eventually held the position of Director.
24 At Network Systems Operations, I established and managed the business unit that
25 provides software and hardware operations in support of central office switching

1 equipment. In 1988, I assumed a position with Network Systems and developed the
2 organization structure and management process to market transmission products
3 internationally. In 1993, I became Strategic Planning Vice President in Network
4 Systems where I developed strategic direction for AT&T in the area of system
5 integration and provided integral solutions for customers. I later created two (2)
6 new businesses within AT&T's Network Systems to provide consulting. System
7 integration and Telephone Company operations outsourcing services to telephone
8 companies worldwide. Since March, 1996 I have served as AT&T Local
9 Infrastructure and Access Management Vice President for the Southern States and
10 National Suppliers.

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 **A.** My testimony addresses the need for parity in the provision of local exchange
13 services in order to ensure that consumers receive the full benefits of competition
14 that Congress intended through passage of the Telecommunications Act of 1996
15 (the "Act"). Parity is a term I will use to describe a new entrant's capability to
16 provide its customers the same experience as BellSouth provides its own customers.
17 BellSouth has a monopoly over the services, network elements that are necessary to
18 provide local exchange services. Consequently, new entrants like AT&T must
19 obtain services, network elements and interconnection from BellSouth in order to
20 offer Florida consumers local exchange services. Unless BellSouth provides new
21 entrants with all of the foregoing on at least an equivalent basis as BellSouth
22 provides itself in support of its retail operations new entrants cannot offer Florida
23 consumers a full range of high quality services at competitive prices. Parity,
24 therefore, is essential to provide consumers with true choices in the provision of
25 local exchange services.

1 **Q. DOES THE ACT REQUIRE PARITY?**

2 A. Yes. The Act prohibits BellSouth from imposing unreasonable or discriminatory
3 limitations or conditions on new entrants when providing telecommunications
4 services for resale, and obligates BellSouth to provide unbundled network elements
5 and network interconnection at reasonable and nondiscriminatory terms and
6 conditions. It is unreasonable and discriminatory for BellSouth to provide new
7 entrants with services, network elements or interconnection for their retail
8 operations that are inferior to those which BellSouth provides itself to support
9 BellSouth's retail operations. Parity, moreover, advances the expressed goals of the
10 Act to promote robust competition so that consumers may secure the benefits of
11 higher quality services and emerging technologies at competitive prices. Without
12 parity, new entrants will not be able to compete effectively against BellSouth. The
13 end result will be Florida consumers not realizing the full benefits of robust
14 competition.

15 **Q. WHAT NEGOTIATION ISSUES REMAIN UNRESOLVED THAT RELATE**
16 **TO PARITY IN THE DELIVERY OF LOCAL EXCHANGE SERVICES?**

17 A. Several key parity issues remain unresolved:

18 (1) BellSouth has not agreed to provide AT&T with real-time interactive
19 access -- via electronic interfaces -- to BellSouth's computerized operations support
20 systems. Electronic interfaces will enable AT&T to achieve parity in the
21 performance of operation support services.

22 (2) BellSouth would not agree to provide AT&T with the ability to route
23 calls from its customers directly to AT&T's service platforms for Operator Service
24 and Directory Assistance Services. Direct routing will enable AT&T to achieve
25 parity by providing AT&T customers the same convenient access to AT&T's

1 platforms as BellSouth customers have to BellSouth's platforms.

2 (3) BellSouth would not agree to present the AT&T brand in a fashion
3 acceptable to AT&T's where AT&T is paying BellSouth to interface with customers
4 on behalf of AT&T. In some cases, BellSouth would simply use its brand name
5 with AT&T customers. Proper branding will eliminate consumer confusion and
6 will enable AT&T to achieve parity in market visibility by allowing AT&T to
7 provide branded services and materials to AT&T customers just as BellSouth
8 provides branded services to BellSouth customers.

9 (4) BellSouth would not agree to provide AT&T with contractual
10 commitments to ensure that BellSouth provides AT&T a quality product (so that
11 AT&T in turn can provide a quality product to its customers). Contractual
12 commitments to quality will help ensure that BellSouth meets its obligation to
13 AT&T with services, network elements and interconnection that are at least equal in
14 quality to those which BellSouth provides itself to support its retail operations.

15 (5) BellSouth would not agree to provide AT&T reasonable access to
16 information such as existing interconnection agreements with other companies or
17 advance notification of service and network changes. Reasonable access to this
18 information will enable AT&T to modify network and operational support systems
19 such that it could offer new or changed products to Florida concurrently with
20 BellSouth.

21 **Q. HAVE OTHER STATE COMMISSIONS ADDRESSED PARITY ISSUES?**

22 **A.** Yes. The Illinois Commerce Commission recently emphasized the importance of
23 parity by its conclusion that "resellers must have the opportunity to provide every
24 aspect of their retail customer contacts at parity with those provided to retail
25 customers by the LECs either directly or through a subsidiary." *Illinois Commerce*

1 *Commission, Case Nos. 95-0458, 95-0531, at 51 (June 26, 1996).*

2 The State Commissions in Georgia, Illinois, Ohio, and New York have adopted
3 policies that require incumbent LECs to provide electronic interfaces:

4 **Georgia** -- The Georgia Public Service Commission found that "it is
5 imperative that a reseller have access to the same service ordering provisions,
6 service trouble reporting and informational databases for their customers as does
7 BellSouth." *Georgia Public Service Commission, Docket No. 6352-U, at 12 (June*
8 *12, 1996).* In that proceeding, even BellSouth acknowledged that "[n]o one is
9 happy, believe me, with a system that is not fully electronic." *Id. at 11.*
10 Accordingly, the Georgia PSC ordered BellSouth to provide the electronic
11 interfaces requested by AT&T.

12 **Illinois** -- The Illinois Commerce Commission concluded that "[t]he
13 importance of equal operational interfaces is essential to the development of resale
14 competition. In order to ensure that the needs of new entrants are satisfied, the
15 Commission will order that all incumbent LECs are required to provide to resellers,
16 as an integral part of their resale service offering, all operational interfaces at parity
17 with those provided their own retail customers, whether directly or through an
18 affiliate." *Illinois Commerce Commission, Docket Nos. 95-0458, 95-0531, at 5*
19 *(June 26, 1996).* 51

20 **Ohio** -- The Ohio Public Utilities Commission ordered each LEC that
21 maintains a carrier-to-carrier tariff "to provide nondiscriminatory, automated
22 operational support systems which would enable other LECs reselling its retail
23 telecommunications services to order service, installation, repair, and number
24 assignment; monitor network status; and bill for local service." *Ohio Public*
25 *Utilities Commission, Docket Nos. 95-845-TP-COL Appendix A, at 5. (June 12,*

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1 1996).

2 **New York** -- The New York Public Service Commission established an
3 operations group to ensure that New York Telephone implements adequate
4 processes and systems to enable resellers to operate on a par with New York
5 Telephone. *New York Public Service Commission, Case No. 95-C-0657, at 13*
6 *(June 25, 1996)*. The guiding principle for the operations group is that "new
7 entrants should have access to the same New York Telephone information,
8 processes, systems and service quality (e.g., pre-ordering information, service order
9 processes, service provisioning and repair intervals, trouble reporting and
10 monitoring mechanisms) as New York Telephone employs to serve its own end-use
11 customers." *Id.* To afford new entrants the opportunity to compete effectively with
12 the incumbent LEC, New York Telephone will provide new entrants with real-time,
13 electronic access to New York Telephone's systems wherever possible thereby
14 improving the new entrant's ability to transact business with their customers
15 promptly and efficiently.

16 The State Commissions in Georgia, Illinois, Ohio, and New York also have adopted
17 policies that require incumbent LEC's to provide direct routing and branding:

18 **Georgia** -- The Georgia Public Service Commission found that the ability
19 of a competing carrier to utilize their own operators or custom-branded operator
20 services will enhance the ability of that entity to effectively compete. *Georgia*
21 *Public Service Commission, Docket No. 6352-U, at 13 (June 12, 1996)*.

22 **Illinois** -- The Staff of the Illinois Commerce Commission concluded that
23 "the potential exists for the wholesale LEC to use its monopoly power in the
24 provisioning of incumbent local exchange service anticompetitively." *Illinois*
25 *Commerce Commission, Docket Nos. 95-0458, 95-0531, at 51-52 (June 26, 1996)*

1 The staff recognized that the incumbent local exchange carrier could "advertise its
2 own services by branding directory assistance, operator services, etc., on calls
3 provided to end users by the resellers." *Id.* Accordingly, the Illinois Commerce
4 Commission found that the unbundling of Operator Services and Directory
5 Assistance is a necessary requirement for effective competition and rejected the
6 incumbent LEC's claim that direct routing was not technically feasible. *Id. at 45.*
7 Illinois also required that the incumbent LEC brand Operator Services and Directory
8 Assistance for resellers where technically feasible. *Id. at 45..*

9 **Ohio** -- The Ohio Public Utilities Commission similarly ordered incumbent
10 LECs to unbundle Operator Services, Directory Assistance and other services. *Ohio*
11 *Public Utilities Commission, Docket No. 95-845-TP-COI, Appendix A, at 49* (June
12 12, 1996.) Ohio also provided for the branding of purchased services. *Id. at 52.*

13 **New York** -- The New York Public Service Commission directed New
14 York Telephone to file tariffs providing for both unbundled and branded Operator
15 Services and Directory Assistance. *New York Public Service Commission, Case No.*
16 *95-C-0657, Order No. 5* (June 25, 1996).

17 **ELECTRONIC INTERFACES**

18 **Q. WHAT ARE ELECTRONIC INTERFACES?**

19 **A.**Electronic interfaces are electronic connections between AT&T's and BellSouth's
20 computer systems that allow AT&T personnel immediate access to information in,
21 and capabilities of, BellSouth's computerized operations support systems.
22 Electronic interfaces could involve direct access between the AT&T and Bell South
23 computer systems, or access through separate "gateway" interfaces. A gateway is a
24 mechanism that allows the systems of both companies' to communicate with each
25 other even though they cannot communicate directly because of different or

1 incompatible software.

2 AT&T has requested that BellSouth provide electronic interfaces that are capable of
3 providing real-time, interactive access to BellSouth's operation support systems.

4 Real-time access would enable AT&T personnel to transmit and receive
5 instantaneously the most current data that is available at any particular moment.

6 Interactive access would enable AT&T personnel to update the databases in
7 BellSouth's operations support systems. For example, interactive access would
8 enable AT&T personnel to assign a "vanity" telephone number to a customer or
9 schedule the earliest available installation appointment with the customer on-line
10 instead of through multiple telephone calls.

11 **Q. PLEASE DESCRIBE THE OPERATIONS SUPPORT SYSTEMS FOR**
12 **WHICH AT&T IS REQUESTING REAL-TIME INTERACTIVE ACCESS**
13 **THROUGH ELECTRONIC INTERFACES.**

14 **A.** AT&T has requested electronic interfaces for five basic operations support systems:

15 Pre-Ordering Systems -- Pre-ordering is the means by which a carrier
16 obtains information regarding a potential customer that is needed to place an order
17 for services, assigns a telephone number and schedules installation. Electronic
18 interfaces would provide AT&T and its customers with real-time, interactive access
19 to information such as current customer service records, service and feature
20 availability, telephone number data bases and service installation schedules. The
21 system requested would allow an AT&T customer representative, while on line with
22 the customer, to determine which features and services are desired by, and available
23 to, the customer.

24 Ordering and Provisioning Systems -- Ordering and provisioning is the
25 means by which a carrier initiates an order and establishes service. Electronic

1 interfaces would provide AT&T and its customers with the quick and accurate
2 performance of a number of services, including, but not limited to, the provisioning
3 of service within BellSouth's network, installation at the customer's premises,
4 updating of directory listings, updating of customer information for the 911 data
5 base, and monitoring the status of service orders.

6 Maintenance and Repair Systems -- Maintenance and repair are the means
7 by which a carrier arranges for responses to service requests from customers.

8 Electronic interfaces would minimize the impact on consumers of service
9 disruptions by allowing AT&T's customers to schedule a repair appointment in the
10 same conversation in which they report a service problem.

11 Customer Usage Data Transfer System -- Customer usage data transfer is
12 the means by which the customer's usage data is collected and transmitted by a
13 carrier for billing purposes. Electronic interfaces would enable AT&T customers to
14 receive timely and accurate bills.

15 Local Account Maintenance System -- Local account maintenance is the
16 means by which a carrier can update information regarding a particular customer,
17 such as a change in the customer's long distance carrier. Electronic interfaces would
18 allow AT&T customers to have their accounts updated promptly and accurately.

19 **Q. DO ELECTRONIC INTERFACES PROVIDE ANY BENEFITS TO**
20 **FLORIDA CONSUMERS?**

21 A. Yes. Electronic interfaces would enable new entrants like AT&T to provide
22 operations support services to Florida consumers more quickly, conveniently,
23 accurately, and efficiently than otherwise would be possible without electronic
24 interfaces. Electronic interfaces eliminate the manual process by which BellSouth
25 personnel receive and transmit data from AT&T systems to BellSouth systems, or

1 from BellSouth systems to AT&T systems. By eliminating that manual process,
2 AT&T customers will not be forced to experience the bottlenecks and inaccuracies
3 that inevitably result when data is received manually from one electronic system and
4 inputted manually into another electronic system. Without those avoidable
5 bottlenecks and inaccuracies, Florida consumers will receive services more quickly,
6 conveniently, accurately and efficiently.

7 **Q. ARE ELECTRONIC INTERFACES NECESSARY TO PROMOTE**
8 **COMPETITION?**

9 A. Yes. The ability of a new entrant like AT&T to attract new customers is dependent
10 upon their ability to offer quick, convenient and accurate support services such as
11 pre-ordering, ordering and provisioning. Consumers are less willing to switch local
12 exchange carriers if that switch cannot be completed quickly, conveniently, and
13 accurately. For example, consumers may not switch local service providers if it
14 takes several telephone calls to obtain the necessary pre-ordering information or if
15 they cannot receive a firm confirmation for a particular date and time for
16 installation.

17 **Q. CAN YOU PROVIDE A SPECIFIC EXAMPLE OF THE EFFECT ON**
18 **COMPETITION WHEN AT&T IS DENIED ELECTRONIC INTERFACES**
19 **WITH OPERATIONS SUPPORT SYSTEMS?**

20 A. In January 1995, AT&T entered the local services resale market in Rochester, New
21 York. The Rochester Telephone Company, ("Rochester") like BellSouth, refused to
22 provide AT&T with electronic interfaces to its operations support systems and
23 instead required a manual system. The ordering process with Rochester initially
24 required manual processing of service orders from AT&T. As a result, AT&T had
25 to complete and fax to Rochester a multi-page form for every individual customer

1 who wanted to switch service to AT&T. Rochester insisted that no customers could
2 be switched until Rochester had faxed multiple documents back to AT&T. AT&T
3 was signing up between one and two hundred new customers daily, and therefore
4 had to fax up to 1400 pages to Rochester each day, causing numerous errors and
5 delays in implementing customer orders. As a result of this cumbersome process,
6 AT&T was unable to provide service in a timely manner, and competitive forces
7 drove AT&T to cease marketing its resale of local services in Rochester. These
8 problems were intolerable on a limited scale in Rochester, and they obviously would
9 be magnified in a larger urban area. and certainly on a state-wide basis.

10 **Q. HAS BELLSOUTH PROPOSED A SYSTEM SIMILAR TO THAT**
11 **PROPOSED BY THE ROCHESTER TELEPHONE COMPANY?**

12 A. Yes. BellSouth has proposed a system that is somewhat better than what Rochester
13 demanded, but significantly more cumbersome than a real-time, interactive system.
14 BellSouth's proposed system would fax orders electronically through computers
15 rather than manually through fax machines as occurred in Rochester. However,
16 BellSouth's proposal still would require manual entry and retrieval of information
17 by BellSouth's personnel. In all respects, BellSouth's proposal would seriously
18 undermine AT&T's ability to compete because the bottlenecks and inaccuracies
19 inherent to such a manual system would remain.

20 **Q. ARE ELECTRONIC INTERFACES TECHNICALLY FEASIBLE?**

21 A. Yes. It is my understanding that BellSouth offers electronic interfaces to its
22 customers. If direct access is impeded by incompatible computer systems,
23 appropriate gateways would allow the access needed by AT&T. The only practical
24 issues that exist relate to the speed with which electronic interfaces can be
25 implemented. We request that the Commission order BellSouth to provide

1 electronic interfaces as soon as possible.

2 **DIRECT ROUTING**

3 **Q. WHAT IS DIRECT ROUTING?**

4 A. Direct routing provides the capability for all consumers to dial the same telephone
5 number but to have their calls routed to the service platform of their chosen local
6 service provider. In other words, when a consumer dials the number for directory
7 assistance (411), that call is routed directly to the service platform of that
8 consumer's chosen local service provider. For example, a BellSouth customer
9 dialing 411 for directory assistance would reach a BellSouth service platform while
10 an AT&T customer dialing the same 411 would reach an AT&T service platform.

11 **Q. WHAT DID AT&T REQUEST FROM BELLSOUTH IN TERMS OF**
12 **DIRECT ROUTING?**

13 A. AT&T requested that BellSouth provide the capability to route calls directly from
14 AT&T customers to AT&T service platforms for Operator Services and Directory
15 Assistance Services (collectively referred to as "OS/DA services"). In other words,
16 AT&T requested that calls from its customers go directly to AT&T's service
17 platforms whenever AT&T customers dial the traditional and familiar numbers for
18 Operator Services (0+, 0-) and Directory Assistance (411, 555-1212).

19 **Q. WHAT WAS BELLSOUTH'S RESPONSE TO AT&T'S REQUEST FOR**
20 **DIRECT ROUTING?**

21 A. BellSouth would not agree to provide direct routing.

22 **Q. DOES DIRECT ROUTING PROVIDE ANY BENEFITS TO CONSUMERS?**

23 A. Yes. AT&T wants to offer services to Florida consumers that are equal to or better
24 than the services BellSouth currently provides. Direct routing is necessary to allow
25 AT&T to offer its customers convenient access to AT&T's world-class service

1 platforms. From these platforms, AT&T can provide services that may not
2 otherwise be available to consumers, such as multi-lingual operators, voice
3 recognition, accurate quotes of AT&T rates, and calling card services.

4 **Q. ARE THERE ANY NEGATIVE CONSEQUENCES TO CONSUMERS IF**
5 **DIRECT ROUTING IS NOT PERMITTED?**

6 A. Yes. Without direct routing, consumers who choose AT&T will not have dialing
7 parity with BellSouth customers. To reach AT&T's service platforms, AT&T
8 customers must dial long and unfamiliar telephone numbers. Without direct
9 routing, AT&T customers who dial the traditional and familiar numbers for OS/DA
10 services, naturally will be confused when they are greeted by BellSouth operations
11 instead of AT&T's operators. Consumers will not know whether they have dialed
12 the wrong number, whether their chosen local services provider does not provide
13 OS/DA services, or whether they were "slammed" and BellSouth is now their local
14 services provider.

15 **Q. WOULD DIRECT ROUTING FOSTER COMPETITION?**

16 A. Yes. In order to convince consumers to switch local service providers, new market
17 entrants like AT&T must be able to distinguish themselves from the competition
18 and strengthen customer relationships. Direct routing facilitates both. OS/DA
19 services represent several of the relatively few instances where a local services
20 provider interfaces directly with the customer. These services, therefore, provide an
21 excellent opportunity for a new market entrant to demonstrate its particular
22 strengths to its customers directly and in an easily recognizable manner. By
23 providing quality service that is uniquely associated with a particular LEC, that
24 carrier can distinguish itself from the competition and strengthen its customer
25 relationships.

1 On the other hand, new market entrants cannot readily distinguish themselves if
2 BellSouth maintains a monopoly on convenient access to OS/DA services.
3 BellSouth, moreover, will be able to insert itself between new market entrants and
4 their customers when those customers are greeted and serviced by BellSouth's
5 operators.

6 BRANDING

7 **Q. WHAT IS BRANDING?**

8 A. Branding is the marking of a service or materials with a company logo or other
9 marketing device.

10 **Q. WHAT DID AT&T REQUEST FROM BELLSOUTH WITH RESPECT TO**
11 **BRANDING?**

12 A. AT&T requested that when BellSouth provides services to AT&T customers on
13 behalf of AT&T, BellSouth must utilize the AT&T brand instead of BellSouth's
14 brand. Specifically, AT&T requested that BellSouth: (1) advise AT&T customers
15 that they are representing AT&T; (2) furnish any customer information materials
16 provided by AT&T; (3) refrain from marketing BellSouth directly or indirectly to
17 AT&T customers. AT&T also requested that BellSouth's affiliate (BellSouth
18 Advertising & Publishing Corporation or "BAPCO") include the AT&T logo on its
19 telephone directories.

20 **Q. WHAT WAS BELLSOUTH'S RESPONSE TO AT&T'S REQUEST FOR**
21 **BRANDING?**

22 A. BellSouth refused to agree to AT&T's request. BellSouth proposed to use generic
23 materials for non-BellSouth customers and would write in the name of the
24 appropriate local service provider in a blank space. BellSouth, however, would use
25 materials carrying the BellSouth brand with its customers, and services would carry

1 the BellSouth brand, regardless of which carrier was the local services provider.
2 With respect to including AT&T's logo on the cover of telephone directories,
3 BellSouth agreed to include AT&T's logo only if AT&T agreed to excessive rates,
4 and restrictive and anticompetitive terms and conditions.

5 **Q. DOES BRANDING PROVIDE ANY BENEFITS TO CONSUMERS?**

6 A. Yes. Branding will eliminate consumer confusion that inevitably would result if a
7 customer receives services carrying the BellSouth brand instead of the brand of its
8 chosen local services provider. Consumers may ask themselves: "Why am I
9 receiving a services from BellSouth instead of from my local service provider?
10 Does this service have the quality that I paid for when I chose my local service
11 provider? Who do I call if I have a problem with this product? Is BellSouth going
12 to charge me a different price than my local service provider?" When services and
13 materials carry the brand of the appropriate local services provider, such questions
14 and the associated confusion do not arise.

15 **Q. DOES BRANDING FOSTER ROBUST COMPETITION?**

16 A. Yes. Robust competition benefits consumers by securing lower prices and higher
17 quality services, and encouraging the rapid deployment of new telecommunications
18 technologies.

19 As a result of its monopoly, BellSouth is the best known LEC in Florida. Branding
20 will foster robust competition by enabling new market entrants to establish and
21 maintain their identity in the local exchange market. Branding is the way local
22 exchange carriers like BellSouth and AT&T tell their customers "This is my
23 service, it has the level of quality necessary to carry my brand, and I will stand
24 behind this service." LECs can promote their reputation by providing quality
25 services that carry their brand. If local services only carry the BellSouth brand, it

1 will be much more difficult for new market entrants to establish an identity that
2 gives them a presence in the marketplace. New market entrants, moreover, will be
3 paying BellSouth to keep BellSouth's brand in front of the very customers that the
4 new market entrant worked hard to win. This does not promote competition.

5 **CONTRACTUAL COMMITMENTS TO PROVIDE QUALITY SERVICE**

6 **Q. DID AT&T REQUEST THAT BELLSOUTH MAKE A CONTRACTUAL**
7 **COMMITMENT TO PROVIDE QUALITY SERVICE?**

8 A. Yes. AT&T requested that BellSouth provide AT&T services, network elements
9 and interconnections at parity with those that BellSouth provides itself to support its
10 retail operations. AT&T, therefore, requested that BellSouth agree to satisfy
11 specific Direct Measures of Quality ("DMOQs"). DMOQs are objective and
12 quantifiable quality standards for telecommunications services. AT&T also
13 requested that BellSouth provide *monthly management reports of its performance*
14 *record against the DMOQs*. AT&T further requested that BellSouth agree to pay
15 liquidated damages if BellSouth's performance was deficient.

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

17 A. BellSouth did not agree to the proposed DMOQs and did not offer to provide any
18 contractual commitment to provide quality service.

19 **Q. HOW DO DMOQS HELP SECURE HIGHER QUALITY SERVICES?**

20 A. Initially, new market entrants like AT&T must purchase most of the services,
21 network elements, and interconnection necessary to provide local exchange service
22 from BellSouth because BellSouth is the sole source for all of the foregoing
23 elements. New market entrants cannot provide high quality services to consumers
24 unless BellSouth first provides high quality services to new market entrants.
25 DMOQs are effective management tools to ensure that BellSouth is providing high

1 quality services -- they measure services quality and highlight areas that need
2 special management attention. In addition, contractual commitments to back
3 DMOQ's provide a financial stimulus to ensure that management attention is
4 forthcoming whenever quality is substandard. BellSouth certainly requires similar
5 contractual commitments from its suppliers.

6 **Q. HOW DO DMOQS HELP PROMOTE COMPETITION?**

7 A. Robust competition cannot develop unless new market entrants are able to offer
8 high quality services to its customers. However, it is against BellSouth's monopoly
9 interests, to provide high quality services to its competitors. DMOQs help promote
10 robust competition by providing standards backed by contractual assurances that
11 BellSouth will offer for resale services to new market entrants that are at least equal
12 in quality to the services that BellSouth utilizes to support its retail operations. In
13 short, DMOQs help put new market entrants on a level playing field with BellSouth
14 in terms of service quality.

15 **Q. HOW DO DMOQS HELP REDUCE REGULATION?**

16 A. New market entrants will not have to resort to constant petitioning of this
17 Commission if quality issues arise. DMOQs provide objective and quantifiable
18 measurements of service quality so that the parties can reasonably determine
19 whether a quality problem exists. DMOQs also provide a basis for contractual
20 remedies if BellSouth provides substandard service. If necessary, new market
21 entrants would be able to invoke their contractual remedies without requesting
22 intervention by this Commission.

23 **Q. HOW DO DMOQS HELP PREVENT DISCRIMINATION?**

24 A. Again, DMOQs provide objective standards that can be used to determine whether
25 BellSouth is discriminating against new market entrants by providing inferior

1 services. DMOQs also provide a contractual remedy for substandard service that
2 should discourage discrimination.

3 **Q. ARE THERE OTHER REASONS WHY DMOQS ARE IMPORTANT TO**
4 **AT&T?**

5 A. In addition to the reasons stated above, DMOQs are important because they help
6 protect an asset that is very valuable to AT&T -- its reputation with consumers as a
7 quality provider. As a prudent business practice, AT&T and other companies
8 require their suppliers to meet specified and measurable quality requirements and
9 back the commitment with contractual assurances. There is no reason why
10 BellSouth should not be required to agree to contract terms that hold BellSouth
11 financially responsible in the event it causes harm to AT&T's reputation for quality
12 service.

13 **ACCESS TO INFORMATION**

14 **Q. WHAT DID AT&T REQUEST WITH RESPECT TO ACCESS TO**
15 **INFORMATION?**

16 A. AT&T requested that BellSouth provide copies of existing and future
17 interconnection agreements between BellSouth and any third parties. AT&T also
18 requested that BellSouth advise AT&T of any changes in BellSouth's service
19 offerings by providing advance notice of at least forty-five days prior to the
20 effective date of the change, or concurrent with BellSouth's internal notification
21 process, whichever is earlier.

22 **Q. HOW DOES THIS KIND OF ACCESS TO INFORMATION RELATE TO**
23 **PARITY?**

24 A. One way in which the Act provides for parity is to require BellSouth to offer any
25 requesting LEC the same deal it offered any other carrier to provide local services,

1 network elements, or interconnection. Unless AT&T has access to the agreements
2 between BellSouth and third parties, AT&T cannot request and obtain a more
3 favorable deal as provided for by the Act. As a result, AT&T may not be able to
4 offer consumers the best available services at the most competitive prices.
5 Receiving advance notice of changes in service offerings also provides for parity.
6 The Act requires BellSouth to make its service offerings available to new entrants
7 for resale. Without reasonable advance notice of changes in a particular services
8 offerings, new entrants like AT&T cannot make the necessary preparations to resell
9 changed services offerings by the effective date of BellSouth's changed services
10 offerings. As a result, BellSouth provides itself with an unfair competitive
11 advantage because BellSouth will always be the first LEC to make the changed
12 services offerings available to consumers.

13 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

14 **A.** The competitiveness of a new entrant carrier should rise and fall on its ability to
15 utilize the services, network elements and interconnection obtained from BellSouth
16 to provide high quality services at competitive prices. The Commission cannot
17 permit BellSouth to stack the deck against new entrants by refusing to provide such
18 carriers the capability to provide Florida consumers at least an equivalent service
19 experience as BellSouth provides its customers. Florida consumers will not
20 experience the benefits of robust competition if BellSouth is able to discriminate
21 against new entrants by providing itself with superior local services, network
22 elements, and interconnection. Accordingly, the Commission should order that
23 BellSouth: (1) provide the requested electronic interfaces as soon as possible; (2)
24 provide direct routing to AT&T's service platforms; (3) brand services purchased
25 for resale and related materials with the AT&T brand; (4) make the requested

1 contractual commitments to provide quality service; and (5) provide the requested
2 access to information.

3 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

4 **A. Yes.**

1 SUPPLEMENTAL DIRECT TESTIMONY OF
2 RONALD H. SHURTER
3 ON BEHALF OF AT&T COMMUNICATIONS
4 OF THE SOUTHERN STATES, INC.
5 BEFORE THE
6 FLORIDA PUBLIC SERVICE COMMISSION

7 Docket No. 960833-TP

8 Filed: August 23, 1996

9

10 Q. PLEASE IDENTIFY YOURSELF AND STATE YOUR BUSINESS
11 ADDRESS.

12 A. I am Ronald H. Shurter and my business address is 1 Oak Way, Berkeley Heights,
13 New Jersey, 07922-2724.

14

15 Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?

16 A. Yes, I filed testimony under Docket No. 960833-TP on behalf of AT&T on July 31,
17 1996.

18

19 Q. PLEASE SUMMARIZE THE PURPOSE OF YOUR PREVIOUS
20 TESTIMONY?

21 A. The purpose of my previous testimony was to explain that the Telecommunications
22 Act of 1996 (the "Act") requires BellSouth to provide AT&T with services, network
23 elements and interconnection at a level of quality that is equal to that which BellSouth
24 provides itself in support of its retail operations. AT&T refers to that concept as
25 "parity."

1

2 **Q. WHAT IS THE PURPOSE OF YOUR PRESENT TESTIMONY?**

3 A. On August 8, 1996, The Federal Communications Commission ("FCC") issued its
4 First Report and Order, including regulations (collectively referred to as the "FCC
5 Order"), to implement the Act. The purpose of my present testimony is to explain the
6 provisions of the FCC Order that, based on my review to date, support AT&T's
7 positions on the parity issues that are before the Florida Commission.

8

9 **ISSUE: WHAT ARE THE APPROPRIATE STANDARDS, IF ANY, FOR**
10 **PERFORMANCE METRICS, SERVICE RESTORATION, AND QUALITY**
11 **ASSURANCE RELATED TO SERVICES PROVIDED BY BELLSOUTH FOR**
12 **RESALE AND FOR NETWORK ELEMENTS PROVIDED TO AT&T BY**
13 **BELLSOUTH?**

14

15 **Q. PLEASE SUMMARIZE YOUR PREVIOUS TESTIMONY REGARDING**
16 **THE APPROPRIATE STANDARDS FOR MEASURING THE QUALITY OF**
17 **SERVICE AND SERVICE PACKAGES OFFERED BY BELLSOUTH TO**
18 **AT&T.**

19 A. I explained in my previous testimony that the Act requires BellSouth to offer AT&T
20 its services, network elements and interconnection at a level that is at least equal in
21 quality to that which BellSouth provides itself. Because BellSouth is the sole source
22 for most if not all of the services and network elements that are necessary to provide
23 local exchange services, AT&T must rely on BellSouth to provide AT&T high
24 quality products so that AT&T can provide its customers high quality products. It is
25 reasonable for BellSouth to commit contractually to meet Direct Measures of Quality

1 (DMOQs) to ensure that BellSouth is satisfying its statutory obligation to provide
2 AT&T products that are at parity with the products BellSouth provides itself.

3

4 **Q. DOES THE FCC ORDER ADDRESS THE APPROPRIATE STANDARDS**
5 **FOR DETERMINING QUALITY OF SERVICE?**

6 **A. Yes.** The FCC Order mandates that BellSouth must provide services, unbundled
7 network elements, and interconnection that are at least equal in quality to that which
8 BellSouth provides itself. 47 C.F.R. §§ 51.305(a), 51.311(b); FCC Order No. 96-
9 325, ¶¶ 224, 313, 970, at 114, 157, 479. The FCC Order confirms that the Act
10 requires BellSouth to provide services, network elements, and interconnection at terms
11 and conditions that are reasonable and non-discriminatory. 47 C.F.R. §§
12 51.305(a)(5), 51.307(a), 51.603(a) (to be codified). It is unreasonable for BellSouth
13 to refuse to commit contractually to satisfy its statutory obligation to provide
14 products to AT&T that are at least equal in quality to those products that BellSouth
15 provides itself. Accordingly, the Florida Commission should require BellSouth to
16 comply with the DMOQs proposed by AT&T.

17

18 **ISSUE:** *SHOULD BELLSOUTH BE REQUIRED TO PROVIDE REAL-*
19 *TIME AND INTERACTIVE ACCESS VIA ELECTRONIC INTERFACES, AS*
20 *REQUESTED, TO PERFORM THE FOLLOWING:*

21

PRE-SERVICE ORDERING

22

SERVICE TROUBLE REPORTING

23

SERVICE ORDER PROCESSING AND PROVISIONING

24

CUSTOMER USAGE DATA TRANSFER

25

LOCAL ACCOUNT MAINTENANCE

1 **IF THIS PROCESS REQUIRES THE DEVELOPMENT OF ADDITIONAL**
2 **CAPABILITIES, IN WHAT TIMEFRAME SHOULD THEY BE DEPLOYED?**
3 **WHAT ARE THE COSTS INVOLVED AND HOW SHOULD THESE COSTS**
4 **BE RECOVERED?**

5
6 **Q. PLEASE SUMMARIZE YOUR PREVIOUS TESTIMONY REGARDING**
7 **THE OBLIGATION OF BELLSOUTH TO REAL TIME, INTERACTIVE**
8 **ACCESS VIA ELECTRONIC INTERFACES TO BELLSOUTH'S**
9 **OPERATIONS SUPPORT SYSTEMS?**

10 **A.** I explained in my previous testimony that the Act requires BellSouth to provide
11 AT&T real-time and interactive access to BellSouth operations support systems.
12 AT&T specifically identified the following operations support systems: (1) Pre-
13 Ordering; (2) Ordering and Provisioning Systems; (3) Maintenance and Repair
14 Systems; (4) Customer Usage Data Transfer System; and (5) Local Account
15 Maintenance System. AT&T must have electronic interfaces with BellSouth's
16 operations support systems in order to achieve parity.

17
18 **Q. DOES THE FCC ORDER ADDRESS THE OBLIGATION OF BELLSOUTH**
19 **TO MAKE ACCESS TO ITS OPERATIONS SUPPORT SYSTEMS VIA**
20 **ELECTRONIC INTERFACES?**

21 **A.** Yes. The FCC Order concluded that operations support systems are network
22 elements that BellSouth must unbundle. 47 C.F.R. § 51.319(f) (to be codified); FCC
23 Order No. 96-325, ¶ 516, 520, at 258, 261. Operations support systems functions
24 consist of pre-ordering, ordering, provisioning, maintenance and repair, and billing.
25 47 C.F.R. § 51.319(f)(1) (to be codified); FCC Order No. 96-325, ¶ 523, n.1273, at

1 262. The FCC further concluded that BellSouth must provide AT&T access to
2 BellSouth's operations support systems that is equal to or superior in quality to that
3 which BellSouth provides itself unless technically infeasible. 47 C.F.R. §§ 51.311(c),
4 51.313(b), 51.319(f) (to be codified); FCC Order No. 96-325, ¶¶ 312-314, 517-528,
5 at 156-58, 258-263. Because the FCC Order concluded that access to operations
6 support systems through electronic interfaces is technically feasible, BellSouth must
7 comply with AT&T's request to provide electronic interfaces. FCC Order No. 96-
8 325, ¶ 520, 524, at 261-62. The FCC Order, moreover, mandates that BellSouth
9 comply with AT&T's request before January 1, 1997. 47 C.F.R. §51.319(f)(2); FCC
10 Order No. 96-325, ¶ 525, at 262-63.

11

12 **Q. DO THE OPERATIONS SUPPORT SYSTEMS FUNCTIONS IDENTIFIED**
13 **IN THE FCC ORDER CORRESPOND TO THE OPERATIONS SUPPORT**
14 **SYSTEMS FUNCTIONS TO WHICH AT&T REQUESTED ACCESS?**

15 **A.** Yes. The operations support systems functions identified in the FCC Order
16 correspond exactly to the operations support systems functions that AT&T requested
17 except for customer usage data transfer and local account maintenance. The FCC
18 Order's definition of "billing," however, encompasses customer usage data transfer
19 and local account maintenance functions. 47 C.F.R. § 51.5 (to be codified). In any
20 event, the FCC Order makes clear that BellSouth must provide nondiscriminatory
21 access to the full range of functions within pre-ordering, ordering, provisioning,
22 maintenance and repair, and billing that BellSouth provides itself. FCC Order No.
23 96-325, ¶ 523, n.1273, at 262.

24

25 **ISSUE: WHEN AT&T RESELLS BELLSOUTH'S LOCAL EXCHANGE SERVICE OR**

1 **PURCHASES LOCAL SWITCHING, IS IT TECHNICALLY FEASIBLE OR**
2 **OTHERWISE APPROPRIATE TO ROUTE 0+ AND 0- CALLS TO AN**
3 **OPERATOR OTHER THAN BELLSOUTH'S, TO ROUTE 411 AND 555-1212**
4 **DIRECTORY ASSISTANCE CALLS TO AN OPERATOR OTHER THAN**
5 **BELLSOUTH'S, OR TO ROUTE 611 REPAIR CALLS TO A REPAIR CENTER**
6 **OTHER THAN BELLSOUTH'S?**

7
8 **Q. PLEASE SUMMARIZE YOUR PREVIOUS TESTIMONY REGARDING**
9 **THE DIRECT (I.E., CUSTOMIZED) ROUTING OF CALLS FROM AT&T**
10 **CUSTOMERS TO AT&T'S SERVICE PLATFORMS.**

11 **A. I explained in my previous testimony that the Act requires BellSouth to route calls**
12 **from AT&T customers directly to AT&T service platforms.**

13
14 **Q. DOES THE FCC ORDER ADDRESS CUSTOMIZED ROUTING OF CALLS**
15 **FROM AT&T CUSTOMERS TO AT&T'S SERVICE PLATFORM?**

16 **A. Yes. The FCC Order concludes that customized routing is technically feasible in**
17 **many switches and will enable a new entrant to route calls directly to its service**
18 **platform for operator services and directory assistance. FCC Order No. 96-325, ¶**
19 **418, at 206. The FCC Order mandates that BellSouth must provide AT&T with**
20 **customized routing where the switch is technically capable of performing customized**
21 **routing. Id. BellSouth has the burden to prove to the Florida Commission that**
22 **customized routing in a particular switch is not technically feasible. Id.**

23
24 **Q. DOES THE FCC ORDER DEFINE "TECHNICAL FEASIBILITY"?**

25 **A. Yes, the FCC Order does define technical feasibility. 47 C.F.R. § 51.5 (to be**

1 codified); FCC Order No. 96-325, ¶¶ 198-206, at 102-06. The FCC Order deems
2 access to unbundled network elements to be technically feasible absent purely
3 technical or operational concerns that prevent access. 47 C.F.R. § 51.5 (to be
4 codified). A determination of technical feasibility does not include consideration of
5 economic, accounting, billing, space or site concerns, except that Commissions may
6 consider space and site concerns where no possibility exists for expanding the
7 available space. 47 C.F.R. § 51.5 (to be codified); FCC Order No. 96-325, ¶ 201, at
8 104. Similarly, whether a LEC must modify its facilities or equipment to provide
9 access to unbundled network elements does not affect the determination of technical
10 feasibility. 47 C.F.R. § 51.5 (to be codified); FCC Order No. 96-325, ¶ 202, at 104-
11 05. BellSouth has the burden to prove technical infeasibility to the Florida
12 Commission. FCC Order No. 96-325, ¶ 198, at 102.

13
14 **ISSUE: WHEN AT&T RESELLS BELLSOUTH'S SERVICES, IS IT TECHNICALLY**
15 **FEASIBLE OR OTHERWISE APPROPRIATE FOR BELLSOUTH TO BRAND**
16 **OPERATOR SERVICES AND DIRECTORY SERVICES CALLS THAT ARE**
17 **INITIATED FROM THOSE RESOLD SERVICES?**

18
19 **Q. PLEASE STATE AT&T'S POSITION REGARDING THE BRANDING OF**
20 **OPERATOR AND DIRECTORY ASSISTANCE SERVICES THAT**
21 **BELLSOUTH PROVIDES ON BEHALF OF AT&T?**

22 **A. AT&T has requested that BellSouth route calls directly from AT&T customers to**
23 **AT&T's Operator Services and Directory Assistance ("OS/DA") service platforms**
24 **instead of routing those calls to BellSouth's service platforms. In some instances,**
25 **however, AT&T may choose to resell BellSouth's OS/DA services. In such**

1 instances, AT&T has requested that BellSouth brand the OS/DA services purchased
2 by AT&T with the AT&T brand.

3

4 **Q. DOES THE FCC ADDRESS THE ISSUE OF BRANDING OS/DA
5 SERVICES?**

6 A. Yes. The FCC Order concludes that a failure by BellSouth to comply with AT&T's
7 branding requests presumptively constitutes an unreasonable restriction on resale.
8 FCC Order No. 96-325, ¶ 971, at 479. BellSouth can rebut that presumption by
9 proving to the Florida Commission that BellSouth lacks the capability to comply with
10 AT&T's branding requests. Id. If BellSouth cannot prove technical infeasibility, the
11 FCC Order requires BellSouth to comply with AT&T's branding. Id.

12

13 **ISSUE: WHEN BELLSOUTH'S EMPLOYEES OR AGENTS INTERACT WITH**
14 **AT&T'S CUSTOMERS WITH RESPECT TO A SERVICE PROVIDED BY**
15 **BELLSOUTH ON BEHALF OF AT&T, WHAT TYPE OF BRANDING**
16 **REQUIREMENTS ARE TECHNICALLY FEASIBLE OR OTHERWISE**
17 **APPROPRIATE?**

18

19 **Q. PLEASE STATE AT&T'S POSITION REGARDING THE BRANDING OF**
20 **ALL CUSTOMER SERVICES PROVIDED BY BELLSOUTH ON BEHALF**
21 **OF AT&T.**

22 A. The Act requires BellSouth to provide parity to AT&T and prohibits BellSouth from
23 imposing unreasonable and discriminatory conditions on AT&T. Accordingly,
24 AT&T requested that BellSouth, when providing services to AT&T customers on
25 behalf of AT&T, to advise AT&T customers that BellSouth is representing AT&T,

1 to provide AT&T customers with AT&T-supplied materials, and to refrain from
2 marketing BellSouth to AT&T customers.

3

4 **Q. DOES THE FCC ADDRESS THE OBLIGATION OF BELLSOUTH TO**
5 **BRAND OR UNBRAND ALL CUSTOMER SERVICES PROVIDED ON**
6 **BEHALF OF AT&T?**

7 **A.** The FCC Order addresses branding in the context of OS/DA services, but does not
8 address directly the branding and unbranding of other customer services. The
9 rationale in the FCC Order that supports the branding and unbranding of OS/DA
10 services, however, is equally applicable to other customer services. The FCC Order
11 recognized that brand identification is likely to play a major role in the competitive
12 marketplace. FCC Order No. 96-325, ¶ 971, at 479. The FCC Order also
13 recognized that brand identification is critical to a resellers ability to compete and will
14 minimize consumer confusion. *Id.* The FCC Order further recognized that incumbent
15 LECs are advantaged when the reseller's primary competitor advises the reseller's
16 customers that the competitor is providing the service. *Id.* In addition, the FCC
17 Order also mandates that BellSouth provide AT&T products that are at least equal in
18 quality to that which BellSouth provides itself. 47 C.F.R. §§ 51.305(a), 51.311(b);
19 FCC Order No. 96-325, ¶¶ 224, 313, 970, at 114, 157, 479. For these reasons and
20 the reasons set forth in my previous testimony, AT&T asserts that the Act requires
21 BellSouth to comply with AT&T's branding requests with respect to all customer
22 services because a failure to comply with such a request would be unreasonable and
23 discriminatory.

24

25 **ISSUE: SHOULD BELLSOUTH BE REQUIRED TO ALLOW AT&T TO**

1 **APPEAR ON THE WHITE AND YELLOW PAGE DIRECTORIES (E. G.,**
2 **LOGO OR NAME)?**

3
4 **Q. PLEASE STATE AT&T'S POSITION REGARDING THE BRANDING OF**
5 **WHITE AND YELLOW PAGE DIRECTORIES.**

6 **A. The Act requires BellSouth to provide parity to AT&T and prohibits BellSouth from**
7 **imposing unreasonable and discriminatory conditions on AT&T. BellSouth puts its**
8 **logo on the cover of White and Yellow Page directories. To achieve parity, AT&T**
9 **requested that BellSouth also include AT&T's logo on the cover of the White and**
10 **Yellow Page directories.**

11
12 **Q. DOES THE FCC ADDRESS THE OBLIGATION OF BELL SOUTH TO**
13 **BRAND TELEPHONE DIRECTORIES?**

14 **A. The FCC Order does not address directly the branding of telephone directories. As**
15 **explained above, however, the rationale in the FCC Order that supports the branding**
16 **and unbranding of OS/DA services is equally applicable to other customer services,**
17 **including the branding of telephone directories. FCC Order No. 96-325, ¶ 971, at**
18 **p.479. In addition, the FCC Order also mandates that BellSouth provide AT&T**
19 **products that are at least equal in quality to that which BellSouth provides itself. 47**
20 **C.F.R. §§ 51.305(a), 51.311(b); FCC Order No. 96-325, ¶¶ 224, 313, 970, at 114,**
21 **157, 479. These two principles establish that AT&T's request is consistent with the**
22 **pro-competitive intent of the Act.**

23
24 **ISSUE: SHOULD BELL SOUTH BE REQUIRED TO PROVIDE COPIES OF**
25 **ALL INTERCONNECTION AGREEMENTS ENTERED INTO BETWEEN**

1 **BELLSOUTH AND OTHER CARRIERS, INCLUDING OTHER LECS AND**
2 **INCLUDING THOSE AGREEMENTS ENTERED INTO BEFORE THE ACT**
3 **WAS ENACTED?**

4

5 **Q. PLEASE SUMMARIZE YOUR TESTIMONY REGARDING THE**
6 **AVAILABILITY OF BELLSOUTH'S INTERCONNECTION**
7 **AGREEMENTS WITH OTHER CARRIERS TO AT&T?**

8

9 **A. I explained in my previous testimony that the Act requires BellSouth to provide**
10 **AT&T access to any other interconnection agreements between BellSouth and other**
11 **carriers as part of BellSouth's obligation to make available to AT&T any of**
12 **BellSouth's existing interconnection agreement.**

13

14 **Q. DOES THE FCC ORDER ADDRESS THE OBLIGATION OF BELLSOUTH**
15 **TO MAKE ANY OF ITS OTHER INTERCONNECTION AGREEMENTS**
16 **AVAILABLE TO AT&T?**

17 **A. Yes. The FCC regulations require BellSouth to submit all its interconnection**
18 **agreements with other telecommunications carriers to the appropriate state**
19 **commission for approval, including those negotiated prior to passage of the Act. 47**
20 **C.F.R. § 51.303(a) (to be codified). Upon approval, the interconnection agreements**
21 **become public and BellSouth must make such agreements available to all carriers. 47**
22 **C.F.R. §§ 51.303(c), 51.809. It is unreasonable for BellSouth to refuse to provide**
23 **AT&T copies of interconnections agreements where BellSouth has a statutory**
24 **obligation to make the terms and conditions of such agreements available to AT&T.**

25

1 **ISSUE: SHOULD BELLSOUTH BE REQUIRED TO PROVIDE NOTICE TO ITS**
2 **WHOLESALE CUSTOMERS OF CHANGES TO BELLSOUTH'S SERVICES?**
3 **(E. G., PRICE AND OPERATIONAL CHANGES) IF SO, IN WHAT MANNER**
4 **AND IN WHAT TIME FRAME?**

5
6 **Q. PLEASE SUMMARIZE YOUR PREVIOUS TESTIMONY REGARDING**
7 **BELLSOUTH'S OBLIGATION TO NOTIFY AT&T OF ANY CHANGE IN**
8 **ITS SERVICES.**

9 A. I explained in my previous testimony that it is AT&T's position that BellSouth
10 provide AT&T with advance notice of any modifications in its service offerings at
11 least forty-five days prior to the effective date of the change or simultaneously with
12 BellSouth's internal notification process.

13
14 **Q. DOES THE FCC ADDRESS THE REQUIREMENT TO PROVIDE**
15 **ADVANCE NOTIFICATION OF SERVICE CHANGES?**

16 A. The FCC Order does not address directly the requirement that incumbent LECs
17 provide advance notice to new entrants of service changes. The FCC Order, however,
18 adopts a concept of parity that requires BellSouth to treat AT&T at least as well as
19 BellSouth treats itself. 47 C.F.R. §§ 51.305(a), 51.311(b), 51.513(b); FCC Order
20 No. 96-325, ¶¶ 224, 312-316, 970, at 114, 156-59, 479. That includes differences in
21 treatment that may be imperceptible to end-users but provide an advantage to
22 BellSouth. 47 C.F.R. §§ 51.305(a), 51.311(b), 51.513(b); FCC Order No. 96-325,
23 ¶¶ 224, 312-316, 970, at 114, 156-59, 479. BellSouth's refusal to provide AT&T
24 advance notice of service changes that is equal to the advance notice it provides itself
25 internally provides BellSouth with an advantage because the lack of advance notice

1 will ensure that BellSouth is the first telecommunications carrier in the market to offer
2 the service changes. AT&T's request for advance notice of service changes,
3 therefore, is completely consistent with the FCC's concept of parity.

4

5 **Q. ARE THERE OTHER PARITY ISSUES BEFORE THE COMMISSION**
6 **THAT THE FCC ORDER DO NOT ADDRESS DIRECTLY?**

7 **A.** Yes. The FCC Order does not address directly the issues listed below. The parity
8 concept set forth in the FCC Order, however, establishes AT&T's requests
9 underlying these issues as reasonable and consistent with the Act.

10

11 *(i) WHAT BILLING SYSTEM AND WHAT FORMAT SHOULD BE USED TO*
12 *RENDER BILLS TO AT&T FOR SERVICES AND ELEMENTS PURCHASED BY*
13 *AT&T?*

14

15 *(ii) SHOULD BELLSOUTH BE REQUIRED TO PROVIDE PROCESS AND DATA*
16 *QUALITY CERTIFICATION FOR CARRIER BILLING, DATA TRANSFER, AND*
17 *ACCOUNT MAINTENANCE, SIMILARLY WITH ACCESS BILLING AND TOLL*
18 *BILLING?*

19

20 *(iii) WHAT ARE APPROPRIATE GENERAL CONTRACTUAL TERMS AND*
21 *CONDITIONS THAT SHOULD GOVERN THE ARBITRATION AGREEMENT*
22 *(E.G., RESOLUTION OF DISPUTES, PERFORMANCE REQUIREMENTS, AND*
23 *TREATMENT OF CONFIDENTIAL INFORMATION)?*

24

25 *(iv) HOW SHOULD BELLSOUTH TREAT A PIC CHANGE REQUEST*

1 RECEIVED FROM AN IXC OTHER THAN AT&T FOR AN AT&T CUSTOMER?

2

3 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

4 **A.** The concept of quality set forth in the FCC Order is the same as AT&T's concept of
5 parity upon which AT&T based its requests that now are before the Commission.
6 AT&T's requests simply try to create a level playing field on which BellSouth and
7 new entrants can compete fairly in order to bring Florida consumers better services
8 and technologies at competitive prices. Accordingly, the Florida Commission should
9 order BellSouth to comply with AT&T's requests so that Florida consumers can
10 benefit from robust competition as soon as possible.

11

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

13 **A.** Yes.

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**REBUTTAL TESTIMONY OF
RONALD H. SHURTER
ON BEHALF OF AT&T COMMUNICATIONS
OF THE SOUTHERN STATES, INC.
BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

Docket No. 960833-TP

Filed: August 30, 1996

Q. PLEASE IDENTIFY YOURSELF AND STATE YOUR BUSINESS ADDRESS.

A. I am Ronald H. Shurter and my business address is 1 Oak Way, Berkeley Heights, New Jersey, 07922-2724.

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?

A. Yes, I filed direct testimony under Docket No. 960833-TP on behalf of AT&T on July 31, 1996, and supplemental testimony on August 23, 1996. In both my direct and supplemental testimonies, I addressed issues relating to the mandate under the Telecommunications Act of 1996 (the "Act") and the Federal Communications Commission's First Report and Order (the "FCC Order") implementing the Act that BellSouth must provide AT&T with at least the same capabilities BellSouth provides itself (i. e., parity).

Q. WHAT IS THE PURPOSE OF YOUR PRESENT TESTIMONY?

A. The purpose of my present testimony is to rebut the portions of the testimony of two

1 BellSouth witnesses (Ms. Calhoun and Mr. Scheye) regarding several of the parity
2 issues that are before the Florida Commission.

3

4 ***ISSUES: WHAT ARE THE APPROPRIATE STANDARDS, IF ANY, FOR***
5 ***PERFORMANCE METRICS, SERVICE RESTORATION, AND QUALITY***
6 ***ASSURANCE RELATED TO SERVICES PROVIDED BY BELL SOUTH FOR***
7 ***RESALE AND FOR NETWORK ELEMENTS PROVIDED TO AT&T BY***
8 ***BELL SOUTH?***
9 ***SHOULD BELL SOUTH BE REQUIRED TO PROVIDE PROCESS***
10 ***AND DATA QUALITY CERTIFICATION FOR CARRIER BILLING, DATA***
11 ***TRANSFER, AND ACCOUNT MAINTENANCE, SIMILARLY WITH ACCESS***
12 ***BILLING AND TOLL BILLING?***

13

14 **Q. AT PAGE 65 OF HIS DIRECT TESTIMONY, MR. SCHEYE STATES THAT**
15 **IT IS PREMATURE TO SPECIFY DMOQS UNTIL ADEQUATE**
16 **EXPERIENCE IS AVAILABLE. DO YOU AGREE WITH THAT**
17 **STATEMENT?**

18 **A. No. The FCC Order requires BellSouth to provide interconnection, unbundled**
19 **network elements, and telecommunications services for resale that are at least equal in**
20 **quality to what BellSouth provides itself. 47 C.F.R. §§ 51.305(a), 51.311(b) (to be**
21 **codified); FCC Order No. 96-325, ¶¶ 224, 313, 970, at 114, 157, 479. BellSouth has**
22 **adequate experience with the standards of quality that BellSouth currently provides**
23 **itself. BellSouth can use that experience to develop Direct Measures of Quality**
24 **(DMOQs) with AT&T and provide process and data quality certifications to ensure**
25 **that BellSouth satisfies its obligations under the Act.**

1

2 **ISSUE: SHOULD BELLSOUTH BE REQUIRED TO PROVIDE REAL-**
3 **TIME AND INTERACTIVE ACCESS VIA ELECTRONIC INTERFACES, AS**
4 **REQUESTED, TO PERFORM THE FOLLOWING:**

5 **PRE-SERVICE ORDERING**

6 **SERVICE TROUBLE REPORTING**

7 **SERVICE ORDER PROCESSING AND PROVISIONING**

8 **CUSTOMER USAGE DATA TRANSFER**

9 **LOCAL ACCOUNT MAINTENANCE**

10 **IF THIS PROCESS REQUIRES THE DEVELOPMENT OF ADDITIONAL**
11 **CAPABILITIES, IN WHAT TIMEFRAME SHOULD THEY BE DEPLOYED?**
12 **WHAT ARE THE COSTS INVOLVED AND HOW SHOULD THESE COSTS**
13 **BE RECOVERED?**

14

15 **Q. ON PAGE 16 OF HER TESTIMONY, MS. CALHOUN STATES THAT “AS**
16 **LONG AS [NECESSARY] INFORMATION IS EXCHANGED, HOW**
17 **INFORMATION IS EXCHANGED IS SECONDARY.” ON PAGE 18 OF**
18 **HER TESTIMONY, MS. CALHOUN STATES THAT “ROCHESTER’S**
19 **ARRANGEMENTS MAY HAVE HAD A DIRECT IMPACT ON THE END**
20 **USER; BUT BELLSOUTH’S ARRANGEMENTS WERE DESIGNED TO BE**
21 **TRANSPARENT TO THE END USER AND EASY FOR THE RESELLER.”**
22 **DO YOU AGREE WITH THOSE STATEMENTS?**

23 **A. No, I do not. AT&T’s experience in Rochester proves that the method of exchanging**
24 **information has a direct impact on AT&T’s ability to service its customers efficiently**
25 **and effectively. The method of exchanging information, therefore, is not a secondary**

1 issue to AT&T.

2

3 BellSouth's arrangements to exchange information with AT&T will not always be
4 transparent to the end user and easy for AT&T. During negotiations, AT&T sent to
5 BellSouth a matrix that identified some of the differences that AT&T customers
6 would experience as compared to BellSouth customers if BellSouth did not provide
7 electronic interfaces. See JC-1, Tab 289. For example, if AT&T sends a service
8 order to BellSouth between 6:00 p. m. and 8:00 a. m., the earliest BellSouth will
9 process that order is 8:00 a. m. because no one will be present during the night to
10 accept AT&T's service order. BellSouth, on the other hand, can input service orders
11 directly into its system 24 hours a day. Service orders received between 6:00 p. m.
12 and 8:00 a.m. for a BellSouth customer, therefore, will be processed before an order
13 for an AT&T customer, even though BellSouth may have received AT&T's service
14 order first. In effect, the BellSouth customer jumps ahead of the AT&T customer.

15

16 **Q. HAS BELLSOUTH PROPOSED TO PROVIDE AT&T WITH**
17 **ELECTRONIC INTERFACES FOR ANY OPERATIONS SUPPORT**
18 **SYSTEMS FUNCTIONS THAT WOULD SATISFY AT&T'S**
19 **REQUIREMENTS?**

20 **A.** *In her testimony, Ms. Calhoun describes the capabilities of BellSouth's proposed*
21 *electronic interfaces for pre-ordering (phase two capabilities), maintenance and repair*
22 *(additional capabilities), customer usage data transfer, and local account*
23 *maintenance. BellSouth's proposed electronic interfaces might satisfy AT&T's*
24 *requirements if they were implemented as described. Ms. Calhoun's description of*
25 *capabilities of BellSouth's proposed electronic interfaces, however, are conceptual*

1 and not very detailed. AT&T, therefore, cannot determine with certainty whether
2 BellSouth's proposed electronic interfaces will fully satisfy AT&T's requirements
3 until AT&T receives more details on these proposed electronic interfaces.

4

5 The electronic interfaces that BellSouth proposes for ordering functions, however, are
6 inadequate. In addition, BellSouth refuses to provide any electronic interfaces for the
7 provisioning functions.

8

9 **Q. HOW ARE THE PROPOSED ELECTRONIC INTERFACES FOR THE**
10 **ORDERING FUNCTIONS INADEQUATE?**

11 A. They are not fully automated. BellSouth's proposed electronic interface will allow
12 AT&T to transmit orders electronically to a BellSouth computer. That BellSouth
13 computer, however, does not have an electronic interface with BellSouth's operations
14 support systems for the ordering function. Consequently, a BellSouth representative
15 must read the data from one computer system and manually re-enter that data into
16 another computer system. See Calhoun at 29-30, Exhibit GC-3 at 1. That
17 unnecessary manual process will cause delays and increase error rates in the ordering
18 process.

19

20 **Q. MS. CALHOUN CLAIMS THAT BELLSOUTH IS PROVIDING AT&T**
21 **WITH AN ELECTRONIC DATA INTERCHANGE (EDI) ORDERING**
22 **INTERFACE. IS THAT STATEMENT ENTIRELY ACCURATE?**

23 A. No, it is not accurate according to BellSouth's definition of EDI. In a marketing
24 brochure (Exhibit RHS-1) that BellSouth provided to AT&T during negotiations,
25 BellSouth states that "EDI is more than just replacing paper documents with

1 electronic documents. It is more than replacing traditional methods of information
2 movement such as mail, phone or in-person delivery with electronic transmission. It
3 is actually a way of replacing manual data entry with electronic and eliminating
4 processing delays.” Exhibit RHS-1 (4th page). BellSouth’s proposed “EDI”
5 ordering interface does not replace manual data entry or eliminate processing delays.
6 Accordingly, BellSouth’s proposal does not even meet its own definition of “EDI.”
7

8 **Q. MS. CALHOUN ALSO CLAIMS THAT BELLSOUTH’S PROPOSED “EDI”**
9 **ORDERING INTERFACE SHOULD SATISFY AT&T’S REQUIREMENTS.**
10 **IS MS. CALHOUN’S STATEMENT TRUE?**

11 **A.** No, it is not true. BellSouth’s own EDI brochure acknowledges that proper EDI
12 technology can provide many benefits to businesses, including reduction in order
13 processing time, reduction in transaction costs, increased efficiency, improved
14 customer service, more accurate and timely information, improved customer
15 relationships, and increased sales opportunities and profitability. Exhibit RHS-1 (4th
16 page). BellSouth’s brochure then states that “[a]t BellSouth, we consider EDI to be a
17 critical new component of the telecommunications business and a key enhancement to
18 customer and supplier relationships. We believe that by entering EDI partnerships,
19 businesses will have a better chance to thrive in today’s highly competitive
20 environment.” Exhibit RHS-1 (4th page). AT&T agrees with BellSouth that EDI
21 will provide AT&T with a “key enhancement to customer and supplier relationships”
22 and “a better chance to thrive in today’s highly competitive environment. That is why
23 AT&T requires the benefits of EDI.
24

25 **Q. AT PAGE NINE IN HER TESTIMONY, MS. CALHOUN STATES THAT**

1 **BELLSOUTH HAS DEMONSTRATED THAT ITS EXISTING ORDERING**
2 **SYSTEM CAN SUPPORT THE INITIAL MARKET ENTRY OF**
3 **TELECOMMUNICATIONS CARRIERS. DO YOU AGREE WITH THAT**
4 **STATEMENT?**

5 A. No, I do not. Ms. Calhoun bases her conclusion on the assertion that BellSouth has
6 successfully processed more than 1,500 service orders associated with local
7 competition in the BellSouth region since July 1, 1995. Calhoun at 8-9. On average,
8 then, BellSouth has processed approximately five orders per day over the past year.
9 AT&T estimates that AT&T alone will generate over a thousand service orders per
10 day. In addition, other telecommunications carriers most likely will generate a similar
11 volume. Clearly, processing five orders per day does not establish that a system is
12 capable of processing over a thousand service orders per day. AT&T expects that the
13 flood of service orders will overwhelm BellSouth's capability to input manually those
14 service orders into BellSouth's system.

15

16 **Q. AT PAGE 35 OF HER TESTIMONY, MS. CALHOUN ARGUES THAT**
17 **ELECTRONIC INTERFACES ARE NOT REQUIRED FOR THE**
18 **PROVISIONING FUNCTION BECAUSE PROVISIONING IS**
19 **BELLSOUTH'S RESPONSIBILITY. DO YOU AGREE WITH THAT**
20 **STATEMENT?**

21 A. No, I do not agree and, more importantly, the FCC does not agree. The FCC Order
22 concludes that BellSouth must provide AT&T with non-discriminatory access to
23 BellSouth's operations support systems for the provisioning function. FCC Order 96-
24 325, ¶ 523, at 262. That access must be equivalent to the access that BellSouth
25 provides itself and necessarily includes access to the provisioning function through

1 any internal gateway system. Id.

2

3 AT&T requires access to BellSouth's operations support systems for the provisioning
4 functions so that AT&T can monitor the provisioning process. Among other things,
5 AT&T must know the status of service orders, whether a particular service order is in
6 jeopardy, when BellSouth completes a particular service order, and if there were any
7 additional charges associated with completing a particular service order. AT&T
8 needs that knowledge so that AT&T can keep itself and its customers informed with
9 the most current information regarding BellSouth's provisioning of an ordered
10 service. BellSouth provides that data to itself and, therefore, must provide that data
11 to AT&T.

12

13 **ISSUE: SHOULD BELLSOUTH BE REQUIRED TO UTILIZE CMDS**
14 **PROCESS FOR LOCAL AND INTRALATA CALLS AS USED TODAY FOR**
15 **INTERLATA CALLS?**

16

17 **Q. AT PAGE 70 OF HIS TESTIMONY, MR. SCHEYE STATES THAT A**
18 **UNIFORM SYSTEM MAY SIMPLIFY THE PROCESSING OF CALLS,**
19 **BUT THAT SUCH A SYSTEM DOES NOT EXIST TODAY. DO YOU**
20 **AGREE WITH THAT STATEMENT?**

21 **A. In part. I agree with Mr. Scheye's statement that a uniform system simplifies the**
22 **billing process. AT&T has requested that BellSouth utilize the Centralized Message**
23 **Distribution System ("CMDS") process for the billing of local and IntraLATA**
24 **collect, third party, and calling card calls. Today, the telecommunications industry**
25 **uses the CMDS process to determine the applicable rate and appropriate**

1 compensation for collect, third party, and calling card InterLATA calls. Under the
2 CMDS process, the "originating" local service provider's rates apply to such calls. If
3 there were not a uniform system, the "originating" carrier and the "terminating"
4 carrier for a collect, third party, or calling card call may disagree about which
5 carriers' rates apply and the compensation that is due each carrier. The CMDS
6 process prevents these kinds of disputes and simplifies the billing procedure for
7 InterLATA calls. If CMDS were applied to IntraLATA calls, it would simplify that
8 billing procedure as well.

9
10 The telecommunications industry, as a whole, has not yet adopted the CMDS process
11 for IntraLATA calls. That, however, does not lessen the need for a uniform system.
12 The industry approves of the use of the CMDS process for InterLATA calls. I cannot
13 think of one good reason why the industry would not eventually adopt the CMDS
14 process for IntraLATA calls. It does not make sense for BellSouth to impose a
15 process different from CMDS when that process has achieved universal acceptance
16 under similar circumstances.

17

18 **ISSUE: WHAT BILLING SYSTEM AND WHAT FORMAT SHOULD**
19 **BE USED TO RENDER BILLS TO AT&T FOR SERVICES AND ELEMENTS**
20 **PURCHASED BY AT&T?**

21

22 **Q. AT PAGE 49 OF HER TESTIMONY, MS. CALHOUN STATES THAT THE**
23 **CUSTOMER RECORD INFORMATION SYSTEM ("CRIS") HAS THE**
24 **CAPABILITY TO MEET ALL OF AT&T'S REQUIREMENTS. DO YOU**
25 **AGREE WITH THAT STATEMENT?**

1 A. No. From AT&T's perspective, the CABS billing system is the most effective and
2 efficient method of conducting business in the Local and IntraLATA environment.
3 BellSouth and most, if not all, new market entrants have the facilities, systems, and
4 quality certification processes for CABS already in place for access billing and the
5 parties can readily adapt CABS for billing Local and IntraLATA services. On the
6 other hand, new market entrants do not have the facilities, systems, and quality
7 certification processes in place for CRIS. It makes sense that BellSouth should adapt
8 its system to accommodate the multitude of new entrants rather than have the
9 multitude of new entrants each adapt their systems to accommodate BellSouth. That
10 is particularly true because Ms. Calhoun suggests that BellSouth may change to
11 CABS in the future. Calhoun at 49.

12

13 **Q. IN SEVERAL PLACES IN HIS TESTIMONY, MR. SCHEYE PURPORTS**
14 **TO COMPARE WHAT AT&T OFFERS TO RESELLERS IN THE LONG**
15 **DISTANCE MARKET AND WHAT AT&T IS REQUESTING OF**
16 **BELLSOUTH IN THE LOCAL EXCHANGE MARKET. IS THIS A**
17 **MEANINGFUL COMPARISON?**

18 A. No, a comparison of AT&T's requests of BellSouth under the Act and AT&T's
19 practices in the long distance market is not meaningful because each currently
20 operates in entirely different environments.

21

22 BellSouth currently has a monopoly in the local exchange market. New entrants,
23 therefore, must look to BellSouth, and only to BellSouth, to obtain the services,
24 network elements, and interconnection necessary to offer local exchange service.
25 Allowing BellSouth to impose unreasonable and discriminatory conditions would so

1 inhibit the development of competition that BellSouth effectively would remain the
2 sole supplier of local exchange services. Consequently, in the local exchange market,
3 there can be no unreasonable or discriminatory restrictions on the offering of
4 interconnection, unbundled network elements, or services for resale.

5

6 In the long distance market, on the other hand, competition already exists among
7 multiple sources of supply. Competitive forces determine the conditions under which
8 products are sold for resale. Any conditions imposed by AT&T on resellers in the
9 long distance market is a response to competitive forces and is in no way instructive
10 of what is necessary to open BellSouth's monopoly in the local exchange market. In a
11 *competitive market, if a reseller does not like the rates, terms and conditions proposed*
12 *by one carrier, that reseller (unlike new entrants in the local exchange market) simply*
13 *may look to another carrier. No one is locked out of the long distance market by the*
14 *terms and conditions imposed by a single supplier.*

15

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

17 **A. Yes.**

1 BY MR. LOGAN (Continuing):

2 Q Mr. Shurter, do you have a summary of your testimony?

3 A Yes, I do. Thank you. I'm here today to talk about
4 what we've referred to as parity issues. These are issues
5 which will allow us to make real the ideal of putting consumers
6 first and giving them choices now.

7 My testimony speaks to the value, quality and
8 convenience which consumers will expect from new entrants in
9 this local market. Consumers will not have real choices if new
10 entrant services are lower in quality than what they receive
11 from the incumbent company.

12 The word "parity" is not defined by the Federal
13 Telecommunication Act, but its essence is interwoven throughout
14 the text of the law where you see specific requirements for
15 local exchange carriers to provide services at least equal in
16 quality to that it provides to itself and the consistent usage
17 of the terms "just, reasonable and nondiscriminatory"
18 throughout the Act. These principles were designated by
19 Congress to create a robust competitive local marketplace. We
20 believe parity is essential to competition.

21 For example, consumers expect to be able to receive a
22 due date for their service and their new telephone number while
23 on the telephone line with their new local telephone company.
24 We cannot meet these basic expectations unless on line real-
25 time electronic access to functions in BellSouth's system is

1 available.

2 I describe in my testimony five functional areas in
3 which access to information is needed. Electronic interfaces
4 will allow a customer's order to be processed while the
5 customer is on line with us, just as it is when a customer's
6 call is handled by the incumbent today. Manual processes
7 unnecessarily delay our ability to respond to our customers and
8 increase the chance of errors with customers' orders. This
9 will create inconvenience for the customer and damage the value
10 that customers will see in new entrant services.

11 Another critical issue is the confusion that consumers
12 will experience if after they have chosen their new local
13 service provider, they get a BellSouth operator when they
14 dial 0. This is the direct routing issue. We have identified
15 several ways customers should be routed directly to our
16 operator services and directory assistance platform. It is
17 technically feasible. New entrant customers should be routed
18 directly to the new entrance platform when the customer calls
19 for the operator or directory assistance. However, if the new
20 entrant does not have an operator services platform, the
21 incumbent operator should be required to answer the incoming
22 call with the new entrant's name, in other words, brand that
23 call to identify the new entrants. After all, in that
24 situation, the incumbent is acting on behalf of the new entrant
25 and is being paid to provide that service. Consumers will not

1 have service on par with what they expect from the incumbent
2 company without direct routing and proper branding of services
3 provided on behalf of the new entrants.

4 I also talk about direct measures of quality in my
5 testimony. These are nothing more than specific performance
6 standards. We must remember that there is not another company
7 from whom new entrants can obtain service. If it were a
8 competitive marketplace, we could simply move our business
9 elsewhere if quality measures were not met. New entrants to
10 the local market do not have that luxury at least initially.
11 That makes the quality performance standards just that much
12 more important.

13 We are requesting your order to specify as a policy
14 matter that quality measures be part of the interconnection
15 agreement between the companies to protect against substandard
16 service and future complaints to this Commission.

17 In summary, there are several key parity issues which
18 are necessary to give consumers the service quality,
19 convenience and value they expect. Those key areas are as
20 shown on this chart to my far right. The provision of
21 electronic interfaces in support of total service resale and
22 the unbundled network element environment, direct routing to
23 AT&T operator services and directory assistance platforms,
24 branding of services for the new entrants when the incumbent is
25 acting on behalf of the new entrant, performance standards for

1 quality assurance measurements and access to preexisting
2 interconnection agreement with other carriers.

3 With these key parity items in place, Florida
4 consumers will have the quality and convenience and value they
5 expect from the local service and have choice as to their local
6 service provider.

7 That concludes my summary.

8 MR. LOGAN: We tender Mr. Shurter for Cross
9 Examination.

10 CHAIRMAN CLARK: Questions, Mr. Melson.

11 MR. MELSON: No questions.

12 CHAIRMAN CLARK: Mr. Horton.

13 MR. HORTON: No questions.

14 CHAIRMAN CLARK: Ms. White.

15 MS. WHITE: Yes. Thank you.

16 CROSS EXAMINATION

17 BY MS. WHITE:

18 Q Hello, Mr. Shurter.

19 A Hello, way down there.

20 Q My name is Nancy White and I represent BellSouth
21 Telecommunications and I believe we spoke at your deposition --

22 A Nice to meet you.

23 Q -- some days ago.

24 A Yes.

25 Q Now you're employed by AT&T Corporation; is that

1 correct?

2 A Yes, I am.

3 Q Okay. And you were personally involved in the
4 negotiations with BellSouth on behalf of AT&T?

5 A Yes, I was.

6 Q Have you remained involved in those negotiations
7 between BellSouth and AT&T up to the present time?

8 A Yes, I have.

9 Q And did you -- Were you involved in these negotiations
10 as a member of what's known as the AT&T executive negotiation
11 team?

12 A Yes, that is correct.

13 Q And there are two layers of negotiators below the
14 executive team. First would be the core team and the next
15 level would be the subject matter experts; is that a correct
16 characterization?

17 A Yes. Just to clarify, at the base level, we put in
18 place between BellSouth and AT&T subject matter experts to
19 address the wide range of items and many items get resolved
20 there. To the extent that they did not get resolved, then they
21 were brought to a core team who helped to resolve the issues
22 and also coordinate the subject matter experts' discussions and
23 then if they were needed, they were still unresolved, they
24 would be brought to the executive negotiation team that also
25 not only dealt with issues but also dealt with the general care

1 for setting up the process for the negotiations.

2 Q Would it be fair to say that the team with the most
3 hands-on experience in negotiating with BellSouth was the core
4 team, the middle team?

5 A No. I would say the team that had the most real
6 hands-on, on any specific issue, would have been the subject
7 matter expert that was charged with that. But to the point in
8 terms of the general day-to-day management of how things were
9 progressing, were issues getting resolved, then the core team
10 had the first level of management responsibility to care for
11 that. So, your statement would be true in that regard.

12 Q Okay. Now part of your testimony is to address Issue
13 13, which is whether BellSouth should be required to provide
14 electronic interfaces to perform certain functions?

15 A Yes, it is.

16 Q Is it true that there are actually two issues involved
17 in that one issue, the first one being the operational
18 interfaces with respect to resale services and the second one
19 being operational interfaces with respect to unbundled network
20 elements?

21 A Yes. And let me clarify. Initial discussions that
22 we've had with BellSouth have been focused on the total service
23 resale platform, the electronic interface platform to support
24 that. And it is our belief that we can build upon that to
25 include support for the unbundled network element platform.

1 Q Now does your testimony distinguish between the
2 operational interfaces required for resale and the operational
3 interfaces required for unbundled network elements?

4 A No. The basic point of the testimony, the direct
5 testimony, dealt with a common statement, electronic interface
6 to support the multiple approaches that we could take in
7 entering the marketplaces. The cites in my testimony do cite
8 other commissions and those cites are specific to total service
9 resale. So, to that extent it differentiated.

10 Q Okay. Now with regard -- Let's talk first of all
11 about operational interfaces with regard to resale services.
12 One of the functions that AT&T wants an operational interface
13 for is pre-ordering; is that correct?

14 A Yes, that is one of the functions.

15 Q And what is pre-ordering?

16 A Pre-ordering is the first grouping of functional
17 activities in the life of the provisioning of a local service.
18 And that would be the establishment of the service, the
19 maintenance of the service and ultimately taking the service
20 out of service if the customer so choose to disconnect the
21 service. So, pre-ordering is the first grouping of functions
22 that need to be performed as you are having it interface with
23 the customer. They would include such things like obtaining a
24 due date, determining the customer's address, obtaining the
25 telephone number for the customer.

1 Q Now have AT&T and BellSouth resolved the issue of the
2 operational interface needed for resale with regard to the
3 function of pre-ordering?

4 A Yes, I think we have, but I need to clarify because I
5 did come to this hearing thinking that we had. So, let me just
6 recount where I think we are and just test if that's true.

7 I believe we are in agreement in contract language,
8 the specifics of the electronic interface platform structure,
9 the hand offs between the corporations and the schedule, I
10 mean, date certain schedule by which this platform would be
11 available and would all be available on an interactive
12 interface basis, meeting our fundamental requirement to support
13 TSR by March 31st, 1997.

14 Now, that was helped along by the Georgia Commission
15 that ordered us to work together and ordered BellSouth to align
16 itself to that kind of schedule. On September 30th at the
17 North Carolina hearing, the parties, AT&T and BellSouth, said
18 that they had come into agreement and we represented in front
19 of that Commission, in fact, that we had and that that would in
20 fact be stipulated as part of the record in North Carolina. As
21 of last night that stipulation had not occurred and I'd hoped
22 that it had so we'd be able to say to this Commission that we
23 are in fact aligned and that has been resolved.

24 And, in fact, AT&T's commitment to what we've said
25 there in North Carolina and what we said in Georgia and what I

1 said in my deposition remains unchanged. And if BellSouth is
2 committed to continue to work jointly and committed to that
3 schedule, then as it relates to TSR electronic interface, I do
4 believe we are in agreement.

5 The remaining issue then would be how we extend that
6 electronic platform to support unbundled network elements, both
7 in the purchase of unbundled network elements as a single item
8 and also in the multiple combinations of unbundled network
9 elements on a single order. And since generally AT&T and
10 BellSouth have been apart on the definition of unbundled
11 network elements and to the extent that you could combine them,
12 we have not been able to continue negotiations as to how we
13 extend the electronic platform to deal with that.

14 So, extending electronic platform to support unbundled
15 network elements in combination remains an open issue if we
16 close the other piece.

17 Q All right. Well, let me go through and make sure that
18 we have closed the issue except maybe for language with regard
19 to the operational interfaces for resale. There are five
20 functions that AT&T wants the electronic interface to perform
21 for resale services. The first is pre-ordering. And I believe
22 you stated that AT&T and BellSouth have resolved the issue with
23 regard to pre-ordering for resale services?

24 A Yes.

25 Q What about with regard to the function of service

1 trouble reporting?

2 A Yes.

3 Q What about with regard to the function of provisioning
4 and processing?

5 A The provisioning and processing of order, I believe
6 you're referring to?

7 Q Yes.

8 A I believe that's true.

9 Q What about with regard to the function of customer
10 usage data transfer?

11 A Yes, we're resolved.

12 Q What about with regard to the function of local
13 account maintenance?

14 A I think there's an open issue there as it relates to
15 the management of PIC changes, but in terms of the general
16 processing of the electronic platform I believe we're in
17 agreement.

18 Q Okay. So with the exception of the PIC changes, and
19 that is a separate issue in this case; isn't that correct?

20 A Yes, it is.

21 Q So with the exception of that issue, local account
22 maintenance function has been resolved with regard to an
23 interface for resale services?

24 A With one exception I would add as well: As it relates
25 to the billing function. And you stated correctly that

1 BellSouth has agreed to provide customer specific usage data to
2 us and that was absolutely correct. What we have also
3 requested, and this is an issue separate, also, in front of the
4 Commission, is that billing to us as a carrier, the bulk
5 billing of all of the services that we buy from BellSouth in
6 the local market, that that be billed to us on a carrier-to-
7 carrier basis using the CAB systems. And what we've agreed to
8 in the interim solution that we're talking about here for TSR
9 is to accept the CRIS billing format, but the CABS issue is
10 also an open issue associated with billing. But for the most
11 part your walk through is correct.

12 Q And when you say TSR do you mean total service resale?

13 A Thank you. Yes, I do.

14 Q Now, I started off my Cross Examination of you by
15 saying they're two outstanding pieces to this issue:
16 operational interfaces for resale and operational interfaces
17 with unbundled network elements. And for the most part, the
18 only piece of that left open is the operational interfaces for
19 unbundled network elements between AT&T and BellSouth?

20 A That's the major issue that we're bringing before the
21 Commission, yes.

22 Q Now with regard to the operational interfaces for
23 unbundled network elements, again we're talking about these
24 functions and I believe the first function of pre-ordering, you
25 stated that essentially pre-ordering is the ability to see what

1 due dates are available and what services and features are
2 available in a customer's area; is it that kind of thing?

3 A Yes.

4 Q Okay. Now, ordering is another function that AT&T is
5 seeking an operational interface for in the unbundled network
6 element arena. And is that basically the ability for MCI to
7 get to BellSouth, place their order and receive confirmation
8 back?

9 A Yes.

10 Q Now, service trouble reporting, that's just
11 maintenance and repair; right?

12 A Yes, maintenance and repair interfaces.

13 Q It's a matter of reporting troubles and getting the
14 status of when they're being worked and that kind of thing?

15 A Yes, on an electronic interface basis.

16 Q And would provisioning that function that's listed in
17 Issue 13 be a way for AT&T to get the status reports on the
18 order itself?

19 A I'm not sure I understand the question as you
20 reference 13(b).

21 Q Well, I'm sorry, not -- Just 13. Issue 13 is the
22 issue concerning whether BellSouth should be required to
23 provide these interfaces to provide these functions through an
24 electronic interface.

25 A Yes, we believe that for unbundled network elements,

1 all of the functions that we had talked about in grouping of
2 pre-ordering, ordering provisioning, maintenance, billing
3 customer carrier, all those functions to varying degrees, but
4 basically category of functions need to be in place to support
5 the unbundled network capability both individually, in some
6 cases, and then as combinations.

7 Q Now, the billing function of that, is that just so
8 that you have the information on a particular end user
9 customer's account, you know how much their bill is, what kind
10 of services they have, that kind of thing?

11 A And is this specific to unbundled network elements?

12 Q Yes.

13 A Depending on the unbundled network element that is
14 being purchased by the new entrant and depending on the
15 combination, you may need customer specific usage data. In
16 other cases you may not need that, but the new entrants would
17 have to know how much BellSouth would want to be paid for and
18 thus we need a bill for those unbundled network elements that
19 we purchase from them.

20 Q Okay. Well, let's -- Let me ask you generally
21 speaking with regard to the five functions -- pre-service
22 ordering, service trouble reporting, service order processing
23 and provisioning, customer usage data transfer and local
24 account maintenance -- is it true that those functions relate
25 to AT&T's ability to deal with the end user customer?

1 A No, not in all cases. It would be if we were going to
2 use some of the unbundled network elements, acquire them. For
3 example, if we were to buy an unbundled loop and NID, then that
4 would be touching the customer and we'd need those kind of
5 informations that would support that. If we were to buy an
6 unbundled network element switch element, then we would have
7 telephone number and other kind of things that touch the end
8 user as well.

9 There would be situations where we would buy an
10 unbundled network element that would not be tied specifically
11 to a given customer and it could be purchasing a database as
12 unbundled network element. Therefore, you kind of purchase
13 access in a bulk, bulk kind of approach.

14 So, there will be cases, a lot of cases, I believe,
15 where it does touch the end user customer when you put together
16 combinations unbundled network elements. There will be some
17 cases where that is not true.

18 Q Let's take one of those elements. Let's take
19 dedicated transport. Now, dedicated transport is an unbundled
20 network element that AT&T is seeking from BellSouth; is that
21 correct?

22 A Yes, it is.

23 Q And essentially dedicated transport is a pipe that
24 runs between -- would run between AT&T and BellSouth, between
25 the two networks?

1 A Yes; between two points, yes.

2 Q Okay. And will there be a telephone number associated
3 with dedicated transport?

4 A No, if we just purchased the dedicated transport.

5 Q That's all I'm asking.

6 A Okay.

7 Q What about will there be an individual end user
8 features associated with dedicated transport?

9 A No, if we just purchase that.

10 Q Will AT&T need the pre-ordering capability for
11 dedicated transport?

12 A We would need a due date commitment. That is a
13 pre-ordering function.

14 Q Is that function already handled by the ASR process
15 now? And ASR is access service request, I believe.

16 A Yes, it could be. We have a process that is in place
17 to support the access business, that as an interexchange
18 carrier buys access, the equivalent to a dedicated service, we
19 can provide an order over to BellSouth. And on that order we
20 get due date and firm date completions and those kind of items
21 when we buy something like a dedicated access.

22 Q With regard to dedicated transport, are you asking for
23 an operational interface different from ASR?

24 A Well, the answer to that is no. And let me just say
25 that I believe that there are elements of what we do between

1 AT&T and BellSouth today in the access world such like the case
2 that you are referring to, the ASR process, the use of the
3 carrier access billing system and there are some other standard
4 kind of pieces that are in place that we believe are natural
5 extensions to the TSR platform that I believe we've agreed to.

6 The issue in front of the Commission is not to help us
7 design, you know, which pieces and what pieces of reuse of
8 what's there should we put in place, because I believe that we
9 can put the people together to be able to get that done. The
10 real issue here that through negotiations we've not been able
11 to be focused on this and have a plan put in place with a date
12 certain where we could have the electronic interface extension
13 on the platform to support this kind of capability. So that's
14 really the policy issue that we're looking at here and we're
15 not really asking the Commission to help us design which
16 systems we can use or can't use.

17 Q Well, with regard to that, your last statement, you
18 have been working with BellSouth with regard to the operational
19 interfaces for resale services; correct?

20 A Yes, we have.

21 Q Now has AT&T ever provided BellSouth with its
22 requirement for operational interfaces with regard to unbundled
23 network elements.

24 A No, we did not. And the reason for that is we had
25 proposed a number of times at the negotiation table that we

1 wanted to begin to expand the discussions to include this and
2 we were told quite firmly that BellSouth had no intentions of
3 working these details with us because they did not agree with
4 the definition "unbundled network elements" and they didn't
5 agree with the combination and until that was resolved they
6 didn't feel it made good sense and good use of their time to be
7 working on that.

8 Q All right. Mr. Shurter, I would like to hand you a
9 document. I believe it's from AT&T's 17 binders.

10 A I think you reference it, it was from something. I
11 apologize; I didn't hear it.

12 Q Yes, are you familiar with the 17 binders of
13 information that AT&T attached to its petition for arbitration?

14 A I am aware we submitted them. I am not aware with
15 every word that was contained inside the 17 binders.

16 Q I don't blame you. Well, I'm going to represent you
17 this comes from Volume 6, Tab 74, I hope I have that right, of
18 those 17 binders. And it's a letter from Scott Schaefer,
19 S-c-h-a-e-f-e-r, Acting Vice President, Interconnection
20 Services, to William J. Carroll, Vice President I believe of
21 AT&T.

22 CHAIRMAN CLARK: Ms. White, do you want it marked as
23 an exhibit?

24 MS. WHITE: Yes. I'd like to mark it as Exhibit 5.

25 (Exhibit No. 5 marked for identification.)

1 MR. TYE: Madam Chairman, could we inquire from
2 Ms. White exactly where this came from in Volume 6. The
3 documents we submitted we thought were all Bate stamped and
4 this does not appear to have the number on it.

5 MS. WHITE: It's my understanding it's from Volume 6,
6 tab 74.

7 MR. TYE: Tab 74. Could we have just a moment to
8 check.

9 It's not the same document. Madam Chairman, Volume 6,
10 tab 74, is a letter dated April 26th. This letter is dated
11 April 30th.

12 MS. WHITE: I'm sorry, I think it may be Volume -- I
13 think I misspoke. I believe it may be Volume 72 -- I mean,
14 not --

15 MR. TYE: Tab 72?

16 MS. WHITE: Tab 72.

17 MR. TYE: Okay. I don't think so. That's a memo to
18 the file dated April 26.

19 MS. WHITE: May I have a few minutes?

20 CHAIRMAN CLARK: Yes.

21 (Brief pause.)

22 MR. TYE: Nancy, it's tab 82, I believe.

23 MS. WHITE: Thank you, Mr. Tye. And I apologize to
24 the Commission. There's just too much darn paper in this case.

25 CHAIRMAN CLARK: All right. As I understand it, it's

1 Volume 6, tab 82?

2 MR. TYE: Yes. The reason for the confusion, Madam
3 Chairman, is that the volumes we submitted were all Bate
4 stamped. This one was not. And evidently it's BellSouth's
5 copy of the letter.

6 CHAIRMAN CLARK: Okay.

7 MR. TYE: So we just wanted to make sure the witness
8 knew what we were discussing here.

9 CHAIRMAN CLARK: Mr. Shurter, do you have the letter
10 and you've looked at it?

11 WITNESS SHURTER: I do and I have.

12 CHAIRMAN CLARK: Okay. Go ahead, Ms. White.

13 BY MS. WHITE (Continuing):

14 Q Mr. Shurter, do you see volume -- paragraph 2 of that
15 letter, I believe it's labeled "Scope"?

16 A Yes, I do.

17 Q Could you read that out loud, please?

18 A Yes. "Our discussions" -- It's preceded by a word
19 "Scope." "Our discussions to date have centered primarily
20 around resale. However, BellSouth intends to complete both
21 resale and facility-based ordering scenarios simultaneously.
22 Specifically we initially will support an interface for
23 residents and business basic exchange service as well as number
24 portability and listings that include service order
25 transmission and firm order completion" or "confirmation."

1 Q Okay. Now, when did AT&T deliver its requirements to
2 BellSouth for the operational interfaces with regard to
3 unbundled network elements?

4 A I believe those requirements have now been provided to
5 BellSouth this week.

6 Q When did AT&T develop their requirements for
7 operational interfaces with regard to unbundled network
8 elements?

9 A They were begun as we were building the total service
10 resale platform and then had ideas as to how we would extend
11 that to support unbundled network elements. That last piece,
12 as I've stated before, had not been shared.

13 Q And it was just shared this week?

14 A Beg your pardon.

15 Q It was just shared this week?

16 A Yes.

17 Q Now will AT&T need an additional -- and I'm back to
18 talking about dedicated transport now. Will AT&T need an
19 additional operational interface for trouble reporting for
20 dedicated transport as an unbundled network element?

21 A My belief to that is that the systems that we have in
22 place to support the ordering of access can be added to the TSR
23 platform to support that.

24 Q Well, and I guess I'm confused. Are you saying that
25 the existing interfaces you have will be sufficient or you want

1 a new interface?

2 A No, I'm not saying we want a different interface than
3 what we've agreed to for TSR. But as we take a look at
4 defining what is the specific platform that supports both TSR
5 and unbundled network elements and combinations, then that
6 degree of specifics relative to defining that platform would
7 include the kind of things that you are referring to here: How
8 do you do the maintenance and how do you do the pre-ordering
9 and how do you do that, examining each and every one of those,
10 determining do we have interfaces, gateways in place, how would
11 we bring it in, what additional kind of information would be
12 put together to provide the glue to create that platform.

13 Q Well, let me see if I can clear this up or clear my
14 confusion up anyway. We have a system in place today by which
15 AT&T orders can order dedicated transport as an unbundled
16 network element through the existing access service request
17 process; is that correct?

18 A Yes, that is correct.

19 Q Now, when AT&T orders dedicated net transport as an
20 unbundled network element, does it want to use the existing ASR
21 process or does it want to use something else?

22 A AT&T would like to use the ASR process and have that
23 connected to the total platform.

24 Q Connected to, how does that come about?

25 A Basically comes about by the two parties coming

1 together, taking a look at what we've agreed to, and look at
2 the logical extension of where the connecting points, what
3 gateways need to be brought in. If in fact we're going to be
4 pushing more orders through the gateway, I would assume that
5 BellSouth is going to want to look at the capacity of that and
6 the form of that and expand those gateways, the gateway being
7 for the ASR process is different than the gateway that we have
8 talked about for the EDI total service resale process. All of
9 that goes together to construct what in fact is the platform
10 that supports both of these functions.

11 We have talked here about the dedicated transport and
12 that the ASR process, I believe, would support that if it was
13 brought into the platform and we agree to do that. We have not
14 agreed to do that, by the way.

15 On the other hand, if I bought a switch unbundled
16 network element, the ASR process does not work for that.

17 Q Well, isn't it true that the operational interface
18 that BellSouth and AT&T have agreed to for resale services can
19 be used for some unbundled elements?

20 A I believe it can be used to support the unbundled
21 switch and I believe it can be used to support a number of the
22 combinations, again, if BellSouth and if BellSouth would agree
23 that that was part of the platform and that handling would be
24 done and took whatever necessary steps to specify that in and
25 modify the platform.

1 Q Well, has AT&T given BellSouth a chance to agree or
2 disagree?

3 A Yes, we did. We gave BellSouth a chance back in
4 negotiations, in the June time frame, when we said now that we
5 all understand what an unbundled network element is and at
6 least in terms of what AT&T's request was. We were very clear
7 on how we wanted to combine unbundled network elements and we
8 were clear how we wanted to use that. And it was at that point
9 much after this date here from Scott Schaefer by the letter
10 that you gave me, which was dated April 30th. I believe when
11 it became clear to BellSouth what we needed and how we wanted
12 to use it, at that point they did not want to discuss in detail
13 how we would put an operational electronic interface in place
14 to support the unbundled network element.

15 Q But AT&T did not even give its requirements to
16 BellSouth until this week?

17 A That is correct. BellSouth was not willing to do
18 anything with them.

19 Q Now what exactly are you asking the Commission to do
20 with regard to operational interfaces for unbundled network
21 elements? Are you asking the Commission to order BellSouth to
22 work with AT&T to resolve it? Are you asking the Commission to
23 order BellSouth to provide the exact same interfaces that we're
24 going to provide to AT&T for resale services to unbundled
25 network elements as well?

1 A We are asking the Commission to be specific in their
2 order and to, in their order, order that the work that we have
3 put in place and the agreements I believe we've made on total
4 service resale be ordered by this Commission and that the order
5 also call for an extension of that platform be made so it
6 supports unbundled network elements as single units purchased
7 and also in combinations. And that can best be done, we
8 believe, by the example we've seen with the Georgia Commission
9 where they said provide us a plan by such and such a date and a
10 date certain by when that plan would be implemented.

11 And I believe with that kind of leadership at the
12 policy level from the Commission, the parties will be able to
13 get together, work a lot of the details that have been shared
14 in this cross testimony and put it in place and I believe can
15 be done in a fairly timely fashion.

16 Q Well, with regard to that Georgia order, wasn't that
17 with regard to resale only?

18 A Yes, it was.

19 Q Now, moving on, is it correct that AT&T wants to use
20 the carrier access billing system, also known as CABS, C-A-B-S,
21 for billing local services?

22 A Yes, we do.

23 Q Does the FCC Order discuss this issue?

24 A Beg your pardon?

25 Q Does the FCC Order discuss this issue?

1 A The --

2 Q The biggie, the FCC Order.

3 A The FCC Order?

4 Q Yes.

5 A I wanted to see if I heard that right. I don't
6 believe it addresses -- No, I don't believe it addresses this
7 specifically.

8 Q Does the Telecommunications Act of 1996 discuss this
9 issue?

10 A Yes. I believe that Act does when it talks about
11 reasonable and nondiscriminatory interfaces and how we work
12 together. Our position on the CABS versus CRIS, could probably
13 benefit from just a brief description here.

14 MS. WHITE: Chairman Clark, if he could confine his
15 description on redirect. He's answered my question.

16 CHAIRMAN CLARK: I was looking at something else.

17 MS. WHITE: I asked him if the Telecommunications Act
18 of 1996 discussed the CABS issue and he said it did and I was
19 ready to move on but he wanted to describe the CAB system.

20 CHAIRMAN CLARK: Well, he's entitled to give an
21 explanation of the yes answer.

22 MS. WHITE: I understand that, but I don't believe he
23 was really giving an explanation of his answer, but I will
24 defer.

25 CHAIRMAN CLARK: Well, Mr. Shurter, with that

1 understanding, that you're entitled to give an explanation of
2 your yes answer, go ahead.

3 A Thank you, Commissioner. I just wanted to be clear on
4 what AT&T is asking for here, if that would be helpful. What
5 AT&T is asking for here is that the carrier access and billing
6 system that has been used, fairly new system, and used around
7 the United States with all interchange carriers and other
8 carriers, is a proven system. And it is a system that is
9 between the interexchange carrier as a customer in this case
10 and BellSouth as a supplier. It has been used therefor to get
11 a bill from BellSouth and for us to look in aggregate and in
12 summary what do we owe them so that we can pay them.

13 We believe that that same capability is going to be
14 required as we take a look at how much total service resale we
15 buy, how much unbundled network elements we buy and
16 combinations. Those summaries, so that we're clear on what we
17 owe them and so that we can bill them is what we're looking
18 for.

19 It's clear that for new entrants to be able to get
20 into the marketplace, we believe it's easier for BellSouth to
21 adjust to something that is an industry standard and that all
22 the -- and then all of the new entrants would be able to rely
23 on that across the region. And we believe that is the most
24 efficient way.

25 The data about CRIS that we get customer specific

1 usage on a customer, how many calls they make, that kind of
2 stuff, we get that through usage data and that's not the
3 billing that I'm talking about here. I'm talking carrier-to-
4 carrier billing for local capability we buy from BellSouth.

5 BY MS. WHITE (Continuing):

6 Q Now has BellSouth offered to use the CAB system to
7 bill local services for AT&T or to provide CABS to billing to
8 AT&T for local services?

9 A No, not as part of where we are today. What BellSouth
10 has said that they would be willing to do is take a look at
11 what are the industry standards for local, once they are
12 defined, and they would adopt that. AT&T's position is I think
13 we can move forward quicker than that.

14 Q What system has BellSouth offered to provide AT&T for
15 the billing of local services?

16 A Their CRIS system.

17 Q And what does CRIS stand for?

18 A Customer record information system, I believe.

19 Q And what system does BellSouth use to bill local
20 services?

21 A The same.

22 Q The CRIS system, CRIS?

23 A I believe. I believe that that's true.

24 Q Now does AT&T want the CAB system because AT&T is
25 familiar with and experienced with CABS?

1 A No. We want the CAB system because we think it is the
2 right system to be able to bill carrier-to-carrier services.

3 Q Mr. Shurter, AT&T is familiar with the CAB system;
4 correct?

5 A Yes.

6 Q It is experienced with the CAB system over the last
7 several years; correct?

8 A Yes, we are.

9 Q Does the CAB system provide the level of customer
10 usage detail provided by the customer record information
11 system?

12 A It does not, but we also don't need it for the purpose
13 of the billing that we're looking for.

14 Q Will the customer record information system, CRIS,
15 produce a CABS format at the present time?

16 A Could you restate the question, please?

17 Q Now CRIS is what BellSouth uses now; correct?

18 A Yes.

19 Q Does the CRIS system produce a bill in the CABS format
20 at the present time?

21 A Not that I'm aware of.

22 Q Does the CABS system produce the level of detail
23 that's in the CRIS system at the present time?

24 A No.

25 Q So either CABS or CRIS would have to be reconfigured

1 in order for BellSouth to provide AT&T what AT&T has requested;
2 isn't that correct?

3 A Yes. I believe that billing systems, like all of the
4 other support systems that were in place prior to the decision
5 was made to bring competition to local marketplace, forces
6 everybody involved in this to take a look at their systems and
7 make appropriate modifications. So I'm not surprised if CRIS
8 needed some modifications. I certainly wouldn't be surprised
9 if CABS needed modifications given that we're asking those two
10 systems to perform slightly different functions.

11 Q And there will be an expense to reconfigure those
12 systems; is that correct?

13 A Yes, there will be expense to new entrants in terms of
14 their capabilities to support the billing process and I believe
15 BellSouth will incur expenses to put their capability in place.

16 Q Is AT&T willing to assist BellSouth in recouping the
17 expenses necessary to reconfigure these billing systems?

18 A Yes. We've been clear on this point. And that is
19 that there are going to be charges that incur to get this new
20 capability put in place for BellSouth. There is no doubt about
21 that. It's also true that the new entrants into the markets
22 are also going to incur significant costs.

23 One could argue perhaps those costs offset one
24 another. I've not done a study to determine if that is true.

25 AT&T's case has been that if in fact that there is a

1 cost here for BellSouth that is abnormal to them supporting
2 this, then the industry participants who are participating in
3 this new opportunity should through some equation share equally
4 into paying for that charge. We believe that that sharing
5 should include BellSouth because this would become a part of
6 their new wholesale business.

7 Q Now, moving on to another subject that's in your
8 testimony, when BellSouth technician goes out to, on a service
9 call to an AT&T local customer. For example, if Mr. Carver
10 here decides to leave BellSouth local services and take AT&T
11 local service and a BellSouth tech -- there's trouble on the
12 line and a BellSouth technician goes out to look at it, AT&T
13 wants that BellSouth technician to distribute AT&T materials
14 when they're on that field visit; is that correct?

15 A Yes, that's been our position. This is part of the
16 branding parity issue that we've talked about. Fundamentally
17 our position is we want that repairman to represent that they
18 are there on behalf of AT&T performing that service function.

19 Q And, of course, Mr. Carver wants to know how he can
20 pay for the bill without a job.

21 A Good question.

22 Q If BellSouth distributes those AT&T materials for AT&T
23 on those service calls, then BellSouth will also have to do
24 that for any other alternative local exchange company that
25 wants it to; isn't that correct?

1 A Yes, I think that would be reasonable.

2 Q Now, if a BellSouth technician goes out on an AT&T
3 service call and by mistake hands out the wrong literature,
4 what's going to happen? Will AT&T hold BellSouth responsible
5 and liable for that?

6 A No. What I believe we need to do in any kind of a
7 customer/supplier model, you put your processes in place and
8 procedures and then you put a data collection kind of
9 approaches with it. And we ought to have between us a good
10 quality process improvement technique. So, when we find that
11 there is an error that's been made like that, some of these
12 things are human and they do occur. What we need to do is just
13 make sure that our instructions are right between the two
14 companies and that we do proper feedback to individuals so they
15 know that this is important and if this was an innocent mistake
16 that happens in people's day-to-day work life, then that should
17 be treated with a quality process improvement approach.

18 Q Now, on these field visits, does AT&T expect the
19 BellSouth technician to answer questions about AT&T's service?

20 A No, I would not.

21 Q And AT&T wants the BellSouth technician to refrain
22 from marketing BellSouth's services?

23 A Yes.

24 Q And has BellSouth agreed to do that?

25 A I believe they have, yes.

1 Q Now, I just want to make sure that I believe we're
2 saying the same thing, but in your testimony I believe you said
3 that you want the technician, the BellSouth technician to let
4 the customer, if they happen to run into the customer, state
5 that the technician is providing service on behalf of AT&T; is
6 that correct?

7 A Yes, I would.

8 Q And I believe that in BellSouth's testimony, probably
9 specifically Mr. Scheye's, he says that the BellSouth
10 technician would say they're representing AT&T. Are those two
11 different things in your mind?

12 A No, they're not. I think that the principle here is
13 just simple that I want to be clear about. In this case it's
14 an AT&T customer. In this case we would be paying for, through
15 the compensation scheme that we have, for BellSouth to go out
16 and deliver this service for us. All we're asking for is at
17 that point of delivery that the person would say, "I provided
18 this service on behalf of AT&T." Now, the specific words, we
19 can sit down and agree to. It is a point of representation;
20 that's the issue.

21 Q Now, and let me ask one more thing. When the
22 BellSouth technician goes out to make this service call,
23 they'll usually go in a truck that has a BellSouth sign on it.

24 A I would think so, yes.

25 Q Do you have a problem with the BellSouth sign being on

1 that truck?

2 A No, I do not.

3 Q Now, with regard to the directory issues, has AT&T
4 resolved all of the directory issues with BellSouth Advertising
5 and Publishing Company with the exception of issue of whether
6 AT&T's logo should be on the directory?

7 A Yes.

8 Q And that was as a result of negotiations that AT&T had
9 with BellSouth Advertising and Publishing Company?

10 A Yes, that is correct.

11 Q And AT&T has actually signed an agreement with
12 BellSouth Advertising and Publishing Company?

13 A Yes, we have, excluding this one issue of parity and
14 branding.

15 Q All right. The next thing I'd like to talk about are
16 the direct measures of quality that are in your testimony. Now
17 essentially AT&T wants what you call DMOQs. Too many acronyms
18 in this business, but that's direct measures of quality; is
19 that correct?

20 A Yes, that's true. And it is the same as in my
21 summary; I said these are just specific standard performance
22 commitments.

23 Q Can you give me an example or two of direct measure of
24 quality?

25 A Yes, I can. One that comes to mind is a due date, was

1 in fact a due date that was given to the local customer, was
2 that due date met or not. That would be a clear example.

3 Q All right. Now, how did AT&T develop these direct
4 measures of quality?

5 A Could you repeat the question? I just didn't hear.

6 Q I'm sorry. How did AT&T develop these direct measures
7 of quality?

8 A When we had a chance to talk in my deposition, I
9 didn't have the details behind this. So this is some
10 additional input. We took a look at, as I followed up on where
11 this came from, what we believe local customers would be
12 looking for. We have a team of performance folks that were
13 looking at that to see what would be appropriate performance
14 standards. We also took a look at performance standards that
15 we have had quite a bit of hands-on experience with in the
16 access world, both interstate and intrastate, in terms of some
17 of those things as it relates to network reliability, provide
18 not specifically the same but gives you kind of a good
19 reference in terms of reliability what you should be looking
20 at.

21 Q Now, if BellSouth does not meet these direct measures
22 of quality, AT&T is suggesting that or seeking liquidated
23 damages from BellSouth; is that correct?

24 A Yes. And these damages would be in terms of credits.
25 They would be credits for delay in provisioning process, due

1 dates not met, credits in terms of performance, reliability,
2 out of service kind of things and also in the area of billing.

3 These measures are important to new entrants like
4 ourself so that we are sure that we get the same level of
5 service that BellSouth provides to itself. The credits that we
6 have suggested in our interconnection agreement are suggested
7 here as a financial incentive to insure that substandard
8 service is not provided to new entrants.

9 Q How are the liquidated damages or the credits
10 developed? Were they developed by the same group that
11 developed the direct measures of quality?

12 A Yes.

13 Q Do you know what the basis for the individual credits
14 are?

15 A The basis for the individual credits would vary. So,
16 let me first say that. And it would vary, if you were talking
17 about an installation commitment versus a reliability issue.

18 Q Okay. Now, AT&T has been purchasing access service
19 from BellSouth for many years; has it not?

20 A Yes, we have.

21 Q And it buys that access service pursuant to tariff; is
22 that correct?

23 A Yes, it is.

24 Q Now, has AT&T ever sued BellSouth for inadequate
25 access service?

1 A No, we have not.

2 Q And --

3 A I would add that within the interstate access tariff
4 and the intrastate access tariff, we do have credits for delays
5 and provisioning and reliability breakdowns.

6 Q And are those credits identical to the ones that
7 you're suggesting in your direct measures of quality?

8 A No, they're not relative to the level of credit
9 because the credits are based and tied to the money that would
10 come from the specific act. So, a reliability problem on the
11 interstate access might be for a broadcast service and that
12 might have a fairly high credit associated with it. Certainly
13 for local service, if you had an outage or something, that
14 would be much less and would be tied to, you know, the monthly
15 charge; so it's much smaller relative to the local service.

16 Q Well, are the credits that you suggested with your
17 direct measures of quality higher or lower than the credits
18 that are in the interstate access tariff?

19 A I think they're generally lower because the value of
20 the service is lower.

21 Q Now, with regard to direct routing, what you're asking
22 for there is that when an AT&T local customer, Mr. Carver again
23 if he's got another job by that time, when they dial an
24 operator, 411 or 0, AT&T wants Mr. Carver to be able to reach
25 AT&T's operator services; is that correct?

1 A That is correct. We believe this is a parity item.
2 BellSouth customers today have that capability. They dial 0,
3 if they're a BellSouth customer they go to a BellSouth
4 operator. From a parity point of view, we want to be able to
5 do the same thing.

6 Q Now, when Mr. Carver switches from BellSouth to AT&T
7 for local service, from the switch's viewpoint, nothing has
8 changed; has it?

9 A No, for his basic service, I mean, the switch is still
10 the switch. The loop is still the loop. So all of that
11 physical plant, if we're referring to the physical plant in
12 place, yeah, it's the same.

13 Q So there has got to be something done so that the
14 switch can identify Mr. Carver as AT&T's customer and route him
15 to AT&T's operators; is that correct?

16 A Yes, we see that as what needs to be done.

17 Q Okay. Now, you said that one of the ways this can be
18 accomplished is through the use of line class codes; is that
19 correct?

20 A Yes, we did. We said that line class code would be
21 one of the ways that this could be implemented. We believe
22 there are several ways that have been accepted by others to be
23 technically feasible. Southern New England Telephone has
24 adopted the one you talked about, line class code.
25 Southwestern Bell, on the other hand, has kind of said I'll do

1 line class code in the short term and I'll move to a more
2 sophisticated approach later. And BellAtlantic has said I'll
3 just jump right to an intelligent network based.

4 So different carriers are taking a look at this, moved
5 ahead with the commitments, have committed to do this in early
6 1997 time frame.

7 Our position in AT&T is however BellSouth wants to do
8 it is okay with us.

9 Q All right. Now, with regard to accomplishing this
10 routing via an intelligent network, there would still be work
11 that would need to be accomplished by BellSouth in order to
12 make that happen; is that correct?

13 A Oh, yes.

14 Q Okay. So would it be fair to say that in the interim
15 you're looking for the routing to be done via the line class
16 codes or is AT&T willing to wait until the intelligent network
17 solution is available?

18 A We would like to be able to have this capability
19 available to us at the time of market entry. So, if BellSouth
20 was not able with an AI net solution to support that time
21 frame, we would like them to take a look at an interim solution
22 like line class codes. And to the extent that that was capable
23 in the BellSouth network, that's what we would like to be used.

24 Q Okay. Well, then let's focus on line class codes. Is
25 it true that there are finite number of line class codes in a

1 given switch?

2 A Yes, at any point in time, and this will vary by
3 switch type. So, a 1A-ESS would have a set number. That set
4 number would be different from a 5-ESS or from a DMS-100 and
5 it's not the same in each one. So it would vary. One might
6 have, like a Northern switch might have 1,000 and a 5-ESS might
7 have 4,000. But the issue of finite is in a moment and time.
8 One thing that's wonderful about the architecture of digital
9 switching today is in fact that it can grow and it can change
10 and suppliers in fact do adjust and increase the capacity of
11 many features in their digital switches, one of which is line
12 class codes. So, if it is 1,000 today, it could be 2,000
13 tomorrow.

14 Q Could be 2,000 tomorrow, but until that new additional
15 memory is installed, it's 1,000 today; correct?

16 A I believe that the 1,000 would be correct for a DSM-
17 100.

18 Q And if new memory is installed tomorrow that brings it
19 up to 2,000 line class codes, then until an additional memory
20 is developed, it's going to stay at 2,000 line class codes?

21 A Yes.

22 Q So at any given moment and any given switch, there is
23 a finite number?

24 A Yes.

25 Q Now, you can expand as we've talked about, you can

1 increase the number of line class codes in a switch, but you
2 also have to expand other parts of the switch; don't you?

3 A Yes. Any time that you're adding new demands on a
4 digital switch, you cannot just look at a very specific one
5 item. I mean, it is a system; I mean, it says a system, and it
6 operates with system thinking and system design. So you do
7 have to take a look at what that added demand and capacity is
8 going to do. Does that mean you have to bring in more capacity
9 here or there and there will be other adjustments that will
10 have to be made as well, yes, to the switch.

11 Q And essentially the line class codes direct the switch
12 through the routing functions?

13 A Yes, it does.

14 Q Now, there's a line class code for each customer
15 service and combination of customer services; aren't there?

16 A Yes, and I believe there is in fact a formula that
17 someone could put together that would say, you know, for every
18 service, for every customer, you could come up with, you know,
19 what is the consumption rate of line class codes. So, yes, you
20 can determine what your requirement would be.

21 Q Would you accept subject to check that BellSouth
22 currently uses about 350 line class codes in its switches?

23 A I've heard them say that. So, yes.

24 Q And I think you spoke earlier that is DSM-100 switch
25 has 1,000 line class codes today?

1 A Yes.

2 Q Now, AT&T, in order to provide all of the services
3 that BellSouth wants to provide, would have to have a line
4 class code for each of these services and combination of
5 services; is that correct?

6 A No. We in fact have said to BellSouth that on an
7 interim solution approach, being that we do want to get into
8 the marketplace, that we would be able to take a look at
9 services and packaging of services to see if in fact our
10 consumption would be less than what they have been using. And
11 also we have proposed that being there would be other new
12 entrants who also may want to provide an operator services
13 platform, so they would have to have this direct routing
14 capability, then in the short term we could put together
15 conservation procedures that as an industry we'd take a look at
16 how we can best use what is available there until such time as
17 the long-term solution is put in place.

18 This is not unlike what happened in equal access and when
19 the decision was made to provide equal access, the network
20 wasn't ready to provide it. There were many short-term work
21 arounds, but the industry was ordered and did drive to putting
22 the full-time long term capability in place to be able to
23 implement that. I think there is a parallel here to what we're
24 doing.

25 So, if there is an ability of BellSouth to do it,

1 we're asking them to do it at the time of our market entry. We
2 would understand there will be some situations that will be
3 given -- I think there are some of the switches that are not as
4 well endowed with certain line class codes, that they're going
5 to be used up soonest. And when that happens, that's where we
6 come back to say we would just like to have the traffic branded
7 for AT&T.

8 Q So, regardless of the number of line class codes, AT&T
9 would need a certain amount in order to make this direct
10 routing work; correct?

11 A Yes.

12 Q And if MCI comes along and wants to do the same thing,
13 they're going to need a certain amount of line class codes and
14 if ACSI comes along and wants to do the direct routing, they're
15 going to need a certain amount of line class codes; correct?

16 A Yes. I believe that any new entrant -- So, let me say
17 this. Yes. Not all new entrants would require line class
18 codes. But those that were going to provide a platform for
19 operator service or directory assistance or something that
20 required this kind of routing, then they would need the line
21 class codes to be placed against the customer line so that the
22 switch knows how to route it.

23 Q And eventually, for example, if the DMS-100 switch has
24 1,000 line class codes today, and those are now all taken by
25 BellSouth and other local exchange companies that want to

1 utilize direct routing and it has no more line class codes in
2 that given switch to accomplish direct routing, it's going to
3 have to turn those companies away; isn't that correct?

4 A It would. And that's why I do believe that there is
5 an ultimate limitation to line class codes. And I think we
6 need to have a more robust type of implementation. I would
7 encourage BellSouth to do that. Like I said, I'm not wedded to
8 line class codes. I just know in the short term it provides
9 some capability to do this. Other carriers in the business are
10 doing that to move local competition forward. We're asking
11 BellSouth to embrace local competition the same way.

12 Q Well, isn't in fact BellSouth embracing competition in
13 that way because aren't they co-chairing the industry carrier
14 compatibility forum with AT&T in order to look at this issue?

15 A Yes. I think that they are and I think it's good that
16 BellSouth stepped up to co-chair that. And, again, they're
17 looking at the standard implementation I believe that parallels
18 what I refer to as equal access. What is the best solution
19 that we can put in place that is the better solution so all
20 entrants, all can provide the capabilities needed for direct
21 routing. So I think that that is good.

22 MS. WHITE: Thank you. I have nothing further.

23 CHAIRMAN CLARK: Staff.

24 MR. PELLEGRINI: Madam Chairman, Staff would ask that
25 Exhibit RHS-1 be marked for identification, Mr. Shurter's

1 10/2/96 deposition transcript, together with Late-Filed
2 Deposition Exhibit No. 1, which is too voluminous to provide
3 but is available upon request.

4 CHAIRMAN CLARK: Staff's Exhibit RHS-1 will be marked
5 as Exhibit 6.

6 (Exhibit No. 6 marked for identification.)

7 CROSS EXAMINATION

8 BY MR. PELLEGRINI:

9 Q Good afternoon, Mr. Shurter. I'm Charlie Pellegrini
10 representing the Staff.

11 A Good afternoon, Charlie.

12 Q You recognize Exhibit RHS-1 as your October 2nd, 1996
13 deposition transcript?

14 A Yes, I do.

15 Q Mr. Shurter, I have just a few questions for you.
16 Your responses to Ms. White's questions took care of a great
17 deal of our questions.

18 As I recall you indicated that AT&T and BellSouth had
19 reached an agreement, an interim agreement to use CRIS for
20 total service resale billing purposes; is that correct?

21 A Yes, we have.

22 Q Have you reached such an interim billing agreement
23 relative to unbundled elements?

24 A No, we have not.

25 Q With respect to DMOQs --

1 A Yes.

2 Q Let me back up just a moment, Mr. Shurter. With
3 respect to unbundled elements and the lack of an agreement,
4 lack of an interim billing agreement, can you explain exactly
5 where you are relative to BellSouth?

6 A Yes, I can. As I mentioned earlier, we have provided
7 our requirements that are an expansion to the TSR electronic
8 platform so it includes how we would support unbundled network
9 elements in combination. That would include the billing
10 function as well. And we provided that to them this week and
11 we have a meeting scheduled with them on October the 14th, that
12 where we will go through those requirements, hopefully be able
13 to get movement going forward.

14 Q Is that consistent with AT&T's prehearing statement
15 position?

16 A Counsel, could you be specific about the prehearing
17 statement?

18 Q Well, in the prehearing statement you say as an
19 interim process AT&T will accept CRIS as long as BellSouth can
20 deliver the same information AT&T could obtain using the
21 existing billing system, that is, CABS. Is what you've just
22 said consistent with that statement?

23 A What we're consistent with is we're in agreement with
24 what was just stated there. We would like to move the platform
25 for support of both TSR unbundled network elements to include

1 CAB at the carrier-to-carrier billing interface.

2 Q Now with respect to DMOQs, are these national
3 standards which are used in special and switched access today?

4 A No, they are not.

5 Q Has BellSouth agreed that it will conform to the DMOQs
6 and liquidated damages as proposed by AT&T?

7 A BellSouth has on one hand agreed that performance
8 standards between a supplier and a customer are appropriate.
9 That's good. They have not agreed to the idea of credits
10 associated with that service that they would be providing.

11 Relative to the first point, they would only agree
12 that it's a good idea and would not get down to the specifics
13 of talking through, okay, here's the category, what's the
14 expectation, how can we move through to get that done. So it
15 was in fact that lack of specifics that we not, we do not have
16 the insurance that we would in fact be getting the kind of
17 quality support that would be similar that they provide to
18 themselves. It was the lack of the specifics in that area that
19 makes this a remaining issue.

20 Q Is AT&T asking the Commission to develop the specific
21 standards?

22 A No. Our standards that we think are appropriate are
23 reflected in the interconnection agreement. And if the
24 Commission has a better view of what they should be, they
25 probably ought to be modified, but absent of that we believe

1 that they are appropriate and they are there so that the
2 Commission could include them in their order.

3 Q Does AT&T require an instruction from the Commission
4 ordering the parties to develop these specific standards
5 through negotiation?

6 A Yes. Unfortunately, I believe that is required. We
7 have worked more than 135 days under negotiation. And I
8 believe without some Commission leadership, it's not clear to
9 me when this would be resolved.

10 MR. PELLEGRINI: Thank you, Mr. Shurter. We have no
11 further questions.

12 CHAIRMAN CLARK: Questions, Commissioners?

13 Mr. Shurter, I have some questions with regard to your
14 request having to do with access to information, on page 18 of
15 your Direct Testimony. If I understand the issue correct, you
16 want some advance notice of changes so you can adjust your
17 services if necessary?

18 WITNESS SHURTER: Yes, that is correct. Excuse me.
19 Yes, that is correct.

20 CHAIRMAN CLARK: And BellSouth has not agreed to that?

21 WITNESS SHURTER: No, they have not. And I think the
22 difference is over the advance notice period of time. AT&T has
23 asked for a period of 45 days and we believe that is
24 appropriate to provide us the amount of time to adjust our
25 billing systems, our operational support systems.

1 BellSouth's position has been that they would provide
2 to us what they were required to under tariff or when they
3 would be apprising their end customers. We believe that that
4 is not appropriate for us to be able to be on par with them in
5 that in total service resale we should have the right to resale
6 those services; therefore, we need some adequate time to be
7 able to support the resale of those services.

8 Now, it is likely that if it was a price change,
9 perhaps BellSouth does not know 45 days in advance of the price
10 change. So, we're not looking for a hard and fast 45 days.
11 What we're looking for here is parity; is that when BellSouth
12 internally knows what it is, that they notify us. But the 45
13 days we believe in our experience is generally reasonable.

14 COMMISSIONER CLARK: Well, let me ask you a question.
15 I seem to recall that either in the divestiture or in the FCC's
16 order having to do with interconnection or access for long
17 distance calls, they had a similar provision?

18 WITNESS SHURTER: Yes, that is true in the early days
19 of the long distance competition. I believe AT&T was required
20 to provide a 60-day notice. It may have even been longer
21 initially. And then as the years have gone on, it has come
22 down in terms of interval of time.

23 CHAIRMAN CLARK: I guess my recollection is that when
24 parity required in that instance, when AT&T knew it, they
25 provide it to everyone else, so in effect they were in the same

1 position.

2 WITNESS SHURTER: That was my understanding, too,
3 Commissioner.

4 CHAIRMAN CLARK: Right. And has BellSouth said no to
5 that kind of concept?

6 WITNESS SHURTER: Yes, they've said no and they've
7 said whatever the notice is to end user is when they would
8 notify us.

9 CHAIRMAN CLARK: Okay. Let me ask you one other
10 thing. Would you look at page 6 of your Rebuttal Testimony.
11 And it may be just that I read this quickly, but the question
12 has to do with Ms. Calhoun. And it says, "Ms. Calhoun claims
13 that BellSouth proposed EDI ordering interface should satisfy
14 AT&T's requirements. Is Ms. Calhoun's statement correct?" And
15 you say no. I don't understand the explanation of no, because
16 the explanation seems to say yes.

17 WITNESS SHURTER: Okay. I think the question here is
18 us working together to know that the systems that they have put
19 in place in fact do support the kind of volumes that we're
20 talking about. At this point in time of development of our TSR
21 agreement, we were at a point here that even though we were
22 processing orders over an electronic medium, it was really a
23 fax representation of that. So it would come off the system, a
24 person would have to pick it up in BellSouth and handle it.

25 And so we're concerned about the volume here. If they

1 were looking at, you know, five orders per day, AT&T would
2 assume -- And, by the way, BellSouth's, I believe, center for
3 supporting folks like ourself who would be buying resale
4 unbundled network elements, they have a common sender for the
5 total area beyond just Florida. So the volumes would be
6 accumulative based on, you know, Florida market entry, Georgia
7 market entry. And so were concerned about the volume issues
8 here.

9 I do believe, Commissioner, that what we have agreed
10 to for total service resale now, the electronic interface where
11 we are at, is sufficient to support volumes that we are talking
12 about on market entry. So this is kind of like a time stamp in
13 the evolution of our agreement.

14 CHAIRMAN CLARK: Right. Let me see if I understand.
15 You're saying it's not -- What you can't live with is an
16 electronic transfer that's more like a fax where they have to
17 read it and then input it. What you need is you're able to
18 input it so you get in the proper place in the que?

19 WITNESS SHURTER: Yes, more machine to machine versus
20 machine to person to machine.

21 CHAIRMAN CLARK: Okay. Thank you. Questions,
22 Commissioners?

23 Redirect.

24 MR. LOGAN: Madam Chairman, we have no redirect. I
25 would just like to note for the Staff exhibit, which is

1 Mr. Shurter's deposition, that deposition was held I believe on
2 the 4th. He has not had a chance to complete the errata sheet.
3 So we would like that submitted subject to his completion of
4 that and submittal.

5 CHAIRMAN CLARK: Yes, we will make -- Mr. Logan, how
6 long will it take him to do that?

7 WITNESS SHURTER: I will have it in two days,
8 Commissioner.

9 MR. LOGAN: Is two days sufficient?

10 CHAIRMAN CLARK: Yes. We'll make it, the errata
11 sheet, part of Exhibit 6 and ask him if he would please get the
12 errata sheet to us within two days.

13 MR. LOGAN: Thank you.

14 CHAIRMAN CLARK: Exhibits.

15 MR. LOGAN: AT&T would move Exhibit 4.

16 CHAIRMAN CLARK: Without objection, Exhibit 4 is
17 admitted in the record.

18 (Exhibit No. 4 admitted.)

19 MS. WHITE: BellSouth would move Exhibit 5.

20 CHAIRMAN CLARK: Without objection, Exhibit 5 is
21 admitted in the record.

22 (Exhibit No. 5 admitted.)

23 MR. PELLIGRINI: And Staff would move Exhibit 6, but I
24 would note that the transcript indicates that the deposition
25 was taken on October 2nd, Wednesday, October 2nd.

1 MR. LOGAN: The fact is Mr. Shurter has not had a
2 chance --

3 CHAIRMAN CLARK: Your point is just that the errata
4 has not been done?

5 MR. LOGAN: Right. I apologize for the error on the
6 date.

7 CHAIRMAN CLARK: Okay. It will be admitted in the
8 record without objection.

9 (Exhibit No. 6 admitted.)

10 CHAIRMAN CLARK: And please get us the errata sheet so
11 we can complete that exhibit.

12 Thank you, Mr. Shurter.

13 WITNESS SHURTER: Thank you.

14 CHAIRMAN CLARK: Mr. Tye, do you need some time to get
15 your --

16 MR. TYE: About two minutes, Madam Chairman.

17 CHAIRMAN CLARK: All right. We'll go ahead and take a
18 ten minute break until 25 after 3:00.

19 MR. TYE: Okay. Thank you.

20 (Transcript continues in sequence in Volume 3.)
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25