

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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RECORDS AND REPORTING

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In the Matter of:

**Petition by ICG TELECOM GROUP, INC.
for Arbitration of an Interconnection
Agreement with BELLSOUTH
TELECOMMUNICATIONS, INC. Pursuant to
Section 252(b) of the Telecommunications
Act of 1996.**

Docket No. 990691-TP

Filed: September 7, 1999

REBUTTAL TESTIMONY

OF

BRUCE HOLDRIDGE

ON BEHALF OF

ICG TELECOM GROUP, INC.

DOCUMENT NUMBER-DATE

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3 **OF**

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5 **ON BEHALF OF ICG TELECOM GROUP, INC.**

6 **DOCKET NUMBER 990691-TP**

7 **Q. ARE YOU THE SAME BRUCE HOLDRIDGE THAT CAUSED DIRECT**
8 **TESTIMONY TO BE FILED IN THIS PROCEEDING?**

9 A. Yes, I am.

10 **A. SUBSEQUENT TO THE FILING OF YOUR DIRECT TESTIMONY, HAVE ANY**
11 **OF THE ISSUES YOU ADDRESSED BEEN SETTLED?**

12 A. Yes, ICG and BellSouth have settled several of the issues that I addressed
13 in my direct testimony. These include the *bona fides* request process (Issue 2)
14 which I addressed at pages 9-10 of my direct testimony; PIU/PLU reporting
15 (Issue 8) which I addressed at pages 10-13; and breakdown of
16 intrastate/interstate reporting (Issue 9) which I addressed at pages 13-14. As
17 noted at page 14 of my direct testimony, ICG and BellSouth previously had
18 resolved the issue of updating customer records (Issue 17).

19 **Q. WHAT IS YOUR PURPOSE IN TESTIFYING TODAY?**

20 A. I would like to take this opportunity to rebut a number of arguments made
21 by BellSouth's witnesses on access to packet switching capabilities as
22 unbundled network elements ("UNEs") (Issue 3), access to the enhanced

1 extended link ("EEL") as a UNE (Issue 4), and the need for performance
2 standards with effective remedies for non-performance (Issues 5 and 18-25).

3 **Q. DURING NEGOTIATIONS BETWEEN ICG AND BELLSOUTH REGARDING**
4 **THE AVAILABILITY OF PACKET-SWITCHING CAPABILITIES AS UNES, DID**
5 **BELLSOUTH STATE THAT IT WOULD NOT MAKE SUCH CAPABILITIES**
6 **AVAILABLE AS UNES?**

7 A. Yes. BellSouth's position in the negotiations with ICG was that BellSouth
8 would provide a "finished frame relay service" under tariff and access to limited
9 disaggregated segments of the service under a commercial services contract.
10 BellSouth also represented that it would not allow an ALEC to purchase UNES
11 to access service to the BellSouth frame relay product unless the ALEC is
12 physically collocated in the same central office as the BellSouth frame relay
13 switch. Under this approach, if access between the non-contiguous central
14 office and ALEC collocation site is required, the ALEC must purchase tariff-based
15 access service.

16 **Q. HAS BELLSOUTH CHANGED ITS POSITION ON THE AVAILABILITY OF**
17 **PACKET-SWITCHING CAPABILITIES AS UNES SINCE ITS NEGOTIATIONS WITH**
18 **ICG?**

19 A. Yes, it appears that BellSouth has changed its position. Mr. Varner states
20 that, subject to the conditions stated in his testimony, BellSouth has agreed to
21 "unbundle its existing tariffed Packet Switching Frame Relay Service." Varner
22 direct at 43. One of the "conditions," however, is that ICG pay "modified"

1 TELRIC rates for this service.

2 **Q. IS THIS NEW POSITION ON THE AVAILABILITY OF PACKET-SWITCHING**
3 **CAPABILITIES AS UNES ACCEPTABLE TO ICG?**

4 A. With regard to pricing, it is acceptable to the extent that ICG can obtain
5 the capabilities at unmodified TELRIC rates. With regard to collocation,
6 BellSouth should inform the Commission as to whether BellSouth maintains the
7 position it took in negotiations that a carrier must physically collocate at the
8 same central office as the Frame Relay switch in order for BellSouth to
9 interconnect UNE packet-switching capabilities between BellSouth and ICG.
10 Such a condition would not be acceptable to ICG.

11 **Q. WILL BELLSOUTH PROVIDE ACCESS TO THE ENHANCED EXTENDED**
12 **LINK ("EEL") AS A UNE?**

13 A. No. Mr. Varner, at page 14 of his testimony, states that ICG's request
14 for an EEL "would require BellSouth to combine the loop and the dedicated
15 transport, a function that BellSouth is not required to perform." As shown in
16 Cindy Schonhaut's rebuttal testimony, Mr. Varner is wrong, and the Commission
17 has authority to require BellSouth provide the EEL for ICG.

18 **Q. WHY IS IT NECESSARY FOR ICG TO RECEIVE ACCESS TO THE EEL AS**
19 **A UNE?**

20 A. An EEL combines a loop cross-connected to line-side transport. As I
21 indicated in my direct testimony, without an EEL, if an ICG customer is served
22 out of Central Office A yet the ICG collocation site is in Central Office B, ICG

1 cannot link the customer to the ICG collocation site in Central Office B without
2 first collocating in Central Office A. However, with an EEL, ICG could provide
3 service from the ICG collocation at Central Office B to the ICG customer served
4 out of Central Office A without having to create a collocation at Central Office
5 A.

6 Without the EEL, ICG would be forced to collocate in each and every
7 BellSouth central office in which ICG finds a customer. This would be cost
8 prohibitive and require ICG to duplicate the public switched telephone network
9 by collocating equipment in every conceivable central office, including those that
10 may serve only a few ICG customers or prospective customers. If a carrier is
11 required to incur the large expense of collocation at every central office, then
12 the expansion of facilities-based competition and related new products will be
13 unduly slowed.

14 **Q. HOW ELSE WOULD ICG'S USE OF THE EEL BE BENEFICIAL TO**
15 **EMERGING COMPETITION AND THE EFFICIENT USE OF RESOURCES?**

16 A. Access to the EEL as a UNE would free up central office space by
17 obviating the need for an ALEC to collocate everywhere. The EEL could,
18 therefore, be an invaluable tool in ensuring that there is enough central office
19 space for all carriers who seek to collocate at an ILEC's premises.

20 **Q. IS BELL SOUTH WILLING TO MAKE THE EEL AVAILABLE ON A NON-UNE**
21 **BASIS?**

22 A. Mr. Varner states at page 14 of his testimony that "BellSouth is willing to

1 perform this function upon execution of a voluntary commercial agreement that
2 is not subject to the requirements of the Act."

3 **Q. IS THE AVAILABILITY OF THE EEL UNDER SUCH A COMMERCIAL**
4 **AGREEMENT ACCEPTABLE TO ICG?**

5 A. No, it is not. A commercial agreement outside the context of an
6 interconnection agreement is not a cost effective way for ICG to receive the
7 EEL, because BellSouth's commercial agreements do not incorporate TELRIC-
8 based rates.

9 **Q. WHY IS IT NECESSARY THAT THE EEL BE AVAILABLE AT TELRIC**
10 **RATES?**

11 A. Whatever benefits that carriers receive from access to the EEL would be
12 undercut significantly if the EEL were not available as a UNE at TELRIC rates.
13 If ICG were to obtain the EEL only at retail rates for a finished service, the
14 correct choice between replicating the existing public switched network and
15 relying on the EEL would not be as clear. If the EEL were available only at retail
16 rates, ICG might find it economically impractical to collocate in a greater number
17 of central offices. As a result, fewer customers in this state would benefit from
18 ICG's plans, as well as the business plans of other ALECs, to introduce
19 innovative telecommunications services.

20 **Q. SHOULD THE COMMISSION IN THIS PROCEEDING NOT ONLY ORDER**
21 **THAT BELL SOUTH BE REQUIRED TO PROVIDE THE EEL AS AN UNBUNDLED**
22 **NETWORK ELEMENT, BUT ALSO THAT IT BE REQUIRED TO PROVIDE THE EEL**

1 **AT COST-BASED RATES?**

2 A. Yes, it should. Specifically, after ordering that BellSouth must provide to
3 ICG the EEL as an unbundled network element, the Commission should further
4 order that the appropriate price for an EEL be subject to the following equation:

5 TELRIC for an unbundled loop
6 + TELRIC for a cross connect of appropriate capacity
7 + TELRIC for interoffice transport of appropriate capacity
8 TELRIC price of an EEL.

9 **Q. CAN YOU EXPLAIN THE EQUATION ABOVE?**

10 A. The equation above simply sums the TELRIC prices of the individual
11 unbundled elements that BellSouth currently combines within its network to
12 provide this functionality (i.e., an unbundled loop, a cross-connect and
13 unbundled interoffice transport). I place the phrase "...of appropriate capacity"
14 in the equation above simply to highlight the fact that the EEL can be a
15 combination of DSO or larger bandwidth circuits. Obviously, TELRIC prices for
16 DSO and larger capacity services are priced differently such that the EEL would
17 have a different TELRIC price based upon the capacity of the circuit chosen by
18 the interconnecting carrier.

19 **Q. DO YOU WISH TO RESPOND TO MR. VARNER'S TESTIMONY ON THE**
20 **PERFORMANCE STANDARD ISSUES IN THIS PROCEEDING?**

21 A. Yes. At page 53 of his testimony, Mr. Varner states that even if a
22 "liquidated damage award could be arbitrated, it is completely unnecessary."

1 Mr. Varner continues by asserting that "Florida law and Commission procedures
2 are available, and perfectly adequate, to address any breach of contract situation
3 should it arise." Mr. Varner's assertions are wrong. As I stated in my direct
4 testimony (pages 14-15), BellSouth has every incentive to provide a competitor,
5 such as ICG, inadequate service for use of its bottleneck facilities. BellSouth can
6 — and does — fail to meet deadlines for installations ICG requires to serve its
7 customers or prospective customers. It is no remedy for ICG to file and
8 prosecute a complaint with the Commission, and await the issuance of an order
9 directing BellSouth to meet an installation deadline that is long since past.
10 Instead, BellSouth needs the economic incentive of liquidated damages to assure
11 it works diligently to meet its agreed upon performance standards. The need for
12 performance standards and effective remedies has become a matter of vital
13 importance with ALECs. As noted in Karen Notsund's direct testimony, the FCC
14 and certain state commissions have begun to recognize that such standards and
15 remedies must be established if competition in the local exchange market is to
16 grow.

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

18 **A.** Yes it does.

19

20

21


22

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the ICG Telecom Group, Inc.'s Rebuttal Testimony of Bruce Holdridge has been furnished by (*)hand-delivery and by U.S. mail this 7th day of September, 1999 to:

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