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BELLSOUTH TELECOMMUNICATIONS, INC.
REBUTTAL TESTIMONY OF ALPHONSO J. VARNER
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 990750-TP
SEPTEMBER 13, 1999

Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH BELLSOUTH TELECOMMUNICATIONS, INC. ("BELLSOUTH") AND YOUR BUSINESS ADDRESS.

A. My name is Alphonso J. Varner. I am employed by BellSouth as Senior Director for State Regulatory for the nine-state BellSouth region. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375.

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS DOCKET?

A. Yes. I filed direct testimony and eight exhibits on August 16, 1999.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My rebuttal testimony addresses the direct testimony filed with the Florida Public Service Commission on August 16, 1999 by ITC^DeltaCom witnesses Christopher Rozycki, Thomas Hyde and Don Wood. My rebuttal testimony addresses comments related to ITC^DeltaCom Issues: 1(a), 2, 2(b)(iii), 2(c)(x), 3, 5, 6(a), 6(b), 6(c), 6(d), and 7(b)(iv).

1 Q. ARE THERE ANY GENERAL COMMENTS YOU HAVE CONCERNING
2 ITC^DELTACom'S TESTIMONY FILED IN THIS PROCEEDING?

3
4 A. Yes, I have several general comments concerning the testimony of
5 ITC^DeltaCom's witnesses. First, I take exception to the implication that
6 BellSouth has not negotiated in good faith. BellSouth negotiates
7 interconnection agreements on a daily basis and has, in fact, entered into more
8 than 800 agreements with various ALECs, the vast majority of which have
9 been finalized without resorting to arbitration. Second, BellSouth's proposal
10 to ITC^DeltaCom of a standard agreement should not be viewed as a "giant
11 step backward" as Mr. Rozycki complains. Obviously, negotiation of
12 interconnection agreements is an evolving process, and BellSouth strives to
13 streamline that process to the advantage of both BellSouth and the ALECs.
14 Since BellSouth's standard agreement is continuously being modified to reflect
15 changes in the law, recent state commission decisions, and the parties'
16 experience in the local market, I fail to see how ITC^DeltaCom's initial
17 agreement (that was negotiated two years ago) would be a better starting point.
18 Further, BellSouth's standard agreement promotes parity among ALECs.
19 While BellSouth recognizes that each ALEC is different, there are cost
20 advantages to standardizing agreements as much as possible.

21
22 Mr. Rozycki's testimony alleges that if ITC^DeltaCom were to accept
23 BellSouth's standard agreement, ITC^DeltaCom would not be able to provide
24 quality service to its customers and would not be able to provide service at
25 parity with BellSouth. This allegation is completely false. Several ALECs

1 across BellSouth's region have entered into BellSouth's standard agreement or
2 some variation thereof and are competing successfully in the marketplace. As
3 I previously stated, BellSouth's standard agreement is designed to promote
4 parity.

5
6 Q. IN SEVERAL INSTANCES ITC^DELTACOM HAS MADE VAGUE
7 ALLEGATIONS REGARDING PROBLEMS THAT BELLSOUTH HAS
8 CAUSED ITC^DELTACOM. PLEASE COMMENT.

9
10 A. In several instances, ITC^DeltaCom has made vague allegations regarding
11 problems that BellSouth has caused ITC^DeltaCom. For example, Mr. Hyde
12 (pages 3-4) states: "BellSouth's continued refusal to provide any type of parity
13 ... will result in a competitive advantage for BellSouth and stifle the
14 development of competition." Mr. Rozycki characterizes BellSouth's
15 negotiating philosophy with the statement (page 6): "It appears that BellSouth
16 is using a win-lose strategy, and is rarely seeking common ground." Mr.
17 Rozycki states (page 12): "This "window of opportunity" [for BellSouth to
18 winback customers] is made possible by the disparity in provisioning that
19 ITC^DeltaCom experiences." ITC^DeltaCom's witnesses have not provided
20 sufficient details to substantiate their claims, nor for BellSouth to investigate
21 the situations to which they are referring. Without such details, BellSouth has
22 no way to respond to these vague accusations. Likewise, this Commission has
23 no basis for making an assessment of ITC^DeltaCom's claims.

24

25 It is BellSouth's policy and intent to provide high quality, nondiscriminatory

1 treatment to our ALEC customers. Whenever there are instances where
2 ITC^DeltaCom believes BellSouth has failed to meet its responsibilities, it is
3 incumbent upon ITC^DeltaCom to provide prompt, complete information for
4 BellSouth to investigate such instances.

5
6 Q. MR. ROZYCKI HAS ATTACHED TO HIS TESTIMONY AS EXHIBIT
7 CJR-3 WHAT HE STATES IS BELL SOUTH'S PROPOSAL TO THE FCC
8 REGARDING SELF-EFFECTUATING ENFORCEMENT MEASURES,
9 AND STATES (PAGE 8) THAT BELL SOUTH HAS REFUSED TO
10 INCLUDE ITS FCC PROPOSAL IN THE ITC^DELTACOM CONTRACT.
11 WHAT IS YOUR RESPONSE?

12
13 A. Penalties are not appropriate as a contractual remedy and should not be
14 imposed by this Commission. This Commission has already addressed the
15 issue of penalties or liquidated damages in its December 31, 1996 Order in
16 Docket Nos. 960833-TP, 960846-TP, and 960916-TP, in which it concluded
17 that: "The Act does not require parties to include in their agreements any
18 particular method to resolve disputes. Further, it is not appropriate for us to
19 arbitrate a liquidated damages provision under state law." (page 74) Based on
20 this prior ruling in those dockets, the Commission has found that it is without
21 jurisdiction to arbitrate issues on damages. Thus, ITC^DeltaCom's request for
22 penalties or damages should be denied.

23
24 Mr. Rozycki's Exhibit CJR-3 is BellSouth's proposal to the FCC as of March,
25 1999. As stated in my direct testimony, BellSouth is still working with the

1 FCC to finalize a BellSouth proposal for self-effectuating enforcement
2 measures. Before any such proposal would be offered to an ALEC in a given
3 state, such proposal would first have to be accepted by the FCC, and would
4 only take effect on a state-by-state basis concurrent with approval for
5 BellSouth to enter into the long distance market in that state. To date, none of
6 these triggering events has occurred.

7

8 Q. MR. ROZYCKI ALSO DISCUSSES THE IMPORTANCE OF
9 PERFORMANCE MEASURES, IN ADDITION TO "PENALTIES" OR
10 GUARANTEES (PAGES 6-9). WHAT IS BELL SOUTH'S POSITION
11 REGARDING PERFORMANCE MEASURES?

12

13 A. While BellSouth does not believe "penalties" or "guarantees" should be
14 incorporated into an interconnection agreement, as stated above, BellSouth has
15 offered to include the same performance measurements in the ITC^DeltaCom
16 agreement that it offers in Attachment 9 to BellSouth's standard
17 interconnection agreement. It is important to recognize that the performance
18 measures proposed by BellSouth have been developed with State Commission
19 and ALEC input. These measures have been adopted by numerous ALECs and
20 approved by this Commission in ALEC interconnection agreements. It is not
21 practical or reasonable to implement different performance measures for each
22 ALEC. Please see the Rebuttal Testimony of Mr. David Coon for further
23 discussion of performance measures.

24

25 Q. MR. ROZYCKI DISCUSSES THE ISSUE OF PARITY AT LENGTH ON

1 PAGES 11-12 OF HIS TESTIMONY. DOES BELLSOUTH HAVE A
2 PROBLEM WITH THE LANGUAGE ITC^DELTACOM IS REQUESTING
3 REGARDING BELLSOUTH'S PARITY OBLIGATIONS?

4

5 A. Yes. The proposed agreement already contains parity provisions that BellSouth
6 has agreed to include: GTC 3.1 and the first sentence of GTC 3.2. However,
7 the second sentence of GTC 3.2 as proposed by ITC^DeltaCom states:
8 "BellSouth will provide ITC^DeltaCom with pre-ordering, ordering,
9 maintenance and trouble reporting and daily usage data functionality equal to
10 or greater than that which BellSouth provides to its own end users." (emphasis
11 added) Absolutely nothing in the Act or the FCC's rules requires a "greater
12 than" standard. In fact, FCC Rule 51.305(a)(4) which addressed superior
13 quality interconnection was vacated by the Eighth Circuit and was not
14 challenged by any party; therefore, that rule remains vacated. The language
15 proposed by ITC^DeltaCom in Att. 2-2.3.1.4-.5 and Att. 6-1.1 goes beyond the
16 parity requirements of the Act and FCC orders, and BellSouth cannot agree to
17 include this language in the agreement.

18

19 Q. IN HIS DISCUSSION OF PARITY, MR. HYDE STATES (PAGE 3):
20 "...ITC^DELTACOM REQUESTED THAT BELLSOUTH AGREE TO
21 PROVIDE UNES AT PARITY WITH BELLSOUTH'S RETAIL SERVICES.
22 ...BELLSOUTH SERVICES ARE MADE UP OF COMBINED UNES."
23 HOW DO YOU RESPOND?

24

25 A. As stated in my direct testimony, the provision of UNEs is not the same as the

1 provision of retail services. BellSouth does not provide UNEs to itself or to its
2 retail customers. UNEs are made available to an ALEC in such a way that the
3 ALEC may either combine those UNEs with the ALEC's other facilities or
4 combine those UNEs with other UNEs acquired from BellSouth. This means
5 that there must be provisions made for giving the ALEC access to the
6 individual UNEs. By comparison, BellSouth does not need such special
7 provisions since BellSouth does not provide UNEs to itself. Therefore, Mr.
8 Hyde's assertion that BellSouth's provision of UNEs to ALECs should be at
9 parity with BellSouth's retail services is incorrect.

10

11 Q. IN HIS DISCUSSION OF THE IMPORTANCE OF PARITY, MR.
12 ROZYCKI (p. 12) CLAIMS THAT BELLSOUTH ATTEMPTS TO WIN
13 BACK CUSTOMERS PRIOR TO THE CUSTOMER'S SERVICE BEING
14 "TURNED UP" BY ITC^DELTACOM. PLEASE COMMENT.

15

16 A. This is another instance of ITC^DeltaCom making vague accusations without
17 sufficient details for BellSouth to determine exactly what the situation is.
18 ITC^DeltaCom appears to imply that there are instances in which a customer
19 requests that he be switched to ITC^DeltaCom, and then is out of service
20 before being connected to ITC^DeltaCom's network. Mr. Rozycki's statement
21 that "[t]he delay provides BellSouth with ample time – too much time – to
22 approach the customer and attempt to win them back by offering to get them
23 back in service more quickly" does not make sense. The customer is already
24 being served by BellSouth; his service would not be disconnected until the
25 cutover to ITC^DeltaCom occurs. Therefore, it is difficult to understand

1 ITC^DeltaCom's complaint.

2

3 Further, it is BellSouth's policy not to attempt to winback customers prior to
4 their service being switched. The BellSouth business unit accepting ALEC
5 orders does not furnish such information to BellSouth's retail unit, which
6 would be the source of contacts to "winback" customers. When a BellSouth
7 end user switches to a competitor, BellSouth mails a notification letter to the
8 end user after the end user's service is converted from BellSouth to the
9 competitor. The letter advises the end user that his/her request to switch local
10 service has been completed and that BellSouth hopes to have the opportunity
11 to serve the customer in the future. BellSouth's intention is threefold: 1) to end
12 its business relationship with the customer on a positive note, 2) to notify its
13 former customer that a change of service provider has been made and 3) to
14 provide a contact number if the customer has any questions. Further, the
15 notification letter serves as a reasonable safeguard that slamming (switching a
16 customer's telephone service to a different company without his/her
17 knowledge or permission) of the end user has not occurred.

18

19 Q. MR. WOOD STATES (p.4) THAT ALECS MUST BE ABLE TO EASILY
20 AND RELIABLY ORDER UNES AND COMBINATIONS OF THOSE
21 UNES INCLUDING THOSE THAT INCLUDE LOCAL SWITCHING.
22 PLEASE RESPOND.

23

24 A. BellSouth provides ALECs with reasonable access to individual UNEs in a
25 nondiscriminatory manner. With respect to combinations, the FCC's rule

1 requiring ILECs to combine UNEs for ALECs was vacated by the Eighth
2 Circuit Court and was not challenged before the Supreme Court. Those rules
3 (51.315(c-f)) remain vacated today. The FCC's rule 51.315(b) that prohibits
4 ILECs from separating currently combined elements is in effect. However, as
5 noted in my direct testimony, until the FCC completes its 319 proceeding,
6 there is no required set of UNEs that must be made available either
7 individually or on a currently combined basis. BellSouth has agreed to
8 continue to offer any individual UNE currently offered until Rule 51.319 is
9 resolved.

10
11 With respect to Mr. Wood's reference to combinations involving local
12 switching, BellSouth's position is that the local switching function will not
13 meet the necessary and impair tests required by the 1996 Act when the FCC
14 completes its proceeding. Given the reach of a switch, the amount of ALEC
15 switch deployment and the ease of entry and expansion, there are numerous
16 alternative sources for ITC^DeltaCom to obtain switching. As BellSouth
17 noted in its Comments before the FCC in the Rule 319 Proceeding, because
18 switch manufacturers are targeting smaller ALECs, an ALEC can purchase a
19 switch for as little as \$100,000. Long distance and wireless switches can be
20 upgraded to perform local switching functions, and the approximately 2,500
21 wireless switches owned by carriers other than the Bell companies and GTE
22 can substitute for wireline switches. Additionally, manufacturers can provide
23 remote switches that extend the reach of host switches plus all features to
24 distances of 500 to 600 miles. Finally, switch installation intervals are now in
25 terms of weeks or months, not years.

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For switching in urban areas, ALECs have demonstrated that they can successfully deploy switches and self-provision switching services. Further, ALEC competitive opportunities would not be impaired without mandatory unbundling of switching in those areas. Regarding rural areas, BellSouth suggests in its Comments that the FCC view evidence of specific ALEC impairment against the relative ease with which switching facilities can be extended to or be installed in those rural areas. It is for these reasons that BellSouth believes that local switching does not meet the necessary and impair test.

Q. MR HYDE (PAGE 9) STATES THAT BELLSOUTH HAS PROVIDED ITC^DELTACOM WITH EXTENDED LOOPS BUT IS REFUSING TO CONTINUE SUCH PROVISIONING. PLEASE RESPOND.

A. BellSouth never intended to provide ITC^DeltaCom with extended loops. Apparently, ITC^DeltaCom first ordered channelized special access (a tariffed service), and then ordered UNE loops to be terminated to the special access facility. This is what ITC^DeltaCom is referring to as "extended loops". The Account Team provided these extended loops based on a misinterpretation of the interconnection agreement by BellSouth's Contract Group. BellSouth is under no obligation, either by the contract or by the Act or the FCC's Rules, to combine UNEs with BellSouth's retail services. By the time BellSouth discovered its mistake, BellSouth had already provisioned a number of extended loop orders for ITC^DeltaCom. To avoid a complete disruption of

1 ITC^DeltaCom's service (which would potentially affect ITC^DeltaCom's end
2 users), BellSouth reached a verbal agreement with ITC^DeltaCom earlier this
3 year that BellSouth would continue provisioning these extended loops to
4 ITC^DeltaCom until such time as ITC^DeltaCom could establish collocation
5 arrangements in the related central offices. In order to bring these service
6 arrangements into compliance, ITC^DeltaCom submitted over fifty additional
7 collocation applications in May, 1999. These applications are in the process of
8 being implemented. Further, when these collocation arrangements are
9 completed, BellSouth's provisioning of extended loops to ITC^DeltaCom will
10 be curtailed, and existing extended loops will be converted. Further, any
11 requests for these "extended loops" by ITC^DeltaCom involving other central
12 offices, outside the verbal agreement, are not and will not be processed by
13 BellSouth.

14
15 Q. MR. HYDE (PAGE 23) ELABORATES ON ITC^DELTACOM'S CLAIM
16 THAT BELLSOUTH MODIFIES ITC^DELTACOM'S ORDERS AFTER
17 ISSUING A FIRM ORDER CONFIRMATION ("FOC"). PLEASE
18 RESPOND.

19
20 A. Mr. Hyde's discussion is related to a modification of a due date. Delays in
21 cutovers are addressed in Issue 2(c)(iv). A delayed due date is different from a
22 modification of the terms of an order. In light of further clarification recently
23 provided by ITC^DeltaCom, BellSouth understands that ITC^DeltaCom is
24 seeking reimbursement of some undefined costs when ITC^DeltaCom has
25 submitted an order pursuant to BellSouth's business rules, but those rules have

1 been modified or changed, either before or after ITC^DeltaCom has submitted
2 its order and the order is rejected for noncompliance with those business rules.
3 BellSouth can foresee numerous problems should this Commission grant
4 ITC^DeltaCom's request. For example, when ITC^DeltaCom has advance
5 notice of the rule change, and still submits orders without effecting the change,
6 BellSouth is not responsible for the order being rejected. Both parties would
7 be faced with problems including how and on what basis will the triggering
8 event or circumstance be determined in order to recover any such costs.
9 Equally difficult would be how and on what basis the alleged costs would be
10 determined or calculated. Therefore, ITC^DeltaCom's proposal invites the
11 parties and this Commission to enter a regulatory quagmire without any benefit
12 and should be rejected.

13

14 Q. AT PAGE 23 OF HIS TESTIMONY, MR. ROZYCKI CLAIMS THAT THE
15 RATES BELLSOUTH PROPOSES FOR TERMINATION OF CALLS WILL
16 NOT ALLOW ITC^DELTACOM TO RECOVER ITS COSTS OF
17 TERMINATING BELLSOUTH ORIGINATED LOCAL CALLS. PLEASE
18 RESPOND.

19

20 A. In accordance with FCC Rule 51.711 (Symmetrical reciprocal compensation),
21 this Commission may establish asymmetrical rates for transport and
22 termination of local telecommunications traffic only if the ALEC proves to the
23 Commission that the costs of efficiently configured and operated systems
24 justify a different compensation rate. The ALEC must present cost studies,
25 using the forward-looking economic cost-based pricing methodology, which

1 reflect that its costs exceed the costs incurred by the ILEC, and, consequently,
2 that a higher rate is justified. ITC^DeltaCom has not provided any such
3 studies. Accordingly, it is appropriate to utilize symmetrical rates as proposed
4 by BellSouth.

5

6 Q. ON PAGE 24, MR. ROZYCKI ASSERTS THAT ITC^DELTACOM
7 SHOULD BE ABLE TO CHARGE BELLSOUTH FOR TANDEM
8 SWITCHING. PLEASE COMMENT.

9

10 A. If a call is not handled by a switch on a tandem basis, it is not appropriate to
11 pay reciprocal compensation for the tandem switching function. BellSouth
12 will pay the tandem interconnection rate only if ITC^DeltaCom is performing
13 both the tandem and end office switching functions on the call. A tandem
14 switch connects one trunk to another trunk and is an intermediate switch or
15 connection between an originating call location and the final destination of the
16 call. An end office switch connects a line to a trunk enabling the subscriber to
17 originate or terminate a call. If ITC^DeltaCom's switch is an end-office
18 switch, then it is handling calls that originate from or terminate to customers
19 served by that local switch, and thus ITC^DeltaCom's switch is not providing
20 the tandem function. ITC^DeltaCom is seeking to be compensated for the cost
21 of equipment it does not own and for functionality it does not provide, which
22 the Commission should not allow. ITC^DeltaCom should be compensated for
23 tandem switching only when it performs a tandem switching function.

24

25 Q. HAS THIS COMMISSION RULED PREVIOUSLY ON THE ISSUE OF

1 TANDEM SWITCHING COMPENSATION WHEN TANDEN SWITCHING
2 IS NOT PERFORMED?

3
4 A. Yes. In Order No. PSC-97-0297-FOF-TP, Docket 962120-TP, dated March
5 14, 1997, this Commission concluded at pages 10-11: "We find that the Act
6 does not intend for carriers such as MCI to be compensated for a function they
7 do not perform. Even though MCI argues that its network performs
8 "equivalent functionalities" as Sprint in terminating a call, MCI has not proven
9 that it actually deploys both tandem and end office switches in its network. If
10 these functions are not actually performed, then there cannot be a cost and a
11 charge associated with them. Upon consideration, we therefore conclude that
12 MCI is not entitled to compensation for transport and tandem switching unless
13 it actually performs each function." Similarly, Order No. PSC-96-1532-FOF-
14 TP, Docket No. 960838-TP, dated December 16, 1996, states at page 4: "The
15 evidence in the record does not support MFS' position that its switch provides
16 the transport element; and the Act does not contemplate that the compensation
17 for transporting and terminating local traffic should be symmetrical when one
18 party does not actually use the network facility for which it seeks
19 compensation. Accordingly, we hold that MFS should not charge Sprint for
20 transport because MFS does not actually perform this function." The FCC's
21 rules were in effect when both of these decisions were rendered, and
22 reinstatement of the FCC's rules does not alter the correctness of the
23 Commission's conclusions. This Commission should reach a similar
24 conclusion in this proceeding.

25

1 Q. ON PAGE 24 OF HIS TESTIMONY, MR. HYDE STATES: "IN ORDER TO
2 PRESERVE THESE [UNRESOLVED] ISSUES, ITC^DELTACOM
3 GENERICALLY REQUESTED THE SAME INTERCONNECTION
4 LANGUAGE THAT IS IN OUR CURRENT AGREEMENT AS PART OF
5 ISSUE 5." HOW DO YOU RESPOND?
6

7 A. ITC^DeltaCom's request for an extension of the current Interconnection
8 Agreement is inappropriate, and BellSouth is opposed to any amendment to
9 such effect. Section XVII(C) of the current Interconnection Agreement
10 between the parties clearly provides that upon expiration of the agreement (i.e.,
11 June 30, 1999), the parties will continue to operate in accordance with the
12 terms of such agreement until such time as a new interconnection agreement
13 becomes effective. When the new interconnection agreement becomes
14 effective, the terms of the new agreement shall be applied retroactively to the
15 date of expiration of the prior agreement. It appears that ITC^DeltaCom's
16 request to extend the expiration date of the current agreement is merely an
17 attempt to avoid application of the terms and conditions of the new agreement
18 to the period between June 30, 1999, and the date the new agreement becomes
19 effective. Further, ITC^DeltaCom's request appears to be an attempt to
20 modify the terms of an expired agreement. Since the current Interconnection
21 Agreement between the parties clearly addresses the circumstances about
22 which ITC^DeltaCom is concerned, no extension of the term of the current
23 Interconnection Agreement is needed.

24

1 Q. MR. HYDE (PAGES 25-26) PROPOSES THAT ITC^DELTACOM ENTER
2 INTO A BINDING FORECAST WITH BELLSOUTH AS PART OF THE
3 INTERCONNECTION AGREEMENT. WHAT IS YOUR
4 UNDERSTANDING OF ITC^DELTACOM'S REQUEST?

5
6 A. First, binding forecasts are not an issue previously specified in
7 ITC^DeltaCom's Petition. In addition, only §251 issues are appropriate for
8 arbitration, and binding forecasts are not required under §251. Therefore, this
9 issue is not subject to arbitration. Nonetheless, I am providing BellSouth's
10 position in response to ITC^DeltaCom's request. The binding forecast
11 arrangement proposed by ITC^DeltaCom would presumably guarantee
12 ITC^DeltaCom a certain level of capacity on BellSouth's network.
13 Additionally, ITC^DeltaCom would reimburse BellSouth's costs even if the
14 capacity were not actually used by ITC^DeltaCom.

15
16 Q. WHAT IS BELLSOUTH'S POSITION REGARDING BINDING
17 FORECASTS?

18
19 A. Although not required under the Act or by FCC rules, BellSouth is currently
20 analyzing the possibility of providing a service whereby BellSouth commits to
21 provisioning the necessary network buildout and support when an ALEC
22 agrees to enter into a binding forecast of its traffic requirements. While
23 BellSouth has not yet completed the analysis needed to determine if this is a
24 feasible offering, BellSouth is willing to discuss the specifics of such an
25 arrangement with ITC^DeltaCom outside of this arbitration, since the issue is

1 not a part of this proceeding and not required under the Act.

2

3 Q. ON PAGES 8-19 OF HIS TESTIMONY, MR. WOOD DISCUSSES THE
4 RELEVANCE OF OPERATIONS SUPPORT SYSTEM COSTS AND
5 CRITICIZES BELLSOUTH'S METHODOLOGY. PLEASE COMMENT.

6

7 A. As explained in my direct testimony, this Commission has already addressed
8 the validity of the OSS costs in its April 29, 1998 Order No. PSC-98-0604-
9 FOF-TP, Docket Nos. 960757-TP, 960833-TP, and 960846-TP ("April 29
10 1998 Order"). Although this Commission declined to approve rates in its April
11 29, 1998 Order, the Commission strongly encouraged the parties to negotiate
12 in good faith to establish rates for OSS functions. BellSouth has offered a
13 Florida specific rate as supported by the cost study filed with the direct
14 testimony of Ms. Daonne Caldwell, which is consistent with the methodology
15 approved by this Commission. In addition, BellSouth has offered
16 ITC^DeltaCom a regional OSS rate proposal. This proposal represents a
17 voluntarily negotiated regional rate, which is only applicable if ITC^DeltaCom
18 agrees to the rate on a regional basis. See the Rebuttal Testimony of Ms.
19 Daonne Caldwell for further discussion of BellSouth's position regarding OSS
20 costs.

21

22 Q. MR. HYDE, ON PAGE 11, STATES: "IN FLORIDA, BELLSOUTH HAS
23 NOT YET MADE THE SL1 AVAILABLE, SO THERE IS NO
24 ALTERNATIVE FOR VOICE GRADE UNE SERVICE OTHER THAN THE
25 MORE EXPENSIVE DESIGNED SL2 EQUIVALENT." PLEASE

1 RESPOND.

2

3 A. Mr. Hyde contradicts himself by stating that, in states other than Florida,
4 ITC^DeltaCom chooses to use SL2; whereas, in Florida he complains that
5 "BellSouth has not yet made the SL1 available, so there is no alternative for
6 voice grade UNE service other than the more expensive SL2 equivalent." As
7 explained in my direct testimony, this Commission ordered a rate for a two-
8 wire analog voice grade loop prior to establishment of a distinction between
9 Service Level 1 (SL1) and Service Level 2 (SL2). BellSouth is willing to offer
10 an SL1 loop, and has filed a cost study, consistent with this Commission's
11 approved methodology, with the direct testimony of Ms. Daonne Caldwell
12 supporting new rates for both SL1 and SL2 .

13

14 Q. AT PAGES 14-15 OF HIS TESTIMONY, MR. HYDE COMPARES
15 BELLSOUTH'S NONRECURRING CHARGE FOR ADSL WHOLESALE
16 SERVICE TO BELLSOUTH'S NONRECURRING CHARGE FOR ADSL
17 COMPATIBLE LOOPS AND CLAIMS THAT THE UNE RATE IS
18 EXCESSIVE. PLEASE RESPOND.

19

20 A. First, let me explain the difference in BellSouth's ADSL Wholesale Service
21 and the ADSL-compatible loop. BellSouth's ADSL service, contained in
22 BellSouth's FCC Tariff No. 1, is a non-designed interstate transport service
23 which is an overlay to the customer's existing service, i.e., basic residence or
24 business local exchange service, which the customer orders and pays for
25 separately. ADSL service provides the ability to offer high-speed data service

1 over the same line that is used to provide an existing end user's basic local
2 exchange service. BellSouth's ADSL service is offered on a wholesale basis
3 typically to Internet Service Providers ("ISPs"). These ISPs in turn resell the
4 service to end users and charge the end users for the high speed data access.
5 For example, BellSouth.net has one ADSL service option for which it charges
6 \$59.95 per month plus an installation charge of \$199.00. The end user obtains
7 voice grade basic local exchange service, vertical features, and access to toll
8 services from BellSouth or from a reseller of BellSouth's basic local service.

9
10 By comparison, an ADSL-compatible loop is a connection from the BellSouth
11 wire center to the end user's premises that is technically capable of providing
12 both ADSL and basic local exchange service. This loop is an unbundled
13 capability sold to an ALEC. The ALEC generally installs equipment in
14 BellSouth's central office to provide the voice and data service over this loop.
15 An ALEC utilizing an ADSL-compatible loop would provide its end user with
16 basic local exchange service, vertical features, access to toll service, and
17 ADSL service. It is also important to note that an ALEC's purchase of an
18 ADSL-compatible loop ensures that the loop will remain ADSL compatible.
19 With BellSouth's ADSL tariffed service, there is a possibility that certain
20 network reconfigurations could cause the line to lose its ability to support
21 ADSL service.

22
23 Q. PLEASE COMMENT ON MR. HYDE'S COMPARISON OF THE RATES
24 FOR THE ADSL SERVICE AND AN ADSL-COMPATIBLE LOOP.

25

1 A. The \$100 installation charge to which Mr. Hyde refers is for overlaying ADSL
2 tariffed service onto the customer's facility. That charge does not represent
3 installation of a physical facility. The cost-based non-recurring price for the
4 ADSL-compatible loop recovers the costs associated with service inquiry,
5 service order, engineering, connect and test and travel activities incurred in
6 establishing a facility. Because ADSL-compatible loops are designed, they
7 require production of a Design Layout Record (DLR) as well as involvement
8 of special services work groups. ADSL service does not generally require a
9 premises visit unless the Network Interface Device ("NID") needs to be
10 replaced. By comparison, the ADSL compatible loop offering always requires
11 a designed physical loop facility and always requires dispatch of a BellSouth
12 technician to the customer's premises.

13
14 ITC^DeltaCom has inappropriately attempted to represent one rate element of
15 BellSouth's ADSL tariff offering as an exact substitute for the non-recurring
16 installation rate for an ADSL-compatible loop. This is an apples to oranges
17 comparison. Based on the information presented above, BellSouth requests
18 that the Commission determine that the Commission-approved cost-based
19 rates, specified in the Commission's April 29, 1998 Order, for ADSL-
20 compatible loops are just and reasonable. These rates are contained in Exhibit
21 AJV-1, attached to my direct testimony.

22
23 Q. ON PAGE 26, MR. WOOD STATES THAT "... IT IS STANDARD
24 PRACTICE FOR A LEC TO CHARGE FOR SERVICE DISCONNECTION
25 AT THE TIME SERVICE IS INSTALLED BECAUSE OF CONCERN

1 THAT THE CUSTOMER WOULD DISAPPEAR WITHOUT PAYING THE
2 DISCONNECT CHARGE.” PLEASE COMMENT.

3

4 A. This complaint is not applicable in Florida, because this Commission
5 concluded in its April 29, 1998 Order regarding disconnect charges, at page 69,
6 that: “... disconnect costs shall not be included in the non-recurring installation
7 charges approved in these proceedings. ... ALECs understand and accept that
8 disconnect costs exist, and we believe it is more appropriate to assess those
9 charges at the time the costs are in fact incurred. ... Parties should have the
10 opportunity to negotiate the method by which disconnect costs are calculated
11 and recovered.” Therefore, in Florida, BellSouth does not charge ALECs a
12 disconnect fee at the time of installation. However, in other states as
13 permitted, BellSouth charges a discounted disconnect fee at the time service is
14 installed because, at some time, the service will inevitably be disconnected,
15 whether the customer moves to another location, changes service to another
16 company, or for a number of other reasons. The same situation applies when a
17 BellSouth customer switches to an ALEC. It would be administratively more
18 burdensome to collect the fee when the disconnect occurs.

19

20 Q. MR. WOOD (PAGE 27) ASSERTS THAT A DOUBLE CHARGE OCCURS
21 WHEN THE DISCONNECT FROM THE INITIAL LOCAL SERVICE
22 PROVIDER AND THE CONNECT TO THE NEW LOCAL SERVICE
23 PROVIDER ARE A SINGLE ACTIVITY. PLEASE COMMENT.

24

25 A. Mr. Wood’s statement is incorrect. Although the disconnect and new connect

1 may be performed by the same technician, on the same visit, the work
2 activities are separate functions. The costs for each activity are included in
3 separate cost studies for disconnect charges, and for installation charges.
4 Therefore, there is no double charge as Mr. Wood alleges. See the testimony
5 of Ms. Daonne Caldwell for further discussion on this point.

6

7 **Q. ON PAGE 20 OF HIS TESTIMONY, MR. WOOD STATES THAT THERE**
8 **ARE NO COST STUDIES THAT CAN BE USED FOR CAGELESS**
9 **COLLOCATION. IS THIS TRUE?**

10

11 **A. No. BellSouth's physical collocation rates, as established by this Commission**
12 **in its April 29, 1998 Order, appropriately apply to physical collocation whether**
13 **an arrangement is enclosed (caged) or unenclosed (cageless). Rates have been**
14 **established for floor space on a per square foot basis and for power on a per**
15 **amp basis. Cross-connect charges apply on a per connection basis, and**
16 **entrance cable installation charges apply only if the ALEC requests such**
17 **installation. Thus, because BellSouth structured the physical collocation**
18 **elements in such a manner, rates for all of the piece parts required for cageless**
19 **collocation have been approved by this Commission.**

20

21 **Q. ON PAGE 15 OF HIS TESTIMONY, MR. ROZYCKI CLAIMS THAT**
22 **BELLSOUTH'S POSITION REGARDING PLU/PIU AUDITS IS THE**
23 **SAME AS ASSERTING A PENALTY. HOW DO YOU RESPOND?**

24

25 **A. BellSouth's position is that, if a BellSouth requested audit reveals that an**

1 ALEC has overstated PLU/PIU percentages by 20 percentage points or more,
2 that ALEC should pay for the audit; otherwise, BellSouth will pay for the
3 audit. Numerous interconnection agreements filed with this Commission
4 include a similar provision regarding PIU/PLU audits. Clearly, this is not akin
5 to a penalty or liquidated damages provision in that BellSouth is only seeking
6 to recover its costs actually incurred in conducting the audit, not punitive
7 damages. An ALEC such as ITC^DeltaCom has advance notice of an audit,
8 which gives the ALEC an opportunity to review its records, correct the
9 PLU/PIU percentage, if necessary, and thereby avoid a possible assessment for
10 BellSouth's costs of conducting the audit.

11

12 Q. DOES THIS CONCLUDE YOUR TESTMONY?

13

14 A. Yes.

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17

18

19

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