BELLSOUTH

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March 26, 2004

VIA HAND DELIVERY

Hon Deborah Taylor Tate, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *Implementation of the Federal Communications Commission's Triennial Review Order (Nine-month Proceeding)(Switching)*
Docket No. 03-00491

Dear Chairman Tate:

Enclosed are fifteen copies of non-proprietary errata to BellSouth's testimony in this matter

Kathy Blake	Direct and Rebuttal
James Stegeman	Direct and Surrebuttal
Pamela Tipton	Direct and Surrebuttal (public)

Errata sheets and redlined pages of testimony and exhibits as applicable are being provided for each witness. A proprietary copy of Ms Tipton's surrebuttal errata is being submitted under separate cover subject to the terms of the Protective Order entered in this docket. Copies of the enclosed are being provided to counsel of record.

Very truly yours,

Guy M. Hicks

GMH:ch

DOCKET NO. 03-00491

TENNESSEE TRO SWITCHING CASE
KATHY K. BLAKE TESTIMONY ERRATA

Direct

Page 4, line 22 Insert the words "that are unaffiliated with each other or the ILEC" after the word "CLECs"

Page 4, line 25: Insert the words "unaffiliated with each other or the ILEC" after the word "CLECs."

Page 5, line 17: Insert the words "and implementing" before "such a batch process"

Page 5, line 24: Change "five" to "four"

Rebuttal

Page 21, line 7: Change cite to "Docket 030851-TP"

51 319(d)(2)(i)). My testimony uses the terms "geographic market area", "geographic area", and "geographic market" interchangeably.

In making its determination of whether CLECs are impaired in a given geographic area, the FCC has required state commissions to make several interrelated decisions. A state commission must first define the appropriate geographic market to which it will apply the impairment analysis outlined in the *TRO* Next, state commissions must determine the definition for the class of customers that the FCC identified as "mass market". In the *TRO*, the FCC divides customers into two classes, "mass market" customers and "enterprise" customers. (See *TRO* ¶ 419) The FCC created a presumption that CLECs serving "enterprise" customers are not impaired even if the CLECs lack access to unbundled switching. Conversely, CLECs serving "mass market" customers are presumed to be impaired, unless a state commission determines otherwise However, the FCC did not specify which customers comprise the "mass market" and directed state commissions to make that determination.

Once appropriate definitions of the relevant geographic areas and "mass market" customers are determined, the FCC requires state commissions to apply two "triggers" tests to see whether CLECs are impaired with respect to serving mass market customers in each defined geographic market. Both of the triggers tests are straightforward If there are three CLECs that are unaffiliated with each other or the ILEC with self-provisioned switches serving mass market customers in a given geographic market, the state commissions are required to find that CLECs are not impaired in that geographic market.

Alternatively, if there are two CLECs unaffiliated with each other or the ILEC providing wholesale switching services to other CLECs who are providing retail service to mass market customers in a geographic market, the state commissions are required to find that CLECs are not impaired in that geographic area. To summarize, if either of these bright line tests is met in a given geographic market, the switching inquiry is complete in that area and a finding of "no impairment" is mandatory

If neither of these "triggers" is met in a given geographic area, the FCC requires that state commissions determine whether there is sufficient *potential* for competitive deployment in any of these areas to warrant a finding of "no impairment " The "potential deployment" test is independent of the triggers tests and requires the state commissions to consider the economics of an efficient CLEC looking to provide service in a geographic market.

Finally, the FCC delegated to the state commissions the separate task of determining for which geographic markets a "batch hot cut process" is needed and approving and implementing such a batch process. The batch hot cut process is being addressed separately in Docket No. 03-00526

Q PLEASE PROVIDE AN OVERVIEW OF BELLSOUTH'S TESTIMONY IN THIS PROCEEDING

A. Consistent with the charge given to the state commissions by the FCC, I divide BellSouth's testimony into ~~five~~four major areas

First, certain words and phrases used in the *TRO* must be defined, and the geographic market areas for evaluating the FCC's triggers must be established. This portion of the testimony is entitled Market Definition. Second, the geographic areas in which the FCC's "triggers" are met and no impairment is found are identified This portion of the testimony is entitled Local Switching Triggers Third, where the FCC's triggers are not met, the issue of "potential deployment" is addressed, and accordingly is entitled Potential for Self-Provisioning of Local Switching. Finally, I end my testimony with a brief discussion of the availability of collocation space in BellSouth's central offices entitled Collocation.

MARKET DEFINITION

Q TURNING TO THE FIRST TOPIC, WHAT ARE THE CRITICAL DEFINITIONS THAT BELLSOUTH PROVIDES?

A BellSouth's witnesses provide a logical and economically sound definition of the "geographic markets" in which the "triggers" and other tests for impairment should be applied As set forth by the FCC in the *TRO*, state commissions were given some parameters that must be used in defining the appropriate geographic market. Specifically, the FCC said: "In defining markets, a state commission shall take into consideration the locations of mass

never be met, because the availability of UNE-P would itself deter the level of penetration required for a finding of non-impairment This may explain why Mr. Gillan proposes the addition of a *de minimis* size requirement in the first place.

Q. DOES DR. BRYANT PROPOSE A "*DE MINIMIS*" TEST?

A. Yes In response to BellSouth's Florida interrogatory 3-119 (Docket 030851-TP) on this topic, Dr. Bryant admits that he proposes such a test and cites to paragraph 499 of the *TRO* In that response, Dr. Bryant specifically points to the FCC's statement that ". the identified competitive switch providers should be actively providing voice service to mass market customers in the market" as implying "that some determination be made regarding the number of customers being served."

Q PLEASE COMMENT ON DR BRYANT'S INTERPRETATION OF THE *TRO*

A Dr. Bryant's proposal simply is not supported by the FCC's statement. There is no mention in that statement of customer counts, hurdles, market shares or any other quantitative indicator of "active" provision of service. The FCC is perfectly capable of imposing such quantitative requirements, but it did not. Indeed, a further reading of that general section of the *TRO* shows that the FCC proposes a *qualitative* indicator of "active" provision of service rather than the quantitative approach advocated by Dr Bryant. In footnote 1556, the FCC notes that "actively providing" can be determined by reviewing whether the competitive switching provider has filed a notice to terminate service in the market. Such an

DIRECT TESTIMONY OF JAMES W. STEGEMAN

BEFORE THE TENNESSEE REGULATORY AUTHORITY

DOCKET NUMBER 03-00491

Tennessee Errata for the Testimony and Exhibits of James W. Stegeman

Direct Testimony:

Page 3, line 9. insert the words "Mr Milner," after the word "witnesses"
Page 15, line 12: delete the words "line maintenance,"
Page 25, line 5: delete the words "line maintenance,"
Page 25, lines 21-23 Strike the entire sentence beginning with the word "BACE ..."
Page 28, lines 22-23: Strike the entire sentence beginning with the word "Baseline ..."

Surrebuttal Testimony:

Page 49, line 15, replace "page 27, line 23" with "page 26, footnote 23"

Revised Exhibit JWS-3, pages 40/41, strike the paragraph under the "ApplyLoadings (Network Cost table only)" heading that originally read:

"The Yes/No flag indicates whether BACE should apply the InPlant and Loadings factors from the InPlantAndLoadings table to the cost record.
Possible entries include Y or N. Typically, costs that are capital expenditures represent material only and will require the application of InPlant and Loading factors and have ApplyLoadings set to "Y"."

And replace it with·

"The Yes/No flag indicates whether BACE should apply the Loadings factors from the InPlantAndLoadings table to the cost record. Possible entries include Y or N Typically, costs that are capital expenditures represent material only and will require the application of InPlant and Loading factors, the latter of which are applied to those cost elements with the ApplyLoadings toggle set to "Y" "

Service Cost model, and consulted on the development of similar costing models in Japan. I have also reviewed the HAI and HCPM models during their development

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

A I describe the BellSouth Analysis of Competitive Entry (BACE) model (referred to as "BACE" or "the model") This includes an overview of the model development, the basic approach employed in the model, the architecture, logic, and processing of the model, the data required, and the model's reporting capability. BellSouth witnesses Mr Milner, Dr Aron and Dr. Billingsley, discuss various inputs into the model, the assumed CLEC engineering used in the model and the model results. A copy of the model, which is provided via CD, accompanies my testimony

Q. BRIEFLY OUTLINE YOUR TESTIMONY.

A. The major sections of my testimony discuss the following topics:

1) Introduction.
2) BACE background This includes a discussion of why the model was built, the nature of its development, and the fundamental approach employed by the model.
3) A discussion of how BACE is consistent with the FCC's TRO.
4) An overview of the model architecture, various processing steps, and a description of some of the advantages of BACE
5) An overview of the BACE data requirements
6) A discussion of price calculation in BACE.
7) A discussion of quantity calculation in BACE

includes both CLEC capital investments (e.g , cash outlays for switches) and the use of unbundled network elements and wholesale services/components. This assumed network architecture is described in more detail in the testimony of BellSouth witness Mr. Keith Milner.

Q. DOES BACE ALLOW THE USER TO CONSIDER ALL CLEC REVENUES AND COSTS?

A BACE is designed to let the user capture all CLEC costs including those capital outlays for CLEC-owned investments and the major sources of CLEC revenues, including· local service; vertical features, voice mail, long distance and switched access, data services including Digital Subscriber Line (DSL); ~~line maintenance;~~ service connection/installation; directory assistance, and data services. I would note, however, that BACE does not consider video services, programming or other services that a CLEC may offer and which may generate an additional value for the CLEC Also, to the extent that a CLEC might create some brand new service that might generate additional revenues, such revenues would not be included in the model, but such products and revenues should improve the CLEC's ability to enter a market even further. Nonetheless, the services that are currently modeled in BACE are likely to represent the great majority of the services that CLECs will offer and that have been outlined in the TRO.

Q. DOES BACE PROVIDE A PLATFORM FOR A BUSINESS CASE ANALYSIS OF THE CLEC ENTRY DECISION?

Q. WHICH PRODUCTS AND SERVICES ARE INCLUDED IN BACE?

A. BACE allows for consideration of the following types of services: local access; customer calling features, long distance usage and switched access; Digital Subscriber Line (DSL); DS1 Internet access, ~~line maintenance,~~ service connection/installation; and directory assistance. The user has the ability to determine whether the CLEC sells a service and/or whether there is a non-zero, positive price for each service. As noted in Section 3 above, BACE represents the great majority of telecommunication services that are likely to be offered but not the absolute scope of services that might be offered (e.g., video is not included).

Q. WHAT PRICE DATA IS USED BY BACE?

A BACE requires a baseline price file that contains the current market price for each of the products offered, by customer segments, by customer-spend categories. BACE uses six main product classifications: 1) Long distance services; 2) voice mail; 3) switched access services (payments by long distance/inter-exchange carriers to terminate local calls to CLEC customers); 4) DSL (standard high-speed connection); 5) non-DSL business data service; and 6) Local (this includes local access, local usage, subscriber line charge (SLC), directory assistance (DA)/operator services, and customer calling features other than voice mail) ~~BACE allows the user to include separate prices, quantities, and revenues for line maintenance if the user has the relevant values, including quantities, for this service.~~

Q. WHAT INPUTS ARE REQUIRED FOR THE P-PROCESS?

A Several tables provide input to the P(price) Process The tables and their key input fields are described below. The relevant tables can be thought of as having two characteristic dimensions 1) bundles versus *à-la-carte*, and 2) starting versus future prices.

The following tables are used in the P-Process.

Baseline Bundle Price - This table defines the initial bundle prices offered to each customer segment in a defined geographic area.

Bundle Price Curves - This table defines the price trend (expressed as a decimal) per year for each product bundle over the ten-year study. This will capture any expected bundle price increase or decreases over time

Baseline Product Price - This table defines the current prices of individual products by geographic area. The values in this table can be thought of as representing initial market prices off of which the user can apply a CLEC discount to. This discount may reflect the market entry discount to expand market share

~~Baseline Bundle Price - This table defines the current prices of the bundles by geographic area~~

Fifth, Mr Wood's claim that wire-center level price forecasts are necessary is at odds with his prior claim (rebuttal page 7) that he and his team are encumbered by the limitations of the BACE wizard Recall that Mr Wood is also the only party to complain about the limitations of the wizard Logic suggests that Mr. Wood should be the last party to attempt the daunting and unnecessary task of forecasting prices by wire center

Q. MR. WOOD CLAIMS "THE [BACE] USER HAS NO ABILITY TO CONSIDER A SHORTER INVESTMENT HORIZON [THAN 10 YEARS] THAT A RATIONAL INVESTOR WOULD CONSIDER BEFORE MAKING AN INVESTMENT IN A LARGE, FIXED ASSET SUCH AS A LOCAL CIRCUIT SWITCH." WHAT IS YOUR REACTION?

A First, Mr. Wood's statement is at odds with the time horizon of AT&T's cost disadvantage model Mr. Turner indicates (direct, page ~~27~~26, line 23) that AT&T's analysis uses a 10-year study period.

Second, my team has examined the inputs to the model, both the Input Portfolio attached to Turner's testimony and the software itself, and there does not appear to be any mechanism to change the study period. We can only assume that the overall study period of AT&T's model is fixed at ten years.

Third, other models use a 10-year period or a longer period for the evaluation of economic impairment. The NRRI model (the pre-cursor of Dr. Bryant's model) used asset lives to determine impairment analysis through a TELRIC type costing

Second, some of the fields in these tables act as Descriptors. Descriptors have no impact on the analysis or results but exist for documentation and information purposes only. The Source/Notes column is an example.

Third, Value Fields are used within calculations and have a direct impact on the final results. For example, the **Amount** field is used directly as the amount of the cost record. Another Value field, **Weight**, is used to factor up or down the **Amount** field.

In the following discussion, keep in mind how the various filter fields are used by BACE with the ultimate goal of finding the correct cost record, then developing the appropriate cost based upon the Value fields

ON-Process Inputs

The following section will describe the fields for each entry in the Network Cost Table and the Operations Cost Table. As many of the field names are the same, they are treated together in this section.

CLECType

The **CLECType** field works as a filter to ensure that BACE includes only those cost records which meet the user criteria established in the **CLECType** input of the **CLEC Study Properties** table. BACE may use only those cost records that have a **CLECType** equal to ALL or set to the same value as the **CLECType** entered in the **CLEC Study Properties** table.

Possible entries include Large, Medium, Small and ALL. Large, Medium and Small are directly related to the size of the CLEC being analyzed. Cost items with a **CLECType** = ALL are applicable to each size of CLEC.

AcctCat

The Account Category (**AcctCat**) field is another Filter field. Primarily this field helps categorize reported investment.

Possible entries include Capex, COGS, Opex, Sales, Bad Debt, AdValorem and G&A. An entry of Capex indicates that the cost record represents a capital expenditure by the CLEC, for example the purchase of switching equipment. Cost items with **AcctCat** set to Opex represent an operational expense that would most likely not be capitalized in the accounting records of the CLEC. Examples of Opex cost records include the contractual maintenance costs identified for VoiceMail operations that are not captured in the factors applied and the Repair and Maintenance cost records in the **Operations Input Cost** table. Cost items that have the **AcctCat** variable set to COGS (Cost of Goods Sold) represent costs of infrastructure or network services that the CLEC purchases/leases from another carrier. Unbundled Network Elements (UNEs) and wholesale rates are examples of cost items that will have an **AcctCat** set to COGS.

ApplyLoadings (Network Cost table only)

The Yes/No flag indicates whether BACE should apply the ~~InPlant and~~ Loadings factors from the **InPlantAndLoadings** table to the cost record Possible entries include Y or N. Typically, costs that are capital expenditures represent material only and will require the application of InPlant and Loading factors, the latterof which are applied to those cost elements with the ~~and have~~ **ApplyLoadings toggle** set to "Y".

COLOOrEEL (Network Cost table only)

This field acts to filter a record for inclusion or exclusion in combination with the **AllowCOLO** and **AllowEEL** variables in the **CLEC Study Properties** table. Possible entries include COLO, EEL or ALL. Cost items with **COLOOrEEL** = COLO will be included in the analysis if **AllowCOLO** = Y. Cost items that have **COLOOrEEL** = EEL will be included in the analysis if **AllowEEL** = Y in the **CLEC Study Properties** table. If **COLOOrEEL** = ALL for a cost item identified in the **Network Cost Input** table, the cost record is not impacted by the collocation or EEL network architecture. Thus it will be considered in all cases.

> Note: If both the **AllowCOLO** and **AllowEEL** toggles in the **CLEC Study Properties** table are set to Y, the system will perform an economic test at each wire center the CLEC serves to determine the best economic alternative over the 10 year period.

SpAOrUNETTransport (Network Cost table only)

This field compliments the entry in the **CLEC Study Properties** table allowing the user to select if the CLEC network should use Special Access (SpA) or Unbundled Network Element Dedicated Transport (UNET) for the transport between CLEC collocation sites at BST end offices and their collocation site at the BST access tandem. The **SpAOrUNETTransport** field works as a filter to include or exclude a cost record. Possible entries include SpA, UNET or ALL.

DS1ToDS0Xover (Network Cost table only)

This DS1ToDS0Xover field compliments the entry in the **CLEC Study Properties** table. It allows the user to select if the CLEC network will use a cross over of 4 or 9 DS0s. (A cross over of 4 indicates that the CLEC would choose individual DS0s up to 3 DS0s, but would choose a DS1 rather than 4 DS0s.) Possible entries in the **Network Cost Input** table are 4, 9 and ALL. A cost record with an entry of ALL indicates that the cost is not sensitive to the DS1 to DS0 cross over.

Cost Hierarchy: CostFam, CostArea, CostCntr, CostElem

Cost hierarchy inputs are typically for information only and are Descriptor inputs. They are used in reporting to clarify costs to levels of the CLEC location, product or customer hierarchy. However in limited cases, BACE may use these entries to filter cost records in or out of a set of calculations. For example, a CostElement set to "GettingStartedInvestment" may trigger the application of the

DIRECT TESTIMONY OF PAMELA A. TIPTON

BEFORE THE TENNESSEE REGULATORY AUTHORITY

Errata for Pamela A. Tipton Direct Testimony filed 01/16/04
Docket No 03-00491

1. On page 4, line 14, delete "circuit".

2. On page 4, line 23, delete semi-colon and insert "and" before "(2)".

3 On page 5, line 2, delete semi-colon and insert period after "carrier".

4 On page 5, line 3, delete "and 3)" and insert "Additionally," before "the"

Exhibit PAT-1 is a list of CLEC switches which provide service in Tennessee. As described in BellSouth witness Keith Milner's testimony, each switch is capable of serving CLEC customers throughout the entire market (or larger) area.

Q UNDER WHAT CIRCUMSTANCES IS THE LOCAL SWITCHING SELF-PROVISIONING TRIGGER SATISFIED?

A 47 C.F.R. § 51.319(d)(2)(iii)(A)(1) states that the local switching self-provisioning trigger is satisfied when "three or more competing providers not affiliated with each other or the incumbent LEC, including intermodal providers of service comparable in quality to that of the incumbent LEC, each are serving mass market customers in the particular market with the use of their own local ~~circuit~~ switches."

Q. WHEN APPLYING THE FCC'S SELF-PROVISIONING SWITCHING TRIGGER, IS IT AS SIMPLE AS COUNTING WHETHER THERE ARE THREE OR MORE ENTITIES SELF-PROVISIONING SWITCHING TO MASS MARKET CUSTOMERS?

A. Yes, as a practical matter, it is that simple. The only qualifications under the FCC's rule are that: 1) the entities used to meet the trigger cannot be affiliated with each other, or with the incumbent local exchange carrier; and

2) if the self-provisioning entity is an "intermodal" provider, its service must be comparable in quality to that of the incumbent local exchange carrier; ~~and 3)~~Additionally, the self provisioning carriers must not have indicated that they intend to terminate service to mass market customers in the relevant geographic area. Satisfaction of the trigger is dependent upon counting the number of entities self-provisioning switching that meet those criteria.

Q. MAY THE AUTHORITY LOOK AT SUBJECTIVE EVIDENCE OF IMPAIRMENT IN APPLYING THE SELF-PROVISIONING TRIGGER?

A. No. The FCC's rule makes clear that the self-provisioning trigger is purely objective The Order also explicitly states that other than the objective count of CLECs, "states shall not evaluate any other factors, such as the financial stability or well-being of the competitive switch providers." Order ¶ 500 (emphasis added).The self-provisioning trigger is straightforward: the Commission must find "no impairment" for unbundled switching when three or more unaffiliated competing carriers are serving mass market customers in a particular market. Order ¶ 501 (emphasis added). This objectivity allows trigger determinations to be made quickly and accurately, and avoids the need for "protracted proceedings." Order ¶ 498.

Public

SURREBUTTAL TESTIMONY OF PAMELA A TIPTON

BEFORE THE TENNESSEE REGULATORY AUTHORITY
DOCKET NO. 03-00491

Errata for Pamela A. Tipton Surrebuttal Testimony filed 03/17/04
Docket No. 03-00491

1. On page 1, line 17, insert "t" before the "i" in "tesimony".

2. On page 2, line 14, change "Authority" to "Commission".

3. On page 2, line 21, change "Authority" to "Commissions".

4. On page 3, line 21, change "20" to "21".

5 On page 8, line 2, change "Mr." To "Dr".

6 On page 12, line 24, insert "the markets with actual deployment where trigger not met listed in" before "PAT-6"

7 On page 16, line 6, delete "a subset of" and insert "certain" before "data"

8 On page 16, line 6, insert "he claims" before "relate".

9 On page 16, line 7, delete "BellSouth's actual trigger analysis" and insert "the FCC's test"

10. On page 18, line 4, change "Mr." to "Dr."

11 On page 18, line 7, change "Mr." to "Dr."

12 On page 18, line 9, change "Mr." to "Dr."

13 On page 18, line 12, change "Mr." to "Dr."

14 On page 18, line 12, strike "both" and insert "BellSouth's analysis, which included..."

15 On page 18, line 13, insert "s" at the end of "indicate"

16 On page 18, line 17, change "Mr " to "Dr ".

18. On page 18, line 23, change "Mr " to "Dr."

BELLSOUTH TELECOMMUNICATIONS, INC.

SURREBUTTAL TESTIMONY OF PAMELA A TIPTON

BEFORE THE TENNESSEE REGULATORY AUTHORITY

DOCKET NO. 03-00491

MARCH 17, 2004

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

A My name is Pamela A Tipton. I am employed by BellSouth Telecommunications, Inc , as a Director in the Interconnection Services Department My business address is 675 West Peachtree Street, Atlanta, Georgia 30375

Q. ARE YOU THE SAME PAMELA A TIPTON WHO FILED DIRECT TESTIMONY IN THIS DOCKET ON JANUARY 16, 2004.

A Yes, I am.

Q WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A I respond to rebuttal testimony filed by AT&T witness Jay Bradbury, CompSouth witness Joe Gillan, and MCI witness Dr. Mark Bryant. All of these witnesses try to place conditions and limitations on the FCC's self-provisioning trigger rule that

simply do not exist I also comment on the rebuttal testimony of Consumer Advocate and Protection Division witness, Steve Brown

Section 1: Discussion of Trigger Candidate Criteria

Q. WITNESSES GILLAN, BRADBURY, AND BRYANT SUGGEST THE AUTHORITY MUST CONSIDER A HOST OF CRITERIA TO "QUALIFY" CLECS AS TRIGGER CANDIDATES BEFORE THEY CAN BE COUNTED WHAT DO THE FCC RULES STATE?

A. The criteria for a CLEC to be counted with regard to the self-provisioning switching trigger are clearly set forth in the FCC's Rules. 47 C.F.R. § 51 319(d)(2)(iii)(A)(1), Local switching self-provisioning trigger, states:

> "To satisfy this trigger, a state Commission~~Authority~~ must find that three or more competing providers not affiliated with each other or the incumbent LEC, including intermodal providers of service comparable in quality to that of the incumbent LEC, each are serving mass market customers in the particular market with the use of their own local switches "

The other parties' attempt to include a number of other unique criteria that a trigger "candidate" allegedly must meet is simply wrong Had the FCC intended for state ~~Authority~~sCommissions to check off a laundry list of criteria before considering a CLEC as a "trigger candidate," the rules would have said so They do not The rule contains the only criteria that address the self-provisioning trigger, it is straightforward, and it contains two, and only two, requirements.

Competing providers must: 1) not be affiliated with each other or the incumbent LEC, and may include intermodal providers of service comparable in quality to that of the incumbent LEC, and 2) be serving mass market customers in the particular market with the use of their own switch. Unlike what the other parties' witnesses would have this Authority believe, the FCC's discussion regarding the actual self provisioning test, in Section VI.D 6 a.(ii)(b)(ii) of the Order, entitled "Triggers", supports the straight forward and narrowly defined criteria set forth in the FCC's rule. Exhibit PAT-8 is a decision flow chart that accurately represents the trigger analysis as reflected in 47 C F.R. § 51 319(d)(2)(iii)(A)(1). This is the only decision-making analysis that needs to be conducted in this proceeding in determining where the trigger is met, despite CLEC claims suggesting otherwise

Q HAVE THE CLECS MISSED THE FOCUS OF THE SWITCHING TRIGGER?

A Yes As the FCC explained in its brief filed in the D C. Circuit in connection with review of the Triennial Review Order, the switching trigger has to do "with determining when market conditions are such that new entrants are not *impaired* in *entering* the market " (Respondent's Brief filed January 16, 2004, p. 46, n 22). By seeking to impose unnecessary criteria to the trigger analysis, the CLEC witnesses are advocating conditions that focus more on protecting their access to unbundled switching than focusing on conditions that relate to market entry. For example, on page ~~20~~21 of his rebuttal testimony, Mr Bradbury goes so far as to insist that "the Authority must assure itself that UNE-L competition will exist in every wire center " Of course, no such assurance is required either in the FCC's Order or its rules

DO YOU AGREE?

A No The FCC rule regarding the self-provisioning trigger is set forth in 47 C F R. § 51 319(d)(2)(iii)(A)(1) A plain reading of this rule shows that ~~Mr~~Dr Bryant's "criteria" are not part of the FCC's rule As I stated in my direct testimony and above, the FCC rule, supported by the Order's discussion on the trigger analysis, contains two and only two criteria, both of which are met by the trigger candidates identified by BellSouth in this proceeding (¶462, ¶ 501) Any attempt to impose additional criteria in order to disqualify these trigger CLECS under the guise of the FCC rules is misguided and should not be endorsed by this Authority

Section 2: Discussion of Trigger Analysis

Q MR BRADBURY CLAIMS (REBUTTAL P. 7) THAT AT&T PROVIDES SERVICE TO A RELATIVELY FEW NUMBER OF VERY SMALL BUSINESS CUSTOMERS THAT ARE AN ARTIFACT OF AN "OLD" BUSINESS PLAN HOW DO YOU RESPOND?

A. According to Mr Bradbury, the "embedded base" of very small business customers totals approximately BEGIN CONFIDENTIAL *** [redacted] *** END CONFIDENTIAL which is hardly insubstantial. Furthermore, AT&T's "old business plan" is more appropriately classified as a change in business plan upon the implementation of the FCC's UNE Remand Order and the widely available UNE-platform It is not coincidence that the decline in

covering a large geographic area Further, a simple examination of Exhibit PAT-1 demonstrates this is in fact true For example, the TCG/AT&T local switch CLLI of NSVLTN48DS0, located in Nashville, has point of interface nodes in both Nashville (NSVLTN48DS0) and Memphis (MMPHTNMADS3) Additionally, the Sprint switch CLLI of NSVLTN17CA1, located in Nashville, serves point of interface nodes in Nashville (NSVLTN17CA1), Memphis (MMPHTNMAXSZ), Knoxville (KNVLTNMAXSZ and KNVLTNWHXMD) and Chattanooga (CHTGTNNSXSX) LERG data is self reported by the carriers for the purpose of routing telecommunications traffic Clearly these companies would not misrepresent the actual serving capabilities of their own switches

Q. MR BROWN GOES ON TO ASSERT THAT BELLSOUTH HAS NOT PROVEN THAT THE CLEC SWITCHES IN EXHIBIT PAT-1 COVER THE INCUMBENTS' UNIMPAIRED MARKETS WAS SUCH "PROOF" NECESSARY?

A. No. In conducting its trigger and potential deployment analyses, BellSouth did not count switches serving the identified market areas, but instead followed the FCC's prescribed criteria and determined in which markets mass market customers are served by CLECs using their own switch(es). The trigger analysis is concerned with actual service being provided, not with some theoretical switch boundary.

Q DID YOU CLAIM, IN YOUR DIRECT TESTIMONY, THAT THE SWITCHES ON EXHIBIT PAT-1 COVER THE MARKETS IDENTIFIED IN EXHIBITS PAT-3 AND

the markets with actual deployment where trigger not met listed in PAT-6?

A No. Neither Keith Milner nor I claimed whether the switches on Exhibit PAT-1 did or did not cover the trigger markets listed on Exhibit PAT-3 and PAT-6 As I previously stated, the purpose of Exhibit PAT-1 is to demonstrate that a significant number of CLEC switches are providing service in Tennessee.

Q HOW DO YOU RESPOND TO MR BROWN'S ASSERTION THAT MR MILNER'S SUGGESTION THAT CLEC SWITCHES HAVE A STATEWIDE SCOPE CONTRADICTS THE FACT THAT BELLSOUTH IDENTIFIED ONLY 4 TRIGGER MARKETS IN TENNESSEE?

A These two statements do not contradict each other whatsoever. Mr. Brown does not understand how the FCC's self-provisioning trigger is met The self-provisioning trigger is met only in markets where there are 3 or more unaffiliated CLECs serving mass-market customers with their own switch(es). Mr Milner's testimony discusses the coverage area of CLEC switches, as a general matter, because he is addressing the assumptions that BellSouth used in its BACE model I discuss the markets where CLECs are, in fact, providing service to mass market customers The actual location of the switches providing this service or the reach of each particular switch is irrelevant to the FCC's self provisioning trigger test The scope and broad geographic reach of switches, as a general fact, find their meaning in the potential deployment analysis

Q DID BELLSOUTH ASK THE CLECS TO IDENTIFY THEIR SWITCHES IN ITS

A Based on BellSouth's internal data and CLEC discovery responses, there are 5 geographic markets where three or more CLECS are serving the enterprise market with their own switches using DS1 loops, which are shown on the attached Exhibit PAT-10

Q PLEASE COMMENT ON MR GILLAN'S CONCLUSIONS CONCERNING BELLSOUTH'S TRIGGER ANALYSIS

A Apparently, Mr Gillan is drawing conclusions based upon his fabricated trigger analysis criteria and upon ~~a subset of~~certain data that he claims relates to a CLEC's presence in the marketplace and does not relate directly to ~~BellSouth's actual trigger analysis~~the FCC's test As I explained in my direct testimony and above, BellSouth's trigger analysis considered CLEC provided data regarding its actual deployment, loop data for business class customers from its loop inventory database, and numbers ported to CLECS (which thus includes lines CLECS serve using their own facilities) This contrasts with the narrow approach Mr Gillan has apparently taken, which is to disregard completely certain information BellSouth has supplied in its responses to discovery, as well as CLEC's responses to BellSouth discovery – which BellSouth produced under protective agreement. .BellSouth has diligently attempted to obtain data directly from CLECS to present this Authority with the most accurate information BellSouth has sought, as much as possible, to rely upon data provided by the CLECS concerning the types of customers served and where such customers are located in analyzing the switching trigger.

include an enterprise location in its mass market analysis. CLECS self-reported their provision of one to three line service to end users in their discovery responses. For CLECS who refused to respond to discovery, or who otherwise did not provide adequate responses, BellSouth used its own data. BellSouth's internal data was based on DS0 loops and residential ported numbers I will address specific assertions below

Q ON WHAT DOES ~~MR~~DR BRYANT BASE HIS ARGUMENTS THAT THE TRIGGER COMPANIES IDENTIFIED BY BELLSOUTH SHOULD BE DISQUALIFIED?

A DrMr. Bryant attempts to disqualify the trigger companies based solely on pages he printed from these CLECs' web sites. Relying on information contained on these web pages, MrDr. Bryant concludes that BEGIN PROPRIETARY *** [redacted] ***END PROPRIETARY should be excluded from BellSouth's trigger analysis. Despite MrDr Bryant's claims, however, ~~both~~BellSouth's analysis, which included BellSouth's internal data and the discovery responses from these CLECs indicates that each of these CLECs are serving customers with DS0 analog loops. If these CLECs are serving mass market customers with their own switches, they certainly qualify as trigger companies

DrMr Bryant further argues that BEGIN PROPRIETARY *** [redacted] ***END PROPRIETARY should be disqualified as a trigger company In support of this argument, he attaches an article about BEGIN PROPRIETARY*** [redacted] ***END

PROPRIETARY that appeared on C/NET NEWS COM's web page BEGIN PROPRIETARY *** [redacted] ***END PROPRIETARY agreement to offer service in 30 new markets in 30 months, Dr Mr Bryant notes, "it has been reported that BEGIN PROPRIETARY*** [redacted] ***END PROPRIETARY intends to scale back its service offerings to only the most basic local exchange service and not to actively market those services in the markets it was required to enter." The key point to take away from this article is that, while BEGIN PROPRIETARY*** [redacted] ***END PROPRIETARY may be cutting its data plans, it still intends to offer local exchange service in these markets

Q REGARDING MR GILLAN'S TESTIMONY ON BEHALF OF COMPSOUTH, SHOULD ANY WEIGHT BE GIVEN TO HIS TESTIMONY CONCERING QUALIFYING TRIGGER CANDIDATES?

A Absolutely not. Beginning on page 26 of his rebuttal testimony, Mr. Gillan makes certain assertions about specific CLEC trigger candidates and their alleged failure to serve the mass market segment To support some of his arguments, Mr Gillan attaches to his testimony affidavits not previously filed in this docket from BEGIN PROPRIETARY*** [redacted] ***END PROPRIETARY In the affidavits, these CLECs state why they should not be considered trigger companies because they are either not "actively marketing" to these customers or because they consider any lines served as the exception, rather than the rule The FCC criteria requires a determination of whether CLECs are serving mass market customers Nowhere,

CERTIFICATE OF SERVICE

I hereby certify that on March 26, 2004, a copy of the foregoing document was served on the parties of record, via the method indicated:

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