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1 **BELLSOUTH TELECOMMUNICATIONS, INC.**
2 **REBUTTAL TESTIMONY OF ROBERT C. SCHEYE**
3 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**
4 **DOCKET NO. 950984A-TP (MFS PETITION)**
5 **DECEMBER 11, 1995**

6
7
8 Q. Please state your name, address and position with
9 BellSouth Telecommunications, Inc. ("BellSouth"
10 or "The Company").

11
12 A. My name is Robert C. Scheye and I am employed by
13 BellSouth Telecommunications, Inc., as a Senior
14 Director in Strategic Management. My address is
15 675 West Peachtree Street, Atlanta, Georgia
16 30375.

17
18 Q. Did you file direct testimony in this docket?

19
20 A. Yes.

21
22 Q. What is the purpose of your rebuttal testimony?

23
24 A. The purpose of my rebuttal testimony is to respond
25 to issues relating to unbundling discussed in the

1 testimonies of witnesses Nina Cornell and Don
2 Price on behalf of MCImetro Access Transmission
3 Services, Inc. (MCImetro), Timothy T. Devine on
4 behalf of Metropolitan Fiber Systems of Florida,
5 Inc. (MFS-FL) and Mike Guedel on behalf of AT&T.
6 Since witnesses Cornell, Price and Devine simply
7 adopted their previously filed testimony, for the
8 sake of brevity, I will also adopt my testimony
9 dated November 27, 1995 ("November testimony") to
10 respond to their issues.

11
12 Only Mr. Guedel has filed more testimony. Some of
13 the issues raised in Mr. Guedel's new testimony
14 have already been discussed in my November
15 testimony. To avoid repetition, when Mr. Guedel
16 merely repeats what he has said earlier, I will
17 often rely upon and incorporate by reference, my
18 earlier testimony in this proceeding. However,
19 Mr. Guedel's testimony does require additional
20 comment in a number of respects.

21
22 Q. On pages 4 and 5 of Mr. Guedel's testimony he
23 defines interconnection and unbundling. Do you
24 agree with Mr. Guedel's definitions?
25

1 A. I agree with Mr. Guedel that there is a
2 distinction between interconnection and
3 unbundling. I also agree with Mr. Guedel's
4 description of interconnection as "the act of
5 linking two networks together such that calls or
6 messages that originate on one of the networks may
7 transit or terminate on the other network."
8 However, in his definition of unbundling, he mixes
9 items that are part of interconnection with items
10 that are unbundled network capabilities. For
11 example, in his list of 11 "Basic Network
12 Functions," Mr. Guedel lists such items as tandem
13 switching, common transport links and dedicated
14 transport links. These items are clearly integral
15 parts of local interconnection because they
16 provide the functionality necessary to link two
17 networks together.

18
19 The signaling links, signal transfer points (STPs)
20 and signal control points (SCPs) also mentioned by
21 Mr. Guedel in his unbundling discussion are part
22 of Signaling System 7 (SS7) interconnectivity.
23 While I agree that these may be considered
24 unbundled network capabilities, SS7
25 interconnectivity is addressed in issue 10 of

1 Docket No. 950985-TP. Likewise, his list includes
2 operator systems as an unbundled network
3 capability. This is addressed in issues 6 and 7
4 of Docket No. 950985-TP as well as my testimony in
5 that docket.
6

7 Q. On page 5, line 19 of his direct testimony, Mr.
8 Guedel also lists "switching" as an unbundled
9 capability that BellSouth should provide. Could
10 you comment on this?
11

12 A. I have read Mr. Guedel's testimony several times
13 and I am still not sure what he means by this.
14 Clearly switching is a part of interconnection,
15 not of unbundling. When two networks are linked,
16 calls from one network are switched in the other
17 network at either an end office, a tandem or both.
18

19 Mr. Guedel, however, on page 10 of his direct
20 testimony, appears to imply that the switching
21 function should be unbundled into additional
22 pieces, such as 1) recognizing service requests,
23 2) obtaining call specific information, 3) data
24 analysis, 4) route selection, 5) call completion,
25 and 6) testing and recording, etc. The switching

1 function that BellSouth plans to offer will
2 include all these piece parts. BellSouth believes
3 that these piece parts cannot be separated from
4 the switch and, therefore, cannot be offered
5 separately as Mr. Guedel wants.

6
7 Q. Mr. Guedel also wants the ALECs to have access to
8 Advanced Intelligent Network (AIN) triggers. What
9 is BellSouth's position on that?

10
11 A. I am uncertain as to exactly what Mr. Guedel has
12 in mind as far as unbundled AIN triggers and the
13 call control capabilities that he mentions on
14 pages 10 and 11 of his testimony. BellSouth has
15 been a leading proponent of opening up AIN and is
16 implementing a plan to accomplish this.
17 Initially, the plan provides access to the
18 programming tools necessary for third parties to
19 develop and sell AIN services. This includes
20 access to AIN triggers. These capabilities will
21 be offered as DesignEdgesm service and are
22 presently undergoing final testing. A tariff for
23 these capabilities will be filed in Florida as a
24 market trial Limited Service Offering in the first
25 quarter 1996.

1
2 The BellSouth plan will offer capabilities that
3 would allow all users and all customers to be
4 protected from problems that may be caused by a
5 third party. In BellSouth's view, however, to
6 allow an ALEC call control capability within a
7 BellSouth switch means that the ALEC would have a
8 port to the switch processor and the ability to
9 change translations within the switch. This would
10 clearly leave customers unprotected and,
11 therefore, is not planned as an offering.
12

13 Q. Mr. Guedel seems especially concerned with
14 BellSouth's provisioning of Signaling System 7
15 (SS7). Could you further elaborate on how BST
16 plans to offer SS7 interconnectivity?
17

18 A. Yes. BellSouth will provide links that will allow
19 for the interconnection of an ALEC end office to a
20 BellSouth Signal Transfer Point (STP). Links that
21 will allow for the interconnection of an ALEC STP
22 to a BellSouth STP will also be offered. In its
23 initial offering, BellSouth does not plan to
24 provide interconnection with a BellSouth Signaling
25 Control Point (SCP). However, BellSouth will

1 offer access to 800 and Line Information Data
2 Bases which will provide some of the same
3 functionalities obtained by interconnecting with
4 the SCP.

5
6 As I discussed in my November testimony, BellSouth
7 has concentrated its initial effort on developing
8 capabilities essential to offer basic exchange
9 service. However, BellSouth would be agreeable to
10 offering connectivity to a BellSouth SCP at a
11 later date, provided that such a functionality
12 meets the unbundling criteria which I described in
13 detail in my November testimony.

14
15 Q. The remaining functions listed by Mr. Guedel are
16 loop distribution, loop concentration and loop
17 feeder. Does BellSouth intend to provide these
18 functions?

19
20 A. The local loop facility which BellSouth intends to
21 provide includes the components listed by Mr.
22 Guedel. BellSouth will offer an unbundled loop
23 for connection of an ALEC end user to a BellSouth
24 switch. However, Mr. Guedel seems to imply that
25 BellSouth should unbundle the local loop into

1 piece parts. BellSouth disagrees that the local
2 loop should be further unbundled into sub-loop
3 components because it would create many
4 provisioning and administrative problems.
5

6 As I stated in my November testimony, the
7 operations and support systems required to order
8 and administer sub-loop unbundling would be
9 extremely difficult to develop and maintain.
10 Additionally, BellSouth would lose accountability
11 and control of its own plant in the field because
12 it would have to give access to its own equipment
13 to someone else. Finally, fragmenting what is
14 currently engineered as an integral unit will
15 introduce additional points of potential network
16 failure.
17

18 To summarize, sub-loop unbundling is not
19 reasonable and it is not necessary.
20

21 Q. Mr. Guedel, on pages 12 and 13 of his testimony,
22 argues that unbundled network elements should be
23 priced at Total Service Long Run Incremental Costs
24 (TSLRIC). Do you agree?
25

1 A. No. As discussed in Dr. Banerjee's testimony
2 filed on November 27, 1995, such a pricing scheme
3 does not make economic sense. Although Mr. Guedel
4 acknowledges that the LECs have spent "hundreds of
5 millions of dollars over the years in constructing
6 their networks," he is not willing to allow
7 BellSouth to achieve a contribution to joint and
8 common costs of its operations from that
9 investment.

10
11 Similarly, the ALECs are proposing that unbundled
12 capabilities be offered at cost, either through a
13 TSLRIC or Long Run Incremental Cost (LRIC)
14 methodology. In either case, LECs would be denied
15 a contribution to their shared and common costs.

16
17 Additionally, other vendors offer some of these
18 services (e.g., Operator Services) at market
19 prices that are well above cost. There is no
20 reason to expect a LEC to offer such services at
21 other than market prices.

22
23 It makes absolutely no sense to insist that a LEC
24 offer any of its services (i.e. bundled or
25 unbundled, wholesale or retail) at cost.

1 Furthermore, it makes no sense for a LEC to invest
2 capital to offer unbundled network capabilities to
3 ALECs at cost when it can utilize the same capital
4 and the same network components to offer bundled
5 and/or retail services at a price that would cover
6 cost and realize a contribution to the LEC's
7 common and shared costs. In my view, to require
8 the offering of such unbundled network components
9 at cost is patently unfair, unreasonable and
10 unrealistic.

11
12 Q. Does this conclude your testimony?

13
14 A. Yes.