

ORIGINAL

BEFORE THE
STATE OF FLORIDA
PUBLIC SERVICE COMMISSION

In the Matter of)
)
Petition by MEDIAONE FLORIDA)
TELECOMMUNICATIONS, INC.)
For Arbitration of an Interconnection)
Agreement With BELLSOUTH)
TELECOMMUNICATIONS, Inc.)
Pursuant to Section 252(b) of the)
Telecommunications Act of 1996.)

Docket No. 990149-TP

Filed:

DIRECT TESTIMONY OF GARY LANE
ON BEHALF OF MEDIAONE
FLORIDA TELECOMMUNICATIONS, INC.

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1 INTRODUCTION AND SUMMARY

2 Q. Please state your name, position and business address.

3 My name is Gary Lane. I am the Vice President for Telephony Operations
4 for the National Markets Group of MediaOne. My business address is
5 9785 Maroon Circle, Englewood, CO 80112.

6 Q. Please describe your current responsibilities for MediaOne.

7 A. I have overall responsibility for MediaOne's local telephony operations in
8 Florida, Virginia, and Minnesota. I oversee the planning and
9 implementation work necessary to launch local telephony service, as well as
10 the marketing and operations aspects of providing service once we have
11 completed the launch. To date, the National Markets Group has begun to
12 provide local telephony in Jacksonville and Pompano Beach in Florida, and
13 in the Richmond, Virginia, area; we are in the process of planning our
14 service launch in Minnesota.

15 Q. What is the purpose of your testimony?

16 A. In my testimony -

17 I will provide an introduction and overview of MediaOne and its
18 operations in the State of Florida.

19 I will generally describe the issues raised by this proceeding, summarize
20 MediaOne's view of those issues, and identify the witnesses who will testify
21 on its behalf.

22 Finally, I will provide more detailed testimony on six issues:

23 the impact of BellSouth's position regarding unbundled network
24 terminating wire;

1 the need for additional performance measurements in the Interconnection
2 agreement;
3 the need for performance incentives in the Interconnection Agreement;
4 the need for expanded audit provisions;
5 reciprocal compensation for ISP traffic; and
6 the pricing of CNAM database access.

7 Q. Please describe MediaOne.

8 A. MediaOne is the third-largest provider of broadband services in the United
9 States, providing video services to over 5 million subscribers nationally.
10 Over the past year, MediaOne has begun to provide local telephone service
11 in California, Georgia, Massachusetts, Virginia, and right here in Florida.;
12 we will expand that service to additional states in the future. At the end of
13 1998, MediaOne was serving over 10,000 residential telephone customers.
14 We also provide high speed Internet access ("HSD") service in many areas.
15 MediaOne is in the process of a nation-wide capital program to upgrade its
16 network to a 750 MHz system capable of carrying expanded video service,
17 local telephone service, and two-way HSD over the same hybrid-fiber
18 coaxial cable system. This enables MediaOne to provide facilities-based
19 local telephone services, and we will be one of the very few to target
20 residential customers.
21 As a facilities-based provider of telephony service, MediaOne needs little
22 from the incumbent local exchange providers. We must interconnect with
23 the incumbents on reasonable terms, including reciprocal compensation for
24 the exchange of traffic. We must have access to certain operations support

1 systems and functions. And, in the case of BellSouth, we must have
2 reasonable access to the telephone wiring under BellSouth's control within
3 multiple dwelling units. These interconnection needs are vital to
4 MediaOne's ability to give Florida consumers a choice of local telephone
5 providers.

6 Q. Please describe MediaOne's operations in Florida.

7 A. MediaOne's systems provide video services to approximately 550,000
8 subscribers in Jacksonville and Naples, and in Dade and Broward Counties.
9 We also provide local switched telephone services to residential customers
10 in Jacksonville, and in the Pompano Beach area.

11 UNBUNDLED NETWORK TERMINATING WIRE

12 Q. You indicated that BellSouth's UNTW proposal impacts MediaOne's
13 ability to provide telephone service to MDU residents. How is that?
14 Put simply, BellSouth's UNTW proposal effectively precludes MediaOne
15 from serving MDU residents. Greg Beveridge will describe the difficulties
16 with BellSouth's position in some detail. From my perspective, however,
17 its most significant shortcoming is that it requires the dispatch of a
18 BellSouth technician - at MediaOne's expense - every time MediaOne
19 wants to get access to UNTW. This obviously drives up our costs, and
20 particularly so in relation to BellSouth, which does not have to pay for the
21 services of a MediaOne technician when it provisions service to an MDU
22 resident.

23 Even worse, because we must have a BellSouth technician present to
24 provision service, we must coordinate the presence of our technician, the

1 customer, and BellSouth's technician, over whom we have no control. It
2 simply is not workable.

3 As a result of these problems, MediaOne cannot serve the residents of
4 MDUs in the areas in which it now provides local telephone service.

5 Is that a substantial portion of the market?

6 A. Yes, it is. In Jacksonville, MDUs constitute 37% of the homes passed by
7 our system; in Pompano Beach, they are 47% of homes passed. Until we
8 can get reasonable access to NTW, these consumers will be denied an
9 alternative to BellSouth.

10 ADDITIONAL PERFORMANCE MEASUREMENTS

11 Q. Why does MediaOne believe the Interconnection Agreement should
12 contain performance measurements in addition to those it already has?

13 A. Attachment 10 to the proposed Interconnection Agreement contains the
14 performance measurements BellSouth has agreed to. These performance
15 measurements are fine, as far as they go, but they do not include all the
16 standards and measurements critical to facilities-based carriers, like
17 MediaOne, for the successful implementation of LNP. The BellSouth
18 proposal has the following specific shortcomings:

19 BellSouth proposes to measure local number portability (LNP) provisioning
20 only in the context of a customer conversion associated with the purchase
21 of unbundled loops by an alternative local exchange carrier (ALEC). As a
22 facilities-based carrier, MediaOne does not purchase unbundled loops, so
23 the measurement proposed by BellSouth would not apply to us. We need
24 a performance measurement that addresses standalone LNP conversions.

1 As proposed by BellSouth, the Firm Order Commitment (FOC) function of
2 the Ordering category does not clearly include FOCs on order for LNP.
3 Nearly all of the customers who subscribe to MediaOne service want to
4 retain their current telephone numbers. Thus LNP provisioning is essential
5 to the successful provisioning of MediaOne service in the vast majority of
6 cases. Without an FOC, MediaOne cannot properly schedule service
7 provisioning. For that reason, the Ordering category of the performance
8 measurements must clearly establish that a timely FOC response includes
9 responses to standalone LNP orders – a function vital to MediaOne.

10 The Provisioning category needs several additional measurements
11 addressing the following matters:

12 Notification to NPAC concurrent with the return of the FOC to
13 MediaOne. Once NPAC has received the FOC authorizing the porting of
14 a number, it allows only 18 business-hours to complete the porting of the
15 number, or we must re-start the process, thereby possibly delaying service
16 to our customer. If BellSouth does not return the FOC to MediaOne at
17 the same time the number is authorized for porting, MediaOne will not
18 know that the 18-hour “clock” has started running. It is thus essential that
19 we receive the FOC concurrent with the NPAC; otherwise, MediaOne will
20 lose irreplaceable time in completing its part of the porting process. The
21 Interconnection Agreement should require BellSouth to measure its
22 performance in completing this function.

23 Update of the BellSouth Local Service Management System (LSMS) within

1 15 minutes. Once a customer's service has been moved from BellSouth to
2 MediaOne, the customer will be unable to receive calls until BellSouth has
3 completed the port activation. It is thus vital to MediaOne to have the
4 activation completed in a timely manner to minimize the time the customer
5 is out of service. The industry standard for completing this process is
6 within 15 minutes after a number has been ported, and the Interconnection
7 Agreement should include a performance measurement reflecting that
8 standard.

9 General availability of the LSMS system. If LSMS does not work properly,
10 LNP will not function. Given the critical nature of this system, its
11 availability should be the subject of a separate performance measurement.

12 Timely advance notice of LNP system maintenance requirements.

13 Recently, BellSouth provided MediaOne with seven days' notice that the
14 LNP system would be "down" for a period of time to perform routine
15 maintenance activities. MediaOne provisions service on an eight-day
16 schedule; receiving only seven days' notice disrupted that provisioning
17 cycle, forcing us to re-schedule a number of customers. The
18 Interconnection Agreement should require BellSouth to give us at least
19 thirty days' notice of such scheduled outages.

20 The performance measurements proposed by BellSouth do not include
21 Provisioning Trouble reports in connection with LNP-only orders.

22 BellSouth thus would not measure its performance in provisioning LNP for
23 facilities-based carriers such as MediaOne. This measurement needs to be

1 added.

2 Without these additional measurements, MediaOne cannot know whether
3 BellSouth is appropriately performing its obligations under the
4 Interconnection Agreement.

5 PERFORMANCE INCENTIVES

6 Q. Why must the Interconnection Agreement include performance incentives?

7 A. In the typical commercial relationship, both parties have an interest in
8 performing. For example, if I rent an apartment, I have an interest in
9 paying the rent, so that I will continue to have the use of the apartment;
10 my landlord, on the other hand, has an interest in maintaining the
11 apartment and allowing me to use it, so that I will continue to pay the rent.
12 Given these mutual incentives, both parties will likely perform their
13 obligations.

14 The Interconnection Agreement at issue in this proceeding is – to state the
15 obvious – not a typical commercial relationship. MediaOne certainly has
16 an incentive to fulfill its end of the bargain: by doing so, it obtains access
17 to facilities and services it needs to stay in business. But BellSouth has no
18 such incentive. By providing facilities and services to MediaOne, BellSouth
19 gives MediaOne the wherewithal to compete successfully in the local
20 marketplace, thereby taking business from BellSouth. BellSouth thus has a
21 disincentive to fulfill its obligations under the Interconnection Agreement.
22 Indeed, absent legal compulsion, BellSouth would never agree to an
23 Interconnection Agreement with any ALEC.

1 I do not mean to suggest that BellSouth would deliberately set out to
2 violate the Interconnection Agreement. But when performing its
3 obligations under that agreement hurts BellSouth (by enabling MediaOne
4 to compete successfully for its customers), those charged with that
5 performance will do the minimum they can get away with. To think
6 otherwise ignores human nature.

7 Q. What position has BellSouth taken on performance incentives?

8 A. BellSouth refuses even to discuss them. BellSouth must believe it should
9 be allowed to perform as poorly as it wants, with no consequences.

10 Q. What sort of performance incentives does MediaOne propose?

11 A. To provide BellSouth an incentive to perform its obligations, the
12 Interconnection Agreement must include performance incentives in the
13 form of monetary penalties for performance that does not meet the
14 performance measurements. Other states have recognized that monetary
15 incentives are the only effective enforcement mechanism in these
16 circumstances. They typically apply a "two-tier" program of liquidated
17 damages, including payments for the ILEC's failure to perform a specific
18 function in a timely manner and payments for its failure to meet
19 performance standards over a given period of time. The incentive
20 payments should be specific to each of the performance measurements, and
21 perhaps vary depending on the severity of the specific shortfall or pattern
22 of shortfalls. Above all, the incentives should be set at a level high enough
23 so that BellSouth cannot simply treat them as a cost of doing business; the
24 incentives must have real teeth.

1 Q. Why has MediaOne presented no specific proposal for performance
2 incentives?

3 A. First, because BellSouth refuses to discuss the issue, we have had no
4 opportunity to explore the issue with them so as to come up with
5 reasonable alternatives. More important, the area of performance
6 incentives is an emerging issue in ILEC-ALEC relations. MediaOne and
7 its ALEC counterparts have been working with regulatory commissions in
8 other states to develop a reasonable program of performance incentives,
9 but no such program is in place yet, so far as I am aware. When we have
10 such a program, we would hope - with the Commission's support - to bring
11 it to Florida. Without performance incentives, bringing the benefits of
12 effective competition to Florida consumers will be that much more difficult
13 and uncertain. For purposes of this proceeding, our Interconnection
14 Agreement with BellSouth could provide simply that the parties will
15 incorporate any program of performance incentives that this Commission
16 (or the FCC) finds appropriate in a subsequent proceeding.

17 EXPANDED AUDIT PROVISIONS

18 Q. What audit rights does the proposed Interconnection Agreement give
19 MediaOne?

20 A. As proposed by BellSouth, the Interconnection Agreement would give
21 MediaOne only very limited audit rights. We would have only the right to
22 audit the bills BellSouth sends us for services provided under the
23 Agreement. That is insufficient.

24 Q. What additional audit rights does MediaOne want?

1 A. MediaOne should have the right to audit any Interconnection Service,
2 Ancillary Service (such as database access and usage) or additional function
3 (such as the LNP process for moving a customer from BellSouth to
4 MediaOne) provided or performed by BellSouth under the Interconnection
5 Agreement. BellSouth's performance in all these areas is critical to
6 MediaOne's ability to develop and maintain a viable market presence.
7 Limiting MediaOne's audit rights to the bills rendered by BellSouth leaves
8 many aspects of BellSouth's performance without adequate oversight. It
9 would force MediaOne to use the Agreement's dispute resolution
10 procedures when less drastic measures would otherwise suffice. Without
11 the right to audit BellSouth's total performance under the Agreement,
12 MediaOne cannot determine with certainty that BellSouth has fulfilled its
13 obligations, and that may force us to use the dispute resolution procedures
14 just so we can find out. That cannot be an efficient use of MediaOne's
15 resources, or of BellSouth's.

16 Q. Has BellSouth provided an explanation for their refusal to expand the audit
17 provisions?

18 A. Though BellSouth has granted greater audit rights in other agreements, it
19 refuses to grant them to MediaOne. BellSouth contends that MediaOne
20 can use the raw data BellSouth will provide to measure BellSouth's
21 performance and then use the dispute resolution provisions of the
22 Agreement to enforce the Agreement. That simply makes no sense: it is
23 not a proper use of dispute resolution procedures.

1 RECIPROCAL COMPENSATION FOR ISP TRAFFIC

2 Q. How do the stipulation and the Interconnection Agreement treat reciprocal
3 compensation for local traffic?

4 A. The 1996 Act requires interconnected carriers to compensate one another
5 for terminating traffic. That is, if a subscriber to carrier A originates a call
6 to a subscriber of carrier B, carrier B provides the termination that
7 enables the call to reach its destination. The 1996 Act requires carrier A
8 to compensate carrier B for that use of carrier B's network. Both the
9 stipulation and the proposed Interconnection Agreement obligate
10 MediaOne and BellSouth to compensate one another in just this fashion
11 for the termination of one carrier's local traffic over the network of the
12 other.

13 Q. What is ISP traffic?

14 A. ISP traffic is the calls placed by BellSouth customers to Internet service
15 providers (ISPs) served by MediaOne. A customer reaches an ISP by using
16 a computer to dial the ISP's local number; the ISP's equipment answers the
17 call, reads the customer's name and password, and then connects the
18 customer to the Internet.

19 Q. How, in MediaOne's opinion, should ISP traffic be categorized?

20 A. For purposes of our network and services, ISP traffic is no different than
21 any other call to a local number. It looks like local traffic to us, and we
22 believe it should be treated as such for purposes of reciprocal
23 compensation.

1 Q. How does BellSouth designate ISP traffic?

2 A. BellSouth takes the position that ISP traffic is inherently interstate because
3 the Internet is interstate. For that reason, BellSouth has refused to pay
4 MediaOne any compensation for terminating calls placed by BellSouth
5 customers to ISPs served by MediaOne, and it proposes to have the
6 Interconnection Agreement expressly preclude such payments, at least until
7 the issue is resolved in some "final" manner.

8 Q. Why does MediaOne believe ISP traffic should be considered local?

9 A. As I stated, calls to ISPs look for all the world like local calls to us. The
10 customer's computer dials a local number and then is connected to the
11 ISP's equipment. At that point, a local telephone call has been completed,
12 just as any other local call. What the ISP does after that should have no
13 impact on that basic fact.

14 Q. Is that not also the case with an ordinary long distance call?

15 A. No. When a customer places a long distance call, the customer is never
16 connected to the long distance provider's local equipment; the call is not
17 completed until it is answered at the distant location. In the case of ISP
18 traffic, the call is answered locally by the ISP's equipment.

19 Q. Do local exchange carriers ordinarily compensate one another for
20 delivering interstate traffic to the long distance providers?

21 A. Yes. If a MediaOne customer in Jacksonville places an interstate call,
22 MediaOne delivers that call to the BellSouth tandem; BellSouth then
23 delivers the call to the point of presence of the caller's long distance

1 provider. MediaOne and BellSouth each bill their portion of the
2 originating switched access charges to the long distance provider; BellSouth
3 receives compensation because BellSouth "terminated" the call to the long
4 distance provider. (In some cases, the incumbent bills the entire amount,
5 and then pays the ALEC its share of the charges.) Unfortunately, this
6 model does not work for ISP traffic because the FCC has held that local
7 exchange carriers may not impose access charges on ISPs. Therefore,
8 unless MediaOne receives reciprocal compensation from BellSouth, it will
9 receive no compensation at all for terminating ISP traffic.

10 CNAM DATABASE QUERIES

11 Q. What is the CNAM Database?

12 A. The Calling Name (CNAM) Database furnishes the name to associate with
13 a calling number, so that local provider can include the name of the calling
14 party as part of the Caller ID feature. The incumbents, including
15 BellSouth, generally provide access to their CNAM Databases to other
16 local providers. MediaOne will utilize BellSouth's CNAM database here in
17 Florida.

18 Q. What does BellSouth propose to charge MediaOne for CNAM access?

19 A. BellSouth proposes to charge MediaOne 1.6 cents per CNAM query.

20 Q. Is that a reasonable price?

21 A. We do not know. We have never seen any cost or other data to justify this
22 price. In Georgia, BellSouth has been charging MediaOne only \$50 per
23 1,000 lines per month, which works out to about 5 cents per line per
24 month. Given that our customers typically receive several calls a day, this

1 pricing is obviously a tiny fraction of 1.6 cents per query. I should point
2 out that BellSouth is attempting to increase its charge to 1.6 cents per
3 query in our interconnection negotiations in Georgia.

4 Q. What price should the Commission require BellSouth to charge?

5 A. Obviously, we would prefer the pricing scheme BellSouth currently has in
6 place in Georgia, but I cannot say that is a reasonable price. Unless the
7 Commission requires BellSouth to prove the cost of providing CNAM, it
8 will have no way of determining whether BellSouth's proposal is
9 reasonable, or what would be a reasonable price for this service.

10 SUMMARY AND CONCLUSION

11 Q. If MediaOne prevails on the issues raised in this proceeding, how will that
12 affect Florida's telephone consumers?

13 A. If the Commission rules in MediaOne's favor on these issues, I believe we
14 will begin to fulfill the promise of the Telecommunications Act of 1996.
15 MediaOne can bring the benefits of local competition - real competition -
16 to Florida consumers. We do not need much from BellSouth to be able to
17 do this, but we must have what we have requested in this proceeding.
18 Without it, local, residence competition faces a long, difficult and uncertain
19 road in Florida.

20 Q. Does this conclude your testimony?

21 A. Yes.