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September 22, 2005

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Ms. Blanca Bayo, Director Commission Clerk and Administrative Services Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850

Re:

Docket No. 041269-TP

Dear Ms. Bayo:

OTH ____

Enclosed for filing on behalf of US LEC of Florida Inc. ("US LEC") is an original and fifteen copies of the Rebuttal Testimony of Wanda G. Montano.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the copy to me.

Thank you for your assistance with this filing.

SPSC-BUREAU OF RECORDS

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Rebuttal Testimony of Wanda G. Montano, was furnished by U.S. Mail, this 22nd day of September, 2005 to the following:

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Y: Kenneth A. Hoffman

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to Establish Generic Docket to)	
Consider Amendments to Interconnection)	Docket No. 041269-TP
Agreement Resulting From Changes of Law)	
)	
)	Filed: September 22, 2005

REBUTTAL TESTIMONY OF

WANDA G. MONTANO

ON BEHALF OF

US LEC OF FLORIDA INC.

Martin P. McDonnell, Esq. Rutledge, Ecenia, Purnell & Hoffmann, P.A. P.O. Box 551 Tallahassee, Florida 3202 (850) 681-6788 (Telephone) (850) 681-6515 (Telecopier)

1	Q:	PLEASE STATE YOUR NAME FOR THE RECORD.
2		
3	A:	My name is Wanda G. Montano.
4		
5	Q:	ARE YOU THE SAME WANDA G. MONTANO WHO FILED DIRECT
6		TESTIMONY IN THIS DOCKET ON AUGUST 16, 2005 ON BEHALF OF
7		US LEC OF FLORIDA INC. AND THE SOUTHEASTERN
8		COMPETITIVE CARRIERS ASSOCIATION?
9		
10	A:	Yes.
11		
12	Q:	ON WHOSE BEHALF ARE YOU FILING THIS REBUTTAL
13		TESTIMONY?
14		
15	A:	US LEC of Florida Inc.
16		
17	Q:	WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?
18		
19	A:	The purpose of my testimony is to respond to certain direct testimony propounded
20		by BellSouth's witnesses in this docket. Specifically, I will address matters
21		testified to by Kathy K. Blake and Pamela A. Tipton.
22		
23		

1	Q:	WHAT PORTIONS OF MS. BLAKE'S TESTIMONY DO YOU WANT TO
2		RESPOND?
3		
4	A:	I wish to respond to Ms. Blake's testimony on the transition period process?
5		
6	Q:	HOW DO YOU DIFFER WITH MS. BLAKE'S STATEMENTS ABOUT
7		THE TRANSITION PERIOD PROCESS?
8		
9	A:	Ms. Blake states that "the CLECs apparently believe they are only required to
10		submit orders before March 10, 2006 and not complete other steps necessary to
11		effectuate a smooth transition" (Blake Direct Testimony (Issue 31), Page 17,
12		Lines 8 - 12). As I previously testified, US LEC is certainly willing to cooperate
13		with BellSouth and provide the necessary orders/conversion worksheets by the
14		December date that BellSouth has proposed for submitting the initial conversion
15		orders so long as BellSouth agrees that the pricing for the circuits does not
16		"convert" until March 10, 2006. BellSouth has been unwilling to make that
17		agreement. US LEC is concerned that BellSouth will attempt to change the
18		pricing on the circuits as of the date the conversion spreadsheets are submitted
19		which is unacceptable to US LEC and contrary to the FCC's rules, as I identified
20		in my Direct Testimony and will discuss in this testimony.
21		

RESPOND?

22

23

Q:

WHAT PORTIONS OF MS. TIPTON'S TESTIMONY DO YOU WANT TO

I wish to respond to Ms. Tipton's testimony on the transition period process for high capacity loops and dedicated transport (Tipton Direct Testimony, (Issue 1), Page 5, Line 17 though Page 7, Line 3 and Page 9, Line 24 through Page 13, Line 14), and the manner in which BellSouth applied the FCC's definition of "business lines" to calculate the number of business lines in a wire center for the impairment analysis (Issue 3, Page 16, Line 11 through Page 18, Line 4 and Issue 4(b), Page 29 Line 24 through Page 39, Line 25).

Q:

IN MS. TIPTON'S TESTIMONY ON BELLSOUTH'S TRANSITION PROPOSAL, MS. TIPTON DESCRIBES BELLSOUTH'S PROPOSAL THAT A CLEC SUBMIT SPREADSHEETS BY DECEMBER 9, 2005, TO IDENTIFY THE LOOPS AND TRANSPORT THAT THE CLEC WILL BE CONVERTING OR DISCONNECTING IN NON-IMPAIRED WIRE CENTERS. ALTHOUGH YOU DISCUSSED YOUR CONCERNS ABOUT THE PROPOSAL IN YOUR DIRECT TESTIMONY, CAN YOU BE MORE SPECIFIC AS TO WHY US LEC HAS BEEN RELUCTANT TO ACCEPT THE BELLSOUTH PROPOSAL?

A:

Yes, I can. In our negotiations with BellSouth, we discussed the December 9th date and expressed our reluctance to agree to that date because we were given no assurances as to when BellSouth would deem the conversions to have been completed. Under BellSouth's proposal, the increase of pricing for a circuit that

was being converted from a UNE to special access (even though no physical change to the circuit would be made) would be as of the date of the conversion of the circuit to the alternate arrangement or as of March 11, 2006, whichever was earlier; for example the language in connection with DS1 and DS3 Loops is in Section 2.1.4.11.2 of Exhibit PAT-1, Attachment 2, Page 10. BellSouth gave us no assurances of when the conversions would be completed, i.e., whether the conversions would be completed prior to the end of the calendar year 2005 or at some unstated and potentially arbitrary date sometime in 2006. Although the BellSouth proposal provides that "the Parties shall negotiate a project schedule for the Conversion" of the UNEs on the spreadsheet, no specifics of what was meant by this very vague proposal was provided to us by BellSouth at any time (an example of the language in connection with DS1 and DS3 loops is in Section 2.1.4.11 of Exhibit PAT-1, Attachment 2, Page 10). From our perspective, it is to BellSouth's economic benefit, and our economic disadvantage, to have the conversions completed prior to March 10, 2006. At no time during our discussions did BellSouth ever offer to permit US LEC to select the dates on which the conversions would occur. Neither did BellSouth ever provide us any incentive to provide the spreadsheet earlier rather than later. The only incentive provided was essentially a club over the head, i.e., if we failed to provide the spreadsheet by the date they demanded it, US LEC would be assessed additional charges for their "work" in identifying the circuits that would need to be converted. For business reasons, we wanted to ensure that conversions to the higher pricing for special access for the embedded base UNEs did not occur

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during our 2005 fiscal year. In addition, it is clear that the FCC envisioned and indeed ordered a transition period for the transition pricing through March 11, 2006.

Our initial counteroffer to BellSouth was that we would provide a spreadsheet to them as soon as practicable upon signing of the TRRO amendment to our Interconnection Agreements, so long as BellSouth would not deem the conversions completed until March 10, 2006. Our offer was rejected, which increased our concerns that BellSouth would work the spreadsheets as quickly as possible to complete the conversions in advance of the expiration of the March 11, 2005 - March 10, 2006 twelve month transition period. Consequently, we then offered to submit our spreadsheet identifying the circuits to be converted or disconnected to BellSouth by December 31, 2005. This is a mere 22 days later than the proposal by BellSouth, and gave us some assurance that we would not be at risk of any price increase on the embedded base during the 2005 fiscal year.

US LEC has no issue with submitting a spreadsheet or issuing orders prior to March 10, 2006. Rather, our issue is that the UNE transition rate be made available on our embedded base facilities from March 11, 2005 until March 10, 2006. The plain meaning of Sections 51.319(a)(4) (iii), (a)(5)(iii), (e)(2)(ii)(C), and (e)(2)(iii)(C)¹ of the FCC's Rules is that the network element that a CLEC is

¹ Generally each of these rules provide "[f]or a 12-month period beginning on the effective date of the <u>Triennial Review Remand Order</u>, any [DS1 or DS3 Loop or DS1 or DS3 Dedicated Transport] UNE that a competitive LEC leases from the incumbent LEC as of that date, but which the incumbent LEC is no longer obligated to unbundle pursuant to [applicable FCC rule cite], shall be available for lease from the

leasing from the ILEC at UNE rates as of March 11, 2005 remains available to the		
CLEC at the UNE transitional rate until March 10, 2006. If the circuit is		
disconnected during the transition period, then, of course, the billing for the		
disconnected circuit would cease. But until the transition period ends, if the		
CLEC has any network elements serving customers as of March 11, 2005, then		
the rate for those elements does not increase above the UNE transitional rate until		
March 11, 2006, whether that element is considered a UNE or special access		
facility. Thus, US LEC believes that our embedded base of circuits in wire		
centers that are found to be non-impaired are entitled to the UNE Transitional		
Pricing until March 10, 2006. I remain concerned as noted in other portions of		
my testimony that wire centers have been designated as non-impaired that will		
subsequently be found to be impaired.		

I would also note that the FCC in the text of the TRRO distinguished between the transition process for loops and transport and the UNE-P. In paragraphs 143 (transport) and 196 (loops) of the TRRO, the FCC states

[carriers] have twelve months from the effective date of this Order to modify their interconnection agreements, including completing any change of law processes. At the end of the twelve-month period, requesting carriers must transition all of their affected [UNEs] to alternative facilities or arrangements. (emphasis added)

I compare this language to the text of the order in connection with the transition of UNE-P, (TRRO, paragraph 216) which states:

[c]ompetitive LECs must submit orders within twelve months to convert their embedded UNE-P customer base to UNE-L or another arrangement. However, within that twelve-month period, incumbent LECs must continue to provide access to mass market unbundled local circuit switching at a rate of TELRIC plus one dollar for the competitive LEC to service those customers until the incumbent LEC successfully convert those customers to the new arrangement.

I have searched the TRRO and find no similar discussion that supports BellSouth's position that it may change the UNE transition rate on loops and transport that are subject to transition prior to the end of the transition period. Consequently, if the FCC intended to modify the plain meaning of the cited transition period rules for loops and transports to permit an ILEC to increase the rate upon conversions, it certainly could have done so.

Most likely the reason that the FCC distinguished between the conversion of UNE loops and dedicated transport from the conversion of UNE-P is that if a CLEC is going to convert its UNE loops and dedicated transport to an alternative service of the ILEC, the CLEC will choose to convert to special access. Such conversion to special access generally does not require any physical rearrangement and the facilities do not "change", whereas the UNE-P conversion may require a physical

rearrangement to be accomplished, if, for example, the conversion is to a UNE-L. Additionally, as the conversion for a UNE loop or dedicated transport is more a "billing change" rather than a physical facility change, the billing change can be accomplished after March 11, 2006, with a true-up back to the date to account for the difference in pricing between the UNE transition rate and the higher special access rate. Such a true-up will ensure that both parties are protected in accordance with the TRRO. BellSouth is made whole for the alternative arrangements effective as of March 11, 2006 and the CLEC is correctly billed the UNE transition rates through the end of the transition period. Neither party thus is able to game the system and invoke any economic harm on the other.

Q: DO YOU HAVE ANY UNDERSTANDING OF THE DIFFERENCE
BETWEEN THE WORK THAT BELLSOUTH MIGHT HAVE TO DO IF
IT OBTAINED A LIST OF CIRCUITS FROM THE CLEC WHICH
IDENTIFIES THE CIRCUITS THAT MUST BE CONVERTED AND IF
BELLSOUTH CREATED THE LIST IDENTIFYING THE CIRCUIT?

A:

Yes, I believe I do. Even if US LEC were to produce and submit a spreadsheet identifying all the UNEs that must be converted and/or disconnected, BellSouth will independently produce a list of circuits that it believes US LEC to have in a non-impaired wire center that must be converted or disconnected. My understanding is that BellSouth, using this list, would compare its list to the US LEC list and would identify any discrepancies between the two lists and then the

1		parties would discuss these discrepancies and resolve which list is correct. Thus,
2		BellSouth will create a list of circuits whether US LEC provides a spreadsheet by
3		December 9, 2006 or not.
4 5	Q:	DOES US LEC OBJECT TO CREATING SUCH A LIST AND WORKING
6		WITH BELLSOUTH TO IDENTIFY DISCREPANCIES BETWEEN THE
7		TWO LISTS?
8 9	A:	No, US LEC does not. We would welcome the opportunity to work with
10		BellSouth to identify the circuits and issue the orders needed for the conversions,
11		provided we have contractual assurances from BellSouth that the conversions
12		will not occur prior to the end of the FCC's 12 month transition period. In
13		addition, we have on several occasions advised BellSouth that we would not
14		object to the physical conversion of the circuits prior to March 11, provided that
15		the billing rates did not change until March 11, 2006. BellSouth has consistently
16		rejected this proposal.
17		
18	Q:	DO YOU AGREE WITH BELLSOUTH'S METHODOLOGY IN
19		DETERMINING THE NUMBER OF BUSINESS LINES WITHIN A WIRE
20		CENTER AS DESCRIBED IN MS. TIPTON'S TESTIMONY?
21		
22	A:	No. My primary disagreement with the methodology used by BellSouth is that
23		BellSouth has significantly increased the number of business lines attributable to
24		a wire center by multiplying each high capacity circuit by its maximum

channelized capacity rather than (a) counting a UNE loop as one line regardless of the capacity, and / or (b) only including the activated channels of a high capacity facility provided by BellSouth that actually are providing voice switched access service to a business customer. For example, for a T-1 UNE loop, BellSouth has multiplied each circuit by 24, and for DS-3 capacity circuits, the multiplier is 672, thus inflating the number of CLEC "business lines" considerably. Accordingly, under BellSouth's calculations, a number of wire centers are considered "non-impaired" when they should be deemed "impaired." These offices should be removed from the BellSouth Non-impaired Wire Center Lists.

COULD YOU EXPLAIN YOUR DISAGREEMENT IN MORE DETAIL?

O:

A:

Yes. BellSouth has interpreted the last sentence of the "business line" definition in Section 51.5 of the FCC rules (set forth in Ms. Tipton's testimony on Page 16, Lines 13 –28) to permit it to create the "potential" number of business lines that **could** be activated in a wire center, whether by BellSouth or a CLEC. The FCC, in the text of the TRRO, does not support BellSouth's reading as there is no discussion of any "grossing up" mechanism by which the ILECs could increase the ARMIS line information or the UNE loop numbers. The FCC stated that its analysis was based on "ARMIS 43-08 business lines, plus business UNE-P, plus UNE loops," a formula that is clearly additive. (TRRO, Paragraph 105). There is no indication that the FCC expected anything but the "actual" line counts to be used. The FCC, at Paragraph 105 of the TRRO, stated "by basing our definition

in an ARMIS filing required of incumbent LECs, and adding UNE figures, which must also be reported, we can be confident in the accuracy of the threshold, and a simplified ability to obtain the necessary information." BellSouth's methodology is not so straightforward as they would have this Commission believe, and requires review of data that is not filed with the FCC and is not available to the CLECs to verify. Moreover, there is no indication in the TRRO that the FCC intended to inflate the business lines and, thereby, increase the number of wire centers that would be considered "non impaired."

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Further, the plain meaning of the last sentence of the definition reflects guidance by the FCC of how the ILEC is to use the ARMIS data and calculate the sum of "the ILEC business switched access lines" that would then be added to the "sum of all the UNE loops connected to the wire center." The last sentence in the subsection entitled "Business Lines" contained in Section 51.5 of the FCC's rules states that "business line tallies (1) shall include **only** (emphasis added) those access lines connecting end-user customers with incumbent LEC end-offices for switched services, (2) shall not include non-switched special access lines, (3) shall account for ISDN and other digital access lines by counting each 64 kbpsequivalent as one line." There is nothing within this last sentence, or indeed anywhere within the TRRO, that would indicate that the FCC was approving the "grossing up" of either the ILEC business switched access lines or high capacity UNE loops to each of their maximum capacity. Moreover, the use of the phrase "sum of all UNE loops" rather than the "sum of all UNE loop capacity" also

indicates that the FCC did not intend to increase the number of business lines in a wire center by the maximum capacity of a UNE loop.

Further, the first sentence of the subsection entitled "Business Lines" contained in Section 51.5 of the FCC rules states that a "business line" is "an incumbent-owned switched access line used to serve a business customer, whether by the incumbent LEC itself or by a competitive LEC that leases the line from the incumbent LEC." I don't think that there is a disagreement between US LEC and BellSouth that a "UNE loop" is not within this definition of "business line." Otherwise, there would be no reason for the FCC's formula to have the ILECs do a mathematical calculation that (1) adds the "business lines" (as previously defined) with (2) "UNE loops" to determine the number of business lines in a wire center, as set forth in the second sentence of the rule. This simply represents the unilateral license that BellSouth has taken with the FCC's language, and BellSouth's methodology must be rejected.

Q: DOES US LEC TYPICALLY UTILIZE ALL CHANNELS ON A T-1 LOOP FOR SWITCHED VOICE SERVICES TO BUSINESS CUSTOMERS?

A:

No, we do not. Customers may purchase multiple T-1 facilities, which can be configured as 100% data access, 100% Internet access or 100% voice. Customers may also combine data services, Internet access and voice business lines on each

facility. Smaller customers who purchase a single T-1 for service may combine 1 all three services on the single circuit. Thus, it is erroneous for BellSouth to 2 assume that 100% of all facilities, both special access and UNE loops, are utilized 3 100% as business switched access lines. 4 5 DOES THIS COMPLETE YOUR REBUTTAL TESTIMONY? 6 Q: 7

8

A:

Yes.