

1 **DIRECT TESTIMONY OF RONALD H. SHURTER**  
2 **ON BEHALF OF AT&T COMMUNICATIONS**  
3 **OF THE SOUTHERN STATES, INC.**

FILE COPY

4 **Q. PLEASE IDENTIFY YOURSELF.**

5 A. I am Ronald H. Shurter and my business address is 1 Oak Way, Berkeley Heights,  
6 New Jersey, 07922-2724.

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**  
8 **BACKGROUND AND EXPERIENCE.**

9 A. I earned a Bachelor of Science degree in Business Administration from Ferris State  
10 University in 1969. In 1974, I earned a Masters of Business Science in Finance  
11 from the University of Detroit. In 1992, I completed the Senior Executive Program  
12 of the Sloan Business School at the Massachusetts Institute of Technology. I also  
13 have completed various training programs sponsored by AT&T.  
14 In 1969, I started my career in the telecommunications industry with Michigan Bell  
15 Telephone, where I held various operations management positions. Between 1981  
16 and 1983, I coordinated a number of efforts on behalf of AT&T involving  
17 divestiture. I played a major role in the development and implementation of the  
18 Shared Network Facilities Contract, which provided for the sharing of post-  
19 divestiture network facilities between AT&T and the Bell operating companies. I  
20 further coordinated the implementation of divestiture-sharing intercompany  
21 contracts, which addressed shared network facilities, data center services, operation  
22 systems enhancements and billing services. From 1983 to 1986, I worked in  
23 AT&T's Network Systems Operations, and eventually held the position of Director.  
24 At Network Systems Operations, I established and managed the business unit that  
25 provides software and hardware operations in support of central office switching

DOCUMENT NUMBER-DATE

08026 JUL 31 88

FPSC-RECORDS/REPORTING

1 equipment. In 1988, I assumed a position with Network Systems and developed the  
2 organization structure and management process to market transmission products  
3 internationally. In 1993, I became Strategic Planning Vice President in Network  
4 Systems where I developed strategic direction for AT&T in the area of system  
5 integration and provided integral solutions for customers. I later created two (2)  
6 new businesses within AT&T's Network Systems to provide consulting. System  
7 integration and Telephone Company operations outsourcing services to telephone  
8 companies worldwide. Since March, 1996 I have served as AT&T Local  
9 Infrastructure and Access Management Vice President for the Southern States and  
10 National Suppliers.

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 **A.** My testimony addresses the need for parity in the provision of local exchange  
13 services in order to ensure that consumers receive the full benefits of competition  
14 that Congress intended through passage of the Telecommunications Act of 1996  
15 (the "Act"). Parity is a term I will use to describe a new entrant's capability to  
16 provide its customers the same experience as BellSouth provides its own customers.  
17 BellSouth has a monopoly over the services, network elements that are necessary to  
18 provide local exchange services. Consequently, new entrants like AT&T must  
19 obtain services, network elements and interconnection from BellSouth in order to  
20 offer Florida consumers local exchange services. Unless BellSouth provides new  
21 entrants with all of the foregoing on at least an equivalent basis as BellSouth  
22 provides itself in support of its retail operations new entrants cannot offer Florida  
23 consumers a full range of high quality services at competitive prices. Parity,  
24 therefore, is essential to provide consumers with true choices in the provision of  
25 local exchange services.

1 **Q. DOES THE ACT REQUIRE PARITY?**

2 **A. Yes. The Act prohibits BellSouth from imposing unreasonable or discriminatory**  
3 **limitations or conditions on new entrants when providing telecommunications**  
4 **services for resale, and obligates BellSouth to provide unbundled network elements**  
5 **and network interconnection at reasonable and nondiscriminatory terms and**  
6 **conditions. It is unreasonable and discriminatory for BellSouth to provide new**  
7 **entrants with services, network elements or interconnection for their retail**  
8 **operations that are inferior to those which BellSouth provides itself to support**  
9 **BellSouth's retail operations. Parity, moreover, advances the expressed goals of the**  
10 **Act to promote robust competition so that consumers may secure the benefits of**  
11 **higher quality services and emerging technologies at competitive prices. Without**  
12 **parity, new entrants will not be able to compete effectively against BellSouth. The**  
13 **end result will be Florida consumers not realizing the full benefits of robust**  
14 **competition.**

15 **Q. WHAT NEGOTIATION ISSUES REMAIN UNRESOLVED THAT RELATE**  
16 **TO PARITY IN THE DELIVERY OF LOCAL EXCHANGE SERVICES?**

17 **A. Several key parity issues remain unresolved:**

18 (1) BellSouth has not agreed to provide AT&T with real-time interactive  
19 access -- via electronic interfaces -- to BellSouth's computerized operations support  
20 systems. Electronic interfaces will enable AT&T to achieve parity in the  
21 performance of operation support services.

22 (2) BellSouth would not agree to provide AT&T with the ability to route  
23 calls from its customers directly to AT&T's service platforms for Operator Service  
24 and Directory Assistance Services. Direct routing will enable AT&T to achieve  
25 parity by providing AT&T customers the same convenient access to AT&T's

1 platforms as BellSouth customers have to BellSouth's platforms.

2 (3) BellSouth would not agree to present the AT&T brand in a fashion  
3 acceptable to AT&T's where AT&T is paying BellSouth to interface with customers  
4 on behalf of AT&T. In some cases, BellSouth would simply use its brand name  
5 with AT&T customers. Proper branding will eliminate consumer confusion and  
6 will enable AT&T to achieve parity in market visibility by allowing AT&T to  
7 provide branded services and materials to AT&T customers just as BellSouth  
8 provides branded services to BellSouth customers.

9 (4) BellSouth would not agree to provide AT&T with contractual  
10 commitments to ensure that BellSouth provides AT&T a quality product (so that  
11 AT&T in turn can provide a quality product to its customers). Contractual  
12 commitments to quality will help ensure that BellSouth meets its obligation to  
13 AT&T with services, network elements and interconnection that are at least equal in  
14 quality to those which BellSouth provides itself to support its retail operations.

15 (5) BellSouth would not agree to provide AT&T reasonable access to  
16 information such as existing interconnection agreements with other companies or  
17 advance notification of service and network changes. Reasonable access to this  
18 information will enable AT&T to modify network and operational support systems  
19 such that it could offer new or changed products to Florida concurrently with  
20 BellSouth.

21 **Q. HAVE OTHER STATE COMMISSIONS ADDRESSED PARITY ISSUES?**

22 **A.** Yes. The Illinois Commerce Commission recently emphasized the importance of  
23 parity by its conclusion that "resellers must have the opportunity to provide every  
24 aspect of their retail customer contacts at parity with those provided to retail  
25 customers by the LECs either directly or through a subsidiary." *Illinois Commerce*

1           *Commission, Case Nos. 95-0458, 95-0531, at 51 (June 26, 1996).*

2           The State Commissions in Georgia, Illinois, Ohio, and New York have adopted  
3           policies that require incumbent LECs to provide electronic interfaces:

4                   **Georgia** -- The Georgia Public Service Commission found that "it is  
5           imperative that a reseller have access to the same service ordering provisions,  
6           service trouble reporting and informational databases for their customers as does  
7           BellSouth." *Georgia Public Service Commission, Docket No. 6352-U, at 12 (June*  
8           *12, 1996).* In that proceeding, even BellSouth acknowledged that "[n]o one is  
9           happy, believe me, with a system that is not fully electronic." *Id. at 11.*  
10           Accordingly, the Georgia PSC ordered BellSouth to provide the electronic  
11           interfaces requested by AT&T.

12                   **Illinois** -- The Illinois Commerce Commission concluded that "[t]he  
13           importance of equal operational interfaces is essential to the development of resale  
14           competition. In order to ensure that the needs of new entrants are satisfied, the  
15           Commission will order that all incumbent LECs are required to provide to resellers,  
16           as an integral part of their resale service offering, all operational interfaces at parity  
17           with those provided their own retail customers, whether directly or through an  
18           affiliate." *Illinois Commerce Commission, Docket Nos. 95-0458, 95-0531, at 5*  
19           *(June 26, 1996).*

20                   **Ohio** -- The Ohio Public Utilities Commission ordered each LEC that  
21           maintains a carrier-to-carrier tariff "to provide nondiscriminatory, automated  
22           operational support systems which would enable other LECs reselling its retail  
23           telecommunications services to order service, installation, repair, and number  
24           assignment; monitor network status; and bill for local service." *Ohio Public*  
25           *Utilities Commission, Docket Nos. 95-845-TP-COL Appendix A, at 5. (June 12,*

1 1996).

2 **New York** -- The New York Public Service Commission established an  
3 operations group to ensure that New York Telephone implements adequate  
4 processes and systems to enable resellers to operate on a par with New York  
5 Telephone. *New York Public Service Commission, Case No. 95-C-0657, at 13*  
6 *(June 25, 1996)*. The guiding principle for the operations group is that "new  
7 entrants should have access to the same New York Telephone information,  
8 processes, systems and service quality (e.g., pre-ordering information, service order  
9 processes, service provisioning and repair intervals, trouble reporting and  
10 monitoring mechanisms) as New York Telephone employs to serve its own end-use  
11 customers." *Id.* To afford new entrants the opportunity to compete effectively with  
12 the incumbent LEC, New York Telephone will provide new entrants with real-time,  
13 electronic access to New York Telephone's systems wherever possible thereby  
14 improving the new entrant's ability to transact business with their customers  
15 promptly and efficiently.

16 The State Commissions in Georgia, Illinois, Ohio, and New York also have adopted  
17 policies that require incumbent LEC's to provide direct routing and branding:

18 **Georgia** -- The Georgia Public Service Commission found that the ability  
19 of a competing carrier to utilize their own operators or custom-branded operator  
20 services will enhance the ability of that entity to effectively compete. *Georgia*  
21 *Public Service Commission, Docket No. 6352-U, at 13 (June 12, 1996)*.

22 **Illinois** -- The Staff of the Illinois Commerce Commission concluded that  
23 "the potential exists for the wholesale LEC to use its monopoly power in the  
24 provisioning of incumbent local exchange service anticompetitively." *Illinois*  
25 *Commerce Commission, Docket Nos. 95-0458, 95-0531, at 51-52 (June 26, 1996)*

1 The staff recognized that the incumbent local exchange carrier could "advertise its  
2 own services by branding directory assistance, operator services, etc., on calls  
3 provided to end users by the resellers." *Id.* Accordingly, the Illinois Commerce  
4 Commission found that the unbundling of Operator Services and Directory  
5 Assistance is a necessary requirement for effective competition and rejected the  
6 incumbent LEC's claim that direct routing was not technically feasible. *Id. at 45.*  
7 Illinois also required that the incumbent LEC brand Operator Services and Directory  
8 Assistance for resellers where technically feasible. *Id. at 45.*

9 **Ohio** -- The Ohio Public Utilities Commission similarly ordered incumbent  
10 LECs to unbundle Operator Services, Directory Assistance and other services. *Ohio*  
11 *Public Utilities Commission, Docket No. 95-845-TP-COI, Appendix A, at 49* (June  
12 12, 1996.) Ohio also provided for the branding of purchased services. *Id. at 52.*

13 **New York** -- The New York Public Service Commission directed New  
14 York Telephone to file tariffs providing for both unbundled and branded Operator  
15 Services and Directory Assistance. *New York Public Service Commission, Case No.*  
16 *95-C-0657, Order No. 5 (June 25, 1996).*

### 17 ELECTRONIC INTERFACES

#### 18 **Q. WHAT ARE ELECTRONIC INTERFACES?**

19 **A.** Electronic interfaces are electronic connections between AT&T's and BellSouth's  
20 computer systems that allow AT&T personnel immediate access to information in,  
21 and capabilities of, BellSouth's computerized operations support systems.

22 Electronic interfaces could involve direct access between the AT&T and Bell South  
23 computer systems, or access through separate "gateway" interfaces. A gateway is a  
24 mechanism that allows the systems of both companies' to communicate with each  
25 other even though they cannot communicate directly because of different or

1 incompatible software.

2 AT&T has requested that BellSouth provide electronic interfaces that are capable of  
3 providing real-time, interactive access to BellSouth's operation support systems.

4 Real-time access would enable AT&T personnel to transmit and receive  
5 instantaneously the most current data that is available at any particular moment.

6 Interactive access would enable AT&T personnel to update the databases in  
7 BellSouth's operations support systems. For example, interactive access would  
8 enable AT&T personnel to assign a "vanity" telephone number to a customer or  
9 schedule the earliest available installation appointment with the customer on-line  
10 instead of through multiple telephone calls.

11 **Q. PLEASE DESCRIBE THE OPERATIONS SUPPORT SYSTEMS FOR**  
12 **WHICH AT&T IS REQUESTING REAL-TIME INTERACTIVE ACCESS**  
13 **THROUGH ELECTRONIC INTERFACES.**

14 **A.** AT&T has requested electronic interfaces for five basic operations support systems:

15 Pre-Ordering Systems -- Pre-ordering is the means by which a carrier  
16 obtains information regarding a potential customer that is needed to place an order  
17 for services, assigns a telephone number and schedules installation. Electronic  
18 interfaces would provide AT&T and its customers with real-time, interactive access  
19 to information such as current customer service records, service and feature  
20 availability, telephone number data bases and service installation schedules. The  
21 system requested would allow an AT&T customer representative, while on line with  
22 the customer, to determine which features and services are desired by, and available  
23 to, the customer.

24 Ordering and Provisioning Systems -- Ordering and provisioning is the  
25 means by which a carrier initiates an order and establishes service. Electronic



1 interfaces would provide AT&T and its customers with the quick and accurate  
2 performance of a number of services, including, but not limited to, the provisioning  
3 of service within BellSouth's network, installation at the customer's premises,  
4 updating of directory listings, updating of customer information for the 911 data  
5 base, and monitoring the status of service orders.

6 Maintenance and Repair Systems -- Maintenance and repair are the means  
7 by which a carrier arranges for responses to service requests from customers.  
8 Electronic interfaces would minimize the impact on consumers of service  
9 disruptions by allowing AT&T's customers to schedule a repair appointment in the  
10 same conversation in which they report a service problem.

11 Customer Usage Data Transfer System -- Customer usage data transfer is  
12 the means by which the customer's usage data is collected and transmitted by a  
13 carrier for billing purposes. Electronic interfaces would enable AT&T customers to  
14 receive timely and accurate bills.

15 Local Account Maintenance System -- Local account maintenance is the  
16 means by which a carrier can update information regarding a particular customer,  
17 such as a change in the customer's long distance carrier. Electronic interfaces would  
18 allow AT&T customers to have their accounts updated promptly and accurately.

19 **Q. DO ELECTRONIC INTERFACES PROVIDE ANY BENEFITS TO**  
20 **FLORIDA CONSUMERS?**

21 A. Yes. Electronic interfaces would enable new entrants like AT&T to provide  
22 operations support services to Florida consumers more quickly, conveniently,  
23 accurately, and efficiently than otherwise would be possible without electronic  
24 interfaces. Electronic interfaces eliminate the manual process by which BellSouth  
25 personnel receive and transmit data from AT&T systems to BellSouth systems, or

1 from BellSouth systems to AT&T systems. By eliminating that manual process,  
2 AT&T customers will not be forced to experience the bottlenecks and inaccuracies  
3 that inevitably result when data is received manually from one electronic system and  
4 inputted manually into another electronic system. Without those avoidable  
5 bottlenecks and inaccuracies, Florida consumers will receive services more quickly,  
6 conveniently, accurately and efficiently.

7 **Q. ARE ELECTRONIC INTERFACES NECESSARY TO PROMOTE**  
8 **COMPETITION?**

9 A. Yes. The ability of a new entrant like AT&T to attract new customers is dependent  
10 upon their ability to offer quick, convenient and accurate support services such as  
11 pre-ordering, ordering and provisioning. Consumers are less willing to switch local  
12 exchange carriers if that switch cannot be completed quickly, conveniently, and  
13 accurately. For example, consumers may not switch local service providers if it  
14 takes several telephone calls to obtain the necessary pre-ordering information or if  
15 they cannot receive a firm confirmation for a particular date and time for  
16 installation.

17 **Q. CAN YOU PROVIDE A SPECIFIC EXAMPLE OF THE EFFECT ON**  
18 **COMPETITION WHEN AT&T IS DENIED ELECTRONIC INTERFACES**  
19 **WITH OPERATIONS SUPPORT SYSTEMS?**

20 A. In January 1995, AT&T entered the local services resale market in Rochester, New  
21 York. The Rochester Telephone Company, ("Rochester") like BellSouth, refused to  
22 provide AT&T with electronic interfaces to its operations support systems and  
23 instead required a manual system. The ordering process with Rochester initially  
24 required manual processing of service orders from AT&T. As a result, AT&T had  
25 to complete and fax to Rochester a multi-page form for every individual customer

1 who wanted to switch service to AT&T. Rochester insisted that no customers could  
2 be switched until Rochester had faxed multiple documents back to AT&T. AT&T  
3 was signing up between one and two hundred new customers daily, and therefore  
4 had to fax up to 1400 pages to Rochester each day, causing numerous errors and  
5 delays in implementing customer orders. As a result of this cumbersome process,  
6 AT&T was unable to provide service in a timely manner, and competitive forces  
7 drove AT&T to cease marketing its resale of local services in Rochester. These  
8 problems were intolerable on a limited scale in Rochester, and they obviously would  
9 be magnified in a larger urban area. and certainly on a state-wide basis.

10 **Q. HAS BELLSOUTH PROPOSED A SYSTEM SIMILAR TO THAT**  
11 **PROPOSED BY THE ROCHESTER TELEPHONE COMPANY?**

12 **A.** Yes. BellSouth has proposed a system that is somewhat better than what Rochester  
13 demanded, but significantly more cumbersome than a real-time, interactive system.  
14 BellSouth's proposed system would fax orders electronically through computers  
15 rather than manually through fax machines as occurred in Rochester. However,  
16 BellSouth's proposal still would require manual entry and retrieval of information  
17 by BellSouth's personnel. In all respects, BellSouth's proposal would seriously  
18 undermine AT&T's ability to compete because the bottlenecks and inaccuracies  
19 inherent to such a manual system would remain.

20 **Q. ARE ELECTRONIC INTERFACES TECHNICALLY FEASIBLE?**

21 **A.** Yes. It is my understanding that BellSouth offers electronic interfaces to its  
22 customers. If direct access is impeded by incompatible computer systems,  
23 appropriate gateways would allow the access needed by AT&T. The only practical  
24 issues that exist relate to the speed with which electronic interfaces can be  
25 implemented. We request that the Commission order BellSouth to provide

1 electronic interfaces as soon as possible.

2 **DIRECT ROUTING**

3 **Q. WHAT IS DIRECT ROUTING?**

4 **A.** Direct routing provides the capability for all consumers to dial the same telephone  
5 number but to have their calls routed to the service platform of their chosen local  
6 service provider. In other words, when a consumer dials the number for directory  
7 assistance (411), that call is routed directly to the service platform of that  
8 consumer's chosen local service provider. For example, a BellSouth customer  
9 dialing 411 for directory assistance would reach a BellSouth service platform while  
10 an AT&T customer dialing the same 411 would reach an AT&T service platform.

11 **Q. WHAT DID AT&T REQUEST FROM BELLSOUTH IN TERMS OF**  
12 **DIRECT ROUTING?**

13 **A.** AT&T requested that BellSouth provide the capability to route calls directly from  
14 AT&T customers to AT&T service platforms for Operator Services and Directory  
15 Assistance Services (collectively referred to as "OS/DA services"). In other words,  
16 AT&T requested that calls from its customers go directly to AT&T's service  
17 platforms whenever AT&T customers dial the traditional and familiar numbers for  
18 Operator Services (0+, 0-) and Directory Assistance (411, 555-1212).

19 **Q. WHAT WAS BELLSOUTH'S RESPONSE TO AT&T'S REQUEST FOR**  
20 **DIRECT ROUTING?**

21 **A.** BellSouth would not agree to provide direct routing.

22 **Q. DOES DIRECT ROUTING PROVIDE ANY BENEFITS TO CONSUMERS?**

23 **A.** Yes. AT&T wants to offer services to Florida consumers that are equal to or better  
24 than the services BellSouth currently provides. Direct routing is necessary to allow  
25 AT&T to offer its customers convenient access to AT&T's world-class service

1 platforms. From these platforms, AT&T can provide services that may not  
2 otherwise be available to consumers, such as multi-lingual operators, voice  
3 recognition, accurate quotes of AT&T rates, and calling card services.

4 **Q. ARE THERE ANY NEGATIVE CONSEQUENCES TO CONSUMERS IF**  
5 **DIRECT ROUTING IS NOT PERMITTED?**

6 A. Yes. Without direct routing, consumers who choose AT&T will not have dialing  
7 parity with BellSouth customers. To reach AT&T's service platforms, AT&T  
8 customers must dial long and unfamiliar telephone numbers. Without direct  
9 routing, AT&T customers who dial the traditional and familiar numbers for OS/DA  
10 services, naturally will be confused when they are greeted by BellSouth operations  
11 instead of AT&T's operators. Consumers will not know whether they have dialed  
12 the wrong number, whether their chosen local services provider does not provide  
13 OS/DA services, or whether they were "slammed" and BellSouth is now their local  
14 services provider.

15 **Q. WOULD DIRECT ROUTING FOSTER COMPETITION?**

16 A. Yes. In order to convince consumers to switch local service providers, new market  
17 entrants like AT&T must be able to distinguish themselves from the competition  
18 and strengthen customer relationships. Direct routing facilitates both. OS/DA  
19 services represent several of the relatively few instances where a local services  
20 provider interfaces directly with the customer. These services, therefore, provide an  
21 excellent opportunity for a new market entrant to demonstrate its particular  
22 strengths to its customers directly and in an easily recognizable manner. By  
23 providing quality service that is uniquely associated with a particular LEC, that  
24 carrier can distinguish itself from the competition and strengthen its customer  
25 relationships.

1 On the other hand, new market entrants cannot readily distinguish themselves if  
2 BellSouth maintains a monopoly on convenient access to OS/DA services.  
3 BellSouth, moreover, will be able to insert itself between new market entrants and  
4 their customers when those customers are greeted and serviced by BellSouth's  
5 operators.

## 6 BRANDING

7 **Q. WHAT IS BRANDING?**

8 A. Branding is the marking of a service or materials with a company logo or other  
9 marketing device.

10 **Q. WHAT DID AT&T REQUEST FROM BELLSOUTH WITH RESPECT TO**  
11 **BRANDING?**

12 A. AT&T requested that when BellSouth provides services to AT&T customers on  
13 behalf of AT&T, BellSouth must utilize the AT&T brand instead of BellSouth's  
14 brand. Specifically, AT&T requested that BellSouth: (1) advise AT&T customers  
15 that they are representing AT&T; (2) furnish any customer information materials  
16 provided by AT&T; (3) refrain from marketing BellSouth directly or indirectly to  
17 AT&T customers. AT&T also requested that BellSouth's affiliate (BellSouth  
18 Advertising & Publishing Corporation or "BAPCO") include the AT&T logo on its  
19 telephone directories.

20 **Q. WHAT WAS BELLSOUTH'S RESPONSE TO AT&T'S REQUEST FOR**  
21 **BRANDING?**

22 A. BellSouth refused to agree to AT&T's request. BellSouth proposed to use generic  
23 materials for non-BellSouth customers and would write in the name of the  
24 appropriate local service provider in a blank space. BellSouth, however, would use  
25 materials carrying the BellSouth brand with its customers, and services would carry

1 the BellSouth brand, regardless of which carrier was the local services provider.

2 With respect to including AT&T's logo on the cover of telephone directories,  
3 BellSouth agreed to include AT&T's logo only if AT&T agreed to excessive rates,  
4 and restrictive and anticompetitive terms and conditions.

5 **Q. DOES BRANDING PROVIDE ANY BENEFITS TO CONSUMERS?**

6 A. Yes. Branding will eliminate consumer confusion that inevitably would result if a  
7 customer receives services carrying the BellSouth brand instead of the brand of its  
8 chosen local services provider. Consumers may ask themselves: "Why am I  
9 receiving a services from BellSouth instead of from my local service provider?  
10 Does this service have the quality that I paid for when I chose my local service  
11 provider? Who do I call if I have a problem with this product? Is BellSouth going  
12 to charge me a different price than my local service provider?" When services and  
13 materials carry the brand of the appropriate local services provider, such questions  
14 and the associated confusion do not arise.

15 **Q. DOES BRANDING FOSTER ROBUST COMPETITION?**

16 A. Yes. Robust competition benefits consumers by securing lower prices and higher  
17 quality services, and encouraging the rapid deployment of new telecommunications  
18 technologies.

19 As a result of its monopoly, BellSouth is the best known LEC in Florida. Branding  
20 will foster robust competition by enabling new market entrants to establish and  
21 maintain their identity in the local exchange market. Branding is the way local  
22 exchange carriers like BellSouth and AT&T tell their customers "This is my  
23 service, it has the level of quality necessary to carry my brand, and I will stand  
24 behind this service." LECs can promote their reputation by providing quality  
25 services that carry their brand. If local services only carry the BellSouth brand, it

1 will be much more difficult for new market entrants to establish an identity that  
2 gives them a presence in the marketplace. New market entrants, moreover, will be  
3 paying BellSouth to keep BellSouth's brand in front of the very customers that the  
4 new market entrant worked hard to win. This does not promote competition.

5 **CONTRACTUAL COMMITMENTS TO PROVIDE QUALITY SERVICE**

6 **Q. DID AT&T REQUEST THAT BELLSOUTH MAKE A CONTRACTUAL**  
7 **COMMITMENT TO PROVIDE QUALITY SERVICE?**

8 **A.** Yes. AT&T requested that BellSouth provide AT&T services, network elements  
9 and interconnections at parity with those that BellSouth provides itself to support its  
10 retail operations. AT&T, therefore, requested that BellSouth agree to satisfy  
11 specific Direct Measures of Quality ("DMOQs"). DMOQs are objective and  
12 quantifiable quality standards for telecommunications services. AT&T also  
13 requested that BellSouth provide monthly management reports of its performance  
14 record against the DMOQs. AT&T further requested that BellSouth agree to pay  
15 liquidated damages if BellSouth's performance was deficient.

16 **Q. WHAT WAS BELLSOUTH'S RESPONSE TO AT&T'S REQUEST.**

17 **A.** BellSouth did not agree to the proposed DMOQs and did not offer to provide any  
18 contractual commitment to provide quality service.

19 **Q. HOW DO DMOQS HELP SECURE HIGHER QUALITY SERVICES?**

20 **A.** Initially, new market entrants like AT&T must purchase most of the services,  
21 network elements, and interconnection necessary to provide local exchange service  
22 from BellSouth because BellSouth is the sole source for all of the foregoing  
23 elements. New market entrants cannot provide high quality services to consumers  
24 unless BellSouth first provides high quality services to new market entrants.  
25 DMOQs are effective management tools to ensure that BellSouth is providing high



1 quality services -- they measure services quality and highlight areas that need  
2 special management attention. In addition, contractual commitments to back  
3 DMOQ's provide a financial stimulus to ensure that management attention is  
4 forthcoming whenever quality is substandard. BellSouth certainly requires similar  
5 contractual commitments from its suppliers.

6 **Q. HOW DO DMOQS HELP PROMOTE COMPETITION?**

7 A. Robust competition cannot develop unless new market entrants are able to offer  
8 high quality services to its customers. However, it is against BellSouth's monopoly  
9 interests, to provide high quality services to its competitors. DMOQs help promote  
10 robust competition by providing standards backed by contractual assurances that  
11 BellSouth will offer for resale services to new market entrants that are at least equal  
12 in quality to the services that BellSouth utilizes to support its retail operations. In  
13 short, DMOQs help put new market entrants on a level playing field with BellSouth  
14 in terms of service quality.

15 **Q. HOW DO DMOQS HELP REDUCE REGULATION?**

16 A. New market entrants will not have to resort to constant petitioning of this  
17 Commission if quality issues arise. DMOQs provide objective and quantifiable  
18 measurements of service quality so that the parties can reasonably determine  
19 whether a quality problem exists. DMOQs also provide a basis for contractual  
20 remedies if BellSouth provides substandard service. If necessary, new market  
21 entrants would be able to invoke their contractual remedies without requesting  
22 intervention by this Commission.

23 **Q. HOW DO DMOQS HELP PREVENT DISCRIMINATION?**

24 A. Again, DMOQs provide objective standards that can be used to determine whether  
25 BellSouth is discriminating against new market entrants by providing inferior

1 services. DMOQs also provide a contractual remedy for substandard service that  
2 should discourage discrimination.

3 **Q. ARE THERE OTHER REASONS WHY DMOQS ARE IMPORTANT TO**  
4 **AT&T?**

5 A. In addition to the reasons stated above, DMOQs are important because they help  
6 protect an asset that is very valuable to AT&T -- its reputation with consumers as a  
7 quality provider. As a prudent business practice, AT&T and other companies  
8 require their suppliers to meet specified and measurable quality requirements and  
9 back the commitment with contractual assurances. There is no reason why  
10 BellSouth should not be required to agree to contract terms that hold BellSouth  
11 financially responsible in the event it causes harm to AT&T's reputation for quality  
12 service.

13 **ACCESS TO INFORMATION**

14 **Q. WHAT DID AT&T REQUEST WITH RESPECT TO ACCESS TO**  
15 **INFORMATION?**

16 A. AT&T requested that BellSouth provide copies of existing and future  
17 interconnection agreements between BellSouth and any third parties. AT&T also  
18 requested that BellSouth advise AT&T of any changes in BellSouth's service  
19 offerings by providing advance notice of at least forty-five days prior to the  
20 effective date of the change, or concurrent with BellSouth's internal notification  
21 process, whichever is earlier.

22 **Q. HOW DOES THIS KIND OF ACCESS TO INFORMATION RELATE TO**  
23 **PARITY?**

24 A. One way in which the Act provides for parity is to require BellSouth to offer any  
25 requesting LEC the same deal it offered any other carrier to provide local services,

1 network elements, or interconnection. Unless AT&T has access to the agreements  
2 between BellSouth and third parties, AT&T cannot request and obtain a more  
3 favorable deal as provided for by the Act. As a result, AT&T may not be able to  
4 offer consumers the best available services at the most competitive prices.  
5 Receiving advance notice of changes in service offerings also provides for parity.  
6 The Act requires BellSouth to make its service offerings available to new entrants  
7 for resale. Without reasonable advance notice of changes in a particular services  
8 offerings, new entrants like AT&T cannot make the necessary preparations to resell  
9 changed services offerings by the effective date of BellSouth's changed services  
10 offerings. As a result, BellSouth provides itself with an unfair competitive  
11 advantage because BellSouth will always be the first LEC to make the changed  
12 services offerings available to consumers.

13 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

14 **A.** The competitiveness of a new entrant carrier should rise and fall on its ability to  
15 utilize the services, network elements and interconnection obtained from BellSouth  
16 to provide high quality services at competitive prices. The Commission cannot  
17 permit BellSouth to stack the deck against new entrants by refusing to provide such  
18 carriers the capability to provide Florida consumers at least an equivalent service  
19 experience as BellSouth provides its customers. Florida consumers will not  
20 experience the benefits of robust competition if BellSouth is able to discriminate  
21 against new entrants by providing itself with superior local services, network  
22 elements, and interconnection. Accordingly, the Commission should order that  
23 BellSouth: (1) provide the requested electronic interfaces as soon as possible; (2)  
24 provide direct routing to AT&T's service platforms; (3) brand services purchased  
25 for resale and related materials with the AT&T brand; (4) make the requested

1 contractual commitments to provide quality service; and (5) provide the requested  
2 access to information.

3 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

4 **A. Yes.**