

**BellSouth Telecommunications, Inc.**  
601 W. Chestnut Street  
Room 407  
Louisville, KY 40203

Dorothy.Chambers@BellSouth.com

**Dorothy J. Chambers**  
General Counsel/Kentucky

502 582 8219  
Fax 502 582 1573

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August 30, 2005

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PUBLIC SERVICE  
COMMISSION

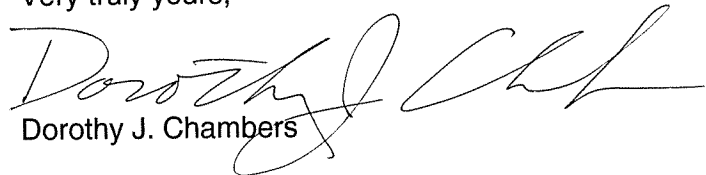
Ms. Beth O'Donnell  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602

Re: Petition by AT&T Communications of the South Central States, LLC and TCG  
Ohio, Inc., for Arbitration of Certain Terms and Conditions of a Proposed  
Interconnection Agreement with BellSouth Telecommunications, Inc., Pursuant to  
47 U.S.C. Section 252  
PSC 2004-00234

Dear Ms. O'Donnell:

Enclosed for filing in the above-captioned case are the original and ten (10) copies of the  
Rebuttal Testimony of Kathy K. Blake.

Very truly yours,

  
Dorothy J. Chambers

Enclosure

cc: Parties of Record

599805



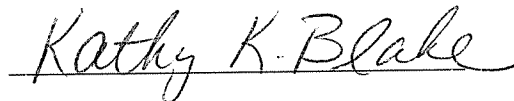
AFFIDAVIT

STATE OF GEORGIA

COUNTY OF FULTON

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Kathy K. Blake, who, being by me first duly sworn deposed and said that:

She is appearing as a witness before the Kentucky Public Service Commission in Case No. 2004-00234, Petition by AT&T Communications of the South Central States, LLC and TCG Ohio, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Interconnection Agreement with BellSouth Telecommunications, Inc. Pursuant to 47 U.S.C. Section 252, and if present before the Commission and duly sworn, her rebuttal testimony would be set forth in the annexed testimony consisting of 8 pages and 0 exhibits.



Kathy K. Blake

SWORN TO AND SUBSCRIBED BEFORE ME  
THIS 25<sup>th</sup> DAY OF AUGUST, 2005

 Notary Public

MICHEALE F. BIXLER  
Notary Public, Douglas County, Georgia  
My Commission Expires November 3, 2005

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BELLSOUTH TELECOMMUNICATIONS, INC.  
REBUTTAL TESTIMONY OF KATHY K. BLAKE  
BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION  
CASE NO. 2004-00234  
AUGUST 30, 2005

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

A. My name is Kathy K. Blake. I am employed by BellSouth as Director – Policy Implementation for the nine-state BellSouth region. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375.

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?

A. Yes. I filed direct testimony on August 15, 2005.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to provide BellSouth’s policy position in response to direct testimony filed by Richard T. Guepe on behalf of AT&T Communications of the South Central States, Inc. (“AT&T”) on August 15, 2005.

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*Issue 30: Does BST have an obligation under section 251/252 to provide a transit function at TELRIC rates for local traffic originating or terminating to AT&T? (Attachment 3 – Network Interconnection, §13.1, 13.1.2, 13.5.4.2, 13.6.4 and 17.7.)*

Q. MR. GUEPE’S POSITION (AT P. 7) IS THAT §§ 251(a)(1) AND 251(c)(2)(a) OF THE ACT “MAKE CLEAR THAT INCUMBENT LECS, AS PART OF THEIR INTERCONNECTION OBLIGATIONS, MUST PROVIDE TANDEM TRANSIT TO CLECS SO THAT CLECS CAN ACHIEVE INDIRECT INTERCONNECTION WITH OTHER CARRIERS.” DO YOU AGREE?

A. Certainly not. As I explained in my direct testimony (pages 2-5), Section 251(a)(1) imposes obligations on any two carriers to interconnect either directly or indirectly. It says nothing at all about any other carrier’s obligation to facilitate that indirect interconnection. If AT&T’s interpretation of what this section means were correct, any and every carrier in Kentucky could be forced to transport calls for other carriers, even though as a third party it neither originated nor terminated the traffic. This is clearly beyond what Congress intended when it stated that each telecommunications carrier has the duty “to connect directly or indirectly with the facilities and equipment of other telecommunications carriers.” (Section 251(a)(1))

1 Further, as I discussed in my direct testimony (pages 5-6), the FCC has not  
2 determined that BellSouth has an obligation to provide transit service at  
3 TELRIC. In addressing this issue in the *Virginia Arbitration Order*, the  
4 Wireline Competition Bureau of the FCC declined to make such a finding.

5

6 Q MR. GUEPE STATES, AT P. 7, “SINCE TRANSIT SERVICE IS AN  
7 OBLIGATION IMPOSED ON BELL SOUTH PURSUANT TO SECTION  
8 251(c)(2) OF THE ACT, THE APPLICABLE PRICING STANDARD IS  
9 TELRIC.” PLEASE RESPOND.

10

11 A As I explained above, Mr. Guepe’s initial premise – that BellSouth has a  
12 251/252 obligation to provide transit traffic – is incorrect. Therefore, his  
13 conclusion that such traffic must be provided at TELRIC rates is equally  
14 flawed. Because BellSouth is not required to provide a transit function,  
15 TELRIC pricing principles are inapplicable. Where BellSouth voluntarily  
16 agrees to provide a transit function, BellSouth can charge just and  
17 reasonable market-based rates.

18

19 Q. ON PAGE 7, MR. GUEPE CITES ¶140 OF THE TRIENNIAL REVIEW  
20 REMAND ORDER (“TRRO”) IN SUPPORT OF HIS POSITION. DO  
21 YOU AGREE?

22

23 A. No. The paragraph which he cites addresses the right of CLECs to continue  
24 to obtain interconnection facilities for the transmission and routing of  
25 telephone exchange service and exchange access service. As I explained on

1 p. 5 of my direct testimony, section 251(c)(2) requires an ILEC to provide a  
2 CLEC interconnection with the ILEC's network. Transit traffic is not  
3 mentioned, and the FCC has previously rejected claims that transiting is  
4 required by section 251(c)(2), as cited on page 5, lines 2-5 (and fn2) of my  
5 direct testimony.

6

7 Q. IN RESPONSE TO THE QUESTION WHETHER ANY STATES IN  
8 BELLSOUTH'S SERVING AREA HAVE ISSUED FINAL DECISIONS  
9 ON THE TRANSIT TRAFFIC ISSUE, ON PAGE 8, MR. GUEPE  
10 DISCUSSES ONLY A NORTH CAROLINA VERIZON ORDER. IS  
11 THAT THE ONLY FINAL ORDER ON THIS ISSUE IN BELLSOUTH'S  
12 REGION?

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14 A. No. Mr. Guepe discusses the North Carolina Verizon Order, dated  
15 December 9, 2002, but fails to discuss a recent order by the Georgia Public  
16 Service Commission ("GPSC"). On March 23, 2005, the GPSC issued its  
17 order in Docket 16772-U, BellSouth's Petition for a Declaratory Ruling  
18 Regarding Transit Traffic. The GPSC order approved the Memorandum of  
19 Understanding ("MOU") filed by BellSouth and the Georgia Telephone  
20 Association, including BellSouth's voluntary provision of the transiting  
21 function for third party transit traffic, in exchange for transiting charges to  
22 be paid to the transiting carrier by the CLEC at a rate of \$0.0025 per minute  
23 of use, unless otherwise agreed in an effective interconnection agreement  
24 between the parties. The Order concluded, "[T]he Commission will hold an  
25 evidentiary proceeding for the purpose of determining a just and reasonable

1 rate for the transiting function. The rate provided for in the MOU will be  
2 charged in the interim subject to a true-up.”

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4 Q. ARE THERE ANY OTHER DECISIONS FROM STATES IN  
5 BELLSOUTH’S SERVING AREA ON THE THIRD-PARTY TRANSIT  
6 TRAFFIC ISSUE?

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8 A. There are no other final written orders. However, this issue has been  
9 arbitrated by BellSouth and the Joint Petitioners<sup>1</sup> in all nine of BellSouth’s  
10 states, including Kentucky. The last of those hearings will conclude on  
11 September 6, 2005 in Alabama. As mentioned by Mr. Guepe, the North  
12 Carolina Utilities Commission (NCUC)’s Recommended Arbitration Order  
13 found in favor of the Joint Petitioners. However, today (August 30, 2005),  
14 the Florida Public Service Commission approved the Staff  
15 Recommendation on this issue. The FPSC Staff recommended that “a  
16 TELRIC rate is inappropriate because transit service is not a § 251 UNE,”  
17 citing the TRO at footnote 1640. The FPSC Staff Recommendation further  
18 concludes,

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“BellSouth should be allowed to charge the CLEC a Tandem Intermediary Charge (TIC) for transport of transit traffic when CLECs are not directly interconnected to third parties. Unless a different rate is negotiated prior to the parties filing their agreement, the applicable rate in the agreement should be \$.0015 per minute of use.”<sup>2</sup>

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<sup>1</sup> Joint Petitions of NewSouth Communications Corp, NuVox Communications, Inc. and Xspedius Communications, LLC, et al for Arbitration with BellSouth Telecommunications, Inc.

<sup>2</sup> FPSC Docket No. 040130-TP, Joint Petitioners’ Arbitration, Staff Recommendation at p. 70, dated July 21, 2005. The \$.0015 per MOU rate is in addition to the applicable TELRIC tandem switching and transport rates.



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Q. ON PAGES 8-9, MR. GUEPE ASSERTS THAT KENTUCKY STATE STATUTES (KRS 278.512(1)(c) AND KRS 278.280(2)) SUPPORT AT&T’S POSITION IN THIS PROCEEDING. PLEASE RESPOND.

A. The Kentucky statutes cited by Mr. Guepe are general statutes requiring the Commission to “regulate and control the provision of telecommunications services to the public in a changing environment, giving due regard to the interests of consumers, the public, the providers of the telecommunications services, and the continued availability of good telecommunications service.” (KRS 278.512(1)(c), Emphasis added). Requiring the ILEC provider of telecommunications services to provide transit traffic at TELRIC rates, even though the ILEC is not required to provide such traffic under sections 251/252 of the Act, unjustifiably penalizes the ILEC. Although I am not an attorney, even a layperson can easily see that these state statutes cannot be stretched to create this kind of obligation on the part of ILECs. Indeed, such a reading would appear to place the state statute in direct conflict with federal law.

Q. AT&T MAKES THE ALLEGATION THAT IF CLECS CANNOT USE THE ILECS’ EXISTING LOCAL TANDEMS TO TRANSIT CALLS, THE ONLY ALTERNATIVE WOULD BE FOR ALL CARRIERS TO DIRECTLY CONNECT WITH ONE ANOTHER (GUEPE, PP. 9-10). IS THIS WHAT BELLSOUTH IS SAYING?

1 A. No. BellSouth has agreed to provide the transit function between two other  
2 carriers, but not at TELRIC rates. CLECs can connect directly with other  
3 carriers in order to exchange traffic. They do not need BellSouth to pass  
4 such traffic for them. However, for whatever efficiencies they gain, the  
5 CLECs have elected to have BellSouth perform a transit traffic function for  
6 them, and BellSouth is entitled to compensation for performing that  
7 function.

8

9 Q. MR. GUEPE SAYS THAT, ALTHOUGH BELLSOUTH IS WILLING TO  
10 PROVIDE THE TRANSIT FUNCTION, BELLSOUTH "WOULD BE IN  
11 THE POSITION TO DISCONTINUE PROVIDING THE TRANSIT  
12 FUNCTION IF IT SAW FIT, OR CONTINUALLY TO INCREASE THE  
13 "MARKET RATES" IT SEEKS TO CHARGE." (GUEPE, P. 10) WHAT  
14 IS BELLSOUTH'S RESPONSE?

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16 A. Because the transit traffic function is not a Section 251 obligation, it is not  
17 subject to Section 252 cost standards (TELRIC). CLECs that elect to have  
18 BellSouth perform this function should negotiate the rates, terms, and  
19 conditions of transit traffic in a separate agreement. The rates which the  
20 parties negotiate would be in effect for the term of that separate agreement.  
21 At the end of the term, the parties can negotiate rates for a new agreement,  
22 or the CLEC can decide to connect directly with other carriers at that time.  
23 Once the rates, terms and conditions under which Bellsouth will perform the  
24 transiting function are established in a contract, any concerns regarding  
25 unilateral action by BellSouth would be resolved.

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2 Q. ON P. 13, MR. GUEPE STATES THAT AT&T HAS NO CONTROL  
3 OVER WHETHER BELLSOUTH IS PROVIDING THE TERMINATING  
4 CARRIER THE APPROPRIATE INFORMATION IN THE CALL  
5 DETAIL SO THAT THE TERMINATING CARRIER CAN BILL AT&T.  
6 IS THIS REALLY AN ISSUE?

7

8 A. No. BellSouth provides billing records that conform to the guidelines  
9 developed by the industry through the Ordering and Billing Forum (“OBF”).  
10 Those records are sufficient for the terminating carrier to bill the originating  
11 carrier for its originated traffic that transits BellSouth’s network.

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13 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

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15 A. Yes.

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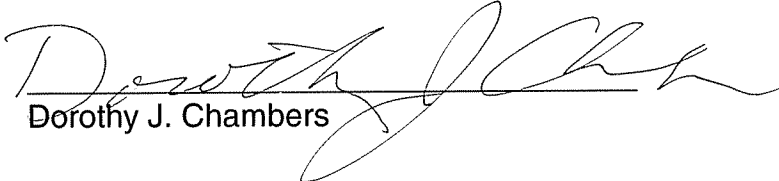
**CERTIFICATE OF SERVICE**

It is hereby certified that a true and correct copy of the foregoing was served on the following individuals by mailing a copy thereof, this 30th day of August, 2005.

Hon. C. Kent Hatfield  
Stoll, Keenon & Park, LLP  
2650 AEGON Center  
400 West Market Street  
Louisville, KY 40202

Hon. David Eppsteiner  
AT&T Communications of the  
South Central States  
1230 Peachtree Street, N.E.  
4th Floor, Room 4W26  
Atlanta, GA 30309

Jeanne Accetta  
Compliance Administrator  
TCG Ohio  
c/o At&T  
1230 Peachtree Street, N.E.  
Suite 8100  
Atlanta, GA 30309

  
Dorothy J. Chambers