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August 15, 2005

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PUBLIC SERVICE
COMMISSION

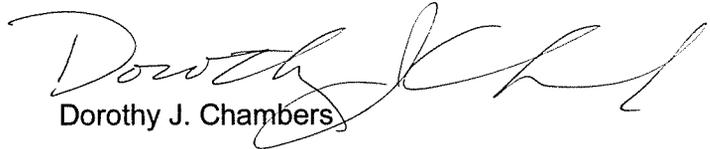
Ms. Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

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 Direct Testimony of Kathy K. Blake.

Very truly yours,


Dorothy J. Chambers

cc: Parties of Record

597494

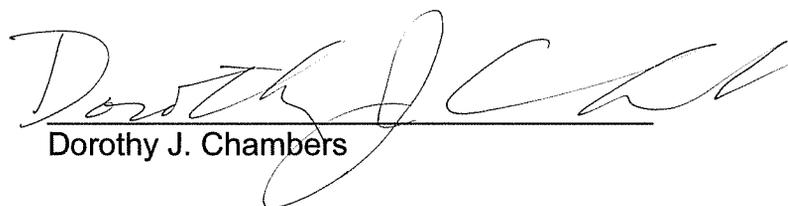
CERTIFICATE OF SERVICE

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 15th 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

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, In the Matter of: 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 direct testimony would be set forth in the annexed testimony consisting of 9 pages and 0 exhibits.

Kathy K. Blake

Kathy K. Blake

SWORN TO AND SUBSCRIBED BEFORE ME
THIS 12th DAY OF AUGUST, 2005

Micheale F. Bixler Notary Public

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

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BELLSOUTH TELECOMMUNICATIONS, INC.

DIRECT TESTIMONY OF KATHY K. BLAKE

BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

CASE NO. 2004-00234

AUGUST 15, 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. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND EXPERIENCE.

A. I graduated from Florida State University in 1981 with a Bachelor of Science degree in Business Management. After graduation, I began employment with Southern Bell as a Supervisor in the Customer Services Organization in Miami, Florida. In 1982, I moved to Atlanta where I held various positions involving Staff Support, Product Management, Negotiations, and Market Management within the BellSouth Customer Services and Interconnection Services Organizations. In 1997, I moved into the State Regulatory Organization with various responsibilities for

1 testimony preparation, witness support and issues management. I assumed
2 my current responsibilities in July 2003.

3

4 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

5

6 A. The purpose of my testimony is to provide BellSouth's policy position on
7 the remaining unresolved issue initially raised in the Petition for Arbitration
8 ("Petition") filed by AT&T Communications of the South Central States,
9 LLC and TCG Ohio (collectively "AT&T"), on June 8, 2004. While the
10 initial Petition identified 31 unresolved issues, the latest updated issues list,
11 filed with the Kentucky Public Service Commission ("Commission") on
12 July 15, 2005, stated that the parties had resolved all but three issues. Since
13 that time, the parties have resolved all issues except Issue 30.

14

15 ***Issue 30: Does BST have an obligation under section 251/252 to provide a transit***
16 ***function at TELRIC rates for local traffic originating or terminating to***
17 ***AT&T? (Attachment 3 – Network Interconnection, §13.1, 13.1.2, 13.5.4.2,***
18 ***13.6.4 and 17.7.)***

19

20 Q. WHAT DOES THIS ISSUE INVOLVE?

21

22 A. This issue raises the question of whether every carrier in this country has an
23 obligation to act as a third party intermediary for any other carrier who
24 chooses, primarily for economic reasons, not to directly interconnect with
25 the network of another carrier. The following hypothetical illustrates how

1 the “indirect interconnection” works. Assume Carrier A wants to
2 interconnect with Carrier B. Section 251(a)(1) obligates Carrier B “to
3 interconnect directly or indirectly” with Carrier A. Thus, if Carrier A
4 requests the establishment of direct interconnection, Carrier B must agree to
5 this request. This means that Carrier A and Carrier B would directly
6 connect their networks so that traffic could flow between their respective
7 subscribers, without anyone else being involved. Assume, however, that
8 Carrier A does not have sufficient traffic to warrant direct interconnection
9 with Carrier B, but has already established a direct connection with Carrier
10 C. Further assume that Carrier C already has a direct interconnection with
11 Carrier B. If Carrier C will allow it, subscribers of Carrier A can reach
12 subscribers of Carrier B, by having the call handed off from Carrier A to
13 Carrier C at their point of direct connection, and then having Carrier C hand
14 the call off to Carrier B at its point of direct interconnection. In this
15 situation, Carriers A and B are “indirectly” interconnected.

16

17 Q DOES BELLSOUTH HAVE AN OBLIGATION UNDER SECTION 251
18 OR SECTION 252 TO PROVIDE A TRANSIT FUNCTION?

19

20 A. That is the essence of the issue that has to be resolved, and the answer is
21 clearly that neither BellSouth nor any other carrier has such an obligation.
22 Section 251(a)(1), which applies to every single carrier in this country,
23 imposes obligations on Carriers A and B in my example above to
24 interconnect either directly or indirectly. It says nothing at all about any
25 other carrier’s obligation to facilitate that indirect interconnection. What it

1 really means, using the example above, is that Carrier B cannot refuse to
2 accept Carrier A's traffic simply because Carrier A has chosen to route that
3 traffic over the network of Carrier C. It says nothing at all about Carrier C's
4 obligation to provide that function against its will.

5
6 Furthermore, think what the contrary argument, which is what AT&T wants
7 this Commission to accept, would mean. Section 251(a)(1) is an obligation
8 imposed on every carrier in this country, not just on the incumbent carriers.
9 That is, every CLEC and every independent company in the country that is
10 subject to this provision has the obligation to interconnect directly or
11 "indirectly." If AT&T's interpretation of what this section means were
12 correct, any and every carrier in Kentucky could be forced to transport, as a
13 third party neither originating nor terminating the traffic, calls for other
14 carriers. This is clearly beyond what Congress intended when it stated that
15 each telecommunications carrier has the duty "to connect directly or
16 indirectly with the facilities and equipment of other telecommunications
17 carriers."¹

18

19 Q. DOES SECTION 251(c)(2) ESTABLISH THE DUTY OF AN ILEC TO
20 PROVIDE TRANSIT SERVICES?

21

22 A, No. AT&T's reliance upon Section 251(c)(2) as the source of the
23 Commission's purported authority to impose a transit service obligation also
24 is misplaced. Section 251(c)(2), which applies only to ILECs, requires an

¹ 47 U.S.C. § 251(a)(1).

1 incumbent to provide a CLEC “interconnection with the [incumbent] local
2 exchange carrier’s network.” Transit traffic is not mentioned, and the FCC
3 has previously rejected claims that transiting is required by Section
4 251(c)(2), expressly finding that its “rules have not required incumbent
5 LECs to provide transiting.”²

6
7 As the FCC has correctly held, “‘interconnection’ under Section 251(c)(2)
8 refers only to the physical linking of two networks for the mutual exchange
9 of traffic.”³ According to the FCC, the term “interconnection” “does not
10 include the transport and termination of traffic.”⁴ The FCC’s reasoning is
11 correct and forecloses any argument that transiting service is required under
12 Section 251(c)(2).

13
14 Q. IS THERE ADDITIONAL AUTHORITY EXPLAINING WHY
15 BELLSOUTH IS NOT REQUIRED TO ACT AS A TRANSIT SERVICES
16 PROVIDER FOR CLECS OR ANY OTHER CARRIERS?

17
18 A. Yes. Although BellSouth clearly has an obligation to interconnect with
19 other carriers under section 251(c)(2) of the 1996 Act, it is BellSouth’s
20 position that ILECs do not have a duty to provide transit services for other

² *Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, et al.*, CC Docket Nos. 01-338, *et al.*, *Report and Order and Order on Remand and Further Notice of Proposed Rulemaking*, 18 FCC Rcd 16978, 17320, ¶ 534 n.1640 (2003) (“TRO”) (emphasis added), *aff’d in part, rev’d in part and remanded, United States Telecom Ass’n v. FCC*, 359 F.3d 554 (D.C. Cir.) *cert denied*, 125 S. Ct. 313 (2004); *see also Ex Parte* Letter from Peter Karoczkai, InfoHighway Communications Corp., to Marlene H. Dortch, Secretary, FCC, CC Docket Nos. 01-338 *et al.*, Attach. At 2 (filed Feb. 14, 2003) (noting that the Commission specifically rejected the claim that “[t]ransiting is required by section 251(c)(2)”).

³ *Local Competition Order*, 11 FCC Rcd at 15590, ¶ 176 (1996).

⁴ 47 C.F.R. § 51.5 (emphasis added) (defining “interconnection”); *see Local Competition Order*, 11 FCC Rcd at 15590, ¶ 176.

1 carriers. Indeed, in its *Virginia Opinion and Order*⁵ released July 17, 2002,
2 the Wireline Competition Bureau of the FCC acknowledged that the FCC
3 has never imposed a duty to provide transit services, stating as follows:

4
5 We reject AT&T's proposal because it would require
6 Verizon to provide transit service at TELRIC rates
7 without limitation. While Verizon as an incumbent
8 LEC is required to provide interconnection at
9 forward-looking cost under the Commission's rules
10 implementing section 251(c)(2), the Commission has
11 not had occasion to determine whether incumbent
12 LECs have a duty to provide transit service under this
13 provision of the statute, nor do we find clear
14 Commission precedent or rules declaring such a duty.
15 In the absence of such a precedent or rule, we decline,
16 on delegated authority, to determine for the first time
17 that Verizon has a section 251(c)(2) duty to provide
18 transit service at TELRIC rates. Furthermore, any
19 duty Verizon may have under 251(a)(1) of the Act to
20 provide transit service would not require that service
21 to be priced at TELRIC.

22

23 *Id.* at ¶ 117 (emphasis added).

24

25 Although the Wireline Competition Bureau of the FCC made a similar
26 finding at ¶ 119 of the *Virginia Opinion and Order* regarding WorldCom, it
27 also made an additional finding regarding Verizon's duty to serve as a

⁵ See *In the Matter of Petition of WorldCom, Inc. Pursuant to Section 252(3)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon Virginia Inc., and for Expedited Arbitration*, CC Docket No. 00-218, *In the Matter of Petition of Cox Virginia Telecom, Inc. Pursuant to Section 252(3)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon Virginia Inc., and for Arbitration*, CC Docket No. 00-249, and *In the Matter of Petition of AT&T Communications of Virginia Inc. Pursuant to Section 252(3)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon Virginia Inc.* CC Docket No. 00-251 Memorandum Opinion and Order dated July 17, 2002 (*Virginia Opinion and Order*).

1 billing intermediary, stating as follows:

2

3 WorldCom's proposal would also require Verizon to
4 serve as a billing intermediary between WorldCom
5 and third-party carriers with which it exchanges
6 traffic transiting Verizon's network. We cannot find
7 any clear precedent or Commission rule requiring
8 Verizon to perform such a function. Although
9 WorldCom states that Verizon has provided such a
10 function in the past, this alone cannot create a
11 continuing duty for Verizon to serve as a billing
12 intermediary for the petitioners' transit traffic. We
13 are not persuaded by WorldCom's arguments that
14 Verizon should incur the burdens of negotiating
15 interconnection and compensation arrangements with
16 third-party carriers. Instead, we agree with Verizon
17 that interconnection and reciprocal compensation are
18 the duties of all local exchange carriers, including
19 competitive entrants.

20

21 *Id.* at ¶ 119.

22

23 Furthermore, the *TRO* clearly reaffirmed the fact that the FCC's "rules have
24 not required incumbent LECs to provide transiting." *See TRO*, at fn 1640.

25

26 Q. IF BELLSOUTH AGREES TO PROVIDE THE TRANSIT FUNCTION,
27 SHOULD IT BE AT TELRIC RATES?

28

29 A. This is an important point. Although providing the transit function is not
30 required by Section 251, nothing prevents a carrier from doing so
31 voluntarily. However, consistent with the 1996 Act and the FCC's *TRO* and
32 *Virginia Opinion and Order*, BellSouth is only willing to agree to provide a
33 transiting function where it can receive compensation for the use of its

1 network in switching and transporting the CLEC's traffic at rates, terms and
2 conditions that are acceptable to it and, presumably, acceptable to the party
3 requesting the transit function. If such an agreement cannot be reached,
4 BellSouth will simply not provide the transit function. BellSouth should be
5 able to charge for this service in a manner that reflects the economic savings
6 that the carrier requesting the transit function achieves. CLECs seek to use
7 the transit function because they find it more efficient and economical than
8 direct trunking. That is fine. However, attempting to impose a transit
9 function on a third carrier that neither originates nor terminates the traffic at
10 a TELRIC rate, so that the originating carrier can avoid the cost of a direct
11 connection, is simply unfair. Finally, as noted above, the Section 251(a)(1)
12 duty to interconnect directly or indirectly is imposed on all carriers, not just
13 incumbents. Does that mean that CLECs are now going to have to do
14 TELRIC studies so that they can provide the transit function to other
15 carriers at TELRIC rates? Clearly the further the analysis is taken, the more
16 absurd it becomes.

17
18 Additionally, BellSouth incurs costs beyond those for which the
19 Commission-ordered TELRIC rates were designed to address, such as the
20 costs of sending records to the terminating carrier identifying the originating
21 carrier, the costs of ensuring that BellSouth is not being billed for a third
22 party's transit traffic, and the costs that BellSouth has incurred and
23 continues to incur due to disputes arising from the failure on the part of
24 originating carriers to enter into traffic exchange arrangements with
25 terminating carriers. BellSouth does not currently charge the originating

1 carriers for these records and does not recover those costs in any other form.

2

3 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

4

5 A. Yes.

6

7

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9 # 595911

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