

**Cheryl R. Winn**  
*Attorney At Law*

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July 26, 2006

RECEIVED

JUL 26 2006

PUBLIC SERVICE  
COMMISSION

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

Re: Dialog Telecommunications Petition for Arbitration of Certain Terms  
and Conditions of Proposed Agreement with BellSouth  
Telecommunications, Inc. Concerning Interconnection Under the  
Telecommunications Act of 1996  
KPSC 2006-00099

Dear Ms. O'Donnell:

Enclosed for filing in the above-captioned case are the original and five (5) copies of the Direct Testimony of BellSouth Telecommunications, Inc.'s witness, Kathy K. Blake. The UNE cost studies that support BellSouth's proposed rates for bulk migration are a matter of public record [KY PSC Administrative Case No. 382] and have been provided to Dialog as a matter of professional courtesy. Accordingly, BellSouth will not re-file the same in this docket.

Very truly yours,



Cheryl R. Winn

Enclosures


cc: Parties of Record

643032

**CERTIFICATE OF SERVICE**

It is hereby certified that a true and correct copy of the Direct Testimony of Kathy K. Blake was served on the following individual by mailing a copy thereof, this 26th day of July, 2006.

Hon. Douglas F. Brent  
Attorney at Law  
Stoll Keenon Ogden, PLLC  
2000 PNC Plaza  
500 West Jefferson Street  
Louisville, KY 40202  
Douglas.brent@skofirm.com

  
\_\_\_\_\_  
Cheryl R. Winn

AFFIDAVIT

STATE OF GEORGIA

COUNTY OF FULTON

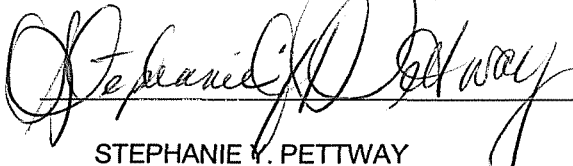
BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Kathy Blake, who, being by me first duly sworn deposed and said that:

She is appearing as a witness before the Kentucky Public Service Commission in Case No. 2006-00099, In the Matter of: Petition of Dialog Telecommunications for Arbitration of Certain Terms and Conditions of Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection Under The Telecommunications Act of 1996, and if present before the Commission and duly sworn, her direct testimony would be set forth in the annexed testimony consisting of 8 pages and 2 exhibits.

Kathy K Blake

Kathy Blake

SWORN TO AND SUBSCRIBED BEFORE ME  
THIS \_\_\_ DAY OF JULY, 2006

 Notary Public

STEPHANIE Y. PETTWAY  
Notary Public, Gwinnett County, Georgia  
My Commission Expires June 26, 2007

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BELLSOUTH TELECOMMUNICATIONS, INC.  
DIRECT TESTIMONY OF KATHY K. BLAKE  
BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION  
CASE NO. 2006-00099  
JULY 26, 2006

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 – Retail Markets and 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 testimony preparation, witness

1 support and issues management. I assumed my current responsibilities in July  
2 2003.

3

4 Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

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6 A. The purpose of my testimony is to provide BellSouth's position on the  
7 unresolved issues raised in Dialog Telecommunications, Inc.'s ("Dialog")  
8 Petition For Arbitration, filed March 3, 2006, with the Kentucky Public  
9 Service Commission ("Commission" or "KPSC").

10

11 Q. DO YOU HAVE ANY PRELIMINARY COMMENTS?

12

13 A. Yes. There are numerous unresolved issues in this arbitration that have  
14 underlying legal arguments. Because I am not an attorney, I am not offering a  
15 legal opinion on these issues. I respond to these issues purely from a policy  
16 perspective. BellSouth will address all legal arguments in its post-hearing  
17 brief.

18

19

### **UNRESOLVED ISSUES**

20

21 ***Issue 1: What is the appropriate TELRIC rate for batch or bulk migrations when***  
22 ***Dialog requests conversion from a UNE-P loop and port combination to a UNE***  
23 ***loop configuration?***

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25 Q. WHAT IS BELL SOUTH'S POSITION ON THIS ISSUE?

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A. The Commission’s previously established rates for provisioning unbundled network elements (“UNEs”) are applicable and should be applied when customers migrate from UNE-P to UNE-L. To comply with the Federal Communications Commission’s (“FCC”) *Triennial Review Order*,<sup>1</sup> BellSouth developed its bulk migration order process and offered Competitive Local Exchange Carriers (“CLECs”), including Dialog, an approximate ten percent (10%) discount off the otherwise applicable UNE loop non-recurring charges for all properly submitted bulk migration order(s) for UVL-SL1, UVL-SL2 and UCL-ND loop types. Attached to my testimony as Exhibit KKB-1 is a chart that shows BellSouth’s proposed rates for batch hot cut migrations.

Q. HAS THIS COMMISSION PREVIOUSLY REVIEWED THE ISSUE OF BELLSOUTH’S HOT CUT PROCESS?

A. Yes. This Commission reviewed BellSouth’s individual hot cut process during BellSouth’s 271 proceeding and UNE Cost proceeding and determined that BellSouth met the requirements of Section 271 of the Act by providing “hot cut conversions at an acceptable level.”<sup>2</sup> In the UNE Cost proceeding (Case

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<sup>1</sup> *In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Deployment of Wireline Service Offering Advanced Telecommunications Capability*, CC Docket Nos. 01-338, 96-98, 98-147, *Report and Order and Order on Remand and Further Notice of Proposed Rulemaking*, 18 FCC Rcd 16978 (2003) (“*Triennial Review Order*”).

<sup>2</sup> *In the Matter of Investigation Concerning the Propriety of Provision of InterLATA Services by BellSouth Telecommunications, Inc., pursuant to the Telecommunications Act of 1996*, Case No. 2001-00105, *Advisory Opinion*, dated April 26, 2002, p. 32.

1 No. 382), the Commission approved the TELRIC-based nonrecurring rates  
2 applicable to hot cuts.

3

4 Q. DO UNE LOOP NONRECURRING CHARGES CONSTITUTE AN  
5 ECONOMIC BARRIER?

6

7 A. No. This Commission's previous review and approval of the UNE rates used  
8 when BellSouth performs a hot cut clearly indicates that the rate charged for a  
9 single hot cut is not an economic barrier. BellSouth's proposal to offer a 10%  
10 discount off these nonrecurring prices when CLECs use the batch hot cut  
11 process is an incentive for CLECs to use that process. Moreover, Dialog has  
12 used BellSouth's batch hot cut process to migrate the vast majority of its UNE-  
13 P service to UNE-L.

14

15 ***Issue 2 (BellSouth Version) : If a rate is established by the Commission for batch or***  
16 ***bulk migrations from UNE-P to UNE-L, should such rate be applied retroactively to***  
17 ***Dialog's conversions which were submitted on or before March 11, 2006?***

18

19 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

20

21 A. As stated in BellSouth's position for Issue 1, there is no need for the  
22 Commission to establish new UNE rates for bulk migrations from UNE-P to  
23 UNE-L. That said, any rate the Commission establishes, should be applied on  
24 a prospective basis only. It is my understanding that Dialog has not completed  
25 the migration of its embedded base customers from UNE-P to UNE-L. As

1 such, Dialog’s assertion that establishing a bulk migration rate on a prospective  
2 basis only is meaningless is inaccurate.<sup>3</sup> Regardless of whether Dialog’s  
3 assertion is accurate, establishing rates and then applying such rates  
4 retroactively is, among other things, inappropriate, disruptive, and poor public  
5 policy.

6

7 ***Issue 3 (a): How should line conditioning be defined and what should***  
8 ***BellSouth’s obligations be with respect to line conditioning?***

9 ***Issue 3 (b): Should the interconnection agreement contain specific provisions***  
10 ***limiting the availability of line conditioning to copper loops of 18,000 feet or less?***

11 ***Issue 3 (c): Under what rates, terms and conditions should BellSouth be required to***  
12 ***perform line conditioning to remove bridged taps to do so?***

13

14 Q. WHAT IS BELLSOUTH’S POSITION ON THIS ISSUE?

15

16 A. Issue 3 is identical to certain line conditioning issues that the Commission  
17 addressed in an arbitration proceeding involving BellSouth, NuVox  
18 Communications, Inc., and Xspedius Communications, LLC in Case No. 2004-  
19 00044 (“*Joint CLEC Arbitration*”). The parties have agreed to abide by the  
20 Commission’s line conditioning rulings rendered in the *Joint CLEC*  
21 *Arbitration* and to incorporate such rulings into Dialog’s interconnection  
22 agreement. Accordingly, BellSouth and Dialog have agreed upon language

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<sup>3</sup> See Dialog Petition for Arbitration at 7. (“Since the bulk migration of Dialog’s existing UNE-P customer base from UNE-P to UNE-L will occur once and during a specific time frame – between today [March 3, 2006] and March 11, 2006 – the establishment of a lawful, Commission approved TELRIC-based rate to be applied only in the future [i.e. on a prospective basis only] would be meaningless for Dialog.”)



1 addressing how the parties will incorporate into Dialog's interconnection  
2 agreement the Commission's Line conditioning ruling rendered in Case No.  
3 2004-00044. A copy of the agreed upon language is included as Exhibit KKB-  
4 2.

5  
6 Q. IF THE PARTIES HAVE AGREED TO ABIDE BY THE COMMISSION'S  
7 LINE CONDITIONING RULINGS RENDERED IN CASE NO. 2004-00044,  
8 WHAT REMAINS IN DISPUTE?

9  
10 A. BellSouth abides by its contractual commitments and thus considers the issue  
11 closed. As such, BellSouth does not understand why Dialog continues to raise  
12 this issue given its agreement to the language set forth in Exhibit KKB-2.

13  
14 ***Issue 4: Should BellSouth be allowed to charge Dialog a Transit (Tandem)***  
15 ***Intermediary Charge (TIC) for the transport and termination of local traffic and***  
16 ***ISP-bound traffic?***

17  
18 Q. WHAT IS BELL SOUTH'S POSITION ON THIS ISSUE?

19  
20 A. Issue 4 is identical to an issue that the Commission addressed in the *Joint*  
21 *CLEC Arbitration*. The parties have agreed to abide by the Commission's  
22 tandem intermediary charge ruling rendered in the *Joint CLEC Arbitration* and  
23 to incorporate such ruling into Dialog's interconnection agreement.  
24 Accordingly, BellSouth and Dialog have agreed upon language addressing  
25 how the parties will incorporate into Dialog's interconnection agreement the

1 Commission's tandem intermediary charge ruling rendered in Case No. 2004-  
2 00044. A copy of the agreed upon language is included as Exhibit KKB-2.

3

4 Q. IF THE PARTIES HAVE AGREED TO ABIDE BY THE COMMISSION'S  
5 TANDEM INTERMEDIARY CHARGE RULING RENDERED IN CASE  
6 NO. 2004-00044, WHAT REMAINS IN DISPUTE?

7

8 A. BellSouth abides by its contractual commitments and thus considers the issue  
9 closed. As such, BellSouth does not understand why Dialog continues to raise  
10 this issue given its agreement to the language set forth in Exhibit KKB-2.

11

12 ***Issue 5: How should the Commission's decision in Case No 2004-00427, Petition to***  
13 ***Establish a Generic Docket to Consider Amendments to Interconnection***  
14 ***Agreements resulting from Changes of Law, be incorporated into the parties'***  
15 ***interconnection agreement?***

16

17 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

18

19 A. The parties have agreed to incorporate the applicable Commission rulings in  
20 the *Change of Law Proceeding*, Case No. 2004-00427, into Dialog's  
21 interconnection agreement. To the extent necessary, BellSouth incorporates  
22 herein by reference its positions in the *Change of Law Proceeding*.

23

24 ***Issue 6: Under what conditions can BellSouth require Dialog to establish direct***  
25 ***interconnection trunking to BellSouth's end offices?***

1

2 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

3

4 A. This Issue has been resolved.

5

6 ***Issue 7: Should BellSouth have the ability to modify unilaterally the terms of this***  
7 ***agreement based upon changes in "other legal requirements"? (General Terms &***  
8 ***Conditions, Section 31.3)***

9

10 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

11

12 A. This Issue has been resolved.

13

14 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

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16 A. Yes.

17

18

19 640645



**KENTUCKY - Nonrecurring Rates**

Cost Ref. No.	Rate Elements	Current KY PSC Ordered Rates		Proposed Batch Hot Cut Rates for Dialog	
		First Loop	Addtl Loop	First Loop	Addtl Loop
<b>SL1 Loop with Order Coordination</b>					
A.1.1	SL1 Loop NRC	\$46.66	\$22.57	\$37.84*	\$17.05*
N.1.5	Order Coordination	\$9.00	\$9.00	\$9.00	\$9.00
N.1.1	Electronic Service Order	\$7.88	\$0.00	\$3.50	\$0.00
H.1.9	2-Wire Cross Connect	\$24.68	\$23.68	\$24.68	\$23.68
	<b>TOTAL SL1 Loop Hot Cut</b>	<b>\$88.22</b>	<b>\$55.25</b>	<b>\$75.02</b>	<b>\$48.39</b>
<b>SL2 Loop (Order Coordination included in Loop NRC)</b>					
A.1.2	SL2 Loop NRC	\$134.89	\$81.87	\$118.15*	\$71.32*
N.1.1	Electronic Service Order	\$7.88	\$0.00	\$3.50	\$0.00
H.1.9	2-Wire Cross Connect	\$24.68	\$23.68	\$24.68	\$23.68
	<b>TOTAL SL2 Loop Hot Cut</b>	<b>\$167.45</b>	<b>\$105.55</b>	<b>\$146.33</b>	<b>\$95.00</b>
<b>UCL-ND with Order Coordination</b>					
A.13.12	UCL-ND Loop NRC	\$44.97	\$20.89	\$36.32*	\$15.53*
N.1.5	Order Coordination	\$9.00	\$9.00	\$9.00	\$9.00
N.1.1	Electronic Service Order	\$7.88	\$0.00	\$3.50	\$0.00
H.1.9	2-Wire Cross Connect	\$24.68	\$23.68	\$24.68	\$23.68
	<b>TOTAL UCL-ND Loop Hot Cut</b>	<b>\$86.53</b>	<b>\$53.57</b>	<b>\$73.50</b>	<b>\$46.87</b>

**Notes:** \* A discount equal to 10% of the Total Loop Hot Cut charge (Current Ordered Rates) has been applied to the NRCs (First/Addtl) for the specific loop being ordered. For example, for an SL1, the loop non-recurring rate of \$46.66 is discounted by \$8.82 (10% of \$88.22), to equal \$37.84.



**AGREED UPON LANGUAGE FOR  
INTERCONNECTION AGREEMENT  
BETWEEN DIALOG AND BELLSOUTH**

***Issue 3 (a): How should line conditioning be defined and what should BellSouth's obligations be with respect to line conditioning?***

***Issue 3 (b): Should the interconnection agreement contain specific provisions limiting the availability of line conditioning to copper loops of 18,000 feet or less?***

***Issue 3 (c): Under what rates, terms and conditions should BellSouth be required to perform line conditioning to remove bridged taps to do so?***

**Attachment 2**

- 2.5 **Unbundled Loop Modifications (Line Conditioning).** The Parties acknowledge that Line Conditioning is an issue pending in the arbitration between BellSouth and Nuvox and Xspedius in the state of Kentucky in Docket 2004-00044. The Parties have agreed to abide by the Kentucky Commission's decision with respect to this issue for Kentucky in such Docket and have agreed to amend the language in Sections 2.5.2 through 2.5.5 for the state of Kentucky only, if necessary, to conform to that decision. Upon an effective order rendering such decision, the Parties will amend this Agreement to incorporate such decision pursuant to Section 14 (Modification of Agreement) of the General Terms and conditions of this Agreement; provided, however, that such amendment shall not become effective before it becomes effective in the Xspedius and Nuvox Interconnection Agreements unless a decision is rendered in the arbitration proceeding between BellSouth and Dialog in Kentucky before such amendment becomes effective in the Xspedius and Nuvox Interconnection Agreements in which case the decision in the arbitration proceeding between BellSouth and Dialog shall control. In the interim, Dialog has agreed to utilize BellSouth proposed language with respect to this issue solely for the purpose of implementing a complete Interconnection Agreement in Kentucky during the pendency of the decision in such Docket. BellSouth agrees that it will not use Dialog's agreement to utilize BellSouth's language in this Section with respect to this issue as an admission that Dialog has reached agreement with BellSouth on proposed language for this issue in Kentucky.

***Issue 4: Should BellSouth be allowed to charge Dialog a Transit (Tandem) Intermediary Charge (TIC) for the transport and termination of local traffic and ISP-bound traffic?***

Attachment 3

- 9.1.4 The rate elements set forth in Exhibit A shall apply for Transit Traffic as described in this Attachment. The Parties acknowledge that the Tandem Intermediary Charge is an issue pending in the arbitration between BellSouth and Nuvox and Xspedius in the state of Kentucky in Docket 2004-00044. The Parties have agreed to abide by the Kentucky Commission's decision with respect to this issue for Kentucky in such Docket and have agreed to amend the language in this Section 9.1.4 and in Section 9.6.1 for the state of Kentucky only, if necessary, to conform to that decision. Upon an effective order rendering such decision, the Parties will amend this Agreement to incorporate such decision pursuant to Section 14 (Modification of Agreement) of the General Terms and Conditions of this Agreement; provided, however, that such amendment shall not become effective before it becomes effective in the Xspedius and Nuvox Interconnection Agreements unless a decision is rendered in the arbitration proceeding between BellSouth and Dialog in Kentucky before such amendment becomes effective in the Xspedius and Nuvox Interconnection Agreements in which case the decision in the arbitration proceeding between BellSouth and Dialog shall control. In the interim, Dialog has agreed to utilize BellSouth proposed language with respect to this issue solely for the purpose of implementing a complete Interconnection Agreement in Kentucky during the pendency of the decision in such Docket. BellSouth agrees that it will not use Dialog's agreement to utilize BellSouth's language in this Section with respect to this issue as an admission that Dialog has reached agreement with BellSouth on proposed language for this issue in Kentucky.