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DEC 18 2006

PUBLIC SERVICE
COMMISSION

December 15, 2006

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Beth O'Donnell
Executive Director
Public Service Commission
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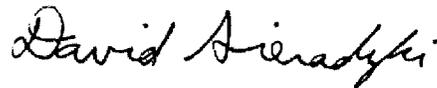
Re: *Petition of SouthEast Tel., Inc., for Arbitration of Certain Terms and Conditions of Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection Under the Telecommunications Act of 1996, Case No. 2006-00316*

Dear Ms. O'Donnell:

On behalf of SouthEast Telephone, Inc. ("SouthEast") and pursuant to the Commission's October 23, 2006 procedural order in the above-captioned proceeding, I am transmitting with this letter the rebuttal testimony of Joseph Gillan, Steven Turner, and Carey Roesel, on behalf of SouthEast. I am also transmitting Exhibit JPG-4 to Mr. Gillan's testimony.

Please contact me if you have any questions.

Respectfully submitted,



David L. Sieradzki
Counsel for SouthEast Telephone, Inc.

Enclosures

cc: Amy E. Dougherty
Mary K. Keyer
Andrew D. Shore
Darrell Maynard

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:)
)
PETITION OF SOUTHEAST TELEPHONE,)
INC., FOR ARBITRATION OF CERTAIN)
TERMS AND CONDITIONS OF PROPOSED)
AGREEMENT WITH BELLSOUTH)
TELECOMMUNICATIONS, INC.)
CONCERNING INTERCONNECTION UNDER)
THE TELECOMMUNICATIONS ACT OF 1996)

DEC 18 2006
PUBLIC SERVICE
COMMISSION
Case No. 2006-00316
Filed: December 15, 2006

REBUTTAL TESTIMONY OF JOSEPH GILLAN

1 Q. Please state your name, business address and party sponsoring your
2 testimony.

3
4 A. My name is Joseph Gillan. My business address is P. O. Box 541038, Orlando,
5 Florida 32854. I previously filed direct testimony on behalf of SouthEast
6 Telephone, Inc. ("SouthEast") in this proceeding.

7
8 Q. What is the purpose of your rebuttal testimony?

9
10 A. The purpose of my rebuttal testimony is to respond to BellSouth's direct
11 testimony addressing two issues:

12 Issue A2: What monthly recurring rates should be established in each
13 pricing zone for the voice grate local loop element?
14

15 Issue A3: What monthly recurring rate should be established for the
16 "Port" component of the "Platform" combination of
17 elements?
18

1 In total, BellSouth sponsored two paragraphs of direct testimony on these two
2 issues, both of which are critical to SouthEast and the development of competition
3 in rural Kentucky. Specifically, BellSouth’s entire “direct case” (to charitably
4 apply the term) is that:

5 There is no need to establish new or different monthly recurring
6 loop rates. The Commission established loop-related rates in
7 Administrative Case No. 382.... There is no legitimate reason why
8 SouthEast should pay different rates than other CLECs in
9 Kentucky.¹

10 ***

11 No port rate should be established. BellSouth is not required to
12 provide a port as an unbundled network element (“UNE”) under
13 Section 251 of the Act. This issue, therefore, is not appropriate for
14 a Section 252 arbitration.²
15
16

17 In a sense, BellSouth’s testimony need not have even been this length to make its
18 point. BellSouth’s arbitration position is no different than its negotiating terms,
19 which is simply: “Just Say No.”
20

21 BellSouth’s refusal to take this case seriously is predicated in part on the
22 company’s continuing legal challenge to the Commission’s authority to arbitrate
23 just and reasonable rates required under Section 271. The Commission has
24 already ruled against BellSouth on this issue and BellSouth’s testimony merely
25 reflects its apparent position that it will not comply with these prior Commission
26 Orders in this arbitration. This point will, of course, be addressed in brief.

¹ Tipton Direct, page 6.

² Tipton Direct, page 7.

1

2 **Q. Is BellSouth correct in claiming that SouthEast is asking to pay different**
3 **loop rates than every other CLEC in Kentucky, or that it is asking the**
4 **Commission to ignore Administrative Case 382?**

5

6 A. No. SouthEast is recommending that the Commission adopt a different Zone
7 Pricing Plan -- based on the Commission's findings in Administrative Case 382 --
8 that would be available to any other CLEC in Kentucky. The problem raised by
9 SouthEast is that the current deaveraging scheme actively discourages
10 competitors from serving residential and small business customers in smaller
11 markets, particularly in competition with BellSouth's retail rates that are
12 geographically averaged across the state.

13

14 The solution proposed by SouthEast in my direct testimony was a "flattened"
15 zone pricing plan, specifically designed to produce the same average UNE loop as
16 adopted by the Commission in Administrative Case 382, but which better aligns
17 BellSouth's wholesale rates with its retail rates. There is nothing in the SouthEast
18 proposal that would limit the availability of these rates to *only* SouthEast -- any
19 carrier could request this Zone Pricing Plan (subject to whatever qualifying
20 requirement the Commission adopts) pursuant to 47 U.S.C. § 252(i).

21

22 **Q. How did SouthEast calculate its proposed Zone Pricing Plan?**

23

1 A. As I explained in my direct testimony, SouthEast developed its zone pricing
2 proposal to achieve the same averaged rate adopted by the Commission in Case
3 382, albeit with a different zone pricing plan that moderates the disparity between
4 the lowest cost (Zone 1) and highest cost (Zone 3) zones. The specific zones
5 were defined by the relative level of federal high cost support available in each
6 wire center, with:

- 7 * Zone 1 defined as wire centers for which no federal
8 Universal Service Support is available;
 - 9 * Zone 2 defined as wire centers that qualify for up to \$2 per
10 month per line of federal High Cost support; and
 - 11 * Zone 3 defined as all other wire centers.³
- 12
13
14

15 Although BellSouth refused to provide SouthEast with data concerning the
16 number of access lines in any wire center, my analysis estimated this data by
17 comparing the number of supported lines reported by BellSouth and SouthEast
18 Telephone to the federal High Cost Support fund (in wire centers defined as high
19 cost by the FCC) to the number of switched access lines reported by BellSouth in
20 total for Kentucky. By subtracting the number of access lines receiving support
21 (by being located in either Zone 2 or Zone 3) of its proposal, the analysis
22 estimated the total number of lines in its proposed Zone 1 (where no support is
23 available).⁴

24

³ The specific wire center assignments in the proposed Zone Pricing Plan were provided as Exhibit JPG-2 to my direct testimony.

⁴ This calculation is shown in Exhibit JPG-4.

1 The rates in each individual zone were then developed to provide a statewide
2 averaged UNE rate, once the level of average support in each zone was
3 considered.⁵ In my direct testimony, I reserved the right to refine this pricing
4 proposal once BellSouth provided additional discovery responses. BellSouth has
5 not done so. However, I am sufficiently confident in the estimates contained in
6 my analysis to recommend that the Commission adopt the proposed rates in this
7 arbitration as final. Specifically, under the Zone Pricing Plan listed in Exhibit
8 JPG-2, I recommend recurring monthly loop rates for analog loops used in
9 combination with local switching of \$15.96 in Zone 1, \$16.90 in Zone 2, and
10 \$21.75 in Zone 3.⁶

11

12 **Q. Would there be substantial public benefit from the Commission adopting the**
13 **SouthEast Proposed Zone Pricing Plan?**

14

15 A. Yes. To begin, there is no legitimate reason for the Commission to discourage
16 CLEC entry in rural areas by imposing on entrants steeply increasing UNE rates
17 by Zone. The data filed with the Universal Service Administrative Company
18 (USAC) indicate that BellSouth has a 96% share of the supported lines in Zone 2,

⁵ In addition to the High Cost Support shown in Exhibit JPG-4, I estimate additional Interstate Access Support of \$1.94 per line is available in Zone 3.

⁶ Because of data limitations, I am unable to calculate the stand-alone analog (SL1 and SL2) loop rates that would correspond to this recommendation. The Commission should require that BellSouth provide such rates in any conforming amendments filed at the completion of this proceeding.

1 and a 99% share in Zone 3.⁷ There is no conceivable public benefit from
2 imposing on small CLECs dramatically higher UNE rates that must be reflected in
3 its retail rates, when the retail carrier with the vast (vast) majority of the market
4 continues to price on an averaged basis. Imposing high UNE rates on carriers
5 with infinitesimal share does not change pricing signals to consumers, it only
6 changes those consumers to BellSouth subscribers. The Zone Pricing Plan
7 recommended in my direct testimony should be adopted.

8

9 **Q. Does this conclude your rebuttal testimony?**

10

11 **A. Yes.**

⁷ See Exhibit JPG-4.

Exhibit JPG-4
Calculation of Access Lines Per Zone
Page 1 of 1

SouthEast Proposed Zone	Admin. Case 382 Zone	CLLJ	Location	Monthly Support per Line	BellSouth Supported Lines	SouthEast Supported Lines	Total Supported Lines
1	1	DAVLKYMA	DANVILLE	\$0.00			
1	1	LSVLKY26	LOUISVILLE – 26th Street	\$0.00			
1	1	LSVLKYAN	LOUISVILLE – Anchorage	\$0.00			
1	1	LSVLKYAP	LOUISVILLE – Armory Place	\$0.00			
1	1	LSVLKYBE	LOUISVILLE – Beechmont	\$0.00			
1	1	LSVLKYBR	LOUISVILLE – Bardstown Road	\$0.00			
1	1	LSVLKYSH	LOUISVILLE – Shively	\$0.00			
1	1	LSVLKYSL	LOUISVILLE – Six Mile Lane	\$0.00			
1	1	LSVLKYSM	LOUISVILLE – St. Matthews	\$0.00			
1	1	LSVLKYTS	LOUISVILLE – Third Street	\$0.00			
1	1	LSVLKYWE	LOUISVILLE – Westport Road	\$0.00			
1	1	MYVLKYMA	MAYSVILLE	\$0.00			
1	1	OWBOKYMA	OWENSBORO	\$0.00			
1	1	PDCHKYMA	PADUCAH – Main	\$0.00			
1	2	BWLGKYMA	BOWLING GREEN – Main	\$0.00			
1	2	FRFTKYES	FRANKFORT – East	\$0.00			
1	2	FRFTKYMA	FRANKFORT – Main	\$0.00			
1	2	GRTWKYMA	GEORGETOWN	\$0.00			
1	2	HNSNKYMA	HENDERSON	\$0.00			
1	2	HPVLKYMA	HOPKINSVILLE	\$0.00			
1	2	LOUSKYES	LOUISA	\$0.00			
1	2	LSVLKYCW	LOUISVILLE – Crestwood	\$0.00			
1	2	LSVLKYFC	LOUISVILLE – Fern Creek	\$0.00			
1	2	LSVLKYHA	LOUISVILLE – Harrods Creek	\$0.00			
1	2	LSVLKYJT	LOUISVILLE – Jeffersontown	\$0.00			

Exhibit JPG-4
Calculation of Access Lines Per Zone
Page 2 of 2

SouthEast Proposed Zone	Admin. Case 382 Zone	CLLI	Location	Monthly Support per Line	BellSouth Supported Lines	SouthEast Supported Lines	Total Supported Lines
1	2	LSVLKYOA	LOUISVILLE – Okolona	\$0.00			
1	2	LSVLKYVS	LOUISVILLE – Valley Station	\$0.00			
1	2	MDBOKYMA	MIDDLESBORO	\$0.00			
1	2	MDVIKYMA	MADISONVILLE	\$0.00			
1	2	MRRYKYMA	MURRAY	\$0.00			
1	2	MYFDKYMA	MAYFIELD	\$0.00			
1	2	OKGVKYES	OAK GROVE	\$0.00			
1	2	PNVLKYMA	PAINTSVILLE	\$0.00			
1	2	RCMDKYMA	RICHMOND	\$0.00			
1	2	RSTRKYES	ROSE TERRACE	\$0.00			
1	2	SHVLKYMA	SHELBYVILLE	\$0.00			
1	2	WNCHKYMA	WINCHESTER – Main	\$0.00			
2	2	PDCHKYLO	PADUCAH – Lone Oak	\$0.13	9,318		9,318
2	3	LGRNKYES	LAGRANGE	\$0.18	8,266		8,266
2	2	CRBNKYMA	CORBIN	\$0.21	16,287	19	16,306
2	2	BRTWKYES	BARDSTOWN	\$0.23	13,885		13,885
2	3	PRBGKYES	PRESTONSBURG	\$0.36	6,979	425	7,404
2	3	CRTNKYMA	CARROLLTON	\$0.46	4,202		4,202
2	2	PKVLKYMA	PIKEVILLE – Main	\$0.47	13,642	1,987	15,629
2	3	HDBGKYMA	HARRODSBURG	\$0.51	7,169	631	7,800
2	3	ALLNKYMA	ALLEN	\$0.56	2,579	174	2,753
2	3	HRLNKYMA	HARLAN	\$0.70	7,150	132	7,282
2	3	LRBGKYMA	LA WRENCEBURG	\$0.73	8,216		8,216
2	2	PDCHKYIP	PADUCAH – Information Park	\$0.75	972		972

Exhibit JPG-4
Calculation of Access Lines Per Zone
Page 3 of 3

SouthEast Proposed Zone	Admin. Case 382 Zone	CLLI	Location	Monthly Support per Line	BellSouth Supported Lines	SouthEast Supported Lines	Total Supported Lines
2	3	GBVLKYMA	GILBERTSVILLE	\$0.76	2,488		2,488
2	3	MTSTKYMA	MT. STERLING	\$0.84	11,115	578	11,693
2	3	MGFDKYMA	MORGANFIELD	\$0.85	3,633		3,633
2	2	CNCYKYMA	CENTRAL CITY	\$0.86	4,021		4,021
2	2	PDCHKYRL	PADUCAH	\$0.87	5,992		5,992
2	3	SPFDKYMA	SPRINGFIELD	\$0.88	3,139	110	3,249
2	3	RLVLKYMA	RUSSELLVILLE	\$0.90	6,706		6,706
2	2	ERTNKYMA	EARLINGTON	\$0.91	901		901
2	3	FKLNKYMA	FRANKLIN	\$0.94	7,476		7,476
2	3	SSVLKYMA	SIMPSONVILLE	\$0.98	2,187		2,187
2	3	BRGNKYMA	BURGIN	\$1.09	1,544	84	1,628
2	3	PARSKYMA	PARIS	\$1.10	8,100	248	8,348
2	3	BNTNKYMA	BENTON	\$1.21	6,250		6,250
2	3	BNLYKYMA	BENHAM-LYNCH	\$1.28	753		753
2	3	PRVDKYMA	PROVIDENCE	\$1.32	1,888		1,888
2	3	LBJTKYMA	LEBANON JUNCTION	\$1.44	1,568		1,568
2	3	SNTNKYMA	STANTON	\$1.46	6,409	876	7,285
2	3	GNVLKYMA	GREENVILLE	\$1.61	6,346		6,346
2	3	MARTKYMA	MARTIN	\$1.62	2,189	152	2,341
2	3	NEONKYES	NEON	\$1.62	1,823	124	1,947
2	3	JNCYKYMA	JUNCTION CITY	\$1.66	1,831	71	1,902
2	3	MRGPKYMA	MORTONS GAP	\$1.67	622		622
2	3	STONKYMA	STONE	\$1.69	3,139	404	3,543
2	3	TYVLKYMA	TAYLORSVILLE	\$1.72	4,667		4,667
2	3	WSPNKYMA	WEST POINT	\$1.76	894		894

Exhibit JPG-4
Calculation of Access Lines Per Zone
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SouthEast Proposed Zone	Admin. Case 382 Zone	CLLI	Location	Monthly Support per Line	BellSouth Supported Lines	SouthEast Supported Lines	Total Supported Lines
2	3	ELCYKYES	ELKHORN CITY	\$1.81	3,622	449	4,071
2	3	STFRKYMA	STANFORD	\$1.83	5,363	164	5,527
2	3	WHBGKYMA	WHITESBURG	\$1.83	7,459	560	8,019
2	3	FLTNKYMA	FULTON	\$1.86	4,838		4,838
2	3	VIRGKYMA	VIRGIE	\$1.89	4,787	732	5,519
2	3	CYNTKYMA	CYNTHIANA	\$1.95	7,928	1,204	9,132
			Average Support in Zone	\$0.94			237,467
3	3	EDVLKYMA	EDDYVILLE	\$2.14	3,970		3,970
3	3	PRTNKYES	PRINCETON	\$2.23	5,605		5,605
3	3	INEZKYMA	INEZ	\$2.37	3,254	112	3,366
3	3	SWSNKYMA	S. WILLIAMSON	\$2.38	2,342	122	2,464
3	3	FEBRKYMA	FREEBURN	\$2.38	2,910	888	3,798
3	3	NWHNKYMA	NEW HAVEN	\$2.38	2,039		2,039
3	3	BVDMKYMA	BEAVER DAM	\$2.43	4,350		4,350
3	3	JCSNKYMA	JACKSON	\$2.53	5,119	707	5,826
3	3	HRFRKYMA	HARTFORD	\$2.56	2,714		2,714
3	3	BLFDKYMA	BLOOMFIELD	\$2.59	1,581		1,581
3	3	HRBGKYES	HARDINSBURG	\$2.64	2,738		2,738
3	3	SEBRKYMA	SEBREE	\$2.66	975		975
3	3	CADZKYMA	CADIZ	\$2.68	4,935		4,935
3	3	DWSPKYES	DAWSON SPRINGS	\$2.70	2,615		2,615
3	3	CMBGKYMA	CAMPBELLSBURG	\$2.75	1,089		1,089
3	3	WLBGKYMA	WILLIAMSBURG	\$2.84	7,221	4	7,225

**Exhibit JPG-4
Calculation of Access Lines Per Zone
Page 5 of 5**

SouthEast Proposed Zone	Admin. Case 382 Zone	CLLI	Location	Monthly Support per Line	BellSouth Supported Lines	SouthEast Supported Lines	Total Supported Lines
3	3	EMNNKYES	EMINENCE	\$2.86	3,839		3,839
3	3	NRVLKYMA	NORTONVILLE	\$2.87	1,715		1,715
3	3	LVMRKYMA	LIVERMORE	\$2.93	1,035		1,035
3	3	MCWLKYMA	MCDOWELL	\$2.95	1,648	86	1,734
3	3	HANSKYMA	HANSON	\$3.01	1,343		1,343
3	3	BDFRKYMA	BEDFORD	\$3.05	1,857		1,857
3	3	RBRDKYMA	ROBARDS	\$3.06	976		976
3	3	EKTNKYMA	ELKTON	\$3.07	2,699		2,699
3	3	PKVLKYMT	PIKEVILLE	\$3.14	2,018		2,018
3	3	PIVLKYMA	PINEVILLE	\$3.15	6,200	81	6,281
3	3	WACOKYMA	WACO	\$3.21	1,935		1,935
3	3	WYLDKYES	WAYLAND	\$3.25	1,679	94	1,773
3	3	CLPTKYMA	CLOVERPORT	\$3.26	893		893
3	3	DRBOKYES	DRAKESBORO	\$3.38	1,871		1,871
3	3	ENSRKYMA	ENSOR	\$3.41	1,867		1,867
3	3	BYVLKYMA	BEATTYVILLE	\$3.44	3,264		3,264
3	3	HWVLKYMA	HAWESVILLE	\$3.53	2,027		2,027
3	3	MARNKYMA	MARION	\$3.54	3,499		3,499
3	3	SLVSKYMA	SALVISA	\$3.58	1,134		1,134
3	3	SLPHKYMA	SULPHUR	\$3.63	785		785
3	3	WLCKKYES	WALLINS CREEK	\$3.64	1,635	60	1,695
3	3	MLTNKYMA	MILTON	\$3.67	1,169		1,169
3	3	MGTWKYMA	MORGANTOWN	\$3.73	4,318		4,318
3	3	WHVLKYMA	WHITESVILLE	\$3.74	1,925		1,925
3	3	FORDKYMA	FORD	\$3.78	802		802

Exhibit JPG-4
Calculation of Access Lines Per Zone
Page 6 of 6

SouthEast Proposed Zone	Admin. Case 382 Zone	CLLI	Location	Monthly Support per Line	BellSouth Supported Lines	SouthEast Supported Lines	Total Supported Lines
3	3	HABTKYMA	HABIT	\$3.82	1,314		1,314
3	3	MLBGKYMA	MILLERSBURG	\$3.83	703		703
3	3	MACEKYMA	MACEO	\$3.88	1,215		1,215
3	3	CNTNKYMA	CANTON	\$3.94	1,158		1,158
3	3	GTHRKYMA	GUTHRIE	\$3.96	1,197		1,197
3	3	STRGKYMA	STURGIS	\$4.08	2,013		2,013
3	3	STCHKYMA	ST. CHARLES	\$4.09	485		485
3	3	CLAYKYMA	CLAY	\$4.20	1,048		1,048
3	3	WDDYKYMA	WADDY	\$4.20	1,004		1,004
3	3	FDCKKYES	FEDSCREEK	\$4.23	1,859	324	2,183
3	3	ISLDKYMA	ISLAND	\$4.24	446		446
3	3	PRVLKYMA	PERRYVILLE	\$4.36	1,385		1,385
3	3	GHNTKYMA	GHENT	\$4.45	789		789
3	3	PNTHKYMA	PANTHER	\$4.47	716		716
3	3	WRFDKYMA	WARFIELD	\$4.53	1,725		1,725
3	3	CRBOKYMA	CRAB ORCHARD	\$4.55	1,376		1,376
3	3	BGDDKYMA	BAGDAD	\$4.55	869		869
3	3	OWTNKYMA	OWENTON	\$4.64	3,669		3,669
3	3	STGRKYMA	STAMPING GROUND	\$4.72	1,425		1,425
3	3	PLRGKYMA	PLEASANT RIDGE	\$4.91	1,103		1,103
3	3	BRMKNKYMA	BREMEN	\$4.97	1,192		1,192
3	3	BWLGKYRV	BOWLING GREEN	\$5.01	1,272		1,272
3	3	MCDNKYMA	MCDANIELS	\$5.08	1,834		1,834
3	3	CLTNKYYES	CLINTON	\$5.19	1,707		1,707
3	3	CRLSKYMA	CARLISLE	\$5.35	2,869		2,869

Exhibit JPG-4
Calculation of Access Lines Per Zone
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SouthEast Proposed Zone	Admin. Case 382 Zone	CLLJ	Location	Monthly Support per Line	BellSouth Supported Lines	SouthEast Supported Lines	Total Supported Lines
3	3	CHPLKYMA	CHAPLIN	\$5.38	583		583
3	3	PMBRKYMA	PEMBROKE	\$5.46	933		933
3	3	HCMNKYMA	HICKMAN	\$5.55	1,393		1,393
3	3	SRGHKYMA	SORGHO	\$5.58	583		583
3	3	DIXNKYMA	DIXON	\$5.62	1,296		1,296
3	3	CNTWKYMA	CENTERTOWN	\$5.72	558		558
3	3	COTNKYMA	CROFTON	\$5.85	1,244		1,244
3	3	FNVLYKYMA	FINCHVILLE	\$5.90	663		663
3	3	SDVLYKYMA	SADIEVILLE	\$5.92	1,238		1,238
3	3	CLHNKYMA	CALHOUN	\$5.96	1,613		1,613
3	3	CYDNKYMA	CORYDON	\$6.09	1,374		1,374
3	3	EMNNKYPL	EMINENCE	\$6.11	854		854
3	3	MTEDKYMA	MT. EDEN	\$6.24	858		858
3	3	SCRMKYMA	SACRAMENTO	\$6.33	730		730
3	3	WNCHKYPV	WINCHESTER	\$6.45	551		551
3	3	FRDNKYMA	FREDONIA	\$6.54	582		582
3	3	STNLKYMA	STANLEY	\$6.57	533		533
3	3	TRENKYMA	TRENTON	\$6.69	478		478
3	3	NEBOKYMA	NEBO	\$6.84	1,055		1,055
3	3	SLGHKYMA	SLAUGHTERS	\$6.88	919		919
3	3	UTICKYMA	UTICA	\$6.97	853		853
3	3	WSBGKYMA	WILLISBURG	\$7.19	868		868
3	3	FDVLYKYMA	FORDSVILLE	\$7.56	1,165		1,165
3	3	LFYTKYMA	LAFAYETTE	\$7.81	441		441
3	3	WLVLYKYMA	WEST LOUISVILLE	\$7.87	599		599

Exhibit JPG-4
Calculation of Access Lines Per Zone
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SouthEast Proposed Zone	Admin. Case 382 Zone	CLLI	Location	Monthly Support per Line	BellSouth Supported Lines	SouthEast Supported Lines	Total Supported Lines
3	3	GRACKYMA	GRACEY	\$8.36	914		914
3	3	HBVLKYMA	HEBBARDSVILLE	\$8.46	592		592
3	3	SHGVKYMA	SHARON GROVE	\$8.90	712		712
3	3	AURRKYMA	AURORA	\$9.08	441		441
3	3	KKVLKYMA	KIRKSVILLE	\$9.64	413		413
3	3	BLSPKYMA	BLUFF SPRINGS	\$10.40	808		808
3	3	PTRYKYMA	PORT ROYAL	\$11.51	414		414
			Average Support in Zone	\$3.84			168,699

Summary

Zone	Lines	Data Source
Zone 2	237,467	HC15 HCM Support by Wire Center 4Q2006 (USAC)
Zone 3	168,699	HC15 HCM Support by Wire Center 4Q2006 (USAC)
Statewide	406,166	Total Supported Lines (Zone 2+ Zone 3)
Zone 1	918,254	ARMIS 43-08
	512,088	(Statewide Total - Supported Lines)

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:)	
)	
PETITION OF SOUTHEAST TELEPHONE, INC., FOR ARBITRATION OF CERTAIN TERMS AND CONDITIONS OF PROPOSED AGREEMENT WITH BELL SOUTH TELECOMMUNICATIONS, INC. CONCERNING INTERCONNECTION UNDER THE TELECOMMUNICATIONS ACT OF 1996)	Case No. 2006-00316 Filed: December 15, 2006

REBUTTAL TESTIMONY OF STEVEN E. TURNER

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Steven E. Turner. My business address is Kaleo Consulting, 2031 Gold Leaf
3 Parkway, Canton, Georgia 30114.

4 **Q. ARE YOU THE SAME STEVEN E. TURNER THAT FILED DIRECT
5 TESTIMONY IN THIS PROCEEDING ON NOVEMBER 3, 2006?**

6 A. Yes.

7 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

8 A. I am testifying on behalf of SouthEast Telephone, Inc. (“SouthEast”) and will address the
9 same two arbitration issues as discussed in my Direct Testimony. Specifically, I will
10 address Issue A-2 and Issue A-4 and respond to the testimony offered by Pamela A.
11 Tipton on behalf of BellSouth Telecommunications, Inc.¹

¹ Commonwealth of Kentucky, Before the Public Service Commission, *In the Matter of: Petition of SouthEast Telephone, Inc., for Arbitration of Certain Terms and Conditions of Proposed Agreement with BellSouth Telecommunications, Inc., Concerning Interconnection Under the Telecommunications Act of 1996*, Case No. 2006-00316, Direct Testimony of Pamela A. Tipton on behalf of BellSouth Telecommunications, Inc., November 3, 2006. (Hereafter referred to as “Tipton Direct Testimony.”)

1 As a brief reminder, Issue A-2 raises the following question: “What monthly
2 recurring rates should be established in each pricing Zone for the voice-grade Local Loop
3 element?”² Issues A-4 in SouthEast’s Arbitration with BellSouth raises the following
4 question: “What rates, terms and conditions should govern an interconnection
5 arrangement in which BellSouth’s offering of UNE-L interconnected to SouthEast’s
6 network at an ‘Adjacent Meet Point’?”³

7 The reality is that Ms. Tipton actually provided very little direct testimony for the
8 two issues that I am addressing. For Issue A-2, Ms. Tipton only filed seven lines of
9 testimony basically stating that the Administrative Case No. 382 rates should apply to
10 SouthEast as to all CLECs and there is no need for new loop rates.⁴ For Issue A-4, Ms.
11 Tipton wrote an equally brief two paragraphs on the Adjacent Collocation issue.⁵ In this
12 testimony Ms. Tipton demonstrates a generally misunderstanding of what SouthEast
13 seeks for this form of collocation. Moreover, her testimony asserts that this form of
14 collocation is not required under § 251 of the Act and is therefore not subject to a review
15 in an arbitration under § 252 of the Act.⁶ My rebuttal testimony that follows will address
16 her assertions for these two issues in the SouthEast-BellSouth arbitration.

2 SouthEast Arbitration Petition, p. 10.

3 SouthEast Arbitration Petition, p. 11.

4 Tipton Direct Testimony, pp. 6-7.

5 Tipton Direct Testimony, pp. 7-8.

6 Tipton Direct Testimony, p. 7.

1 **Q. IS IT YOUR POSITION, AS MS. TIPTON SUGGESTS, THAT SOUTHEAST BE**
2 **THE ONLY CLEC TO RECEIVE THE “DIFFERENT RATES” FOR UNE**
3 **LOOPS?⁷**

4 A. No. Southeast is proposing a revised loop deaveraging rate structure, as described in Mr.
5 Gillan’s testimony, which would be available to any CLEC operating in Kentucky. This
6 plan would produce the same average UNE loop rate as the Commission adopted in
7 Administrative Case No. 382.

8 **Q. DO YOU THINK THE SAME AVERAGE UNE LOOP RATE SHOULD BE**
9 **RETAINED FOR THE INDEFINITE FUTURE?**

10 A. No. The Commission should consider reevaluating the rates for loops in Kentucky in the
11 near future by undertaking a generic cost proceeding, as I discussed in my Direct
12 Testimony.

13 **Q. MS. TIPTON ASSERTS THAT “THERE IS NO NEED TO ESTABLISH NEW OR**
14 **DIFFERENT MONTHLY RECURRING LOOP RATES.”⁸ DOES MS. TIPTON**
15 **PROVIDE ANY SUPPORT FOR THIS ASSERTION?**

16 A. Absolutely not. Ms. Tipton simply states that there is no need but gives no basis for why
17 that is the case. I will not repeat my Direct Testimony here, but I presented a
18 considerable amount of information to the Commission to indicate the need to reevaluate
19 the rates for loops in Kentucky. Specifically, I noted that cost reductions have occurred
20 in the telecommunications industry over the past decade as a result of three primary
21 factors, all of which are applicable or soon to be applicable to BellSouth. *First*, the cost
22 of most telecommunications equipment has declined over time. *Second*,
23 telecommunications carriers are realizing significant efficiency gains as a result of

⁷ Tipton Direct Testimony, pp. 6-7.

1 consolidations (merger savings and improved purchasing power). *Third*, growth in
2 overall demand for the full scope of services offered by BellSouth over its network has
3 contributed to significant reductions in the per-unit costs of shared facilities and
4 infrastructure. The combined effect of these trends has been a significant reduction in the
5 forward-looking costs of providing local telecommunications services. My Direct
6 Testimony at pages 32-37 then provides additional support for each of these three trends.

7 **Q. WHAT LEADS YOU TO BELIEVE THAT MS. TIPTON MISUNDERSTANDS**
8 **THE FORM OF COLLOCATION THAT SOUTHEAST IS SEEKING?**

9 A. My position is based on Ms. Tipton's summary of what she believes SouthEast is
10 seeking:

11 SouthEast seems to be confusing the purchase of an unbundled loop
12 (UNE-L), which is used to serve a specific end user, with "network
13 interconnection," which serves as the connection utilized by SouthEast to
14 exchange its traffic with BellSouth. The arrangement described by
15 SouthEast is not an "interconnection arrangement" because there would
16 not be an exchange of traffic between the Parties as required by Part 51 of
17 the FCC rules. Consequently, terms governing such an arrangement
18 should not be included in the interconnection agreement.⁹

19 SouthEast is not confusing the purchase of an unbundled loop with network
20 interconnection. Instead, as I have described in detail in my Direct Testimony, SouthEast
21 is seeking terms and conditions and rates upon which SouthEast may collocate off-site of
22 BellSouth's offices to take unbundled loops into that facility. This is what I have
23 referenced as Adjacent Off-Site Collocation. BellSouth provides a form of collocation
24 very similar to this already at its remote terminals – a form of collocation that SouthEast

8 Tipton Direct Testimony, p. 6.

9 Tipton Direct Testimony, p. 8.

1 is already utilizing. However, in this instance, SouthEast is simply attempting to pursue
2 collocation arrangements at BellSouth's central offices wherein SouthEast will not be
3 required to have equipment inside of the BellSouth central office.

4 **Q. IS THIS FORM OF COLLOCATION ELIGIBLE FOR CONSIDERATION IN A**
5 **§ 252 ARBITRATION?**

6 A. Yes. I have provided the basis for this Commission's consideration of this form of
7 collocation in my Direct Testimony and I will not repeat that here. Fundamentally, the
8 FCC laid out ways in which CLECs could pursue other forms of collocation that were not
9 specific addressed in the FCC's orders. As I note in my Direct Testimony, if a CLEC can
10 demonstrate that a form of collocation is being provided by another incumbent LEC,
11 there is a presumption that this same form of collocation should be provided by other
12 incumbent LECs. My testimony provides support for the availability of collocation in
13 other parts of the country that mirrors that which SouthEast is seeking in Kentucky. As
14 such, through this arbitration, we are seeking this same ability for interconnection in
15 Kentucky as well.

16 **Q. IS INTERCONNECTION LIMITED TO THE "EXCHANGE OF TRAFFIC**
17 **BETWEEN THE PARTIES AS REQUIRED BY PART 51 OF THE FCC RULES"**
18 **AS MS. TIPTON CONTENDS?¹⁰**

19 A. No. The FCC has made very clear that collocation is available both for the exchange of
20 traffic *and* for access to unbundled elements.¹¹ Adjacent Off-Site Collocation would
21 permit SouthEast to be able to access the unbundled loops that it leases from BellSouth

¹⁰ *Id.*

1 within the central office. However, this collocation arrangement would also permit the
2 exchange of traffic between the carriers as well.

3 **Q. DOES THIS COMPLETE YOUR REBUTTAL TESTIMONY?**

4 **A. Yes, it does, at this time.**

¹¹ Before the Federal Communications Commission, FCC 96-325, *In the Matter of: Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket No. 96-98, First Report and Order, Rel. August 8, 1996, ¶ 270.

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TELECOMMUNICATIONS, INC.)
CONCERNING INTERCONNECTION UNDER)
THE TELECOMMUNICATIONS ACT OF 1996)

REBUTTAL TESTIMONY OF CAREY ROESEL

1

2 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3

4 A. My name is Carey Roesel. My business address is 210 N. Park Avenue, Winter
5 Park, Florida 32789.

6

7 Q. ARE YOU THE SAME CAREY ROESEL WHO SUBMITTED INITIAL
8 DIRECT TESTIMONY ON BEHALF OF SOUTHEAST TELEPHONE?

9

10 A. Yes.

11

12 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

13

14 A. The purpose of my testimony is to clarify SouthEast's position on Issue A-5
15 (reciprocal compensation), and to address the testimony of BellSouth's witness,
16 Ms. Pam Tipton, on this subject.

1

2 **Q. DO YOU AGREE WITH MS. TIPTON THAT BELLSOUTH'S AND**
3 **SOUTHEAST'S POSITIONS ON THIS ISSUE ARE IN CONCERT?**

4

5 A. No. Although both parties apparently agree that the appropriate reciprocal
6 compensation rate for local traffic should be the rate adopted by the Commission
7 in Administrative Case No. 382, substantial differences remain regarding how
8 these rates should be applied.

9

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

11

12 A. Yes.