

1 **COMMONWEALTH OF KENTUCKY**

2 **BEFORE THE PUBLIC SERVICE COMMISSION**

3 **In the Matter of:**

4  
5 **REVIEW OF FEDERAL COMMUNICATIONS )**  
6 **COMMISSION'S TRIENNIAL REVIEW ORDER ) CASE NO.**  
7 **REGARDING UNBUNDLED REQUIREMENTS ) 2003-00379**  
8 **FOR INDIVIDUAL NETWORK ELEMENTS )**  
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12 **DIRECT TESTIMONY**

13  
14 **OF**

15 **JEFFREY W. REYNOLDS**  
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24 **ON BEHALF OF KENTUCKY ALLTEL, INC.**  
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**Filed: February 11, 2004**

**DIRECT TESTIMONY OF JEFFREY W. REYNOLDS**

**Q. Please state your name and business address.**

A. My name is Jeffrey W. Reynolds. My business address is 10905 Fort Washington Road, Suite 307, Fort Washington, MD 20744

**Q. By whom are you employed and in what capacity?**

A. I am a principal in the consulting firm of Parrish, Blessing and Associates, Inc.

**Q. Please describe your experience in the telecommunications industry.**

A. I have over thirty years experience in the telecommunications industry with management and executive positions in engineering, finance, marketing and regulatory areas. Prior to joining Parrish, Blessing and Associates, I was Vice President – Wholesale Product Management for ALLTEL Communications Services, Inc.

**Q. What is the purpose of your testimony in this proceeding?**

A. The purpose of this testimony is to define the “relevant geographic area” to use in analyzing whether competitive local exchange carriers (“CLECs”) are impaired without access to unbundled local switching of the incumbent local exchange carrier for the purpose of serving mass market customers. I will demonstrate that Kentucky ALLTEL’s (“ALLTEL”) definition of the relevant geographic area comports with Section 51.319(d)(2)(i) of the the Federal Communication Commission’s (“FCC”) rules as established in the Triennial Review Order (“TRO”). In addition I will show that ALLTEL meets the switching “trigger” established in the TRO indicating that CLECs are not impaired without access to unbundled local switching for mass market customers. Section 51.319(d)(2)(iii)(A) states that requesting carriers are not impaired without access to local circuit switching on an unbundled basis in a particular market when the self-provisioning trigger is met. I will also discuss ALLTEL’s hot cut

1 process and why it is adequate in ALLTEL's markets. Finally, I will discuss why it is  
2 appropriate to establish the cross-over point for serving multi-line customers via a  
3 DS1 loop at the transitional level of four (4). Establishing a DS0/DS1 cross-over  
4 point is necessary to distinguish between mass market and enterprise customers and is  
5 set forth in paragraph 497 of the TRO.

6 **Q. Why is the appropriate geographic market definition important in determining**  
7 **whether there is impairment in the provision of access to unbundled local**  
8 **switching?**

9 A. Geographic market definition is the starting point for the impairment analysis set forth  
10 in the TRO. The FCC directs the state commission to apply the impairment analysis  
11 for mass-market customers "on a granular basis to each identifiable market" (TRO  
12 par.495). This geographic area serves as the basis for the "trigger" analysis as well as  
13 any "potential deployment analysis". I will demonstrate that the self-provisioning  
14 "trigger" is met for ALLTEL in its Lexington market.

15 **Q. What guidance does the FCC provide regarding the relevant geographic market?**

16 A. While leaving the determination of the actual geographic markets to the state  
17 commissions, the FCC Rules in Section 51.319(d)(2)(i), states that a state commission  
18 "shall define the markets in which it will evaluate impairment by determining the  
19 relevant geographic area to include in each market. In defining markets, a state  
20 commission shall take into consideration the locations of mass market customers  
21 actually being served (if any) by competitors, the variation in factors affecting  
22 competitors' ability to serve each group of customers, and competitors' ability to  
23 target and serve specific markets profitably and efficiently using currently available  
24 technologies." The FCC sets some boundaries by stating that the relevant geographic

1 market can not be the entire state nor should the analysis be so narrowly defined “that  
2 a competitor serving that market alone would not be able to take advantage of  
3 available scale and scope economies from serving a wider market.”<sup>1</sup>

4 **Q. What is the definition of geographic market that ALLTEL believes the**  
5 **Commission should apply in Kentucky?**

6 **A.** ALLTEL has examined a variety of approaches and believes that it is appropriate to  
7 define a market in terms of a geographically contiguous area focused around a central  
8 metropolitan area. The designation of the relevant market is key to determining  
9 whether competitors are impaired without access to unbundled local switching. Using  
10 this definition ALLTEL establishes the “Greater Lexington” geographic market  
11 composed of Lexington and the contiguous ALLTEL areas that seamlessly adjoin  
12 each other.<sup>2</sup> Exhibit JWR-1 is a map and related table that shows the market that  
13 ALLTEL has defined.

14 From a competitor’s standpoint this area contains mass market customers with similar  
15 communications needs. In addition, since this market is composed of contiguous wire  
16 centers there is a comprehensive network in place. There are numerous competitors  
17 serving customers in this market. These competitors are facilities based carriers  
18 providing switching capability and in many instances collocated in ALLTEL’s central  
19 offices.

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<sup>1</sup> Report and Order on Remand and Further Notice of Proposed Rulemaking, In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers (CC Docket No. 01-338); Implementation of the Local Competition Provisions of the Telecommunications Act of 1996 (CC Docket No. 96-98); Deployment of Wireline Services Offering Advanced Telecommunications Capability (CC Docket No. 98-147) FCC No. 03-36 (rel. Aug. 21, 2003)(hereinafter “Triennial Review Order” or “TRO”) ¶ 495

<sup>2</sup> The ALLTEL exchanges comprising the “Greater Lexington” market are: Albany, Barbourville, Berea, Bradfordville, Brodhead, Bryantsville, Burnside, Campbellsville, Columbia, East Bernstadt, Eubank, Faubush, Flat Lick, Greensburg, Hustonville, Irvine, Lancaster, Lebanon, Lexington, Liberty, Livingston, London, Loretto, Manchester, Midway, Monticello, Mt. Vernon, Nancy, Nicholasville, Oneida, Paint Lick, Science Hill, Shopville, Somerset, Versailles, White Lily, Wilmore

1 ALLTEL is not presently defining any additional markets in Kentucky for purposes of  
2 challenging switching impairment, but will continue to evaluate the need to do so for  
3 future possible determinations as provided in the FCC's rules.

4 **Q. Are there other methods for defining geographic markets that ALLTEL**  
5 **considered?**

6 A. ALLTEL evaluated a number of approaches to defining geographic markets. These  
7 include defining a market using rate zones as well as applying externally – generally  
8 governmental – derived methods of delineating markets. BellSouth presented a means  
9 to define markets in a December 3, 2003 presentation to the Kentucky Commission.  
10 This approach utilizes the UNE zones established by the Commission which are then  
11 further divided by Component Economic Areas (“CEA”) as defined by Bureau of  
12 Economic Analysis.

13 ALLTEL also considered using Metropolitan Statistical Areas (“MSA”).

14 While UNE zones, CEAs and MSA all meet the FCC's criteria, ALLTEL considers  
15 the Greater Lexington market area as the most appropriate definition for determining  
16 impairment because similar economic, cost and marketing characteristics exist for this  
17 market. Lexington is the “hub” of this market with the adjoining areas focused on  
18 Lexington.

19 **Q. Why is the wire center or some significantly smaller unit not useful in defining**  
20 **the geographic market?**

21 A. Using the wire center – or some subset of a wire center – does not comply with the  
22 FCC's direction established in the TRO. ILEC wire centers are a narrow construct and  
23 according to the TRO, “states should not define the market so narrowly that a

1 competitor serving that market alone would not be able to take advantage of available  
2 scale and scope economies from serving a wider market”.<sup>3</sup>

3 Switched based CLECs are serving markets in numerous ALLTEL wire centers with  
4 switches located considerable distances from the actual ALLTEL wire center. The  
5 ILEC wire center is not relevant to a CLECs decision to deploy a switch.

6 Later in my testimony I identify the CLEC switches that have been deployed and are  
7 serving customers – both enterprise and mass market – in ALLTEL serving areas. It is  
8 clear that CLECs, unhampered by the requirement to duplicate a legacy network  
9 geared to satisfying universal service needs, have chosen a completely different model  
10 for deploying switches. In a recent case in Kentucky, AT&T Broadband witness  
11 David J. Sered discussed the network architecture utilized by AT&T Broadband. On  
12 page 15 of his direct testimony Mr. Sered stated, “For example in Kentucky AT&T  
13 Broadband has elected to deploy only one switch located in Louisville. However, this  
14 switch has the capacity to serve other parts of the state beyond just Louisville.”  
15 Earlier Mr. Sered noted that the AT&T Broadband switch in Louisville “(... serves  
16 AT&T Broadband customers throughout Kentucky).”<sup>4</sup>

17 The geographic market that is to be served by a CLEC is not defined by ILEC wire  
18 centers. Therefore ALLTEL’s wire centers do not constitute an appropriate geographic  
19 market.

20 **Q. Are CLECs deploying switches to serve customers in Kentucky?**

21 A. Yes. ALLTEL has identified CLECs and CLEC switches serving ALLTEL exchanges  
22 in Kentucky. Many of these CLEC switches serve both mass market and enterprise  
23 customers. Exhibit JWR-2, which lists the switches, was assembled from the January

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<sup>3</sup> TRO, ¶ 495

<sup>4</sup> In re: AT&T Broadband Phone of Kentucky, LLC v. ALLTEL Kentucky, Inc. and Kentucky ALLTEL, Inc.

1 2004 Local Exchange Routing Guide (“LERG”). This exhibit identifies the CLEC,  
2 the physical location of the switch (street address and city) as well as the switch  
3 common language location identifier (“CLLI”). The CLEC switches identified here  
4 are serving, or are capable of serving both mass market and enterprise customers in  
5 ALLTEL’s markets. There are 18 CLECs with over 30 switches capable of serving  
6 customers within ALLTEL’s markets.

7 **Q. Are there other indications that telecommunications competition, particularly**  
8 **facilities based competition, is robust and growing in ALLTEL’s serving**  
9 **territories in Kentucky?**

10 A. There are a variety of facilities base competitors in ALLTEL’s Kentucky markets.  
11 Not only are there almost 20 CLECs with switches capable of serving customers in the  
12 ALLTEL markets there are also 27 active collocation arrangements in 15 of  
13 ALLTEL’s central offices. These collocation arrangements are utilized by 9 separate  
14 carriers. Eight of the arrangements have been activated since October 31, 2003.  
15 Cinergy Communications is the most recent example of a new facilities based entrant.  
16 Cinergy Communications is a full service integrated communications company  
17 offering local service, long distance, Internet access, web hosting, and telephone  
18 equipment. They provide products and services throughout Indiana, Kentucky,  
19 Tennessee, and Ohio. Cinergy has deployed three switches capable of serving  
20 ALLTEL customers. Six of the eight collocation arrangements implemented since  
21 October 2003 are Cinergy’s. They are now in 8 of ALLTEL’s central offices in  
22 Kentucky. With its collocation arrangements completed Cinergy is preparing to order  
23 UNE loops. In addition to its retail operations, Cinergy has been providing transport  
24 facilities for other carriers in Kentucky. There is no doubt that Cinergy in deploying

1 its own switches is the type of robust, facilities-based competitor envisioned by the  
2 Telecommunications Act of 1996.

3 **Q. Are the CLEC switches serving customers in the ALLTEL markets?**

4 A. Yes. As noted earlier in my testimony, facilities based CLECs do not deploy switches  
5 consistent with an ILEC network design and the TRO does not require that a self-  
6 provisioned switch be physically located in a specific geographic market for purposes  
7 of determining impairment but only that the switch serves mass market customers  
8 within that market. The FCC in its TRO realizes that “because we measure alternative  
9 switching in a given market, not switches located in that market, the physical location  
10 of the switch is not necessarily relevant to defining the geographic market”.<sup>5</sup>

11 Exhibit JWR-2 shows where the self-provisioned CLEC switches are deployed and  
12 where the customers exist. While this is a logical deployment on the part of the  
13 competitors in situations where they can serve a concentration of customers, it is not,  
14 however, a requirement in evaluating the self-provisioning trigger.

15 **Q. How is it determined that the local switching self-provisioning trigger is met?**

16 A. Section 51.319(d)(2)(iii)(A)(1) of the FCC’s Rules states that in order to satisfy the  
17 local switching self-provisioning trigger, “a state commission must find that three or  
18 more competing providers not affiliated with each other or the incumbent LEC,  
19 including intermodal providers of service comparable in quality to that of the  
20 incumbent LEC, each are serving mass market customers in the particular market with  
21 the use of their own local circuit switches”.

22 **Q. Is the state commission required to make a finding of no impairment if the self-**  
23 **provisioning trigger is met?**

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<sup>5</sup> TRO in Footnote No. 1536



1 A. Yes. The state commission must find “no impairment” for unbundled switching when  
2 the conditions of Section 51.319(d)(2)(iii)(A)(1) of the FCC’s Rules are met. The  
3 TRO affirms that a state must find “no impairment” when three or more unaffiliated  
4 competing carriers each is serving mass market customers in a particular market with  
5 the use of their own switches.<sup>6</sup> This review is intended to be made quickly. The FCC  
6 recognized that “The use of triggers keyed to objective criteria can avoid the delays  
7 caused by protracted proceedings and can minimize administrative burdens”.<sup>7</sup> In order  
8 to over rule the trigger and make a finding of “impairment” in a market where the self-  
9 provisioning trigger is met the state commission would have to file a request for  
10 waiver with the FCC with the reasons relief should not be granted in the market. Over  
11 ruling the trigger finding of no impairment requires FCC action.

12 **Q. Where does ALLTEL demonstrate that there is no impairment using the self-**  
13 **provisioning trigger?**

14 A. I have demonstrated that ALLTEL’s Greater Lexington market reflected on Exhibit  
15 JWR-1 is unimpaired relative to switching for mass market customers. ALLTEL  
16 continues to evaluate other markets and may seek a finding of “no impairment” in a  
17 subsequent proceeding as provided for in the FCC’s Rules.

18 **Q. Does the FCC provide additional opportunities beyond the initial 9-month**  
19 **proceeding to apply the “triggers” to assess if provision of service to mass market**  
20 **customers is impaired without access to unbundled local switching?**

21 A. Section 51.319(d)(5)(ii) of the FCC’s Rules establishes a continuing review for  
22 applying triggers. Specifically, “A state commission shall complete any subsequent  
23 review applying these triggers and criteria within six months of the filing of a petition

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<sup>6</sup> TRO, par. 501

<sup>7</sup> TRO, par. 498

1 or other pleading to conduct such a review. As indicated earlier, ALLTEL will  
2 continue to assess the status of facilities based competition in Kentucky and address  
3 accordingly.

4 **Q. If the self-provisioning trigger is not satisfied with respect to markets other than**  
5 **those shown on Exhibit JWR-1 in this 9-month proceeding is the market**  
6 **considered to be permanently impaired?**

7 A. No. Section 51.319(d)(2)(iii)(C) of the FCC's Rules provides that "If the triggers  
8 described in paragraph (d)(2)(iii)(a) of this section (Section 51.319) have not been  
9 satisfied with regard to a particular market and the analysis described in paragraph  
10 (d)(2)(iii)(B) of this section has resulted in a finding that requesting  
11 telecommunications carriers are impaired without access to local circuit switching on  
12 an unbundled basis in that market, the state commission shall consider whether any  
13 impairment would be cured by transitional ("rolling") access to local circuit switching  
14 on an unbundled basis for a period of 90 days or more. In accordance with this rule  
15 and given the level of competition existing in the ALLTEL markets in Kentucky, the  
16 Commission must consider whether impairment will be cured by transitional time  
17 periods under which unbundled local switching would be available in markets where  
18 the trigger is not presently met. This transition mechanism should be put in place in  
19 markets where competition has developed but the trigger has not been satisfied. If  
20 competitors do not avail themselves of the transitional intervals the market should be  
21 determined to be unimpaired relative to unbundled local switching.

22 There are multiple ways in which a state commission can make a finding of "no  
23 impairment" in local circuit switching for mass market customers. Exhibit JWR-3 is a  
24 chart from NARUC's TRIP Task Force that summarizes the various ways in which a

1 market can be found to be unimpaired. Non-impairment can be found through the  
2 self-provisioning trigger, the wholesale trigger, the potential deployment test and the  
3 transitional “rolling access to unbundling”. Again, ALLTEL is presently seeking a  
4 finding of “no impairment” in the Greater Lexington market reflected in Exhibit JWR-  
5 1 using the self-provisioning trigger. However, as noted earlier even if a market is not  
6 found to be unimpaired, this is not a permanent finding and the Commission must  
7 consider transitional (rolling) access. There also are ongoing opportunities for a  
8 company to demonstrate to the Commission that mass markets are not impaired  
9 without access to unbundled local switching.

10 **Q. What factors should the Commission consider in determining a transitional**  
11 **(rolling) unbundling plan?**

12 A. The Commission should consider the conditions that allow for facilities based entry.  
13 Such an examination should take into consideration the existence of switch based  
14 competitive entry in similar markets i.e. if Louisville and Lexington markets are  
15 determined to be unimpaired are there other markets in Kentucky that exhibit similar  
16 attributes that would warrant implementing a rolling unbundling plan? Clearly time  
17 for switch deployment and collocation installation would seem to be the maximum  
18 time to transition. It is clear that the FCC did not envision unbundled local switching  
19 as a long range solution for competitors. Unbundled local switching used as a  
20 component in UNE-P was clearly intended as a transitional approach to facilities  
21 based competition, particularly since the FCC allowed for a 90 day transition period  
22 for converting to a switch based solution.

1 **Q. Please identify the CLECs that are self-provisioning switching to serve mass**  
2 **market customers in the ALLTEL market identified as having met the self-**  
3 **provisioning trigger.**

4 A. Exhibit JWR-4 identifies the CLECs and switches, which are serving customers in the  
5 Greater Lexington market. Specifically this exhibit “matches” the NPA/NXX data  
6 from the LERG (Exhibit JWR-2) to the ALLTEL market where the self-provisioning  
7 trigger is met. Five switched based competitors are serving enterprise and mass  
8 market customers in the Greater Lexington market. This exhibit has been marked as  
9 confidential.

10 **Q. How did ALLTEL determine that the self-provisioning trigger was met in this**  
11 **market?**

12 A. Although ALLTEL was able to determine the existence of CLECs that were self-  
13 provisioning switching from the LERG there was no data provided by the CLECs  
14 showing the location of mass market customers. ALLTEL analyzed number  
15 portability records to determine the carrier, customer and customer location associated  
16 with each ported number. Exhibit JWR-5 contains the detailed records that show not  
17 only the customers that have migrated to competitive providers but also the CLEC that  
18 now serves the customer. The location within the market of the customer is  
19 determined by NPA/NXX. It is important to note that most of the switches actually  
20 serve both enterprise and mass market customers. In analyzing the customer names  
21 and addresses associated with each ported number, it makes it clear that customers  
22 with only a single line as well as customers with lines at a single location in excess of  
23 4 are served by a single CLEC from the same switch. Obviously, to the extent the

1 four-line crossover is changed, the number of enterprise and mass market customers  
2 each change. ALLTEL has designated this exhibit as confidential.

3 **Q. Does the analysis of ported numbers represent all of the customers in the market**  
4 **that have migrated to a competitive carrier?**

5 A. No. Absent the availability of CLEC customer data an analysis of ported numbers  
6 provides an understated count of customers. The analysis does not reflect customers  
7 that were never served by ALLTEL. Nor does it show customers who switched to a  
8 CLEC and obtained a new number provided by the CLEC. Switch based CLECs have  
9 number blocks – in many cases one or more complete NXXs – that enable them to  
10 assign unique numbers without relying on number porting. My analysis reveals the  
11 minimum number of carriers serving mass market customers through their own  
12 switches. The actual number may be significantly higher.

13 **Q. How was ALLTEL able to distinguish between mass market and enterprise**  
14 **customers in performing the count of self-provisioned switches?**

15 A. ALLTEL examined each number and the associated customer name and customer  
16 location in the ported number data. Based on the number of ported numbers,  
17 ALLTEL then classified the customer as either “enterprise” or “mass market”. Since a  
18 given customer is associated with a particular carrier as well as a specific wire center it  
19 was appropriate to assign the mass market customers to a particular geographic market  
20 and then associate the customer with a self-provisioned CLEC switch.

21 Exhibit JWR-6 shows the mass market customers served by self-provisioned switches  
22 in the Greater Lexington market. Exhibit JWR-6 matches the information contained in  
23 Exhibit JWR-5, which shows all customers – enterprise and mass market – served by  
24 switch based CLECs and the data in Exhibit JWR-4, which reflects the CLEC

1 switches serving customers in ALLTEL's markets. Exhibit JWR-6 shows that there  
2 are over 4,500 mass market customers served by five switch based CLECs in  
3 ALLTEL's Greater Lexington market. Exhibit JWR-6 has been marked as  
4 confidential.

5 **Q. What impact does the ability to provide a batch hot cut process have on the**  
6 **determination of whether there is impairment in the mass market resulting from**  
7 **lack of access to unbundled local switching?**

8 A. The FCC in paragraph 488 and 490 of the TRO found that state commissions must  
9 either approve a batch cut migration process to be implemented by incumbent LECs  
10 that will address the costs and timeliness of the hot cut process, or determine that such  
11 a process is not causing impairment in a particular market and is therefore  
12 unnecessary. The FCC clearly intended the batch hot cut process to apply to migrating  
13 customers from UNE-P (dependent on unbundled local switching) to UNE-L (local  
14 switching provided by an entity other than the ILEC). Section 51.319(d)(2)(ii)(A)(3)  
15 of the FCC's Rules specifies what is to be considered in determining whether a batch  
16 Hot Cut process is necessary and states, "A state commission shall evaluate whether  
17 the incumbent LEC is capable of migrating multiple lines served by using unbundled  
18 local circuit switching to switches operated by a carrier other than the incumbent LEC  
19 for any requesting telecommunications carrier in a timely manner, and may require  
20 that incumbent LECs comply with an average completion metric for provision of high  
21 volumes of loops."

22 ALLTEL is currently not providing UNE-P services to any carrier. Therefore, there  
23 are no UNE-P lines to be converted to UNE-L as contemplated by the FCC's rules. It  
24 is unnecessary for the Commission to require ALLTEL to commit the resources, time

1 and money to develop an expanded batch hot cut process for a need that does not exist.  
2 Correspondingly the absence of an expanded batch hot cut process should have no  
3 impact on a finding of “no impairment” in those markets where the self-provisioning  
4 trigger is met.

5 **Q. Does ALLTEL have a proven hot cut process that, based on foreseeable future**  
6 **demand, would not require revision?**

7 A. Yes. Very clearly.

8  
9 **Q. What is Kentucky ALLTEL’s process for the provisioning of UNE loops and**  
10 **LNP, and what is the time frame for completing the process?**

11 A. ALLTEL receives UNE loop and LNP orders via its web-based graphic user interface  
12 ("GUI") called ALLTEL Express. When a loop and/or LNP order is received, a  
13 representative from ALLTEL’s Local Service Provider Access Center (“LSPAC”)  
14 enters the order into the appropriate ALLTEL database to initiate work orders for the  
15 required ALLTEL work groups and reserve the necessary facilities. The LSPAC  
16 provides a firm order confirmation ("FOC") to the CLEC within twenty-four to forty-  
17 eight hours. The FOC reflects a due date of ten to fifteen days, and the CLEC is  
18 provided with the email address of the ALLTEL representative responsible for the  
19 order. Orders for LNP follow the same process, and the number(s) will be pushed to  
20 the CLEC on the date specified on the FOC.

21 **Q. Does Kentucky ALLTEL have problems meeting FOC dates or providing**  
22 **facilities?**

23 A. No. Kentucky ALLTEL has not experienced problems meeting FOC dates or  
24 providing facilities. Since August of 2002, Kentucky ALLTEL has ported over

1 10,000 telephone numbers and has installed approximately 200 UNE loops with cross  
2 connects without any significant issues or delays. If a CLEC has any questions during  
3 the provisioning of its service, it may rely on the escalation list that is provided by  
4 ALLTEL. The escalation list allows the CLEC, if necessary, to escalate to a Vice  
5 President level within ALLTEL, although escalation to this level has not occurred  
6 during any of the above referenced UNE loop installations or porting of numbers. In  
7 addition, no formal complaints have been filed with the Kentucky Public Service  
8 Commission ("Commission") with respect to Kentucky ALLTEL's provisioning; in  
9 fact, there could have been no such complaints as CLECs have not had any such  
10 operational problems that have posed as barriers to providing service.

11 **Q. Does Kentucky ALLTEL receive requests for hot cuts?**

12 A. Yes, it does.

13 **Q. How many average hot cuts does Kentucky ALLTEL perform?**

14 A. Kentucky ALLTEL has received a total of sixty-nine hot cut requests since August of  
15 2002. These sixty-nine requests were issued by five different CLECs, totaling 218  
16 lines.

17 **Q. Did Kentucky ALLTEL reject any of those hot cut requests?**

18 A. No, Kentucky ALLTEL did not.

19 **Q. What is Kentucky ALLTEL's process for handling hot cuts?**

20 A. Initially, a CLEC requests a hot cut by issuing a Local Service Request ("LSR").  
21 Kentucky ALLTEL has received requests for hot cuts with respect to both LNP-only  
22 orders and UNE loop orders with LNP. The requesting CLEC specifies the exact date  
23 and time that it wishes to complete the hot cut. When parties have agreed upon a time



1 for the hot cut to occur, ALLTEL schedules a Central Office (“CO”) technician and  
2 the required LSPAC personnel to be present at their workstations to conduct the hot  
3 cut. The CLEC is provided with the contact information of the ALLTEL  
4 representative who is coordinating the hot cut so that the CLEC can contact ALLTEL  
5 at any time during the hot cut process. At the scheduled time, both the CLEC and  
6 ALLTEL verify that each of them is ready for the hot cut to proceed. Thereafter, upon  
7 mutual verification, the ALLTEL CO technician makes the cross connect, if required,  
8 and the LSPAC representative verifies that the end user’s telephone number has in fact  
9 ported to the requesting CLEC. The CLEC is responsible then for testing the number,  
10 and the ALLTEL personnel completing the hot cut remain in place until the service is  
11 operational. If a CLEC requests a hot cut for blocks of numbers or for various  
12 locations at one time, ALLTEL schedules personnel as needed and follows the same  
13 process.

14 **Q. Has Kentucky ALLTEL experienced any problems in meeting CLECs' requested**  
15 **times for hot cuts?**

16 A. No, Kentucky ALLTEL has not experienced any problems in meeting CLECs'  
17 requested times for hot cuts.

18 **Q. What is the number of lines that ALLTEL used as a cross-over in determining**  
19 **“mass market” versus “enterprise customers”?**

20 A. In analyzing the ported number database, if a single customer location had 3 or fewer  
21 ported numbers served by a single CLEC, the customer was classified as “mass  
22 market”.

1   **Q.     Why did ALLTEL rely on a cross-over point of three or fewer lines in defining**  
2       **mass market customers?**

3   A.     ALLTEL relied on Section 51.319 of the FCC's Rules dealing with the "transitional  
4       four-line carve out. While this section of the Rules references the Implementation of  
5       the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket  
6       No. 96-98, Third Report and Order and Fourth Further Notice of Proposed  
7       Rulemaking, 15 FCC Rcd 3822-31, paras. 276-98 (1999) i.e. "UNE Remand Order"  
8       which dealt specifically with ILECs in the top 50 MSAs, defining customers with four  
9       or more lines as "enterprise" should be applicable to ILECs that are in markets that are  
10      served by competitors with self-provisioned switches.

11   **Q.     What does the FCC require the state commissions to do relative to determining**  
12       **the cross-over point for DS0/DS1?**

13   A.     Section 51.319(b)(2)(iii)(B)(4) states that as part of its economic analysis the state  
14       commission shall establish a maximum number of DS0 loops for each geographic  
15       market that requesting telecommunications carriers can serve through unbundled local  
16       switching when serving multiline end users at a single location. The analysis should  
17       include the increased revenue opportunity afforded by the single location necessary to  
18       overcome impairment and the point at which multiline end users could be served by  
19       higher capacity loops and a self-provisioned switch.

20   **Q.     Where should the Commission set the DS0/DS1 cross-over in Kentucky?**

21   A.     Customers with three or fewer DS0 lines should be designated as mass market  
22       customers, while multi-line customers with 4 or more lines at one location should be  
23       considered enterprise customers. In the UNE Remand Order, which was released in  
24       November of 1999, the FCC established the "four line carve out" for the top 50 MSAs.

1 The FCC used the MSA distinction because in 1999 four or more competitive switches  
2 had been deployed in 96 percent of the top 50 MSAs.<sup>8</sup> Since 1999 there have been  
3 additional CLEC switches deployed in additional MSAs; my earlier testimony points  
4 out that there are five competitive switches serving the Greater Lexington market.

5 The cross-over point is not dependent on MSA or even switch location – it is strictly a  
6 function of the number of lines at a single location that can be more economically, or  
7 for other reasons, provided via a DS1 loop. As required by the TRO, “a state must  
8 determine the appropriate cut-off for multi-line DS0 customers as part of its more  
9 granular review. This cross over point may be the point where it makes economic  
10 sense for a multi-line customer to be served via a DS1 loop”. The TRO further  
11 clarifies that, absent significant evidence to the contrary, the appropriate cutoff will be  
12 four lines”.<sup>9</sup> Using a cross-over point of four DS0s for defining an enterprise  
13 customer is a reasonable approach and should be applied to customers in all locations.

#### 14 SUMMARY

15 **Q. Please summarize your testimony.**

16 A. My testimony demonstrates that competitors are not impaired without access to  
17 unbundled local switching for mass market customers in the Greater Lexington  
18 market. This conclusion relies on the self-provisioning trigger. Furthermore, I have  
19 shown that ALLTEL’s hot cut process does not impair CLECs in serving this market.  
20 In addition, my testimony establishes that a cross-over point of four lines is  
21 appropriate for distinguishing between mass market and enterprise customers.  
22 Telecommunications competition is flourishing in the Greater Lexington market as

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<sup>8</sup> UNE Remand Order, par. 280

<sup>9</sup> TRO, par. 497

1           evidenced by the ever growing existence of new facilities-based competitors. There is  
2           clearly no need to provide access to unbundled local switching.

3   **Q.    Does this conclude your testimony?**

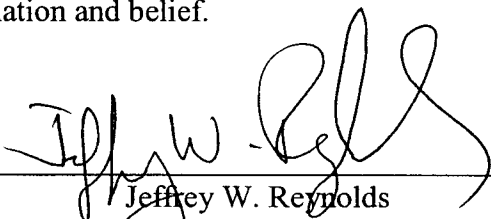
4   A.    Yes, at this time.

**AFFIDAVIT**

STATE OF ARKANSAS    )  
                                      )  
COUNTY OF PULASKI    )

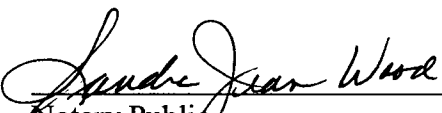
SS:

Jeffrey W. Reynolds, being duly sworn according to law, deposes and says that he is a principal in the consulting firm of Parrish, Blessing and Associates, Inc., consultants for ALLTEL Communications, Inc., and that in this capacity he is authorized to and does make this Affidavit on behalf of Kentucky ALLTEL, Inc. ("Kentucky ALLTEL"), and that the facts set forth in the foregoing testimony are true and correct to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Jeffrey W. Reynolds

Sworn and Subscribed to before me this 10<sup>th</sup> day of February, 2004.

(SEAL)

  
\_\_\_\_\_  
Notary Public

My Commission Expires:

September 1, 2011

