

TAB A

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)
)
Joint Application by BellSouth Corporation,) CC Docket No. 02-150
BellSouth Telecommunications, Inc.)
and BellSouth Long Distance, Inc., for)
Provision of In-Region, InterLATA)
Services in Alabama, Kentucky, Mississippi,)
North Carolina, and South Carolina)
_____)

**REPLY DECLARATION OF SHERRY LICHTENBERG
ON BEHALF OF WORLDCOM, INC.**

Based on my personal knowledge and on information learned in the course of my duties,
I, Sherry Lichtenberg, declare as follows:

1. I am the same Sherry Lichtenberg who previously filed a declaration in this proceeding. The purpose of my reply declaration is to describe recent developments with respect to change management on which WorldCom relies in its Reply Comments. I will not repeat here the material included in my prior Declaration.

2. BellSouth's failure to manage change effectively continues. On July 25, 2002, BellSouth announced that CLECs would have to amend their interconnection agreements to allow them to place orders using new Universal Service Order Codes if they wished to take advantage of the changes scheduled to go into effect with Release 10.6 on August 24, 2002.

3. No contract amendment should be needed. The changes scheduled for Release 10.6 are intended to correct a number of defects, including BellSouth's improper treatment of

some intraLATA calls as local calls. CLECs should not need to amend their contracts to avoid the ongoing impact of defects in BellSouth's OSS.

4. At a minimum, BellSouth should have announced the need for contract amendments well before it did. BellSouth first informed CLECs in April of the changes scheduled for Release 10.6 and should have announced any need for contract changes at that time – especially since the changes were then scheduled to occur in July. Amending contracts with BellSouth is often a difficult process, and BellSouth has once again compounded that difficulty.

5. BellSouth's upcoming implementation of Release 10.6 is a source of worry for a second reason as well. Eleven defects have already been discovered in the software released into the CAVE test environment for carrier-to-carrier testing, including one that BellSouth labeled "critical" and six that BellSouth labeled "serious". If BellSouth's internal testing were working as it should, there would have been few, if any, defects by the time the release was placed into the CAVE environment. The purpose of carrier-to-carrier testing is primarily for CLECs to determine whether their interfaces will work with the ILEC's interface; it is only secondarily to root out any remaining glitches in the ILEC's interface. The number of defects already discovered in CAVE makes it more difficult for CLECs to test their interfaces effectively. It also makes it more likely that the release will contain significant errors when released into production.

6. The Florida PSC has ordered BellSouth to implement performance measures on (1) the number of defects in future releases; (2) the interval for correction of defects; and (3) the validation of software by BellSouth. But the most important measure, the number of defects in future releases, is not associated with any penalty. Moreover, these measures apply only in

Florida. For the moment, then, there is no basis for concluding that BellSouth's performance in releasing new software is acceptable.

7. BellSouth's failure with respect to the change management notification process also continues. As the Department of Justice pointed out in its Evaluation, BellSouth recently implemented numerous changes to performance measures without notifying CLECs. DOJ Eval. at 13.

8. Similarly, BellSouth failed to provide CLECs notice of the change it made to its interface to begin rejecting CLEC orders that included requests for BellSouth long distance service. In my initial Declaration, I described this change. Although this was a CLEC-affecting change under both the old and the new definition of CLEC affecting, BellSouth implemented the change without notifying CLECs. Indeed, WorldCom began receiving rejects on such orders weeks before BellSouth announced to CLECs that such orders would be rejected.

9. BellSouth's policy of rejecting CLEC orders that include a request for BellSouth long distance service continues. Indeed, BellSouth has informed WorldCom that at present there is no operational agreement it could enter to begin transmitting such orders. *See* Att. 1 hereto, Letter from Janet Kibler, July 30, 2002.

10. BellSouth's process of managing change remains inadequate.

CONCLUSION

This concludes my declaration on behalf of WorldCom.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 5, 2002.

Sherry Lichtenberg

ATTACHMENT 1

July 30, 2002

Dear Ms. Woods:

I received your email regarding an operational agreement with BellSouth Long Distance. I want to bring you up to date on our progress in developing the business and technical requirements that will be necessary to provide BSLD services to your end users.

BSLD is continuing to review the business and technical requirements to support the provision of its services to CLEC end users. Our findings to date indicate that most CLECs cannot or do not make available to IXCs the broad range of services needed by BSLD to provide service to the end users of those CLECs. For example, we are finding that many CLECs do not offer billing and collection services. As an alternative, when we considered using our existing clearinghouse vendor, we found that many (if not most) CLECs do not have standing arrangements with this vendor. In addition, it is also our understanding that CLECs currently have no way of providing CARE information to BSLD in a format that will allow us to provide service to their end users. As a result of these and other issues, BSLD must create a variety of new processes to enable it to provide any services to CLEC end users.

Because of the unanticipated initial interest in obtaining BSLD services for CLEC end users, we are actively reviewing the work that must occur to allow this to happen. Because of the extensive scope of work that will need to take place, we expect that it will be at least 60 to 90 days before we will be able to provide service to CLEC end users and, even then, we may not be able to provide more than a limited number of offerings. We also expect constraints on our ability to interface mechanically with CLECs for some period of time. We are continuing to develop additional options, but we do not yet have an estimated availability date for these alternatives.

You can help us finalize our initial and future phases of availability by completing the attached questionnaire and returning it to me by August 10, 2002.

Sincerely,

Janet A. Kibler
AVP – Planning and Development
BellSouth Long Distance

Attachment

BellSouth Long Distance, Inc.

CLEC Questionnaire

1. Please provide your national CLEC name.

2. Please provide your national CLEC ID.

3. Please provide your Regional Accounting Code(s).

4. List the states where your CLEC has a presence. For each state where your CLEC has a presence, describe whether it is within the BellSouth Telecommunications (BST) service area or outside or both. If outside the BST service area, please provide the name of the ILEC(s).

5. Is your CLEC switched (facilities) based, a reseller or a UNE-P user? If your CLEC provides service using a combination of serving platforms, list the serving platform (i.e., facilities based, resale or UNE-P) by service area (LATA, NPA/NXX, CLLI).

6. In areas where your CLEC uses a facilities based platform, does your CLEC support local number portability (LNP)?

7. In areas where your CLEC is a Facilities Based Provider, does your CLEC support Equal Access in all areas? If the answer is no, please provide the planned date for support of Equal Access capability by service area (LATA, NPA/NXX, CLLI).

8. In areas where your CLEC is a Facilities Based Provider, does your CLEC always connect (trunk) to the ILEC's Access Tandem for connection to IXCs? If the answer is no, please describe how your CLEC currently interconnects with IXCs (describe by LATA, NPA/NXX, CLLI).

9. What is the earliest date that BellSouth Long Distance (BSLD) can start sending InterLATA PIC orders to your CLEC?

10. What is the earliest date that BSLD can expect to receive CARE records from your CLEC?

BellSouth Long Distance, Inc.

CLEC Questionnaire

11. Provide the CARE Transaction Codes and Service Indicators that your CLEC currently supports when sending CARE records to IXCs.
12. Provide the CARE codes currently accepted by your CLEC to exchange data for PIC orders.
13. Will the BTN populated on the CARE record be actual phone number or account number format?
14. What "pub" indicators will your CLEC support?
15. Will your CLEC allow customers to choose separate IntraLATA and InterLATA carriers (2-PIC)?
16. Which of the following values does your CLEC currently use to forward data to BSLD?
 - BLANK: not multi-PIC
 - A: intraLATA
 - B: intraLATA/interLATA (international assumed)
 - E: InterLATA (international assumed)
17. What media do you presently use to transmit PIC orders? Paper, tape, fax, e-mail, electronic. If tape, provide specifications. If electronic, describe type of interface.
18. Will your CLEC be willing to use other media it currently does not use to transmit PIC orders? If so, please list the other media your CLEC is willing to use.
19. Provide name, street address, telephone number, fax number and e-mail address of CLEC contact for equal access policy and procedures.

BellSouth Long Distance, Inc.

CLEC Questionnaire

20. Provide name, street address, telephone number, fax number and e-mail address of CLEC contact for CARE handling and processing.
21. Provide name, street address, telephone number, fax number and e-mail address of CLEC contact where IXC CARE should be sent (if different from above).
22. Describe CLEC's current dispute resolution process for PIC changes and provide contact person, street address, telephone number, fax number and e-mail address.
23. Does your CLEC currently support three-way calling with IXC and end-user for PIC change requests?
24. What are CLEC's PIC change charges? Please provide tariff reference.
25. What are CLEC's PICC charges? Please provide tariff reference.
26. What are CLEC's Switched Access charges for origination and termination, if applicable? Please provide tariff reference.
27. Please provide a monthly estimate for the next 12-month period of CLEC customers that will select BSLD as their IXC for basic 1+ service. Provide separate estimates for residence customers, business customers with 3 lines or less, business customers with 4 to 10 business lines, business customers with 11 to 24 business lines, business customers with more than 24 lines.
28. Please provide a monthly estimate for the next 12-month period of CLEC customers that will select BSLD as their IXC for toll-free service. Provide separate estimates for business customers with 3 lines or less, business customers with 4 to 10 business lines, business customers with 11 to 24 business lines, business customers with more than 24 lines.
29. Please provide a monthly estimate for the next 12-month period of private lines purchased by CLEC's end users?

BellSouth Long Distance, Inc.

CLEC Questionnaire

30. Please provide a monthly estimate for the next 12-month period of Frame Relay drops purchased by CLEC's end users?

31. Please provide a monthly estimate for the next 12-month period of Asynchronous Transfer Mode (ATM) drops purchased by CLEC's end users?

32. Does your CLEC plan to use BSLD as the exclusive IXC for 1+ services for CLEC's customers?

33. Does your CLEC plan to use BSLD for CLEC owned public telephones?

34. Does your CLEC currently provide Billing & Collection services to other IXCs? If so, please provide prices and a sample contract.

35. Does your CLEC currently have a contractual arrangement with a Clearing House? If so, please provide name(s).

TAB B

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Joint Application by BellSouth Corporation,) CC Docket No. 02-150
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and BellSouth Long Distance, Inc., for)
Provision of In-Region, InterLATA)
Services in Alabama, Kentucky, Mississippi,)
North Carolina, and South Carolina)
_____)

**REPLY DECLARATION OF DR. CHRIS FRENTRUP
ON BEHALF OF WORLDCOM, INC.**

Based on my personal knowledge and on information learned in the course of my duties,

I, Chris Frentrup, declare as follows:

I. INTRODUCTION AND SUMMARY

1. I am the same Dr. Chris Frentrup who previously filed a declaration in this proceeding.

2. The purpose of my Reply Declaration is to provide further information regarding several of the issues raised in my initial declaration in this proceeding. First, I further explain how the Commission and the states have erred by allowing BellSouth to use different technologies to model loop costs, depending on the intended use of the loop. This approach means that the cost model overstates the cost of each type of loop, resulting in excessive loop rates. Second, I submit testimony filed by WorldCom in the state proceedings that shows that the unsupported and excessive “in-plant” factors and “loading” factors used in all five states to determine the cost of engineering, furnishing and installing plant overstates costs by at least 15 percent. Third, I provide testimony filed by WorldCom in Kentucky that shows that BellSouth’s

rates for Optional Daily Usage Files (“ODUF”) and Access Daily Usage Files (“ADUF”) charges double recover BellSouth’s costs because the costs included in these rates have not been removed from its shared and common costs recovered in its other UNE rates. Finally, I provide an estimate of the effect on loop rates in South Carolina of deaveraging the zone rates based on cost rather than on the retail rates zones. This change lowers loop rates in zones 1 and 2, and raises the rate in zone 3, which ties the rates more closely to cost differences among the wire centers.

II. USE OF DIFFERENT MODELING SCENARIOS OVERSTATES LOOP COSTS

9. As I noted in my initial declaration, BellSouth improperly uses multiple scenarios with different mixes of IDLC and UDLC to compute different rate elements. For example, BellSouth runs its loop model using all UDLC for stand-alone loops, while using a mix of UDLC and IDLC for UNE platform loops. In addition, BellSouth performs runs of its models with no DLC of any kind to price asymmetric digital subscriber loops (“ADSL”).

10. By failing to use the most forward-looking technology in all cases, this method does not follow the TELRIC requirement that the least cost, most efficient network be modeled. Modeling different networks for different purposes results in loss of the economies of scope that occur in a multi-use network. The FCC’s conclusion that this is not so, Georgia/Louisiana Order ¶ 41, fails to take into account the diseconomies from designing networks for customer demand that could not be served efficiently using that particular network design.

11. Loop plant can be provided over different technologies – fiber feeder with digital loop carrier (either IDLC or UDLC) or copper feeder. In any network, a mix of these technologies will be used, depending on their relative cost. By allowing BellSouth to model all loops using the same technology for their different scenarios, the state commissions guaranteed

that many loops in each scenario would be built using something other than the least cost, most efficient technology. Making that error guarantees that the average loop cost computed in each scenario will be higher than the average cost of a loop that was computed using the most efficient technology.¹

12. The Commission accepted the use of this methodology in the Georgia/Louisiana Order, on the grounds that the methodology included all lines in each scenario, and thereby captured economies of scope.² However, this reasoning misses the point. Precisely because each scenario includes all lines, each necessarily overstates the average costs for lines provided using that technology. Both the state commissions and this Commission have misunderstood this important point, and have thereby incorrectly approved a methodology that does not model the least cost, most efficient network.

III. BELLSOUTH'S "LOADING" FACTORS OVERSTATE MATERIAL INVESTMENT AND THUS COSTS

13. In my initial declaration, I noted that BellSouth's "in-plant" factors and "loading" factors overstate material investment, because these factors functioned as closure factors to bring the material investments determined by BellSouth cost models in line with BellSouth's embedded book investment. With this Reply Declaration, I am submitting exhibits from AT&T and WorldCom testimony filed in pending Florida and Georgia UNE cases that itemizes the

¹ In my initial declaration, I used the example of an all copper network being used to serve loops of over 12,000 feet, which can be more efficiently served using fiber and remote terminals.

² Georgia/Louisiana Order ¶ 41.

effect of correcting these and other factors.³ These itemizations show that the loading factors employed by BellSouth cause forward-looking costs to be overstated by at least 15%.

14. In both cases, the exhibits display the effect on BellSouth's computed loop costs from making several changes proposed by WorldCom. In the exhibit from Florida, the changes are "Correct DLC In-Plant Factors" (line 3 of the exhibit, a 7.4% reduction), "Eliminate 25% Closing Factor and Correct Contract Labor Data" (line 5, a 4.1% reduction), "Update Inflation Factors" (line 9, a 4.1% reduction), "Correct Treatment for Exempt Material" (line 10, a 7.0% reduction), and "Correct Engineering Factors" (line 11, a 5.0% reduction), for a total 24.8% reduction. Similarly, in the Georgia exhibit the changes are "Inflation Double Count" (line 5), "Closing Factor" (line 12), "Exempt Material Loading" (line 19), "Indirect Labor Loading" (line 20), "Engineering Factors" (line 21), and "Bottoms-Up DLC Inputs" (line 22), for a total combined reduction in the Zone 1 2-Wire Analog Voice Grade Loop cost of 15 percent.⁴

IV. BILLING AND INFORMATION COSTS HAVE NOT BEEN REMOVED FROM SHARED AND COMMON COSTS IN UNE RATES

15. In my initial declaration I noted that DUF charges were substantially higher in South Carolina and Alabama than in the other states included in this application, even though the Operations Support Systems ("OSS") used to provide these services are regional, according to BellSouth. BellSouth has recently reduced its DUF rates in those states in its statement of generally applicable terms ("SGAT"). Assuming that WorldCom will be able to incorporate

³ See Attachment 1. This testimony was originally filed as Georgia PSC Docket 14361-U revised exhibit JCD-BFP-Q, 4/30/02 and Florida PSC Docket No. 990649A, Late Filed Hearing Exhibit 70, filed June 7, 2002.

⁴ The South Carolina commission did not reduce BellSouth's loop costs explicitly for these overstated loading factors, but did apply a 20 percent "competitive discount" to BellSouth's recurring costs and a 50 percent "competitive discount" to BellSouth's non-recurring costs.

these lowered DUF charges in its interconnection agreements as well, WorldCom acknowledges that the rates in all the states included in this application have roughly equivalent DUF rates.

16. However, BellSouth already recovers Billing Information Costs as part of its shared and common costs. At the request of Commission staff, I am submitting a copy of WorldCom's testimony in Kentucky that addresses this issue. This testimony demonstrates that BellSouth has not removed these costs before developing its shared and common costs. Thus, the DUF charges double recover costs that are already recovered in UNE rates and should be eliminated. See Attachment 2.

V. SOUTH CAROLINA RATES ARE NOT DEAVERAGED BASED ON COST

17. The South Carolina rates were deaveraged based on South Carolina's retail local rate zones, rather than on any cost-based criteria. For example, the Eastover wire center (EOVRSCMA), which serves a relatively high cost suburb of Columbia, is assigned to retail rate Zone 1, while the relatively low cost wire center that serves Clemson (CLSNSCMA) is assigned to retail rate Zone 2, and the medium cost wire center that serves Clinton (CLTNSCMA) is assigned to retail rate Zone 3.

18. The other states included in this application all assigned wire centers to zones based on the relationship of the wire center costs to the statewide average. For example, Alabama assigned all wire centers with costs below the state average to Zone 1, all wire centers with costs above that level but less than 150 percent of the state average to Zone 2, and all zones with higher costs to Zone 3. The rate in each zone is then set to the weighted average of the costs in the wire centers assigned to each zone.

19. Applying this methodology for assigning wire centers to rate zones to the data in South Carolina lowers the rate in zones 1 and 2 by \$.89 and \$.19, respectively, and raises the rate

in zone 3 by \$4.03. At the same time, it assigns more lines to zone 2 and fewer to zones 1 and 3. The revised rate charged in each wire center, as well as the revised assignment of the wire centers to the rate zones that results from using this methodology, is displayed in confidential Attachment 3.⁵

VI. CONCLUSION

20. The problems with the BellSouth cost models and the inputs indicate that the resulting UNE rates are clearly not cost-based. Unless BellSouth corrects its UNE rates to adjust for these problems, the Commission should reject BellSouth's section 271 application.

21. This concludes my Reply Declaration on behalf of WorldCom.

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 5, 2002.



Dr. Chris Frentrup

⁵ The analysis presented in Attachment 3 uses line counts from BellSouth's loop cost model. If the line counts from the Commission's Synthesis Model are used instead, zone 1 loop rates would be \$1.30 less and zone 2 rates would be \$0.96 less than the rates set by the South Carolina commission, while Zone 3 rates would be \$3.57 higher.

ATTACHMENT 1

Individual Sensitivity Run Results

Run No.	Description	Testimony Section	2-Wire Analog Voice Grade Loop (A.1.1)			4-Wire DS1 Digital Loop (A.8.1)		
			Zone 1	Zone 2	Zone 3	Zone 1	Zone 2	Zone 3
00.	BellSouth's Proposal		\$ 15.26	\$ 15.94	\$ 24.16	\$ 82.36	\$ 77.86	\$ 122.89
01.	Bottoms-Up Approach	V.	\$ 16.04	\$ 17.43	\$ 30.25	\$ 83.12	\$ 80.04	\$ 127.75
02.	Forward-Looking Network	VI. A. 1.	\$ 14.98	\$ 16.51	\$ 29.53	\$ 84.40	\$ 81.99	\$ 133.75
03.	Growth	IV.	\$ 12.09	\$ 13.31	\$ 24.22	\$ 64.16	\$ 64.16	\$ 109.02
04.	Investment Allocation	VI. A. 2.	\$ 15.11	\$ 16.63	\$ 29.71	\$ 53.73	\$ 49.80	\$ 61.76
05.	Inflation Double-Court	VI. A. 3.	\$ 14.47	\$ 15.92	\$ 28.66	\$ 65.39	\$ 62.65	\$ 134.36
06.	Stub Cable Correction	VI. B. 1.	\$ 14.75	\$ 16.30	\$ 29.41	\$ 84.17	\$ 81.75	\$ 133.58
07.	Loop Length Inputs	VI. C. 1.	\$ 14.55	\$ 16.07	\$ 29.01	\$ 83.28	\$ 81.56	\$ 133.07
08.	Copper Placing Costs	VI. C. 2.	\$ 14.77	\$ 16.27	\$ 28.83	\$ 83.15	\$ 81.74	\$ 133.22
09.	Copper Splicing Costs	VI. C. 3.	\$ 14.19	\$ 15.85	\$ 28.85	\$ 83.76	\$ 81.21	\$ 132.93
10.	Fiber Placing Costs	VI. C. 4.	\$ 14.98	\$ 16.48	\$ 29.38	\$ 84.11	\$ 81.95	\$ 132.42
11.	Fiber Splicing Costs	VI. C. 5.	\$ 14.98	\$ 16.51	\$ 29.54	\$ 84.64	\$ 82.33	\$ 134.24
12.	Closing Factor	VI. C. 6. a.	\$ 14.21	\$ 15.61	\$ 27.48	\$ 81.98	\$ 79.48	\$ 128.62
13.	Aerial Structure Inputs	VI. C. 6. b.	\$ 14.90	\$ 16.41	\$ 29.13	\$ 84.30	\$ 81.79	\$ 132.84
14.	Buried Structure Inputs	VI. C. 6. c.	\$ 14.67	\$ 16.12	\$ 28.31	\$ 84.26	\$ 81.56	\$ 129.20
15.	Underground Structure Inputs	VI. C. 6. d.	\$ 13.03	\$ 14.25	\$ 27.32	\$ 75.58	\$ 73.39	\$ 123.00
16.	Manhole Inputs	VI. C. 6. e.	\$ 14.91	\$ 16.43	\$ 29.46	\$ 83.46	\$ 81.03	\$ 132.82
17.	Structure Sharing	VI. C. 7.	\$ 12.02	\$ 13.04	\$ 23.95	\$ 74.14	\$ 71.11	\$ 117.48
18.	Facility Sharing	VI. C. 8.	\$ 14.60	\$ 16.09	\$ 28.37	\$ 81.68	\$ 79.04	\$ 127.73
19.	Exempt Material Loading	VI. C. 9. a.	\$ 14.25	\$ 15.71	\$ 28.27	\$ 83.88	\$ 81.21	\$ 131.94
20.	Indirect Labor Loading	VI. C. 9. b.	\$ 14.71	\$ 16.21	\$ 29.03	\$ 84.14	\$ 81.82	\$ 132.67
21.	Engineering Factors	VI. C. 10.	\$ 14.03	\$ 15.40	\$ 28.95	\$ 83.60	\$ 80.77	\$ 130.51
22.	Bottoms-Up DLC Inputs	VI. C. 11.	\$ 14.49	\$ 16.05	\$ 28.60	\$ 74.67	\$ 73.24	\$ 119.95
23.	Cost of Capital	VI. D. 2.	\$ 15.06	\$ 16.63	\$ 29.73	\$ 84.99	\$ 82.57	\$ 134.67
24.	Depreciation	VI. D. 2.	\$ 14.49	\$ 16.05	\$ 28.60	\$ 74.67	\$ 73.24	\$ 119.95
25.	Common Cost Factors	VI. D. 3.	\$ 14.55	\$ 16.03	\$ 28.69	\$ 82.03	\$ 79.66	\$ 129.98
26.	Recurring Cost Additives	VI. D. 5.	\$ 14.60	\$ 16.13	\$ 29.15	\$ 84.40	\$ 81.99	\$ 133.75
99.	AT&T and WCom Proposal	VIII.	\$ 5.02	\$ 5.32	\$ 9.85	\$ 25.24	\$ 26.23	\$ 30.59

**Explanation of JPG - 4
 Impact of AT&T/WorldCom's Proposed Changes on BellSouth's Proposed Loop/Port Rates**

Description of Input Change*	Fixed (Loop/Port) Cost**			
	Zone 1	Zone 2	Zone 3	Average
- BellSouth Proposed Rates	\$ 14.92	\$ 19.40	\$ 58.16	\$ 19.26
1 Correct Structure Sharing Inputs	\$ 12.11	\$ 15.69	\$ 38.23	\$ 15.50
2 Eliminate Double-Count of Indirect Labor	\$ 11.79	\$ 15.36	\$ 37.65	\$ 15.17
3 Correct DLC In-Plant Factors	\$ 11.21	\$ 14.15	\$ 33.91	\$ 14.04
4 Correct Aerial Structure Quantities (Spacing)	\$ 11.13	\$ 14.01	\$ 33.14	\$ 13.90
5 Eliminate 25% Closing Factor and Correct Contract Labor Data	\$ 10.71	\$ 13.47	\$ 30.98	\$ 13.33
6 Eliminate Duplicate Facilities (Facility Sharing)	\$ 10.81	\$ 13.35	\$ 30.08	\$ 13.19
7 Correct Placement Cost Inputs	\$ 10.22	\$ 12.88	\$ 27.35	\$ 12.66
8 Correct Calculation Errors	\$ 9.56	\$ 12.10	\$ 23.73	\$ 11.81
9 Update Inflation Factors	\$ 9.14	\$ 11.62	\$ 22.78	\$ 11.33
10 Correct Treatment for Exempt Material	\$ 8.36	\$ 10.86	\$ 21.30	\$ 10.54
11 Correct Engineering Factors	\$ 7.93	\$ 10.31	\$ 20.27	\$ 10.01
12 Correct Placing and Splicing Inputs	\$ 6.53	\$ 9.19	\$ 19.70	\$ 8.82
- AT&T/WorldCom Proposed Rates	\$ 6.53	\$ 9.19	\$ 19.70	\$ 8.82

* Note: The confidential back-up information describing "Input Changes Necessary to Implement Each Proposed Modification" is being filed with the summary

** Note: Results are cumulative in nature (i.e. Results for (4) reflect changes (1), (2), (3), and (4))

ATTACHMENT 2

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WORLDCOM, INC.
REBUTTAL TESTIMONY OF GREG DARNELL
BEFORE THE PUBLIC SERVICE COMMISSISON
COMMONWEALTH OF KENTUCKY
ADMINISTRATIVE CASE NUMBER 382
JUNE 22, 2001

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Greg Darnell, and my business address is 6 Concourse Parkway, Suite 3200, Atlanta, Georgia, 30328.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by WorldCom, Inc. (formerly known as MCI WorldCom, Inc.) as Regional Senior Manager -- Public Policy.

Q. HAVE YOU PREVIOUSLY TESTIFIED?

A. Yes, I have testified in proceedings before regulatory commissions in Alabama, California, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee, as well as before the Kentucky Public Service Commission ("Commission") and on numerous occasions have filed comments before the Federal Communications Commission ("FCC"). Provided as exhibit GJD-9 to this testimony is a summary of my academic and professional qualifications.

1 provides CLECs with usage data for local calls originating from resold
2 flat-rate business and residential lines. Usage data includes date of
3 call, 'from' number, 'to' number, connect time, conversation time, rate
4 class, message type, billing indicators and 'bill to' number.

5
6 **Q. HAVE YOU ANALYZED BELLSOUTH'S COST SUPPORT FOR
DAILY USAGE FILE CHARGES (ADUF, ODUF AND EODUF)?**

7 A. Yes.

8

9 **Q. WHAT HAVE YOU DETERMINED BY YOUR ANALYSIS?**

10 A. BellSouth is attempting to double recover the cost of collecting call
11 measurement detail. BellSouth proposes to recover this cost through
12 its shared and common cost factor that it applies on all UNE rates and
13 BellSouth proposes to recover this same cost once again through
14 separate daily usage file charges.

15

16 **Q. HOW DO YOU KNOW THAT BELLSOUTH IS ATTEMPTING TO
DOUBLE RECOVER DAILY USAGE FILE COSTS?**

17 A. As indicated on BellSouth's response to WorldCom's 1st set of data
18 request in Mississippi, Item No. 7, BellSouth listed the expense
19 accounts that it uses to capture daily usage file cost. These expense
20 accounts are as follows: USOA 6124, 6623 and 6724. In the
21 development of its shared and common cost factors, BellSouth uses its
22 historical level of expense from these same accounts. The amounts
23 contained in these accounts are not reduced by the amount of expense
24 the BellSouth has included in the development of its proposed daily
25 usage file charges. As such, this is a double recovery of expense and

1 there should be no separate charge for ADUF, ODUF and EODUF
2 data.

3
4 **Q. WHAT SHOULD THE COMMISSION DO GIVEN THIS DOUBLE
5 RECOVERY OF DUF COST?**

6 A. The Commission should reject BellSouth ADUF, ODUF and EODUF
7 charges.

8 **Q. EVEN IF THIS WERE NOT A DOUBLE RECOVERY OF DAILY
9 USAGE FILE EXPENSE, HAS BELL SOUTH CORRECTLY
10 CALCULATED ITS PROPOSED DAILY USAGE FILE CHARGES?**

11 A. No. Assuming the level of cost contained in BellSouth daily usage file
12 rate calculations is correct (which it is not), BellSouth would have failed
13 to correctly calculate daily usage file rates by grossly understating
14 CLEC demand.

15 **Q. HOW HAS BELL SOUTH GROSSLY UNDERSTATED CLEC
16 DEMAND FOR DAILY USAGE FILE DATA?**

17 A. On the excel spreadsheet file, ADUF.xls, BellSouth has assumed that
18 CLEC demand for ADUF message data region-wide will only be 2.19
19 billion messages in the year 2009. This compares to BellSouth access
20 message demand of at least 47.4 billion region-wide in the year 2009.
21 In doing so, BellSouth has assumed that CLEC will only have captured
22 approximately 4.6% of the local market in the BellSouth territory in the
 year 2009.¹ A more reasonable extrapolation of historical demand

¹ In response to WorldCom data request #5, BellSouth showed that in 1997 it recorded 1,391,913,343 access messages in Mississippi. FCC ARMIS data shows that Mississippi was approximately 5.27% of BellSouth's total market in 1997. As such BellSouth had approximately 26,412,017,894 access messages region-wide in 1997. Growing this demand at a conservative 5% per year projects a year 2009 access demand level of 47.4 billion messages.

ATTACHMENT 3

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