1 "Total DS0 Local Voice Platform Service, November 2005."
2 That is similarly a count of what?
3 A Let me add onto my previous answer, which will
4 help me explain this second column. When the commercial
5 agreement becomes effective, one of the terms in that
6 agreement is that the embedded base of then UNE-P would
7 immediately transition to the DS0 wholesale local voice
8 platform service. So those terms are sometimes interchanged
9 because people are accustomed to the term UNE-P, but the
10 customer agrees that 100 percent of their lines in service,
11 with a commercial agreement at least, transition to the
12 wholesale platform.
13 So the far right column would be the month that
14 the agreement became effective, were what was UNE-P and then
15 transitioned to the wholesale platform. The column
16 immediately to the left of that is the count of lines in
17 service under the wholesale agreement in November of 2005.
18 Q Okay. And if you want to see when the agreement
19 was signed, there's a column, if you start at the left --
20 one, two, three, four, five, six, seven, eight lines over
21 that shows the date those agreements were signed, right?
22 A Yes, that's correct.
23 Q Now if there is a blank in the two right columns,
24 does that mean that there aren't any lines covered by the
25 commercial agreement?

1 A I believe on this spreadsheet, it means that that
2 particular CLEC does not have lines in Georgia.
3 Q Any lines at all or lines covered by the
4 commercial agreement?
5 A Lines covered by the commercial agreement in
6 Georgia. If they've signed a commercial agreement, and they
7 had UNE-P lines in service at the time they signed the
8 agreement, all of those lines would have converted to be
9 covered by the commercial agreement. So where there is a
10 blank row, it indicates to me that that customer does not
11 have what was UNE-P and is now commercial lines in service
12 in Georgia.
13 Q Okay. And the far right column would show that
14 they didn't have any UNE-P lines in service when they signed
15 this commercial agreement, right?
16 A In Georgia, but they could perhaps in other
17 states.
18 Q Okay. And just to get an aggregate count of how
19 many agreements we're talking about here, you have on the
20 far left customer column, and they're listed sequentially.
21 You see that?
22 A Yes.
23 Q And if you flip to the next page, it continues on.
24 Flip to the next page and then it ends with 115, correct?
25 A Correct.

1 Q And then there's another grouping of these
2 agreements that begins on page 4 of 5 and that goes down to
3 55, up to the next page to a total of 60, correct?
4 A Correct.
5 Q So if you added that 60 to the 115 in the first
6 grouping, would it be correct you'd have 175 of these
7 agreements listed for Georgia?
8 A That's correct.
9 Q And of the 175 agreements, based on what you've
10 said about these columns being blank, would you agree with
11 me subject to check that over 120 of these agreements have
12 no UNE-P or commercial agreement lines in service?
13 A That's possible. Many of the customers that we
14 negotiated with were actually interested in having a
15 regional agreement, because whether their business plan
16 currently calls for serving customers in Georgia or not,
17 they wanted to make sure they had the opportunity to provide
18 service to customers in Georgia in the event their business
19 plans changed and they decided to provide that service.
20 Q Okay, I was just asking though, is it factually
21 accurate that if we see those last two columns blank, that
22 as of the time the agreement was signed and as of November
23 2005, that was not a company that had UNE-P or commercial
24 agreement lines in service; is that correct?
25 A Correct.

1 Q Okay. And of the remaining companies, there's
2 over 120 that show no lines -- of those that do show lines,
3 just starting at the first page, looking down at the numbers
4 in the far right columns, the number in the far right column
5 indicates how many lines were in service when they signed
6 the agreement; right?
7 A Yes.
8 Q And then next to it, it is more updated to
9 November 2005; right?
10 A Correct.
11 Q Okay. And would you agree as you just look down,
12 while there are a few exceptions, for the most part, the
13 lines in service from the companies have been decreasing
14 since they signed the commercial agreements?
15 A I think you will see both. I think some of the
16 customers have increased substantially, some have decreased
17 substantially, some have increased slightly, some have
18 decreased slightly.
19 Q Well, as you look through this, I mean, do you see
20 -- wouldn't you say that the vast majority have been
21 decreasing -- has that been BellSouth's experience?
22 A Well, I haven't studied the numbers in detail, but
23 doing a quick glance down through the numbers, it looks like
24 there's kind of a mix actually. I'm seeing a pretty fair
25 mix of those that have increased and those that have

1 decreased.
2 Q And would you agree that in its most recent
3 reports, financial reports, BellSouth has indicated there
4 are 450,000 fewer UNE-P and commercial agreement lines as of
5 December than there were in June?
6 A That doesn't really surprise me considering that
7 some of our larger UNE-P customers have been migrating to a
8 UNE-L platform. We've done quite a significant volume of
9 hot cutovers from the UNE-P to the UNE-L platform since the
10 TRRO has become effective. So it doesn't surprise me. And
11 we also have normal attrition, CLECs are not able to add new
12 UNE-P lines after the March 11 effective date, and so
13 natural attrition would lend for those units to go down
14 since CLECs that did not have a commercial agreement could
15 not add new lines.
16 Q Can you tell us approximately how many lines have
17 been transitioned from UNE-P to a DS0 UNE-L?
18 A I don't know that number.
19 Q Any idea?
20 A No. It's in the hundreds of thousands though, I
21 do know that.
22 Q And just one question here on -- I'll identify it
23 as CLEC number 12. That's the customer number, and we
24 should have handed out rulers with this document, if you go
25 across, do you see where we are?

1 A Uh-huh.
2 Q Okay. That one was just curious to me. I
3 wondered how you would explain it. It showed no lines in
4 service when the agreement was first in effect and then that
5 number there to the left as of November 2005. Do you think
6 that's just an error in the blank column or do you really
7 believe that that carrier that's identified as number 12 had
8 zero UNE-P lines when it signed the agreement?
9 A I really don't know, because I would assume, based
10 on who the carrier is, that there -- I would have thought
11 that there would have been some lines in service, but I just
12 don't know.
13 Q And now if I could turn your attention, again
14 staying on this first page, to the column that's labeled
15 "Rates." And if you start from the left, that one is one,
16 two, three, four, five, six, seven, eight, nine columns in.
17 Do you see where I am?
18 A Yes.
19 Q And the columns there are filled in either with an
20 "S" or an "NR". Do you see that?
21 A Yes.
22 Q Okay, and I guess if you turn to page 3, there's a
23 key here, Note Number 3, "S equals BellSouth's standard
24 commercial offering between March 23, 2004 and March 11,
25 2005." With whom did BellSouth negotiate its standard rate?

1 A I'm not sure I understand the question.
2 Q Well, was the standard rate an offering that was
3 laid on the table by BellSouth, the rate that's described
4 here? Or was there a negotiation that set that rate as a
5 benchmark? How did you come up with it?
6 A As far as how you end up with an agreement that
7 has a standard rate? I'm not sure I'm understanding your
8 question.
9 Q No, just the standard rate is at a certain level
10 and I'm asking was there a particular negotiation with one
11 of these CLECs where y'all battled it out and you came up
12 with the rate that became the standard rate?
13 A I would say typically what happened is that
14 BellSouth would have its standard offer available that it
15 provided to CLECs in the form of a term sheet once a non-
16 disclosure agreement was signed and the entire agreement was
17 provided. Admittedly, a number of CLECs simply signed the
18 commercial agreement and returned it to BellSouth for
19 execution. There are also a number of CLECs that negotiated
20 with us other terms in the agreement in trade for BellSouth
21 being able to sustain the rates that it proposed in its
22 opening offer. So we have perhaps other terms that carriers
23 agreed, to purchase let's say ancillary services, perhaps
24 different service levels and things like that.
25 Q Okay, so I kind of want to rewind you back to the

1 beginning of that answer, which was you offered the standard
2 rate as part of a term sheet; right?
3 A Yes.
4 Q Okay, so when you began discussions with the CLEC,
5 that rate that's indicated by "S" was kind of a rack rate
6 that you offered generally, right?
7 A Yes.
8 Q Okay. And if we look at these -- if we look at
9 the rate column in these 175 agreement listed here, the
10 other designation that shows up is "NR", which I believe is
11 your abbreviation for negotiated rate; right?
12 A Correct.
13 Q Okay. And how many of these agreements actually
14 had a negotiated rate?
15 A If I counted correctly, it looks like five.
16 Q Okay. And then if we go to the last page of this
17 spreadsheet, entitled "BellSouth Negotiated Rates" -- are
18 you there with me?
19 A I'm getting there. Yes.
20 Q You identified by number the CLECs who have the
21 negotiated rates, right?
22 A Yes.
23 Q And that CLEC 12 shows up again, correct?
24 A Correct.
25 Q Okay. And is the rate that's listed there for

1 CLEC 12 really the rate, the correct rate, that's in their
2 commercial agreement?
3 A Again, I'm not sure I understand what you're
4 asking.
5 Q Well, the rates are listed in terms of -- and this
6 is not just true for CLEC 12, but if you look at all these
7 "negotiated rates", they're identified as valid state TELRIC
8 plus X, some dollar amount, right?
9 A Correct.
10 Q Okay. And you see at least for CLECS 4, 16, 56
11 and 67 some fairly similar numbers. The numbers for CLEC 12
12 are, just from eyeballing, are dramatically different. I
13 just wanted to check if the deal that CLEC 12 got is
14 reflected by these numbers; or is there some error in the
15 numbers?
16 A Well, while I didn't personally put together this
17 information, I know that the individual who did was very
18 involved in developing the commercial rate and the rate
19 offers, so I'm presuming that this is reflective of the rate
20 portion of the terms negotiated in that particular
21 agreement. And I am familiar with this particular proposal
22 and agreement itself, and it was one that did have volume
23 and term levels within it. So to the extent the carrier had
24 a certain volume within the agreement, then these rates were
25 available. If they fell below certain volumes, then it

1 would fall to a different rate schedule.
2 Q And the rates that were identified for CLECs --
3 I'm just looking at the key here -- the double asterisks
4 says "rates impacted by volume and term commitment including
5 inside wire commitment." For that group that includes CLEC
6 56 --
7 A Uh-huh.
8 Q -- there's also, under CLEC 67, the last one in
9 this list, rates impacted by volume and term commitment
10 including inside wire commitment. So there is some volume
11 and term commitment involved in each one of these, right?
12 A Yes.
13 Q Okay. And CLEC 12, to your knowledge, is the same
14 CLEC 12 that's listed as number 12 on the first page of the
15 spreadsheet, right?
16 A Yes, but again, I just want to remind the
17 Commission that the commercial agreement volume and term
18 arrangements are reached on a regional level. So the volume
19 and term arrangements would not be reflective of those unit
20 counts you see represented for Georgia. So --
21 Q But the -- I'm sorry.
22 A I was just going to say you can't deduce
23 particular volume and term commitment unless you've got a
24 Georgia only agreement.
25 Q But the rates reflected there are rates that are

1 applicable in Georgia, right?
2 A They're applicable in Georgia based on the
3 totality of units that this particular carrier keeps in
4 service in the BellSouth serving area, not just for Georgia.
5 Q And if I could turn our attention to what should
6 be the second document I handed you, which is entitled "Mass
7 Market Switching Relief Rate," it's a BellSouth document
8 designated draft 1/20/04, January 20, '04. Have you got
9 that with you?
10 A Yes.
11 Q Okay. In the -- slipping a couple of pages --
12 Mass Market Rate Justification at page 3, in coming up with
13 the mass market rate -- and when this refers to mass market
14 rate, is it referring to the mass market switching rate?
15 A Yes.
16 Q Okay. In coming up with that switching rate, did
17 BellSouth look at any competitive offerings to determine
18 what would be a reasonable rate?
19 A To the best of my knowledge, I'm not aware that we
20 actually did that. What we did look at were BellSouth's
21 retail rate, the filed TELRIC rate that BellSouth believes
22 fully recovers its costs in a forward looking model; an
23 internal activity-based accounting system which looks at
24 incremental cost of providing the service. We looked at
25 CLEC cost to build. We also took into account the rates

1 that we offer our services in the retail market. And then
2 again, we looked at the rates that the Commissions had
3 ordered. So all of those were component elements that were
4 taken into account when developing the unbundled switching
5 rate as part of our commercial offer.
6 Q And at the last page of this document entitled
7 "Key Issues", there's a bullet here for comparing to
8 McKinsey modeling. Can you tell us what the McKinsey
9 modeling is?
10 A I'm actually not familiar with the McKinsey
11 modeling.
12 Q Okay, and to your knowledge, did BellSouth produce
13 any such McKinsey modeling that was related to how they set
14 this rate?
15 A No, and I'm not aware that BellSouth engaged
16 McKinsey in performing any particular analysis that was
17 specific to the development of our rate.
18 Q You just don't know either way, right?
19 A Well, I worked very closely with McKinsey on a
20 number of engagements and I'm fairly familiar with those
21 engagements, so I am not aware that we actually engaged
22 them. They may have done some modeling for other companies
23 that they perhaps shared with us, but I'm not aware of it.
24 Q Do you know who prepared this PowerPoint
25 presentation we're looking at?

1 A No, I don't.
2 Q Do you know of any reason why it would refer to
3 comparing to McKinsey modeling if there wasn't such an
4 engagement?
5 A Only that the individual that prepared it may have
6 been aware that McKinsey had done some modeling for other
7 companies. There have been cases when McKinsey does have
8 permission to share its general modeling that it has done
9 for other companies in consulting situations. We've been
10 the benefactor of that in some cases. We've also agreed to
11 share some work that they have done on our behalf with
12 others.
13 Q Turning to the other set of PowerPoint slides,
14 "Mass Market Voice Platform Commercial Agreement Offer"
15 dated March 16, 2004, if you could turn to page 7, and I
16 believe it's page 7 of the second presentation, the June 18,
17 2004 presentation.
18 A Okay.
19 Q I just want to be sure we understand that the ABIS
20 -- and you've mentioned to us before what that stood for
21 right? What is it again?
22 A I believe -- and this is testing my memory --
23 Activity-Based Information System, I believe is what the
24 acronym stands for.
25 Q And this slide discusses BellSouth's recovery of

1 its cost from the DS0 platform and there are comparisons to
2 ABIS 1, 2, 3, 4 and 5. Do you see that?
3 A Yes.
4 Q Okay. Does ABIS include BellSouth cost
5 information?
6 A Well, it includes incremental cost information for
7 providing the service.
8 Q Well, but tell me what that means. That's kind of
9 an economist term and I made clear before, I'm not one of
10 those. When you say incremental, what all do you mean is in
11 there?
12 A Well, it takes, for example -- I don't know all of
13 the things that are in there because I'm certainly not a
14 modeling expert when it comes to activity-based accounting
15 systems, but ABIS takes into account things such as the
16 network cost to install each unit. That would include the
17 labor, the materials, the investment to do so. It also
18 would take into account other direct related costs such as
19 the manager that's responsible for the development and
20 offering of that product. Like Tommy Williams is a product
21 manager for this offer, so it takes into account that
22 person's time. And takes into account other labor-related
23 and indirect -- different levels of ABIS take into account
24 different types of items, as you can see in the bottom note.
25 Q In the bottom note?

1 A Yeah, ABIS 1, direct incremental in cash.
2 Q Okay. When you talk about asset costs, what's
3 included there? It says ABIS 1 plus asset costs.
4 A Again, I'm certainly not an ABIS expert, but my
5 understanding is that that takes into account the cost of,
6 for example, switch costs for the provision of the DS0
7 platform service.
8 Q And then the additional -- it says allocations and
9 spare asset costs in that next category.
10 A Uh-huh.
11 Q What kind of cost allocation is done in ABIS, like
12 what gets allocated?
13 A My understanding is -- and I certainly can't
14 present a full picture of an analysis of ABIS, but my
15 understanding is one example of an allocation may be as
16 director of a group of product managers, I might not be
17 directly responsible for a product, but one portion of my
18 time and expense would be allocated to an individual
19 product. Similarly, Mr. Ackerman, Mr. Ackerman's time and
20 cost is allocated, to some degree -- I certainly don't think
21 that 100 percent of his time is allocated to product, but
22 some small portion of his time is allocated to product.
23 Q So that would be fully distributed costs of
24 everything up to Mr. Ackerman, right?
25 A Again, I'm not a cost expert, so some of these

1 terms get way out beyond my headlights.
2 Q And to your knowledge, did BellSouth in any of its
3 preparations of the commercial agreement rates look at
4 competitive alternatives and what those competitive
5 alternatives were charging for the same service?
6 A I think it's my understanding that there are not -
7 - and I think it's already been discussed here today --
8 there's not a plethora of wholesale switch providers out
9 there. I think you can go to certain competitors' websites
10 and see that they are offering wholesale voice service, dial
11 tone service, for carriers to provide residential service to
12 their end users or even small business, but there isn't a
13 wide range of that type of carrier out there. What
14 BellSouth did look at is what a CLEC's cost to build might
15 be. And taking into account a number of factors, I think
16 the page just previous to the one that you directed me to,
17 which was page 6 of that same presentation, shows the
18 various factors that we took into account, various factors
19 carrying different weight. But one of those factors we took
20 into account was an estimate around what a CLEC's cost to
21 build might be. We know that a number of the CLECs that we
22 are business partners with have in fact deployed their own
23 switches. And so those switches are already out there, but
24 still we took into account activating those switches or
25 perhaps even deploying additional switches because a CLEC

1 doesn't have to mirror an ILEC's footprint in order to
2 provide dial tone service to its customers.
3 So we did take into account from a competitive --
4 meaning competitive against BellSouth -- a CLEC building out
5 its own network and we hope to price under that so they
6 would be led to our wholesale voice platform service instead
7 of continuing to build out their own network.
8 Q Okay, we can look at all the documentation you
9 provided about development of rate and we're not going to
10 find a single comparison to any other wholesale provider of
11 switching, right?
12 A No.
13 Q Okay. I just have one other question that's
14 related to the spreadsheet, but we don't need -- it's not a
15 detailed question on the spreadsheet, I just want to be sure
16 I'm clear. The five negotiated rates --
17 A Uh-huh.
18 Q -- the five companies that had negotiated rates
19 out of the others, did those negotiated rates serve as any
20 sort of benchmark for changing or informing the amount of
21 standard rate offering?
22 A Well, these negotiated rates would be available to
23 any carrier that's similarly situated. So from that
24 respect; yes, it did.
25 Q So you're saying that if you're similarly situated

1 to say CLEC 12, that you could get the same deal that CLEC
2 12?
3 A Potentially yes. It would be certainly open to
4 negotiation.
5 Q Well, when you say it's available, that's
6 different from saying it's open to negotiation. I just want
7 to be sure we're clear. When you say it's available, is it
8 available like an opt in, it's automatically available?
9 A No, we do not do opt ins. These are commercial
10 negotiations and CLECs may certainly come to the table with
11 us and we would make the same terms and conditions and rates
12 available to a similarly situated carrier. But there is no
13 opt in clause so they could say I want the agreement of CLEC
14 ABC. We ask them to actually engage with us in a commercial
15 discussion.
16 Q But if they, for example, said I want similar
17 terms to X, BellSouth reserves the right to not negotiate
18 that agreement with the other CLEC, right?
19 A Well, we have a non-discriminatory obligation, so,
20 you know, we're not going to violate our obligation under
21 non-discriminatory terms.
22 MR. MAGNESS: I think that's all I have, Mr.
23 Chairman. Just a moment.
24 (Brief pause.)
25 MR. MAGNESS: That's all the questions I have.

1 Thank you.
2 CHAIRMAN WISE: BellSouth -- oh, I'm sorry, Public
3 Service Commission.
4 MR. WALSH: No questions.
5 CHAIRMAN WISE: CUC.
6 MS. MELLINGER: No questions.
7 CHAIRMAN WISE: I didn't know if you wanted to
8 cross your witness.
9 MS. FOSHEE: No, but I would ask that she be
10 excused, Mr. Chairman.
11 CHAIRMAN WISE: She may be.
12 MS. FOSHEE: Thank you.
13 (Witness excused.)
14 MR. MAGNESS: Mr. Chairman, we would move into
15 evidence what we would ask be marked as CompSouth Exhibit --
16 let's call it 2, Mr. Gillan's testimony will be 1 --
17 CompSouth Exhibit 2.
18 CHAIRMAN WISE: Let's just go ahead and call it 1
19 since there's no 1 yet.
20 MR. MAGNESS: That'd be fine. 1 would be the
21 spreadsheet we discussed with Ms. Tipton entitled "Signed
22 Commercial Agreements, Georgia only Information"; CompSouth
23 2 would be the document entitled "Mass Market Switching
24 Relief Rate" dated January 20, 2004; and CompSouth 3 would
25 be the document entitled "Mass Market Voice Platform

1 Commercial Agreement Offer" dated March 16, 2004.
2 CHAIRMAN WISE: They will be.
3 (The documents referred to were marked
4 for identification as CompSouth
5 Exhibits 1, 2 and 3 and received in
6 evidence.)
7 MR. MAGNESS: And we will pick up the extra
8 copies.
9 CHAIRMAN WISE: All right.
10 MS. FOSHEE: Mr. Chairman, I don't know how late
11 you were planning on going tonight, but we're prepared to go
12 forward with Mr. Gillan, if you're interested.
13 CHAIRMAN WISE: I am too, Ms. Foshee.
14 MS. FOSHEE: Okay, good.
15 CHAIRMAN WISE: I don't mind you calling your
16 witness, Mr. Magness, but you need to do something with him
17 now that we've got him up there.
18 MR. GILLAN: I would like to put limits on that
19 suggestion.
20 (Laughter.)
21 CHAIRMAN WISE: Well, Mr. Gillan, you were the one
22 I was talking about earlier when I was complaining about
23 being able to turn four pages of testimony into six minutes
24 of summary.
25 MR. GILLAN: You'll be glad to know I have 50

1 pages of testimony. It's going to be a long evening.
2 MR. MAGNESS: Mr. Gillan, your right hand is
3 raised.
4 Whereupon,
5 JOSEPH GILLAN
6 appeared as a witness herein and, having been first duly
7 sworn, was examined and testified as follows:
8 DIRECT EXAMINATION
9 BY MR. MAGNESS:
10 Q Mr. Gillan, would you please state your full name
11 and business address?
12 A Joseph Gillan, P.O. Box 541038, Orlando, Florida
13 32854.
14 Q And by whom are you employed?
15 A I'm self-employed.
16 Q And did you cause to be filed 46 pages of
17 testimony entitled "Testimony of Joseph Gillan on behalf of
18 the Competitive Carriers of the South, Inc."?
19 A Yes.
20 Q And the testimony to which I'm referring is dated
21 February 10, 2006, correct?
22 A Yes.
23 Q And if I asked you the same questions that are
24 asked and answered in your prefiled testimony, would your
25 answers be the same today?

1 A Yes.
2 Q Mr. Gillan, do you have a summary prepared?
3 A Yes.
4 Q Please give it now.
5 A And bearing in mind the admonishment, a short
6 summary.
7 Commission, I'm unique among witnesses here
8 because I'm actually going to recommend to you rates and
9 tell you why.
10 We believe fundamentally that BellSouth's 271
11 obligation is serious, that they struck an arrangement with
12 Congress to agree to make available certain elements of
13 their network wholly aside from the impairment analysis of
14 the FCC, come any decision by the FCC on impairment, and
15 that the FCC has concluded that that obligation includes the
16 obligation to charge the basic just and reasonable standard
17 that historically has been applied.
18 Clay, carry on your conversation later.
19 MR. JONES: Well, I was talking about the board,
20 so it was related.
21 THE WITNESS: Here's the basic methodology we
22 used. This methodology is actually sometimes known as the
23 new services test, which I was glad to hear Dr. Taylor
24 indicate is one of the ways that regulators can establish
25 just and reasonable rates. That methodology is you

1 calculate the direct costs and then you add a reasonable,
2 just and reasonable contribution to common costs and
3 overheads. How I applied this in calculating the rates was
4 in order to make this as simple as possible, we used
5 BellSouth's estimate of their forward looking costs. So
6 that it would eliminate for the Commission any argument
7 about what the inputs should be. In fact, if you listened
8 to Ms. Tipton a few moments ago, she indicated that those
9 filed TELRIC studies fully recovered BellSouth's costs --
10 glad to hear it. I think they over-recover them, but at any
11 rate, we adopted that.
12 It also means that we increased the cost of
13 capital, the profit margin in those rates from what the
14 staff has done to 11.25 percent, which is an increase of
15 about 15 percent. So we're using their costs plus we gave
16 them their profit margin and then for contribution, we
17 increased it above how much they put in their cost study, to
18 eliminate any argument as to whether or not we were being
19 reasonable.
20 We understand that the Commission is taking an
21 important step by setting these rates and we've responded by
22 giving you as generous a proposal to grant BellSouth as is
23 just and reasonable. Higher prices, higher contribution and
24 higher profits in all the 251 network elements.
25 How much higher? There are three categories of

1 elements in this proceeding. These charts show you the
2 comparison to the TELRIC rates adopted by the Commission at
3 the end of the remand proceeding. In addition, I want to
4 make another observation, BellSouth has a very broad
5 obligation to provide loops and transport and switching,
6 which means there's all kinds of different things we could
7 have asked for. We've limited our request back to only
8 those few network elements that are just really absolutely
9 critical to competition at this time. As the chart shows,
10 the proposed rates that we're recommending the Commission
11 set for these 271 network elements are substantially above
12 the 251 rates that the Commission has set for instances
13 where there's findings of impairment. For loops, and the
14 one that really most of the loops fall into are these DS --
15 the first line, DS1 digital loops in Zone 1, it would be 74
16 percent above the TELRIC rate.
17 You might want to just stand here, because these
18 will go quickly.
19 For transport, they range from 18 to 26 percent,
20 slightly lower increase because the Commission made fewer
21 adjustments to BellSouth's proposed rate.
22 And finally, for switching, two changes. One,
23 we're recommending a very simplified rate structure, a
24 simple flat rate per month, per line. This is the rate
25 structure that the FCC has adopted and a number of states

1 have adopted. I have compared our rate, which is $6.86 per
2 month, to the average rate in Georgia today. It's about a
3 65 percent increase over what the TELRIC rate was. I've
4 compared it to other states and the FCC who have -- when
5 they estimated TELRIC, actually estimated much lower TELRICs
6 than this Commission had, so this rate is very high relative
7 to what people are paying in Georgia today and is extremely
8 high relative to what other agencies have identified as
9 TELRIC, including the FCC. And I even compared it to the
10 just and reasonable rate set by the Tennessee Commission,
11 which also adopted this rate structure, and it would be
12 higher in Georgia than in Tennessee.
13 Now at the end of day, you've got a simple choice
14 here. We have given you proposed rates that take
15 BellSouth's information, BellSouth's proposals. We've made
16 them more generous than BellSouth asked for and our argument
17 is very simple -- the basic just and reasonable rate
18 standard has always maintained some reasonable nexus to
19 cost. BellSouth's response is they should be able to charge
20 what the market can bear. Well, if you allow them to charge
21 what the market "can bear", it makes a mockery of a 271
22 obligation. After all, obligations are usually being
23 required to do something that you wouldn't otherwise like to
24 do.
25 In addition, in the case of switching, there's no