

ORIGINAL
FILE COPY

1 BELLSOUTH TELECOMMUNICATIONS, INC.
2 REBUTTAL OF THE STAFF OF THE FLORIDA PUBLIC SERVICE
3 COMMISSION TESTIMONY
4 BY NANCY H. SIMS
5 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
6 DOCKET NO. 920260-TL
7 JANUARY 11, 1992
8
9
10 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.
11
12 A. I AM NANCY H. SIMS. MY BUSINESS ADDRESS IS 675
13 WEST PEACHTREE STREET, N.E., ATLANTA, GEORGIA.
14
15 Q. BY WHOM ARE YOU EMPLOYED?
16
17 A. I AM EMPLOYED BY BELLSOUTH TELECOMMUNICATIONS, INC.
18 D/B/A SOUTHERN BELL (COMPANY OR SOUTHERN BELL).
19
20 Q. ARE YOU THE SAME NANCY H. SIMS THAT PREFILED DIRECT
21 TESTIMONY IN THIS DOCKET?
22
23 A. YES, I AM.
24
25 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

1

2 A. THE PURPOSE OF MY TESTIMONY IS TO RESPOND TO THE
3 DIRECT TESTIMONY FILED BY PAUL W. STALLCUP ON
4 BEHALF OF THE FLORIDA PUBLIC SERVICE COMMISSION
5 DIVISION OF AUDITING AND FINANCIAL ANALYSIS.
6 SPECIFICALLY, I WILL ADDRESS HIS ALLEGATIONS THAT
7 SOUTHERN BELL DID NOT USE ANY STIMULATION OR
8 REPRESSION FACTORS IN ITS FILINGS.

9

10 Q. ON PAGE 2, LINES 15 AND 16, MR. STALLCUP STATES
11 THAT, "SOUTHERN BELL CHOSE NOT TO INCLUDE ESTIMATES
12 OF STIMULATION OR REPRESSION IN THEIR FILING." IS
13 THIS TRUE?

14

15 A. NO. THE PRICEOUTS ATTACHED TO MY PREFILED DIRECT
16 TESTIMONY (ATTACHMENTS 2 AND 3) WHICH SUPPORT
17 SOUTHERN BELL'S PROPOSED EXPANDED LOCAL SERVICE
18 (ELS) PLAN AND SWITCHED ACCESS REDUCTION
19 RESPECTIVELY INCLUDE ESTIMATES OF THE EFFECTS OF
20 STIMULATION AND REPRESSION.

21

22 THE CALCULATIONS OF THE REVENUE IMPACTS FOR THE ELS
23 PLAN INCLUDE REPRESSION EFFECTS ON LOCAL CALLING
24 WITHIN THE EXISTING LOCAL CALLING AREA OF 2.5% FOR
25 THOSE BUSINESS CUSTOMERS SUBSCRIBING TO THE PLAN

1 AND 5% FOR RESIDENCE CUSTOMERS SUBSCRIBING TO THE
2 PLAN. THE ELS PRICEOUT ALSO INCLUDES THE EFFECTS
3 OF STIMULATION ON CALLING TO THE EXPANDED LOCAL
4 CALLING AREA WHICH EQUALS \$12M.

5
6 WITH THE REDUCTIONS IN SWITCHED ACCESS, IT WAS
7 ASSUMED THAT THE INTEREXCHANGE CARRIERS WOULD PASS
8 ALONG THE REDUCTION IN ACCESS CHARGES THROUGH THE
9 RATES THEY CHARGE TO THEIR CUSTOMERS; THEREFORE,
10 THE REVENUE IMPACT WAS ADJUSTED TO REFLECT
11 STIMULATION OF ACCESS MINUTES OF USE BY ABOUT \$2M
12 OR AN ELASTICITY FACTOR OF -0.345.

13
14 Q. DOES SOUTHERN BELL ACCEPT THE STIMULATION FIGURES
15 OFFERED BY MR. STALLCUP?

16
17 A. NO. MR. STALLCUP STATES IN HIS TESTIMONY ON PAGE
18 3, LINES 9 THROUGH 15, THAT PRICE ELASTICITIES
19 SHOULD BE BASED ON EMPIRICAL DATA, WHICH IS EXACTLY
20 WHAT SOUTHERN BELL HAS DONE, NONETHELESS, MR.
21 STALLCUP FORMULATED HIS OWN ESTIMATES OF
22 ELASTICITIES WHICH, BY HIS OWN ADMISSION, ARE NOT
23 BASED ON EMPIRICAL DATA.

24
25 IN DEVELOPING ESTIMATES OF STIMULATION AND

1 REPRESSION, SOUTHERN BELL ANALYZED CALLING DATA
2 FROM ITS ACTUAL EXPERIENCE WITH EXPANDED LOCAL
3 SERVICE PLANS IN ADDITION TO MELDING THIS
4 EXPERIENCE WITH ACTUAL FLORIDA CALLING PATTERNS.
5 THIS INFORMATION WAS PROVIDED IN RESPONSE TO
6 SEVERAL INTERROGATORY REQUESTS IN THIS DOCKET.

7

8 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

9

10 A. YES.

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