

REBUTTAL TESTIMONY OF DON J. WOOD

ON BEHALF OF MCI

DOCKET NO. 961230-TP

NOVEMBER 19, 1996

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Don J. Wood, and my business address is 914 Stream Valley Trail, Alpharetta, Georgia 30202.

Q. HAVE YOU PREVIOUSLY FILED DIRECT TESTIMONY IN THIS DOCKET?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my rebuttal is to identify several areas of concern with the BCM2 model described in the testimony of Mr. Dunbar and the TELRIC cost study methodology described in the testimony of Mr. Farrar. I expect to file additional rebuttal once I have had the opportunity to review Sprint's actual TELRIC cost studies.

Q. WHAT ARE YOUR CONCERNS REGARDING THE BCM2 MODEL?

A. There are several:

- o The annual cost factors applied to investment values appear to be unreasonably high and the derivation of these factors is not detailed in the model's documentation.
- o The annual cost factors are based on embedded historical costs, and thus do not reflect the forward-looking costs that are appropriate for use in a TSLRIC or

ACK _____
 AFA _____
 APP _____
 CAF _____
 CMU _____
 CTR _____
 EAG _____
 LEG _____
 LIN _____
 OPC _____
 RCH _____
 SEC _____
 WAS _____
 OT _____

19
20
21
22
23
24
25

- 1 TELRIC study.
- 2 o BCM2 derives a figure of \$133.39 per line to reflect expenses which vary
- 3 according to the number of lines served. There is no documentation for this
- 4 amount, which appears to be calculated on a nationwide basis so that it is not
- 5 specific to Sprint's operations in Florida.
- 6 o The model uses fill factors which may be too low, particularly in the lower
- 7 density areas.

8

9 Q. WHAT ARE YOUR CONCERNS REGARDING SPRINT'S "TELRIC" COST

10 METHODOLOGY?

11 A. It is impossible to answer this question until I have had an opportunity to review the

12 details of Sprint's cost studies. One must examine the actual studies to determine if

13 TELRIC principles have been properly implemented.

14

15 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

16 A. Yes, at this time, although I may file additional rebuttal after I have had the chance to

17 review Sprint's cost studies.

18

19

20

21

22

23

24

25