

LAW OFFICES
MESSER, CAPARELLO & SELF
A PROFESSIONAL ASSOCIATION

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FILE COPY

215 SOUTH MONROE STREET, SUITE 701
POST OFFICE BOX 1876
TALLAHASSEE, FLORIDA 32302-1876
TELEPHONE: (904) 222-0720
TELECOPIERS: (904) 224-4359; (904) 425-1942

July 18, 1997

Ms. Blanca Bayo, Director
Division of Records and Reporting
Room 110, Easley Building
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Docket No. 960786-TL

Dear Ms. Bayo:

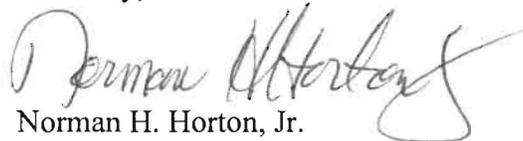
Enclosed for filing on behalf of American Communications Services of Jacksonville, Inc. are and original and 15 copies of the following documents in the above-referenced docket:

1. Revised page 3 to the Direct Testimony of Riley M. Murphy;
2. Revised page 8 to the Direct Testimony of Riley M. Murphy;
3. Six pages to be added to the end of Exhibit 5 of the Direct Testimony of Riley M. Murphy.

Please indicate receipt of this document by stamping the enclosed extra copy of this letter.

Thank you for your assistance in this matter.

Sincerely,


Norman H. Horton, Jr.

ACK _____
AFA _____
APP _____
CAF _____
CMU _____
CTR _____
EAG _____
LEG 2
LIN 5 + org
OPC _____
RCH _____
SEC 1 cc: Parties of Record
WAS _____
OTH _____

DOCUMENT NO.
07264-97

1 A. ACSI currently provides, or is actively implementing plans to provide, a wide
2 range of telecommunications and data services, including dedicated and
3 private line, high-speed data service solutions, including IP switching and
4 managed services, local switched voice services, and Internet services.

5 **Q. HAS ACSI ENTERED INTO AN INTERCONNECTION**
6 **AGREEMENT WITH BELLSOUTH TELECOMMUNICATIONS INC.**
7 **(“BELLSOUTH”) IN FLORIDA?**

8 A. Yes. ACSI and BellSouth finalized an interconnection agreement which
9 provides for mutual traffic exchange and access to unbundled network
10 elements, including unbundled loops. The Florida Public Service
11 Commission (“Commission”) approved the ACSI/BellSouth Interconnection
12 Agreement (“ACSI Interconnection Agreement”) on December 12, 1996.
13 in Docket No. 960969-TP. ACSI and BellSouth also entered into a resale
14 agreement approved April 2, 1997.

15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

16 A. The purpose of my testimony is to present ACSI’s response to BellSouth’s
17 Statement of Generally Available Terms and Conditions (“Statement”) and
18 BellSouth’s apparent position that it has met the requirements of the
19 competitive checklist contained in Section 271(c)(2)(b) of the
20 Communications Act of 1934, as amended (the “Act”). Although ACSI is
21 reselling local exchange service to a small number of customers in Florida as
22 are other providers under the Telecommunications Act of 1996, competition

1 end service to the end user. ACSI must be able to recover its loop and other
2 costs in its retail pricing. Significantly, in order to compete, ACSI must also
3 offer service at rates competitive with those of BellSouth. Unfortunately,
4 BellSouth has demanded a price for unbundled loops and associated facilities
5 that exceeds the corresponding price charged by BellSouth for residential
6 retail local exchange services.

7 Specifically, ACSI must pay the following for unbundled network
8 elements: \$17.00 for 2-wire loops, \$0.30 for the cross connect, and \$1.15 per
9 loop for interim number portability. Thus, ACSI's total out-of-pocket cost
10 to BellSouth per line is \$18.45, even *before* ACSI pays for its own network
11 and overhead. In comparison, BellSouth's highest residential retail price is
12 \$10.65. Obviously, *since the BellSouth unbundled price to ACSI exceeds*
13 *BellSouth's residential prices*, ACSI -- or any other competitive carrier -- has
14 no prospect of providing service in the residential market at competitive rates.

15 **Q. WHAT WOULD HAVE TO HAPPEN TO OPEN THE RESIDENTIAL**
16 **MARKET IN FLORIDA TO LOCAL SERVICE?**

17 **A.** BellSouth would have to lower its prices for unbundled loops substantially.
18 ACSI believes that permanent, deaveraged cost-based rates are necessary in
19 order for ALECs to begin to consider offering facilities-based service in the
20 residential market. Once market participants have available cost-based
21 residential loop rates -- which necessarily include deaveraged unbundled loop

APPENDIX B

I. Sales Commission Schedule

* Must be Certified to Receive Commission

* FRUCDS				
DSO Port				
Mo to Mo	\$ 200.00	\$ 200.00	\$ 7.50	\$ 7.50
12-36 Month Contract	\$ 200.00	\$ 300.00	\$ 7.50	\$ 7.50
37-70 Month Contract	\$ 200.00	\$ 375.00	\$ 7.50	\$ 7.50
DS1 Port				
Mo to Mo	\$ 500.00	\$ 350.00	\$ 10.00	\$ 10.00
12-36 Month Contract	\$ 500.00	\$ 550.00	\$ 10.00	\$ 10.00
37-70 Month Contract	\$ 500.00	\$ 650.00	\$ 10.00	\$ 10.00
* DDAS				
Mo to Mo	\$ 170.00	\$ 160.00	\$ 6.17	\$ 6.17
24 Month Contract	\$ 170.00	\$ 320.00	\$ 6.17	\$ 6.17
25-42 Month Contract	\$ 170.00	\$ 480.00	\$ 6.17	\$ 6.17
43 and over Contract	\$ 170.00	\$ 640.00	\$ 6.17	\$ 6.17
Office Channel	\$ 200.00	\$ 160.00	\$ 6.17	\$ 6.17
* FlexServ				
DSO Port-Digital Port				
Mo to Mo	\$ 4.60	\$ 30.00	\$ 1.00	\$ 1.00
48+ Month Contract	\$ 4.60	\$ 60.00	\$ 1.00	\$ 1.00
DS1 Port-Conn with DSO Switching				
Mo to Mo	\$ 75.00	\$ 210.00	\$ 10.00	\$ 10.00
48+ Month Contract	\$ 75.00	\$ 415.00	\$ 10.00	\$ 10.00
DS1 Port-Conn with DS1 Switching				
Mo to Mo	\$ 45.00	\$ 165.00	\$ 7.50	\$ 7.50
48+ Month Contract	\$ 45.00	\$ 330.00	\$ 7.50	\$ 7.50

APPENDIX C

Sales Terms and Conditions

I. Eligible Sales

Unless otherwise set forth in this Agreement, the following terms and conditions shall apply to each sale of Service made by REPRESENTATIVE under this Agreement.

II. General Service Offerings Terms and Conditions

- A. REPRESENTATIVE acknowledges all applicable provisions of COMPANY's tariffs as they pertain to the prohibition of, or conditions on, resale of service. REPRESENTATIVE agrees that it will not sell any Service, nor will REPRESENTATIVE be entitled to any compensation for sales of service to any person, corporation or entity which is not the end-user of the service.
- B. Unless otherwise set forth in this Agreement, COMPANY shall have the option to disallow commissions on any new sales of Service which remain installed for less than six (6) months. Should the customer have its Service disconnected in six (6) months or less, COMPANY may recover all commissions paid to REPRESENTATIVE for that sale. REPRESENTATIVE shall never sell Service to any customer with the intent of avoiding the application of this provision in order to earn commission payments. In the event service is removed immediately after the six month grace period under circumstances indicating fraud, bad faith or other suspicious circumstances, COMPANY may seek to recover all commissions previously paid to REPRESENTATIVE for such sale. In such cases, COMPANY may investigate the circumstances surrounding the discontinuance of service, and REPRESENTATIVE will fully cooperate in such investigation. If, after the conclusion of the investigation, it is determined by COMPANY that commissions have been improperly received by REPRESENTATIVE, all such commissions previously received shall be voluntarily returned to COMPANY by REPRESENTATIVE.

APPENDIX D

General Support Levels

REPRESENTATIVE electing Option A or B in Section XIII of this Agreement will be entitled to the General Support Levels*, subject to being made available by COMPANY, as follows:

Enhanced on-line tools

Order entry

Pricing

Tariffs

Applications

Reference material

E-Mail

Training for services/applications/sales

Enhanced Co-op program

Leads/referrals

Information and training on competing network products

Marketing/coverage generation bonus programs.

Note: As indicated in Section III of this Agreement, the support levels provided by COMPANY are provided as deemed appropriate by COMPANY. COMPANY reserves the right to alter the support level if and when it deems such changes necessary or appropriate. REPRESENTATIVE may opt out of this Agreement within 30 days or notice of changes to any of the support levels deemed by REPRESENTATIVE to be unacceptable.

APPENDIX E

NONDISCRIMINATION COMPLIANCE AGREEMENT

Contractors shall comply with the applicable provisions of the following:

Exec. Order No. 12138, P.L. 95-547, Exec. Order No. 12246, Exec. Order No. 11625, Section 8 of the Small Business Act as amended, Railroad Revitalization and Regulatory Reform Act of 1976, Exec. Order No. 11794, Exec. Order No. 11758, Exec. Order No. 12138, Section 503 of the Rehabilitation Act of 1973 as amended by PL93-516, Vietnam Era Veterans' Readjustment Assistance Act of 1974 and the rules, regulations and relevant Orders of the Secretary of Labor pertaining to the Executive Order and Statute listed above.

For contracts of or which aggregate to \$1,500 or more annually, the following table describes the clauses which are included in the contract:

1. Inclusion of the Equal Employment clause in all contracts and orders;
2. Certification of non-segregated facilities;
3. Certification that an affirmative action program has been developed and is being implemented;
4. Certification that an annual Employers Information Report (EEO-1 Standard Form 100) is being filed;
5. Inclusion of the "Utilization of Minority and Women's Business Enterprises" clause in all contracts and orders;
6. Inclusion of the "Minority and Women's Business Enterprise Subcontracting Program" clause in all contracts and orders;
7. Inclusion of the "Listing of Employment Openings" clause in all contracts and orders;
8. Inclusion of the "Employment of the Handicapped" clause in all contracts and orders;

Contract Value	Clause(s) Required
\$ 2,500 to \$10,000	1, 2, 5, 6, 7, 8
\$10,000 to \$50,000	1, 2, 3*, 4*, 5, 6, 7, 8
\$50,000 or more	

* Applies only for businesses with 50 or more employees

1. Equal Employment Opportunity Provisions
 in accordance with Exec. Order No. 11246, dated September 24, 1969 and Part 60-1 of Title 41 of the Code of Federal Regulations (Public Contracts and Property Management, Office of Federal Contract Compliance, Obligations of Contractors and Subcontractors), as may be amended from time to time, the parties incorporate herein by this reference the regulations and contract clauses required by those provisions to be made a part of Government contracts and subcontracts.

Certification of Non-segregated Facilities
 The contractor certifies that it does not and will not maintain any facilities it provides for its employees in a segregated manner, or permit its employees to perform their services at any location under its control where segregated facilities are maintained and that it will obtain a valid certification prior to the award of any nonsequest subcontracts.

Certification of Affirmative Action Program
 The contractor certifies that it has developed and is establishing an affirmative action plan as required by Part 60-3 of Title 41 of the Code of Federal Regulations.

Certification of Filing of Employers Submission Reports
 The contractor agrees to file annually, on or before the 31st day of March, complete and accurate reports on Standard Form 100 (EEO-1) or such forms as may be promulgated in its use.

Utilization of Minority and Women's Business Enterprises
 It is the policy of the Government and BallSouth Corporation and its affiliates as a Government contractor, that minority and women's business enterprises shall have the maximum practicable opportunity to participate in the performance of contracts.

(b) The contractor agrees to use his or her best efforts to carry out this policy to the extent of his or her subcontractors to the fullest extent consistent with the efficient performance of this contract. As used in this contract, the term "minority or women's business enterprise" means a business with at least 51 percent of which is owned by minority or women group members or in case of publicly owned business, at least 51 percent of the stock of which is owned by minority or women group members. For purposes of this definition, minority group members are Blacks, Hispanics, Asian, Pacific Islanders, American Indians and Alaska Natives. Contractors may rely on written representation by subcontractors regarding their status as minority or women's business enterprises in lieu of an independent investigation.

6. Minority and Women's Business Enterprise Subcontracting Program

(a) The contractor agrees to establish and conduct a program which will enable minority and women's business enterprises (as defined in paragraph 5 above) to be considered fairly as subcontractors and suppliers under the contract. In this connection, the Contractor shall:

- (1) Designate a liaison officer who will administer the contractor's minority and women's business enterprises program;
- (2) Provide adequate and timely consideration of the potentialities of known minority and women's business enterprises in all "make-or-buy" decisions;
- (3) Assure that known minority and women's business enterprises will have an equitable opportunity to compete for subcontracts, particularly by arranging subcontracting lists for the preparative of bids, quantities, specifications, and delivery schedules so as to facilitate the participation of minority and women's business enterprises;
- (4) Maintain records showing (i) procedures which have been adopted to comply with the policies set forth in this clause, including the establishment of a source list of minority and women's business enterprises; (ii) efforts to identify and contact minority and women's business enterprises on the source list; and (iii) specific efforts to identify and award contracts to minority and women's business enterprises;
- (5) Include the Utilization of Minority and Women's Business Enterprises clause in subcontracts which offer substantial minority and women's business enterprises subcontracting opportunities;

(6) Cooperate with the Government's Contracting Officer for BallSouth Corporation or its affiliates in any audits and surveys of the contractor's minority and women's business enterprises procedures and practices that the Government's Contracting Officer may from time to time conduct;

(7) Submit periodic reports of subcontracting to known minority and women's business enterprises with respect to the records referred to in sub-paragraph (4) above, in such form and manner and at such time (not more often than quarterly) as the Government's Contracting Officer for BallSouth Corporation or its affiliates may prescribe.

(b) The contractor further agrees to insert, in any subcontract hereunder which may exceed \$500,000 (or in the case of WBE \$1,000,000 in the case of contracts for the construction of any public facility and which offer substantial subcontracting possibilities) provisions which shall conform substantially to the language of this Agreement, including this paragraph (b) and to verify the Contracting Officer of the nature of such subcontracts.

7. List of Employment Openings for Veterans
 in accordance with Exec. Order 11758, dated January 24, 1973, and Part 60-250 of Title 41 of the Code of Federal Regulations, as it may be amended from time to time, the parties incorporate herein by this reference the regulations and contract clauses required by those provisions to be made a part of Government contracts and subcontracts.

8. Employment of the Handicapped
 in accordance with Exec. Order 11758, dated January 14, 1974, and Part 60-741 of Title 41 of the Code of Federal Regulations, as it may be amended from time to time, the parties incorporate herein by this reference the regulations and contract clauses required by those provisions to be made a part of Government contracts and subcontracts.

APPENDIX

Gratuities and Lobbying

Our Company does business with the Federal Government and with various state and local governments. It is Company policy that, in doing business with governmental agencies, the COMPANY and all of its employees, agents, and other representatives will comply with all applicable laws, rules, and regulations regarding gratuities, lobbying, and similar matters. Such laws, rules, and regulations often contain severe civil and criminal penalties for their violation.

By executing this Agreement, you hereby represent and warrant that your company and all employees, agents, consultants, and other representatives are familiar with and will comply with all applicable laws, rules, and regulations concerning the provision of gratuities to and lobbying of any officer, employee, consultant, or other representative of a government agency. Where there is any question whether a matter is permitted or not under applicable laws, rules, and regulations, you agree that you will act as if it were not permitted. If you violate any laws, rules, or regulations in connection with your dealings with a government agency arising from your work under this Agreement, we may immediately terminate this Agreement. You agree to indemnify, defend and hold us harmless from any claims, damages, any liabilities that may arise from any such violation.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the revised pages 3 and 8 and six additional pages to be added to Exhibit 5 to the Direct Testimony of Riley M. Murphy on behalf of American Communications Services of Jacksonville, Inc. in Docket No. 960786-TL have been served upon the following parties by Hand Delivery (*) and/or Overnight Delivery (**) this 18th day of July, 1997:

Monica Barone, Esq.*
Division of Legal Services, Room 370
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Ms. Nancy White*
c/o Ms. Nancy Sims
BellSouth Telecommunications, Inc.
150 S. Monroe Street, Suite 400
Tallahassee, FL 32301

Joseph A. McGlothlin, Esq.*
Vicki Gordon Kaufman, Esq.
McWhirter, Reeves, McGlothlin,
Davidson, Rief & Bakas, P.A.
117 South Gadsden St.
Tallahassee, FL 32301

Patrick K. Wiggins, Esq.*
Donna Canzano, Esq.
Wiggins & Villacorta, P. A.
501 E. Tennessee St., Suite B
Tallahassee, Florida 32302

Patricia Kurlin, Esq.**
Intermedia Communications, Inc.
3625 Queen Palm Drive
Tampa, FL 33169-1309

Richard D. Melson*
Hopping Green Sams & Smith
123 S. Calhoun St.
Tallahassee, FL 32301

Thomas K. Bond**
MCI Telecommunications
780 Johnson Ferry Road, Suite 700
Atlanta, GA 30342

Tracy Hatch, Esq*
AT&T
101 N. Monroe St., Suite 700
Tallahassee, Florida 32301

Marsha E. Rule, Esq.*
AT&T
101 N. Monroe St., Suite 700
Tallahassee, Florida 32301

Mr. Andrew O. Isar**
Director- Industry Relations
Telecommunications Resellers
Association
4312 92nd Avenue, NW
Gig Harbor, WA 98335

Mr. Jeffrey J. Walker**
Regulatory Counsel
Preferred Carrier Services, Inc.
500 Grapevine Highway, Suite 300
Hurst, TX 76054

Benjamin Fincher, Esq.**
Sprint Communications Co., L.P.
3065 Cumberland Circle
Atlanta, GA 30339

C. Everett Boyd, Jr.*
Ervin, Varn, Jacobs, Odom & Ervin
305 S. Gadsden St.
Tallahassee, FL 32301

Richard M. Rindler**
Swidler & Berlin, Chartered
3000 K Street, N.W., Suite 300
Washington, DC 20007

Sue E. Weiske, Esq.**
Time Warner Communications
3rd Floor North
160 Inverness Drive West
Englewood, CO 80112

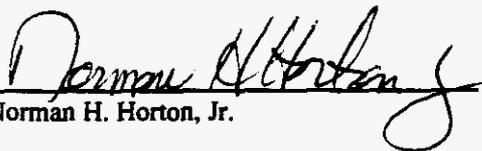
Peter M. Dunbar, Esq.*
Robert S. Cohen, Esq.
Pennington, Culpepper, Moore, Wilkinson,
Dunbar & Dunlap, P.A.
2nd Floor
215 S. Monroe St.
Tallahassee, FL 32301

Ms. Carolyn Marek
Vice President Regulatory Affairs, Southeast
Time Warner Communications
2828 Old Hickory Blvd, S.E., Apt. #713
Nashville, TN 37221

Kenneth A. Hoffnan*
Rutledge, Ecenia, Underwood,
Purnell & Hoffman, P.A.
P.O. Box 551
Tallahassee, FL 32302

Mr. Paul Kouroupas**
TCG - Washington
2 Lafayette Centre, Suite 400
1133 Twenty First Street, N.W.
Washington, DC 20036

Benjamin Fincher**
3100 Cumberland Circle
Atlanta, GA 30339


Norman H. Horton, Jr.

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501 E. Tennessee St., Suite B
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Intermedia Communications, Inc.
3625 Queen Palm Drive
Tampa, FL 33169-1309

Richard D. Melson*
Hopping Green Sams & Smith
123 S. Calhoun St.
Tallahassee, FL 32301

Thomas K. Bond**
MCI Telecommunications
780 Johnson Ferry Road, Suite 700
Atlanta, GA 30342

Tracy Hatch, Esq*
AT&T
101 N. Monroe St., Suite 700
Tallahassee, Florida 32301

Marsha E. Rule, Esq.*
AT&T
101 N. Monroe St., Suite 700
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Mr. Andrew O. Isar**
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4312 92nd Avenue, NW
Gig Harbor, WA 98335

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3000 K Street, N.W., Suite 300
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3rd Floor North
160 Inverness Drive West
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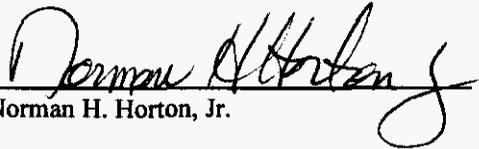
Ms. Carolyn Marek
Vice President Regulatory Affairs, Southeast
Time Warner Communications
2828 Old Hickory Blvd, S.E., Apt. #713
Nashville, TN 37221

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07/18/97

Kenneth A. Hoffman*
Rutledge, Ecenia, Underwood,
Purnell & Hoffman, P.A.
P.O. Box 551
Tallahassee, FL 32302

Mr. Paul Kouroupas**
TCG - Washington
2 Lafayette Centre, Suite 400
1133 Twenty First Street, N.W.
Washington, DC 20036

Benjamin Fincher**
3100 Cumberland Circle
Atlanta, GA 30339


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