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December 31, 1997

Ms. Blanca S. Bayó
Director, Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. ~~960833~~-TP, 960846-TP, 960747-TP & 971140-TP

Dear Ms. Bayó:

Enclosed for filing on behalf of MCI Telecommunications Corporation, MCImetro Access Transmission Services, Inc., and AT&T Communications of the Southern States, Inc., in the above dockets, are the original and 15 copies of pages 1 through 3 of Don J. Wood's Rebuttal Testimony, which were inadvertently left out of the December 9, 1997 filing. I apologize for any inconvenience this may have caused.

By copy of this letter, these pages have been provided to the parties on the attached service list.

Very truly yours,

Richard D. Melson

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following parties by U.S. Mail or hand delivery(**) this 31st day of December, 1997.

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Rebuttal Testimony of Don J. Wood on Behalf of AT&T and MCI
FPSC Docket Nos. 960757-TP, 960833-TP, 960846-TP, 971140-TP December 9, 1997

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Don J. Wood, and my business address is 914 Stream Valley Trail,
3 Alpharetta, Georgia 30022. I provide consulting services to the ratepayers and
4 regulators of telecommunications utilities.

5

6 Q. PLEASE DESCRIBE YOUR BACKGROUND AND EXPERIENCE.

7 A. I received a BBA in Finance with distinction from Emory University and an MBA
8 with concentrations in Finance and Microeconomics from the College of William
9 and Mary. My telecommunications experience includes employment at both a
10 Regional Bell Operating Company ("RBOC") and an Interexchange Carrier
11 ("IXC").

12 I was employed in the local exchange industry by BellSouth Services, Inc.
13 in its Pricing and Economics, Service Cost Division. My responsibilities included
14 performing cost analyses of new and existing services, preparing documentation
15 for filings with state regulatory commissions and the Federal Communications
16 Commission ("FCC"), developing methodology and computer models for use by
17 other analysts, and performing special assembly cost studies. I was employed in
18 the interexchange industry by MCI Telecommunications Corporation, as Manager
19 of Regulatory Analysis for the Southern Division. In this capacity I was
20 responsible for the development and implementation of regulatory policy for
21 operations in the southern U. S. I then served as a Manager in the Economic
22 Analysis and Regulatory Affairs Organization, where I participated in the
23 development of regulatory policy for national issues.

24

1 Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE STATE
2 REGULATORY BODIES?

3 A. Yes. I have testified on telecommunications issues before the regulatory bodies of
4 twenty-five states, the District of Columbia, state courts, and have presented
5 comments to the FCC. A listing of my previous testimony is attached as Exhibit
6 DJW-1. I have presented testimony before this Commission on costing issues on a
7 number of occasions.

8

9 Q. PLEASE DESCRIBE YOUR EXPERIENCE REVIEWING COST MODELS
10 AND METHODOLOGIES.

11 A. While employed in the BellSouth Service Cost organization, I had the opportunity
12 to work with a number of cost models and to analyze and review the manner in
13 which these models were used in the cost development process. Since that time, I
14 have reviewed incremental cost studies performed by each of the seven regional
15 Bell Operating Companies ("RBOCs"), including BellSouth, and a number of other
16 Tier 1 incumbent local exchange companies ("ILECs"). I have also been asked by
17 regulators to develop detailed rules to be used by the ILECs when performing
18 TSLRIC studies.

19

20 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

21 A. My testimony is divided into two Sections. The purpose of Section 1 of my
22 testimony is to respond to a number of issues addressed in the direct testimony of
23 witnesses Daniel M. Baeza, Walter S. Reid, D. Daonne Caldwell, and Alphonso J.
24 Varner on behalf of BellSouth Telecommunications, Inc. ("BellSouth"). In

1 general, each of these witnesses attempts to defend a portion of the BellSouth
2 proposal to charge inflated rates for the unbundled network elements ("UNEs") at
3 issue in this proceeding: Mr. Baeza describes the fundamental error in the
4 development of fill factors utilized in the BellSouth cost studies which results in a
5 significant overstatement of cost; Mr. Reid describes the process used by
6 BellSouth to allocate its historic levels of shared and common costs as reflected in
7 its books of account, including any and all inefficiencies; Ms. Caldwell describes
8 the methodology used by BellSouth to conduct what it has incorrectly labelled as
9 "TSLRIC" studies; and Mr. Varner argues that for the loop and port elements at
10 issue in this proceeding, the Commission should completely disregard the
11 "TSLRIC" studies sponsored by Ms. Caldwell and instead establish rates based on
12 BellSouth's embedded costs.

13 AT&T witness Wayne Ellison will summarize in his rebuttal testimony the
14 specific changes and adjustments, described in more detail by other AT&T/MCI
15 witnesses, that should be made to the BellSouth cost studies before the results are
16 used as the basis for UNE rates.

17 The purpose of Section 2 of my testimony is to describe the calculations
18 that form the basis for the geographically deaveraged loop rate proposal contained
19 in the testimony of AT&T witness Ellison. I will explain the importance of rates
20 that accurately reflect geographic differences in the underlying cost, and describe
21 the process used to determine these geographic cost differences.

22

23 **Q. WHY IS AN ACCURATE AND CONCEPTUALLY CORRECT**
24 **CALCULATION OF COSTS SO IMPORTANT TO THE SUCCESSFUL**

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