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November 17, 2003

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Director, Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32301

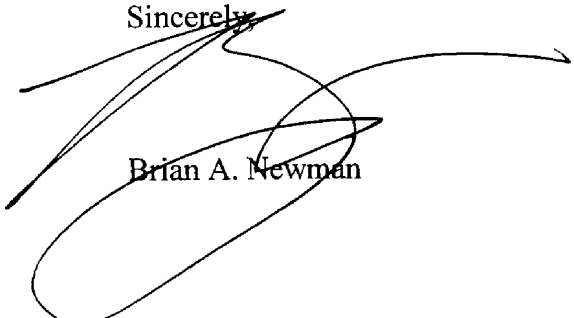
**In Re: Docket No. 030300-TP (Petition of Florida Public
Telecommunications Association for Expedited
Review of BellSouth Telecommunications, Inc.'s
Tariffs with respect to Rates for Payphone Line
Access, Usage, and Features**

Dear Ms. Bayo:

Enclosed is an original and fifteen (15) copies of The Florida Public Telecommunications Association's Notice of Filing the Direct Testimony of Don J. Wood, which we ask that you file in the captioned matter.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the Certificate of Service.

Sincerely,


Brian A. Newman

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of Florida Public)
Telecommunications Association)
for Expedited Review of BellSouth)
Telecommunications, Inc.'s Tariffs)
with respect to Rates for Payphone)
Line Access, Usage, and Features.)

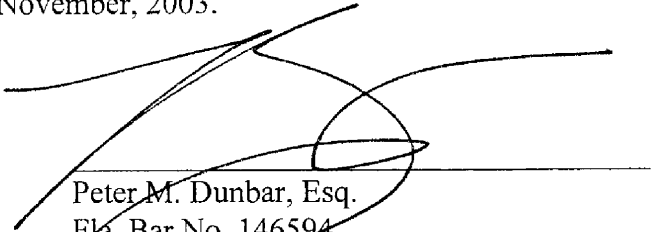
Docket No. 030300-TP

Filed: November 17, 2003

FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION'S
NOTICE OF FILING THE DIRECT TESTIMONY OF
DON J. WOOD

Florida Public Telecommunications Association ("FPTA") hereby serves notice of filing the Direct Testimony of Don J. Wood with Exhibits DJW-1 and DJW-2.

Respectfully submitted this 17th day of November, 2003.



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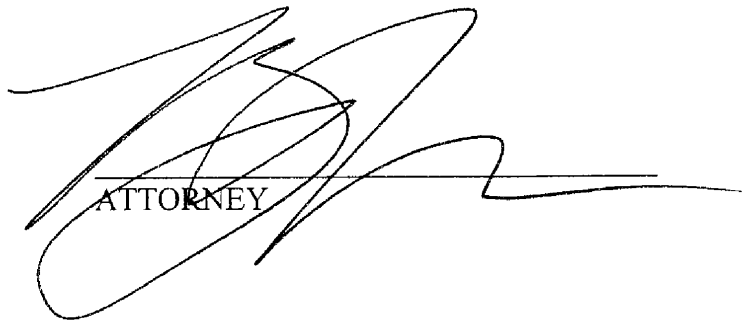
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Filing the Direct Testimony of Don J. Wood has been furnished by United States Mail this 17th day of November, 2003 to the following:

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ATTORNEY

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for expedited review of
BellSouth Telecommunications, Inc.'s
intrastate tariffs for pay telephone access
services (PTAS) rate with respect to rates for
payphone line access, usage, and features, by
Florida Public Telecommunications
Association.

DOCKET NO. 030300-TP

DIRECT TESTIMONY OF DON J. WOOD

**ON BEHALF OF THE
FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION**

NOVEMBER 17, 2003

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1 **Qualification and Introduction**

2

3 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

4 A. My name is Don J. Wood. I am a principal in the firm of Wood & Wood, an
5 economic and financial consulting firm. My business address is 4625 Alexander Drive,
6 Suite 125, Alpharetta, Georgia 30022. I provide economic and regulatory analysis of the
7 telecommunications, cable, and related convergence industries, with an emphasis on
8 economic policy, development of competitive markets, and cost-of-service issues.

9

10 Q. PLEASE DESCRIBE YOUR BACKGROUND AND EXPERIENCE.

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

16 Specifically, I was employed in the local exchange industry by
17 BellSouth Services, Inc. in its Pricing and Economics, Service Cost
18 Division. My responsibilities included performing cost analyses of new
19 and existing services, preparing documentation for filings with state
20 regulatory commissions and the Federal Communications Commission

1 ("FCC"), developing methodology and computer models for use by other
2 analysts, and performing special assembly cost studies.

3 I was employed in the interexchange industry by MCI
4 Telecommunications Corporation, as Manager of Regulatory Analysis for
5 the Southern Division. In this capacity I was responsible for the
6 development and implementation of regulatory policy for operations in the
7 southern U. S. I then served as a Manager in MCI's Economic Analysis
8 and Regulatory Affairs Organization, where I participated in the
9 development of regulatory policy for national issues.

10

11 Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE
12 STATE REGULATORS?

13 A. Yes. I have testified on telecommunications issues before the regulatory commissions
14 of thirty-five states, Puerto Rico, and the District of Columbia. I have also presented
15 testimony regarding telecommunications issues in state, federal, and overseas courts,
16 before alternative dispute resolution tribunals, and at the FCC. A listing of my
17 previous testimony is attached as Exhibit DJW-1.

18

19 Q. PLEASE DESCRIBE YOUR EXPERIENCE REVIEWING COST
20 STUDIES, MODELS, AND METHODOLOGIES.

1 A. While employed in the BellSouth Service Cost Division, I had the
2 opportunity to work with a number of cost models, and to analyze and
3 review the manner in which these models were used in the cost
4 development process. Since that time, I have reviewed cost studies
5 performed by each of the seven (now four) RBOCs, and a number of other
6 incumbent local exchange carriers (“ILECs”), including both Tier 1
7 companies and smaller carriers. In each case, my review of these cost
8 studies has included an extensive evaluation of the methodologies,
9 computer models and spreadsheets, and inputs/assumptions employed by
10 the particular ILEC.

11 I have also been asked by regulators to develop detailed rules for
12 ILECs’ performance of cost studies. My proposed costing rules have been
13 adopted and implemented in both Delaware and Wyoming.

14

15 Q. PLEASE DESCRIBE YOUR EXPERIENCE WITH THE EVALUATION
16 OF PROPOSED RATES FOR PAYPHONE ACCESS LINE SERVICES.

17 A. I have been asked to evaluate the appropriateness of payphone access line
18 (“PAL”) services rates, in light of the FCC rules implementing Section 276
19 of the Telecommunications Act of 1996 (“Act”), in Alabama, Colorado,
20 Connecticut, Indiana, Louisiana, Oregon, Massachusetts, Mississippi,

1 North Carolina, Ohio, Puerto Rico, South Carolina, Tennessee, Vermont
2 and here in Florida.

3

4 Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

5 A. I have been asked by the Florida Public Telecommunications Association
6 (“FPTA”) to review and evaluate the intrastate rates for the various
7 payphone access services offered by BellSouth. In doing so, I have
8 attempted to determine if these rates conform to the requirements of
9 Section 276 of the Act and the subsequent FCC Orders implementing that
10 section of the Act.²

² Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, 11 FCC Rcd 20,541 (1996) (“*Report and Order*”); Order on Reconsideration, 11 FCC Rcd 21,233 (1996) (“*Order on Reconsideration*”); Order, 12 FCC Rcd 20,997 (Comm. Car. Bur. 1997) (“*Bureau Waiver Order*”); Order, 12 FCC Rcd 21,370 (Comm. Car. Bur. 1997) (“*Second Bureau Waiver Order*”), (Collectively, the “*Payphone Orders*.”). Subsequently, In the Matter of Wisconsin Public Service Commission: Order Directing Filings, 15 FCC Rcd 9978 (Comm. Car. Bur. 2000) (“*First Wisconsin Order*”), and Memorandum Opinion and Order, 17 FCC 2051 (2002) (“*Second Wisconsin Order*”), (Collectively, the “*Wisconsin Orders*”).

1 My testimony is divided into three sections. Section 1 responds, to
2 the extent possible given currently-available information, to the issues set
3 forth in Appendix A to the September 24, 2003 Scheduling Order. Section
4 2 describes the standard to be applied by this Commission when evaluating
5 the appropriateness of BellSouth's existing rates for payphone access
6 services, including the FCC's four part test.³ I also discuss the FCC's
7 clarification of this standard and the manner in which it should be applied.
8 Section 3 describes my analysis of existing rates and the best available cost
9 information. This analysis shows that BellSouth's current rates are well in
10 excess of cost and well in excess of a level that would be compliant with
11 the FCC's requirements.

12

³ In the *Second Wisconsin Order*, the FCC concluded that as a matter of law, its jurisdiction to mandate a specific pricing methodology in this context is limited to BOCs, and does not extend to other ILECs. This ruling was affirmed on appeal and is now final. In this proceeding, the Commission can and should apply the FCC standards to both Verizon and Sprint in for at least two reasons: (1) the FCC's pricing requirements are consistent with (and essential to) the objective of the Act to ensure the widespread deployment of payphones, an objective that is clearly consistent with the public interest, and (2) the FCC encourages the application of its requirements in order to help ensure a consistent national policy: "We...encourage states to apply the new services test to all LECs, thereby extending the pro-competitive regime intended by Congress" (¶ 42). Because of the importance of this public interest component, I refer to the FCC rules as a standard that must be applied to all ILECs, either as a matter of law or as a matter of sound public policy.

1 **Section 1: Response to identified issues.**
2
3

4 Q. PLEASE PROVIDE A RESPONSE TO THE LIST OF TENTATIVE ISSUES AS
5 SET FORTH IN THE SEPTEMBER 24, 2003 SCHEDULING ORDER.

6 A. The issues, along with a statement of position, are as follows. For some issues,
7 FPTA does not have a fully developed position at this time because it has not had
8 access to the necessary information. For example, in order to respond to issues 2
9 (b) (regarding compliant rates) and 2 (d) (regarding appropriate level of refunds)
10 FPTA needs access to BellSouth cost information that has not yet been made
11 available in this proceeding. Once this information is available, I will supplement
12 my response.

13 **1. (a) Has BellSouth reduced its intrastate payphone line rates by the**
14 **amount of the interstate EUCL? If not, has BellSouth ceased charging the**
15 **EUCL on payphone lines?** No. BellSouth invoices reveal that BellSouth
16 continues to assess its tariffed rate for the multi-line business End User Common
17 Line charge, or EUCL.

18 **1. (b) As of what date was BellSouth required to reduce its intrastate**
19 **payphone line rates by the amount of the interstate EUCL?** In order to make
20 BellSouth's rates compliant with the applicable FCC Orders (these orders are
21 described in detail in Section 2 of my testimony), BellSouth should have reduced

1 its intrastate payphone line rates – at a minimum – by the amount of the EUCL on
2 April 15, 1997.

3 **1. (c) Can the FPSC order refunds to FPTA’s members for the time**
4 **period bracketed between (a) and (b)? If so, what is the amount of any**
5 **required refunds and how should any refunds be effected?** Yes, the
6 Commission can and should order refunds. The amount of the refund should be
7 the amount paid to BellSouth for EUCL since April 15, 1997. Further, BellSouth
8 promised in a letter dated April 10, 1997 from the RBOC Payphone Coalition
9 counsel, Michael Kellogg, to issue a refund back to April 15, 1997 in the event its
10 PTAS rates did not conform to the new services test.

11
12 **2. In Docket No. 970281-TL, PAA Order No. PSC-98-1088-FOF-TL,**
13 **issued on August 11, 1998, this Commission determined BellSouth’s**
14 **intrastate payphone rates to be in compliance with the FCC’s “new services”**
15 **test. (a) Are BellSouth’s intrastate payphone rates no longer compliant with**
16 **the new services test? If so, when did they become noncompliant?**

17 BellSouth’s rates are not currently in compliance and probably were not in
18 compliance as of August 11, 1998. If the FCC had issued its clarifying orders
19 (these orders are described in detail in Section 2 of my testimony) prior to that
20 time, it is highly unlikely that the Commission would have concluded that

1 BellSouth's rates were in compliance. Because all available evidence suggests
2 that BellSouth's costs have trended downward over time (this Commission's
3 orders regarding UNE rates are consistent with such an observation), at a
4 minimum BellSouth's rates became out of compliance immediately after the
5 August 11, 1998 order was issued. As the FCC has made clear, the application of
6 the New Services Test is a dynamic and ongoing process that recognizes changes
7 in cost levels over time.

8
9 **2. (b) If BellSouth's intrastate payphone rates are not compliant with**
10 **the new services test, at what rate levels will BellSouth's intrastate payphone**
11 **rates comply with the new services test?** A compliant rate level cannot be
12 calculated with certainty without cost information from BellSouth that is specific
13 to the task at hand (namely, the development of cost-based rates for payphone
14 access lines). In Section 3 of my testimony, I show that, based on the most recent
15 publicly available information, BellSouth's rates exceed a cost-based level by a
16 significant margin.

17
18 **2. (c) Can this Commission order BellSouth to revise its intrastate**
19 **payphone rates? If so, as of what date should any such rate changes be**
20 **effective?** Yes, this Commission has the authority to require BellSouth to reduce

1 its intrastate rates for payphone access services. Compliant rates should be
2 required to be in place as soon as reasonably practicable after the Commission's
3 decision in this proceeding, but no later than fifteen days.

4
5 **2. (d) If BellSouth's payphone rates became noncompliant with the**
6 **new services test, can the FPSC order refunds to FPTA's members for the**
7 **time period from when they became noncompliant to the date identified in**
8 **Issue 2(c)? If so, what is the amount of any required refunds, and how**
9 **should any refunds be effected?** Yes. The Commission must require BellSouth
10 to refund the difference between compliant rates and the rates actually charged to
11 FPTA members. A calculation of the refund due for each time period can be
12 calculated once the relevant cost information is produced by BellSouth.

13
14 **Section 2: The standard to be applied by the Commission when evaluating the**
15 **ILECs' rates for payphone access line services.**

16
17 **The FCC's Payphone Orders**

18 Q. PLEASE DESCRIBE HOW YOU HAVE APPROACHED YOUR
19 ANALYSIS OF BELLSOUTH'S EXISTING RATES.

20 A. My analysis of the rates and related cost information seeks to answer four
21 questions:

22 (1) Are BellSouth's rates *cost based*?

1
2
3
4
5
6
7
8
9

(2) Are BellSouth's rates *consistent with the requirements of section 276 of the Act*?

(3) Are BellSouth's rates *nondiscriminatory*?

(4) Are BellSouth's rates *consistent with the FCC's Computer III tariffing guidelines (i.e., in compliance with the so-called "new services test"?)*

10 I want to be clear that these are four distinct and independent areas
11 of inquiry. While the first question is perhaps the most critical (rates that
12 are properly cost based are likely to be consistent with the Act, be
13 nondiscriminatory, and meet the FCC's Computer III guidelines), these are
14 four distinct criteria that BellSouth's payphone access services rates must
15 meet. The FCC's "new services test" is one, but only one, of these four
16 independent criteria.

17

18 Q. WHY HAVE YOU FOCUSED YOUR ANALYSIS ON THESE FOUR
19 SPECIFIC QUESTIONS?

20 A. I have focused my analysis in this manner because these are the four criteria
21 expressly adopted by the FCC in its *Payphone Orders* that were issued pursuant to
22 its responsibilities as defined in Section 276 of the Act. This is the standard that
23 state regulators are to apply when determining if existing or proposed intrastate
24 rates for the elements of payphone access services (access lines, usage, and

1 features) are in compliance with the FCC requirements. It is the standard that has
2 been applied by other state regulators.

3

4 Q. WHY HAS THE FCC ESTABLISHED A SET OF STANDARDS TO BE
5 APPLIED BY STATE REGULATORS WHEN DETERMINING INTRASTATE
6 RATES FOR PAYPHONE ACCESS SERVICES?

7 A. The Act mandates that the FCC take this role. Specifically, section 276(b)(1)(C)
8 requires that the FCC establish a set of nonstructural safeguards to implement the
9 provisions of the Act. The Act states that these safeguards are to include - at a
10 minimum - the "new services test", established previously by the FCC in the
11 *Computer III* inquiry. As I will explain in more detail below, the FCC, in
12 response to this legislative mandate, established the four-part test to be applied to
13 interstate payphone access services (features) and intrastate payphone access
14 services (access lines, usage, and features).

15

16 Q. HOW DID THE FCC RESPOND TO THIS LEGISLATIVE MANDATE?

17 A. The FCC has issued the series of *Payphone Orders* that set forth the requirements
18 for rates for payphone access services in CC Docket 96-128 and related dockets.
19 The basic requirements are set forth in the *Bureau Waiver Order* (at ¶35): "LECs
20 must have effective state tariffs that comply with the requirements" set forth for

1 these rates and "these requirements are: that payphone services state tariffs must
2 be cost based, consistent with section 276, nondiscriminatory, and consistent with
3 Computer III tariffing guidelines."

4 The *Second Bureau Waiver Order* reiterated the mandate that payphone
5 access services tariffed at the state level must comply with these requirements. In
6 that order the FCC's Common Carrier Bureau ("CCB") granted a limited
7 extension of time for LECs to file tariffs that contained rates in compliance with
8 the four-part test described above. The CCB noted (§ 18) that in requesting this
9 limited waiver, the "RBOC coalition concedes that the Commission's payphone
10 orders, as clarified by the *Bureau Waiver Order*" will determine the basis for how
11 new and existing payphone access service rates will be evaluated by state
12 regulators.

13 To summarize, the FCC has required the ILECs to have on file intrastate
14 tariffs that include rates for payphone access services in full compliance with the
15 four part test. In addition, the ILECs must provide the cost data necessary for the
16 state regulator to determine whether the existing or proposed rates comply with
17 the FCC standard.

18
19 **The FCC's Wisconsin Orders**

20 Q. WERE THE INTRASTATE FILINGS MADE IN ACCORDANCE WITH THE

1 AGREED-UPON – AND ORDERED – TIMEFRAME?

2 A. In almost all instances, no. Since 1997, some state regulators have reviewed, and
3 often changed, PAL rates in response to a complaint by payphone service
4 providers (“PSPs”), a voluntary filing by an ILEC, or a decision by the regulator
5 to update the rates based on new cost information. Over this extended period of
6 time, ILECs and state regulators have applied various interpretations of the FCC
7 pricing standards. In order to address questions that had been put forth by various
8 interested parties, to increase the consistency of rates from state to state, and to
9 generally make the examination of PAL rates at the state level more efficient, the
10 FCC has issued two subsequent orders.

11 To be clear, these orders have two stated purposes: (1) to set out specific
12 requirements for a filing to be made by two ILECs operating in Wisconsin, and
13 (2) to provide guidance to PSPs, ILECs, and state regulators regarding the proper
14 interpretation of the FCC requirements. In the *Second Wisconsin Order*, the FCC
15 states up front that

16 In compliance with this statutory mandate, we affirm the
17 Bureau’s conclusion that section 276 requires BOCs to set
18 their intrastate payphone line rates in compliance with the
19 Commission’s cost-based, forward-looking “new services
20 test.” *Although the administrative record for this matter*
21 *shows disparate applications of the new services test in*
22 *various state proceedings, we believe that this Order will*
23 *assist states in applying the new services test to BOC’s*
24 *intrastate payphone line rates in order to ensure*
25 *compliance with the Payphone orders and Congress’*

1 *directives in section 276* (emphasis added, ¶ 2).⁴
2

3 Q. EXPLAIN WHY THE *WISCONSIN ORDERS* ARE IMPORTANT AND
4 USEFUL IN THE PRESENT CONTEXT.

5 A. On March 2, 2000, the Competitive Pricing Division of the FCC's Common
6 Carrier Bureau ("CCB") issued the *First Wisconsin Order*. This order was almost
7 immediately subjected to an application for review by the full commission. On
8 January 31, 2002, the FCC issued the *Second Wisconsin Order* clarifying and, and
9 in almost all instances, reaffirming CCB's position. These orders serve to provide
10 clarification in this case and similar state proceedings by answering the following
11 question: What would the FCC require the ILECs to demonstrate (and what
12 information would be specifically required to be provided) if the FCC were to
13 apply its own standards to the rates for payphone access service?

14 In other words, the *Wisconsin Orders* provide the Commission with an
15 opportunity to resolve a difference of opinion that has arisen in similar
16 proceedings in other states. I have argued in my testimony that the FCC has
17 intended to require a four part test, and that application of the FCC's standard
18 requires the LECs to make an affirmative demonstration of both the direct and a
19 reasonable level of overhead costs associated with providing payphone access

⁴ Unless otherwise noted, I have omitted all footnotes from the citations to FCC orders in

1 services. Such an affirmative demonstration must be supported by a cost study of
2 each of the categories of cost to be included in the rate. In contrast, BellSouth has
3 consistently taken the position that it can fully comply with the FCC's
4 requirements by merely calculating a price/cost ratio for PAL and comparing that
5 ratio to (1) a price/cost ratio of 4.8x, adopted in a specific and limited context in a
6 previous FCC order, or (2) the price/cost ratio of "any plausible benchmark,"
7 including other services such as a local business line. If nothing else, the
8 *Wisconsin Orders* should serve to put these issues to rest once and for all.

9
10 Q. IS IT YOUR TESTIMONY THAT THE *WISCONSIN ORDERS* SHOULD
11 FORM THE PRIMARY BASIS FOR THIS COMMISSION'S APPLICATION
12 OF THE FCC'S STANDARDS IN THE MANNER SET FORTH IN YOUR
13 TESTIMONY?

14 A. Not necessarily, but these orders do provide useful guidance (the FCC states that
15 providing guidance and helping to ensure consistent application of the standards is
16 the intent of these orders). I urge the Commission to require BellSouth to fully
17 justify its rates for payphone access services in the manner that I have described
18 because doing so will permit the objectives of the Act – increased competition for
19 payphones and the widespread deployment of payphones – to be met in Florida,

1 while the existing BellSouth rates do not and will not do so. Payphones are an
2 important means of communication for a large number of people, and the public
3 interest will be served by ensuring that those phones continue to be available. The
4 *Wisconsin Orders* have provided this Commission with invaluable clarification as
5 to how to the FCC would apply its standard in this docket.

6
7 Q. PLEASE DESCRIBE THE REQUIREMENTS SET FORTH IN THE
8 *WISCONSIN ORDERS*.

9 A. The *Wisconsin Orders* make a number of statements that clarify the FCC's intent.

10 The *First Wisconsin Order*, issued by the Common Carrier Bureau, begins
11 by reiterating the FCC's four-part test as set forth in the *Payphone Orders*: "The
12 Commission required that all incumbent LEC payphone tariffs filed at the state
13 level be cost-based, nondiscriminatory, and consistent with both section 276 and
14 the Commission's Computer III tariffing guidelines" (§ 2) and makes it clear that
15 the ILECs must "provide cost support for each rate element in accordance with the
16 cost support requirements described below...For each rate element, the incumbent
17 LEC must submit complete cost studies with full documentation" (§ 7).

18 The order then goes on to describe in detail how compliance with the FCC
19 standards can be achieved: "In order to avoid unnecessary confusion and delay in
20 the implementation of *Payphone Order*-compliant tariff filings, we set forth

1 briefly below some of the methodological principles applied under Computer III
2 and other relevant FCC proceedings addressing the application of the new services
3 test and cost-based ratemaking principles to services and facilities offered by
4 incumbent LECs to providers of services that compete with incumbent LEC
5 services” (¶ 8).

6 The methodological principles set forth in the *First Wisconsin Order* are
7 as follows:

- 8 1. “Costs must be determined by the use of an appropriate forward-looking,
9 economic cost methodology that is consistent with the principles the
10 Commission set forth in the Local Competition First report and Order” (¶ 9).
- 11
12 2. “With respect to the calculation of direct costs, our longstanding new services
13 test policy is to require the use of consistent methodologies in computing
14 direct costs for related services. Cost study inputs and assumptions used to
15 justify payphone line rates should, therefore, be consistent with the cost inputs
16 used in computing rates for other services offered to competitors” (¶ 10).
- 17
18 3. “In determining a just and reasonable portion of overhead costs to be
19 attributed to services offered to competitors, the LECs must justify the
20 methodology used to determine such overhead costs” (¶ 11).
- 21
22 4. Absent justification, LECs may not recover a greater share of overheads in
23 rates for the service under review than they recover from comparable
24 services...For the purpose of justifying overhead allocations, UNEs appear to
25 be ‘comparable services’ to payphone line services, because both provide
26 critical network functions to an incumbent LEC’s competitors and both are
27 subject to a ‘cost based’ pricing requirement. Thus, we expect incumbent
28 LECs to explain any overhead allocations for their payphone line services that
29 represent a significant departure from overhead allocations approved for UNE
30 services” (¶ 11).
- 31
32 5. “Given that the new services test is a cost-based test, overhead allocations
33 must be based on cost, and therefore may not be set artificially high in order to

1 subsidize or contribute to other LEC services” (¶ 11). To satisfy these
2 requirements, an incumbent LEC must demonstrate that the proposed
3 payphone line rates do not recover more than the direct costs of the service,
4 plus “a just and reasonable portion of the carrier’s overhead costs.”
5

- 6 6. In order to avoid double recovery of costs, therefore, the LEC must
7 demonstrate that in setting its payphone rates it has taken into account other
8 sources of revenue (e.g., SLC/EUCL) that are used to recover the costs of the
9 facilities involved” (¶ 12).
10

11 After the *First Wisconsin Order* was issued by the CCB, the LEC
12 Coalition filed an application for review. The FCC granted that application, but
13 denied the LEC Coalition’s request to withdraw or stay the effectiveness of the
14 *First Wisconsin Order*. On January 31, 2002, the FCC released the *Second*
15 *Wisconsin Order*. In the order, the FCC reaffirmed almost all of the CCB’s
16 conclusions, and provided the following important and useful clarifications:

17 1. “[In the *Reconsideration Order*], we confirmed that, even if LEC payphone
18 tariffs were filed at the state level, they should nevertheless comply with section
19 276 as implemented by the Commission and, as such, should be cost-based,
20 nondiscriminatory, and consistent with both section 276 and our own Computer
21 III tariffing guidelines” (emphasis added, ¶ 14).
22

23 2. “The *Bureau Order* confirmed our longstanding policy that the new services
24 test requires the use of consistent methodologies in computing the direct costs for
25 related services. As a result, the *Bureau Order* stated, *cost study inputs and*
26 *assumptions used to justify payphone line rates should be consistent with the cost*
27 *inputs used in computing rates for comparable services offered to competitors”*
28 (emphasis added, ¶ 24).
29

1 3. “The Commission’s longstanding precedent shows that we have used forward-
2 looking cost methodologies where we have applied the new services test” (¶ 43).

3
4 4. “[T]he *Bureau Order* states that LECs should use a forward-looking
5 methodology that is ‘consistent’ with the *Local Competition Order*. TELRIC is
6 the specific forward-looking methodology..required by our rules for use by states
7 in determining UNE prices. States often use “total service long run incremental
8 cost (TSLRIC) methodology in setting rates for intrastate services. It is consistent
9 with the *Local Competition Order* for a state to use its accustomed TSLRIC
10 methodology (or another forward-looking methodology) to develop the direct
11 costs of payphone line service costs.”

12
13 5. The FCC provided a specific example (and notably, only one example) of the
14 difference between the pricing requirements for UNEs as set forth in the *Local*
15 *Competition Order* and payphone services as set forth in the *Payphone Orders*:
16 “while we have prohibited LECs from including certain ‘retail’ costs in their
17 prices for UNEs, no such prohibition applies to payphone lines services.” The
18 LECs can include such “retail “ costs if they can demonstrate that these costs “are
19 attributable to payphone line services” (¶ 50).

20
21 6. With regard to the calculation of acceptable overhead loadings, the FCC
22 confirmed that PAL rates developed using UNE overhead loadings “are in full
23 compliance” with both the Act and *Payphone Orders*. The FCC explicitly added
24 two additional methods for calculating acceptable overhead loadings: the method
25 described in the *Physical Collocation Tariff Order* and the method described in
26 the *ONA Tariff Order*. A state regulator may use any or all of these three methods
27 in order to calculate an “upper limit on overhead loadings” for payphone services
28 (¶¶ 53-54).

29
30 7. The FCC specifically and directly rejected the Coalition’s “any plausible
31 benchmark” argument: “in our decisions applying the new services test to services
32 offered to competitors, we have allowed BOCs some flexibility in calculating
33 overhead allocations, but we have carefully reviewed the reasonableness of the
34 BOC’s overhead allocations. We have *not* simply accepted any ‘plausible
35 benchmark’ proffered by a BOC” (emphasis in original, ¶ 56).

36
37 8. The FCC specifically and directly rejected the Coalition’s argument that ILEC’s
38 are “free to apply to payphone service rates whatever markup over direct cost is
39 incorporated in their business line rates” (¶ 55).

1 9. The FCC specifically and directly rejected the Coalition’s argument that “the
2 *Payphone Features Order* supports the proposition that any overhead allocation
3 within a wide range is ‘reasonable’ for purposes of the new services test” (§ 57).
4 *The FCC rejected the argument that the rate to cost ratio of 4.8x adopted in that*
5 *order was applicable in the context of setting rates for any other payphone*
6 *services, instead describing the allowance of such an overhead loading as “very*
7 *fact specific”, based on “adequate justification” provided in that investigation, and*
8 *applicable only to “payphone features whose monthly costs did not exceed a few*
9 *cents per line.”*
10

11 Q. BRIEFLY SUMMARIZE YOUR UNDERSTANDING OF THE FCC
12 STANDARD SET FORTH IN THE *PAYPHONE ORDERS*, AS CLARIFIED BY
13 THE *WISCONSIN ORDERS*.

14 A. Based on the FCC’s most recent efforts to provide guidance to someone who is
15 “applying the new services test in order to ensure compliance with the Payphone
16 orders and Congress’ directives in section 276,” the requirements for cost-based
17 rates and compliance with the new services test have been clarified in the
18 following way:

- 19 1. The ILEC must demonstrate that rates for PAL services, including the access
20 line, usage, and features are cost-based in a two-step process. Direct costs must
21 be calculated based on a forward-looking economic cost methodology, such as
22 TSLRIC or TELRIC. Any overhead loading added to that direct cost must be
23 demonstrated to be reasonable.
24
- 25 2. Cost study inputs and assumptions used to calculate direct costs must be
26 consistent with the inputs and assumptions used to calculate costs and rates for
27 services provided to other competitors.
28
- 29 3. Direct costs must be adjusted to account for the application of federal charges,
30 such as the SLC, in order to avoid a double-recovery of costs.
31

1 4. Overhead loadings must be demonstrated to be reasonable in the context of the
2 rate element being proposed. A price to cost ratio adopted in another context,
3 *specifically including but not limited to the 4.8x direct cost permitted for certain*
4 *low-priced features in the Payphone Features Order*, is not a substitute for a
5 demonstration by the ILEC that the proposed overhead loading is reasonable with
6 regard to the rate element being examined.
7

8 Q. HAVE OTHER STATE REGULATORS APPLIED THE FCC'S FOUR PART
9 TEST TO DETERMINE WHETHER INTRASTATE PAYPHONE ACCESS
10 SERVICES RATES ARE APPROPRIATE AND LAWFUL?

11 A. Yes. The Delaware Public Service Commission, in Docket No. 97-031T
12 Consolidated, applied the FCC's four part test in order to determine
13 whether the intrastate rates for Bell Atlantic payphone access lines were
14 appropriate, and concluded that the rates as proposed did not meet these
15 requirements.⁶ Similarly, the West Virginia Public Service Commission
16 applied the FCC requirements in its Order in Case No. 97-0643-T-T and
17 likewise concluded that existing intrastate rates for Bell Atlantic payphone
18 access lines did not comply with the FCC's four part test.⁷ The South
19 Carolina Public Service Commission concluded in Docket No. 97-124-C

⁶ In the Matter of the Tariff Filing by Bell Atlantic-Delaware, Inc. To Make Revisions to P.S.C.-DEL.-No. 1, PSC Docket No. 97-013T Consolidated, Order No. 4637, November 4, 1997 (¶¶ 3, 18) ("*Delaware Order*")

⁷ Bell Atlantic-West Virginia, Inc., Case No. 97-0643-T-T, Commission Order, May 22, 1997 (pages 4-5, 8, 13-15) ("*West Virginia Order*").

1 that the requirements of the FCC's four part test should be applied in order
2 to determine appropriate levels for intrastate payphone access services
3 rates.⁸ The Public Service Commission of Maryland used the FCC
4 requirements as the basis of its analysis,⁹ and the Tennessee Regulatory
5 Authority rejected an argument by BellSouth that only the New Services
6 Test be applied, and instead stated that “the Directors voted unanimously to
7 set rates that are: 1) compliant with the new services test; 2) consistent with
8 section 276 of the Act; 3) nondiscriminatory; and 4) cost-based.”¹⁰

9
10 Q. DOES THE COMMISSION FACE THE SAME TASK IN THIS
11 PROCEEDING THAT OTHER STATE REGULATORS FACED IN THE
12 PROCEEDINGS THAT YOU CITED?

13 A. Yes. In each case, the state regulator sought to determine whether a

⁸ Request of BellSouth Telecommunications, Inc. for Approval of Revisions to its General Subscriber Service Tariff and Access Service Tariff, Docket No. 97-124-C, Order No. 1999-285, April 19, 1999 (¶ 4) (“*South Carolina Order*”).

⁹ In the Matter of the Inquiry into the Payphone Tariffs of Bell Atlantic – Maryland, Inc., Public Service Commission of Maryland, Case No. 8763, February 27, 2001 (page 2) (“*Maryland Order*”).

¹⁰ In Re: All Telephone Companies Tariff Filings Regarding Reclassification of Pay Telephone Service as Required by Federal Communications Commission Docket 96-128, Tennessee Regulatory Authority, Docket No. 97-00409, February 1, 2001 (page 17) (“*Tennessee Order*”).

1 LEC’s existing or proposed rates for payphone access line services
2 complied with the requirements of both Section 276 of the Act and the
3 subsequent FCC *Payphone Orders* implementing Section 276.

4

5 **Public Interest Considerations**

6 Q. WHY IS IT IMPORTANT THAT THE COMMISSION ACT NOW TO
7 ENSURE THAT THE OBJECTIVES OF SECTION 276 OF THE ACT
8 ARE MET?

9 A. The explicit objectives of section 276 (1) to increase competition for
10 payphone services and (2) to ensure the widespread deployment of
11 payphones require this action. The ability of competing payphone
12 providers to continue to operate and compete in the marketplace depends
13 on the ability of these providers to obtain PAL service at the appropriate
14 cost-based rates. Equally importantly, the widespread deployment of
15 payphones in Florida depends on the implementation of such rates. In
16 those geographic areas of the state where cellular coverage may be
17 unavailable, and for certain groups of customers in all areas of the state,
18 payphones represent an important (and often vital) “last resort” means of
19 communication.

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Q. ISN'T THE DIMINISHING BASE OF PAYPHONES, AND THE CURRENT STRUGGLE OF PAYPHONE PROVIDERS, SIMPLY AN INEVITABLE REFLECTION OF THE POPULARITY OF CELLULAR TELEPHONES?

A. Not at all. I have worked extensively on both wireless and wireline issues (including payphone issues) since the passage of the Act. In my experience, the facts simply do not support such an assumption.

The base of cellular subscribers has certainly grown over the past six years, while the number of payphones has decreased. It would be premature and incorrect, however, to conclude that the current mix of cellular telephones and payphones represents the action of a freely operating marketplace. Pursuant to the Act, cellular providers have the right to interconnect with BellSouth and other ILECs at cost-based rates. Pursuant to the Act and subsequent FCC *Payphone Orders*, independent payphone providers also have the right to obtain the network interconnection elements that they use at cost-based rates. An important distinction exists, however: while cellular providers currently pay cost-based rates to BellSouth, payphone providers are paying much higher rates (even though BellSouth has been under the obligation to make cost-based

1 intrastate PAL rates available since prior to April 15, 1997). Rather than a
2 situation in which competitive market forces are picking the “winners”
3 and “losers” based on the merits of the service being offered to end users,
4 the current environment represents one in which payphone providers are
5 being hamstrung by a 6-plus year delay in the implementation of the rates
6 to which they are entitled by law. The adoption of cost-based PAL rates,
7 coupled with refunds of the excessive charges, is necessary to permit
8 FPTA members to continue to provide payphone service in the
9 marketplace.

10
11 Q. HOW SHOULD THE COMMISSION PROCEED IN THIS CASE?

12 A. In order to determine if BellSouth’s PAL rates meet each of the FCC
13 requirements, the Commission must have the information necessary to gain a clear
14 and complete understanding of the costs related to the provisioning of payphone
15 access services. Obviously, this cost data must be specific to the elements of
16 payphone access services (including access lines, usage, and features) and must be
17 fully documented.¹¹

¹¹ The FCC has set forth specific minimum requirements for ILEC cost submissions in support of rates that are compliant with the New Services Test. The Commission should apply both the FCC standards and its own requirements for cost documentation.

1

2 **Application of the Requirement that Rates be Cost-Based**

3 Q. WHAT TYPES OF COSTS WILL NEED TO BE CONSIDERED?

4 A. The Commission will need to examine three categories of costs: direct, shared,
5 and common. Direct costs are those costs that are specific to the service or
6 individual rate element being studied; in other words, it is the decision or
7 requirement to offer the specific service or rate element that *causes* the cost to be
8 incurred. For example, the local loop facilities used by BellSouth to provide a
9 payphone access line to a FPTA member is a direct cost. Shared costs are caused
10 by the decision or requirement to offer a group of services. For example, ILECs
11 incur marketing costs when offering competitive services. These services, as a
12 group, cause these costs to be incurred. Finally, common costs are caused simply
13 by the fact that the company is in business; they are not specific to (i.e., are not
14 caused by) any rate element, service, or group of services.

15 In order to apply the FCC's requirements that PAL rates be cost based and
16 compliant with the new services test, the Commission must consider each of these
17 categories of costs. Specifically, the rates for PAL service should equal - and
18 should under no circumstances be greater than - the total of the direct, shared, and
19 common costs that the ILECs *demonstrate* are reasonable and appropriate.

20

1 Q. ANOTHER TERM OFTEN USED TO DESCRIBE A CATEGORY OF COSTS
2 IS "OVERHEAD." WHAT ARE "OVERHEAD" COSTS?

3 A. Depending on the context, the term "overhead" sometimes refers only to common
4 costs, but sometimes is intended to mean both shared and common costs. When
5 analyzing cost studies or the orders of a regulator mandating a particular form of
6 costing, it is important to review the supporting documentation carefully in order
7 to determine how the term "overhead" has been applied.

8 When applying the FCC's new services test, the term "overhead" is
9 defined to include both shared and common costs. The "overhead loading" that is
10 to be evaluated pursuant to the new services test is the amount in excess of the
11 calculated direct cost.¹²

12 In its evaluation of the rates for payphone access services, therefore, the
13 Commission has two categories of costs to consider. First, it must review the
14 reported direct cost of providing the rate element to determine if BellSouth has
15 met its burden of demonstrating that the reported cost is reasonable. Second, it
16 must review the level of overhead loadings (BellSouth's calculation of shared and
17 common costs), again in order to determine if the ILEC has met its burden of
18 *demonstrating* that the reported cost is reasonable. Clearly, a rate that exceeds the

¹² The direct cost contemplated by the FCC is conceptually equivalent to TSLRIC or TELRIC.

1 level of direct cost plus overhead (i.e., direct + shared + common costs) that an
2 ILEC has demonstrated to be reasonable *cannot* meet the FCC requirements that
3 such a rate be both cost based and compliant with the new services test.
4

5 Q. DOES THE COMMISSION HAVE EXPERIENCE DEALING WITH THESE
6 DISTINCT CATEGORIES OF COSTS?

7 A. Yes. In arbitrations conducted pursuant to section 251 of the Act the Commission
8 faced the task of establishing rates for unbundled network elements that are based
9 on cost, pursuant to the requirements of section 252(d)(1). The cost-based rates
10 adopted in those proceedings were required to include the appropriate amount of
11 direct, shared, and common costs of the unbundled network elements at issue.

12 In this proceeding, the Commission faces the same fundamental task: to
13 determine cost-based rates (this time for payphone access services) that include
14 the appropriate amount of direct, shared, and common costs. In the absence of
15 adequate cost documentation provided by the ILEC, the Commission can and
16 should rely on its experience in these earlier proceedings when determining cost-
17 based rates for payphone access services.

18

19 Q. IS IT YOUR POSITION THAT THE REQUIREMENTS OF SECTION 252 OF
20 THE ACT APPLY TO PAYPHONE ACCESS SERVICES?

1 A. No. If experience in similar state proceedings is any guide, BellSouth will argue
2 in their response to my testimony that I have mistakenly concluded that section
3 252 applies to the pricing of intrastate payphone services. The presence of this
4 question and answer in my testimony has not, to date, deterred any of the ILECs
5 from serving up this red herring.

6 To be clear, I am *not* suggesting that Section 252 sets forth requirements
7 that the Commission must apply to intrastate payphone access services. I *am*
8 suggesting, however, that the task before the Commission in this proceeding is a
9 familiar one: the Commission must now determine the level of "cost-based" rates
10 (including appropriate and justified levels of direct, shared, and common costs).¹⁴

11 In the arbitrations and UNE cost proceeding, the Commission was faced with the
12 task of determining the level of rates which were "based on cost" (including
13 appropriate and justified levels of direct, shared, and common costs) for the same
14 network facilities. BellSouth cannot seriously argue that a meaningful distinction
15 can be drawn between the phrases "cost based" and "based on cost," and,
16 therefore, they must acknowledge that the UNE costs and rates are an appropriate
17 benchmark for evaluating the level of payphone access services rates. The use of

¹⁴ The *Wisconsin Orders* indicate that the FCC sees the task before this Commission in exactly this way.

1 such a benchmark is required if the ILEC fails to provide the Commission with
2 the necessary cost information to support the level of shared and common costs
3 included in its proposed rates.

4

5 Q. WHAT IS THE FIRST STEP THAT MUST BE TAKEN IN ORDER TO
6 DETERMINE THE RELEVANT COSTS OF PAYPHONE ACCESS SERVICE?

7 A. The first step in any costing process is to determine the cost methodology to be
8 followed. Are the costs to be a measure of embedded costs or should they instead
9 reflect the costs of an efficient provider on a forward-looking basis?

10 The forward-looking economic cost methodology should - and must - be
11 used here for several reasons. First, this methodology is the conceptually correct
12 one. If rates for payphone access services are set at a level that recovers these
13 costs, the ILEC will be fully compensated while the stated objectives of the Act --
14 to promote competition among payphone service providers and promote the
15 widespread deployment of payphone services to the benefit of the general public -
16 can be met. 47 U.S.C. 276(b)(1) sets forth this explicit objective.

17 Second, this methodology is consistent with previous orders of the FCC
18 describing a proper application of the new services test. For example, the FCC
19 has stated that "we recognize that competition depends on the ability of
20 competitors to purchase LEC facilities at rates that reflect economic costs, and not

1 rates that are calculated to deter entry by efficient providers".¹⁵

2 Last but certainly not least, the application of this costing methodology is
3 consistent with the FCC's *Wisconsin Orders*. In those orders, the FCC states that
4 in order to develop compliant rates, "LECs should use a forward-looking
5 methodology that is consistent with the *Local Competition Order*" (§ 49). Noting
6 that TELRIC and TSLRIC are equivalent except for the cost object being studied,
7 the FCC confirmed that states may use TELRIC, TSLRIC, or another forward-
8 looking methodology when considering the rates for PALs.

9
10 Q. ONCE THE COST METHODOLOGY TO BE FOLLOWED IS DETERMINED,
11 WHAT IS THE NEXT STEP THAT MUST BE TAKEN IN ORDER TO
12 DETERMINE THE RELEVANT COSTS OF PAYPHONE ACCESS
13 SERVICES?

14 A. The next step is to calculate the direct cost (TSLRIC, for example) of each rate
15 element. BellSouth has presented conflicting direct cost results for certain
16 elements and has not presented information that demonstrates the reasonableness
17 of the existing level of overhead loadings.

¹⁵ Local Exchange Carriers' Rates, Terms, and Conditions for Expanded Interconnection Through Virtual Collocation for Special Access and Switched Transport, CC Docket No. 94-97, Phase I, Report and Order, 10 FCC Rcd 6375, 6404 (1995) ("*Virtual Collocation Overhead Prescription Order*").

1 Once the direct cost for PAL rate elements is developed, it is necessary to
2 consider other rates that the purchaser of the PAL service must pay in order to
3 ensure that no double recovery of costs takes place. If the direct costs have not
4 been subjected to jurisdictional separations, for example, it will be necessary to
5 consider any interstate rates designed to recover the same network costs when
6 setting the intrastate rate.

7
8 Q. IS THERE A SPECIFIC EXAMPLE OF A PAL RATE ELEMENT THAT
9 MUST BE ADJUSTED IN ORDER TO AVOID A DOUBLE RECOVERY OF
10 THE SAME NETWORK COSTS?

11 A. Yes. It is essential that the total (jurisdictionally unseparated) cost of the local
12 loop be reduced by the amount of the Subscriber Line Charge (“SLC”) in order to
13 calculate the cost-based rate for a payphone access line, or, alternatively, that the
14 intrastate payphone access line rate be established that is inclusive of this federal
15 charge (so that it is not also charged separately to the competing payphone
16 provider). This adjustment is necessary in order to prevent the ILEC from (1)
17 receiving a double recovery of its costs and (2) gaining an artificial and significant
18 competitive advantage.

¹⁸ *West Virginia Order*, p. 16.

1 The danger of a double recovery of costs can easily be seen by example
 2 using only the local loop costs and the SLC. If, for example, the ILEC incurs a
 3 cost of \$20.00 (statewide average) when providing an UNE local loop, a rate of
 4 \$20.00 paid by a CLEC will permit it to fully recover those costs, but to only
 5 recover them once:

6	Total Cost (including direct, shared, and common):	\$20.00
7	Intrastate Rate:	<u>\$20.00</u>
8	Percentage of Total Cost Recovered	100%

9
 10 Conversely, if a payphone access line is set at the level of the total cost
 11 reported by the ILEC, the cost recovery for the ILEC changes significantly:

12	Total Cost (including direct, shared, and common):	\$20.00
13	Intrastate Rate	\$20.00
14	Subscriber Line Charge	\$ 7.00
15	Total Revenue:	<u>\$27.00</u>
16	Percentage of Total Cost Recovered	135%

17
 18 If the payphone access line rate is properly adjusted by the amount of the
 19 additional charges, however, the ILEC's cost recovery is appropriate:

20	Total Cost (including direct, shared, and common):	\$20.00
----	--	---------

1	Intrastate Rate	\$13.00
2	Subscriber Line Charge	\$ 7.00
3	Total Revenue:	<u>\$20.00</u>
4	Percentage of Total Cost Recovered	100%

5

6 Alternatively, establishing an intrastate rate that is inclusive of the
7 Subscriber Line Charge will accomplish the same objective:

8	Total Cost (including direct, shared, and common):	\$20.00
9	Intrastate Rate (<i>inclusive of SLC/CALC</i>)	\$20.00
10	Subscriber Line Charge	\$ N/A
11	Total Revenue:	<u>\$20.00</u>
12	Percentage of Total Cost Recovered	100%

13

14 Q. HAVE OTHER STATE REGULATORS EXPLICITLY CONSIDERED
15 ADDITIONAL APPLICABLE CHARGES WHEN ESTABLISHING COST-
16 BASED RATES FOR PAYPHONE ACCESS SERVICES?

17 A. Yes. The West Virginia Public Service Commission addressed this issue in the
18 Order referred to previously in my testimony. In that proceeding, Bell Atlantic-
19 West Virginia, like BellSouth in this proceeding, used an unseparated cost of the
20 local loop as the starting point for determining a cost-based rate for payphone

1 access lines. The West Virginia PSC noted that the cost numbers used by Bell
2 Atlantic-West Virginia are total costs (not separated into intrastate and interstate
3 components). Since total costs were being used, the West Virginia PSC correctly
4 reasoned, it is necessary to consider both intrastate and interstate sources of
5 revenue when determining how much of this total cost should be recovered by the
6 intrastate rate: "to allow BA-WV to include interstate costs into its payphone line
7 rates while the Company recovers an SLC would result in BA-WV double-
8 recovering its interstate costs associated with payphone lines."¹⁸

9 After reaching this conclusion, the West Virginia PSC indicated that it
10 agreed with a proposal that "BA-WV's payphone rates should be further reduced
11 by the SLC which BA-WV currently recovers." *Id.* In order to implement this
12 decision, the West Virginia PSC ordered that the total of the intrastate payphone
13 access line rate and the SLC could not exceed the Commission's determination of
14 Bell Atlantic's total cost of that line.

15 The Tennessee Regulatory Authority recently reached a consistent
16 conclusion. Specifically, the TRA found that

17 [P]ayphone rates that are based on jurisdictionally
18 unseparated costs are designed to recover a portion of the
19 same costs that the SLC, EUCL, and PICC are intended to
20 recover. The TRA further found that LECs are authorized
21 to collect the SLC, EUCL, and PICC revenues from PSPs.
22 Therefore, setting rates based on jurisdictionally
23 unseparated costs and allowing the LECs to assess the
24 federal charges on PSPs in addition to collecting the rate

1 would result in double recovery.¹⁹

2

3 The Maryland Commission also required that Bell Atlantic-Maryland
4 provide the necessary data so that the intrastate PAL rates could be adjusted to
5 reflect the federal charges.²⁰

6 In the *Wisconsin Orders*, the FCC reached the same conclusion:

7 [T]he BOC may not charge more for payphone line service
8 than is necessary to recover from PSPs all monthly
9 recurring direct and overhead costs incurred by BOCs in
10 providing payphone lines. The forward-looking cost
11 studies used to make these determinations are usually
12 calculations of total costs, not jurisdictionally separated
13 costs. If an incumbent BOC files in its state tariff a charge
14 that fully recovers these unseparated costs and also assesses
15 on the PSP its federally tariffed SLC, the BOC will over-
16 recover its costs, and the PSP will overpay, in violation of
17 the new services test and the cost-based rates requirement
18 (emphasis added, ¶ 60).

19

20 The same adjustment to reflect the SLC must be made to intrastate rates
21 here in Florida.

22

23 Q. YOU STATED THAT AN ADJUSTMENT TO REFLECT THESE
24 ADDITIONAL CHARGES IS ALSO NECESSARY TO AVOID GIVING THE
25 ILEC AN ARTIFICIAL AND SIGNIFICANT COMPETITIVE ADVANTAGE.

¹⁹ *Tennessee Order*, pp. 17-18.

1 PLEASE EXPLAIN.

2 A. This possibility is also best understood using a simple illustrative example.
3 Assume that the total cost for a payphone line (including the local loop and line
4 termination into the end office switch) incurred by BellSouth (including direct,
5 shared, and common costs) is \$15.00, and that a SLC of \$7.00 also applies. If the
6 rate for a payphone access line is set to recover the full \$15.00 cost, BellSouth
7 will receive a total of \$22.00 in revenue to recover a \$15.00 cost. An FPTA
8 member attempting to compete with the ILEC must pay \$22.00 (which to the
9 FPTA member is an unavoidable cost of doing business). In this scenario, the
10 ILEC goes forth to compete with an extra \$7.00 in its pocket (available potentially
11 to fund a reduction in rates to its payphone end user customers or pay a higher
12 commission to the owner of a desirable location). The equity objective of the
13 "cost-based" rate requirement will have been lost: the ILEC will have been
14 successful in artificially inflating the costs of its competitors. This outcome does
15 not create an equal competitive footing, and is inconsistent with the stated
16 objectives of Section 276 of the Act.

17 In contrast, if the rate for the payphone access line is established with the
18 correct consideration of the additional revenues, a level playing field will be
19 created. In this example, an intrastate payphone access line rate of \$8.00 will

²⁰ *Maryland Order*, p. 23.

1 mean that the ILEC will receive \$15.00 (\$8.00 intrastate rate plus \$7.00 SLC) to
2 recover a \$15.00 cost. The competing FPTA member will incur a cost of \$15.00
3 (as it is responsible for payment of the intrastate rate and the SLC), and the ILEC
4 will incur a cost of \$15.00 for the local loop that it uses for its own competing
5 payphone. In this scenario, the ability of either competitor to offer lower retail
6 prices or higher commission payments will be the result of its efficiency and
7 sound management, rather than being artificially created by an inflated access line
8 rate.

9
10 Q. IN ADDITION TO THE RATES FOR PAYPHONE ACCESS LINES, ARE
11 USAGE AND FEATURES CHARGES THAT ARE APPLIED TO PAYPHONE
12 ACCESS LINES SUBJECT TO THE FCC REQUIREMENTS?

13 A. Absolutely. The FCC's *Payphone Orders* set forth the standards to be applied for
14 the pricing of payphone services tariffed at the state level. These orders in no way
15 limit the application of the requirements to any subset of the rate elements that
16 competing providers of payphone services must purchase from BellSouth.

17 In the *Wisconsin Orders*, the FCC clarified its intent for the standard set
18 forth in the *Payphone Orders* to apply to all rate elements provided to PSPs. The
19 FCC specifically rejected the LEC Coalition argument that “[payphone usage]
20 rates that are equal to business usage rates are not ‘payphone specific’ and were

1 not intended to be covered by the new services test” (§ 63), and went on to state
2 that cost-based rates for PAL usage “advances our purpose in requiring cost-based
3 payphone line rates in the first place. A high usage rate would undermine our and
4 the states’ efforts to set payphone services in accordance with a cost-based
5 standard. A non cost-based usage rate would also constitute an impermissible
6 ‘end run’ around the requirements of section 276” (§ 65).

8 **Application of the Non-Discriminatory Standard**

9 Q. THE SECOND PRONG OF THE FCC’S FOUR PART TEST REQUIRES THAT
10 RATES FOR PAL SERVICES BE NONDISCRIMINATORY. PLEASE
11 EXPLAIN WHY THIS IS IMPORTANT.

12 A. There are two readily apparent ways in which a discriminatory rate structure can
13 be established that will impede the development of competition and the
14 widespread deployment of telephones. First, as described above, a failure to
15 adjust intrastate PAL rates for the amount of the SLC will give an ILEC’s
16 payphone operation a significant and artificial competitive advantage. Second,
17 because BellSouth’s payphone operations typically utilize “smart” PAL service²¹

²¹ So-called “smart” lines are sometimes denominated as “coin” lines, because much of the intelligence to operate the payphone’s functions originate in the ILEC central office and are provided as a part of the service. In contrast, a payphone set that is programmable and has the necessary intelligence within can be connected to a standard access line. Thus, “dumb”

1 while its competitors utilize other forms of PAL service, it is possible for the
2 ILEC to create a competitive advantage for its own payphone operation by
3 strategically setting the rates for each form of PAL service. In order to avoid such
4 an overt form of discrimination, it is necessary to carefully examine both the
5 direct cost and overhead loadings for each type of PAL service, and to examine
6 the rate treatment of the capabilities that are included only in a "smart" PAL line.

7
8 **Application of the "New Services Test" Requirement**

9 Q. THE FCC'S *PAYPHONE ORDERS* REQUIRE THE APPLICATION OF THE
10 SO-CALLED "NEW SERVICES TEST". WHAT IS THE NEW SERVICES
11 TEST?

12 A. The definition and application of the new services test has proven to be a source
13 of discussion in a number of recent state proceedings, including those cases in
14 which intrastate rates for payphone access services were at issue. It may be
15 useful, therefore, to review the elements of the new services test before embarking
16 on a discussion of its application.

17 The new services test has been described in a number of FCC orders
18 related to different ILEC-provided services. This test has been used to evaluate

phones are connected to "smart" lines, while "smart" phones can be connected to "dumb"
lines.

1 proposed rates for the elements of Open Network Architecture ("ONA"),
2 interconnection, virtual and physical collocation, and, most recently, payphone
3 access services. Because both the definition and the application of the new
4 services test have evolved over time, it is important to consider all relevant FCC
5 orders when attempting to understand both the definition and application of the
6 test.

7 The new services test has two fundamental parts. In order to justify a
8 proposed rate, the ILEC must fully demonstrate that the proposed rate is above the
9 direct costs of the service and at or below a total of the direct costs plus a
10 reasonable markup for overhead (in this context, overhead refers to the total of
11 shared and common costs). It is important to note that the application of the new
12 services test is a "bottom up" process: direct costs must be calculated and fully
13 justified, and any markup for overhead²² above this measure of direct costs must
14 be fully justified. Both the calculation of direct costs and the calculation of an
15 appropriate level of overhead can be considered key factors in the application of
16 the test.

17
18 Q. HAS THE FCC BEEN CLEAR IN ITS ORDERS THAT THE NEW SERVICES

²² This markup above direct cost is sometimes referred to as an "overhead loading."

1 TEST REQUIRES LECS TO FULLY JUSTIFY BOTH THE LEVEL OF
2 DIRECT COSTS AND THE LEVEL OF ANY OVERHEAD LOADINGS IN A
3 PROPOSED RATE?

4 A. Yes. When examining the level of proposed virtual collocation rates, for
5 example, the FCC made it clear that both fundamental components of the new
6 services test are important:

7 The *Phase I Designation Order* designated for investigation
8 the issue of whether the LECs had justified the level of
9 their overhead loadings, a key factor affecting the rates for
10 virtual collocation arrangements. We now continue our
11 analysis of the LECs' virtual collocation rates by reviewing
12 the LECs' direct costs of providing virtual collocation
13 service -- another key factor affecting virtual collocation
14 rates.²³
15

16 More recently, the FCC has applied the new services test to evaluate the
17 proposed rates for certain payphone features tariffed at the interstate level. Here
18 again, the FCC has reiterated the importance of examining both direct costs and
19 the level of any markup for overhead.

20 The FCC found, for example, that GTE's proposed direct cost for a
21 payphone feature (selective class of call screening) was excessive, and GTE
22 subsequently reduced the reported direct investment for this feature from \$50 to

²³ Order Designating Issues For Investigation, CC Docket No. 94-97 Phase II, 10 FCC Rcd 11,116 (Com. Car. Bur. 1995), at ¶ 12.

1 \$6 before the resulting rate was approved by the FCC.²⁴

2 In the same order, again applying the new services test requirements, the
3 FCC found that Bell Atlantic had not justified the overhead loadings that it had
4 included in certain payphone features. Bell Atlantic subsequently made
5 substantial reductions in the level of the overhead loadings before the rates were
6 approved. In describing its requirement that the LECs must fully justify all
7 proposed overhead loadings, the FCC noted that "In Open Network Architecture
8 Tariffs for Bell Operating Companies, the Commission concluded that US West's
9 overhead rates for ONA features were unsupported *because it failed to provide a*
10 *reasonable explanation for its overhead loadings for those rates*" (emphasis
11 added).²⁵

12 In the *Wisconsin Orders*, the FCC rejected attempts by the LEC Coalition
13 to render the new services test standard meaningless by permitting large and
14 unsubstantiated overheads. The FCC rejected overhead loadings based on "any
15 plausible benchmark," rejected overhead loadings based on the overhead loading
16 in business line services, and rejected the argument that an extremely large
17 overhead loading (4.8x) - adopted in the specific context of a feature that was

²⁴ In the Matter of Local Exchange Carriers' Payphone Functions and Features, CC Docket No. 97-140, Memorandum Opinion and Order 12 FCC Rcd 17,996 (1997), at ¶¶ 15-16 (*"Payphone Features Order"*).

1 priced at “pennies per month” - was applicable to other PAL rates. Instead, the
2 FCC reiterated its long standing policy that overhead loadings must be
3 *demonstrated* by the ILEC to be reasonable.²⁶
4

5 **Section 3: Analysis of available cost information and existing rates.**
6

7 Q. HAVE YOU COMPARED BELLSOUTH’S EXISTING RATES FOR PAL
8 SERVICE AND THE AVAILABLE COST INFORMATION?

9 A. Yes. Payphone Access Line service consists of a local loop, line port in the local
10 switch, and local usage on that switch. In other words, a payphone access line
11 utilizes the same network functionality as BellSouth provides as a UNE Platform,
12 or UNE-P. The best-available cost information is instructive but imperfect; the
13 UNE-P rates are based on geographically deaveraged loop costs, while the rate
14 structure for BellSouth’s payphone access line service is also geographically
15 deaveraged, but on a different basis.
16

17 Q. PLEASE DESCRIBE THE RESULTS OF YOUR ANALYSIS.

18 A. This analysis is attached as Exhibit DJW-2. This analysis shows how the
19 payphone access line charges in each BellSouth rate group compares to the UNE-

²⁵ *Id.*, at ¶ 13.

²⁶ *Second Wisconsin Order*, ¶¶ 56-57).

1 P cost/rate for each of the three deaveraged zones. This analysis shows that, in
2 almost every possible combination of rates and costs, BellSouth's existing rates
3 for payphone access line service are well in excess of cost and well in excess of a
4 level that would comply with the FCC's requirements.

5 My analysis is based on geographically deaveraged costs because cost
6 information is available on this form. FPTA is not proposing that a similarly
7 geographically deaveraged rate be adopted for payphone access lines. A statewide
8 rate would be more administratively workable and would provide the greatest
9 incentive for widespread deployment of payphones. It is anticipated that
10 BellSouth will produce cost information that is based on the statewide average
11 cost characteristics of payphone access lines. When this information is produced,
12 FPTA will develop and present a proposal for a statewide average rate.

13

14 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

15 A. Yes.

Vita of Don J. Wood

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CURRENT EMPLOYMENT

Don J. Wood is a principal in the firm of Wood & Wood. He provides economic and regulatory analysis services in telecommunications, cable, IP, and related convergence industries, specializing in economic policy related to the development of competitive markets and cost of service issues. In addition, Mr. Wood advises industry associations on regulatory and economic policy, and assists investors in their evaluation of investment opportunities in the telecommunications industry. The scope of his work has included landline and wireless voice communications, data services, and emerging technologies.

As a consultant, Mr. Wood has assisted his clients in responding to the challenges and business opportunities of the industry both before and subsequent to the Telecommunications Act of 1996. Prior to his work as a consultant, Mr. Wood was employed in a management capacity at a major Local Exchange Company and an Interexchange Carrier. In each capacity he has been directly involved in both the development and implementation of regulatory policy and business strategy.

As a part of his regulatory practice, Mr. Wood has presented testimony before the administrative regulatory bodies of thirty-five states, the District of Columbia, and Puerto Rico, and has prepared comments and testimony for filing with the Federal Communications Commission. The subject matter of his testimony has ranged from broad policy issues to detailed cost analysis.

Mr. Wood has also presented testimony in state, federal, and overseas courts regarding business plans and strategies, competition policy, and cost of service issues. He has presented studies of the damages incurred by plaintiffs and has provided rebuttal testimony to damage calculations performed by others. Mr. Wood has also testified in alternative dispute resolution proceedings conducted pursuant to both AAA and CPR rules.

Mr. Wood is certified as a Commercial Mediator in the state of Georgia.

PREVIOUS INDUSTRY EMPLOYMENT

Klick, Kent & Allen/FTI Consulting, Inc.

Regional Director.

GDS Associates, Inc.

Senior Project Manager.

MCI Telecommunications Corporation

Manager of Regulatory Analysis, Southeast Division.

Manager, Corporate Economic Analysis and Regulatory Affairs.

BellSouth Services, Inc.

Staff Manager.

EDUCATION

Emory University, Atlanta, Ga.

BBA in Finance, with Distinction.

College of William and Mary, Williamsburg, Va.

MBA, with concentrations in Finance and Microeconomics.

TESTIMONY - STATE REGULATORY COMMISSIONS:

Alabama Public Service Commission

Docket No. 19356, Phase III: Alabama Public Service Commission vs. All Telephone Companies Operating in Alabama, and Docket 21455: AT&T Communications of the South Central States, Inc., Applicant, Application for a Certificate of Public Convenience and Necessity to Provide Limited IntraLATA Telecommunications Service in the State of Alabama.

Docket No. 20895: In Re: Petition for Approval to Introduce Business Line Termination for MCI's 800 Service.

Docket No. 21071: In Re: Petition by South Central Bell for Introduction of Bidirectional Measured Service.

Docket No. 21067: In Re: Petition by South Central Bell to Offer Dial Back-Up Service and 2400 BPS Central Office Data Set for Use with PulseLink Public Packet Switching Network Service.

Docket No. 21378: In Re: Petition by South Central Bell for Approval of Tariff Revisions to Restructure ESSX and Digital ESSX Service.

Docket No. 21865: In Re: Petition by South Central Bell for Approval of Tariff Revisions to Introduce Network Services to be Offered as a Part of Open Network Architecture.

Docket No. 25703: In Re: In the Matter of the Interconnection Agreement Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. 25704: In Re: Petition by AT&T Communications of the South Central States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Agreement with GTE South Incorporated and CONTEL of the South, Inc. Concerning Interconnection and Resale under the Telecommunications Act of 1996.

Docket No. 25835: In Re: Petition for Approval of a Statement of Generally Available Terms and Conditions Pursuant to §252(f) of the Telecommunications Act of 1996 and Notification of Intention to File a §271 Petition for In-Region InterLATA Authority with the Federal Communications Commission Pursuant to the Telecommunications Act of 1996.

Docket No. 26029: In Re: Generic Proceeding - Consideration of TELRIC Studies.

Docket No. 25980: Implementation of the Universal Support Requirements of Section 254 of the Telecommunications Act of 1996.

Docket No. 27091: Petition for Arbitration by ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

Docket No. 27821: Generic Proceeding to Establish Prices for Interconnection Services and Unbundled Network Elements.

Docket Nos. 27989 and 15957: BellSouth "Full Circle" Promotion and Generic Proceeding Considering the Promulgation of Telephone Rules Governing Promotions.

Docket No. 28841: In Re: Petition for Arbitration of ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

The Regulatory Commission of Alaska

Case No. U-02-039: In the Matter of Request by Alaska Digitel, LLC for Designation as a Carrier Eligible To Receive Federal Universal Service Support Under the Telecommunications Act of 1996.

Arkansas Public Service Commission

Docket No. 92-337-R: In the Matter of the Application for a Rule Limiting Collocation for Special Access to Virtual or Physical Collocation at the Option of the Local Exchange Carrier.

Public Utilities Commission of the State of California

Rulemaking 00-02-005: Order Instituting Rulemaking on the Commission's Own Motion into Reciprocal Compensation for Telephone Traffic Transmitted to Internet Service Provider Modems.

Application Nos. 01-02-024, 01-02-035, 02-02-031, 02-02-032, 02-02-034, 02-03-002: Applications for the Commission to Reexamine the Recurring Costs and Prices of Unbundled Network element Costs Pursuant to Ordering Paragraph 11 of D.99-11-050.

Public Utilities Commission of the State of Colorado

Docket No. 96A-345T: In the Matter of the Interconnection Contract Negotiations Between AT&T Communications of the Mountain States, Inc., and US West Communications, Inc., Pursuant to 47 U.S.C. Section 252. Docket No. 96A-366T: In the Matter of the Petition of MCIMetro Access Transmission Services, Inc., for Arbitration Pursuant to 47 U.S.C. § 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with US West Communications, Inc. (consolidated).

Docket No. 96S-257T: In Re: The Investigation and Suspension of Tariff Sheets Filed by US West Communications, Inc., with Advice Letter No. 2608 Regarding Proposed Rate Changes.

Docket No. 98F-146T: Colorado Payphone Association, Complainant, v. US West Communications,

Inc., Respondent.

Docket No. 02A-276T: In the Matter of the Application of Wiggins Telephone Association for Approval of its Disaggregation Plan

Docket No. 02A-444T: In the Matter of NECC's Application to Redefine the Service Area of Eastern Slope Rural Telephone Association, Inc., Great Plains Communications, Inc., Plains Coop Telephone Association, Inc., and Sunflower Telephone Co., Inc.

State of Connecticut, Department of Utility Control

Docket 91-12-19: DPUC Review of Intrastate Telecommunications Services Open to Competition (Comments).

Docket No. 94-07-02: Development of the Assumptions, Tests, Analysis, and Review to Govern Telecommunications Service Reclassifications in Light of the Eight Criteria Set Forth in Section 6 of Public Act 94-83 (Comments).

Delaware Public Service Commission

Docket No. 93-31T: In the Matter of the Application of The Diamond State Telephone Company for Establishment of Rules and Rates for the Provision of IntelliLinQ-PR1 and IntelliLinQ-BRI.

Docket No. 41: In the Matter of the Development of Regulations for the Implementation of the Telecommunications Technology Investment Act.

Docket No. 96-324: In the Matter of the Application of Bell Atlantic-Delaware, Inc. for Approval of its Statement of Terms and Conditions Under Section 252(f) of the Telecommunications Act of 1996 (Phase II).

Docket no. 02-001: In the Matter of the Inquiry into Verizon Delaware Inc.'s Compliance with the Conditions Set Forth in 47 U.S.C. § 271(c).

Florida Public Service Commission

Docket No. 881257-TL: In Re: Proposed Tariff by Southern Bell to Introduce New Features for Digital ESSX Service, and to Provide Structural Changes for both ESSX Service and Digital ESSX Service.

Docket No. 880812-TP: In Re: Investigation into Equal Access Exchange Areas (EAEAs), Toll Monopoly Areas (TMAs), 1+ Restriction to the Local Exchange Companies (LECs), and Elimination of the Access Discount.

Docket No. 890183-TL: In Re: Generic Investigation into the Operations of Alternate Access Vendors.

Docket No. 870347-TI: In Re: Petition of AT&T Communications of the Southern States for Commission Forbearance from Earnings Regulation and Waiver of Rule 25-4.495(1) and 25-24.480 (1) (b), F.A.C., for a trial period.

Docket No. 900708-TL: In Re: Investigation of Methodology to Account for Access Charges in Local Exchange Company (LEC) Toll Pricing.

Docket No. 900633-TL: In Re: Development of Local Exchange Company Cost of Service Study Methodology.

Docket No. 910757-TP: In Re: Investigation into the Regulatory Safeguards Required to Prevent Cross-Subsidization by Telephone Companies.

Docket No. 920260-TL: In Re: Petition of Southern Bell Telephone and Telegraph Company for Rate Stabilization, Implementation Orders, and Other Relief.

Docket No. 950985-TP: In Re: Resolution of Petitions to establish 1995 rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes.

Docket No. 960846-TP: In Re: Petition by MCI Telecommunications Corporation and MCI Metro Access Transmission Services, Inc. for Arbitration of Certain Terms and Conditions of a proposed agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 and Docket No. 960833-TP: In Re: Petition by AT&T Communications of the Southern States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 (consolidated).

Docket No. 960847-TP and 960980-TP: In Re: Petition by AT&T Communications of the Southern States, Inc., MCI Telecommunications Corporation, MCI Metro Access Transmission Service, Inc., for Arbitration of Certain Terms and Conditions of a Proposed Agreement with GTE Florida Incorporated Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 (consolidated).

Docket No. 961230-TP: In Re: Petition by MCI Telecommunications Corporation for Arbitration with United Telephone Company of Florida and Central Telephone Company of Florida Concerning Interconnection Rates, Terms, and Conditions, Pursuant to the Federal Telecommunications Act of 1996.

Docket No. 960786-TL: In Re: Consideration of BellSouth Telecommunications, Inc.'s Entry Into InterLATA Services Pursuant to Section 271 of the Federal Telecommunications Act of 1996.

Docket Nos. 960833-TP, 960846-TP, 960757-TP, and 971140-TP: Investigation to develop permanent rates for certain unbundled network elements.

Docket No. 980696-TP: In Re: Determination of the cost of basic local telecommunications service, pursuant to Section 364.025 Florida Statutes.

Docket No. 990750-TP: Petition by ITC^DeltaCom Communications, Inc., d/b/a/ ITC^DeltaCom, for arbitration of certain unresolved issues in interconnection negotiations between ITC^DeltaCom and BellSouth Telecommunications, Inc.

Docket No. 991605-TP: Petition of BellSouth Telecommunications, Inc. for Arbitration of the Interconnection Agreement Between Time Warner Telecom of Florida, L.P., pursuant to Section 252 (b) of the Telecommunications Act of 1996.

Docket No. 030137-TP: In re: Petition for Arbitration of Unresolved Issues in Negotiation of Interconnection Agreement with BellSouth Telecommunications, Inc. by ITC^DeltaCom Communications, Inc. d/b/a ITC^DeltaCom.

Georgia Public Service Commission

Docket No. 3882-U: In Re: Investigation into Incentive Telephone Regulation in Georgia.

Docket No. 3883-U: In Re: Investigation into the Level and Structure of Intrastate Access Charges.

Docket No. 3921-U: In Re: Compliance and Implementation of Senate Bill 524.

Docket No. 3905-U: In Re: Southern Bell Rule Nisi.

Docket No. 3995-U: In Re: IntraLATA Toll Competition.

Docket No. 4018-U: In Re: Review of Open Network Architecture (ONA) (Comments).

Docket No. 5258-U: In Re: Petition of BellSouth Telecommunications for Consideration and Approval of its "Georgians FIRST" (Price Caps) Proposal.

Docket No. 5825-U: In Re: The Creation of a Universal Access Fund as Required by the Telecommunications Competition and Development Act of 1995.

Docket No. 6801-U: In Re: Interconnection Negotiations Between BellSouth Telecommunications, Inc. and AT&T Communications of the Southern States, Inc., Pursuant to Sections 251-252 and 271 of the Telecommunications Act of 1996.

Docket No. 6865-U: In Re: Petition by MCI for Arbitration of Certain Terms and Conditions of Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and

Resale Under the Telecommunications Act of 1996.

Docket No. 7253-U: In Re: BellSouth Telecommunications, Inc.'s Statement of Generally Available Terms and Conditions Under Section 252 (f) of the Telecommunications Act of 1996.

Docket No. 7061-U: In Re: Review of Cost Studies and Methodologies for Interconnection and Unbundling of BellSouth Telecommunications Services.

Docket No. 10692-U: In Re: Generic Proceeding to Establish Long-Term Pricing Policies for Unbundled Network Elements.

Docket No. 10854-U: In Re: Petition for Arbitration of ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

Docket No. 16583-U: In Re: Petition for Arbitration of ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

Public Utilities Commission of Hawaii

Docket No. 7702: In the Matter of Instituting a Proceeding on Communications, Including an Investigation of the Communications Infrastructure of the State of Hawaii.

Indiana Utility Regulatory Commission

Cause No. 42303: In the Matter of the Complaint of the Indiana Payphone Association for a Commission Determination of Just and Reasonable Rates and Charges and Compliance with Federal Regulations.

Cause No. 41052-ETC-43: In the Matter of the Designation of Eligible Telecommunications Carriers by the Indiana Utility Regulatory Commission Pursuant to the Telecommunications Act of 1996 and Related FCC Orders. In Particular, the Application of NPCR, Inc. d/b/a Nextel Partners to be Designated.

Iowa Utilities Board

Docket No. RPU-95-10.

Docket No. RPU-95-11.

State Corporation Commission of the State of Kansas

Docket No. 00-GIMT-1054-GIT: In the Matter of a General Investigation to Determine Whether Reciprocal Compensation Should Be Paid for Traffic to an Internet Service Provider.

Kentucky Public Service Commission

Administrative Case No. 10321: In the Matter of the Tariff Filing of South Central Bell Telephone Company to Establish and Offer Pulselink Service.

Administrative Case No. 323: In the Matter of An Inquiry into IntraLATA Toll Competition, An Appropriate Compensation Scheme for Completion of IntraLATA Calls by Interexchange Carriers, and WATS Jurisdictionality.

- Phase IA: Determination of whether intraLATA toll competition is in the public interest.
- Phase IB: Determination of a method of implementing intraLATA competition.
- Rehearing on issue of Imputation.

Administrative Case No. 90-256, Phase II: In the Matter of A Review of the Rates and Charges and Incentive Regulation Plan of South Central Bell Telephone Company.

Administrative Case No. 336: In the Matter of an Investigation into the Elimination of Switched Access Service Discounts and Adoption of Time of Day Switch Access Service Rates.

Administrative Case No. 91-250: In the Matter of South Central Bell Telephone Company's Proposed Area Calling Service Tariff.

Administrative Case No. 96-431: In Re: Petition by MCI for Arbitration of Certain Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996.

Administrative Case No. 96-478: In Re: The Petition by AT&T Communications of the South Central States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Agreement with GTE South Incorporated Concerning Interconnection and Resale Under the Telecommunications Act of 1996.

Administrative Case No. 96-482: In Re: The Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Administrative Case No. 360: In the Matter of: An Inquiry into Universal Service and Funding Issues.

Administrative Case No. 96-608: In the Matter of: Investigation Concerning the Provision of

InterLATA Services by BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

Administrative Case No. 382: An Inquiry into the Development of Deaveraged Rates for Unbundled Network Elements.

Louisiana Public Service Commission

Docket No. 17970: In Re: Investigation of the Revenue Requirements, Rate Structures, Charges, Services, Rate of Return, and Construction Program of AT&T Communications of the South Central States, Inc., in its Louisiana Operations.

Docket No. U-17949: In the Matter of an Investigation of the Revenue Requirements, Rate Structures, Charges, Services, Rate of Return, and Construction Program of South Central Bell Telephone Company, Its Louisiana Intrastate Operations, The Appropriate Level of Access Charges, and All Matters Relevant to the Rates and Service Rendered by the Company.

- Subdocket A (SCB Earnings Phase)
- Subdocket B (Generic Competition Phase)

Docket No. 18913-U: In Re: South Central Bell's Request for Approval of Tariff Revisions to Restructure ESSX and Digital ESSX Service.

Docket No. U-18851: In Re: Petition for Elimination of Disparity in Access Tariff Rates.

Docket No. U-22022: In Re: Review and Consideration of BellSouth Telecommunications, Inc.'s TSLRIC and LRIC Cost Studies Submitted Pursuant to Sections 901(C) and 1001(E) of the Regulations for Competition in the Local Telecommunications Market as Adopted by General Order Dated March 15, 1996 in Order to Determine the Cost of Interconnection Services and Unbundled Network Components to Establish Reasonable, Non-Discriminatory, Cost Based Tariffed Rates and
Docket No. U-22093: In Re: Review and Consideration of BellSouth Telecommunications, Inc.'s Tariff Filing of April 1, 1996, Filed Pursuant to Section 901 and 1001 of the Regulations for Competition in the Local Telecommunications Market Which Tariff Introduces Interconnection and Unbundled Services and Establishes the Rates, Terms and Conditions for Such Service Offerings (consolidated).

Docket No. U-22145: In the Matter of Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. U-22252: In Re: Consideration and Review of BST's Preapplication Compliance with Section 271 of the Telecommunications Act of 1996, including but not limited to the fourteen requirements set forth in Section 271 (c) (2) (b) in order to verify compliance with section 271 and

provide a recommendation to the FCC regarding BST's application to provide interLATA services originating in-region.

Docket No. U-20883 Subdocket A: In Re: Submission of the Louisiana Public Service Commission's Forward Looking Cost Study to the FCC for Purposes of Calculating Federal Universal Service Support.

Docket No. U-24206: In Re: Petition for Arbitration of ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

Docket No. U-22632: In Re: BellSouth Telecommunications, Inc. Filing of New Cost Studies for Providing Access Line Service for Customer Provided Public Telephones and Smartline Service for Public Telephone Access.

Docket No. Docket No. U-24714-A: In Re: Final Deaveraging of BellSouth Telecommunications, Inc. UNE Rates Pursuant to FCC 96-45 Ninth Report and Order and Order on Eighteenth Order on Reconsideration Released November 2, 1999.

Public Service Commission of Maryland

Case 8584, Phase II: In the Matter of the Application of MFS Intelenet of Maryland, Inc. for Authority to Provide and Resell Local Exchange and Intrastate Telecommunications Services in Areas Served by C&P Telephone Company of Maryland.

Case 8715: In the Matter of the Inquiry into Alternative Forms of Regulating Telephone Companies.

Case 8731: In the Matter of the Petitions for Approval of Agreements and Arbitration of Unresolved Issues Arising Under Section 252 of the Telecommunications Act of 1996.

Massachusetts Department of Telecommunications and Energy

D.P.U./D.T.E. 97088/97-18 (Phase II): Investigation by the Department of Telecommunications & Energy on its own motion regarding (1) implementation of section 276 of the Telecommunications Act of 1996 relative to public interest payphones, (2) Entry and Exit Barriers for the Payphone Marketplace, (3) New England Telephone and Telegraph Company d/b/a NYNEX's Public Access Smart-Pay Service, and (4) the rate policy for operator service providers.

Minnesota Public Utilities Commission

PUC Docket No. PT6153/AM-02-686, OAH Docket No. 3-2500-14980-2: In the Matter of Petition of Midwest Wireless Communications, LLC for Designation as an Eligible Communications carrier under 47 U.S.C. § 214(e)(2).

PUC Docket No. PT-6182, 6181/M-02-1503: In the Matter of RCC Minnesota, Inc. and Wireless Alliance, LLC for Designation as an Eligible Telecommunications Carrier under 47 U.S.C. § 214(e)(2).

Mississippi Public Service Commission

Docket No. U-5086: In Re: MCI Telecommunications Corporation's Metered Use Service Option D (Prism I) and Option E (Prism II).

Docket No. U-5112: In Re: MCI Telecommunications Corporation's Metered Use Option H (800 Service).

Docket No. U-5318: In Re: Petition of MCI for Approval of MCI's Provision of Service to a Specific Commercial Banking Customers for Intrastate Interexchange Telecommunications Service.

Docket 89-UN-5453: In Re: Notice and Application of South Central Bell Telephone Company for Adoption and Implementation of a Rate Stabilization Plan for its Mississippi Operations.

Docket No. 90-UA-0280: In Re: Order of the Mississippi Public Service Commission Initiating Hearings Concerning (1) IntraLATA Competition in the Telecommunications Industry and (2) Payment of Compensation by Interexchange Carriers and Resellers to Local Exchange Companies in Addition to Access Charges.

Docket No. 92-UA-0227: In Re: Order Implementing IntraLATA Competition.

Docket No. 96-AD-0559: In Re: In the Matter of the Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. 98-AD-035: Universal Service.

Docket No. 97-AD-544: In Re: Generic Proceeding to Establish Permanent Prices for BellSouth Interconnection and Unbundled Network Elements.

Public Service Commission of the State of Montana

Docket No. D2000.8.124: In the Matter of Touch America, Inc.'s Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 of the Terms and Conditions of Interconnection with Qwest Corporation, f/k/a US West Communications, Inc.

Docket No. D2000.6.89: In the Matter of Qwest Corporation's Application to Establish Rates for Interconnection, Unbundled Network Elements, Transport and Termination, and Resale Services.

Nebraska Public Service Commission

Docket No. C-1385: In the Matter of a Petition for Arbitration of an Interconnection Agreement Between AT&T Communications of the Midwest, Inc., and US West Communications, Inc.

New York Public Service Commission

Case No. 28425: Proceeding on Motion of the Commission as to the Impact of the Modification of Final Judgement and the Federal Communications Commission's Docket 78-72 on the Provision of Toll Service in New York State.

North Carolina Public Utilities Commission

Docket No. P-100, Sub 72: In the Matter of the Petition of AT&T to Amend Commission Rules Governing Regulation of Interexchange Carriers (Comments).

Docket No. P-141, Sub 19: In the Matter of the Application of MCI Telecommunications Corporation to Provide InterLATA Facilities-Based Telecommunications Services (Comments).

Docket No. P-55, Sub 1013: In the Matter of Application of BellSouth Telecommunications, Inc. for, and Election of, Price Regulation.

Docket Nos. P-7, Sub 825 and P-10, Sub 479: In the Matter of Petition of Carolina Telephone and Telegraph and Central Telephone Company for Approval of a Price Regulation Plan Pursuant to G.S. 62-133.5.

Docket No. P-19, Sub 277: In the Matter of Application of GTE South Incorporated for and Election of, Price Regulation.

Docket No. P-141, Sub 29: In the Matter of: Petition of MCI Telecommunications Corporation for Arbitration of Interconnection with BellSouth Telecommunications, Inc., Petition of AT&T Communications of the Southern States, Inc. for Arbitration of Interconnection with BellSouth Telecommunications, Inc. (consolidated).

Docket No. P-141, Sub 30: In the Matter of: Petition of MCI Telecommunications Corporation for Arbitration of Interconnection with General Telephone Company of North Carolina, Inc., Petition of AT&T Communications of the Southern States, Inc. for Arbitration of Interconnection with General Telephone Company of North Carolina, Inc. (consolidated).

Docket No. P-100, Sub 133b: Re: In the Matter of Establishment of Universal Support Mechanisms Pursuant to Section 254 of the Telecommunications Act of 1996.

Docket No. P-100, Sub 133d: Re: Proceeding to Determine Permanent Pricing for Unbundled Network Elements.

Docket No. P-100, Sub 84b: Re: In the Matter of Petition of North Carolina Payphone Association for Review of Local Exchange Company Tariffs for Basic Payphone Services (Comments).

Docket No. P-561, Sub 10: BellSouth Telecommunications, Inc., Complainant, v. US LEC of North Carolina, LLC, and Metacomm, LLC, Respondents.

Docket No. P-472, Sub 15: In the Matter of the Interconnection Agreement Between BellSouth Telecommunications, Inc. and Time Warner Telecom of North Carolina, L.P. Pursuant to Section 252(b) of the Telecommunications Act of 1996.

Docket Nos. P-7, Sub 995; P-10, Sub 633: ALEC., Inc. v. Carolina Telephone and Telegraph Company and Central Telephone Company.

Docket No. P-500, Sub 18: In the Matter of: Petition for Arbitration of ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

Public Utilities Commission of Ohio

Case No. 93-487-TP-ALT: In the Matter of the Application of The Ohio Bell Telephone Company for Approval of an Alternative Form of Regulation.

Oklahoma Corporation Commission

Cause No. PUD 01448: In the Matter of the Application for an Order Limiting Collocation for Special Access to Virtual or Physical Collocation at the Option of the Local Exchange Carrier.

Cause No. PUD 200300195: Application of United States Cellular Corporation for Designation as an Eligible Telecommunications Carrier Pursuant to the Telecommunications Act of 1996.

Cause No. PUD 200300239: Application of Dobson Cellular Systems, Inc. for Designation as an Eligible Telecommunications Carrier Pursuant to the Telecommunications Act of 1996.

Public Utility Commission of Oregon

Docket No. UT 119: In the Matter of an Investigation into Tariffs Filed by US West Communications, Inc., United Telephone of the Northwest, Pacific Telecom, Inc., and GTE Northwest, Inc. in Accordance with ORS 759.185(4).

Docket No. ARB 3: In the Matter of the Petition of AT&T Communications of the Pacific Northwest, Inc., for Arbitration of Interconnection Rates, Terms, and Conditions Pursuant to 47 U.S.C. § 252(b) of the Telecommunications Act of 1996. Docket No. ARB 6: In the Matter of the Petition of MCIMetro Access Transmission Services, Inc. for Arbitration of Interconnection Rates, Terms, and Conditions Pursuant to 47 U.S.C. § 252(b) of the Telecommunications Act of 1996 (consolidated).

Docket No. ARB 9: In the Matter of the Petition of an Interconnection Agreement Between MCIMetro Access Transportation Services, Inc. and GTE Northwest Incorporated, Pursuant to 47 U.S.C. Section 252.

Docket No. UT-125: In the Matter of the Application of US West Communications, Inc. for an Increase in Revenues.

Pennsylvania Public Utilities Commission

Docket No. I-00910010: In Re: Generic Investigation into the Current Provision of InterLATA Toll Service.

Docket No. P-00930715: In Re: The Bell Telephone Company of Pennsylvania's Petition and Plan for Alternative Form of Regulation under Chapter 30.

Docket No. R-00943008: In Re: Pennsylvania Public Utility Commission v. Bell Atlantic-Pennsylvania, Inc. (Investigation of Proposed Promotional Offerings Tariff).

Docket No. M-00940587: In Re: Investigation pursuant to Section 3005 of the Public Utility Code, 66 Pa. C. S. §3005, and the Commission's Opinion and Order at Docket No. P-930715, to establish standards and safeguards for competitive services, with particular emphasis in the areas of cost allocations, cost studies, unbundling, and imputation, and to consider generic issues for future rulemaking.

South Carolina Public Service Commission

Docket No. 90-626-C: In Re: Generic Proceeding to Consider Intrastate Incentive Regulation.

Docket No. 90-321-C: In Re: Petition of Southern Bell Telephone and Telegraph Company for Revisions to its Access Service Tariff Nos. E2 and E16.

Docket No. 88-472-C: In Re: Petition of AT&T of the Southern States, Inc., Requesting the Commission to Initiate an Investigation Concerning the Level and Structure of Intrastate Carrier Common Line (CCL) Access Charges.

Docket No. 92-163-C: In Re: Position of Certain Participating South Carolina Local Exchange Companies for Approval of an Expanded Area Calling (EAC) Plan.

Docket No. 92-182-C: In Re: Application of MCI Telecommunications Corporation, AT&T Communications of the Southern States, Inc., and Sprint Communications Company, L.P., to Provide IntraLATA Telecommunications Services.

Docket No. 95-720-C: In Re: Application of BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company for Approval of an Alternative Regulation Plan.

Docket No. 96-358-C: In Re: Interconnection Agreement Negotiations Between AT&T Communications of the Southern States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. 96-375-C: In Re: Interconnection Agreement Negotiations Between AT&T Communications of the Southern States, Inc. and GTE South Incorporated Pursuant to 47 U.S.C. § 252.

Docket No. 97-101-C: In Re: Entry of BellSouth Telecommunications, Inc. into the InterLATA Toll Market.

Docket No. 97-374-C: In Re: Proceeding to Review BellSouth Telecommunications, Inc. Cost for Unbundled Network Elements.

Docket No. 97-239-C: Intrastate Universal Service Fund.

Docket No. 97-124-C: BellSouth Telecommunications, Inc. Revisions to its General Subscriber Services Tariff and Access Service Tariff to Comply with the FCC's Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996.

Docket No. 1999-268-C: Petition of Myrtle Beach Telephone, LLC, for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Horry Telephone Cooperative, Inc.

Docket No. 1999-259-C: Petition for Arbitration of ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

Docket No. 2001-65-C: Generic Proceeding to Establish Prices for BellSouth's Interconnection Services, Unbundled Network Elements and Other Related Elements and Services.

Tennessee Public Service Commission

Docket No. 90-05953: In Re: Earnings Investigation of South Central Bell Telephone Company.

Docket Nos. 89-11065, 89-11735, 89-12677: AT&T Communications of the South Central States, MCI Telecommunications Corporation, US Sprint Communications Company -- Application for Limited IntraLATA Telecommunications Certificate of Public Convenience and Necessity.

Docket No. 91-07501: South Central Bell Telephone Company's Application to Reflect Changes in its Switched Access Service Tariff to Limit Use of the 700 Access Code.

Tennessee Regulatory Authority

Docket No. 96-01152: In Re: Petition by AT&T Communications of the South Central States, Inc. for Arbitration under the Telecommunications Act of 1996 and Docket No. 96-01271: In Re: Petition by MCI Telecommunications Corporation for Arbitration of Certain Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 (consolidated).

Docket No. 96-01262: In Re: Interconnection Agreement Negotiations Between AT&T of the South Central States, Inc. and BellSouth Telecommunications, Inc. Pursuant to 47 U.S.C. § 252.

Docket No. 97-01262: Proceeding to Establish Permanent Prices for Interconnection and Unbundled Network Elements.

Docket No. 97-00888: Universal Service Generic Contested Case.

Docket No. 99-00430: Petition for Arbitration of ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. pursuant to the Telecommunications Act of 1996.

Docket No. 97-00409: In Re: All Telephone Companies Tariff Filings Regarding Reclassification of Pay Telephone Service as Required by Federal Communications Commission Docket No. 96-128.

Docket No. 03-00119: In Re: Petition for Arbitration of ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc.

Public Utility Commission of Texas

Docket No. 12879: Application of Southwestern Bell Telephone Company for Expanded Interconnection for Special Access Services and Switched Transport Services and Unbundling of Special Access DS1 and DS3 Services Pursuant to P. U. C. Subst. R. 23.26.

Docket No. 18082: Complaint of Time Warner Communications against Southwestern Bell Telephone Company.

Docket No. 21982: Proceeding to Examine Reciprocal Compensation Pursuant to Section 252 of the Federal Telecommunications Act of 1996.

Docket No. 23396: Joint Petition of CoServ, LLC d/b/a CoServ Communications and Multitechnology Services, LP d/b/a CoServ Broadband Services for Arbitration of Interconnection

Rates, Terms, Conditions, and Related Arrangements with Southwestern Bell Telephone Company.

Docket No. 24015: Consolidated Complaints and Requests of Post-Interconnection Dispute Resolution Regarding Inter-Carrier Compensation for FX-Type Traffic Against Southwestern Bell Telephone Company.

PUC Docket No. 27709: Application of NPCR, Inc., dba Nextel Partners for Eligible Telecommunications Carrier Designation (ETC).

State of Vermont Public Service Board

Docket No. 6533: Application of Verizon New England Inc. d/b/a Verizon Vermont for a Favorable Recommendation to Offer InterLATA Services Under 47 U.S.C. 271.

Virginia State Corporation Commission

Case No. PUC920043: Application of Virginia Metrotel, Inc. for a Certificate of Public Convenience and Necessity to Provide InterLATA Interexchange Telecommunications Services.

Case No. PUC920029: Ex Parte: In the Matter of Evaluating the Experimental Plan for Alternative Regulation of Virginia Telephone Companies.

Case No. PUC930035: Application of Contel of Virginia, Inc. d/b/a GTE Virginia to implement community calling plans in various GTE Virginia exchanges within the Richmond and Lynchburg LATAs.

Case No. PUC930036: Ex Parte: In the Matter of Investigating Telephone Regulatory Methods Pursuant to Virginia Code § 56-235.5, & Etc.

Washington Utilities and Transportation Commission

Docket Nos. UT-941464, UT-941465, UT-950146, and UT-950265 (Consolidated): Washington Utilities and Transportation Commission, Complainant, vs. US West Communications, Inc., Respondent; TCG Seattle and Digital Direct of Seattle, Inc., Complainant, vs. US West Communications, Inc., Respondent; TCG Seattle, Complainant, vs. GTE Northwest Inc., Respondent; Electric Lightwave, Inc., vs. GTE Northwest, Inc., Respondent.

Docket No. UT-950200: In the Matter of the Request of US West Communications, Inc. for an Increase in its Rates and Charges.

Docket No. UT-000883: In the Matter of the Petition of U S West Communications, Inc. for Competitive Classification.

Public Service Commission of West Virginia

Case No. 02-1453-T-PC: Highland Cellular, Inc. Petition for consent and approval to be designated as an eligible telecommunications carrier in the areas served by Citizens Telecommunications Company of West Virginia.

Public Service Commission of Wyoming

Docket No. 70000-TR-95-238: In the Matter of the General Rate/Price Case Application of US West Communications, Inc. (Phase I).

Docket No. PSC-96-32: In the Matter of Proposed Rule Regarding Total Service Long Run Incremental Cost (TSLRIC) Studies.

Docket No. 70000-TR-98-420: In the Matter of the Application of US West Communications, Inc. for authority to implement price ceilings in conjunction with its proposed Wyoming Price Regulation Plan for essential and noncompetitive telecommunications services (Phase III).

Docket No. 70000-TR-99-480: In the Matter of the Application of US West Communications, Inc. for authority to implement price ceilings in conjunction with its proposed Wyoming Price Regulation Plan for essential and noncompetitive telecommunications services (Phase IV).

Docket No. 70000-TR-00-556: In the Matter of the Filing by US West Communications, Inc. for Authority to File its TSLRIC 2000 Annual Input Filing and Docket No. 70000-TR-00-570: In the Matter of the Application of US West Communications, Inc. for Authority to File its 2000 Annual TSLRIC Study Filing.

Public Service Commission of the District of Columbia

Formal Case No. 814, Phase IV: In the Matter of the Investigation into the Impact of the AT&T Divestiture and Decisions of the Federal Communications Commission on Bell Atlantic - Washington, D. C. Inc.'s Jurisdictional Rates.

Puerto Rico Telecommunications Regulatory Board

Case No. 98-Q-0001: In Re: Payphone Tariffs.

Docket No.: JRT-2001-AR-0002: In the Matter of Interconnection Rates, Terms and Conditions between WorldNet Telecommunications, Inc. and Puerto Rico Telephone Company.

COMMENTS/DECLARATIONS - FEDERAL COMMUNICATIONS COMMISSION

CC Docket No. 92-91: In the Matter of Open Network Architecture Tariffs of Bell Operating Companies.

CC Docket No. 93-162: Local Exchange Carriers' Rates, Terms, and Conditions for Expanded Interconnection for Special Access.

CC Docket No. 91-141: Common Carrier Bureau Inquiry into Local Exchange Company Term and Volume Discount Plans for Special Access.

CC Docket No. 94-97: Review of Virtual Expanded Interconnection Service Tariffs.

CC Docket No. 94-128: Open Network Architecture Tariffs of US West Communications, Inc.

CC Docket No. 94-97, Phase II: Investigation of Cost Issues, Virtual Expanded Interconnection Service Tariffs.

CC Docket No. 96-98: In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996

CC Docket No. 97-231: Application by BellSouth to Provide In-Region InterLATA Services

CC Docket No. 98-121: Application by BellSouth to Provide In-Region InterLATA Services

CCB/CPD No. 99-27: In the Matter of Petition of North Carolina Payphone Association for Expedited Review of, and/or Declaratory Ruling Concerning, Local Exchange Company Tariffs for Basic Payphone Services.

CC Docket No. 96-128: In the Matter of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CCB/CPD No. 99-31: Oklahoma Independent Telephone Companies Petition for Declaratory Ruling (consolidated).

CCB/CPD No. 00-1: In the Matter of the Wisconsin Public Service Commission Order Directing Filings.

CC Docket No. 99-68: In the Matter of Inter-Carrier Compensation for ISP-Bound Traffic

File No. EB-01-MD-020: In the Matter of Sprint Communications Company, L.P., Complainant v. Time Warner Telecom, Inc. Defendant.

Request by the American Public Communications Council that the Commission Issue a Notice of Proposed Rulemaking to Update the Dial-Around Compensation Rate

Docket No.030300-TP
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Testimony of Don J. Wood

File Nos. EB-02-MD-018-030: In the Matter of Communications Vending Corp. of Arizona, et. al., Complainants, v. Citizens Communications Co. f/k/a Citizens Utilities Co. and Citizens Telecommunications Co., et. al., Defendants.

CC Docket No. 96-45: In the Matter of Federal-State Joint Board on Universal Service, Cellular South License, Inc., RCC Holdings, Inc., Petitions for designation as an Eligible Telecommunications Carrier in the State of Alabama.

CC Docket No. 96-45: In the Matter of Federal-State Joint Board on Universal Service, Declaration in Support of the Comments to the Federal-State Joint Board of the Rural Cellular Association and the Alliance of Rural CMRS Carriers.

REPRESENTATIVE TESTIMONY – STATE, FEDERAL, AND OVERSEAS COURTS

Court of Common Pleas, Philadelphia County, Pennsylvania

Shared Communications Services of 1800-80 JFK Boulevard, Inc., Plaintiff, v. Bell Atlantic Properties, Inc., Defendant.

Texas State Office of Administrative Hearings

Office of Customer Protection (OCP) Investigation of Axces, Inc. for Continuing Violations of PUC Substantive Rule §26.130. Selection of Telecommunications Utilities, Pursuant to Procedural Rules 22.246 Administrative Penalties.

Superior Court for the State of Alaska, First Judicial District

Richard R. Watson, David K. Brown and Ketchikan Internet Services, a partnership of Richard R. Watson and David K. Brown, plaintiffs, v. Karl Amylon and the City of Ketchikan, Defendants.

United States District Court for the District of South Carolina, Columbia Division

Brian Wesley Jeffcoat, on behalf of himself and others similarly situated, Plaintiffs, v. Time Warner Entertainment - Advance/Newhouse Partnership, Defendant.

United States District Court for the Northern District of Texas, Fort Worth Division

Multitechnology Services, L. P. d/b/a CoServ Broadband Services, Plaintiffs, v. Southwestern Bell Telephone Company, Defendant.

Multitechnology Services, L. P. d/b/a CoServ Broadband Services, Plaintiffs, v. Verizon Southwest f/k/a GTE Southwest Incorporated.

High Court of the Hong Kong Special Administrative Region, Court of First Instance

Commercial List No. 229 of 1999: Cable and Wireless HKT International Limited, Plaintiff v. New World Telephone Limited, Defendant.

REPRESENTATIVE TESTIMONY – PRIVATE COMMERCIAL ARBITRATION TRIBUNALS

American Arbitration Association

Southwestern Bell Telephone Company, Claimant vs. Time Warner Telecom, Respondent.

CPR Institute for Dispute Resolution

Supra Telecommunications and Information Systems, Inc., Claimant vs. BellSouth
Telecommunications, Inc., Respondent.

Analysis of Current BellSouth Rates for Payphone Access Lines

Exhibit DJW -2

Current Rates

	Group ¹											
	Cedar Keys	Cross City	Sunny Hills - Vernon	St. Augustine	Panama City Vero Beach	Daytona Beach	Melbourne	Sanford	West Palm Beach	Jacksonville	Orlando	Miami - Ft. Lauderdale
	1	2	3	4	5	6	7	8	9	10	11	12
Current Payphone Charges												
Monthly Base Rate	\$ 19.80	\$ 20.80	\$ 21.90	\$ 22.90	\$ 23.85	\$ 24.90	\$ 25.75	\$ 26.60	\$ 27.40	\$ 28.00	\$ 28.60	\$ 29.10
Coin Billed Number Screening												
Coin Selective Call screening												
EUCL	\$ 7.84	\$ 7.84	\$ 7.84	\$ 7.84	\$ 7.84	\$ 7.84	\$ 7.84	\$ 7.84	\$ 7.84	\$ 7.84	\$ 7.84	\$ 7.84
Total Current Monthly Charges	\$ 27.64	\$ 28.64	\$ 29.74	\$ 30.74	\$ 31.69	\$ 32.74	\$ 33.59	\$ 34.44	\$ 35.24	\$ 35.84	\$ 36.44	\$ 36.94

Zone 1												
Unbundled Network Elements	\$ 12.87	\$ 12.87	\$ 12.87	\$ 12.87	\$ 12.87	\$ 12.87	\$ 12.87	\$ 12.87	\$ 12.87	\$ 12.87	\$ 12.87	\$ 12.87
Quantification of Excess Rate	\$ 14.77	\$ 15.77	\$ 16.87	\$ 17.87	\$ 18.82	\$ 19.87	\$ 20.72	\$ 21.57	\$ 22.37	\$ 22.97	\$ 23.57	\$ 24.07
Zone 2												
Unbundled Network Elements	\$ 16.98	\$ 16.98	\$ 16.98	\$ 16.98	\$ 16.98	\$ 16.98	\$ 16.98	\$ 16.98	\$ 16.98	\$ 16.98	\$ 16.98	\$ 16.98
Quantification of Excess Rate	\$ 10.66	\$ 11.66	\$ 12.76	\$ 13.76	\$ 14.71	\$ 15.76	\$ 16.61	\$ 17.46	\$ 18.26	\$ 18.86	\$ 19.46	\$ 19.96
Zone 3												
Unbundled Network Elements	\$ 27.73	\$ 27.73	\$ 27.73	\$ 27.73	\$ 27.73	\$ 27.73	\$ 27.73	\$ 27.73	\$ 27.73	\$ 27.73	\$ 27.73	\$ 27.73
Quantification of Excess Rate	\$ (0.09)	\$ 0.91	\$ 2.01	\$ 3.01	\$ 3.96	\$ 5.01	\$ 5.86	\$ 6.71	\$ 7.51	\$ 8.11	\$ 8.71	\$ 9.21

Unbundled Network Elements ²	Access Area (Density)		
	Zone 1	Zone 2	Zone 3
UNE Platform (Local Loop incl Port)	\$ 10.94	\$ 15.05	\$ 25.80
Local Usage	1.93	1.93	1.93
Best Estimate - Cost Base Rates	\$ 12.87	\$ 16.98	\$ 27.73

Calls	300.0
Minutes/Call	3.0
Total Minutes	900.0
Switching Rate ³	\$ 0.0021478
Average Monthly Cost for LS	\$ 1.9330

NOTES:

¹⁾ Business Group definition BellSouth Telecommunications General Subscriber Service Tariff A

²⁾ Order No. PSC-01-2051-FOF-TP Docket #: 990649A-TP

³⁾ Covers both origination and termination.