

1 **SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY**
2 **REBUTTAL TESTIMONY OF DAVID B. DENTON**
3 **BEFORE THE**
4 **FLORIDA PUBLIC SERVICE COMMISSION**
5 **DOCKET NO. 921074-TP**
6 **JULY 8, 1993**

7
8
9 **Q. WILL YOU PLEASE STATE YOUR NAME AND BUSINESS**
10 **ADDRESS?**

11
12 **A. I AM DAVID B. DENTON. MY BUSINESS ADDRESS IS 675**
13 **WEST PEACHTREE STREET, ATLANTA, GEORGIA.**

14
15 **Q. DID YOU FILE DIRECT TESTIMONY IN THIS DOCKET?**

16
17 **A. YES, I DID.**

18
19 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

20
21 **A. THE PURPOSE OF MY REBUTTAL TESTIMONY IS TO REFUTE**
22 **CERTAIN POSITIONS TAKEN BY VARIOUS PARTIES IN**
23 **THIS DOCKET.**

24
25 **Q. BOTH TELEPORT AND SPRINT PROPOSE THAT THE FPSC**

1 SHOULD AUTHORIZE INTERCONNECTORS TO PROVIDE THE
2 LOCAL TRANSPORT PORTION OF SWITCHED CARRIER
3 ACCESS IN CONJUNCTION WITH EXPANDED
4 INTERCONNECTION ON INTRASTATE SPECIAL ACCESS AND
5 PRIVATE LINE SERVICES. WHAT IS YOUR VIEW ON THIS
6 ISSUE?

7
8 A. THIS REQUEST INVOLVES "RATCHETING" THE SPECIAL
9 ACCESS HIGH CAPACITY SERVICE TO PROVIDE BOTH
10 SPECIAL ACCESS AND PRIVATE LINE DEDICATED
11 SERVICES AS WELL AS THE LOCAL TRANSPORT PORTION
12 OF SWITCHED ACCESS (I.E., SHARED USE).

13
14 THE FCC IS ON RECORD, OF COURSE, THAT IT DOES NOT
15 BELIEVE THAT INTERCONNECTORS SHOULD BE ALLOWED TO
16 "RACHET" BEFORE A NEW LOCAL TRANSPORT RATE
17 STRUCTURE IS IMPLEMENTED. THE FCC CORRECTLY
18 RECOGNIZED THAT THE LECs WOULD FACE THE POTENTIAL
19 OF LOSING SIGNIFICANT AMOUNTS OF REVENUE IF
20 "RATCHETING" WERE ALLOWED BEFORE LOCAL TRANSPORT
21 RESTRUCTURING OCCURS. THE FCC FOUND, THEREFORE,
22 THAT "RATCHETING" IS NOT IN THE PUBLIC INTEREST
23 AT THE PRESENT TIME.

24
25 THE FCC'S DECISION UNDERSCORES THE FACT THAT

1 SWITCHED ACCESS COLLOCATION INVOLVES FAR GREATER
2 PUBLIC INTEREST ISSUES THAN DOES SPECIAL ACCESS
3 COLLOCATION. LOCAL TRANSPORT RESTRUCTURE MUST BE
4 RESOLVED BEFORE SWITCHED ACCESS COLLOCATION CAN
5 BE CONSIDERED. THE LECs MUST HAVE THE
6 OPPORTUNITY TO RESTRUCTURE LOCAL TRANSPORT RATES
7 AND READJUST PRICES PRIOR TO FACING COLLOCATION
8 FOR SWITCHED ACCESS SERVICES.

9
10 FINALLY, BECAUSE THESE ISSUES RELATE TO EXPANDED
11 INTERCONNECTION FOR SWITCHED ACCESS SERVICES,
12 THEY SHOULD NOT EVEN BE CONSIDERED IN THIS PHASE
13 OF THESE PROCEEDINGS.

14
15 Q. ON PAGE 5 OF MR. KOUROUPAS' TESTIMONY, HE STATES
16 THAT THE FPSC SHOULD "... INITIATE A "FRESH LOOK"
17 PROVISION DESIGNED TO ALLOW CONSUMERS TO EXERCISE
18 THEIR NEW FOUND FREEDOM OF CHOICE IN THE SPECIAL
19 ACCESS MARKET WITHOUT INCURRING SUBSTANTIAL
20 TERMINATION PENALTIES FOR DOING SO." DO YOU
21 AGREE WITH THIS POSITION?

22
23 A. NO. THIS DOCKET CONCERNS COLLOCATION FOR
24 INTRALATA PRIVATE LINE SERVICES AS WELL AS FOR
25 SPECIAL ACCESS. THERE ARE SEVERAL POINTS THAT

1 NEED TO BE MADE WITH REGARD TO THE SUGGESTION
2 THAT THERE BE A "FRESH LOOK" PROVISION FOR
3 PRIVATE LINE SERVICES. FIRST, THERE IS
4 COMPETITION IN FLORIDA FOR THESE SERVICES AT THE
5 PRESENT TIME. THE FPSC HAS ALREADY DETERMINED
6 THAT CONTRACTS FOR THESE SERVICES ARE IN THE
7 PUBLIC INTEREST. SECOND, MANY CONTRACT
8 ARRANGEMENTS ARE DESIGNED TO RECOVER THEIR
9 INSTALLATION CHARGES OVER THE LIFE OF THE
10 CUSTOMER'S CONTRACT. THERE IS THE POTENTIAL THAT
11 THE LECs COULD LOSE THE ABILITY TO RECOVER THESE
12 INSTALLATION COSTS IF THE COMMISSION PERMITTED
13 CUSTOMERS TO TERMINATE EXISTING CONTRACTS. IN
14 OTHER WORDS, THE LECs COULD BE FORCED TO ACTUALLY
15 PROVIDE SERVICE BELOW COST TO THESE CUSTOMERS
16 WITHOUT BEING ABLE TO RECOVER THE COSTS AS
17 ANTICIPATED DURING THE TERM OF THE CONTRACT.

18

19 Q. ALSO, ON PAGE 5 OF THE TESTIMONY FILED BY MR.
20 KOUROUPAS ON BEHALF OF TELEPORT, HE STATES THAT
21 "... FLORIDA SHOULD REQUIRE INTERCONNECTION AT A
22 DS1, DS3 AND DS0 LEVEL...". DO YOU AGREE WITH
23 THIS POSITION?

24

25 A. NO. PROVIDING INTERCONNECTION AT A DS1 OR DS3

1 LEVEL IS WHAT HAS BEEN CONTEMPLATED. BEING
2 REQUIRED TO FILE INTERCONNECTION TARIFFS AT THE
3 DSO LEVEL WOULD PLACE A LARGER REQUIREMENT FOR
4 SPACE AND CABLING ON THE LECs. SOUTHERN BELL
5 WOULD PREFER TO HANDLE REQUESTS FOR DSO
6 COLLOCATION ON A CENTRAL OFFICE BY CENTRAL OFFICE
7 BASIS.

8
9 Q. BOTH INTERMEDIA COMMUNICATIONS AND TELEPORT
10 WITNESSES STATE THAT THE LECs NEED NO ADDITIONAL
11 PRICING FLEXIBILITY. THE WITNESS FOR SPRINT
12 STATES SPECIFICALLY THAT THE LECs SHOULD NOT BE
13 ALLOWED TO HAVE VOLUME AND TERM DISCOUNTS. WHAT
14 IS YOUR OPINION OF THESE POSITIONS?

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16 A. THE POSITIONS TAKEN BY INTERMEDIA COMMUNICATIONS
17 AND TELEPORT ARE SIMPLY SELF-SERVING. DENSITY-
18 ZONE PRICING, WHICH THE FCC HAS APPROVED FOR LEC
19 SPECIAL ACCESS SERVICES, IS AN EXAMPLE OF PRICING
20 FLEXIBILITY THAT THE LECs SHOULD HAVE IN FLORIDA
21 AS WELL. THE LECs SHOULD NOT BE HANDICAPPED IN
22 THEIR EFFORTS TO BE PRICE COMPETITIVE. A PRIMARY
23 CONCERN HERE IS THAT THE FPSC RECOGNIZE THE NEED
24 TO KEEP THE RATES AND STRUCTURES FOR THESE
25 SERVICES CLOSELY ALIGNED WITH THEIR INTERSTATE

1 COUNTERPARTS SO AS TO PREVENT REVENUE SHIFTS THAT
2 COULD RESULT FROM "TARIFF SHOPPING".
3

4 SPRINT'S CONTENTION THAT LECs SHOULD NOT BE
5 ALLOWED TO OFFER VOLUME AND TERM DISCOUNTS IS
6 SPURIOUS. FOR THE SPECIAL ACCESS AND PRIVATE
7 LINE SERVICES BEING DISCUSSED IN THIS DOCKET,
8 VOLUME AND TERM DISCOUNTS ARE APPROPRIATE. SO
9 LONG AS PRICES ARE SET TO RECOVER THE LONG RUN
10 INCREMENTAL COSTS OF PROVIDING THE SERVICE, IT IS
11 NOT UNECONOMIC TO OFFER SUCH DISCOUNTS.
12

13 Q. DOES THIS CONCLUDE YOUR TESTIMONY?
14

15 A. YES.
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