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Chan Bryant Abney  
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FILE COPY

VIA AIRBORNE

June 23, 1995

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

In Re: Comprehensive Review of the Revenue Requirements and Rate  
Stabilization Plan of southern Bell Telephone & Telegraph Company;  
Docket No. 920260-TL

Dear Ms. Bayó:

Please find enclosed for filing, the original and 16 copies of Sprint Communications Company Limited Partnership's ("Sprint") Testimony in the above captioned proceeding. Please date stamp the additional copy and return to me in the enclosed self addressed stamped envelope. All parties of record have been served in accordance with the attached certificate of service.

Thank you in advance for your cooperation.

Sincerely,

*Chan Bryant Abney*

Chan Bryant Abney  
Attorney, State Regulatory

- ACK
- AFA 2
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU Warten
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG 1
- LIN 5
- OPC \_\_\_\_\_
- RCH Vinson
- SEC 1
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

cc: All Parties of Record

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*Max*  
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DIRECT TESTIMONY OF TONY H. KEY  
ON BEHALF OF  
SPRINT COMMUNICATIONS COMPANY LIMITED PARTNERSHIP  
DOCKET NO. 920260-TL

1       **PLEASE STATE YOUR NAME, ADDRESS AND PRESENT**  
2       **EMPLOYMENT.**

3       My name is Tony H. Key. My business address is 3100 Cumberland Circle,  
4       Atlanta, Georgia 30339. I am employed as Director, State Regulatory - South with  
5       Sprint Communications Company Limited Partnership (Sprint).

6       **BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**  
7       **BUSINESS EXPERIENCE IN THE TELEPHONE INDUSTRY.**

8       I graduated from the University of North Carolina with a B.A. Degree. Following  
9       graduation, I entered U.S. Naval Aviation, completing active duty in 1971. In 1972,  
10      I joined Southern Bell and for 11 years held various marketing and rate and tariff  
11      positions. In 1980, I received an MBA Degree from Georgia State University. In  
12      1984, at the divestiture of the Bell System, I transferred to AT&T and held various  
13      marketing and regulatory positions. In September, 1987, I joined US Sprint as  
14      Regulatory Manager. In my present capacity, I am responsible for regulatory  
15      matters in the nine southeastern states, including Florida.

1 services in a competitive environment and make it easier to convert these customers  
2 to interLATA service when and if the MFJ restrictions are lifted.

3 **WHAT ARE THE INTRALATA RATE LEVELS PROPOSED IN THE SBT**  
4 **TARIFF FILED ON MAY 15, 1995?**

5 Residential customers will be billed a per message charge of \$.25 per call regardless  
6 of the duration of the call. Business customers will be billed a per minute charge of  
7 \$.10 for the initial minute and \$.06 for each additional minute per call.

8 **WHAT ARE THE SWITCHED ACCESS CHARGES FOR TWO ENDS OF**  
9 **SWITCHED ACCESS FOR CALLS INCLUDED IN THE EXTENDED**  
10 **CALLING SERVICE PROPOSED BY SBT?**

11 If an Interexchange Carrier (IXC) carried these calls the switched access that would  
12 apply is \$.09259 per access minute.

13 **DO THESE EXTENDED CALLING SERVICE PLANS MEET THE**  
14 **IMPUTATION TEST REQUIRED FOR FLORIDA TOLL CHARGES?**

15 They obviously do not and as such the plans are discriminatory and are subsidized  
16 by IXC access charges.

1 **IS SPRINT OPPOSED TO EXTENDED CALLING SERVICE PLANS IN**  
2 **GENERAL?**

3 Sprint is not opposed to these plans when there is a true community of interest  
4 between the extended local calling areas. Further, customers receiving the benefit of  
5 the ECS plans should pay for the costs of these plans. However, the tariffs filed by  
6 SBT merely convert competitive intraLATA toll calling to monopoly local service  
7 in advance of 1+ intraLATA competition. The Commission should not allow SBT  
8 to remonopolize these markets.

9 **SHOULD THE CWA'S PROPOSAL TO REDUCE EACH OF THE**  
10 **FOLLOWING BY \$5 MILLION BE APPROVED:**

- 11 • BASIC "LIFELINE" SENIOR CITIZENS TELEPHONE SERVICE;  
12 • BASIC RESIDENTIAL TELEPHONE SERVICE;  
13 • BASIC TELEPHONE SERVICE TO ANY ORGANIZATION THAT IS NON-  
14 PROFIT WITH 501(C) TAX EXEMPT STATUS;  
15 • BASIC TELEPHONE SERVICE OF ANY PUBLIC SCHOOL, COMMUNITY  
16 COLLEGE AND STATE UNIVERSITY;  
17 • BASIC TELEPHONE SERVICE OF ANY QUALIFIED DISABLED  
18 RATEPAYER.

19 Generally it is not good public policy to reduce rates for services that are already  
20 being provided below cost. If you embrace the theory that local residential service  
21 is being provided below cost, then it stands to reason that reducing the rates for that  
22 service only makes matters worse from an economic efficiency standpoint. The  
23 reason it is poor public policy is due to the distortions on the marketplace that

1 subsidies cause. Customers paying the subsidies immediately begin to search for  
2 alternatives. Companies enter the market to provide competitive services because  
3 they see high margins. The incumbent company battles to keep the new entrants out  
4 or to load the new entrant with subsidy responsibilities as well. Then, at some point  
5 in the future, the subsidies fall and some companies are unable to compete because  
6 the business case they made to enter the market is no longer valid. This business  
7 cycle could be avoided if subsidies were identified, targeted only to necessary  
8 recipients and kept to a minimum.

9 **SHOULD ANY OTHER PLAN DEEMED APPROPRIATE BY THE**  
10 **COMMISSION BE APPROVED?**

11 If the Commission decides that intraLATA toll rates should be reduced, they should  
12 be reduced across the board and, further, pass the access imputation test as required  
13 in Commission Order Number PSC-92-0146-FOF-TL in Docket No. 900708 issued  
14 April 1, 1992.

15 **IF THE SOUTHERN BELL PROPOSAL IS APPROVED, SHOULD THE**  
16 **COMMISSION ALLOW COMPETITION ON THE EXTENDED SERVICE**  
17 **CALLING ROUTES? IF SO, WHAT ADDITIONAL ACTIONS, IF ANY,**  
18 **SHOULD THE COMMISSION TAKE?**

1 If the Commission approves the SBT plan there will be no competition for the  
2 routes in question. The SBT proposal mandates that these services be dialed on a 7  
3 or 10-digit basis like a local call. Further, the proposal is that these plans be non-  
4 optional in nature. If you are a customer of SBT for local service, the Extended  
5 Service Calling plan will be available. Therefore, these routes will essentially be  
6 treated as local and IXCs will not be able to compete for the traffic even with 1+  
7 intraLATA presubscription.

8 If the Commission finds that these routes have long distance competition, they  
9 should be preserved as toll routes and SBT should impute two ends of switched  
10 access in the rates for the services. If the Commission wants to establish very low  
11 rates for certain routes, likewise, a system should be developed to offer reduced  
12 access for IXCs carrying traffic on these routes.

13 **DOES THIS CONCLUDE YOUR TESTIMONY?**

14 Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and exact copy of the within and foregoing Testimony on behalf of Sprint Communications Company L.P. in Docket No. 920260-TL, via United States mail, postage paid and properly addressed to the following:

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This 23<sup>rd</sup> day of June, 1995.

  
\_\_\_\_\_  
Lisa Sammons  
Sprint Communications Company  
Limited Partnership