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**REBUTTAL TESTIMONY OF
WAYNE ELLISON
ON BEHALF OF AT&T COMMUNICATIONS
OF THE SOUTHERN STATES, INC.
BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

Docket No. 960853-TP
Filed: August 30, 1996

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND TITLE.

A. My name is Wayne Ellison. My business address is 1200 Peachtree Street N.E., Atlanta, Georgia 30309. I am employed by AT&T as a District Manager in the Law and Government Affairs organization.

Q. DID YOU FILE DIRECT AND SUPPLEMENTAL TESTIMONY IN THIS DOCKET?

A. Yes. I filed direct testimony on behalf of AT&T on July 31, 1996. I filed supplemental testimony on August 23, 1996.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. I address various comments contained in the supplemental testimony of BellSouth witness Daonne Caldwell, and the direct testimony of BellSouth witness Robert C. Scheye.

Q. HAVE YOU REVIEWED THE SUPPLEMENTAL TESTIMONY OF

ACK _____
AFA _____
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OTR _____
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OTH _____

1 **BELLSOUTH WITNESS DAONNE CALDWELL?**

2 A. Yes.

3

4 **Q. DO YOU HAVE ANY COMMENTS REGARDING MS. CALDWELL'S**
5 **TESTIMONY?**

6 A. Yes. Ms. Caldwell states at page 2 of her testimony that there are no common,
7 shared, or joint costs in BellSouth's LRIC or TSLRIC studies. It is important that
8 the Commission not interpret this statement to mean that BellSouth's studies as
9 provided to AT&T during negotiations, and the studies accompanying Ms. Caldwell's
10 testimony, ignore a large proportion of BellSouth's costs. Ms. Caldwell obviously
11 does not mean by this statement that costs of shared conduit, poles, land, equipment,
12 building space, spare capacity, and similar expenses are excluded from BellSouth's
13 studies, because they are not. The studies BellSouth provided AT&T during
14 negotiations have also included an assignment of common, joint, or shared costs
15 which BellSouth has categorized as administrative expense.

16

17 **Q. DO YOU AGREE WITH BELLSOUTH'S PROPOSED \$17.00 LOOP RATE ?**

18 A. No. Mr. Robert Scheye offers this as the appropriate rate in his testimony for
19 BellSouth. BellSouth's proposed loop rate does not comply with the FCC's
20 maximum proxy rate of \$13.68 and must be lowered. 47 C.F.R. § 51.513. However,
21 even without the FCC requirement, BellSouth's proposed rate would greatly overstate
22 BellSouth's forward-looking economic cost for providing 2-wire loops, and would
23 therefore be inappropriate. The loop studies provided by BellSouth overstate
24 BellSouth's loop costs by including investments often not used to provide loops by
25 overstating other investments, and by including excess return requirements. The

1 appropriate network element rate for 2-wire loops is lower than either the BellSouth
2 proposal or the FCC maximum rate, as reflected in Exhibit WE-I to my direct
3 testimony.

4
5 **Q. DO YOU FIND THAT, AS BELLSOUTH HAS ASSERTED, "AT&T'S COST**
6 **ASSUMPTIONS AND ADJUSTMENTS HAVE NO RELATIONSHIP TO**
7 **THE COST FOR SUCH ELEMENTS PROVIDED BY BELLSOUTH"?**

8 **A.** No. Contrary to BellSouth Witness Mr. Scheye's assertions at page 63 of his Direct
9 Testimony, AT&T's cost assumptions for the most part directly reflect the cost
10 estimates and information provided by BellSouth during negotiations through July 31,
11 1996, when I filed my earlier direct testimony. Furthermore, because AT&T has
12 made only minor adjustments to most BellSouth cost estimates, AT&T's proposed
13 rates closely track stated BellSouth costs. The one major exception to the correlation
14 between proposed AT&T rates and stated BellSouth costs is the local loop. As I have
15 explained, BellSouth's local loop cost estimate was excessive and required significant
16 downward adjustment.

17
18 **Q. HAS AT&T ATTEMPTED TO RECONCILE THE AT&T ADJUSTMENTS**
19 **TO BELLSOUTH COSTS WITH BELLSOUTH NEGOTIATORS?**

20 **A.** Yes. AT&T specifically asked BellSouth negotiators to review AT&T's cost
21 estimates and adjustments and, to the extent that BellSouth did not agree with
22 AT&T's estimates, to work with AT&T negotiators to develop cost estimates that
23 could be supported by both Companies. AT&T did so believing that it would be a
24 fairly simple matter to agree to estimated costs, if not price. However, BellSouth has
25 not responded to AT&T's negotiating request. Instead, BellSouth has seemingly

1 chosen to voice its concerns in Mr. Scheye's direct testimony.

2

3 **Q. DO YOU AGREE WITH BELLSOUTH'S RECOMMENDATION**
4 **REGARDING INTERIM NUMBER PORTABILITY?**

5 **A.** No. Mr. Scheye notes at page 75 of his direct testimony that a recent FCC order may
6 have "implications" for interim number portability. In fact the FCC order for Docket
7 No. 95-116 referenced by Mr. Scheye does not permit the type of billing arrangement
8 for interim number portability Mr. Scheye proposes. Mr. Scheye's proposal should
9 be dismissed, and interim number portability should be provided under compensation
10 mechanisms consistent with the FCC Order.

11

12 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

13 **A.** Yes.