

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Metropolitan ) DOCKET NO. 960838-TP  
Fiber Systems of Florida, Inc. ) ORDER NO.  
for Arbitration of certain terms ) ISSUED:  
and conditions of a proposed )  
agreement with Central Telephone )  
Company of Florida and United )  
Telephone Company of Florida )  
concerning interconnection and )  
resale under the )  
Telecommunications Act of 1996. )

VOLUME 3

Pages 250 through 286

PROCEEDINGS:

Hearing

BEFORE:

CHAIRMAN SUSAN F. CLARK  
COMMISSIONER J. TERRY DEASON  
COMMISSIONER JULIA L. JOHNSON  
COMMISSIONER DIANE K. KIESLING  
COMMISSIONER JOE GARCIA

DATE:

Thursday, September 19, 1996

TIME:

Commenced: 9:00 A.M.

PLACE:

Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

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APPEARANCES:

(As heretofore noted.)

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P R O C E E D I N G S

(Transcript follows in sequence from Volume 2.)

WILLIAM E. CHEEK

resumed the stand, having been previously sworn, testified as follows:

CONTINUED DIRECT EXAMINATION

BY MR. WAHLEN:

Q Would you please summarize your testimony?

A Yes. I'll be glad to. Good afternoon, Commissioners, Staff. I'm appearing here today as I previously stated on behalf of the Sprint United Telephone Company of Florida and Central Telephone Company of Florida. My testimony today will address the views of Sprint regarding the 14 issues that the Commission set for arbitration in this proceeding.

It should come as no surprise to this Commission that Sprint believes strongly in the benefits effective competition will bring to consumers. As with the introduction of competition in the interexchange market, we believe that similar benefits are possible in the local exchange market. The passage of the Telecommunications Act of 1996 set the stage for meaningful competition to develop. To that end, Sprint has engaged in good faith negotiations as required in Section 251(c)(1) of the Act with MFS to bring such competition to our telephone service area in the Winter Park/Maitland area.

Consistent with the intent of the Act, Sprint and MFS

1 have been able to reach agreement on most of the 14 issues set  
2 for arbitration in this proceeding. The underlying basis for  
3 such agreement of the parties is the adoption on an interim  
4 basis of the FCC proxy rate levels that were specified in the  
5 August 8th FCC First Report and Order in CC Docket 96-98.

6 The key point is that Sprint and MFS have consented to  
7 use the proxies until such time as Sprint completes TELRIC  
8 studies for unbundled network elements as required by the FCC  
9 Order and obtains the required approval of these studies from  
10 the Florida Public Service Commission. Once approved, the  
11 TELRIC studies will be implemented and interim rates adjusted  
12 accordingly.

13 The transport and termination elements will be subject  
14 to a retroactive true-up while all other elements will be  
15 implemented on a going-forward basis, consistent with the FCC  
16 Order.

17 Sprint is actively engaged in preparing TELRIC studies  
18 and anticipates filing them with the Florida Public Service  
19 Commission in the near future. At that time MFS and other  
20 parties requesting interconnection with Sprint should have an  
21 opportunity to review and comment on the revised rate levels.

22 The parties were not able to reach agreement, as  
23 you've heard already today, on four issues and agreed to defer  
24 a fifth to the ongoing Commission, Commission Interim Number  
25 Portability Investigation.

1           The first issue concerns MFS' view that Sprint should  
2     serve as a clearing house for information service providers.  
3     Sprint has clearly stated its position on this matter. In my  
4     Direct and Rebuttal Testimony, and I realize the Rebuttal is  
5     not going to be offered into evidence, I stated that it is not  
6     Sprint's responsibility to act as MFS intermediary with  
7     information service providers. This issue was previously  
8     decided by the Florida Public Service Commission in Docket No.  
9     950985 on page 39. Nothing has changed since that decision to  
10    warrant the Commission revise its decision at this time.

11           Sprint continues to maintain that it should be each  
12    party's responsibility to secure terminating agreements with  
13    each information provider as has Sprint and all other ILECs  
14    within the state. In Sprint's view, to do otherwise would  
15    convey an unfair competitive advantage to MFS.

16           The second unresolved issue concerns MFS' view that  
17    the FCC First Report and Order requires Sprint to deaverage the  
18    FCC proxy rate levels to a minimum of three bands. Sprint  
19    strongly opposes any requirement to deaverage proxy rates.  
20    Proxies by their very nature are intended to be in effect for a  
21    brief period of time; as a matter of fact, only until the ILEC,  
22    Sprint in this case, may complete and secure approval of its  
23    own TELRIC cost studies.

24           While Sprint has agreed with MFS to implement the FCC  
25    proxies in the interim, Sprint is working towards completing

1 TELRIC cost studies which will produce deaverage permanent rate  
2 levels consistent with the FCC directives. Any requirement to  
3 deaverage the proxy rates would produce rates of questionable  
4 usefulness.

5 I would like to pose a question that is a hard one to  
6 answer for me in particular: What do you have when an average  
7 rate is deaveraged?

8 Given that the averages do not reflect Sprint's  
9 individual company costs, they are based on statewide averages,  
10 Sprint cannot agree with any such deaveraging requirement MFS  
11 seeks to impose. Sprint's concern in this regard may be a moot  
12 point should the effective date of MFS service fall beyond the  
13 time we file and receive approval of our individual cost  
14 studies.

15 Sprint recommends the Florida Public Service  
16 Commission adopt the FCC proxy rates without any subsequent  
17 deaveraging requirement.

18 Third, MFS proposes Sprint pay transport charges to  
19 MFS for terminating traffic over MFS facilities from their wire  
20 center to their end user customer.

21 I have filed a diagram, which we've identified as  
22 Exhibit 12, previously to illustrate this situation.

23 Sprint believes that MFS is not entitled to  
24 compensation for transport primarily because they do not have  
25 an end office beyond their tandem switch. MFS has loop plant

1 for which they are seeking transport compensation from Sprint.  
2 To alter the definition of this facility would require Sprint  
3 and all other ILECs to alter the access pricing that presently  
4 exists today.

5 Sprint maintains that such a radical departure from  
6 the Commission's established access rule should not be  
7 undertaken at this time.

8 Utilizing the diagrams, both Exhibit 12 and Exhibit  
9 11, I will illustrate our point of view in this testimony.

10 Sprint would ask the Florida Public Service Commission  
11 adopt the interim proxy rates for transport that will be  
12 applied to transport facilities until such time as Sprint  
13 completes its TELRIC based cost studies and secures necessary  
14 approval from the Florida Public Service Commission. The  
15 transport rate is subject to retroactive true-up in accordance  
16 with the FCC rules.

17 Fourth, regarding the cross connect, Sprint does not  
18 disagree with MFS that the cross connect could be considered an  
19 unbundled element. As a matter of fact, Sprint presently has  
20 underway TELRIC studies for the cross connect element and we  
21 would intend to file those with the Florida Commission as soon  
22 as they are available.

23 In the interim, Sprint would propose to use its  
24 tariffed cross connect rates. Those are based on our costs.  
25 They have been approved and reviewed by this Commission and are



1 presently in place for cross connects in the access  
2 environment.

3 Other than these four issues and the one that we have  
4 deferred the interim number portability issue that has been  
5 deferred to the number portability proceeding that this  
6 Commission already has in progress, Sprint has reached  
7 agreement with MFS. Sprint requests the Florida Public Service  
8 Commission adopt an order consistent with Sprint's positions  
9 contained herein.

10 That concludes my summary of my positions. Thank you  
11 for your attention and I would welcome questions from any party  
12 regarding our positions.

13 Q Mr. Cheek, were Exhibits 11 and 12 prepared by you or  
14 under your supervision?

15 A They were prepared under my supervision.

16 MR. WAHLEN: Mr. Cheek is available for cross  
17 examination.

18 CHAIRMAN CLARK: Mr. Rindler.

19 MR. RINDLER: Thank you, Madam Chairman.

20 CROSS EXAMINATION

21 BY MR. RINDLER:

22 Q Good afternoon, Mr. Cheek. I'm Rich Rindler  
23 representing MFS Communications Company, Inc.. As a result of  
24 the fine work you and your colleagues did, I have very few  
25 questions.



1           A     Good.

2           Q     Let me clear up a couple of things that you just  
3 mentioned before I turn to those. You said I believe that one  
4 of the reasons that you oppose MFS' proxy for the cross connect  
5 was that it would require a change in access pricing; is that  
6 correct?

7           A     Yes. Could I refer to my example, if that's  
8 appropriate?

9           Q     I don't know. Why don't you just answer the question.

10          A     Yes, I will answer your question. Sprint --

11                COMMISSIONER GARCIA: It might be easier for him just  
12 to hold it there since we've got copies in front of us. I  
13 mean, you hold it in your hand and that way stay with the mike.

14          A     I may be trying to answer a different question so keep  
15 me on track; okay?

16 BY MR. RINDLER (Continuing):

17          Q     I'll try.

18          A     Okay. Essentially Sprint, when you look at this  
19 diagram of the network, in particular where the CLEC switch is,  
20 which I've labeled B in my diagram, that's where MFS would be  
21 located with their switch. And, as I understand it, that is in  
22 Maitland, Maitland, Florida, the business part.

23                MFS has sought collocation with Sprint in our Winter  
24 Park tandem, which is here (indicating). Okay. So, what we're  
25 looking at in this case is transport that we would expect to

1 charge MFS from our tandem switch location back to our end  
2 office switch. That's the transport facility from C to D in my  
3 example.

4 When you look at the reverse on a call that would go  
5 the other direction, MFS has a switch in Maitland that is  
6 serving an equivalent function, a presumed equivalent function  
7 of an end office switch as well as a tandem switch. From our  
8 perspective, what exists back from the CLEC switch back to the  
9 subscriber, to the customer, MFS' customer, is loop plant.

10 Okay.

11 Under the FCC Part 69 access charge rules, loop plant  
12 is recovered in a combination of two charges. One is a  
13 subscriber line charge, a part of that. The other part is from  
14 end user access charges assessed on carriers.

15 Okay. If we were to adopt MFS' view that this becomes  
16 transport, you can see over here we're recovering our charges  
17 in part from carriers and part from subscribers. It would  
18 alter how access should be viewed. Okay. We would have to go  
19 back, as would all ILECs, and redefine at the FCC, before this  
20 Florida Commission as well, what is access on loop, what is the  
21 loop. Okay. Because in our view this is just a loop facility.  
22 Is it not a transport facility. Had MFS had a central office  
23 here in the interim or a termination of some sort here in the  
24 interim, perhaps then we might be talking about some transport  
25 in similar arrangement. But, today, as it's been proposed by

1 MFS, we have loop plant here (indicating), we have loop plant  
2 here (indicating) and we would expect MFS to recover the charge  
3 for this as a combination of access charges on long distance  
4 carriers through the CCL, subscriber line charges, that they  
5 would apply to end users as well as their local rate they would  
6 charge to end uses. That's how they would be compensated for  
7 the loop. I hope that's responsive to your question.

8 Q I think it is, but it does sort of raise a few  
9 questions in my mind. So if you continue to hold that up, it  
10 might be helpful.

11 A Okay. Sure.

12 Q Is there any place in the FCC Order that it refers to  
13 Part 69 access charges?

14 A No, it does not because it --

15 Q Yeah.

16 A Okay. Go ahead.

17 Q Thank you. In the FCC Order didn't the FCC in fact  
18 with respect to issues such as the charges to the carriers,  
19 interexchange carriers, structure the arrangement differently  
20 than they had previously in light of the '96 Act?

21 A Well, we're talking about local interconnection versus  
22 interexchange carrier interconnection. So, yes, it is  
23 different. It's not the same thing.

24 Q Now, using your diagram, if you look at Point A and  
25 Point E and then you look at Point -- Is that diagram intended

1 to indicate that the distance that one carrier carries the  
2 traffic greater than the other?

3 P Perhaps, not necessarily, because the way this is  
4 drawn it assumes MFS has customers. It assumes that Sprint-  
5 United Telephone of Florida, has customers. They're not  
6 necessarily one and the same customer. So, the loop lengths  
7 could be different.

8 If I could refer to the second exhibit.

9 Q I don't think there is a question that refers to that.

10 A Okay. Well, that's fine.

11 Q If the lengths are the same, if the distance that the  
12 signal is being carried is the same, do I understand you to be  
13 saying that the carriers should be compensated differently?

14 A Under the FCC definition of what transport is versus  
15 loop plant, absolutely.

16 Q Is that Part 69 you're talking about?

17 A Yes, it is.

18 Q Which the FCC Order does not refer to?

19 A No, it does not.

20 Q I'm done with that.

21 A Okay. I may not be.

22 Q With respect to the cross connect proposal that Sprint  
23 is making here, I believe you said that Sprint has not  
24 completed the TELRIC study with respect to cross connect but  
25 you're in the process of it; is that correct?

1           A     That is absolutely correct.

2           Q     And instead you're offering the virtual collocation  
3 cross connect tariffed rate?

4           A     That is correct.

5           Q     Can you tell us what the basis was of the costs that  
6 we used to justify that rate?

7           A     Yes, I'll be glad to. It was based on TSLRIC, not  
8 TELRIC. Also, Sprint, by the way, has offered to MFS on the  
9 cross connect a true-up provision until those TELRIC studies  
10 are done. So from our perspective that protects MFS either  
11 way.

12          Q     Now if you have a true-up provision, isn't it true  
13 that it would also protect Sprint either way?

14          A     Absolutely.

15          Q     Does Sprint propose a method for the Commission to  
16 deaverage loop rates at this time?

17          A     No, we do not. Sprint does not believe, as I stated  
18 in my summary and also in my testimony, that we do not believe  
19 that the FCC order requires that the proxy rates be deaveraged  
20 because they in fact were not cost based rates on Sprint's  
21 individual company costs. It's clear that the FCC Order does  
22 in fact call for deaveraging prices for the various unbundled  
23 elements, not necessarily just loops. They do call for that on  
24 the permanent rates, not in our opinion on the proxy rates.

25          Q     But in the event you're wrong, you haven't provided

1 any way for the Commission to deaverage rates; is that correct?

2 A No, because we're convinced that we're not wrong.

3 Q I hope you're right for your sake then.

4 Is it correct that the FCC order defines a network  
5 element to include the provision of billing information?

6 A Perhaps. I don't recall the specific section in the  
7 FCC Order you're referring to, but I don't know that billing is  
8 a telecommunications service at this point. I would have to go  
9 back and check that. If in fact it has been stated in there  
10 that it is, then, yes. So, subject to check I will have to say  
11 so.

12 Q Is it your understanding that Sprint is required to  
13 provide unbundled network elements to a requesting CLEC?

14 A Yes, it is, to the extent it's technically feasible.

15 Q Does the FCC rules limit the availability of network  
16 elements to those that a CLEC cannot provide itself?

17 A Can you state that one more time for me? I wasn't  
18 with you.

19 Q In the FCC order, is the requirement that a LEC, an  
20 incumbent LEC, make available network elements limited to those  
21 situations in which the CLEC is not able to provide that  
22 element itself?

23 A I believe the FCC Order requires Sprint, and any other  
24 ILEC for that matter, to make any technically feasible request  
25 for an unbundled element available.

1 Q Would MFS' information services proposal have a  
2 negative impact on Sprint?

3 A It could very well.

4 Q How?

5 A It can pose additional costs on Sprint that it doesn't  
6 incur today for managing the traffic, managing the billing  
7 records, that sort of thing. But, yes, it could.

8 Q Have you done any study of that?

9 A No, absolutely not. You know, at this point,  
10 Mr. Rindler, we only have six, to my knowledge, agreements with  
11 information providers in the entire Orlando LATA. So, you  
12 know, to us that's not a real encumbrance or problem for  
13 individual interconnectors to go out and get those similar  
14 agreements to what Sprint and Southern Bell have gotten with  
15 those same six providers. As a matter of fact, we think the  
16 Commission here in Florida has already addressed that, as I  
17 previously stated in my summary.

18 Q When was that?

19 A When was the Commission that adopted that Order?

20 Q Yes.

21 A I don't have the date of the order. However, as I  
22 referred to it, the order where they did that was in Docket  
23 950985.

24 Q Was that prior to the time the FCC issued its rules?

25 A I believe that it was.



1 Q Are you familiar with the FCC rules?

2 A Yes, I am.

3 Q Are you familiar with rule 51.711?

4 A If I could look at it, it would help refresh my  
5 memory. I don't have them all committed to memory.

6 Q Do you have them with you?

7 A Yes, I do. And it's 51.711?

8 Q Yes.

9 A Okay. One moment.

10 Okay. I have it, Mr. Rindler.

11 Q Is that a rule that you're familiar with?

12 A Yes.

13 Q Is there anything in Rule 51.711 which states that the  
14 FCC is proposing asymmetrical rates for transport and  
15 termination of local exchange traffic?

16 A It does say in 51.711(b) that a State Commission may  
17 establish asymmetrical rates for transport and termination only  
18 if the carrier other than the incumbent LEC proves to the State  
19 Commission on the basis of a cost study using forward-looking  
20 economic based pricing methodology. And it goes on from there.  
21 So that's the only reference that I see.

22 Q What do you understand that to mean?

23 A I believe the State Commission has been given freedom  
24 to basically adopt that if they see fit.

25 Q If the carrier asks for it?

1           A     If the carrier asks for it and then proves on the  
2 basis of a cost study.

3           Q     And that's in order to adopt asymmetrical rates?

4           A     Yes, sir.

5           Q     Sprint agrees, does it not, that to the extent a CLEC  
6 switch serves a comparable area to Sprint's tandem, the CLEC is  
7 entitled to the tandem rate regardless of the functionality of  
8 the switch?

9           A     In paragraph 1090, I believe, Mr. Rindler, of the FCC  
10 Order it speaks to the transport issue and what a -- or the  
11 tandem issue, excuse me, and the application. If the CLEC  
12 serves an approximately same area as the incumbent LEC, that's  
13 the purpose for the diagram that I have on the board here,  
14 which was marked Exhibit 11. This is a diagram of the area  
15 served by the Winter Park tandem switch. And you'll see it's  
16 quite a wide geographic area. It goes all the way from Reedy  
17 Creek in the very bottom by Vista United all the way over to  
18 Winter Park, all the way over to Mount Dora.

19                    You can also see we have superimposed with red the  
20 current MFS facility and proposed facility as we know it to  
21 exist. The actual solid line is an in place MFS fiber  
22 facility. The dotted line is something that is under  
23 construction as we believe it to be.

24                    So, when you look at this, it's hard for me to  
25 conclude that at this time at least MFS is serving an

1 approximately same geographic area as Sprint is serving out of  
2 the Winter Park tandem.

3 Q I don't believe I asked you that, but since you've  
4 volunteered that.

5 A I'm sorry, I thought that was your question, was when  
6 the tandem rate element would apply and that's what I was  
7 trying to respond to. So, in this case, Mr. Rindler, while  
8 Sprint has not made an issue of the application of that rate at  
9 this time, there is some question by several parties whether or  
10 not MPS, for instance, should be entitled to a tandem switching  
11 rate element in this particular scenario.

12 Q But that's not in fact at issue here?

13 A We have not raised that as an issue at this time.

14 Q And can you tell me, this says "Central Florida Sprint  
15 Local Calling Area." When you say "local calling area," what  
16 does that mean?

17 A That simply means that there is a local call, as I  
18 understand it to exist, between these exchanges and that would  
19 be through a series of EAS agreements or EAS charges, additives  
20 that might go along with it, or the defined local calling area.

21 Q Do you know whether that's the case?

22 A I absolutely do not.

23 Q So you don't know whether the local calling area is  
24 the area served by MPS under it's red check or red solid line  
25 or whether it's all this yellow area?

1           A     At this point I don't know where MFS has customers and  
2 does not have customers. So, I'd be hard pressed to answer  
3 that.

4           Q     My question was not with respect to MFS. My question  
5 was with respect to Sprint, is this the entire yellow area an  
6 area that is local calling for Sprint customers?

7           A     I believe it to be, yes.

8           Q     Now if you look below Maitland at the blank white  
9 area.

10          A     Yes.

11          Q     Are you familiar with the geography of Florida?

12          A     I believe that is the Orlando area, which is served by  
13 Southern Bell.

14          Q     Do you know whether MFS has any facilities in that  
15 area?

16          A     I would assume that they do, yes.

17          Q     Do you have any idea how close that may be to Winter  
18 Garden or Wintermere?

19          A     No, sir; I do not.

20          Q     Is it conceivable that they could be serving the area?

21          A     It's conceivable, yes.

22          Q     You don't know; do you?

23          A     I have no knowledge of it.

24          Q     To go back to the question I originally asked, though.

25          A     Okay, fine.

1 Q Without respect to the specific facts, is it correct  
2 that Sprint agrees with the FCC Order that if in fact, to use  
3 your other chart, if in fact a CLEC through its switch, which  
4 is a tandem end office combined switch --

5 A Right.

6 Q -- serves approximately the same area that Sprint  
7 serves using its tandem switch, that the FCC Order provides  
8 that the CLEC will be paid the tandem termination rate?

9 A Yes.

10 MR. RINDLER: I don't have any further questions.  
11 Thank you, Mr. Cheek.

12 CHAIRMAN CLARK: Staff.

13 CROSS EXAMINATION

14 BY MR. BILLMEIER:

15 Q Mr. Cheek, in the Staff exhibit packet, WEC-11, which  
16 has been identified as Exhibit 10 in this proceeding, it is  
17 your late-filed deposition exhibit, Zone Density Pricing  
18 Tariffs.

19 A Yes, I have it.

20 Q Is that true and correct to the best of your knowledge  
21 and belief?

22 A Yes, it is.

23 Q The next thing I'd like for you to look at is what we  
24 have marked WEC-5. That's Sprint's Response to Interrogatories  
25 and PODs from Staff and MFS.

1           A     Okay, I have it.

2                   MR. BILLMEIER:   Could we have that marked?

3                   CHAIRMAN CLARK:   That will be Exhibit 13.

4   BY MR. BILLMEIER (Continuing):

5           Q     Is Exhibit 13 true and correct to the best of your  
6   knowledge and belief?

7           A     Yes, it is.

8           Q     What we have marked Exhibit WEC-6, your deposition  
9   transcript and response to MFS' petition.

10          A     Okay, I have it.

11                  MR. BILLMEIER:   Could we have that marked?

12                  CHAIRMAN CLARK:   It will be marked as Exhibit 14.

13                  MR. WAHLEN:   We have the errata sheet to Mr. Cheek's  
14   deposition.

15                  CHAIRMAN CLARK:   That exhibit will include the errata  
16   sheet.

17   BY MR. BILLMEIER (Continuing):

18          Q     Is this exhibit true and correct to the best of your  
19   knowledge and belief?

20          A     Including the errata sheet, yes.

21          Q     Is it true that Sprint and MFS have agreed to all  
22   proxy rates including transport?

23          A     No, it is not.   Well, let me rephrase that.   We have  
24   agreed to all proxy rates.   We have agreed with the proxy rate  
25   methodology for which transport should be calculated.   What we

1 have not agreed on is how transport rate should be applied. So  
2 the application of the rate is the only difference of opinion  
3 at this time.

4 Q Is the agreed transport rate the interstate tariffed  
5 rate?

6 A No, it is not quite that simple. The agreed upon  
7 proxy rate for transport, it's really stated two ways. In the  
8 dedicated transport environment it would be the DS-3 tariffed  
9 rates. So the answer to that one is yes, DS-3, DS-1 tariffed  
10 rate. For the common transport, or as the FCC calls it, shared  
11 termination facilities, which is common transport, the answer  
12 would be there it should be based upon a weighted average of  
13 the DS-1 and DS-3 rates. And that's contained in the FCC rules  
14 and I can get you a cite on that. I think I have it here.  
15 Yes. 51.513(3) and (4).

16 MR. FONS: Just so the record is clear, I believe  
17 that's 51.513(c)(3) and (4).

18 WITNESS CHEEK: That's correct; thanks.

19 BY MR. BILLMEIER (Continuing)::

20 Q Should geographic deaveraging apply when the  
21 Commission uses default proxies?

22 A No, it should not. In Sprint's belief, as I've  
23 previously stated, the proxy rates represent the FCC's best  
24 effort at coming up with an average rate that should be used  
25 only until such time as ILECs, including Sprint, develop and



1 file their own TELRIC based cost studies. So, from our purpose  
2 and our belief we don't believe that you can deaverage an  
3 average with any certainty so it would have any meaning and it  
4 definitely would not be based on Sprint's individual company  
5 costs.

6 And the FCC spoke to that, we believe, when they  
7 talked about deaveraging in paragraph 764 through 797 in their  
8 Order where they talked about deaverages being based,  
9 deaveraging concept being based on cost based rates. And  
10 clearly the proxy rates are not cost based for Sprint.

11 Q Could you turn to paragraph 784 of the FCC  
12 Interconnection Order?

13 A Sure, give me a moment.

14 Okay, I'm there.

15 Q What is your opinion of this paragraph? We had  
16 Mr. Harris read it into the record earlier.

17 A My reading of paragraph 784 is simply that proxies  
18 represent an average rate. We do not take from this paragraph  
19 that proxies should be geographically deaveraged. We believe  
20 that, once again, what the FCC is talking about, and the whole  
21 context of this discussion that once again begins here on  
22 paragraph 764 and goes forward, is really deaverage -- building  
23 the groundwork we think to deaverage the permanent rates, which  
24 are based on individual company costs.

25 Q And Exhibit 10, that was our WEC-11.

1 A Okay. One moment until I can locate that.

2 Q Starting on page 107.

3 A Okay. I have it, Mr. Billmaier.

4 Q If this Commission adopts geographically deaveraged  
5 rates for unbundled elements, should the Commission use the  
6 existing zones?

7 A No, we don't believe they should. These are not based  
8 on loops, I don't believe. I believe these are high capacity  
9 service zones. And to use those to deaverage loops or other  
10 proxies, with the possible exception of transport, we don't  
11 believe would be appropriate, no.

12 Q MFS proposes setting zones based on average loop  
13 length per wire center; do you agree with that or disagree?

14 A Well, we disagree because, once again, what we plan on  
15 using is the BCM2 results that we're going to base our final  
16 rates on and we'll be filing here before this Commission.  
17 BCM2, while I'm not the expert on BCM2, it is an econometric  
18 model, engineering process model, actually, not an econometric  
19 model, that looks at if you re-engineer a central office from  
20 the ground up, basically the only given is the existing wire  
21 center location. Using forward-looking technologies, what  
22 would the cost to serve customers be. And you've heard a lot  
23 of talk about the centroid and things like that. There are a  
24 number of variables in the model. And Mr. Dunbar, who is not  
25 testifying now in this proceeding, has made copies of that

1 available to the Staff here in Florida and I know they're  
2 familiar, quite familiar with it.

3 We would intend to base our deaveraging on those  
4 results that would come out of our BCM2. We're not going to  
5 limit that, however, to a minimum of three, well, only three  
6 zones. It could exceed three zones. We're looking at the  
7 groupings of costs basically where they fall out for Florida  
8 and we're in the process of completing that study as I  
9 previously have said. So that would be our intent would be to  
10 use BCM2.

11 Q Is it your understanding of the FCC Interconnection  
12 Order that the cross connect must be priced according to the  
13 same standards as interconnection and unbundled elements?

14 A We believe that it should be, yes.

15 Q MFS proposes that an interim rate be set for the cross  
16 connect element until Sprint can provide appropriate TELRIC  
17 cost studies; do you agree or disagree?

18 A Well, we have proposed to MFS an interim rate based  
19 upon our existing tariff that has been approved by the Florida  
20 Commission. The rates that we have proposed for cross connect  
21 in Florida for DS-0 are \$1.30 per month; for DS-1 \$4.45 per  
22 month and for DS-3, \$53.55 per month.

23 MFS, on the other hand, proposes a much different  
24 rate. You've heard the 21 cent cross connect rate that they  
25 have taken from Ameritech, which may be fine for Ameritech, but

1 contrary to testimony you've heard earlier today, I take  
2 exception, as I think most people would, to assuming that the  
3 cost structure for Ameritech and any other LEC would be  
4 necessarily the same as Sprint's. Those costs will in fact  
5 vary by company.

6 So it's in my view a real stretch to take the 21 cents  
7 and assume that's applicable to any other jurisdiction.

8 One thing we have offered and I will share, I think  
9 you referred to it earlier, Mr. Billmeier, in your questioning  
10 of Mr. Harris, was a late-filed exhibit. I believe you  
11 referred to it as WEC-11, which I believe now has been marked  
12 differently. As I recall it's WEC-12.

13 Q Exhibit 10.

14 A 10, excuse me. I went the wrong way. Contained in  
15 there are those rates that we've been discussing on page 147.

16 We have also filed another, within that document --  
17 let me find the page number per your markings and I will refer  
18 you to it as well. This is our, by the way, our draft  
19 collocation tariff that we've delivered to MFS and they've been  
20 working from. Part of this was a, if I can find it here, some  
21 of it has gotten turned around backwards on me.

22 Q Is it on page 61?

23 A Thank you. Let's see. No, that is still not where I  
24 was looking. Give me a moment here and I will try to locate  
25 it.

1 I'm having trouble putting my fingers on it in the  
2 exhibit as it's been produced by Staff. However, I have  
3 another copy here I can refer to that is not marked in  
4 evidence. If that's appropriate, I'd like to refer to that.

5 And it constitutes a letter that was sent from Sprint  
6 to a representative for MFS, Bob McCausland. And it's dated  
7 September the 13th, 1996. And basically it addresses physical  
8 collocation terms and conditions should be included here in the  
9 WEC-10.

10 In this exhibit, on the very last page, we proposed to  
11 MFS a range of rates and compared that to what MFS has told us  
12 they would be willing to accept. MFS had told us for DS-1  
13 electrical cross connect they were willing to accept \$2.55 per  
14 month and for a DS-3 --

15 MR. RINDLER: I'm going to have to object. One, I'm  
16 not sure there is a question pending. Two, he's talking about  
17 documents which are not in evidence.

18 CHAIRMAN CLARK: Well, Mr. Rindler, he has indicated  
19 that it is in there but he can't find it. If we can just take  
20 a minute for him to find it, that will be fine.

21 MR. BILLMEIER: It might be page 34 of Exhibit 10,  
22 what Staff has marked as page 34.

23 MR. WAHLEN: Yeah, baste stamp 34 through --

24 WITNESS CHEEK: That's the cover letter; yes, it is.  
25 The rates were contained in that letter. For some reason in

1 the exhibit here, the letter has gotten rearranged. It's not  
2 in its proper order and I apologize for that. Attached to that  
3 letter is an exhibit. That's what I was searching for.

4 MR. WAHLEN: Would you look on bate stamp 61?

5 WITNESS CHEEK: No, that's still not the right  
6 exhibit.

7 Well, let's just don't get into that discussion at  
8 this point since we can't locate it in the exhibit. I  
9 apologize for that. It was provided and I honestly don't know  
10 what's happened to it in here.

11 MR. FONTS: May I approach the witness?

12 CHAIRMAN CLARK: Yes, Mr. Fons.

13 WITNESS CHEEK: Yes. Okay. Page 102. Thank you. It  
14 was the last page in what I had provided. There it is. 102.  
15 I apologize. Thank you for your indulgence on that.

16 Here we provided for MFS a range of rates that Sprint  
17 has proposed. When we took depositions in this case, I  
18 responded to some questioning by Mr. Rindler about,  
19 specifically about we believe that some of the rates that we  
20 proposed back to MFS for collocation they were going to be very  
21 pleased to see because they were going to fall below MFS'  
22 expectation in draft rates they had provided or proposed rates  
23 they provided to us. And you will see that some of these rates  
24 are in fact below, not all, but some are below what MFS had  
25 requested or had proposed.

1           When you get down to the DS-1, electrical cross  
2 connect, you see that our rate of \$1.35 through \$5 is within  
3 the range. The reason that's a range is because we're dealing  
4 with more than just one state with MSF. So this would be a  
5 range of rates among their states. And we have not finalized  
6 TELRIC studies at this point, but we feel certain that the  
7 rates that TELRIC will produce will be within those boundaries.

8           DS-3 you see there is between \$13.50 and \$20. And the  
9 DS-0, which really equates I believe to the 21 cents that they  
10 have quoted from the Illinois proceeding with Ameritech, our  
11 range is coming in between 35 cents and a dollar. And we would  
12 fully expect that to be the case or we wouldn't have provided  
13 this to MFS.

14           So, from our standpoint we believe that the cross  
15 connect rates that we have proposed out of our tariff represent  
16 an appropriate surrogate at this time to go forward with and  
17 get MFS in business. And, as I previously stated, we would do  
18 that under a retroactive agreement, such that we would true it  
19 up when the final studies are in fact available. So I hope  
20 that's responsive.

21 BY MR. BILLMEIER (Continuing):

22           Q     What interim rate do you propose for DS-1, DS-3 and  
23 DS-0 cross connects?

24           A     Okay. As I stated, or tried to state, at least, what  
25 we're proposing is for a DS-0, \$1.30. That's the tariffed rate



1 in Florida today for an electrical cross connect. So that's  
2 the rate we propose, Mr. Billmeier.

3 CHAIRMAN CLARK: I'm sorry. I thought he asked DS-1,  
4 DS-3 and DS-0 and what are the rates for each one of those.

5 WITNESS CHEEK: Okay. I'm sorry. Excuse me. For  
6 DS-0 it's \$1.30. For DS-1, it would be \$4.45 and for DS-3  
7 \$53.55. And, once again, those represent our tariffed rates  
8 here in the state of Florida.

9 MR. BILLMEIER: Just a moment.

10 BY MR. BILLMEIER (Continuing):

11 Q I have some questions about information services.

12 A Okay.

13 Q All right. This issue goes to the question of whether  
14 MFS should be able to request an ILEC who has contracted with  
15 an information services provider to rate and bill such calls  
16 for MFS when a MFS customer utilizes the services of that  
17 information services provider; is that a fair summary?

18 A Yes, I believe that's the issue.

19 Q And is it Sprint's position that MFS contract with the  
20 ISPs and not use Sprint as a go between?

21 A Yes, it is.

22 Q Have MFS and Sprint attempted to negotiate this ISP  
23 issue?

24 A When you say attempted to negotiate, yes, we have  
25 attempted to negotiate. We have attempted to convince MFS that

1 they should go out and negotiate with the six ISPs that we have  
2 contracted with individually, as other parties in this state  
3 lo, as we've already pointed out.

4 Q Was that the position you presented to MFS during  
5 negotiations?

6 A Yes.

7 Q In his testimony, Mr. Devine listed several practical  
8 problems that would arise with respect to the handling of  
9 information services traffic if his proposal was not adopted.  
10 Do you recall that?

11 A Yes, I do.

12 Q At deposition we asked you to respond to each of the  
13 problems identified by Mr. Devine and you weren't able to do  
14 so. Can you do so now?

15 A What problems again? Can you be more specific?

16 Q All right. On page 43 of Mr. Devine's Direct  
17 Testimony.

18 A Okay. I don't have a copy of Mr. Devine's Direct with  
19 me. I apologize.

20 Okay. I have it now.

21 COMMISSIONER KIESLING: What page did you say? That  
22 was me. What page?

23 MR. BILLMEIER: Page 43.

24 COMMISSIONER KIESLING: Thank you.

25 WITNESS CHEEK: Okay. What I'm looking at here is

1 customer confusion, access to customer records and information,  
2 increased transaction cost and discrimination. We don't  
3 believe customer confusion is realistic. MFS in our view will  
4 be rendering a bill to their customers anyway. So, I'm not  
5 sure what Mr. Devine is referring to here. If they were going  
6 to -- Sprint would not intend to bill those customers. We  
7 would expect MFS to bill those customers. I'm really at a loss  
8 to give you much more on that because I just don't understand  
9 what his -- what he's really saying here. We don't see that  
10 these particular four items really are insurmountable and we  
11 sure don't think that it's discrimination at all.

12 And the Florida Commission previously has already  
13 addressed this. And from our perspective, I look at Sprint  
14 today has had to go out and enter into these agreements with  
15 the information providers in Southern Bell's territory. I  
16 guess the same could be said that maybe we're having some of  
17 these same things happen to us today. If that's the case I'm  
18 sure not aware of it.

19 BY MR. BILLMEIER (Continuing):

20 Q Okay. The next bullet in Mr. Devine's testimony on  
21 line 12, access to competitors' customer records and  
22 information, how is -- why do you believe that isn't a problem?

23 A Well, I really can't answer that, Mr. Billmeier,  
24 because I just don't know. I could only make a supposition and  
25 I don't believe you really want me to do that because it

1 wouldn't be fact based.

2 Q So you're saying MFS would not need access to Sprint's  
3 customer records and information?

4 A Well, perhaps they would. I just don't know.  
5 Honestly, I just don't know.

6 Q On page 44 --

7 COMMISSIONER DEASON: Let me ask a question. I  
8 thought you said -- I'm over here. You're not going -- It is  
9 not your proposal to do the billing at all?

10 WITNESS CHEEK: We expect that MFS should go out and  
11 negotiate their own interconnection agreements with the  
12 information providers, just like Sprint does today. So, I  
13 don't understand what we would be billing. Maybe I just don't  
14 understand their concern in this regard, but we would expect  
15 them to negotiate just like we do with the information  
16 providers in Southern Bell's territory.

17 COMMISSIONER DEASON: What happens in the situation  
18 where an MFS customer attempts to call an information service  
19 provider and MFS does not have a contract with that information  
20 service provider?

21 WITNESS CHEEK: That's where MFS believes that the  
22 call would in fact be blocked, otherwise there is no way to  
23 recover any revenue or charges that would incur to the  
24 information provider or from the information provider.

25 COMMISSIONER DEASON: Who would have the

1 responsibility of blocking that call?

2 WITNESS CHEEK: It would have to be done, I assume, by  
3 Sprint, since we have the agreement with the information  
4 provider. But, likewise, the same arrangement or the same  
5 potential exists today. If Sprint does not have an existing  
6 agreement with an information provider in Southern Bell's area,  
7 I would expect Southern Bell to block Sprint from placing that,  
8 or Sprint customer, from placing that call today. So those  
9 agreements are in place. It's my understanding it's for every  
10 LEC in the State of Florida has gone out or had the requirement  
11 to go out and negotiate those agreements and all we're asking  
12 is that the same be required of MFS.

13 BY MR. BILLMEIER (Continuing):

14 Q In Mr. Devine's Direct Testimony on page 44, starting  
15 on line 1, he states, "In the absence of MFS' proposal,  
16 information service providers would have to enter into billing  
17 and collection contracts" and I think that should be "with all  
18 local telephone carriers serving customers who might use their  
19 information services." Do you agree that that would increase  
20 transaction costs for information providers?

21 A Well, of course, it would increase to a certain  
22 extent. However, as I've stated, there are only six that they  
23 would have to go out and negotiate with. That's a cost today  
24 that the incumbent LECs have to bear. And I'm not saying that  
25 this should be cost prohibitive on MFS because I don't believe

1 that it in fact would be. I personally have never been  
2 involved in negotiating one of these agreements, but I really  
3 don't believe it's that complex and that tough a thing for them  
4 to enter into. So, you know, given the time frame, the leave  
5 time MFS has before they're actually going to be providing  
6 service in Sprint territory, I'm at a loss to understand what  
7 the real problem MFS has with it.

8 Q Okay. And his last bullet, starting on line 8 is  
9 discrimination. He says, "Information services providers  
10 presently served by incumbent local telephone carriers are not  
11 required to enter into billing and collection agreements with  
12 all local carriers." Can you respond to that and his whole  
13 section on discrimination, lines 8 through 15?

14 A Well, let me reread it a second and see if I can  
15 determine what he's really saying here.

16 Well, I don't know that I totally understand h's issue  
17 here because I'm looking at it, again, like a call from Sprint,  
18 put Sprint here in the place of MFS and say a Sprint from -- a  
19 call from Sprint's territory in Altamonte Springs or Winter  
20 Park, Winter Park more appropriately in this case, into the  
21 Orlando market, he would say there the call is billed by -- the  
22 call is billed by Southern Bell in that case without requiring  
23 information service provider into a separate billing contract  
24 with Sprint.

25 Today we have those, I believe, separate contracts

1 with the information provider. So, I don't really know what  
2 he's getting at. We have those individual contracts today that  
3 we've had to negotiate.

4 Now, as I understand what he wants to do, he doesn't  
5 want to go out and negotiate those contracts, he wants us to do  
6 the billing for him. And, you know, maybe it's not an  
7 insurmountable issue to do that sort of thing, but what we  
8 would insist on or like to see happen is to have it such that  
9 all LECs are treated equally in the State and I don't believe  
10 that would be the case if his position is adopted.

11 Q Were you personally involved in the negotiations  
12 concerning the information services issues?

13 A No.

14 Q MFS proposed a fee of five cents per call that it  
15 would pay Sprint for rating and billing information services  
16 calls; is that correct?

17 A I just don't recall. Subject to check, I'll accept  
18 your number.

19 Q If the Commission ordered you to provide this as a  
20 service, would that fee be appropriate?

21 A I really don't know. I don't know if that would cover  
22 our costs.

23 Q Has Sprint proposed an alternative rate?

24 A No., we have not.

25 MR. BILLMEIER: That's all we have.



1 CHAIRMAN CLARK: Redirect. Commissioners, any  
2 questions?

3 Redirect.

4 MR. WAHLEN: No redirect. We'd like to move Exhibits  
5 11 and 12.

6 CHAIRMAN CLARK: Exhibits 11 and 12 will be admitted  
7 in the record without objection.

8 MR. BILLMEIER: And Staff moves Exhibits 10, 13 and  
9 14.

10 CHAIRMAN CLARK: They will be admitted in the record  
11 without objection.

12 CHAIRMAN CLARK: Thank you, Mr. Cheek.

13 WITNESS CHEEK: You're welcome.

14 CHAIRMAN CLARK: Mr. Billmeier, anything further we  
15 need to take up?

16 MR. BILLMEIER: That's all we have.

17 CHAIRMAN CLARK: All right. Nothing further. Thank  
18 you very much. This hearing is adjourned.

19 MR. WAHLEN: Thank you.

20 MR. RINDLER: Thank you.

21 (Hearing concluded at 3:47 p.m.)  
22  
23  
24  
25


1 STATE OF FLORIDA)  
 : CERTIFICATE OF REPORTERS  
 2 COUNTY OF LEON )

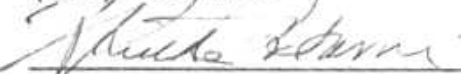
3 We, JOY KELLY, CSR, RPR, Chief, Bureau of  
 Reporting RUTHE POTAMI, CSR, RPR, Official Commission  
 4 Reporters, and NANCY S. METZKE, RPR, CCR and CATHY H.  
 WEBSTER, RPR,  
 5


6 DO HEREBY CERTIFY that the Hearing in Docket  
 No. 960838-TP was heard by the Florida Public Service  
 Commission at the time and place herein stated; it is  
 7 further

8 CERTIFIED that we stenographically reported  
 the said proceedings; that the same has been  
 9 transcribed under our direct supervision; and that  
 this transcript, consisting of 286 pages, Volumes 1  
 10 through 3, constitutes a true transcription of our  
 notes of said proceedings.

11 DATED this 20th day of September, 1996.

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