AUSLEY & MCMULLEN

ATTORNEYS AND COUNSELORS AT LAW

227 SOUTH CALHOUN STREET
P.O. BOX 391 (ZIP 32302)
TALLAHASSEE, FLORIDA 32301
(904) 224-9115 FAX (904) 222-7560

October 7, 1996

BY HAND DELIVERY

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

Re: Docket No. 950737-TP

Dear Ms. Bayo:

Enclosed for filing in the above-styled docket are the original and fifteen (15) copies of United Telephone Company of Florida and Central Telephone Company of Florida's Rebuttal Testimony of F. Ben Poag.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning the same to this writer.

Thank you for your assistance in this matter.

Sincerely,

J. Jeffry Wahlen

Enclosures
cc: All parties of record

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

REBUTTAL TESTIMONY

OF

F. BEN POAG

Q. Please state your name, business address and title.

A. My name is F. Ben Poag. I am employed as Director-Tariffs and Regulatory Management for United Telephone Company of Florida. My business mailing address is Post Office Box 2214, Tallahassee, Florida. 32301.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my testimony is to respond to the direct testimonies of Mr. Cresse, Mr. Harris, Ms. Kistner, and Mr. McDaniel.

Q. Do you agree with the testimonies of Mr. Cresse, Mr. Harris and Ms. Kistner, which advocate that each carrier pay for its own cost of interim number portability?

A. No, while the FCC's Order did indicate that such a mechanism was permissible, (paragraph 136), such a mechanism places virtually all of the costs of interim number portability on incumbent LECs; this would result in the most extreme form of disparate sharing of costs. Further, paragraph 137 of the Order, the paragraph immediately following the statement that recovery by each carrier of its own costs was permissible, discusses the "payments made by new entrants" and states that the incumbent LEC would have a reciprocal compensation arrangement with each new entrant to be competitively neutral. Thus while the Order discusses several alternatives, each of which may be applicable for special or unique situations, the bulk of the text is directed to other cost recovery mechanisms that share the costs.

This is consistent with Sprint's proposal for sharing the cost, i.e., 50%, on a reciprocal basis. Sprint's proposal is more equitable, easy to administer, and provides incentives for efficient use of numbering resources. As stated in paragraph 127, the FCC did give the states the flexibility to continue using a variety of approaches for INP cost recovery.

Q. Do you agree with the alternative cost recovery proposals of Mr. Cresse, Mr. Harris and Mr. McDaniel?

A. No, as indicated by these witnesses and Ms. Kistner, these other alternative cost recovery mechanisms are administratively burdensome and complicated. Not only must a cost allocation system be developed, but also, all CLECs would need to provide their forecasted quantities of INP services by types of switches and numbers of paths. Each new CLEC would require an updated cost and change the denominator of the allocator on a pro rata basis. Sprint's INP cost recovery proposal is the only plan that equitably shares the cost among relevant carriers, is easy to administer and bill, and promotes efficient utilization of resources.

Q. Do you agree that DID should be included in any INP cost recovery mechanism?

A. Yes, but only if a separate and specific cost recovery mechanism is approved. While it is relatively easy to estimate the incremental cost of INP using the RCF feature ("INP-RCF") that is not the case for INP using DID ("INP-DID"). Also, because of the difference in cost associated with provisioning INP-DID versus INP-RCF, the cost recovery mechanism should be priced at a higher price to reflect the higher cost associated with INP-DID. If there is no price differential, CLECs will have little incentive not to order the more costly INP-DID option at the expense of the other carriers. This would be particularly inappropriate in any cost recovery mechanism for an optional service that puts the preponderance of the cost of INP on the ILEC.

Q. Have you done a cost study for INP using DID service?

A. No, and such a study cannot be performed without a demand forecast which identifies volumes of traffic and originating and terminating locations for the direct trunking that is required. This is why LECs have indicated that rates for DID-INP be developed on an individual case basis.

Q. If you had the necessary demand forecast, would it be feasible to develop total INP costs using both RCF and DID services?

A. It would be extremely difficult and time consuming because of the data collection and analysis requirements and different configurations that would be required to estimate the costs. For one thing, we are talking about interconnection and INP throughout the entire service areas of United and Centel, approximately 35 to 40% of the geographic area of the state. Difference in switches, local calling areas, and the locations of the CLECs and their INP customers are all factors that would influence the study results.

Additionally, such a study would be of questionable value if it is intended for cost recovery. Because there are significant costs differences in INP using the different services, it would be inappropriate to place the high cost burden on a CLEC which used only RCF-INP versus a CLEC which uses only INP-DID.

Likewise, since INP-DID is optional it is more appropriate for the CLEC requesting the service to pay a larger portion of the cost of the service rather than spreading the cost recovery to other CLECs that do not use INP-DID or possibly any other INP service. However, although it is an optional form of INP, Sprint's proposal is that those costs be shared on the same basis as Sprint proposes for INP-RCF service, i.e., approximately 50% cost recovery from the ILEC and CLEC.

Q. If you have not done a cost study, how do you know INP-DID is more expensive?

A. I know the type of facilities required to provide DID service and that the investment costs are significantly greater than for INP-RCF and that they are dedicated to individual CLECs and thus not shared, another reason why the cost recovery should not be allocated to other CLECs not using the service.

Q. Do you agree with Mr. McDaniel's proposal that non-recurring costs should be apportioned according to the number of working telephones?

A. No, non-recurring costs should be recovered from the carrier receiving the benefit. Mr. McDaniel, as well as Mr. Cresse, and Mr. Harris have all indicated there are administrative and/or complexities associated with pooled cost recovery mechanisms. Adding the non-recurring costs to the process would only make the proposed plan more burdensome and complex.

Q. Does that conclude your rebuttal testimony?

A. Yes.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U. S. Mail or hand delivery (*) this 7th day of October, 1996, to the following:

Monica M. Barone *
Division of Legal Services
Florida Public Service Comm.
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Laura Wilson
Charles F. Dudley
Florida Cable Telecomm.
310 North Monroe Street
Tallahassee, FL 32301

Peter M. Dunbar
Charles W. Murphy
Pennington Law Firm
Post Office Box 10095
Tallahassee, FL 32302

Anthony P. Gillman
Kimberly Caswell
GTE Florida Incorporated
Post Office Box 110, FLTC0007
Tampa, FL 33601-0110

Floyd Self
Messer Law Firm
Post Office Box 1876
Tallahassee, FL 32302

C. Everett Boyd, Jr.
Ervin, Varn, Jacobs et al.
Post Office Drawer 1170
Tallahassee, FL 32302

J. Philip Carver
c/o Nancy H. Sims
BellSouth Telecommunications
150 S. Monroe St., Suite 400
Tallahassee, FL 32301

Richard Rindler
Swidler & Berlin
3000 K St., NW #300
Washington, DC 20007

Richard D. Melson
Hopping Boyd Green & Sams
Post Office Box 6526
Tallahassee, FL 32314

Michael W. Tye
AT&T
106 E. College Ave., Suite 1400
Tallahassee, FL 32301

Charles J. Beck
Office of Public Counsel
111 W. Madison St., Room 812
Tallahassee, FL 32399-1400

Tony H. Key
Sprint Corporation
3100 Cumberland Circle
Atlanta, GA 30339

Jill Butler
Florida Regulatory Director
2773 Red Maple Ridge
Tallahassee, FL 32301

Timothy Devine
MFS Communications
250 Williams St., Suite 2200
Atlanta, GA 30303-1034

Sue E. Weiske
Time Warner Communications
160 Inverness Drive West
Englewood, CO 80112

Attorney

950757

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Anthony P. Gillman
Kimberly Caswell
GTE Florida Incorporated
Post Office Box 110, FLTC0007
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Washington, DC 20007

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