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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition by MCI :
Telecommunications Corporation : DOCKET NO. 961230-TP
for arbitration with United :
Telephone Company of Florida and :
Central Telephone Company of :
Florida concerning interconnection :
rates, terms, and conditions, :
pursuant to the Federal :
Telecommunications Act of 1996 :
:

FIRST DAY - AFTERNOON SESSION

VOLUME 3

Pages 313 through 436

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

DATE: Wednesday, December 18, 1996

TIME: Commenced: 1:15 p.m.

LOCATION: Betty Easley Conference Center
Room 362
4075 Esplanade Way
TALLAHASSEE, FLORIDA

REPORTED BY: NANCY S. METZKE, RPR, CCR
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APPEARANCES: (As heretofore noted.)

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P R O C E E D I N G S

(Hearing reconvened at 1:15 p.m.)

(Transcript follows in sequence from Volume II)

CHAIRMAN CLARK: Let's reconvene the hearing. Go ahead, Mr. Fons.

MR. FONNS: Am I on? Yes.

Whereupon,

DON J. WOOD

having been called as a witness on behalf of MCI, and being duly sworn, continues his testimony as follows:

CONTINUED CROSS EXAMINATION

BY MR. FONNS:

Q Mr. Wood, prior to the lunch break, I was asking you about 4200 pair cable.

A Yes, sir, and I hesitated because I wanted to look. As it turns out, we don't use 4200 pair cable in any of the distribution plant in the model. It's only used in copper feeder facilities, and typically, with a feeder facility that would have that magnitude of traffic, it would be on fiber, and most of the feeder facilities in the model are. So there is actually very, very little 4200 cable that is assumed.

Q But you say there is no 4200 pair cable in the

1 model that was used for Sprint?

2 A None for distribution plant, which is where the
3 majority of the conduit would be.

4 Q But if your feeder is under nine thousand feet,
5 you would use copper, wouldn't you?

6 A Yes, sir.

7 Q And there would be 4200 pair cable in that
8 situation?

9 A It's possible, but again, that is going to be a
10 very small fraction of the total.

11 Q But a 4200 pair cable, in any event, would you
12 accept is about 3.8 inches in diameter?

13 A I'll accept that. That is approximately right.
14 I haven't measured one.

15 Q And how many 4200 pair cable can you put into a
16 conduit duct that is shared two thirds with other parties?

17 A If you've got 3.8 inch diameter of cable in a
18 four-inch conduit, I would say you would only put one of
19 those in that conduit.

20 Q But if I've only got a third of that four inches,
21 I can't put any cable in, can I, any 42 hundred pair cable,
22 can I?

23 A Under that scenario, that's right. But again,
24 what we are calculating here is cost, not specific
25 engineering scenarios. So the question then becomes, as I

1 mentioned before, do you have enough investment dollars to
2 do it correctly.

3 Q On page 10 of 31 -- well, I guess it's a
4 different page now -- of your, what would be Exhibit 14.
5 Bear with me while I make the translation. I guess it's
6 page 34.

7 A Yes, sir.

8 Q You talk about the distribution structure inputs,
9 and you talk about aerial fraction in the first line?

10 A Yes, sir.

11 Q What do you mean by aerial fraction?

12 A It is the percentage of the total for, of
13 distribution cable that would be carried by aerial
14 structure, and this is broken down by density zone. The
15 mix of structure will be different in high density and low
16 density areas.

17 Q And I believe you show that it runs from 50% up
18 to 65%?

19 A That's right.

20 Q Do you know what percent of Sprint Florida today
21 is aerial?

22 A On an embedded basis, no, I would have no idea.

23 Q And this is distribution. This includes the
24 loop?

25 A Well, this is distribution. This would only be

1 the loop.

2 Q I'm sorry, does it include the drop?

3 A No, sir.

4 Q No, sir?

5 A No, sir.

6 Q Okay. Are you familiar with this Commission's
7 rules regarding undergrounding of distribution facilities?

8 A Undergrounding, no, sir.

9 Q Could these rules, if they require undergrounding
10 of all future distribution plant, would that impact cost?

11 A It would impact the structure mix. When you get
12 into the costs, actually, very often underground and aerial
13 are very similar costs; so in those scenarios, it wouldn't
14 effect the cost.

15 MR. FONS: Madam Chairman, I would like at this
16 point to move into the record Exhibit 13 which is being
17 offered as an exhibit principally in order to shorten the
18 cross examination of this witness. Much of what I would
19 ask of him is covered in these transcripts, and so I would
20 move that it be inserted in the record.

21 CHAIRMAN CLARK: You don't want to wait until
22 after redirect?

23 MR. FONS: Well, if I don't know now --

24 CHAIRMAN CLARK: Okay. All right. Is there any
25 objection to moving into the record Exhibit 13 at this

1 time?

2 MR. MELSON: No objection.

3 MR. KEATING: No objection.

4 CHAIRMAN CLARK: All right. It will be admitted
5 in the record.

6 Is that it, Mr. Fons?

7 MR. FONS: That will conclude my cross, yes.

8 CHAIRMAN CLARK: Staff.

9 MR. KEATING: Chairman Clark, staff would ask for
10 about five minutes to review what was just asked for
11 Mr. Wood. We may be able to cut some of our questions down
12 and shorten this a bit.

13 CHAIRMAN CLARK: All right. Go ahead and take
14 five minutes.

15 (BRIEF RECESS)

16 CHAIRMAN CLARK: We'll go back on the record.
17 Mr. Keating.

18 CROSS EXAMINATION

19 BY MR. KEATING:

20 Q Mr. Wood, my name is Cochran Keating. I'm an
21 attorney with PSC staff.

22 A Yes, good afternoon, Mr. Keating.

23 Q Good afternoon. Do you have, let's see, exhibit,
24 I believe it's 14 in front of you? It was previously
25 staff's DJW-6.

1 A Yes, sir, I do.

2 Q Okay.

3 CHAIRMAN CLARK: Hold on a minute, I have 14 as
4 DJW-5.

5 MR. KEATING: I'm sorry, you're correct. It's
6 DJW-5.

7 CHAIRMAN CLARK: Okay.

8 A The answer is still yes, but I better change
9 documents. Yes, sir, I have.

10 BY MR. KEATING:

11 Q Okay. Beginning on page 71 of that exhibit,
12 you've provided a comparison of the Hatfield and the BCM2
13 cost models.

14 A Yes.

15 Q I would like to go through some of the pages that
16 follow and have you explain the significance, if any, of
17 some of the different assumptions and inputs for each
18 model. I will also ask if you can indicate the impact and
19 the degree of impact that the different assumptions and
20 inputs have on the model's results?

21 A Okay, I'll certainly try to do that.

22 Q Okay. If we could start on page 75 of that
23 exhibit which is titled "Forward-looking Technology." Do
24 you have that page in front of you?

25 A Yes, I do.

1 Q Okay. That page, in that page it states that the
2 Hatfield model is the combination of copper and integrated
3 DLC on fiber in loop plant whereas the BCM2 model uses
4 copper and non-integrated DLC. Could you explain the
5 significance of the difference in the two models?

6 A Yes, sir. DLC is digital loop carrier,
7 integrated digital loop carrier versus non-integrated. An
8 integrated system is slightly more costly in terms of
9 investment to provide but a much more effective and
10 efficient system in terms of the capacity. In the outside
11 plant engineers that I've talked to, both at AT&T and MCI
12 and also the outside consultants that they are using and
13 also some BellSouth folks, have all indicated that
14 integrated loop carrier is the forward-looking technology
15 of choice, that there isn't any non-integrated DLC being
16 deployed. So in that regard, to the extent that the BCM2
17 is using non-integrated digital loop carrier, it's a higher
18 cost technology and is not the forward-looking technology
19 of choice, so it would overstate the cost in that regard.

20 Q Okay. On that same page, it appears that the
21 Hatfield models the individual interoffice components,
22 whereas you state that the BCM2 does not. Could you also
23 explain the significance of that difference in the models?

24 A Well, the Hatfield model does exactly that. It
25 calculates a cost of interoffice facilities both in terms

1 of the facility itself and the structure used. It's my
2 understanding that what Sprint-United is proposing here are
3 interoffice costs that were performed outside of BCM2. In
4 fact you have to do it that way, because BCM2 is using a
5 factor process, not an independent development process to
6 come up with those investments.

7 Q Do you know how that difference would effect the
8 results?

9 A Upward down it depends on this largely
10 unspecified process that Sprint-United would be using
11 outside of BCM2. I can't tell you in terms of high or
12 low. I can tell you in terms of what I believe in accuracy
13 or inaccuracy, and certainly if you model something
14 directly, you're much more likely to be accurate than if
15 you use a factor development process to estimate it.

16 Q Okay. If you could turn to page 76, titled
17 "Existing Network Topology." That page states that the
18 Hatfield model uses existing STP locations, whereas BCM2
19 does not model the signaling system. Do you know how BCM2
20 handles costing of the signaling system?

21 A I think it's similar to interoffice in that it's
22 an assumed fraction, and again, really the same response to
23 your questions on interoffice facilities, it's always
24 better to -- you're more likely to be right if you model
25 something directly than if you estimate it using a factor

1 relationship.

2 Q Okay. If we can turn over to page 77, titled
3 "Total Demand Considered." That page refers to the total
4 demand considered by each of the models as indicated by the
5 title. What is the significance of the difference in the
6 types of demand considered?

7 A Well, the cost per line of the network, and
8 that's really what we are trying to cost here is the cost
9 per line, is a function of the total number of lines to the
10 extent that they are economies of scale, and it becomes
11 less expensive to have more lines that you are costing for
12 than fewer. I think the FCC has been fairly clear that
13 these economies of scale ought to be carried forth in these
14 cost calculations for unbundled network elements.

15 If you don't include all the lines, you get --
16 you don't capture all the economies of scale that
17 Sprint-United is actually experiencing and you overstate
18 the cost on a per line basis. If you do include all the
19 different types of lines and get to that total line count,
20 you hit the right point in the economies of scale that
21 Sprint is actually realizing and your cost per line is
22 correct. So if you failed -- The short answer is if you
23 don't consider all the lines, you are going to over state
24 the cost to the extent that there are economies of scale.

25 Q And you feel that they have not stated all the

1 lines in the BCM2?

2 A Right, in BCM2 there are residence and business
3 local. In the Hatfield model we have tried to get local,
4 toll, special access, public telephone lines. And as you
5 look through the Hatfield model, you'll see separate line
6 counts by CBG for each of the types of services to get to
7 the total.

8 Q Okay. If we can flip the page to 78, entitled
9 "No Embedded Cost." On that page you indicate that the
10 Hatfield model in some -- and in some cases embedded
11 expenses are adjusted to forward-looking view. You state
12 the BCM2 -- under BCM2 all expenses other than switching,
13 circuit equipment, cable and wire are embedded per-line
14 expenses. Could you explain the impact of that difference
15 on the results of the model?

16 A Yes, and I should clarify this line a little
17 bit. There are some adjustments to forward-looking
18 embedded expenses in the Hatfield model, but what it really
19 is capturing is not the absolute level of those expenses;
20 but for the expenses that vary as a function of the amount
21 of investment, it captures the relationship between
22 expenses and investments. What BCM2 is actually trying
23 back to is a total level of expense, so in that way it's
24 much more like a fully distributed cost study than an
25 incremental cost study. And of course to the extent that

1 you go back and try to capture those embedded expenses in
2 their entirety, you are going to come up with a much higher
3 cost than in a forward-looking cost study where you look at
4 a forward-looking relationship between expense and
5 investment.

6 Q Okay. Also on that page, on the third bullet
7 under Hatfield, it says that where not available expenses
8 developed based on historical relationship between expenses
9 and investment. The second bullet beneath BCM2 states that
10 some cost categories developed through use of ratios of
11 expense to investment. Could you explain the difference
12 here?

13 A Yes. What the Hatfield model does is there is an
14 underlying principle of best available public data.
15 Sometimes the only available public data is from ARMIS
16 accounts and ARMIS data that has been reported by
17 Sprint-United, and we look specifically at relationships
18 between expense categories and the corresponding investment
19 category, adjusted where possible; but really this is the
20 default. This is what we have to rely on if we have no
21 other public data, but it's not a first choice. What BCM2
22 is doing is actually looking at embedded investment and
23 expense relationships. There aren't any adjustments being
24 made, and this is in effect the primary means of doing it,
25 not the fall-back means of doing it. So as a first choice

1 scenario under BCM2, they are looking at capturing these
2 historic expenses, whereas it's a last choice or a default
3 opportunity, if you will, in the Hatfield model.

4 Q Okay. I'm just going to go through a few more
5 pages on this exhibit. If you could flip over to 79,
6 titled "Reasonable Allocation of Joint and Common." Under
7 the Hatfield model you state that costs are assigned to
8 network elements based on a proportion of direct costs.
9 Could you give an example of how this is applied?

10 A Sure. There are certain expense categories that
11 are -- Well, actually this should be expanded somewhat.
12 Under Hatfield there are really two ways that shared costs
13 are captured. A number of costs that are shared by
14 elements, conduit cost for example, that might be used to
15 provide both feeder and interoffice facilities are included
16 proportionally in the direct calculation of the cost of
17 those unbundled elements.

18 Then there is a second layer, if you will, of
19 shared cost application that is described here for certain
20 expense accounts to be applied in proportion to direct
21 costs, but that's a second application after the direct
22 costs for each unbundled element have been done. And then
23 common costs as they're described here in terms of
24 corporate operations are applied as a 10% markup.

25 The BCM2 process, as I understand it, is actually

1 much more direct than that. It is going to the existing
2 level, or the existing difference between incremental costs
3 and revenue requirement adjusted only for a deduction for
4 some retail specific expenses and essentially then
5 allocating all those costs, so it's what I would call not
6 quite what we used to refer to as a fully distributed cost
7 study, but it's a nearly fully distributed cost study or an
8 almost fully distributed cost study.

9 Q Okay. On that same page, in the bullet under
10 BCM2, you state that embedded, joint and common costs are
11 assigned on a per-line basis. What is the impact of this
12 difference?

13 A Well, the impact is that there is -- essentially
14 the entire revenue requirement with these specific
15 exceptions for retail-only costs that Sprint-United has
16 incurred historically are basically being allocated by
17 line. That's ultimately why I described this as a fully
18 distributed study. That's a much -- likely to be a much
19 higher level of cost being distributed here. It's not
20 related to Sprint's forward-looking operations. It doesn't
21 capture any future efficiencies. It's an essentially
22 make-whole type mechanism, which is not appropriate in a
23 forward-looking cost study.

24 Q Okay. Turning to page 80 of that exhibit,
25 entitled "Calculation Methodology." Do you know if any of

1 the calculations referred to on this page were made
2 differently for Florida?

3 A Well, I can't speak to the BCM2 calculations.

4 Q Okay.

5 A And for Hatfield there is nothing methodology
6 wise that was done different from Florida, and I've looked
7 at the list again and there is nothing here that would have
8 been different.

9 Q Okay. Then if you could again turn to page 81
10 regarding the blackbox factors. Staff would like to know
11 the significance of these blackbox factors in the model.

12 A Give me just a minute; there is a lot on this
13 page.

14 Q Okay. Take your time.

15 A The significance is that part of this costing
16 process that I described is that you've got to get your
17 investments right, but then the next step is you've got to
18 convert those investments into annual costs, and the factor
19 development, or the factors that you use to convert
20 investments to cost is a very important process in terms of
21 the result that you're going to get, and it's one that
22 needs to be able to be looked at carefully. Each component
23 part needs to be looked at carefully, and the way the
24 Hatfield model is set up is that you can look at each of
25 those individual assumptions and change the ones that you

1 might feel are appropriate if you are evaluating the
2 model.

3 In BCM2 there were far fewer of these factors.
4 They compile and group together lots of different types of
5 costs, and you can't go individually, for example, and make
6 a change in cost of capital to determine how sensitive the
7 model is to that type of change or to that variable. So
8 what you have here is a much less user friendly process
9 that gives you much less information as you try to evaluate
10 the study as far as whether the inputs are correct and
11 which ones are significant.

12 MR. KEATING: Chairman Clark, could I have just a
13 minute to confer with staff?

14 CHAIRMAN CLARK: Go ahead.

15 (DISCUSSION OFF THE RECORD)1)

16 MR. KEATING: Okay. I'm prepared.

17 CHAIRMAN CLARK: Okay.

18 BY MR. KEATING:

19 Q If you could flip the page over to 83 on that
20 exhibit titled "Loop - Differences." You state that BCM2
21 adjustment for population distribution in rural CBGs is
22 incorrect. Could you explain why you believe this is so?

23 A Well, it's based on a discussion with the outside
24 plant engineers, and I can tell you my understanding, but
25 they are certainly the sources of the expertise, and I do

1 not purport to be. Both BCM2 and the Hatfield model
2 recognize, the developers have both recognized that in BCM1
3 in low density areas, in the most rural areas, there was an
4 overstatement of the amount of cable necessary because it
5 assumed equal distribution of households, and in very rural
6 areas people really aren't very evenly distributed -- they
7 live along roadways, at cross roads and in small towns --
8 so there are two different adjustments that are made.
9 Hatfield makes one; BCM2 makes one. They are addressing
10 the same problem, but they go about it in a little
11 different way. And having seen both of the methodologies
12 drawn out by the outside plant folks and explained to me,
13 they have reached the conclusion, and it certainly seems to
14 be a very reasonable one, that the Hatfield methodology is
15 more accurate in terms of how much cable would be required
16 than the BCM2 methodology. Beyond that, I will have to
17 tell you that I'm relying on the expertise of those
18 individuals.

19 Q Okay. Referring to that same page, you state
20 that BCM2 over engineers distribution plant. Could you
21 also explain why you believe that that is so?

22 A Yes, part of the discussion I was having with
23 Mr. Fons is that for some of these unusual CBGs, you need
24 to look at the total amount of investments that is
25 permitted by the model, and then you need to start solving

1 then your problems for how do you provide a network in that
2 type of area and see if you've got the right amount of
3 investment. There are different technical solutions to
4 different -- to these type of problems that you are then
5 trying to solve, and some of those technical solutions are
6 less expensive than others. It is -- to go with multiple
7 fiber runs, which is described here as what BCM does,
8 certainly very long copper loops, as I responded to
9 Mr. Fons, can be a problem. There are technologies
10 available -- whether you go with plain old load coils, what
11 has been done, there are loop extender technologies that
12 are available now that are a lower cost, more efficient
13 technology than running a lot of fiber out into those
14 areas. So as you get to that part of the analysis and you
15 are trying to figure out how to serve those low density
16 long runs, if you then take your allotted amount of money
17 and spend it on an inefficient technology, you are going to
18 get a wrong answer. If you spend it on the most efficient
19 technology, you'll get the right answer. I think the
20 Hatfield model focuses on the most efficient options, or at
21 least contemplates those efficient options. What BCM2 does
22 is it takes those investment dollars and essentially spends
23 it on something that costs more than it needs to.

24 Q Okay. If you could flip over to page 84 titled
25 "Switching Differences," referring to the third bullet on

1 that page. You state that BCM2 does not limit the size of
2 the switch, which can lead to understatement of switching
3 cost. How does this occur?

4 A Well, as you go through the model and you look at
5 the total number of lines to be served out of a switch, or
6 you look at the traffic data to determine the total number
7 of DEMs -- that is D-E-M-s, dial equipment minutes -- you
8 can exhaust the switch one of two ways. You can use up the
9 line ports, or you can use up the processor. What the
10 Hatfield model assumes is that if you use up to 80% of the
11 line ports or 90% of the processor, you should have two
12 switches in that office so that neither one is running at
13 higher than an optimal fill level, either in terms of line
14 ports or processor usage. There is no such crossover
15 calculation in BCM2, as I understand it, that would then
16 have you place a second switch. It's a little more costly
17 to do that, but it represents what would need to be
18 technically done. So this is a case where there is an
19 accuracy issue, and the Hatfield methodology is more
20 accurate than the BCM2 methodology.

21 Q On the fourth -- excuse me, if you could flip
22 over to page 86. That will be the last page we'll refer to
23 in this exhibit. It's entitled "Loop Inputs and Outputs."

24 A Yes, sir.

25 Q Okay, I'm sorry, for the pause there.

1 Under the second bullet, structure percentages,
2 you state that BCM2 uses very little aerial cable, from 10%
3 to 30%, and that Hatfield uses 50% to 65% aerial. Why do
4 you believe that the Hatfield assumption is reasonable?

5 A Well, there are two answers really to that. One
6 is I think it's reasonable because I've sat down with some
7 very experienced outside plant experts, and they believe
8 it's reasonable. In terms of the impact on the costs, in
9 many conditions it is less expensive to place aerial cable
10 than it is to place buried cable, and I think that's a
11 difference, and I think this is more accurate for most
12 areas.

13 Now if there is, as Mr. Fons was asking about, a
14 requirement for underground cable, then this model is
15 constructed to allow you to go in, change the percentages,
16 and you could essentially convert aerial cable to
17 underground. In a number of density areas you are going to
18 find that the cost is ultimately about the same and you're
19 not going to have a significant cost difference. In other
20 places it will be that the cost difference will be a little
21 more significant. But the model -- one of the advantages
22 of the Hatfield model is that it's set up to allow you to
23 do that.

24 Q Okay. Thank you.

25 Staff has a few questions regarding your Exhibit

1 DJW-2, if we could refer to that. If you could turn to
2 page 1 of that exhibit.

3 A Yes, sir.

4 Q In the left-hand column about halfway down the
5 page, it's row 47, it shows a forward-looking network
6 operations factor with a value of .7.

7 A Yes.

8 Q Could you explain to me what this factor
9 represents and how it is used in the Hatfield model?

10 A Yes. We were discussing before different expense
11 categories where the embedded level was adjusted on a
12 forward-looking basis based on the presence of some outside
13 public data that indicated such a change would be
14 appropriate. For network operations expenses there is
15 public data from incumbent LEC testimony and cost studies
16 around the country that suggests that somewhere in the
17 range of 30 to 55%, or 56% actually, that a reduction in
18 those types of expenses on a going-forward basis of that
19 magnitude is expected; and we are talking about the network
20 planners for the incumbent LECs themselves making these
21 projections. In order to be conservative, the Hatfield
22 folks took the lower end of that projected range, which is
23 the 30%, and essentially reduced network operations expense
24 as reported in ARMIS by the incumbent LECs by 30%, or take
25 the value and multiply it by .7, arithmetically the same

1 thing.

2 Q Do you know what the impact of using this
3 forward-looking network operations factor has on the
4 model's computed total loop cost?

5 A I would expect it to decrease it, but I don't
6 know by how much.

7 Q Okay. Would you accept subject to check that
8 using the .7 factor reduced total loop costs by about 60
9 cents per month.

10 A That may be -- Subject to check, yeah, I would
11 agree with that.

12 Q Okay. If you could turn to page 5 of your
13 Exhibit DJW-2.

14 A Yes.

15 Q On the right side of the page, or near the bottom
16 of that page there are some numbers that are labeled
17 "Structure Fraction Assigned to Telephone."

18 A Yes.

19 Q Could you explain to me what these are and how
20 these are used in the model?

21 A Yes, sir. There is a recognition that
22 telephone -- well, structure itself, whether it be
23 telephone or not, poles, conduit, trenches, has
24 historically been shared by more than one utility. In the
25 future there is a very real cost-saving opportunity for

1 that sharing, and there will be more utilities interested
2 in placing lines on those structures or within those
3 structures. This is an estimate that one third of the cost
4 of that structure would be born by the incumbent local
5 exchange company. That may be a little bit high, but it's
6 a forward-looking projection.

7 Q Okay. And would you accept subject to check that
8 using the .33 factor that is included, that using that
9 factor would reduce total loop cost by \$4.29 per month?

10 A Again, that is a subject to check. I guess you
11 are comparing the difference between setting this at 1.0
12 versus .33?

13 Q Yes, I am.

14 A That is roughly in the magnitude of what I've
15 seen before. Again, I -- Now that is not speaking to
16 whether 1.0 would be appropriate because historically I
17 don't think that is born out at all. On a forward-looking
18 basis, I certainly don't -- I think there are very good
19 reasons why it will be lower than that, and the joint board
20 in the universal service decision made a preliminary
21 finding that 1.0 wasn't right, but that's about the right
22 magnitude of change I suspect.

23 Q Okay.

24 MR. KEATING: Chairman Clark, again, if I could
25 have just a minute to confer with staff.

1 (DISCUSSION OFF THE RECORD)

2 MR. KEATING: Thank you, I'm prepared to
3 continue.

4 BY MR. KEATING:

5 Q Mr. Wood, are you familiar with or do you have in
6 front of you -- you may not here; hold on just a second --
7 Mr. Hunsucker's Exhibit MRH-6 attached to his supplemental
8 direct testimony?

9 A I do not have that in front of me.

10 Q Okay.

11 A But I will shortly.

12 (DOCUMENT TENDERED TO THE WITNESS)

13 Q If you would like to review that for a minute for
14 the content, please go ahead.

15 A Yeah, thank you, I will need just a minute.

16 (WITNESS REVIEWED DOCUMENT)

17 A Yes.

18 Q Okay. Had you seen that exhibit before?

19 A I believe I've seen it or one very much like it
20 in another proceeding, but I have not reviewed this one
21 that is presented here in any detail.

22 Q Okay. Just to make sure we are referring to the
23 same exhibit, that exhibit provides the rates that Sprint
24 proposes?

25 A Yes, and I think I've seen it in that context,

1 but I --

2 Q Okay. There are some differences in what is in
3 this exhibit and in what you are proposing, not only in
4 rate levels but in rate structure.

5 A Yes.

6 Q And staff has just a few questions about those
7 differences.

8 A I'll tell you what I can.

9 Q Okay. I'm sorry. Do you have your, I believe
10 it's your direct testimony in front of you? I would like
11 to refer you to revised page 21 of that testimony.

12 A Yes, I do. Yes.

13 Q Are these the rates that MCI is proposing that
14 the Commission adopt?

15 A Yes, sir.

16 Q Okay. To the best of your knowledge, has Sprint
17 proposed deaveraged pricing for loops, ports and the end
18 office piece of the call termination function among other
19 elements?

20 A Deaveraged in terms of bands apparently, yes.
21 The fundamental difference between the two proposals it
22 appears is that the Sprint proposal is based on tariff
23 structures working backwards, whereas what we are proposing
24 here, and it is really more illustrative on DJW-3, is from
25 costs building upward. So this is -- What we are

1 proposing here is more related to how the costs are
2 incurred and probably less related to existing tariff
3 structures for other services than the Sprint proposal. We
4 are -- for example, on a geographic deaveraging basis, it's
5 very clear that loop costs vary according to the density of
6 the area being served, and that is born out in this
7 proposal here, and that's the MCI proposal. It's less
8 clear that that comes through in the Sprint proposal, but
9 only to the extent that it would -- it would only come
10 through if it's actually accurately reflected in terms of
11 the bands.

12 Q Do you agree with the bands that Sprint has
13 proposed here?

14 A Well, I don't know, based on this document, what
15 the bands represent. If they represent existing tariff
16 bands, then, no, because there is no reason that those
17 would represent the underlying costs. If they've got some
18 disaggregated cost bands, then it depends, very honestly,
19 on how they set those up; and I apologize, I have not
20 compared this document to their underlying cost
21 development, so I can't tell you what they've purported to
22 represent here in terms of deaveraging.

23 Q I apologize for the pause again.

24 A I pause all the time.

25 Q I have to rely on staff here on many of these

1 issues.

2 For the port charge listed as number 5 on your
3 revised page 21 of your supplemental direct testimony --

4 A Yes, sir.

5 Q -- you've proposed a flat monthly rate plus
6 usage. It appears that Sprint has proposed just a flat
7 monthly rate for the port without a separate usage charge.
8 Why does your proposed port charge include a separate
9 usage?

10 A Actually, this is end office -- This is laid
11 out a little bit confusing. What we have got here is a
12 two-part rate structure for end office switching, not
13 necessarily for the end office switching port itself; and
14 it's divided into a flat rate port and a per minute or
15 usage charge for the end office switching. It's being
16 proposed that way because that is the way the costs are
17 incurred. So it's not a two-part port structure; it's a
18 two-part switching structure. But I agree, that is not
19 real clear from the way this page is laid out.

20 MR. KEATING: Mr. Wood, I believe that staff has
21 no more questions for you.

22 CHAIRMAN CLARK: Commissioners?

23 MR. KEATING: I'm sorry, staff has some exhibits
24 that they would like marked for identification.

25 CHAIRMAN CLARK: Okay.

1 MR. KEATING: The first is identified as DJW-6.

2 CHAIRMAN CLARK: We'll mark that as Exhibit 15.

3 MR. KEATING: Also DJW-7 and DJW-8.

4 CHAIRMAN CLARK: DJW-7 will be 16 and DJW-8 will
5 be 17.

6 Are there any other exhibits we need to identify
7 for this witness?

8 MR. KEATING: No.

9 CHAIRMAN CLARK: Okay. Commissioners, are there
10 any questions?

11 (NO RESPONSE)

12 CHAIRMAN CLARK: Redirect?

13 MR. MELSON: Just a couple. I would like to --
14 I'm going to ask Mr. Wood a couple of questions to try to
15 clarify what one of the documents was that he was asked
16 questions about by staff.

17 REDIRECT EXAMINATION

18 BY MR. MELSON:

19 Q Mr. Wood, do you have Exhibit 14?

20 A I'm sorry, is it known by another name?

21 Q I'm sorry, DJW-5.

22 A Yes, I do.

23 Q Would you turn to page 5 of that document, and
24 isn't it -- Item 4b asks if any analyses have been
25 performed by or for MCI to compare Hatfield Version 2.2,

1 Release 2 to other models; and there I believe you answered
2 that you had not performed such analyses and were
3 attempting to determine if MCI had performed any; is that
4 correct?

5 A Yes, that's right.

6 Q Now if you'll turn to page 20 of that same
7 document, and again, at the bottom of the page in the
8 supplemental answer to that interrogatory you indicate,
9 yes, such analyses have been performed by or for MCI; and
10 then in response to 4c indicate that the Hatfield model
11 2.2.2 and BCM2 presentation is such a document. Do you see
12 that?

13 A Yes.

14 Q Did you prepare the document that is attached as
15 pages 71 through 100 of this exhibit?

16 A No, I believe Doctor Mark Bryant put that
17 together; I've discussed it with him. I've reviewed it,
18 but I'm not the original author of those slides.

19 Q And to the extent that exhibit contains other
20 things beyond those that the staff asked you questions
21 about, have you attempted to review it in the detail to
22 determine whether all of those would represent your
23 testimony today?

24 A No, I haven't. I'm not aware of any
25 discrepancies, but I haven't looked at it in that level of

1 detail.

2 Q All right. Also staff identified your deposition
3 transcript as Exhibit 16, and I believe that when we took
4 that deposition it was done telephonically and you did not
5 have a notary present with you at the time. Let me ask
6 you, if you were asked today the same questions that are in
7 that deposition as you sit here under oath, would your
8 answers be the same?

9 A Yes, sir.

10 Q All right. And one final question, did you have
11 the opportunity during the lunch hour to observe any
12 instances of shared structures in Centel's telephone
13 service territory?

14 A Yes, sir, I performed a decidedly non-scientific
15 sample, but we only had to get as far as Capital Circle to
16 see an example of structure sharing. The poles along
17 Capital Circle are shared by a power company, which I guess
18 is the City of Tallahassee, and Centel facilities. It's
19 pretty clear to see which ones are which. A couple of
20 other things were also clearly visible, at least on this
21 example. Mr. Fons was asking me about the guy wires and
22 how many it would take. There are varying numbers of guy
23 wires on those poles ranging from as many as three down to
24 as few as zero. There is also a varying amount of cables
25 on each one of those poles, depending on where they are

1 along the roadway. There were poles with quite a few
2 cables with no guy wires. There were poles with very few
3 cables with three wires. So I think my experience in that
4 regard was born out. The number of guy wires required is
5 not a function of the number of facilities attached to the
6 pole, it's a function of where the pole is located and the
7 terrain and how hard it is to place the pole.

8 I also noted in terms of the span wire that he
9 was asking about, the span wire that Centel appears to be
10 using, I was describing a wire that actually wraps the
11 cable and, therefore, it would be part of the cable
12 investment. This one apparently is actually within the
13 sheath with the working pairs themselves, is inside the
14 sheath of the cable until it reaches a pole, goes outside
15 the sheath for the pole attachment itself and then goes
16 back inside the sheath. So it's not a separate investment
17 as he was suggesting but is in fact what I described it to
18 be; and that is, something purchased along with that cable
19 and, therefore, would be part of that cable investment.

20 Q Thank you.

21 MR. MELSON: I've got no further questions.

22 CHAIRMAN CLARK: Exhibits.

23 MR. MELSON: MCI moves Exhibit 12.

24 CHAIRMAN CLARK: Without objection Exhibit 12
25 will be entered in the record.

1 MR. KEATING: Staff moves exhibits, I believe
2 they've numbered -- was DJW-5 identified as 12?

3 CHAIRMAN CLARK: No, DJW-5 is 14, so 14 through
4 17.

5 MR. KEATING: Okay. Then we would move 14, 15,
6 16 and 17.

7 CHAIRMAN CLARK: Those exhibits will be entered
8 in the record without objection.

9 Thank you, Mr. Wood. You are excused.

10 MR. FONS: Excuse me, before we excuse Mr. Wood,
11 there are 12 late-filed deposition exhibits that were
12 requested of Mr. Wood that have not been furnished, and we
13 would like to have some procedure for incorporating those
14 into the record when they are prepared and filed, subject
15 to our objection.

16 MR. MELSON: Madam Chairman, I would suggest that
17 we identify those as the next numbered exhibit as a
18 late-filed exhibit, and we will file them with the clerk's
19 office when they are prepared. Just so you know,
20 Mr. Wood's deposition was last Friday, and this is his
21 third appearance on the witness stand this week, so he has
22 been strapped for time.

23 MR. FONS: And this is not to suggest that he was
24 dilatory but just the procedure.

25 CHAIRMAN CLARK: I need a title.

1 MR. FONS: It would be Wood late-filed exhibits.

2 CHAIRMAN CLARK: Late-filed deposition exhibits?

3 MR. FONS: Yes.

4 CHAIRMAN CLARK: We will identify that as Exhibit

5 18.

6 MR. FONS: Thank you.

7 CHAIRMAN CLARK: Thank you, Mr. Wood.

8 WITNESS WOOD: Thank you.

9 CHAIRMAN CLARK: Mr. Fons.

10 MR. WAHLEN: Sprint would call Michael

11 Hunsucker.

12

13

14 Whereupon,

15

MICHAEL R. HUNSUCKER

16 was called as a witness on behalf of Sprint and, having

17 been duly sworn, testified as follows:

18

DIRECT EXAMINATION

19 BY MR. WAHLEN:

20 Q Would you please state your name?

21 A My name is Michael R. Hunsucker.

22 Q And would you please tell us your address and by
23 whom you are employed?

24 A I'm employed by Sprint/United Management Company.

25 My address is 2330 Shawnee Mission Parkway, Westwood,

1 Kansas, 66205.

2 Q Mr. Hunsucker, you were sworn this morning?

3 A Yes, that's correct.

4 Q Did you prepare and cause to be filed prepared
5 direct testimony consisting of 42 pages in this docket?

6 A Yes, I did.

7 Q Did you also prepare and cause to be filed
8 prepared supplemental direct testimony consisting of 24
9 pages in this docket?

10 A Yes, I did.

11 Q Mr. Hunsucker, do you have portions of your
12 prepared direct testimony that you would like to withdraw
13 at this time in light of the stipulation that has been
14 approved?

15 A Yes, I have several portions that would be
16 stricken from my direct testimony.

17 Q Okay. And are those listed on the summary sheet
18 that we have just passed out to the parties and the
19 Commissioners?

20 A Yes, they are.

21 Q Would you like to go through those very briefly?

22 A Sure. In the direct testimony to be stricken
23 starting at page 8, line 23 to Page 11, line 18.

24 COMMISSIONER KIESLING: Just so I'm clear, that
25 is to 18, not through 18 because my 18 is the beginning of

1 another question.

2 WITNESS HUNSUCKER: Well, it's to page 11, line
3 18.

4 COMMISSIONER KIESLING: Yeah, and my line 18 on
5 page 11 is the first sentence of a new question.

6 MR. WAHLEN: That's correct, it's to; it does not
7 include the question.

8 COMMISSIONER KIESLING: Okay.

9 A The next is Page 11, starting on, it's on line
10 24, after the word "request," strike the remaining lines on
11 the page through 25, and also strike the top three lines on
12 page 12, lines 1 through 3, and the word "needed" on line
13 4. Then also page 12, we would strike line 10 to page 18,
14 line 17. Page 20, line 6 to page 20, line 17. Page 20,
15 line 20, we would want to strike the words "and calling
16 cards" at the end of that sentence. Page 21, starting on
17 line 1, after the word "resale," we would strike from there
18 through page 22, line 7. We would also strike page 24,
19 line 1 to page 31, line 21. Page 34, line 19 to page 35,
20 line 11. Page 37, line 13 to page 42, line 6; and then we
21 would also strike Exhibit MRH-4.

22 BY MR. WAHLEN:

23 Q Okay. Would you also review the portions of your
24 supplemental direct testimony that you would like to
25 withdraw?

1 A Yeah, on the supplemental direct there is one
2 deletion. It's page 9, line 13 to page 9, line 25.

3 Q Okay. Attached to your direct testimony, you had
4 Exhibits MRH-1 to MRH-5. Am I correct in understanding
5 that you are withdrawing MRH-4?

6 A That's correct.

7 Q And attached to your supplemental direct
8 testimony you had Exhibit MRH-6?

9 A That's correct.

10 Q Do you have any changes to that exhibit?

11 A Yes. Actually, in the direct testimony, exhibit
12 MRH-1, which is page -- on page 2 of 2. Based on a recent
13 decision after the testimony was filed, certain sections of
14 the FCC order, the stay was lifted, and those are sections
15 51.701, 51.703 and 51.717. And in this supplemental direct
16 testimony on Exhibit MRH-6, on page 2 of 4 at the bottom of
17 the page or a little over three fourths of the way down the
18 page we have interstate CCL, both originating and
19 terminating, and the interstate RIC and intrastate
20 originating and terminating CCLs and RIC, and we also have
21 a footnote, we would strike references to those items also.

22 Q And you're also striking the rates?

23 A Yes, and the rates.

24 Q Okay. Are there any deletions or corrections to
25 your exhibits?

1 A One typo in the supplemental direct testimony,
2 page 17, line 13, at the end of the sentence would change
3 the word "Spring" to "Sprint," and that's all.

4 Q What about changes to page 4 of 4 of MRH-6?

5 A There are some changes to the rates based on
6 corrections to the cost studies. On the line marked STP
7 switching, there is a rate there of .09; that should be
8 1.08. Under directory assistance services, the .05 per
9 listing number should be .055.

10 COMMISSIONER KIESLING: Wait, I can't find that
11 one.

12 WITNESS HUNSUCKER: Okay, under directory
13 assistance services, there is a directory assistance data
14 base listing and update service, the .05.

15 COMMISSIONER KIESLING: Okay.

16 WITNESS HUNSUCKER: The next rate right under of
17 that of .044.

18 CHAIRMAN CLARK: I'm sorry, what was the change
19 to .05?

20 COMMISSIONER KIESLING: What is the change to
21 .05?

22 WITNESS HUNSUCKER: To .055, I'm sorry.

23 COMMISSIONER KIESLING: Thank you.

24 A Then the next rate for the data base query
25 service .044, would be .0246. Under toll and local

1 operator services, the rate of .496 per call is .446. And
2 then the last change under directory assistance operator
3 service (live) the .379 is .389.

4 Q Okay. With those corrections to your exhibits,
5 are they true and correct to the best of your knowledge?

6 A Yes, they are.

7 MR. WAHLEN: Chairman Clark, we would ask that
8 Exhibits MRH-1, 2, 3, 5 and 6 be identified as a composite
9 exhibit, and I believe the next number is 18.

10 CHAIRMAN CLARK: Mr. Wahlen, I have 19. I have
11 the late-filed exhibit as 18.

12 MR. WAHLEN: You're right, I'm sorry.

13 CHAIRMAN CLARK: It will be identified as a
14 composite exhibit.

15 MR. WAHLEN: Okay. Thank you.

16 Q Mr. Hunsucker, if I were to ask you the questions
17 contained in the remaining portions of your prepared direct
18 and supplemental direct testimony, would your answers today
19 be the same as those contained in that testimony?

20 A Yes, they would.

21 MR. WAHLEN: Chairman Clark, we would like to
22 insert Mr. Hunsucker's remaining direct testimony and
23 supplemental direct testimony into the record as though
24 read.

25 CHAIRMAN CLARK: The direct testimony and

1 supplemental direct testimony will be inserted in the
2 record as though read.

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1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 DIRECT TESTIMONY

3 OF

4 MICHAEL R. HUNSUCKER

5
6 **Q.** Please state your name, business address and title.

7
8 **A.** My name is Michael R. Hunsucker. I am employed by
9 Sprint/United Management Company as Director - Pricing
10 and Tariffs. My business address is 2330 Shawnee Mission
11 Parkway, Westwood, Kansas, 66205.

12
13 **Q.** Please summarize your educational background and work
14 experience.

15
16 **A.** I received a Bachelor of Science degree in Economics and
17 Business Administration from King College in 1979.

18
19 I began my career with Sprint in 1979 as Staff Forecaster
20 for Sprint/United Telephone - Southeast Group in Bristol,
21 Tennessee and was responsible for the preparation and
22 analyzation of access line and minutes of use forecasts.
23 While at Southeast Group, I held various positions
24 through 1985 primarily responsible for the preparation
25 and analyzation of financial operations budgets, capital

1 budgets, and Part 69 cost allocation studies. In 1985,
2 I assumed the position of Manager - Cost Allocation
3 Procedures for Sprint/United Management Company and was
4 responsible for the preparation and analyzation of Part
5 69 allocations including systems support to the 17 states
6 in which Sprint/United operated. In 1987, I transferred
7 back to Sprint/United Telephone - Southeast Group and
8 assumed the position of Separations Supervisor with
9 responsibilities to direct all activities associated with
10 the jurisdictional allocations of costs as prescribed by
11 the FCC under Parts 36 and 69. In 1988 and 1991
12 respectively, I assumed the positions of Manager - Access
13 and Toll Services and General Manager - Access Services
14 and Jurisdictional Costs responsible for directing all
15 regulatory activities associated with interstate and
16 intrastate access and toll services and the development
17 of Part 36/69 cost studies including the provision of
18 expert testimony as required.

19
20 In my current position, Director - Pricing and Tariffs,
21 for Sprint/United Management Company, I am responsible
22 for the development and promotion of regulatory policy
23 for the Sprint local exchange companies and for the
24 coordination of regulatory policies with other Sprint
25 business units.

1 Q. Have you testified previously before state regulatory
2 commissions?

3

4 A. Yes, I have testified before the South Carolina Public
5 Service Commission and the Pennsylvania Public Utility
6 Commission.

7

8 Q. What is the purpose of your testimony?

9

10 A. The purpose of my testimony is to respond to the matters
11 raised in the MCI Petition for Arbitration under the
12 Telecommunications Act of 1996 ("Petition") and to
13 respond to the prefiled testimony of MCI's witnesses, Don
14 Price, Jerry Murphy, Ronald Martinez, and Richard Cabe
15 and the other documentation which accompanied the MCI
16 Petition.

17

18 Q. Does your testimony rely upon or take into account the
19 FCC's First Report and Order ("FCC Order") and Rules?

20

21 A. Yes, it does. It also acknowledges that significant
22 portions of the FCC's Rules have been stayed by the U.S.
23 Court of Appeals for the 8th Circuit ("Court") on October
24 15, 1996, and Justice Clarence Thomas of the United
25 States Supreme Court, on October 31, 1996, declined the

1 FCC's request to lift the stay.

2

3 Q. Mr. Hunsucker, what provisions of the rules have been
4 stayed?

5

6 A. Exhibit MRH-1 attached to my testimony provides a section
7 by section listing of the FCC Rules that were stayed by
8 the Court. In summary, the Court stayed Sections 51.501
9 - 51.515, Pricing of Unbundled Elements, Sections 51.601-
10 51.611, Resale, Sections 51.701-51.717, Reciprocal
11 Compensation for Transport and Termination of Local
12 Telecommunications Traffic, and Section 51.809, Most
13 Favored Nations. Additionally, the proxy range for line
14 ports contained in the FCC's September 27, 1996, Order on
15 Reconsideration in CC Docket No. 96-98, was stayed.

16

17 Although United States Supreme Court Justice Clarence
18 Thomas, on October 31, 1996, rejected the FCC's request
19 to lift the stay, the Court, on November 1, 1996, in
20 response to an emergency motion to modify the stay filed
21 by AirTouch Communications, Inc., lifted the stay only as
22 to §§ 51.701, 51.703 and 51.717.

23

24 Q. Mr. Hunsucker, have the processes under which the Florida
25 Public Service Commission ("Commission") is acting in

1 this docket been affected by the stay?

2

3 **A.** No. The parties' rights to request the Commission
4 arbitrate an interconnection agreement under the
5 Telecommunications Act of 1996 remain in full force and
6 effect. As I understand the stay, it leaves to the state
7 Commissions the discretion of determining the appropriate
8 pricing methodologies for interconnection, unbundled
9 elements and resold services. It also empowers the
10 Commission to determine how the Most Favored Nations
11 ("MFN") language in the Act should be applied.

12

13 **Q.** Does Sprint have any overriding concerns as it relates to
14 arbitration proceedings in general?

15

16 **A.** Yes. Sprint is concerned about the possibility of the
17 implementation of different policies, costing/pricing
18 methodologies, etc. as this or any commission proceeds
19 with the multitude of arbitrations that will undoubtedly
20 be placed before them. Sprint urges this Commission to
21 ensure that these policies, methodologies, etc. be
22 developed and applied on a statewide, industry-wide
23 basis. This does not mean that individual ILECs and
24 CLECs may not have different costs and/or prices, only
25 that the manner in which the costs/prices are developed

1 and applied be on a consistent basis across all carriers
2 in the state. This will ensure a non-discriminatory
3 market in which all ILECs and CLECs are afforded an equal
4 opportunity to compete.

5

6 **Q.** In its Petition, MCI states that Sprint has failed to
7 respond to MCI's proposals. Is this a correct statement?

8

9 **A.** No. Contrary to MCI's assertion, Sprint has fully
10 responded to MCI's proposals. Attached is Exhibit MRH-2
11 which provides a detailed chronology of events associated
12 with the Sprint/MCI negotiations and clearly shows that
13 Sprint has pursued negotiations in good faith.

14

15 **Q.** Has Sprint proposed an Interconnection and Resale
16 Agreement to MCI?

17

18 **A.** Yes. Prior to the issuance of the FCC Order in CC Docket
19 96-98, Sprint developed an Interconnection and Resale
20 Agreement ("Master Agreement") that was provided to MCI
21 on August 14, 1996. Subsequently Sprint modified the
22 Master Agreement to be consistent with the FCC rules and
23 a copy, dated September 24, 1996, (Exhibit MRH-3), was
24 provided to MCI on September 24, 1996. Because this draft
25 agreement was prepared by Sprint Corporation, which

1 serves several different telecommunications markets;
2 i.e., local, long distance, wireless and competitive
3 local exchange, this draft agreement reflects a balanced
4 approach to the rights, responsibilities and obligations
5 of the parties engaging in local exchange competition
6 consistent with the Telecom Act of 1996. This Master
7 Agreement will of necessity be modified and refined going
8 forward as circumstances require.

9
10 Sprint's Master Agreement is the most appropriate vehicle
11 for purposes of arbitrating the positions of the parties.
12 This will be the interconnection and resale agreement
13 that the non-ILEC Sprint entities will present to the
14 ILECs throughout Florida and other states when those
15 Sprint entities enter the local exchange markets. It
16 represents a balanced position of the interests of ILECs
17 and CLECS.

18
19 **Q.** Does Sprint offer any changes to the Master Agreement?
20

21 **A.** Subsequent to September 24, 1996, draft, Sprint has
22 drafted Most Favored Nations' language (Reference Exhibit
23 MRH-4 for the full text) that should be adopted by the
24 Commission in this proceeding. This language allows
25 CLECs to pick and choose the rates, terms and conditions

1 of any agreement between telecommunications carriers.
2 This language is necessary to ensure that rates, terms
3 and conditions are non-discriminatory among all market
4 participants and ensures that larger carriers with market
5 power cannot negotiate rates, terms and conditions more
6 favorable than those offered to other carriers lacking
7 such market power. Additionally, it states that upon FCC
8 or Commission approval of rates, terms or conditions, the
9 resultant rates, terms or conditions should be
10 substituted in place of those previously in effect in any
11 and all contractual arrangements. Again, this is required
12 to ensure that individual ILEC rates, terms and
13 conditions are applied on a non-discriminatory basis to
14 all market participants regardless of market power.

15
16 Q. In the context of the issues raised by MCI, how is your
17 testimony structured?

18
19 A. My testimony addresses the thirteen discrete issues
20 raised in MCI's Petition, as well as the subparts of
21 those issues.

22
23 UNBUNDLED ELEMENTS

24
25 Q. Does Sprint agree to provide MCI with ~~unbundled network~~

1 elements?

2

3 **A.** Yes, we do. Sprint is committed to providing any CLEC
4 with the minimum list of unbundled network elements
5 contained in the FCC's Rules, Section 51.319.

6

7 **Q.** Please outline the requirements of the Act as it relates
8 to the provisioning of unbundled elements.

9

10 **A.** The Act:

11 ▶ Requires all incumbent local exchange carriers
12 (ILECs) to provide, to any requesting
13 telecommunications carrier for the provision of a
14 telecommunications service, nondiscriminatory access
15 to network elements on an unbundled basis at any
16 technically feasible point on rates, terms, and
17 conditions that are just, reasonable, and
18 nondiscriminatory. (Sec. 251(c)(3).)

19

20 ▶ Requires ILECs to provide unbundled network elements
21 in a manner that allows carriers to combine the
22 elements in order to provide the telecommunications
23 service. (Sec. 251(c)(3).)

24

25 ▶ Defines a network element as a facility or equipment

1 used in the provision of a telecommunications
2 service, including features, functions, and
3 capabilities such as subscriber numbers, databases,
4 signaling systems, and information sufficient for
5 billing and collection, or used in transmission,
6 routing, or provision of a telecommunications
7 service. (Sec. 3(a)(45).)

8
9 ▶ Requires the FCC, in determining which network
10 elements will be made available, to consider, at a
11 minimum, whether (A) access to network elements that
12 are proprietary is necessary, and (B) whether failure
13 to provide access to these network elements would
14 impair the ability of a carrier to provide the
15 services it wishes. (Sec. 251(d)(2).)

16
17 ▶ Requires that prices be based on cost (without
18 reference to any rate-based proceeding) and be
19 nondiscriminatory, and may include a reasonable
20 profit. (Sec. 252(d)(1).)

21
22 Q. What specific elements does the FCC required to be
23 unbundled at this time?

24
25 A. The FCC Rules, Section 51.319 (Note : This section was

1 not stayed by the court), outlines the following network
2 elements that must be unbundled:

3 Local Loop

4 Network Interface Device

5 Switching Capability

6 Interoffice Transmission Facilities

7 Signaling Networks and Call-Related Databases

8 Operations Support Systems

9 Operator Services and Directory Assistance

10
11 Q. Are these the same unbundled network elements that MCI
12 has requested in this arbitration proceeding?

13
14 A. No. MCI has requested that the local loop be unbundled
15 to a subelement level of loop distribution and has
16 requested dark or "dim" fiber.

17
18 Q. Does Sprint object to MCI's request to unbundle loop
19 distribution?

20
21 A. Sprint is not opposed to any request for further
22 unbundling beyond that contained in the FCC Order subject
23 to the technical feasibility of provisioning such a
24 request. ~~Sprint is uncertain at this time as to whether~~
25 ~~it can comply with MCI's request as MCI has not provided~~

1 ~~any specific details with its request. Sprint cannot~~
2 ~~make a determination of the technical feasibility until~~
3 ~~MCI provides details as to where such unbundling is~~
4 ~~needed.]~~ Sprint believes that such requests for further
5 unbundling should be handled pursuant to a bona fide
6 request from MCI to Sprint. Attached as Exhibit MRH-5 is
7 Sprint's proposed bona fide request process, including
8 time frames.

9
10 ~~Additionally, during contract negotiations between Sprint~~
11 ~~and MCI, MCI agreed to remove the loop distribution from~~
12 ~~the list of initial unbundled elements to be provided by~~
13 ~~Sprint per the proposed contract. As such, this issue~~
14 ~~should not be addressed in this arbitration proceeding.~~

15
16 **Q.** Does Sprint object to providing dark or "dim" fiber?

17
18 **A.** Yes. Section 251(c)(3) of the Act requires Sprint to
19 provide MCI "... nondiscriminatory access to network
20 elements on an unbundled basis..." Section 3(45) of the
21 Act defines "network element" to mean a "facility or
22 equipment used in the provision of a telecommunications
23 service." Dim or dark fiber - meaning fiber without
24 electronics - is not used by Sprint "in the provision of
25 a telecommunications service" as required by the Act.

1 MCI's argument that it can more efficiently provide the
2 electronics does not address the fundamental fact that
3 dark fiber without the electronics cannot provide a
4 telecommunications service. Such unbundling is not
5 required by the Act or the FCC Order.

6
7 The Act, in Section 251(d)(2), Access Standards, states
8 that "In determining what network elements should be made
9 available for purposes of subsection (c)(3), the
10 Commission shall consider at a minimum, whether (A)
11 access to such network elements are proprietary in
12 nature; and (B) the failure to provide access to such
13 network elements would impair the ability of the
14 telecommunications carrier seeking access to provide the
15 services that it seeks to offer." Sprint believes that
16 access to existing dark fiber should not be mandated by
17 the Commission. Sprint will act as a non-regulated
18 construction agent for MCI or any other CLEC in the
19 provision of dark fiber separate and apart from Sprint's
20 existing network. Alternatively, MCI could self-
21 provision dark fiber or obtain it from any other
22 available source.

23
24 Further, Sprint has deployed fiber in its network to
25 handle existing and forecasted demand. The sale of dark

1 fiber imposes inefficiencies on other (ILEC and CLEC)
2 customers by fragmenting demand on individual routes.
3 Typically, one system (e.g., OC-48) can handle total
4 demand on a route. If Sprint is required to fragment
5 demand on the route, additional costs will be incurred by
6 reducing the utilization along the entire route. In
7 other words, if Sprint is required to sell only a portion
8 of an entire fiber route to MCI or any other CLEC, the
9 remaining portion of fiber is rendered useless especially
10 when the fiber is part of a fiber ring and the associated
11 costs of the remaining fiber must be recovered from other
12 customers.

13
14 Generally, spare fibers are not available in sufficient
15 quantities for all CLECs, and Sprint should not be
16 required to construct new facilities to meet demand for
17 dark fiber. This is unlike unbundled loops of switching
18 where the capacity needed by the CLEC is offset by
19 reductions in capacity needed by Sprint since Sprint has
20 lost the customer. With dark fiber, Sprint will still
21 need the fiber to serve its retained customers, i.e.,
22 Sprint will not be able to reduce its capacity (fiber)
23 needs.

24
25 Most importantly, the mandated provision of dark fiber

1 relegates the ILEC to the role of provider of "dumb
2 pipes" or facilities. It places the ILEC in the position
3 of being the capital provider for CLEC entry. All of the
4 risk of such a policy is placed upon the ILEC, and
5 ultimately upon its retained customers and shareholders.

6
7 Clearly, MCI's position in the market will not be
8 impaired if Sprint is not required to make existing dark
9 fiber available to MCI, however, inefficiencies will be
10 created and Sprint will be required to recover these
11 inefficiencies from ILEC and CLEC customers. Sprint
12 urges this Commission to adopt its position that existing
13 dark fiber should not be made available to MCI or any
14 other CLECs.

15
16 **Q.** Does Sprint have any objections to providing MCI
17 unbundled switching capabilities?

18
19 **A.** No. Access to unbundled switching capabilities is
20 required under the FCC Rules and Sprint has never
21 objected to providing such capabilities.

22
23 **Q.** MCI states that Sprint has refused to provide access to
24 call-related databases. Is that an accurate statement?

1 **A.** No, it is not. Sprint has never refused to provide
2 access to call-related databases. Further, the FCC Rules
3 require such access to call-related databases be provided
4 as an unbundled network element.

5

6 **Q.** MCI states that it wishes to purchase unbundled advanced
7 intelligent network (AIN) capabilities but that Sprint
8 has not deployed such a network. Can you comment on
9 that?

10

11 **A.** As MCI correctly states, Sprint currently does not have
12 the AIN capability requested by MCI. Sprint believes
13 that requests for AIN capability, when available, should
14 be handled via a bona fide request process at the time
15 such capability is deployed and available in Sprint's
16 network. MCI has agreed in principle to remove this
17 issue from the proposed contract, and it should not be
18 addressed in this arbitration proceeding.

19

20 **Q.** MCI states that it requires access to unbundled
21 operations support systems. Can Sprint provide that
22 capability?

23

24 **A.** Not at the current time. Sprint has asked the FCC to
25 reconsider its requirement for electronic bonding, or the

1 direct interface with operating support systems, by
2 January 1, 1997. While Sprint agrees conceptually that
3 such access is ultimately needed for CLECs to compete,
4 existing operating support systems are not designed to
5 allow third party access. Sprint believes that industry
6 standards should be developed to maximize efficiencies
7 and that ILECs should have 12 months after development of
8 industry standards to implement operational interfaces.
9 Should MCI require interim interfaces, Sprint is willing
10 to work with MCI on the development of such interfaces.
11 However, Sprint expects that the costs of such
12 development should be recovered from MCI, provided the
13 interfaces are developed solely for MCI, or if developed
14 as interim solutions for the industry, should be
15 recovered in a competitively neutral manner from all
16 carriers deriving a benefit.

17
18 **Q.** Mr. Martinez, on pages 11 and 12 of his Direct Testimony,
19 indicates that MCI should have on line real time access
20 to the customer's Sprint customer service record (CSR)
21 where the customer has authorized MCI to have such
22 information.

23
24 **A.** Sprint agrees that when MCI provides Sprint a customer's
25 authorization to allow access to the customer's record,

1 Sprint will provide the information to MCI. However, at
2 this time, as with other electronic bonding requests, the
3 standards and procedures necessary to begin developing
4 this capability have not been established. Sprint will
5 provide the information on an interim basis via a jointly
6 agreed-to procedure.

7
8 **USE OF UNBUNDLED ELEMENTS IN COMBINATION**

9
10 Q. MCI states that it wishes to use unbundled elements in
11 combination. Has Sprint ever asserted that MCI may not
12 do that?

13
14 A. No. In fact, unbundled elements generally must be
15 combined with other elements to be functional.
16 Additionally, the FCC Rules in Section 51.315 allows for
17 such combination of unbundled elements.

18
19 **PRICING OF UNBUNDLED ELEMENTS**

20
21 Q. MCI states that unbundled elements must be priced at
22 TSLRIC. Do you agree?

23
24 A. No. As I noted earlier, the Commission has discretion in
25 selecting a pricing methodology. The FCC's pricing rules

1 have been stayed by the Court.

2

3 **Q.** What standard should the Commission employ to set prices
4 for unbundled elements?

5

6 **A.** The Commission should employ the TELRIC standard
7 notwithstanding the stay, with an allowance for the
8 recovery of a portion of Sprint's shared and common
9 costs. The testimony of Randy G. Farrar provides a
10 complete description of the TELRIC methodology.

11

12 **Q.** Does Sprint agree with MCI's 10% common cost recovery as
13 discussed on page 27 of Mr. Cabe's testimony?

14

15 **A.** No, Sprint is submitting with Mr. Farrar's Direct
16 Testimony a description of its shared and common
17 (overhead) cost recovery methodology which should be
18 utilized as the appropriate basis for recovery of these
19 costs. The actual study is still under development and
20 will be filed when available.

21

22 **Q.** What is Sprint proposing in regards to the pricing of
23 unbundled elements?

24

25 **A.** Sprint is providing in the testimony of Mr. Farrar the

1 costing methodology for unbundled elements. Sprint has
2 not completed the final cost studies and resultant prices
3 at this time. Pricing will be made available upon
4 completion of studies.

5

6

~~ALL SERVICES MUST BE AVAILABLE FOR RESALE~~

7

8 Q. MCI states that Sprint has refused to allow it to resell
9 Sprint's promotional service offerings. Is that true?

10

11 A. No. Sprint has agreed to allow the resale of promotional
12 offerings in effect for more than 90 days at a wholesale
13 rate. Additionally, Sprint will allow the resale of
14 promotional offerings of less than 90 days at retail
15 rates. This position is fully consistent with the FCC
16 Rules in Section 51.613, which was not stayed by the
17 Court.

18

19 Q. MCI similarly asserts that Sprint refuses to offer Voice
20 Mail, Inside Wire Maintenance ~~and Calling Cards~~ for
21 resale. Is that correct?

22

23 A. Yes. Voice mail and inside wire maintenance are not
24 telecommunications services per the definition contained
25 in the Act and thus are not required to be offered by

1 ILECs for resale. ~~Sprint is unclear as to what MCI is~~
2 ~~asking for with regards to calling cards. The only issue~~
3 ~~that has been discussed is whether Sprint will allow use~~
4 ~~of its calling cards after a customer has chosen MCI as~~
5 ~~their local service provider. Sprint believes that it no~~
6 ~~longer has a business relationship with the end user of~~
7 ~~a CLEC and as such will deactivate the card coincident~~
8 ~~with the disconnection of Sprint's local service. This~~
9 ~~position is entirely consistent with MCI's position on~~
10 ~~IXC PIC changes where MCI maintains (and Sprint agrees)~~
11 ~~that the end user is a customer of MCI and prefers that~~
12 ~~Sprint not maintain a business relationship with their~~
13 ~~end user.~~

14
15 Q. MCI asserts that Sprint will not offer for resale volume
16 and term discounts. Is that correct?

17
18 A. No, it is not. Sprint will not offer volume or term
19 discounts for resold services in quantities or durations
20 less than the company offers to its own customers.
21 However, if MCI is willing to accept the same volume or
22 term, Sprint will offer them at wholesale prices.

23
24 Q. Will Sprint offer Lifeline and LinkUp services for
25 resale?

1 A. No, Sprint will provide MCI and other CLECs with the
2 resale of basic residential service that, they in turn,
3 can provide to end users who qualify for Lifeline and
4 LinkUp programs. Again, as with calling cards, this
5 affords MCI the ability to maintain the business
6 relationship with the end user in the certification of
7 the end user's qualification for such services.

8
9 PRICES FOR RESOLD SERVICES MUST REFLECT AVOIDED COSTS

10

11 Q. Do you agree that Sprint's prices for resold services
12 must reflect avoided costs?

13

14 A. Yes. Sprint believes that the prices for resold service
15 should reflect the avoided costs net of the incremental
16 costs of providing wholesale services to MCI. Sprint has
17 developed an avoided cost methodology and study which is
18 supported by the testimony of Mr. Farrar.

19

20 Q. MCI argues that if an avoided cost study is not
21 available, then a default discount level of 25% should be
22 employed. Do you agree?

23

24 A. No, I do not. The FCC range upon which MCI relies has
25 been stayed by the Court. Secondly, Sprint is providing

1 an avoided cost study in this proceeding, which study
2 should be the basis for a permanent discount level.
3 There simply is no need to adopt an interim discount
4 level when Sprint has completed and provided an actual
5 study in this proceeding. The avoided cost study and
6 methodology are provided in Mr. Farrar's testimony and
7 exhibits.

8
9 **Q.** How many categories of service discounts does Sprint
10 recommend?

11
12 **A.** Sprint advocates in the Direct Testimony of Mr. Farrar
13 five retail service groups; 1) simple access - single
14 line business and residence services, 2) complex access -
15 multiline accounts, e.g., Centrex, Key and PBX, 3)
16 features - custom calling, CLASS and Centrex features, 4)
17 operator and directory assistance services, and 5) other
18 - all other retail services; e.g., private line,
19 intraLATA toll. These service groups allow CLECs to
20 purchase ILEC services at wholesale rates which are more
21 reflective of the underlying avoided costs of the
22 services.

23
24
25

SPRINT MUST PROVIDE BRANDING OF SERVICES FURNISHED ON
BEHALF OF MCI

1
2
3
4 Q. Will Sprint offer branding for operator services,
5 directory services, as well as repair and intercept
6 services?

7
8 A. Sprint will, upon request, brand its operator and
9 directory assistance services as MCI at the cost of
10 providing the services when technically feasible to
11 provision MCI's branding request. If Sprint is unable to
12 brand for the CLECs, Sprint will unbrand its own operator
13 and directory assistance services. However, where
14 technically feasible, Sprint will brand on a first-come,
15 first-serve basis for all competitors until it has
16 reached the point where there is only room to brand for
17 one more competitor. At that point, an unbranded option
18 should be available for all additional competitors. This
19 is a reasonable outcome that protects against any ILEC
20 retaining an unreasonably discriminatory branding
21 advantage.

22
23 Sprint will provide installation, maintenance, repair and
24 related documents on an unbranded basis for MCI.
25 However, Sprint will not repaint its trucks or change

1 employee uniforms to remove the Sprint name.

2
3 Q. MCI states that Sprint's requirement of a bona fide
4 request for rebranding operator services and DA is an
5 improper restriction on resale. Do you agree?

6
7 A. No. Section 51.613 of the FCC Rules state that "failure
8 by an incumbent LEC to comply with reseller unbranding or
9 rebranding requests shall constitute a restriction on
10 resale." Sprint has never objected to MCI's generic
11 request for rebranding. However, to make the appropriate
12 determination of technical feasibility, MCI will have to
13 provide Sprint with a detailed request of where such
14 rebranding is necessary. Sprint believes that such a
15 detailed request is best handled via a bona fide request
16 process. This simply does not constitute a failure by
17 Sprint to comply with Section 51.613 of the FCC Rules;
18 rather it is a necessary process to ensure that Sprint
19 provides exactly what MCI wants.

20
21 REAL TIME ELECTRONIC INTERFACES

22
23 Q. MCI requests that the Commission arbitrate the details of
24 the manner in which electronic bonding will be provided.
25 Can you comment on this suggestion?

1 A. Yes. The subject of electronic bonding is extremely
2 complex. As I noted earlier, the FCC's January 1, 1997,
3 deadline for real time access to operating systems is not
4 attainable by Sprint.

5
6 Without intending any disrespect to the Commission's
7 capabilities, I think that MCI's request for this
8 Commission to arbitrate the details of electronic bonding
9 is disingenuous. MCI and Sprint are both active
10 participants in industry groups working on this very
11 complex issue. Sprint has every intention of working
12 toward and implementing electronic bonding but believes
13 that the details of such interfaces cannot feasibly be
14 developed in this docket. Sprint believes that the
15 industry should continue to proceed with development of
16 national standards and that Sprint should have twelve
17 months to implement the industry standards when
18 developed.

19
20 Sprint agrees with MCI's witness Mr. Martinez that the
21 states and the FCC should implement rules that require
22 the industry to develop national standards. However, the
23 development of state and CLEC specific solutions would be
24 inefficient and inordinately costly. The January 1,
25 1997, date is not attainable and Sprint urges this

1 Commission to adopt Sprint's position to implement
2 electronic bonding twelve months after industry standards
3 have been adopted.
4

5 QUALITY OF SERVICE STANDARDS MUST BE ESTABLISHED AND
6 ENFORCED
7

8 Q. MCI notes that Sprint has agreed in principle to the
9 establishment of performance metrics. Is that correct?
10

11 A. Yes, it is. We acknowledge the obligation to provide the
12 same high level of service that our customers, including
13 MCI, receive today to those CLECs who purchase unbundled
14 features and resell our services. However, this
15 Commission and the CLECs should understand that providing
16 the same level of service, where additional work
17 activities are necessary to provide a service to a CLEC's
18 customer, may not always be possible.
19

20 Q. MCI proposes that Sprint compensate it (by a credit) for
21 failure to provide service to it equal in quality to that
22 which Sprint offers its own customers. Do you agree?
23

24 A. Sprint has proposed to treat MCI on the same basis as it
25 treats its own customers. Sprint will provide waivers of

1 service connection charges and/or service credits per any
2 tariffed service guarantee plan offered by Sprint in
3 Florida.

4
5 TRANSITIONAL RULES FOR INTEREXCHANGE CARRIER ACCESS MUST
6 BE IMPLEMENTED PENDING FULL IMPLEMENTATION OF TSLRIC
7 PRICING

8
9 Q. MCI states that the Commission should not impose a
10 transitional intrastate Carrier Common Line Charge or
11 transport interconnection charge (TIC) on the unbundled
12 switching charge. Does Sprint agree with this position?

13
14 A. No. Sprint believes that it is entirely appropriate to
15 bill the carrier common line charge and TIC if MCI
16 purchases unbundled elements to which the charges would
17 normally apply. Application of such charges are
18 appropriate until such time as the Commission and/or FCC
19 eliminates these charges via an access reform proceeding,
20 rate rebalancing and/or universal service proceeding. So
21 long as these subsidy elements continue in the access
22 environment, Sprint should continue to receive the
23 subsidy when CLECs purchase unbundled elements.

24
25 Q. MCI also states that switched and special access charges

1 should be reduced "to comply with the Act." In your
2 opinion, is this an issue for arbitration?

3

4 A. It clearly is not. The reduction of interstate and
5 intrastate access charges should be addressed in access
6 reform proceedings before this Commission or the FCC.

7

8 **INTERIM LOCAL NUMBER PORTABILITY COSTS MUST BE RECOVERED**
9 **ON A COMPETITIVELY NEUTRAL BASIS**

10

11 Q. MCI seeks to have local number portability costs
12 arbitrated in this proceeding. Do you agree?

13

14 A. No. The Commission has opened Docket No. 950737-TP to
15 address number portability issues. Sprint agrees that
16 the Commission's findings in that proceeding should
17 determine the price that ILECs and CLECs should pay for
18 interim local number portability.

19

20 Q. What is Sprint's position on the recovery of interim
21 number portability costs?

22

23 A. Sprint's position is that interim number portability
24 should be priced at TELRIC less a 55% discount to reflect
25 the inferiority of interim number portability and to

1 provide an incentive for Sprint and other ILECs to deploy
2 true number portability. This position reflects an
3 approximately equal sharing of the costs of interim
4 number portability between Sprint and the CLEC. In any
5 event, this Commission has an on-going generic proceeding
6 addressing interim telephone number portability pricing,
7 and this issue should be deferred to that proceeding.

8
9 **INTERCONNECTION OF MCI'S LOCAL NETWORK WITH SPRINT'S MUST**
10 **BE PERMITTED AT ANY TECHNICALLY FEASIBLE LOCATION AND**
11 **COLLOCATION MUST BE PERMITTED ON REASONABLE TERMS AND**
12 **CONDITIONS**

13
14 Q. MCI asserts that it must be allowed to interconnect with
15 Sprint at any technically feasible point. Do you agree?

16
17 A. Yes. The Act and FCC Rules require this.

18
19 Q. MCI also states that it has requested the ability to
20 allow Sprint provided services or unbundled elements to
21 be connected at an MCI collocation space to any other
22 facility provided by MCI, Sprint or any other party. Can
23 you comment on this?

24
25 A. Yes. Sprint will allow MCI to connect Sprint provided

1 services and unbundled elements to MCI's facilities at an
2 MCI collocation point and to any other party as provided
3 in paragraph 595 of the FCC Order.
4

5 Q. MCI wishes to convert existing virtual collocation to
6 physical collocation at Sprint's expense. Do you agree?
7

8 A. No. Sprint does not understand MCI's inclusion of this
9 issue in its Petition. MCI currently does not have any
10 virtual collocation space with Sprint rendering this
11 issue moot. Sprint filed an Expanded Interconnection
12 tariff with the Commission on October 25, 1996 which
13 states Sprint's position on conversion of virtual
14 collocation to physical collocation that: 1) a charge
15 equal to the difference between virtual and physical
16 collocation application fees will be assessed for each
17 conversion; and 2) the Interconnector shall also be
18 responsible for any costs incurred by the Telephone
19 Company during the conversion which exceed those normally
20 incurred in the provision of physical collocation space
21 for Expanded Interconnection.
22

23 Q. MCI states that Sprint refused to allow the collocation
24 of remote digital line units. Is that correct?
25

1 A. Yes. Sprint filed a tariff with the Commission on
2 October 25, 1996, which outlined its position on the
3 placement of equipment for physical collocation.
4 Specifically, Sprint allows the location of the following
5 including, but not limited to : Optical Line Terminating
6 Multiplexers, Central Office Multiplexers, Digital Cross
7 Connect Panels, Optical Cross Connect Panels and Digital
8 Loop Carrier. Additionally, the tariff states in Section
9 E17.1.5.C(20) that "Should the Interconnector require the
10 placement of integrated equipment (i.e., transmission and
11 switching functionality), the Telephone Company will
12 allow such placement upon certification by the
13 Interconnector that, except for the purpose of providing
14 multiplexing and/or signal aggregation functionality
15 between the Telephone Company's network or unbundled
16 network elements and the Interconnector's transmission
17 facilities, the switching functionality will not be used
18 and the device will be used only to terminate or
19 aggregate basic transmission facilities." This position
20 is fully supported by the FCC Rules, Section 51.323,
21 which states that, "Nothing in this section requires an
22 incumbent LEC to permit collocation of switching
23 equipment or equipment used to provide enhanced
24 services."
25

1 **TRANSPORT AND TERMINATION OF LOCAL TRAFFIC**

2

3 **Q.** MCI states that rates for transport and termination of
4 traffic should be set at TELRIC. Do you agree?

5

6 **A.** Yes. As I discussed earlier, the FCC Rules imposing
7 TELRIC costing on the states have been stayed. While the
8 Commission is free to impose any lawful standard it may
9 choose, Sprint believes TELRIC to be the appropriate
10 standard. However, whatever standard the Commission
11 ultimately adopts should be applied on a industry-wide,
12 state-wide basis. In other words, Sprint will establish
13 prices to CLECs based on the same costing methodology as
14 other ILECs price their services to CLECs. Sprint's
15 TELRIC methodology is discussed in detail in the
16 testimony of Mr. Farrar.

17

18 **Q.** MCI states that the Commission should utilize the results
19 of the Hatfield model to set rates for transport and
20 termination of traffic. Please comment on MCI's
21 recommendation.

22

23 **A.** Sprint has no comment on prices at this time, pending
24 MCI's filing of the Hatfield study and results in this
25 proceeding. Sprint reserves its rights to respond to

1 MCI's Hatfield study in Sprint's rebuttal testimony to be
2 filed on November 19, 1996.

3

4 Q. With regard to call termination, what options are
5 available to CLECs for interconnection?

6

7 A. For call termination CLECs have the option to
8 interconnect at an end office or at a tandem switch,
9 which in most cases will be an access tandem.

10

11 Q. Please describe what is meant by interconnection.

12

13 A. Interconnection refers to the physical linking of the
14 networks. Interconnection may be accomplished via four
15 alternatives. The alternatives are mid-span meet,
16 virtual collocation, physical collocation and entrance
17 facilities.

18

19 ~~Q. Does Sprint place any restriction on the construction of
20 interconnection facilities?~~

21

22 ~~A. Yes. The ILEC, Sprint, should only be required to
23 construct fifty (50) percent of the facilities or to
24 Sprint's exchange boundary, whichever is less. MCI
25 should be responsible for the constructing fifty (50)~~

1 percent of the facilities or to Sprint's exchange
2 boundary, whichever is greater. This recognizes that
3 Sprint has no control over where MCI places its switch
4 and Sprint should be responsible only for facilities to
5 its exchange boundary. By way of example, if MCI locates
6 its switch 25 miles from Sprint's switch and the distance
7 from Sprint's switch to its exchange boundary is 10
8 miles, Sprint will provision 10 miles of facilities while
9 MCI will provision 15 miles. Compensation between the
10 two companies will be based on these respective mileages
11 and relative usage on each other's network.

12
13 **Q.** What are the appropriate network elements associated with
14 call termination at the tandem switch?

15
16 **A.** There are three network elements utilized for call
17 termination at the tandem switch; tandem switching,
18 transport (the transmission facilities between the access
19 tandem and the end office) and end office switching.

20
21 **Q.** What are the appropriate network elements associated with
22 call termination at the end office switch?

23
24 **A.** The only charge to be applied when a CLEC connects at the
25 end office switch for call termination is the end office

1 switching element.

2

3 Q. Should call termination compensation be reciprocal and
4 symmetrical?

5

6 A. Yes, where both the CLEC and ILEC provide the same or
7 equivalent call termination functionality the same
8 compensation rates should be applicable. However, where
9 a CLEC interconnects at the ILEC tandem and does not
10 provide the equivalent tandem switching and transport
11 functions, the ILEC should not be required to pay the
12 CLEC the tandem switching and transport rate elements.
13 This position has been supported by the Commission Staff
14 in their recommendation in Docket No. 960838-TP (Sprint
15 and MFS Arbitration proceeding), dated October 18, 1996,
16 where they state, "Staff agrees with Sprint that Section
17 51.701(c) requires equal compensation only when MFS
18 provides the equivalent facility to that provided by
19 Sprint". On November 1, 1996, the Commission voted to
20 accept Staff's recommendation. Additionally, the Staff
21 relies on the FCC Order, in paragraph 1090, which allows
22 states to establish transport and termination rates in
23 the arbitration process that vary according to whether
24 the traffic is routed through a tandem switch or directly
25 to the end-office switch. Thus, unless MCI is performing

1 both tandem and end office functionality, Sprint should
2 not be required to provide compensation on the tandem
3 switching and transport elements of call termination.
4 The Staff Recommendation also states that, "The Act does
5 not contemplate that the compensation for transporting
6 and terminating local traffic be symmetrical when one
7 party does not actually use the network facility for
8 which it seeks compensation". The burden of proof should
9 be on MCI to certify to this Commission and/or Sprint
10 where such tandem and end office functionality exists in
11 their network.

12
13 ~~OTHER TECHNICAL, OPERATIONAL AND ADMINISTRATIVE ISSUES~~

- 14
15 Q. MCI wants assurance that Sprint will communicate with it
16 regarding appropriate information on service changes.
17 Will Sprint do that?
- 18
19 A. Yes. As required by the Act, Sprint will cooperatively
20 work with MCI to provide advance notification of
21 information on service changes that might impact MCI.
22 Sprint presently provides MCI, the IXC, relevant network
23 information to assist them in their network planning.
24 Sprint believes that the two companies can agree to a
25 mutually acceptable time frame and manner of

1 notification.

2

3 Q. MCI insists that any PIC changes authorized by its
4 customers that involve resold Sprint service be accepted
5 by Sprint only from MCI. Do you agree?

6

7 A. Yes. Sprint agrees with MCI that PIC changes for
8 customers utilizing MCI as their local service provider
9 should be accepted by Sprint only from MCI. When an end
10 user chooses a CLEC as their local service provider,
11 total service responsibility for the end user customer
12 lies with the local service provider either in resale or
13 a facility based environment. Total service
14 responsibility includes the management of the PIC change
15 with the IXCs.

16

17 Q. MCI states that while Sprint acknowledges the obligation
18 to provide access to Sprint's rights of way, poles, ducts
19 and conduits, Sprint insists that it reserve five years'
20 capacity. Is that correct?

21

22 A. No, it is not. Sprint has never, in any discussions or
23 negotiations with MCI, stated an intention or insisted on
24 the right to reserve capacity for five years. Sprint's
25 position is that it will provide equal and

1 nondiscriminatory access to rights of way (ROW) on terms
2 and condition equal to that provided to itself or any
3 other party. Further, Sprint will not preclude or delay
4 allocation of ROW to CLECs because of the potential need
5 of itself or of other parties, except as a maintenance
6 spare, which may be retained for Sprint facilities
7 deployment within six (6) months of the date of the
8 formal CLEC request. However, if Sprint allows a CLEC to
9 use ROW that is currently planned to be used for Sprint
10 facilities deployment within a three year engineering
11 window of the date of the CLEC's request for the ROW; and
12 subsequently Sprint must deploy facilities requiring the
13 ROW within the three year engineering window; Sprint
14 reserves the right to charge the CLEC for any facility
15 upgrade needed to expand the capacity for Sprint's
16 originally planned needs and allow CLEC to retain its use
17 of the ROW.

18
19 **Q.** Will Sprint provide billing for unbundled network
20 elements in a CABS format?

21
22 **A.** Yes. Sprint has agreed to work towards providing billing
23 to MCI in the requested format. Until functional and
24 contractual requirements are fully defined and necessary
25 billing system and network software modifications are

1 implemented, an interim arrangement is required by
2 Sprint. In this interim period, Sprint will provide MCI
3 billing in a industry standard EDI format from its
4 Customer Record and Billing (CRB) system. Sprint expects
5 that the transition to the CABS format will be completed
6 early in the third quarter of 1997.

7
8 **Q.** MCI states that it must have engineering records for
9 unbundled facilities. What is Sprint's position?

10
11 **A.** MCI has not provided sufficient level of detail or
12 exactly what engineering records they are requesting.
13 Sprint is committed to providing any non-proprietary
14 records in parity with Sprint's own internal use of such
15 records. I believe this issue can be resolved by the
16 parties once MCI provides a detailed request of the
17 information requested.

18
19 **Q.** MCI wants the right to obtain directories with customized
20 covers for MCI customers. Do you concur?

21
22 **A.** Sprint has no issue with MCI's request other than Sprint
23 has no control over MCI's ability to obtain customized
24 covers for MCI's customers. This is an issue that MCI
25 must address with the directory publishers.

1 Q. Does Sprint agree to provide dialing parity without
2 unreasonable delay?

3

4 A. Yes, Sprint agrees to provide dialing parity without any
5 unreasonable delay. The parties have reached agreement
6 in principle and I am confident that appropriate
7 contractual language can be reached.

8

9 Q. Will Sprint provide telephone numbers on the same basis
10 it provides numbers to itself?

11

12 A. Since Sprint is not a Central Office Code Administrator,
13 Sprint is not in the position to provide code assignments
14 to MCI. The issue of code assignment should not be
15 arbitrated in this proceeding.

16

17 Q. In MCI's Petition, there is a section on General Terms
18 and Conditions of the Agreement. Does Sprint agree with
19 MCI's representations in this section?

20

21 A. MCI's language in this section is very ambiguous and
22 lacks any specificity to which Sprint can respond.
23 Sprint reserves its right to provide further comments on
24 this section.

25

1 Q. MCI asserts that Sprint wishes to maintain billing
2 records for collect and third party calls using resold
3 Sprint services. What is your position?
4

5 A. This has never been Sprint's position and Sprint agrees
6 with MCI's position in their Petition.
7

8 Q. Does this conclude your testimony?
9

10 A. Yes, it does.
11
12
13
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24

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1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 SUPPLEMENTAL DIRECT TESTIMONY

3 OF

4 MICHAEL R. HUNSUCKER

5
6 **Q.** Please state your name, business address and title.

7
8 **A.** My name is Michael R. Hunsucker. I am employed by
9 Sprint/United Management Company as Director - Pricing
10 and Tariffs. My business address is 2330 Shawnee Mission
11 Parkway, Westwood, Kansas, 66205.

12
13 **Q.** Did you file Direct Testimony in this proceeding on
14 November 5, 1996?

15
16 **A.** Yes, I did.

17
18 **Q.** What is the purpose of your Supplemental Direct
19 Testimony?

20
21 **A.** The purpose of my testimony is to provide the rates
22 Sprint proposes to charge CLECs in Florida for unbundled
23 network elements and call termination.

24
25 **Q.** What rates does Sprint propose for unbundled network

1 elements?

2

3 **A.** Exhibit No. MRH-6 provides the price list for unbundled
4 network elements that Sprint proposes to charge in its
5 Florida serving areas. The exhibit notes the unbundled
6 element, the rate source (e.g., TELRIC cost study,
7 interstate access rates, etc.) and the proposed price.
8 Where TELRIC cost studies have been completed, they are
9 the source for the proposed price. Where TELRIC cost
10 studies do not exist, Sprint proposes interim rates that
11 we believe are appropriate and will closely approximate
12 the eventual TELRIC results.

13

14 **Q.** How does Sprint apply common costs?

15

16 **A.** The common cost study, the results of which are provided
17 in Composite Exhibit No. RGF-3 (Part O), provides a mark-
18 up percentage of 14.5832% to be applied to TELRIC results
19 to calculate the resulting price.

20

21 **NETWORK INTERFACE DEVICE (NID)**

22

23 **Q.** What is the Network Interface Device, and what rates does
24 Sprint propose to charge for the NID?

25

1 **A.** The network interface device connects the loop to the
2 inside wiring at the customer's premise. A NID is
3 required whenever a competitive local exchange company
4 ("CLEC") orders a loop from Sprint. A NID is also
5 available when a CLEC wishes to interconnect its own loop
6 to the inside wiring at the end user customer's premise.
7 The CLEC may request the NID from Sprint, or choose to
8 connect the inside wiring of the customer directly to its
9 own NID and loop. Sprint has developed rates for four
10 types of NIDs - one line, two line, smart jack, and HDSL
11 RT unit (High bit-rate digital subscriber line remote
12 terminal).

13

14 The source for the NID rates are Total Element Long Run
15 Incremental Costs (TELRIC) cost studies, as described in
16 the testimony of Sprint Witness Mr. Farrar, and provided
17 in Composite Exhibit No. RGF-3 (Part C). In addition to
18 the TELRIC costs, common costs were included in
19 developing the price.

20

21 **Q.** Were the NID rates geographically deaveraged?

22

23 **A.** No, NID prices were not deaveraged. The prices Sprint
24 proposes will not vary by location, but rather by the NID
25 type ordered by the customer. The cost of deploying a

1 NID varies more by the type of NID deployed than by
2 geographical location.

3

4 **LOCAL LOOPS**

5

6 **Q.** What are the rates Sprint proposes for unbundled local
7 loops?

8

9 **A.** Physical 2-wire and 4-wire loops are available. The
10 prices for unbundled loops are based on the TELRIC costs
11 from Sprint's Benchmark Cost Model 2 (BCM 2), the results
12 of which are contained in Composite Exhibit No. RGF-3
13 (Part A). In addition, an allocation of common costs is
14 applied to the TELRIC costs to produce the rates. The 4-
15 wire loops are priced at a multiple of 1.68 times the 2-
16 wire loop rate, based on a supporting cost study included
17 in Composite Exhibit No. RGF-3 (Part A).

18

19 Sprint is proposing eight rate bands based on the
20 differences in the geographic costs developed from BCM 2,
21 as set forth in Mr. Dunbar's Exhibit No. JDD-2. The
22 model develops costs by census block groups (CBGs), as
23 described in Mr. Farrar's Direct Testimony. The average
24 costs by CBG were analyzed for statistical variance to
25 determine the appropriate deaveraging across CBGs.

1 Consistent with the 1996 Telecommunications Act, Sprint's
2 objective was to determine the number of rate bands
3 necessary to deaverage loop rates reflecting geographic
4 differences in the cost of service. A minimum of three
5 rates were desired in conjunction with the Federal
6 Communication Commission's pricing rules. Theoretically,
7 rates could be deaveraged down to each individual CBG;
8 however, such a large number of rate bands would increase
9 administrative burden while not providing CLECs with
10 meaningful information. Therefore, Sprint established a
11 rate design that results in at least 80% of the unbundled
12 loops falling within \$5.00 of the weighted average TELRIC
13 cost of the eight rate bands.

14
15 The TELRIC cost per rate band is a weighted average of
16 all loops within CBGs that fall within each price band.
17 This approach sends an efficient price signal to the CLEC
18 market, thereby encouraging competitors to use Sprint's
19 network where it is economically more efficient than
20 constructing their own loops. At the same time, Sprint
21 wants to ensure that a majority of its loops are priced
22 in close proximity to their costs, since cost-based
23 pricing provides for an efficient allocation of resources
24 to the benefit of all service providers and consumers.

25

1 Q. How will Sprint process orders for unbundled loops?

2

3 A. CLECs desiring to purchase an unbundled loop from Sprint
4 will be required to submit the physical address of the
5 end user customer's premises in the local service request
6 (LSR) order. Sprint has mapped its current physical
7 addresses to individual Census Block Groups. On
8 implementation of this rate design, Sprint will map the
9 individual Census Block Groups to the applicable rate
10 level. Sprint's carrier service representatives will
11 have a computerized database that identifies the
12 appropriate rate band level for the physical address on
13 the service order.

14

15 Q. How does a CLEC obtain rates for loops marked individual
16 case basis (ICB) on Exhibit MRH-6 (Price List)?

17

18 A. Sprint proposes to price digital and electronic loops on
19 an ICB basis at a CLEC's bona fide request for service.
20 The same pricing methodology will also apply for ISDN,
21 DS-1 and HDSL loops. Sprint's rationale is that some of
22 these loops are not extensively provided to end users
23 today, and that the costs for some of these loops vary
24 widely according to the conditioning required on
25 individual loops and the length of the specific loop.

1 Once Sprint gains experience in providing these loops to
2 CLECs, Sprint will develop standard pricing for these
3 loops.

4

5 **CROSS CONNECT FACILITIES**

6

7 **Q.** What rates does Sprint recommend for electrical cross
8 connects?

9

10 **A.** Sprint proposes three rates for electrical cross connects
11 based on the capacity or number of circuits the cross
12 connect provides: DS0 for a single voice grade path, DS1
13 for 24 voice grade paths and DS3 for 672 voice grade
14 paths. The rate for a DS0 cross connect is \$0.97 per
15 month, for a DS1 cross connect is \$3.02 per month and for
16 a DS3 cross connect is \$26.62 per month.

17

18 **Q.** What is an electrical cross connect?

19

20 **A.** An electrical cross connect is a device used to provide
21 interconnection between the facilities of two
22 telecommunications carriers and is generally the point of
23 demarcation.

24

25 **Q.** How were the rates calculated?

1 **A.** Composite Exhibit No. RGF-3 (Part B) displays the
2 development of the rates. The rates include the annual
3 direct cost of the installed investment, as well as an
4 allocation of common cost. The investment is forward
5 looking and includes the cost of the material and labor
6 for installation less the net salvage value. The
7 proposed rate equals the monthly floor cost.

8

9 **LOCAL SWITCHING**

10

11 **Q.** Has Sprint developed proposed rates for local switching?

12

13 **A.** Yes. Sprint proposes to charge for switching ports based
14 on a flat rate port charge to recover the cost of the
15 line card, plus a usage charge for originating and
16 terminating usage. Sprint is not currently able to bill
17 originating and terminating minutes of use on a switching
18 port, and proposes therefore to bill a flat-rate
19 surrogate based on average minutes of use in Florida.
20 Average usage per line was obtained for Florida central
21 office switches from dial equipment minute studies. The
22 minutes for the basic port (i.e., residential and
23 business) are reduced from the state average to reflect
24 lower average usage on these ports. Based on the data,
25 Sprint assumed 1259 originating and terminating minutes

1 per month for a basic switching port. The port rate is
2 based on the TELRIC costs of the line card and usage
3 charges, plus common costs, to produce the rate shown in
4 Exhibit No. MRH-6 (Price List).

5
6 The TELRIC costs of local switching were obtained from
7 the Bellcore Switching Cost Information System (SCIS).
8 Costs were developed for host central office switches and
9 out-of-exchange remotes. The supporting rate development
10 documentation is included in Composite Exhibit No. RGF-3
11 (Part D).

12
13 **Q.** How are the Carrier Common Line and Residual
14 Interconnection Access Charge Rates applied to unbundled
15 local switching?

16
17 **A.** Until such time as the FCC and the Florida Commission
18 resolve the issues of access charge reform, rate
19 rebalancing and/or universal service, Sprint proposes to
20 bill both the interstate or intrastate Carrier Common
21 Line Charge and the Interstate or Intrastate Transport
22 Residual Interconnection Charge. These access charge rate
23 elements provide substantial contribution towards
24 universal service objectives. Sprint will bill these
25 charges to the CLEC purchasing the switching port.

1 Q. How does Sprint propose to deaverage rates for local
2 switching?

3
4 A. Sprint has established six rate bands for local
5 switching. Sprint's goal in deaveraging is to price in
6 close proximity to cost, in order to supply an
7 economically efficient price to new competitors to decide
8 whether to use Sprint or an alternative switching
9 arrangement. Sprint established a rate design of
10 grouping wire centers such that the variance in usage
11 costs was approximately 10% or less. More urban
12 exchanges, such as Tallahassee, have lower switching cost
13 due to their higher usage volume and larger average
14 number of lines in each switch.

15
16 Q. What are the switching charges for ISDN, CENTREX, PBX and
17 DS1 service?

18
19 A. Sprint proposes to price these services on an individual
20 case basis (ICB) at this time. The usage for these
21 switching ports is likely to significantly exceed the
22 usage for an average line port, particularly for DS1 and
23 PBX trunks. Sprint intends to offer these services under
24 contract to requesting CLECs upon a bona fide request.

25

1 Q. How does Sprint propose to price switching features
2 purchased with an unbundled port?

3

4 A. Sprint proposes to use a discount of 78% of the retail
5 rates for individual service features, such as Caller ID
6 and Call Waiting, and CENTREX features. Sprint bases
7 this discount on a study of the margin of feature revenue
8 to incremental costs; the study is provided in Composite
9 Exhibit No. RGF-3 (Part D). Sprint has not completed an
10 analysis of the TELRIC costs associated with all of the
11 individual features that it offers, and proposes this
12 discount to apply until such cost studies are developed
13 and approved by the Florida Commission.

14

15 Q. Should CLECs be permitted to purchase unbundled features
16 without purchasing the switching port?

17

18 A. No. The substantial unbundled network element feature
19 discounts to retail prices (78%) are not appropriate when
20 a carrier does not purchase all other service elements on
21 a similar cost basis. It is absolutely inappropriate to
22 mix wholesale and unbundled prices. Feature revenues
23 provide substantial contribution to the current retail
24 price levels for residential service. Wholesale rates
25 are not based on the costs of providing service, rather

1 on the current retail rate less avoided costs. Sprint
2 relies on the contributions from features to help support
3 universal service policy objectives for residential local
4 service. Until rate design issues have been
5 comprehensively addressed, Sprint believes that unbundled
6 feature prices should only be offered in association with
7 the unbundled port, not with below-cost residential
8 services.

9
10 **LOOP, PORT, AND NID COMBINATION**

11
12 **Q.** Should the rate for an unbundled loop, port and NID, when
13 combined for a single end user, be different from the
14 rate when not combined?

15
16 **A.** Yes. When a CLEC purchases an unbundled loop, NID, and
17 switching port from Sprint to serve the same customer,
18 the combined rate is lower than the rate would be from
19 simply adding the loop and basic port together. The cost
20 and the charges need to be adjusted to reflect a credit
21 for line cards that would appear in digital loop carriers
22 for long loops in the BCM 2 model that are also included
23 in the switching port rate. The credit amount is
24 calculated based on the percentage of loops that are
25 behind digital loop carriers in the BCM 2 model for

1 Florida. Line cards would still be required at digital
2 loop carriers when a carrier furnishes its own switching
3 to separate the loop from the rest of the lines served by
4 the remote carrier. The supporting cost information for
5 this credit is contained in Composite Exhibit No. RGF-3
6 (Part F).

7
8 **TANDEM SWITCHING**

9
10 **Q.** What rate is Sprint proposing for tandem switching?

11
12 **A.** TELRIC studies for local tandem switching are based on
13 the cost fundamentals for the local switching model for
14 switching trunk to trunk calls. The cost support for
15 Sprint's local tandem switching is contained in Composite
16 Exhibit No. RGF-3 (Part E). The rate Sprint proposes to
17 charge is contained in Exhibit No. MRH-6.

18
19 **Q.** Does Sprint propose to deaverage local tandem switching?

20
21 **A.** No, at this time, given the low TELRIC costs and the
22 resultant rate for local tandem switching, Sprint sees no
23 reason to propose a deaveraged rate.

1 **TRANSPORT**

2

3 **Q.** What are the rates Sprint proposes to charge for
4 transport?

5

6 **A.** Sprint proposes to apply the interstate access tariff
7 rates, without any application of the residual
8 interconnection charge, as proxy rates for transport
9 facilities in Florida. The interstate access tariff for
10 Florida is arranged in three geographic rate zones.
11 Sprint advocates that these rates are appropriate until
12 such time as detailed TELRIC cost studies can be
13 developed and presented to the Florida Commission for
14 approval.

15

16 **COLLOCATION**

17

18 **Q.** What are the rates Sprint proposes to charge for
19 collocation?

20

21 **A.** Sprint has an approved collocation tariff in the state of
22 Florida, and will apply these tariffed rates to CLECs
23 requesting collocation for the provision of local
24 exchange services. Sprint also has an approved
25 interstate collocation tariff which would apply to

1 collocation requests from interexchange access providers
2 for interstate traffic.

3

4 **CALL TERMINATION**

5

6 **Q.** What are the rates Sprint proposes to charge for call
7 termination?

8

9 **A.** The rates Sprint proposes to charge are provided in
10 Exhibit No. MRH-6. These rates are based on the costs
11 set forth in Composite Exhibit No. RGF-3 (Part G). The
12 call termination rate is a function of the application of
13 end-office-switching, local tandem switching (also
14 referred to as transit switching) and transport. Sprint
15 will use the interstate tariff rates on an interim basis
16 for transport, and the rates for end-office-switching and
17 local tandem switching as previously described.

18

19 **Q.** Why does the end-office-switching rate differ from the
20 local switching rates?

21

22 **A.** The costs are different. Thus, a separate cost was
23 developed for end-office switching using only the
24 interoffice trunk switching costs developed in the
25 Switching Cost Information System models. However, local

1 switching costs are a weighted average of the costs of
2 switching both intraoffice and interoffice calls.

3

4 Call termination will not use intraoffice switching,
5 which reflects only calls that originate and terminate
6 within the same central office as CLECs using call
7 termination will have their own switch. Therefore, it is
8 appropriate to derive a separate cost for the end-office-
9 switching element.

10

11 Similar to local switching, Sprint has deaveraged the
12 costs for call termination end-office-switching into
13 seven bands. The rate deaveraging is based on the same
14 rules described above for local switching rate
15 deaveraging, with an approximate deviation of 10% or less
16 from the weighted average for the rate band for any
17 individual switch.

18

19 **Q.** How does Sprint apply the 10% rule in deaveraging costs
20 for end office switching?

21

22 **A.** Sprint sorted the interoffice end office switching costs
23 for each office studied from the lowest rate to the
24 highest rate. Rate bands were inserted in an iterative
25 process to find the number and rate bands and the cost

1 break points such that the variance between the average
2 cost of the rate band and the cost of the specific end
3 office was approximately 10% or less.

4

5 **Q.** Why does Sprint have seven bands for end-office-switching
6 used in call termination and six bands for local
7 switching ports?

8

9 **A.** As discussed above, the end-office-switching costs
10 include only interoffice calls, whereas the local
11 switching port usage includes both interoffice and
12 intraoffice calls. The difference in costs is not
13 proportionate for individual end offices because Spring
14 weighted the local switching port usage based on minutes
15 of use for each end office. In other words, there is a
16 different mix of interoffice and intraoffice calls among
17 the individual end offices in Florida. An additional
18 band was necessary in the end-office-switching element to
19 keep within the approximate 10% variance of costs for an
20 end office within the band.

21

22

COMMON CHANNEL SIGNALING INTERCONNECTION SERVICE

23

24 **Q.** What are the rates Sprint proposes for unbundled common
25 channel signaling interconnection?

1 **A.** Sprint proposes to charge for the Signal Transfer Point
2 (STP) ports, STP transport links and STP switching
3 usage. The rates for these elements are included in
4 Exhibit No. MRH-6. The supporting cost information is in
5 Composite Exhibit No. RGF-3 (Part H). The common channel
6 signaling interconnection service provides a signaling
7 path for Signaling System 7 (SS7) / Common Channel
8 Signaling (CCS). The CLEC is provided with an
9 interconnection to the out-of-band signaling network in
10 order to transmit and receive information related to call
11 completion. The rates shown for these elements are based
12 on TELRIC costs, including an allocation for common
13 costs.

14

15 **Q.** What is an STP transport link?

16

17 **A.** The STP transport link represents the facilities to
18 connect from the CLEC's designated premises to the Sprint
19 STP. The link may be provisioned at a 56 kilobit per
20 second, or as a DS-1 (1.544 Megabits per second), at the
21 option of the requesting carrier. STPs are deployed in
22 mated pairs for network reliability, and interconnecting
23 carriers must provision links to each STP in a mated
24 pair.

25

1 Q. What is an STP port?

2

3 A. The STP port provides the CLEC access to the Sprint STP,
4 which acts as a packet switch to route out-of-band
5 signaling. It is in some respects similar to the concept
6 of access to a local switch through a port. An STP port
7 requires use of a link port card and processor costs.

8

9 Q. What is the STP switching usage charge?

10

11 A. The STP switching usage charge applies for the routing of
12 signaling traffic through the STP and reflects the
13 relative switching load placed on the STP. The charges
14 are applicable based on the number of individual
15 interoffice trunks using an STP port.

16

17 **LINE INFORMATION DATABASE ADMINISTRATION SERVICE**

18

19 Q. What is the Line Information Database (LIDB)
20 Administration Service?

21

22 A. The LIDB Administration Service provides the
23 administrative interface for automated loads and updates
24 of customer line information including Alternate Billing
25 Service (ABS) restrictions for third party billed and

1 collect calls. The service monitors queries to the LIDB
2 for individual line numbers and responds to system alerts
3 initiated by queries exceeding predetermined thresholds
4 of activity. The rate for this service applies per
5 access line per month, and is presented in Exhibit No.
6 MRH-6. Cost support for this rate is in Composite
7 Exhibit No. RGF-3 (Part I).

8
9 **Q.** What is the rate for Toll Free Code Access Service?

10
11 **A.** Sprint proposes to provide routing services for toll free
12 800 and 888 dialed numbers using the interstate access
13 tariff rates.

14
15 **DIRECTORY ASSISTANCE**

16
17 **Q.** What are the rates Sprint proposes to charge for
18 unbundled directory assistance?

19
20 **A.** Sprint has separated directory assistance service into
21 three elements - directory assistance database listing
22 and update, directory assistance database query service,
23 and directory assistance operator service. The rates for
24 these services are included in Exhibit No. MRH-6.

- 1 **Q.** What is the directory assistance database listing and
2 update service, and how is the rate applied?
3
- 4 **A.** The directory assistance database listing and update
5 service is the provision of subscriber listing
6 information to enable requesting carriers to provide
7 their own directory assistance service to end users. The
8 basis of the service is the underlying end user listing
9 information consisting of the telephone number,
10 restriction status (nonpublished or nonlisted), primary
11 directory classification for businesses and customer
12 address. The service includes updates for adds, deletes
13 and changes, which are provided each business day. The
14 rate is applied for each record provided, whether an
15 initial listing or a subsequent update. The supporting
16 documentation for this service is found in Composite
17 Exhibit No. RGF-3 (Part J).
18
- 19 **Q.** What is the Directory Assistance Database Query Service,
20 and how is the rate applied?
21
- 22 **A.** The Directory Assistance Database Query Service makes
23 Sprint's directory listing database available for DA
24 operators to query for listing information. Carrier
25 customers requesting the service must provide the

1 necessary router equipment to interconnect to the
2 database. The rate for the service applies each time the
3 carrier queries the database. The supporting
4 documentation for the development of this rate is found
5 in Composite Exhibit No. RGF-3 (Part K).

6
7 **Q.** What is the Directory Assistance Operator Service?

8
9 **A.** The Directory Assistance Operator Service provides an
10 operator to assist a customer in obtaining directory
11 listing information and/or to complete a telephone call.
12 The service includes use of an operator, database of
13 directory listing information, and the necessary
14 equipment to access the database and/or to complete the
15 telephone call. The rates shown in Exhibit No. MRH-6 do
16 not include any customized directory assistance branding
17 for the requesting carrier. The rate of \$ 0.357 applies
18 for each Directory Assistance call. The supporting
19 information on the calculation of this rate is found in
20 Composite Exhibit No. RGF-3 (Part M).

21
22 **TOLL & LOCAL OPERATOR SERVICE**

23
24 **Q.** What are the rates Sprint proposes for unbundled operator
25 services?

1 **A.** The operator toll and local assistance service element is
2 the provision of live operator assistance to help an end
3 user customer complete a telephone call. The unbundled
4 functionality includes the operator labor and the
5 associated operator station equipment and facilities
6 necessary to complete the call. Sprint proposes to
7 charge a rate of \$0.496 per call, as contained in Exhibit
8 No. MRH-6. Cost supporting documentation is contained in
9 Composite Exhibit No. RGF-3 (Part L).

10

11

911 TANDEM PORT AND LINKS SERVICE

12

13 **Q.** What is the 911 Tandem Port and Links Service, and what
14 rates does Sprint propose to charge?

15

16 **A.** Sprint as the incumbent LEC may be the provider of 911
17 routing to the appropriate emergency services agency.
18 CLECs may need to secure access to these 911 selective
19 routers, so that their customers can access the
20 appropriate emergency response agency. Alternatively,
21 the CLEC could, of course provision its own 911 selective
22 router. The rates contained in Exhibit No. MRH-6 provide
23 a rate per DS-0 trunk connected to the Sprint selective
24 router. Cost support for this rate is contained in
25 Composite Exhibit No. RGF-3 (Part N). For links to the

1 911 router, Sprint proposes to use the appropriate voice
2 grade or DS-1 transport facility rate from its interstate
3 access tariffs as the interim rate. For illustrative
4 purposes, these rates are included in the discussion in
5 Composite Exhibit No. RGF-3 (Part N).

6

7 **Q.** Does this conclude your Supplemental Direct Testimony?

8

9 **A.** Yes.

10

11

12

13

14

15

16

17

18

19

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21

22

23

24

25 jjw\utd\hunskr-2.230

1 BY MR. WAHLEN:

2 Q Would you please summarize your testimony?

3 A Yes. Good afternoon, Commissioners. I'm here
4 appearing today on behalf of Sprint. And Sprint believes
5 that the benefits of local competition are going to be
6 great for the consumers in Florida. Just like the benefits
7 of interexchange competition, we firmly believe that there
8 are benefits from local competition.

9 As we are here today, we are trying to resolve
10 and I guess arbitrate what I would say are five remaining
11 issues with MCI, and I want to go through quickly as the
12 way Sprint views those five issues. We are pleased that we
13 have been able to work most of the issues out with MCI.

14 The first issue that we are talking about is
15 reciprocal and symmetrical compensation for the exchange of
16 local traffic. Sprint believes that the -- that we will
17 compensate MCI, and we expect to be compensated based on
18 the functions that we perform in our respective networks.
19 To that end, if MCI chooses to interconnect with Sprint at
20 the tandem, we are performing three distinct and separate
21 functions, those being tandem switching, transport to the
22 end office, and end office switching. We expect to be
23 compensated for each of those functions. Likewise, if we
24 terminate a call to MCI's network, if they are providing
25 those same functions in their network, we would compensate

1 them for all three functions. We just do not believe,
2 based on the record in this case, that MCI has proven that
3 they in fact do have and do perform all three of those
4 functions; and we believe that this Commission has already
5 recognized and are proceeding with MFS that a CLEC or any
6 LEC should be compensated based on the functionality that
7 they are performing, and we are hard pressed to see where
8 MCI is providing tandem switching -- two levels of
9 switching plus transport to an end office.

10 A second issue deals with the resale of voice
11 mail and inside wire, and Sprint's position is that those
12 are not telecommunication services and that the Act of 1996
13 only obligates us to resell telecommunication services.
14 And telecommunications is defined as the transport or the
15 transmission of data between two points. Neither one of
16 these services do that and simply are not telecom services;
17 therefore, we should have no obligation to resell those
18 services.

19 The third item concerns the placement of their
20 remote digital line units in collocation spaces provided by
21 Sprint. This morning MCI stated that these RDLUs are
22 capable of switching and are switches, and as such the FCC
23 order clearly states that we have no obligation to allow
24 switching equipment in our collocation -- in our collocated
25 areas. As well, this Commission has recognized that in the

1 GTE, MCI, AT&T arbitration proceeding, that the ILECs are
2 not required to allow -- are not obligated to allow the
3 placement of switching equipment.

4 The fourth item concerns the issue of pricing,
5 and basically our prices are simply a simple math of adding
6 the cost of providing the service plus a contribution to
7 shared and common costs. The biggest issue we have from a
8 policy standpoint concerns geographic deaveraging, the
9 ability to deaverage our prices closer to the costs that
10 are incurred in providing those services. And that is
11 exactly what Sprint has done when it looks at, for example,
12 loop -- deaveraging loop into eight bands, to more
13 accurately reflect the cost within those eight bands and
14 establish an appropriate price.

15 And the last item is compensation for access to
16 records regarding poles, ducts, conduits and right of way.
17 We totally agree that we have to make those available. The
18 only issue is compensation. We believe if they want to
19 inspect the records and we have to do nothing but make
20 those available to them, that there should be no charge;
21 however, if we have to do any kind of special work so that
22 we are not making proprietary information available to MCI,
23 we expect to be compensated based on a loaded labor rate of
24 the person that is actually performing that function; and
25 that's the proposal that we have made back to MCI in

1 negotiations.

2 We believe that our positions reflect a balance
3 of interest because Sprint is both an ILEC and a CLEC
4 within the State of Florida, and we are asking on the CLEC
5 side for the same thing that the ILEC is willing to do. We
6 think we have already balanced those interests internally
7 and that they reflect a balanced position that we think
8 this Commission should adopt in this proceeding. Thanks.

9 MR. WAHLEN: The witness is available for cross
10 examination.

11 CROSS EXAMINATION

12 BY MS. McMILLIN:

13 Q Good afternoon, Mr. Hunsucker, I'm Martha
14 McMillin from MCI.

15 A Good afternoon.

16 Q Please explain for us how Sprint's voice mail
17 works.

18 A Voice mail, as I understand it, a call will go
19 into a customer. If he is not at home, it is then
20 transferred to the voice mail unit, the actual unit that
21 would record the message, and then they would be able to go
22 in later and obviously retrieve that message.

23 Q Okay. So if I were to call your home phone and
24 leave a message on your voice mail, when you get home and
25 retrieve your message, it is going to be exactly what I

1 left on your voice mail; that is, my voice saying the
2 message that I want you to receive?

3 A That's correct.

4 Q Okay. If someone accidentally cuts the wire from
5 their NID to the serving area interface, that would
6 interrupt the transmission path of a telephone call, would
7 it not?

8 A That would interrupt the transmission path along
9 that loop, that's correct.

10 Q And that would have to be repaired, wouldn't it?

11 A Yes.

12 Q And similarly if someone somehow cut the inside
13 wire at their house, that would also interrupt the
14 transmission path from the telephone to the NID, would it
15 not?

16 A It would interrupt the transmission path, but
17 again, the inside wire maintenance plan has nothing to do
18 with the transmission path. That is simply a warranty
19 product that we are putting out there for our customers.

20 Q Right, but with regard to the two situations I
21 just posed, with regard to the cutting of the transmission
22 path inside that house and the inside wire versus cutting
23 of the transmission path from the NID to the serving area
24 interface, in those two situations would it not be true
25 that the only difference would be one of ownership and that

1 I would own the inside wire at my home but the wire from
2 the NID to the serving area interface would be owned by the
3 local telephone company?

4 A That's correct. I mean the ownership is an issue
5 there. And again, we don't own the inside wire, so us
6 having to resell something we don't own is difficult to do.

7 Q But you do understand, do you not, that it is
8 inside wire maintenance that we are asking be resold, not
9 the inside wire? Because we understand that the inside
10 wire is owned by the property owner.

11 A Yes, but inside wire maintenance is not a
12 telecommunications service.

13 Q I understand that is your position. Thank you.

14 MS. McMILLIN: No further questions.

15 CHAIRMAN CLARK: Staff.

16 CROSS EXAMINATION

17 BY MS. CARTER BROWN:

18 Q Good afternoon, Mr. Hunsucker. I'm Martha Carter
19 Brown. I'm representing the Commission staff this
20 afternoon.

21 A Good afternoon.

22 Q We have a couple of questions that start with
23 page 23 of your direct testimony, lines 12 through 23.

24 A Yes.

25 Q Okay. You state there that Sprint advocates five

1 retail service groups for discounts. You identify them as
2 simple access, including single line business and residence
3 services; complex access, including multiline accounts,
4 such as CENTREX, et cetera; features, special features,
5 including custom calling; operator and directory
6 assistance; and other, which includes all other retail
7 services, correct?

8 A Yes, that's correct.

9 Q Do you believe a separate discount for
10 residential and business services is appropriate?

11 A Well, what we have advocated here is that we have
12 a discount for simple access which is res. and bs.
13 combined. I guess the -- if you have, say, two discounts
14 for res. and bs., the concern we have is then how do you
15 apply that discount to a service like custom calling which
16 may be used by both res. and bs., that you are applying
17 different discounts for the same service at the same rate
18 based on -- potentially the same rate based on the class of
19 the customer. At least from our standpoint now we have
20 difficulty in being able to bill that, so we don't know how
21 we would apply that administratively.

22 Q So your answer is you don't believe a separate
23 discount is appropriate?

24 A A separate discount per our position is R-1 and
25 B-1, the answer is no.

1 Q Okay.

2 A Complex business, the answer is yes.

3 Q Okay. Based on the avoided cost information that
4 Sprint has provided in this docket, do you believe a
5 separate discount for residential and business could be
6 determined? My sense is from your earlier answer -- I'm
7 not sure.

8 A I would probably have to defer that to the person
9 that did the model. I think the answer is probably yes,
10 but I really don't know.

11 Q All right. Should we ask that question of
12 Mr. Farrar?

13 A Yes.

14 Q All right. In that section of your direct
15 testimony that we talked about before and those five
16 different types of retail service, why did you select and
17 group those particular five retail services?

18 A We felt like that the avoided cost
19 characteristics of these five groupings were significant or
20 relatively different between the five groupings, at least
21 the four groupings. Those being simple access, complex
22 access, custom calling, and then the operator and directory
23 assistance services, and we just left the other group, the
24 five -- group 5 to pick up the remaining services.

25 Q Okay. Turn to page 35 of your direct testimony,

1 that's lines 16 through 19.

2 A Yes.

3 Q There you state that there are three network
4 elements used for call termination at the tandem switch,
5 tandem switching, transport and end office switching?

6 A Yes.

7 Q Is it possible for an ALEC to go through the
8 tandem but not use the ILEC's end office to terminate a
9 call? For instance, the ALEC may use its own switch to
10 terminate the call; is that possible?

11 A I would suppose that an ALEC could buy tandem
12 switching as a stand-alone function and have that tandem
13 switch route the calls to their own end offices, but that
14 would be sold more as an unbundled element rather than call
15 termination.

16 Q Just a second.

17 (DISCUSSION OFF THE RECORD)

18 Q Mr. Hunsucker, let's go back and let me see if I
19 can ask you a couple more questions about what you just
20 said. I'm not sure I understand. Did you just indicate to
21 the Commission that you don't consider call termination --
22 you don't consider an ALEC just using your tandem switching
23 to be a call termination function?

24 A Yeah, let me see if I can explain it. I guess
25 what I'm saying, they could buy unbundled tandem switching

1 from us and connect their own end office; but if a call
2 still terminates to my end user, then it is going to have
3 to come down through that tandem to my end office switching
4 to terminate the call rather than a stand-alone tandem
5 switching functionality.

6 Q Would there be a situation where that call would
7 not terminate to your end user, it would terminate to the
8 ALEC's end user?

9 A Yes, it would, that could happen.

10 Q Okay. So in that instance, the ALEC would not be
11 using all three network elements for call termination,
12 correct?

13 A That's correct, because it would be going on the
14 unbundled transport element or the unbundled tandem element
15 which then basically becomes part of their network.

16 Q Okay. Now switching to your supplemental direct
17 testimony.

18 A Yes.

19 Q Let me switch there too, just a second. Page 14,
20 lines 6 through 14, do you have that?

21 A Yes, I'm there.

22 Q You state that Sprint proposes to apply the
23 interstate access tariff rates without the application of
24 the residual interconnection charge as proxy rates for
25 transport facilities in Florida. Do you see that?

1 A Yes.

2 Q And you go on to say the interstate access tariff
3 for Florida is arranged in three geographic rate zones and
4 that Sprint advocates that these rates are appropriate
5 until such time as detailed TELRIC cost studies can be
6 developed. Have these TELRIC studies been provided to the
7 Commission?

8 A No, they have not. They have not been completed
9 as yet by our company, the TELRIC studies; that is why we
10 are proposing the interstate rates as a proxy or as an
11 interim rate until we have those studies complete.

12 Q When do you expect those studies to be complete?

13 A Based on the conversation I had late yesterday
14 with the folks in Kansas City, it would probably be
15 sometime in the February time frame that we would have
16 those complete.

17 Q And you would provide them to the Commission at
18 that time?

19 A Yes, we would.

20 Q Why do you believe the interstate access tariff
21 should be the proxy?

22 A Well, we believe that since we have done local
23 transport restructure that we have taken the subsidy
24 element, that being the RIC, out of the transport rates and
25 that those transport rates are currently priced very close

1 to the cost of providing that service and are close to what
2 will be produced by the TELRIC.

3 Q And you believe that that's more appropriate than
4 using the intrastate tariff?

5 A In most of our states the interstate rate tends
6 to be slightly lower than or lower than the intrastate
7 rate, and we believe it's closer to cost than some of the
8 intrastate rates, that is why we have proposed interstate.

9 Q That is in most of your states?

10 A Yes.

11 Q What about this state?

12 A I specifically haven't looked at what the
13 difference is between interstate and intrastate rates, so I
14 don't know the answer to that question.

15 Q Okay. On page -- well, we are on the same page,
16 lines 4 through 9 -- oh, I'm sorry, switch to page 16 here
17 please and lines 4 through 9. You state that call
18 termination will not use intraoffice switching which
19 reflects only calls that originate and terminate within the
20 same central office as CLECs using call termination will
21 have their own switch. Do you see that?

22 A Yes.

23 Q What rate would Sprint propose that the CLEC pay
24 for terminating the CLEC call on an intraoffice basis?

25 A For call termination?

1 Q Yes.

2 A I believe that this says there is no -- there is
3 no case where it would be an intraoffice call, that they
4 would all be interoffice coming from a CLEC switch to our
5 switch; therefore, there would be no interoffice
6 termination rate.

7 Q Okay.

8 A Okay.

9 MS. CARTER BROWN: Excuse me just for a second.

10 (DISCUSSION OFF THE RECORD)

11 BY MS. CARTER BROWN:

12 Q Please look at lines 11 through 17. There you
13 state that Sprint has deaveraged the costs for call
14 termination end office switching into seven bands. Why do
15 you believe this is appropriate?

16 A Well, based on the process we went through to try
17 to ensure that by using the 10% rule in trying to deaverage
18 these costs so we didn't create a wide disparity in the
19 cost versus the price we were charging by applying that 10%
20 rule, it generated the seven bands that we are proposing to
21 deaverage into.

22 Q Are these bands from end office switching
23 geographically deaveraged?

24 A They are geographically deaveraged based on the
25 exchange; so the answer is yes.

1 Q Okay. And that's how you determine -- How do
2 you determine which band applies?

3 A We looked at the cost of the individual offices
4 and used the 10% -- you know, based on the cost of those
5 offices, used the 10% rule to put them into zones, so based
6 on the office you would then look at the zone to which that
7 office fell under to determine the price.

8 Q Mr. Hunsucker, if we could go back for a minute
9 to the questions I was asking you before about intraoffice
10 switching. You say call termination will not use that?

11 A Yes.

12 Q Can you give us an example of what intraoffice
13 switching would be?

14 A Well, intraoffice switching would be switching of
15 a call within the same office versus between two offices.

16 Q Okay. All right. I want to look now at your
17 Exhibit Number MRH-6, if you'd turn to page 3 of 4.

18 A Okay.

19 Q Can you tell me what specific rate elements you
20 would charge an ALEC if a call were to go through the
21 tandem switch and terminate at the end office?

22 A That would go through the tandem switch and
23 terminate to an -- From a call termination standpoint, is
24 that the question?

25 Q Yes.

1 A Okay. We would charge the tandem switching rate,
2 which is near the top of the page, under tandem switching,
3 .003150.

4 Q All right. Is that per minute?

5 A Yes. That is per minute of use, that's correct.

6 Q Okay.

7 A We would also charge then the transport rate --
8 well, down at the bottom of the page, you see call
9 termination about halfway down?

10 Q Yes.

11 A We would charge the end office switching rate
12 based on the band within which that particular office fell,
13 and we would also charge either a dedicated or a common
14 transport rate down at the bottom of the page based on the
15 interstate access tariff.

16 Q And those rates are all per minute?

17 A The rate for dedicated transport is not per
18 minute. There is a fixed charge and then a per mile
19 charge.

20 Q Okay. Does the transport rate apply only to the
21 tandem switch?

22 A The transport rate would apply whenever they were
23 interconnected at the tandem switching and then we were
24 having to transport that call to the end office.

25 Q Okay. Thank you, Mr. Hunsucker.

1 MS. CARTER BROWN: No further questions.

2 CHAIRMAN CLARK: Commissioners?

3 (NO RESPONSE)

4 CHAIRMAN CLARK: Redirect.

5 MR. WAHLEN: No redirect.

6 We would like to move Exhibit 19, and just as a
7 matter of clarification, I want to make sure that I
8 included MRH-6 in that composite exhibit.

9 CHAIRMAN CLARK: You did.

10 MR. WAHLEN: Okay. Thank you.

11 CHAIRMAN CLARK: Without objection, those --
12 Exhibit 19 will be admitted in the record without
13 objection.

14 Thank you, Mr. Hunsucker.

15 We'll go ahead and take a break until 3, and we
16 will then begin with Mr. Farrar. Let me ask while we are
17 getting ready to break, how much time do you have for
18 Mr. Farrar?

19 MR. MELSON: That is hard to estimate. I've got
20 a lot of questions. It conceivably could take an hour and
21 a half. I think it will get done more quickly.

22 CHAIRMAN CLARK: Okay. What about Mr. Dunbar?

23 MR. MELSON: Less than ten minutes.

24 CHAIRMAN CLARK: Okay. Staff, do you have an
25 estimate of Mr. Farrar and Mr. Dunbar?

1 MR. KEATING: I would think that staff's
2 questions for Mr. Farrar would not take more than 10 or 15
3 minutes.

4 CHAIRMAN CLARK: And Mr. Dunbar?

5 MS. CARTER BROWN: About two.

6 CHAIRMAN CLARK: Two questions?

7 MS. CARTER BROWN: Two minutes.

8 CHAIRMAN CLARK: Two minutes, oh, okay. All
9 right. Well, we'll come back at three o'clock.

10 (BRIEF RECESS TAKEN)

11 (Transcript continues in sequence in Volume 4)

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