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August 11, 1999

BY HAND DELIVERY

Ms. Blanca Bayo, Director
Division of Records and Reporting
Room 110, Easley Building
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Docket No. 990649-TP

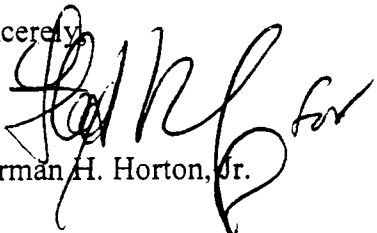
Dear Ms. Bayo:

Enclosed for filing on behalf of e.spire Communications, Inc. are an original and fifteen copies of the Direct Testimony of James C. Falvey in the above captioned docket.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me.

Thank you for your assistance with this filing.

Sincerely,


Norman H. Horton, Jr.

NHH/amb
Enclosure

cc: James C. Falvey, Esq.
Parties of Record

DOCUMENT NUMBER-DATE

990649 AUG 11 99

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Investigation into Pricing of)
Unbundled Network Elements.) **Docket No. 990649-TP**

TESTIMONY
OF
JAMES C. FALVEY
ON BEHALF OF
E.SPIRE COMMUNICATIONS, INC.
AND ITS SUBSIDIARIES

August 11, 1999

TESTIMONY OF JAMES C. FALVEY

1 **Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS**
2 **ADDRESS.**

3 A. My name is James C. Falvey and my position is Vice President - Regulatory
4 Affairs of e.spire Communications, Inc. My business address is 133 National
5 Business Parkway, Suite 200, Annapolis Junction, Maryland 20701.

6 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE AND**
7 **BACKGROUND.**

8 A. Prior to joining e.spire as Vice President - Regulatory Affairs in 1996, I
9 practiced law as an associate with the Washington D.C. firm of Swidler &
10 Berlin. In the course of my practice, I represented Competitive Local
11 Exchange Carriers ("CLECs"), Interexchange Carriers ("IXCs"), and cable
12 operators before state and federal regulators. Prior to my employment at
13 Swidler & Berlin, I was an associate in the Washington, D.C. office of the
14 law firm of Johnson & Gibbs, where I practiced in the area of antitrust
15 litigation. I graduated from Cornell University in 1985 with honors and
16 received my law degree from the University of Virginia School of Law in
17 1990. I am admitted to practice law in the District of Columbia and Virginia.

18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

19 A. I recommend to the Commission that the local loop unbundled network
20 element ("UNE") prices be deaveraged based on cost. I also provide e.spire's
21 policy recommendations as to how network elements should be deaveraged.

1 I will also address certain combinations of network elements, specifically the
2 Extended Link, and the associated pricing issues surrounding these network
3 elements, and others.

4 **ISSUE 1: DEEVERAGING OF UNEs.**

5 **Q. WHICH UNEs, EXCLUDING COMBINATIONS, SHOULD BE**
6 **DEEVERAGED (Issue 1-a)?**

7 A. The most important UNE to deaverage at this time is the local loop network
8 element. As the Commission knows, the Act's cost-based pricing standard
9 is intended to make UNE inputs available at cost-based rates so that new
10 entrants can use UNEs as a means of competing with incumbents.

11 **Q. WHICH UNE COMBINATIONS, IF ANY, SHOULD BE**
12 **DEEVERAGED (Issue 1-b)?**

13 A. Any UNE combination that includes a loop, e.g., the Extended Link, which
14 is comprised of an unbundled loop, transport and multiplexing, should be
15 deaveraged to reflect the deaveraged loop price.

16 **Q. WHAT IS THE APPROPRIATE BASIS FOR DEEVERAGING UNEs**
17 **(Issue 1-c)?**

18 A. The appropriate basis to deaverage UNEs is cost. If geographically
19 deaveraged rates are to be established consistent with the intent of the Act,
20 then the rates must be cost based. The structure of rates should be driven by
21 cost differences, not an ILEC marketing strategy. This would suggest, for
22 instance, that geographically deaveraged rates could be based on wire centers,

1 but not on exchanges. Exchanges often include several wire centers. Where
2 this is the case, the exchange cost represents an average of the costs of the
3 individual wire centers. In that manner, cost differences are masked, and not
4 allowed to serve as the basis of geographically deaveraged rates.

5 **Q. CAN BASING GEOGRAPHICALLY DEAVERAGED RATES ON**
6 **EXCHANGES BE ANTICOMPETITIVE?**

7 A. Yes. There is no reason to require that CLECs establish calling areas
8 comparable to the exchanges used by the ILEC, and there are no data to
9 suggest that it is efficient for CLECs to do so. Cellular carriers provide a
10 case in point. Thus, there is no basis to use the calling area currently
11 established by the ILEC as the basis for geographically deaveraged rates for
12 elements taken by the CLECs. Using these exchanges as the basis for
13 geographically deaveraged rates will require the CLEC to mirror the calling
14 areas of the ILEC to take full advantage of pricing differentials. The
15 implication is clearly anticompetitive.

16 **Q. SHOULD THE DEGREE OF DEAVERAGING BE UNIFORM FOR**
17 **ALL UNEs (Issue 1-d)?**

18 A. Cost studies and engineering analysis point to the fact that the cost of
19 providing unbundled loop elements vary across geographic areas within a
20 state. Accordingly, e.spire is recommending in this proceeding that the rates
21 of the local loop UNE be deaveraged. This applies to each of the different
22 types of loops, including 2-wire and 4-wire voice grade facilities, DS0 and

1 DS1 channels, and fiber loop facilities (DS3, OC3, OC12, OC 48 and dark
2 fiber).

3 **Q. WHAT OTHER FACTORS OR POLICY CONSIDERATIONS, IF**
4 **ANY, SHOULD BE CONSIDERED IN DETERMINING**
5 **DEAVERAGED UNE RATES (Issue 1-f)?**

6 A. Unless TELRIC loop rates are geographically deaveraged to account for the
7 different cost of building and maintaining networks in geographic areas with
8 varying loop lengths, topography and population density, CLECs will be
9 placed at a distinct competitive disadvantage. ILECs realizing this have
10 sought to secure an anticompetitive price advantage in lower cost urban and
11 suburban markets by not offering CLECs geographically deaveraged loop
12 rates. In short, because of the failure to offer geographically deaveraged loop
13 rates, e.spire's loop costs in these areas are made to exceed the ILECs'.

14 **Q. CAN STATEWIDE AVERAGE LOOP RATES BE COST-BASED?**

15 A. No. In order for loop rates to be truly cost-based, they cannot be based on
16 statewide averaged costs but, rather, they must reflect the costs incurred in
17 relevant density zones within the particular state. If e.spire must price its
18 end-user offerings to reflect the ILECs' state-wide loop costs, it will have
19 difficulty competing in dense urban markets where the ILEC can compete on
20 the basis of its lower costs of provisioning loops there. e.spire will have
21 difficulty absorbing this cost-differential and only will be able to do so where
22 volumes are high. Accordingly, the ILECs' anticompetitive practice of

1 building statewide averaged costs into their loop rates effectively raises
2 e.spire's, and other facilities-based CLEC's costs so that it is difficult or
3 impossible for e.spire and other CLECs to compete in the low-end business
4 or residential markets on a facilities basis.

5 To prevent this anticompetitive result, this Commission should require ILECs
6 to offer geographically deaveraged loop rates to CLECs.

7 **Q. HAS BELLSOUTH PRICED ITS SPECIAL ACCESS BASED ON**
8 **DENSITY ZONES?**

9 A. Yes. BellSouth has affirmed the advisability of pricing its facilities on a
10 geographically deaveraged basis where it faces competitive pressure itself.
11 Specifically, BellSouth has incorporated the use of three density zones in its
12 special access tariffs as a way to compete with e.spire and other CLECs in the
13 market for dedicated access circuits.

14 **Q. WILL HIGHER LOOP RATES OUTSIDE DENSE, URBAN AREAS**
15 **IMPEDE THE INTRODUCTION OF FACILITIES-BASED**
16 **COMPETITION THERE?**

17 A. No. Recall that BellSouth has itself filed deaveraged special access rates.
18 With geographically deaveraged loop rates, e.spire and other CLECs would
19 simply be able to match BellSouth's own cost structure, and the resulting rate
20 structure that BellSouth has established. Thus, e.spire's relatively higher
21 loop rates in low density areas will match-up with BellSouth's costs, and
22 both will be able to compete fairly there.

1 **Q. WHAT SUPPORTING DATA OR DOCUMENTATION SHOULD AN**
2 **ILEC PROVIDE WITH ITS DEAVERAGING FILING (Issue 1-g)?**

3 A. BellSouth's TELRIC model calculator includes data allowing the
4 determination of costs based on deaveraged rates. In its earlier UNE cost
5 study filings, BellSouth used a sample of loops in estimating loop costs. This
6 sample included loops serving business and residence customers, loops of
7 various lengths and located in different density areas. This same data should
8 be able to describe costs on a geographically deaveraged basis. However,
9 complete data on the entire sample used by BellSouth were not included with
10 the filing in the generic cost proceeding. The Commission should require all
11 ILECs to include such data with its deaveraging filing in this docket.

12 **Q. ARE THERE ALTERNATIVE DATA SOURCES THAT THE**
13 **COMMISSION CAN RELY ON TO SET DEAVERAGED LOOP**
14 **RATES?**

15 A. Yes. There is a possibility that the BellSouth data will either not be available
16 or not be useful in estimating geographically differentiated loop costs. If that
17 is the case, one option is to rely on an alternative data source to deaverage the
18 statewide rate. The Hatfield, BCPM and the FCC Hybrid Cost Proxy Model
19 models can be used in that manner.

20 **Q. IS THERE OTHER DATA AVAILABLE THAT THE COMMISSION**
21 **CAN DRAW ON TO DEAVERAGE LOOP UNEs?**

22 A. Yes. As explained above, BellSouth has geographically deaveraged rates for

1 interstate special access. These rates are based on differences in density and
2 could be used as the basis for geographically deaveraged unbundled loop
3 rates as well.

4 **Q. WHAT SHOULD THE COMMISSION DO?**

5 A. I urge the Commission to order deaveraged loop rates immediately. We
6 believe that the anticompetitive impact of the ILECs' high rates for
7 unbundled loops can be substantially ameliorated by compelling the ILECs
8 to bring their UNE rates into compliance with the mandate of the Act that
9 UNE rates be cost-based. As explained above, in order to be cost-based, the
10 rates of the local loop UNE must reflect geographic cost differences
11 associated with geographic zones.

12 **ISSUE 2: COMBINATIONS OF NETWORK ELEMENTS.**

13 **Q. HOW CAN ONE DETERMINE WHICH UNES AN ILEC**
14 **"CURRENTLY COMBINES" (51.315), VERSUS THOSE WHICH ARE**
15 **"NOT ORDINARILY COMBINED IN THE ILEC'S NETWORK"**
16 **(51.315)?**

17 A. Congress and the FCC have long recognized the important role combinations
18 would have in introducing local competition. Section 251(c)(3) of the Act
19 provides that "[a]n incumbent local exchange carrier shall provide such
20 unbundled network elements in a manner that allows requesting carriers to
21 combine such elements in order to provide telecommunications service."
22 FCC rule 315(b) provides that:

1 Except upon request, an incumbent LEC shall not
2 separate requested network elements that the
3 incumbent LEC currently combines.

4 The Supreme Court’s reinstatement of Rule 315(b) now makes it clear
5 that an ILEC must make available to competitors on a cost-based, unbundled
6 basis combinations of UNEs used by the ILEC in provisioning services to its
7 own carrier and end user customers. In its *Local Competition First Report*
8 *and Order*, the FCC explained that “incumbent LECs are required to perform
9 the functions necessary to combine those elements that are ordinarily
10 combined within their network, in the manner in which they are typically
11 combined.”

12 Hyper-technical readings of the rule put forth by ILECs in an effort
13 to end-run their newly reinstated obligation to provide combinations of
14 network elements should not be entertained by this Commission. For
15 example, ILECs may argue that there are no “pre-existing” combinations for
16 customers at new addresses. Similarly, ILECs could argue that there are no
17 “pre-existing” combinations for customers switching from one CLEC to
18 another. However, neither of these interpretations of the rule are consistent
19 with Congressional intent or the FCC’s explanation of and justification for
20 the rule.

21 To guard against the discriminatory impact of such interpretations, the
22 Commission should reject them explicitly and affirmatively declare that if an
23 ILEC uses a combination of network elements anywhere in its network to

1 provide service to any customer or carrier, then the ILEC must make
2 available the same combination to requesting carriers for any service they
3 intend to provide for any customer they intend to serve.

4 **Q. SHOULD ILECs BE REQUIRED TO OFFER EXTENDED LINK**
5 **UNEs?**

6 A. Yes. Because the Act endorses no technological means of recombination, the
7 Extended Links combination of loop, transport, and multiplexing should be
8 offered by the ILECs. Section 251(c)(3) requires ILECs to provide access to
9 UNEs at any "technically feasible point on rates, terms and conditions that
10 are just, reasonable, and nondiscriminatory." As evidenced by their own
11 provision of service to retail customers, UNE combinations - including the
12 Extended Link - are technically feasible. Thus, ILEC failure to offer the
13 Extended Link combination or other combinations would result in exactly the
14 type of discrimination contemplated by section 251(c)(3).

15 **Q. DOES FCC RULE 51.315(b) REQUIRE ILECS TO PROVIDE**
16 **EXTENDED LINK COMBINATIONS TO CLECs?**

17 A. Yes. The Commission should establish that section 51.315(b) of the FCC's
18 rules mandates that ILECs must make available to CLECs combinations of
19 UNEs that exist in the ILEC network, including the Extended Link.¹ Section

20 ¹ Note that the Extended Link combination maintains a bright line between section
21 251(c)(3), unbundling, and section 251(c)(4), resale, as Extended Link combinations
22 are not a finished service, but rather a continuous transmission facility that extends
23 from the customer premises to the CLECs switch.

1 51.315(b) provides that “[e]xcept upon request, an incumbent LEC shall not
2 separate requested network elements that the incumbent LEC currently
3 combines.” In upholding this rule, the Supreme Court stated that unbundled
4 means “to give separate prices for equipment and supporting services.” With
5 that definition in mind, the Court rejected the ILEC view that the phrase on
6 an unbundled basis in section 251(c)(3) means physically separated.

7 For the sake of clarity, the Commission should make clear that under
8 51.315(b), ILECs must make available to CLECs combinations of UNEs that
9 the ILECs make available to their end-users, including Extended Link
10 combinations. In its provision of data services to end-users, ILECs use
11 combinations of loops, transport, and multiplexing to provide connectivity.
12 For example, many ILECs provision DSL services - as native DSL or a T1
13 service over HDSL- and other data services (e.g., Frame Relay and ATM) to
14 their retail end-users using Extended Link arrangements. These data circuits
15 are the functional equivalent of Extended Links, and the ILECs’ collective
16 refusal to provide similar technically feasible combinations contradicts
17 section 51.315(b) of the FCC’s rules as well as the nondiscrimination
18 requirement of section 251(c)(3) of the Act.

19 **Q. SHOULD THE COMMISSION ADOPT RULES REQUIRING ILECs**
20 **TO CONVERT SPECIAL ACCESS CIRCUITS TO EQUIVALENT**
21 **UNEs or UNE COMBINATIONS?**

22 A. Yes. Many CLECs, including e.spire, have been forced to purchase special

1 access circuits in order to obtain reasonable deployment intervals for facilities
2 theoretically available as UNEs under interconnection agreements, but
3 plagued by ILEC provisioning delays. This is especially true for high-
4 capacity loops, including DS-1s. CLECs should not be penalized for the
5 ILECs' inability (or refusal) to install UNEs in accordance with their
6 statutory and contractual obligations. Accordingly, the Commission should
7 adopt rules requiring ILECs to convert special access circuits to equivalent
8 UNEs (or UNE combinations) after approval of an interconnection agreement
9 between the CLEC and ILEC. Carriers with existing interconnection
10 agreements must also be able to convert special access circuits without
11 penalty where CLECs have purchased special access to avoid unreasonable
12 ILEC provisioning delays.

13 The FCC's all elements rule prevents ILECs from separating already
14 combined elements, including elements that make up analogous special
15 access circuits.² In endorsing this rule, the Supreme Court noted that, without
16 such a rule, "incumbents could impose wasteful costs on even those carriers
17 who requested less than the whole network."³ Existing special access circuits
18 without question already are established, and thus ILECs are obligated to
19 make the conversions.

20 ² 47 CFR Section 51.315(b).

21 ³ AT&T Corp. v. Iowa Utilities Board, 119 S. Ct. 721, 735 (1999).

1 conducted its initial round of TELRIC studies consistent with forward
2 looking pricing principles. Indeed, e.spire believes that BellSouth's
3 interconnection, UNE and collocation pricing are inconsistent with the FCC's
4 designated TELRIC pricing standards and could not withstand review by that
5 agency.

6 Moreover, BellSouth's current rates are now based on cost studies
7 that are two or even more years old. Technological advancements -
8 particularly the conversion of many network inputs to digital technology -
9 continue to place substantial downward pressure on the forward looking costs
10 of UNEs. Thus, consistent with the cost-based pricing mandate of the
11 Commission, e.spire believes that it also is time that a second round of so
12 called permanent UNE rates be established. Thus, e.spire requests new and
13 current TELRIC based rates - monthly recurring charges ("MRC") and non-
14 recurring charges (NRC") - for all UNEs.

15 **Q. FOR WHICH UNEs SHOULD THE ILECs SUBMIT COST STUDIES**
16 **SUFFICIENT TO DEAVERAGE THOSE UNEs IDENTIFIED IN**
17 **ISSUES 1(a) and 1(b) (Issue 3-b)?**

18 A. This Commission should establish combination UNE rates by adding the
19 monthly recurring charges and non-recurring charges for each UNE
20 incorporated into the specified combination to arrive at price ceilings. e.spire
21 also urges the Commission to resist any attempts by the ILECs to drive-up
22 its competitors' costs - and end user rates - by imposing a non-cost-based

1 glue charge for refraining from tearing apart common network
2 configurations.

3 ILECs should submit forward looking cost studies for fiber DS-3
4 loops and other high capacity loops, including OC-3, OC-48, OC-96 and
5 SONET loops. ILECs should also propose rates for dark fiber loop plant,
6 Bit-Stream Links, and all varieties of Extended Links, including 2-wire voice
7 grade, 4-wire voice grade, 2-wire digital, 4-wire digital, 2-wire ADSL
8 compatible, 2-wire ADSL equipped, 2-wire HDSL compatible, 2-wire HDSL
9 equipped, 4-wire HDSL compatible, and 4-wire HDSL equipped Extended
10 Links. e.spire requests that the Commission compel the ILECs to file cost
11 studies based on forward-looking TELRIC pricing principles for each of
12 these UNEs

13 Moreover, e.spire believes that BellSouth's shared transport rates are
14 not appropriately TELRIC-based. Thus, e.spire requests that the Commission
15 require ILECs to produce current TELRIC studies so that appropriate rates
16 can be established.

17 An additional problem is that BellSouth simply has not proposed rates
18 for dedicated interoffice transport at any speed other than DS-1. Thus, ILECs
19 should be compelled to produce TELRIC-based rates for DS-3, OC-3, OC-
20 12, OC-96 and SONET transport in the context of this proceeding. No
21 individual contract basis pricing should be permitted.

22 With regard to unbundled dark fiber transport facilities, BellSouth has

1 not proposed any rates. Thus, e.spire requests that the Commission require
2 ILECs to produce current TELRIC studies so that appropriate rates can be
3 established.

4 Additionally, regarding xDSL-equipped loops, Bit-Stream Links and
5 Extended Links, e.spire urges the Commission to ensure that the monthly
6 recurring charges and the non-recurring charges for the whole do not exceed
7 the sum of the parts. Again, the Commission should also avoid awarding
8 ILECs with the ability to impose a non-cost based glue charge for resisting
9 the impulse to tear apart common network configurations requested by its
10 competitors.

11 **Q. TO THE EXTENT NOT INCLUDED IN ISSUE 3(b), SHOULD THE**
12 **ILECS BE REQUIRED TO FILE RECURRING COST STUDIES FOR**
13 **ANY REMAINING UNEs, AND COMBINATIONS THEREOF,**
14 **IDENTIFIED BY THE FCC IN ITS FORTHCOMING ORDER ON**
15 **THE RULE 51.319 REMAND (Issue 3-c)?**

16 A. Yes. Monthly recurring charges for central office loop channelization
17 systems. Here too, e.spire questions whether BellSouth's rates are cost-
18 based. In Florida, the monthly recurring charges are 70 percent higher than
19 they are across the border in Georgia. BellSouth's first and additional NRCs
20 for central office loop channelization systems also appear high.
21 Corresponding first NRCs in Georgia and Louisiana are 13 and 19 percent
22 lower, respectively. Additional NRCs are 18 and 24 percent higher.

1 Additionally, BellSouth's per circuit MRC for central office 2-wire
2 voice grade channel interfaces is the highest in the region exceeding the
3 corresponding MRC in other BellSouth states by up to 66 percent.

4 For certain subloop elements related to loop concentration outside the
5 central office, BellSouth has failed to propose any rates. e.spire submits that
6 the Commission should compel ILECS to fill-out its subloop rate proposals
7 based on current TELRIC cost-studies.

8 Turning to xDSL-equipped loops, the problem is that BellSouth has
9 refused to propose rates for these loops. Thus, even though the FCC recently
10 affirmed that ILECs must unbundle all network elements used in
11 provisioning advanced services, BellSouth still refuses to establish MRCs
12 and NRCs for unbundled local loops equipped with DSLAMs. However, like
13 all other UNE rates, the rates for DSLAM-equipped loops should be set at
14 TELRIC plus a reasonable profit. TELRIC-based MRC and NRCs should
15 also be established for the individual voice and data channels of an xDSL-
16 equipped loop. To expedite the deployment of advanced telecommunications
17 services, e.spire requests that the Commission expeditiously establish the
18 appropriate TELRIC rates during this proceeding.

19 Further, BellSouth has not yet proposed TELRIC-based rates for
20 frame relay interconnection and UNEs. e.spire requests that the Commission
21 establish TELRIC-based prices for frame relay interconnection and UNEs,
22 after reviewing current ILEC cost studies. In so doing, e.spire recommends

1 that the trunk port charge for local switching be used as an external reality
2 check to guard against any attempts to inflate costs and the rates which
3 consumers ultimately must pay.

4 **Q. TO THE EXTENT NOT INCLUDED IN ISSUE 3(b), SHOULD THE**
5 **ILECS BE REQUIRED TO FILE NONRECURRING COST STUDIES**
6 **FOR ANY REMAINING UNEs, AND COMBINATIONS THEREOF,**
7 **IDENTIFIED BY THE FCC IN ITS FORTHCOMING ORDER ON**
8 **THE RULE 51.319 REMAND (Issue 3-d)?**

9 A. Yes. BellSouth's NRCs for unbundled local loops are excessive. One
10 indication that BellSouth's NRCs exceed TELRIC is that they exceed the
11 NRCs that BellSouth imposes on its own retail customers. Indeed,
12 BellSouth's NRCs are significantly higher than its retail rates, some nearly
13 four and other nearly six times higher. For example, BellSouth's NRCs for
14 installing a new 2-wire analog voice-grade loop total \$195, without taking
15 account for a cross-connect NRC. BellSouth business customers pay only
16 \$56 for comparable service. For ISDN lines, the proposed NRCs are nearly
17 six times higher than comparable retail rates.

18 Additionally, the Commission should not permit BellSouth, or any
19 other ILEC, to impose a separate NRC for order coordination - virtually all
20 loop cutovers must be coordinated. Also, the drop in NRCs between the first
21 and additional NRCs may not adequately reflect the cost differential realized
22 by BellSouth when multiple loop orders are placed. For example, the

1 additional NRC for a 2-wire and 4-wire analog loops are 70 percent less than
2 the first NRCs. Yet, the first and additional NRCs for 2-wire ISDN, and 2-
3 wire and 4-wire xDSL loops differ by only 8 and 13 percent, respectively.
4 Similarly, the drop between the first and additional NRCs for DS-1 loops is
5 only 17 percent. Here too, we believe BellSouth should be compelled to
6 submit updated cost studies to justify these discrepancies.

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

8 **A.** Yes it does.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Direct Testimony of James C. Falvey on behalf of e.spire Communications, Inc. in Docket No. 990649-TX has been furnished by Hand Delivery (*) and/or U.S. Mail to the following parties of record this 11th day of August, 1999:

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August 11, 1999

BY HAND DELIVERY

Ms. Blanca Bayo, Director
Division of Records and Reporting
Room 110, Easley Building
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Docket No. 990649-TP

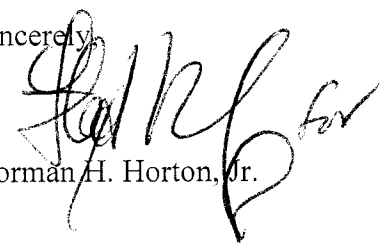
Dear Ms. Bayo:

Enclosed for filing on behalf of e.spire Communications, Inc. are an original and fifteen copies of the Direct Testimony of James C. Falvey in the above captioned docket.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me.

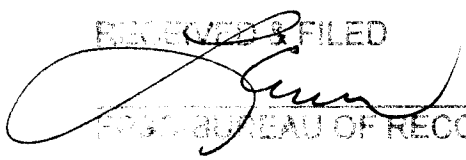
Thank you for your assistance with this filing.

Sincerely,



Norman H. Horton, Jr.

- AFA _____
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