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October 15, 1999

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

RE: Docket 990649-TP

Dear Ms. Bayo:

Enclosed for filing in the above docket on behalf of Sprint are the original and fifteen (15) copies of the Surrebuttal Testimony of Kent W. Dickerson.

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

Thank you for your assistance in this matter.

Sincerely,

Charles J. Rehwinkel

CJR/bs

Enclosures

cc: All parties of record

- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
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FPSC-DIVISION OF RECORDS AND REPORTING

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SPRINT
DOCKET NO.: 990649-TP
FILED: October 15, 1999

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

SURREBUTTAL TESTIMONY

OF

KENT W. DICKERSON

Q. Please state your name, business address, employer and current position?

A. My name is Kent W. Dickerson. My business address is 4210 Shawnee Mission Parkway, Fairway, Kansas 66205. I am employed as Director - Cost Support for Sprint/United Management Company.

Q. Are you the same Kent W. Dickerson who previously filed direct and rebuttal testimony in this docket?

A. Yes.

Q. What is the purpose of your surrebuttal testimony?

A. My surrebuttal testimony responds to portions of the rebuttal testimony of BellSouth Telecommunications, Inc.'s witness, D. Daonne Caldwell.

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1 Q. Beginning on page 16 of her rebuttal testimony, BellSouth
2 witness, Ms. Caldwell attempts to rebut Sprint's proposal
3 that the cost of unbundled switching varies and therefore
4 must be deaveraged. Do you agree?

5

6 A. No I do not. Ms. Caldwell suggests three facts as rebuttal
7 arguments to Sprint's deaveraged switching costs. The first
8 appears at lines 10 through 17 on page 16 of her rebuttal
9 testimony, where Ms. Caldwell states that several of the
10 cost drivers affecting loop costs do not affect switching
11 costs, e.g., weather, terrain, distance and local market
12 conditions. While I agree with this statement, it is
13 misleading and incorrect to relate this portion of my
14 testimony to the issue of deaveraged switching costs.
15 Nowhere in my testimony have I stated or implied that these
16 loop cost related issues result in switching cost
17 differences. Rather, starting at line 23 of page 8 of my
18 direct testimony, I separately addressed the significant
19 factors influencing switching cost variances where I state,

20 Due primarily to differences in the number of
21 customers served and the nature (interoffice or
22 intraoffice), volume, time of day and duration of
23 calls made by those customers, this analysis
24 shows a significant degree of variation in the
25 local switching cost per MOU.

1 Second, on page 16 lines 21-23, Ms. Caldwell offers the
2 following,

3 ... the distribution between traffic sensitive
4 (\$/Minute of Use) and non-traffic sensitive
5 (port) costs differs depending on the vendor.

6 This statement (which I agree with) does not negate the
7 fact that either a Lucent or a Nortel switch will exhibit
8 significant cost variances when the factors I have
9 identified above are correctly reflected in the switch cost
10 study.

11

12 Finally, on page 17, beginning on line 4, Ms. Caldwell
13 argues the fact that the switching network enables calls to
14 originate on one switch and terminate on another switch is
15 somehow justification for computing the cost of all
16 switches on an overall average basis. While it is easy to
17 agree that switches are deployed to enable the origination
18 and termination of calls throughout the network, this does
19 not support a conclusion that the cost of all switches must
20 be computed on an average basis. Ms. Caldwell's discussion
21 fails to mention the fact that it is easily demonstrated
22 that the number and duration of interoffice and intraoffice
23 calls varies widely between switches. Use of the same
24 Switching Cost Information Systems (SCIS) model advocated
25 by Ms. Caldwell, along with a proper recognition of switch

1 specific SCIS model inputs, will result in significant
2 deaveraged cost results as demonstrated in Exhibits KWD - 4
3 and KWD - 5 of my direct testimony. Ms. Caldwell's
4 characterization of this reality as a "mathematical
5 exercise" does not diminish the fact that it is a correct
6 and relevant mathematical exercise and is required in order
7 to comply with the FCC UNE deaveraging rule. Additionally,
8 it bears repeating that GTE's testimony concedes that ...
9 "switching costs do vary based upon size and traffic
10 volumes ... (which appear to vary between wire centers from
11 \$0.003 to \$0.006 per minute of use)" (Trimble Direct, page
12 9, Lines 23-25). BellSouth stands alone among the ILECs in
13 maintaining that significant deaveraged switch cost
14 variances do not exist.

15

16 Q. On page 17 of her rebuttal testimony, Ms. Caldwell
17 maintains that since BellSouth's transport rate structure
18 includes a per mile component, no further deaveraging is
19 necessary. Is this true?

20

21 A. No it is not. Exhibits KWD - 7 and KWD - 8 of my direct
22 testimony demonstrate that the termination component of
23 unbundled transport is by far the largest cost component of
24 unbundled transport. These Exhibits further demonstrate
25 that transport costs are far more sensitive to differing

1 capacity utilization of terminals and fiber than to changes
2 in route distances. For example, Exhibit KWD - 7 shows the
3 cost of a DS1 decreasing from \$52.16 to \$46.58 when
4 terminal and fiber utilization is increased from 60% to 70%
5 and mileage is held constant. This utilization change
6 equates to an 11% decrease in total DS-1 transport cost.
7 Conversely, Exhibit KWD - 8 demonstrates that increasing
8 mileage from 30 miles to 40 miles and holding the capacity
9 utilization of terminals and fiber constant only increases
10 the cost from \$48.09 to \$50.17, or 4%. Thus, utilization is
11 shown to have nearly three times greater impact on the cost
12 of unbundled transport than does route mileage distance.

13
14 I agree with BellSouth on the need for deaveraged transport
15 prices to reflect the cost impact of differing transport
16 route distances. However, the transport cost Exhibits
17 provided in my direct testimony clearly demonstrate an even
18 greater need to fully address and include the impact of
19 varying terminal and fiber utilizations in the deaveraged
20 cost and price determination for the unbundled transport
21 network element. BellSouth's transport deaveraging proposal
22 ignores this much more material deaveraged cost determinate
23 and would not comply with FCC rules for deaveraged UNE
24 prices.

25

1 Q. Does this conclude your surrebuttal testimony?

2

3 A. Yes.

CERTIFICATE OF SERVICE
DOCKET NO. 990649-TP

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by U.S. Mail or hand-delivery this 15th day of October, 1999 to the following:

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