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February 22, 2000
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Blanca S. Bayo, Director
Division of Records and Reporting
Betty Easley Conference Center
4075 Esplanade Way
Tallahassee, Florida 32399-0870

Re: Docket No.991838-TP

Dear Ms. Bayo:

Enclosed for filing and distribution are the original and 15 copies of:

- BlueStar Networks, Inc.'s Supplemental Rebuttal Testimony and Exhibits of August H. Ankum, Ph.D.

Please acknowledge receipt of the above on the extra copies enclosed herein and return them to me. Thank you for your assistance.

Yours truly,

Vicki Gordon Kaufman
Vicki Gordon Kaufman

AFA _____
APP _____
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CMU Favors
CTR _____
EAG _____
LEG _____
MAS _____
OFC _____
RRR _____
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MCWHIRTER, REEVES, MCGLOTHLIN, DAVIDSON, DECKER, KAUFMAN, ARNOLD & STEEN, P.A.

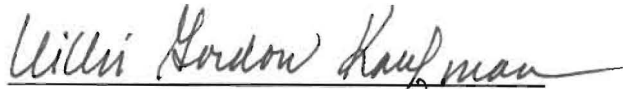
FPSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Supplemental Rebuttal Testimony and Exhibits of August H. Ankum, Ph.D., on behalf of BlueStar Networks, Inc., has been furnished by hand delivery(*) and by telefax transmittal(**) this 22nd day of February, 2000, to the following:

(*) Donna Clemons
Florida Public Service Commission
Division of Legal Services
2540 Shumard Oak Boulevard
Gunter Building, Room 370
Tallahassee, Florida 32399-0850

(*) (**) Phil Carver
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Attorneys for BlueStar Networks, Inc.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL

In re: :
: :
Petition for Arbitration of BlueStar Networks, :
Inc. with BellSouth Telecommunications, :
Inc. Pursuant to the Telecommunications :
Act of 1996. :
: :
_____ :

Docket No. 991838-TP

Filed: February 22, 2000

SUPPLEMENTAL REBUTTAL TESTIMONY

AND EXHIBITS

OF

AUGUST H. ANKUM, Ph.D.

ON BEHALF OF

BLUESTAR NETWORKS, INC.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re:	:	
	:	
Petition for Arbitration of BlueStar Networks, Inc. with BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.	:	Docket No. 991838-TP
	:	Filed: February 22, 2000
	:	
	:	

SUPPLEMENTAL REBUTTAL TESTIMONY

AND EXHIBITS

OF

AUGUST H. ANKUM, Ph.D.

ON BEHALF OF

BLUESTAR NETWORKS, INC.

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**
2 **SUPPLEMENTAL REBUTTAL TESTIMONY AND EXHIBITS**
3 **OF**
4 **AUGUST H. ANKUM, Ph.D.**
5 **ON BEHALF OF BLUESTAR NETWORKS, INC.**
6 **DOCKET NO. 991838-TP**

7
8 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

9 A. My name is Dr. August H. Ankum. I am a Senior Vice President at QSI Consulting,
10 Inc., a consulting firm specializing in economics and telecommunications issues. My
11 business address is 1261 N. Paulina, Suite 7, Chicago, Illinois 60622.

12 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK**
13 **EXPERIENCE.**

14 A. I received a Ph.D. in Economics from the University of Texas at Austin in 1992, an
15 M.A. in Economics from the University of Texas at Austin in 1987, and a B.A. in
16 Economics from Quincy College, Illinois, in 1982.

17 My professional background includes work and consulting experience in
18 private industry and state regulatory agencies. As a consultant, I have worked with
19 large companies, such as AT&T, AT&T Wireless and MCI Worldcom (MCIW), as
20 well as with smaller carriers, including a variety of alternative local exchange carriers
21 (ALECs) and wireless carriers. I am appearing on behalf of BlueStar Networks, Inc.
22 (BlueStar) in this proceeding.

1 I have over the past four years participated extensively in a number of
2 arbitration proceedings between new entrants and incumbent local exchange carriers
3 (ILECs). Specifically, I have been involved in arbitrations between new entrants and
4 NYNEX, Bell Atlantic, US West, BellSouth, Ameritech, SBC, GTE and Puerto Rico
5 Telephone. Prior to practicing as a telecommunications consultant, I worked for MCI
6 Telecommunications Corporation (MCI) as a senior economist. At MCI, I provided
7 expert witness testimony and conducted economic analyses for internal purposes.
8 Before I joined MCI in early 1995, I worked for Teleport Communications Group, Inc.
9 (TCG), as a Manager in the Regulatory and External Affairs Division. In this capacity,
10 I testified on behalf of TCG in proceedings concerning local exchange competition
11 issues, such as Ameritech's Customer First proceeding in Illinois. From 1986 until
12 early 1994, I was employed as an economist by the Public Utility Commission of Texas
13 (PUCT) where I worked on a variety of electric power and telecommunications issues.
14 During my last year at the PUCT, I held the position of chief economist. Prior to
15 joining the PUCT, I taught undergraduate courses in economics as an Assistant
16 Instructor at the University of Texas from 1984 to 1986. A more complete *curriculum*
17 *vitae* is included with this testimony as Exhibit No. ___ (AHA-1).

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

20 A. First, pursuant to a Notice of Substitution filed by BlueStar, I will be adopting both the
21 direct and rebuttal testimony of Michael Starkey for purposes of the hearing in this
22 proceeding. Second, this supplemental rebuttal testimony provides the Commission

1 with additional information regarding the cost studies that became available to BlueStar
2 only a short time before the rebuttal testimony was due. Finally, this testimony
3 addresses additional information Mr. Varner included for the first time in his rebuttal
4 testimony regarding a cost study that BellSouth filed for line conditioning services in
5 North Carolina but which BellSouth has not filed with this Commission or provided for
6 BlueStar's review in this proceeding.

7 **Q. WHAT RATES REMAIN IN DISPUTE BETWEEN THE PARTIES?**

8 A. After reading Mr. Varner's rebuttal testimony, it appears that BellSouth has changed
9 its testimony such that the rates it originally proposed in Mr. Varner's direct testimony,
10 rates to which BlueStar agrees, are no longer BellSouth's position. And, in fact, I have
11 been informed that BlueStar has filed a Motion to Strike those portions of Mr. Varner's
12 testimony in which he attempts to change the rates he testified to in his direct
13 testimony. It does appear that agreement exists for rates for 2-wire ADSL unbundled
14 loops. For these loops, it appears that both parties agree that recurring rates of \$15.81
15 per month, and non-recurring rates of \$113.85 (first loop) and \$99.61 (additional loop)
16 would be reasonable interim rates that should be adopted in this proceeding, subject to
17 true-up at the completion of Docket No. 990649-TP. For all other rate elements
18 (pending a ruling on BlueStar's Motion to Strike), it appears that the Commission will
19 need to decide the appropriate rate level. To assist in this endeavor, I have attached as
20 Exhibit No. ____ (AHA-2) to this testimony a matrix that compares all of the rates that
21 have been proposed in this case as well as a final proposal by BlueStar.

22 **Q. HAVE YOU HAD AN OPPORTUNITY TO REVIEW BELL SOUTH'S COST**

1 **STUDIES PROVIDED TO BLUESTAR PURSUANT TO DISCOVERY IN THIS**
2 **CASE?**

3 A. Yes, I have. At the time BlueStar's rebuttal testimony was filed in this proceeding,
4 BellSouth had just recently provided its cost studies to BlueStar and hence, adequate
5 review of the studies could not be performed. However, since that time I have had
6 additional time to review the studies.

7 **Q. DO YOU HAVE A COPY OF BELLSOUTH'S COST STUDY UPON WHICH**
8 **MR. VARNER RELIED IN HIS REBUTTAL TESTIMONY FOR PURPOSES**
9 **OF ESTABLISHING UNBUNDLED COPPER LOOP (UCL) RATES?**

10 A. Yes, I do. When BellSouth provided its responses to BlueStar's discovery requests,
11 BellSouth provided four CD-ROMs. Three of the CD-ROMs included studies specific
12 to the ITC^DeltaCom arbitration (Docket No. 990750-TP). A fourth CD-ROM
13 included studies specific to an e.spire arbitration (Docket No. 981642-TP). Until I read
14 Mr. Varner's rebuttal testimony I had no idea that the fourth CD-ROM was of any
15 relevance to this proceeding. However, after reading Mr. Varner's rebuttal testimony
16 I understand that BellSouth now intends to attempt to rely on the information on the
17 fourth CD-ROM to support UCL rates different than those included in Mr. Varner's
18 direct testimony.

19 **Q. DO YOU HAVE ANY COMMENTS REGARDING THE E.SPIRE STUDY**
20 **UPON WHICH BELLSOUTH ATTEMPTS TO RELY TO SUPPORT ITS**
21 **PROPOSED UCL RATES?**

22 A. Yes, I have several comments. First, the results of the e.spire study provided to

1 BlueStar by BellSouth in discovery do not match the results stated in Mr. Varner's
2 rebuttal testimony. Mr. Varner at page 8 of his rebuttal testimony suggests that the
3 e.spire study supports the following rates: "Unbundled Copper Loop over 18kf:"
4 Recurring, \$18.06, Nonrecurring \$326 (first) and \$288.19 (additional). However, the
5 e.spire study documentation appears to produce the following rates: "2-WIRE
6 COPPER LOOPS, 2-Wire Copper Loop – Digitally Conditioned:" Recurring \$18.06,
7 Nonrecurring \$250.45 (first) and \$193.82 (additional). The costs included in the
8 e.spire study (the study upon which Mr. Varner is purportedly trying to rely) do not
9 seem to fully support the rates in Mr. Varner's rebuttal testimony. It is unclear what
10 source Mr. Varner actually used to arrive at the UCL rates in his rebuttal testimony.
11 After BlueStar has had an opportunity to depose Mr. Varner and obtain an explanation
12 of this cost study, perhaps this connection will be clearer.

13 Additionally, it is important to note that the \$18.06 recurring charge identified
14 in the e.spire study for a UCL makes *no* distinction as to whether it is applicable to
15 loops less than or greater than 18,000 feet. A closer review of the e.spire study reveals
16 that this is consistent with the way in which the study was performed. BellSouth,
17 within the e.spire study, did not separately identify costs for provisioning a UCL of any
18 given length. It simply relied upon its underlying loop sample of 107 loops (a sample
19 that includes both loops longer than and shorter than 18kft) to determine the costs, on
20 average, of providing a UCL. Hence, Mr. Varner's nomenclature included at page 8
21 of his rebuttal testimony identifying the results of the e.spire study as a study
22 developing costs for "Unbundled copper loops over 18kf" is, at best, misleading.

1 Finally, even a cursory review of the e.spire study documentation makes it clear
2 that the study produces recurring and nonrecurring costs for a "digitally conditioned"
3 loop (i.e., load coils, bridged tap and repeaters or other digital disturbers have already
4 been removed from the loop). Hence, BellSouth's recommendation in this proceeding
5 to use the nonrecurring UCL costs from the e.spire study and then, additionally apply
6 separate loop conditioning charges from the North Carolina study appears to be
7 duplicative.

8 **Q. WHY DO YOU BELIEVE THE E.SPIRE STUDY PRODUCES COSTS FOR A**
9 **LOOP THAT HAS ALREADY BEEN CONDITIONED?**

10 A. First, the very name of the element being studied in the e.spire study reveals this fact
11 (i.e., "2-wire Copper Loop - Digitally Conditioned"). This language appears to
12 indicate that the e.spire study estimated costs for unbundled loops (both recurring and
13 non-recurring costs) for which this equipment had already perhaps been removed. This
14 explains the large discrepancy between BellSouth's reported nonrecurring costs for a
15 UCL (\$326) compared to nonrecurring costs reported for an ADSL/HDSL loop
16 (currently agreed to at \$113.85 per loop).

17 **Q. GIVEN YOUR REVIEW OF THE E.SPIRE STUDY, DO YOU BELIEVE THAT**
18 **MR. VARNER HAS USED THE RESULTS OF THAT STUDY TO**
19 **REASONABLY SUPPORT THE RATES INCLUDED IN HIS REBUTTAL**
20 **TESTIMONY?**

21 A. No, I do not. Indeed, Mr. Varner's use of the e.spire study in his rebuttal testimony
22 appears to generate more misinformation than it does useful information helpful in

1 supporting BellSouth's proposed rates. Mr. Varner's proposal regarding BellSouth's
2 UCL rates does not even rely upon the e.spire cost study results. Even if it did,
3 however, it is clear that Mr. Varner has mixed "apples and oranges" by ignoring the fact
4 that the e.spire study produces nonrecurring costs for loops that have already been
5 conditioned (as well as producing recurring costs for all ULC loops regardless of
6 length). For these reasons, I would recommend that the Commission reject Mr.
7 Varner's proposed rates for a UCL included in his rebuttal testimony (rates that were
8 supposedly based on the "newly found" e.spire study) and instead, adopt the rates
9 originally proposed in his direct testimony. Mr. Varner at page 8 of his rebuttal
10 testimony suggests that the proposed rates included in his rebuttal are more appropriate
11 than those included in his direct. This simply isn't true. And, as I have shown above,
12 the e.spire study is not helpful in supporting his contention (indeed, it appears to
13 directly contradict the reasonableness of the rates included in Mr. Varner's rebuttal).
14 Hence, it appears that the more reasonable rates are those included in Mr. Varner's
15 direct testimony.

16 **Q. MR. VARNER'S DIRECT TESTIMONY DID NOT INCLUDE PROPOSED**
17 **RATES FOR LOOPS LONGER THAN 18 KFT. WHAT RATES SHOULD**
18 **THE COMMISSION ADOPT FOR LOOPS LONGER THAN 18 KFT.?**

19 A. It is clear from the e.spire study as described above that BellSouth's UCL studies do
20 not differentiate between longer and shorter loops. Instead, as I also discussed in my
21 rebuttal testimony, it is clear that BellSouth's UCL studies simply determine costs
22 associated with an "average" copper loop using a loop sample that includes loops that

1 are both longer and shorter than 18 kft. Hence, the UCL rates included in Mr. Varner's
2 testimony should apply to all UCLs, regardless of length. The 18. kft. breakpoint
3 included in Mr. Varner's testimony, for which he suggests disparate rates must be
4 determined, appears to be a creation that is not supported by BellSouth's own cost
5 studies.

6 **Q. HAVE YOU HAD AN OPPORTUNITY TO REVIEW THE COST STUDIES**
7 **THAT SUPPORT MR. VARNER'S PROPOSED RATES FOR LINE**
8 **CONDITIONING?**

9 A. No, I have not. Mr. Varner's testimony did not include any cost studies for line
10 conditioning nor did BellSouth provide any such studies via discovery, even though
11 BlueStar specifically asked for such studies in Interrogatory No. 6. When asked in
12 Interrogatory Number 6 to provide any analysis BellSouth had undertaken for purposes
13 of conditioning multiple loops for use by xDSL technology, BellSouth responded as
14 follows: "To the extent that this interrogatory is intended to call for the production of
15 documents, BellSouth states that it has no responsive documents." Yet, in its rebuttal
16 testimony, BellSouth now says that it has a North Carolina study that can be used to
17 set rates for line conditioning in this proceeding. BellSouth has not yet provided that
18 study to this Commission or to BlueStar.

19 **Q. HAVE YOU HAD AN OPPORTUNITY TO REVIEW SUMMARY**
20 **DOCUMENTATION SPECIFIC TO THE NORTH CAROLINA STUDY**
21 **MR. VARNER REFERS TO IN HIS REBUTTAL TESTIMONY?**

22 A. Yes, the study comes from the Intermedia Arbitration (North Carolina Utilities

1 Commission, Docket No. P-55, Sub 1178) where BellSouth has filed the line
2 conditioning study Mr. Varner references in support of his proposed line conditioning
3 rates in this proceeding. The available public information explaining the BellSouth line
4 conditioning study has been forwarded to me by BlueStar local counsel, and I have
5 reviewed that information.

6 **Q. DOES THE INFORMATION INCLUDED IN THE DOCUMENTATION FILED**
7 **BY BELLSOUTH IN THE NORTH CAROLINA ARBITRATION SUPPORT**
8 **MR. VARNER'S PROPOSED RATES?**

9 A. No, it does not. First, I would point the Commission to FCC Rule §51.505(e) which
10 states: "An incumbent LEC must prove to the state commission that the rates for each
11 element it offers does not exceed the forward-looking economic cost per unit of
12 providing the element, using a cost study that complies with the methodology set forth
13 in this section and §51.511 of this part." I would simply highlight for the Commission
14 that BellSouth has not, in this proceeding or apparently in any other proceeding in
15 Florida, provided a forward-looking, economic cost study establishing reasonable rates
16 for the removal of load coils, bridged tap or any other "disturbers." Hence, an accurate
17 reading of the FCC's rules requires that BellSouth not to assess any rates for this
18 activity until such a study has been supplied and approved. Certainly a cost study filed
19 in another jurisdiction (a study that has not been provided or explained by BellSouth
20 in even a cursory manner, nor approved by that jurisdiction) does not satisfy the FCC's
21 requirements described above.

22 Second, even the summary documentation filed by BellSouth in the

1 North Carolina arbitration indicates that the rates proposed by Mr. Varner overestimate
2 BellSouth's actual costs of conditioning a loop.

3 **Q. PLEASE EXPLAIN HOW BELLSOUTH'S NORTH CAROLINA**
4 **DOCUMENTATION FAILS TO REASONABLY SUPPORT MR. VARNER'S**
5 **PROPOSED LINE CONDITIONING RATES.**

6 A. Attached to the rebuttal testimony of D. Doanne Caldwell in North Carolina Docket
7 No. P-55, SUB 1178 (filed January 31, 2000), BellSouth includes a description of its
8 line conditioning cost study. Within that description, BellSouth indicates that it
9 separately derived costs for line conditioning depending upon the activities required to
10 condition loops less than 18kft.in length and loops longer than 18kft. For loops shorter
11 than 18kft., BellSouth apparently decided that its outside plant personal would accrue
12 approximately \$710.20 in expenses when asked to "unload" a number of loops at a
13 given location (it is impossible to determine the actual amount because the studies
14 themselves are not available publicly). BellSouth apparently used this \$710.20 expense
15 to then arrive at a "per loop" cost of conditioning based upon an assumption that the
16 outside plant technicians would unbundle 10 loops, on average, each time they were
17 provided a work order specific to unloading a loop ($\$710.20 / 10 = \71.02). For loops
18 greater than 18kft., BellSouth apparently assumed that only one loop would be
19 conditioned at a time and hence, it attributed the entire cost of the outside plant
20 technician's travel, setup and labor expense to a single loop (the North Carolina study
21 provides a charge of \$776.42 for conditioning the first loop over 18kft. and \$24.21 for
22 each additional loop).

1 **Q. ARE THESE ASSUMPTIONS REASONABLE?**

2 A. No, they are not. First, the FCC recognizes at paragraph 193 of its *UNE Remand*
3 *Order* that loops less than 18kft. in length are unlikely to include load coils or other
4 types of disturbers. This results from the fact that loops shorter than 18kft. do not
5 generally require "loading" for purposes of providing high-quality voice grade services.
6 Hence, if load coils are present on loops less than 18kft. in length, their presence it is
7 likely the result of case specific engineering, customer specific demands or simply a
8 mistake. As such, BellSouth should attempt to unload as many pairs as possible when
9 it finds situations wherein loops less than 18kft. in length are loaded. This policy would
10 minimize the costs of upgrading BellSouth's network to a "digital ready" network (both
11 for BellSouth's own benefit and the benefit of its UNE purchasers). Hence,
12 BellSouth's assumption that only 10 loops will be unloaded when an outside plant
13 technician is deployed is an unreasonably low assumption.

14 **Q. WHAT ASSUMPTION WOULD BE A MORE REASONABLE INPUT INTO**
15 **THE MODEL?**

16 A. Generally, when outside plant is "loaded" (i.e., load coils are placed on a cable), an
17 entire binder group, or multiple binder groups, of cable are loaded at one time. Binder
18 groups are complements of 25 cable pairs that correspond directly to the color-coding
19 system used by outside plant engineers to identify individual circuits. Hence,
20 dispatching a technician to unload 25 cables is a far more reasonable assumption than
21 the 10 cables assumed within BellSouth's North Carolina study. Replacing BellSouth's
22 original assumption with this more reasonable assumption produces the following rates:

1 \$28.41 per loop ($\$710.20 / 25 = \28.41).

2 **Q. IS BELLSOUTH'S ASSUMPTION THAT ONLY ONE LOAD COIL WILL BE**
3 **REMOVED ON LOOPS GREATER THAN 18KFT. REASONABLE?**

4 A. No, it is not. BellSouth must understand by this time that its network needs to
5 transition from a network engineered solely for voice grade use to a network that
6 supports multiple technologies including DSL technologies that require "clean copper
7 loops." Hence, when an outside plant technician is dispatched to "unload" a given loop
8 (whether that loop be shorter or longer than 18kft.), BellSouth should actively attempt
9 to remove as many circuits as possible from a specific load coil so as to balance its
10 demands for voice grade service and advanced services. Assuming that only 1 loop will
11 be unloaded on any given work order ignores this "balance" in favor of maintaining a
12 largely voice grade capable network. BellSouth's original assumption for loops less
13 than 18kft. in length (i.e., the removal of 10 loops from a load coil) seems to better
14 capture this balance in loops greater than 18kft. than does an assumption of removing
15 a single loop. Substituting this more reasonable assumption results in the following
16 rates: \$77.64 per unloaded loop and \$24.21 for each loop beyond 10.

17 **Q. WOULD YOU RECOMMEND THAT THE COMMISSION ADOPT THE**
18 **REVISED RATES YOU'VE CALCULATED ABOVE AS INTERIM RATES IN**
19 **THIS PROCEEDING?**

20 A. No, I would not. The calculations above address only one obviously unreasonable
21 assumption that I could glean from summary information. Without the ability to review
22 the actual BellSouth study, it is unclear whether additional assumptions would need to

1 be revised before reasonable rates could be accomplished. Hence, in light of the willful
2 dearth of information filed by BellSouth in this proceeding, I would continue to
3 recommend that the Commission adopt the line conditioning rates I proposed in my
4 rebuttal testimony.

5 **Q. MR. VARNER IN HIS REBUTTAL TESTIMONY ACCUSES YOU OF**
6 **"PICKING AND CHOOSING RATES" THAT JUST HAPPEN TO MEET**
7 **WITH THE RATES YOUR CLIENT WOULD LIKE TO PAY. HE**
8 **ADDITIONALLY SUGGESTS THAT HE COULD JUST AS EASILY HAVE**
9 **PICKED NEW YORK LOOP CONDITIONING RATES (COMPARED TO**
10 **THE TEXAS RATES YOU PICKED) THAT ARE EVEN HIGH THAN THOSE**
11 **HE PROPOSED. DOES MR. VARNER HAVE A POINT?**

12 A. Mr. Varner's point is misplaced. First, Mr. Varner's rebuttal testimony intentionally
13 downplays the fact that BellSouth has an obligation, via a cost study, to prove that any
14 rates it assesses for access to a UNE recover only BellSouth's economic costs (see my
15 discussion regarding FCC Rule 51.505(e) above). BellSouth has provided no such
16 study in this proceeding. Given this fact, it seems highly disingenuous for Mr. Varner
17 to then argue that BlueStar is somehow "picking and choosing" rates simply because
18 it likes the results. If BellSouth had provided a reasonable line conditioning cost study
19 in this proceeding, BlueStar would have worked with that study and proposed
20 reasonable rates based upon the study. That avenue was not available to BlueStar.
21 Hence, BlueStar chose to propose the most recent line conditioning rates to have been
22 adopted by a state commission after extensive review and critique (i.e., the rates

1 resulting from the Rhythms and Covad arbitrations in Texas). I have reviewed the
2 methodology and the testimony from that case and I agree with both. I am also
3 generally aware of the methodology used in the New York case referenced by Mr.
4 Varner and I believe that it used a significantly different methodology. Though perhaps
5 less satisfactory to all parties than having BellSouth provide a reasonable cost study of
6 its own, nonetheless, the Texas order discussed in my direct testimony was, and
7 remains, the most reasonable information available at this time. Hence, I would
8 continue to recommend that the Commission ignore Mr. Varner's obvious diversionary
9 tactics and adopt the rates proposed in my rebuttal testimony consistent with the Texas
10 Commission's Arbitration Award in Docket Nos. 20226 and 20272.

11 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL REBUTTAL**
12 **TESTIMONY?**

13 A. Yes.

14

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Curriculum Vitae
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I am an economist and consultant, specializing in public utility regulation. In this capacity, I have provided consulting services in all major telecommunications markets of the United States, including New York, Texas, Illinois, Michigan, Tennessee, Georgia, and in a variety of smaller states. My consulting activities focus mostly on telecommunications regulation. Specifically, I work with large corporate clients, such as MCIWorldCom, AT&T, AT&T Wireless, and a variety of smaller competitive local exchange carriers and PCS providers. I have represented these clients before state and federal regulatory agencies in various proceedings concerning the introduction of competition in telecommunications markets. Recently, these proceedings focus largely on the implementation of the pro-competition provisions of Telecommunications Act of 1996.

Professional experience:

My professional background includes work experiences in private industry, a state regulatory agency, and academia. I have worked for MCI Telecommunications Corporation (MCI) as a senior economist. At MCI, I provided expert witness testimony and conducted economic analyses for internal purposes. Prior to joining MCI in early 1995, I worked for Teleport Communications Group, Inc. (TCG), as a Manager in the Regulatory and External Affairs Division. In this capacity, I testified on behalf of TCG in proceedings concerning local exchange competition issues. From 1986 until early 1994, I was employed as an economist by the Public Utility Commission of Texas (PUCT) where I worked on a variety of electric power and telecommunications issues. During my last year at the PUCT I held the position of chief economist. Prior to joining the PUCT, I taught undergraduate courses in economics as an Assistant Instructor at the University of Texas from 1984 to 1986.

Education:

I received a Ph.D. in Economics from the University of Texas at Austin in 1992, an M.A. in Economics from the University of Texas at Austin in 1987, and a B.A. in Economics from Quincy College, Illinois, in 1982.

PROCEEDINGS IN WHICH DR. ANKUM HAS PROVIDED EXPERT WITNESS TESTIMONY:

New York

Commission Investigation into Resale, Universal Service and Link and Port Pricing, New York Public Service Commission, Case Nos. 95-C-0657, 94-C-0095, and 91-C-1174, July 4, 1996. On behalf of MCI Telecommunications Corporation.

Texas

Petition of The General Counsel for an Evidentiary Proceeding to Determine Market Dominance, PUC of Texas, Docket No. 7790, Direct Testimony, June 1988. On behalf of the Public Utility Commission of Texas.

Application of Southwestern Bell Telephone Company for Revisions to the Customer Specific Pricing Plan Tariff, PUC of Texas, Docket No. 8665, Direct Testimony, July 1989. On behalf of the Public Utility Commission of Texas.

Application of Southwestern Bell Telephone Company to Amend its Existing Customer Specific Pricing Plan Tariff: As it Relates to Local Exchange Access through Integrated Voice/Data Multiplexers, PUC of Texas, Docket No. 8478, Direct Testimony, August 1989. On behalf of the Public Utility Commission of Texas.

Application of Southwestern Bell Telephone Company to Provide Custom Service to Specific Customers, PUC of Texas, Docket No. 8672, Direct Testimony, September 1989. On behalf of the Public Utility Commission of Texas.

Inquiry of the General Counsel into the Reasonableness of the Rates and Services of Southwestern Bell Telephone Company, PUC of Texas, Docket No. 8585, Direct Testimony, November 1989. On behalf of the Public Utility Commission of Texas.

Southwestern Bell Telephone Company Application to Declare the Service Market for CO LAN Service to be Subject to Significant Competition, PUC of Texas, Docket No. 9301, Direct Testimony, June 1990. On behalf of the Public Utility Commission of Texas.

Petition of Southwestern Bell Telephone Company for Authority to Change Rates, PUC of Texas, Docket No. 10382, Direct Testimony, September 1991. On behalf of the Public Utility Commission of Texas.

Application of Southwestern Bell Telephone Company, GTE Southwest, Inc., and Contel of Texas, Inc. For Approval of Flat-rated Local Exchange Resale Tariffs Pursuant to PURA 1995 Section 3.2532, Public Utility Commission of Texas, Docket No. 14658, January 24, 1996. On behalf of Office of Public Utility Counsel of Texas.

Application of Southwestern Bell Telephone Company, GTE Southwest, Inc., and Contel of Texas, Inc. For Interim Number Portability Pursuant to Section 3.455 of the Public Utility Regulatory Act, Public Utility Commission of Texas, Docket No. 14658, March 22, 1996. On behalf of Office of Public Utility Counsel of Texas.

Application of AT&T Communications for Compulsory Arbitration to Establish an Interconnection Agreement Between AT&T and Southwestern Bell Telephone Company, and Petition of MCI for Arbitration under the FTA96, Public Utility Commission of Texas, Consl. Docket Nos. 16226 and 16285. September 15, 1997. On behalf of AT&T and MCI.

Illinois

Adoption of Rules on Line-Side Interconnection and Reciprocal Interconnection, Illinois Commerce Commission, Docket No. 94-0048. September 30, 1994. On behalf of Teleport Communications Group, Inc.

Proposed Introduction of a Trial of Ameritech's Customer First Plan in Illinois, Illinois Commerce Commission, Docket No. 94-0096. September 30, 1994. On behalf of Teleport Communications Group, Inc.

Addendum to Proposed Introduction of a Trial of Ameritech's Customer First Plan in Illinois, Illinois Commerce Commission, Docket No. 94-0117. September 30, 1994. On behalf of Teleport Communications Group, Inc.

AT&T's Petition for an Investigation and Order Establishing Conditions Necessary to Permit Effective Exchange Competition to the Extent Feasible in Areas Served by Illinois Bell Telephone Company, Illinois Commerce Commission, Docket No. 94-0146. September 30, 1994. On behalf of Teleport Communications Group, Inc.

Proposed Reclassification of Bands B and C Business Usage and Business Operator Assistance/Credit Surcharges to Competitive Status, Illinois Commerce Commission, Docket No. 95-0315, May 19, 1995. On behalf of MCI Telecommunications Corporation.

Investigation Into Amending the Physical Collocation Requirements of 83 Ill. Adm. Code 790, Illinois Commerce Commission, Docket 94-480, July 13, 1995. On behalf of MCI Telecommunications Corporation.

Petition for a Total Local Exchange Wholesale Tariff from Illinois Bell Telephone Company d/b/a Ameritech Illinois and Central Telephone Company Pursuant to Section 13-505.5 of the Illinois Public Utilities Act, Illinois Commerce Commission, Docket No. 95-0458, December 1995. On behalf of MCI Telecommunications Corporation.

Citation to Investigate Illinois Bell Telephone Company's Rates, Rules and regulations For its Unbundled Network Component Elements, Local Transport Facilities, and End office Integration Services, Illinois Commerce Commission, Docket No. 95-0296, January 4, 1996. On behalf of MCI Telecommunications Corporation.

In the Matter of MCI Telecommunications Corporation Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish and Interconnection Agreement with Illinois Bell Telephone Company d/b/a Ameritech Illinois, Illinois Commerce Commission, Docket No. 96-AB-006, October, 1996. On behalf of MCI Telecommunications Corporation.

In the Matter of MCI Telecommunications Corporation Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish and Interconnection Agreement with Central Telephone Company of Illinois ("Sprint"), Illinois Commerce Commission, Docket No. 96-AB-007, January, 1997. On behalf of MCI Telecommunications Corporation.

Investigation into forward looking cost studies and rates of Ameritech Illinois for interconnection, network elements, transport and termination of traffic. Illinois Commerce Commission, Docket No. 96-0486, February, 1997. On behalf of MCI Telecommunications Corporation

Massachusetts

NYNEX/MCI Arbitration, Common Wealth of Massachusetts, Department of Public Utilities, D.P.U. 96-83, October 1996. On behalf of MCI Telecommunications Corporation.

New Mexico

Brooks Fiber Communications of New Mexico, Inc. Petition for Arbitration, New Mexico State Corporation Commission, Docket No. 96-307-TC, December, 1996. On behalf of Brooks Fiber Communications of New Mexico, Inc.

Michigan

In the Matter of the Application of City Signal, Inc. for an Order Establishing and Approving Interconnection Arrangements with Michigan Bell Telephone Company, Michigan Public Service Commission, Case No. U-10647, October 12, 1994. On behalf of Teleport Communications Group, Inc.

In the Matter, on the Commission's Own Motion, to Establish Permanent Interconnection Arrangements Between Basic Local Exchange Providers, Michigan Public Service Commission, Case No. U-10860, July 24, 1995. On behalf of MCI Telecommunications Corporation.

In the Matter, on the Commission's Own Motion, to consider the total service long run incremental costs and to determine the prices for unbundled network elements, interconnection services, resold services, and basic local exchange services for Ameritech Michigan, Michigan Public Service Commission, Case No. U-11280, March 31, 1997. On behalf of MCI Telecommunications Corporation.

In the matter of the application under Section 310(2) and 204, and the complaint under Section 205(2) and 203, of MCI Telecommunications Corporation against AMERITECH requesting a reduction in intrastate switched access charges, Case No. U-11366. April, 1997. On behalf of MCI Telecommunications Corporation.

Ohio

In the Matter of MCI Telecommunications Corporation Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish and Interconnection Agreement with Ameritech Ohio, The Public Utilities Commission of Ohio, Case No. 96-888-TP-ARB, October, 1996. On behalf of MCI Telecommunications Corporation.

In the matter of the review of Ameritech Ohio's economic costs for interconnection, unbundled network elements, and reciprocal compensation for transport and termination of local telecommunications traffic, The Public Utilities Commission of Ohio, Case No. 96-922-TP-UNC, Jan 17, 1997. On behalf of MCI Telecommunications Corporation.

Indiana

In the matter of the Petition of MCI Telecommunications Corporation for the Commission to Modify its Existing Certificate of Public Convenience and Necessity and to Authorize the Petitioner to Provide certain Centrex-like Intra-Exchange Services in the Indianapolis LATA Pursuant to I.C. 8-1-2-88, and to Decline the Exercise in Part of its Jurisdiction over Petitioner's Provision of such Service, Pursuant to I.C. 8-1-2.6., Indiana Regulatory Commission, Cause No. 39948, March 20, 1995. On behalf of MCI Telecommunications Corporation.

In the matter of the Petition of Indiana Bell Telephone company, Inc. For Authorization to Apply a Customer Specific Offering Tariff to Provide the Business Exchange Services Portion of Centrex and PBX Trunking Services and for the Commission to Decline to Exercise in Part Jurisdiction over the Petitioner's Provision of such Services, Pursuant to I.C. 8-1-2.6, Indiana regulatory Commission, Cause No. 40178, October 1995. On behalf of MCI Telecommunications Corporation.

MCI Telecommunications Corporation Petition for Arbitration Pursuant to Section 252(b) of the

Telecommunications Act of 1996 to Establish and Interconnection Agreement with Indiana Bell Telephone Company d/b/a Ameritech Indiana, Indiana Public Utility Regulatory Commission, Cause No. 40603-INT-01, October 1996. On behalf of MCI Telecommunications Corporation.

In the matter of the Commission Investigation and Generic Proceeding on Ameritech Indiana's Rates for Interconnection Service, Unbundled Elements and Transport and Termination under the Telecommunications Act of 1996 and Related Indiana Statutes, Indiana Public Utility Regulatory Commission, Cause No. 40611. April 18, 1997. On behalf of MCI Telecommunications Corporation.

In the Matter of the Commission Investigation and Generic Proceeding on GTE's Rates for Interconnection, Service, Unbundled Elements, and Transport under the FTA 96 and related Indiana Statutes, Indiana Public Utility Regulatory Commission, Cause No. 40618. October 10, 1997. On behalf of MCI Telecommunication Corporation.

Rhode Island

Comprehensive Review of Intrastate Telecommunications Competition, State of Rhode Island and Providence Plantations Public Utilities Commission, Docket No. 2252, November, 1995. On behalf of MCI Telecommunications Corporation.

Vermont

Investigation into NET's tariff filing re: Open Network Architecture, including the Unbundling of NET's Network, Expanded Interconnection, and Intelligent Networks, Vermont Public Service Board, Docket No. 5713, June 8, 1995. On behalf of MCI Telecommunications Corporation.

Wisconsin

Investigation of the Appropriate Standards to Promote Effective Competition in the Local Exchange Telecommunications Market in Wisconsin, Public Service Commission of Wisconsin, Cause No. 05-TI-138, November, 1995. On behalf of MCI Telecommunications Corporation.

Matters relating to the satisfaction of conditions for offering interLATA services (Wisconsin Bell, Inc. d/b/a Ameritech Wisconsin) Wisconsin Public Service Commission, 670-TI-120, March 25, 1997. On behalf of MCI Telecommunications Corporation.

In the Matter of MCI Telecommunications Corporation Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Wisconsin Bell, Inc. d/b/a Ameritech Wisconsin, Wisconsin Public Service Commission, Docket Nos. 6720-MA-104 and 3258-MA-101. On behalf of MCI Telecommunications Corporation.

Pennsylvania

In Re: Formal Investigation to Examine Updated Universal Service Principles and Policies for telecommunications Services in the Commonwealth Interlocutory order, Initiation of Oral Hearing Phase, Pennsylvania Public Utility Commission, Docket No. I-00940035, February 28, 1996. On behalf of MCI Telecommunications Corporation.

Georgia

AT&T Petition for the Commission to Establish Resale Rules, Rates and terms and Conditions and the Initial Unbundling of Services, Georgia Public Service Commission, Docket No. 6352-U, March 22, 1996. On behalf of MCI Telecommunications Corporation.

Tennessee

Avoidable Costs of Providing Bundled Services for Resale by Local Exchange Telephone Companies, Tennessee Public Service Commission, Docket No. 96-00067, May 31, 1996. On behalf of MCI Telecommunications Corporation.

Commonwealth of Puerto Rico

*Petition for Arbitration Pursuant to 47 U.S.C. & (b) and the Puerto Rico Telecommunications Act of 1996, regarding Interconnection Rates Terms and Conditions with Puerto Rico Telephone Company, Puerto Rico Telecommunications Regulatory Board, Docket No. 97-0034-AR, April 15, 1997. On behalf of Cellular Communications of Puerto Rico, Inc.
Cellular Communications of Puerto Rico, Inc.*

BLUESTAR NETWORKS, INC.
FLORIDA DOCKET NO. 981838-TP
PROPOSED RATE MATRIX

RATE ELEMENT	BlueStar - Direct					BellSouth - Direct			BellSouth - Rebuttal		
	RECURRING			NON-RECURRING		RECURRING	NON-RECURRING		RECURRING	NON-RECURRING	
	ZONE 1	ZONE 2	ZONE 3	FIRST	ADD'L		FIRST	ADD'L		FIRST	ADD'L
A. Unbundled Copper Loop											
> 0 - 18,000 feet	\$18.60	\$27.23	\$60.07	\$113.85	\$99.61	\$21.96	\$113.85	\$99.61	\$18.06	\$326.10	\$288.19
> 18,000 ft. - +	same	same	same	same	same	TBD	TBD	TBD	\$48.00	\$326.10	\$288.19
B. ADSL 2-Wire	\$12.78	\$18.72	\$41.29	\$113.85	\$99.61	\$15.81	\$113.85	\$99.61	\$15.81	\$113.85	\$99.61
C. Line Conditioning											
Removal of Load Coils											
< 12,000 ft.				\$0.00	\$0.00		TBD	TBD		\$71.02	
12,000 ft. < Loop < 18,000 ft.				\$25.66	\$22.83		TBD	TBD		\$71.02	
18,000 ft. < Loop				\$40.55	\$34.89		TBD	TBD		\$776.42	\$24.21
Removal of Bridged Tap											
< 12,000 ft.				\$0.00	\$0.00		TBD	TBD		\$82.44	
12,000 ft. < Loop < 18,000 ft.				\$17.62	\$14.79		TBD	TBD			
18,000 ft. < Loop				\$24.46	\$18.81		TBD	TBD			
Removal of Repeaters											
< 12,000 ft.				\$0.00	\$0.00		TBD	TBD		\$71.02	
12,000 ft. < Loop < 18,000 ft.				\$10.82	\$9.41		TBD	TBD		\$71.02	
18,000 ft. < Loop				\$16.25	\$13.42		TBD	TBD		\$776.42	\$24.21
D. Line Sharing											
When BlueStar provides the splitter	\$1.00			\$0.00	\$0.00	TBD	TBD	TBD			
When BellSouth provides the splitter	\$1.00			\$0.00	\$0.00	TBD	TBD	TBD			

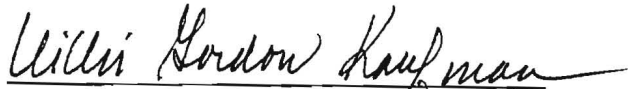
RATE ELEMENT	BLUESTAR FINAL PROPOSAL				BELLSOUTH ALLEGED AMENDMENT		
	RECURRING	NON-RECURRING		RECURRING	NON-RECURRING		
		FIRST	ADD'L		FIRST	ADD'L	
A. Unbundled Copper Loop							
> 0 - 18,000 feet	\$21.98	\$113.85	\$99.61	Vamer Direct	\$18.00	\$340.00	\$300.00
> 18,000 ft. - +	\$21.98	\$113.85	\$99.61	Vamer Direct	\$18.00	\$340.00	\$300.00
B. ADSL 2-Wire	\$15.81	\$113.85	\$99.61	Vamer Direct			
C. Line Conditioning							
Removal of Load Coils							
< 12,000 ft.		\$0.00	\$0.00	Texas Arbitration Award	\$485.00	\$25.00	
12,000 ft. < Loop < 18,000 ft.		\$25.66	\$22.83	Texas Arbitration Award	\$485.00	\$25.00	
18,000 ft. < Loop		\$40.55	\$34.89	Texas Arbitration Award	\$775.00	\$25.00	
Removal of Bridged Tap							
< 12,000 ft.		\$0.00	\$0.00	Texas Arbitration Award	\$485.00	\$20.00	
12,000 ft. < Loop < 18,000 ft.		\$17.62	\$14.79	Texas Arbitration Award	\$485.00	\$20.00	
18,000 ft. < Loop		\$24.46	\$18.81	Texas Arbitration Award	\$485.00	\$20.00	
Removal of Repeaters							
< 12,000 ft.		\$0.00	\$0.00	Texas Arbitration Award	\$485.00	\$25.00	
12,000 ft. < Loop < 18,000 ft.		\$10.82	\$9.41	Texas Arbitration Award	\$485.00	\$25.00	
18,000 ft. < Loop		\$16.25	\$13.42	Texas Arbitration Award	\$775.00	\$25.00	
D. Line Sharing							
When BlueStar provides the splitter	n/a	n/a	n/a	Settled Issue	n/a	n/a	
When BellSouth provides the splitter	n/a	n/a	n/a	Settled Issue			

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Supplemental Rebuttal Testimony and Exhibits of August H. Ankum, Ph.D., on behalf of BlueStar Networks, Inc., has been furnished by hand delivery(*) and by telefax transmittal(**) this 22nd day of February, 2000, to the following:

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