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June 29, 2000

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

Re: Docket No. 990649-TP Rebuttal Testimony on behalf of Sprint
Communications Company Limited Partnership & Sprint-Florida
Incorporated ("Sprint")

Dear Ms. Bayó:

Enclosed for filing are the originals and fifteen (15) copies of the Rebuttal
Testimony of Sprint witnesses James W. Sichter and John D. Quackenbush in
Docket 990649-TP.

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

Sincerely,

Charles J. Rehwinkel
Charles J. Rehwinkel

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- Enclosure

Sichter
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Quackenbush
DOCUMENT NUMBER-DATE
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by e-mail transmission, U. S. Mail, or hand delivery (*) this 29th day of June, 2000, to the following:

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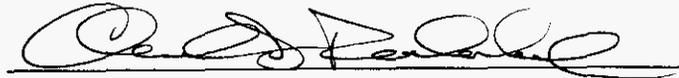
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
REBUTTAL TESTIMONY
OF
JAMES W. SICHTER

Q. Please state your name and business address.

A. My name is James W. Sichter. I am Vice President-Regulatory Policy, for Sprint Corporation. My business address is 6360 Sprint Parkway, Overland Park, Kansas 66251.

Q. Are you the same James W. Sichter that presented direct, supplemental and additional supplemental testimony in this case?

A. Yes, I am.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my testimony is to rebut the testimony of Ms. Terry Murray, representing Bluestar Networks Inc., Covad Communications Company, and Rhythms Links Inc., as well as Mr.

1 David Nilson, representing Supra
2 Telecommunications & Information Systems, Inc.

3

4 Q. On page 12, Ms. Murray states that Sprint's loop
5 qualification and conditioning charges could
6 create a barrier to entry? Do you agree?

7

8 A. No. Sprint's total non-recurring charges for loop
9 qualification and conditioning total \$29.64, an
10 amount that hardly constitutes a barrier to
11 entry. This total consists of a loop
12 qualification charge of \$28.20, and a loop
13 conditioning charge of \$1.44. The loop
14 conditioning charge is assessed on all xDSL loops
15 less than 18,000 feet. As reflected in Sprint's
16 NRC Loop Conditioning cost study supported by
17 Sprint Witness McMahon, Sprint estimates that
18 only 3.2% of its loops that are less than 18,000
19 feet would require load coil removal. Sprint's
20 proposed charge would spread the costs of
21 conditioning those loops over all xDSL loops
22 under 18,000 feet. The effect of Sprint's
23 proposal to spread the cost of loop conditioning
24 actually further reduces barriers to entry for
25 data CLECs.

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Moreover, it should be emphasized that the market for xDSL services is in its infancy, and Sprint itself has only recently begun marketing these services in Florida. Sprint incurs the same costs in providing xDSL to our own customers as we propose to charge to ALECs. Thus, every competitor, including Sprint, faces the same level of non-recurring costs for entering the xDSL market in Florida.

Q. Ms. Murray advocates that if the "...Commission adopts total, cumulative nonrecurring charges that create a barrier to competitive entry in Florida, the Commission should consider converting some or all of the remaining nonrecurring charges to recurring charges" (pg. 14). Do you agree?

A. No. First, as discussed above, Sprint's proposed non-recurring charges, based on TELRIC costing principles, do not constitute a barrier to entry.

Second, although Sprint would agree with Ms. Murray that BellSouth's and GTE's proposed

1 nonrecurring charges are barriers to entry, the
2 Commission should recognize that the problem with
3 those non-recurring charges is that they are not
4 based on TELRIC costing principles and are
5 grossly excessive. Permitting BellSouth and GTE
6 to merely shift the recovery of these unwarranted
7 costs from higher non-recurring to higher
8 recurring charges would be just as harmful to
9 competition. The only appropriate course for the
10 Commission is to require that BellSouth and GTE
11 revise their proposed non-recurring charges to be
12 consistent with TELRIC costing principles.

13

14 Q. Ms. Murray suggests on pg. 13 that the Commission
15 "undertake a rigorous review of the proposed non-
16 recurring charges to eliminate costs that are not
17 truly efficient, forward-looking economic costs".
18 Do you agree?

19

20 A. As previously discussed, Sprint agrees that the
21 proposed non-recurring charges of both BellSouth
22 and GTE are excessive and inconsistent with
23 TELRIC costing principles. At the same time,
24 Sprint would emphasize that its own proposed non-
25 recurring charges are both cost-based and

1 reasonable. To illustrate these differences, the
2 attached exhibit JWS-12 compares the proposed
3 xDSL-related non-recurring charges of the three
4 ILECs in this proceeding. As clearly
5 demonstrated in that exhibit, Sprint's proposed
6 NRCs are in sharp contrast to those proposed by
7 BellSouth and GTE. The total xDSL-related non-
8 recurring charges proposed by BellSouth are over
9 seven times higher than those proposed by Sprint.
10 Similarly, GTE's proposed non-recurring charges
11 for load coil and bridged tap removal are,
12 respectively, as much as 30 times and 150 times
13 those proposed by Sprint.

14
15 As is evident from the data presented in the
16 exhibit, the large differences in costs
17 necessitates a comprehensive review to ensure
18 that the NRCs developed by BellSouth and GTE are
19 in compliance with TELRIC methodology and are
20 truly based on least cost, most efficient,
21 forward-looking economic costs. Sprint Witness
22 McMahon will provide a more detailed review of
23 BellSouth and GTE's proposed NRCs in Phase II of
24 this docket.

25

1 Q. Mr. Nilson (page 11) asserts that "non-recurring
2 infrastructure costs" should be recovered over
3 the useful life of the facility? Do you agree?
4

5 A. Yes. Mr. Nilson's argument is consistent with
6 the FCC's rules stating that it would be
7 inappropriate to recover what are essentially
8 recurring costs through non-recurring charges.
9

10 Mr. Nilson provides no evidence or examples of
11 where he believes that Sprint has proposed to
12 recover recurring costs through non-recurring
13 charges. Sprint's NRCs are in fact consistent
14 with the FCC's rule that non-recurring charges
15 should recover only non-recurring costs. As
16 explained in the Direct testimony of Sprint
17 Witness McMahon, Sprint's non-recurring charges
18 are based on the actual costs incurred by Sprint
19 to perform only the non-recurring tasks required
20 for service provisioning. Therefore, Mr.
21 Nilson's concerns are unwarranted at least in
22 respect to the non-recurring charges proposed by
23 Sprint.
24

1 Q. Supra Witness Nilson (page 9) asserts that
2 although your testimony recognizes "that there
3 must not be barriers to entry in the competitive
4 market, and that users of facilities will change
5 over time", you nevertheless "ask the commission
6 for financial protection from an ALEC who cancels
7 service early".

8

9 A. Mr. Nilson has totally mischaracterized my
10 testimony. In the first instance, I stated in my
11 direct testimony (p. 25) only that "To the extent
12 that high non-recurring charges are a significant
13 barrier to entry, it may be appropriate to
14 require at least a portion of those non-recurring
15 charges through recurring rates." This qualified
16 statement can hardly be construed as meaning
17 "there must be not be barriers to entry in the
18 competitive market".

19

20 Secondly, as discussed in relation to the
21 preceding question, Sprint's non-recurring
22 charges are constructed to recover only non-
23 recurring costs, and therefore the fact that
24 users of the facilities will change over time is
25 irrelevant.

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Third, Mr. Nilson's characterization of Sprint's position as one of asking for "financial protection" misses entirely the point of the argument laid out in my Direct Testimony (Pages 25-26) in this proceeding. As stated therein, Sprint believes that NRCs should be recovered through non-recurring rates. Allowing NRCs to be recovered through recurring rates imposes a substantial amount of administrative burden on the incumbent LEC and could lead to undesirable and inequitable results. If the CLEC discontinues service before the NRCs are recovered, the incumbent LEC is financially exposed. And to that extent, at least, Mr. Nilson is correct: Sprint does not believe it should be required to bear the costs incurred for the exclusive benefit of an ALEC. Mr. Nilson fails to provide any justification for his apparent belief that it would be appropriate for an ILEC to, in effect, not recover from an ALEC those costs incurred for the benefit of that ALEC.

1 Moreover, Mr. Nilson fails to recognize that the
2 converse can also be true. That is, there is
3 also the potential of over-recovery if the
4 incumbent LEC does not reduce its recurring rate
5 once the non-recurring costs embedded in that
6 rate have been fully recovered.

7

8 Q. Mr. Nilson contends on page 8 that "The current
9 structure of just one non-recurring rate per UNE
10 loop is allowing the ILEC undue enrichment for
11 activities that are not performed." Is his
12 contention correct?

13

14 A. Mr. Nilson's allegation is simply not accurate
15 with respect to Sprint. Sprint's non-recurring
16 charges include a "migrate" charge of \$14.21 for
17 a 2-wire voice grade loop that is already in
18 service, and a \$72.98 non-recurring charge for
19 new loop installation. Thus, Sprint has proposed
20 different non-recurring charges that reflect the
21 actual costs of the functions performed in
22 provisioning the service under different
23 circumstances.

24

1 However, Mr. Nilson's allegation is valid in
2 respect to BellSouth. BellSouth fails to
3 differentiate between an existing loop and a new
4 loop for service provisioning.

5
6 Q. Mr. Nilson contends that there are additional
7 elements not listed in Issue 9(A) that need to be
8 unbundled, specifically, DSLAMs, WDM, and loops
9 within the distance limitations of xDSL
10 technology? Do you agree?

11
12 A. No. In order for this Commission to define
13 additional elements as UNEs, it must meet the
14 "necessary and impair" standards as set forth by
15 the FCC. Specifically, Section 51.317(a)(1) of
16 the FCC's Rules states that "a network element is
17 'necessary' if, taking into consideration the
18 availability of alternative elements outside the
19 incumbent LEC's network, including self-
20 provisioning by a requesting carrier or acquiring
21 an alternative from a third party supplier, lack
22 of access to the network element precludes a
23 requesting telecommunications carrier from
24 providing the services that it seeks to offer".
25 Furthermore, Section 51.317(b)(1) states that "a

1 requesting carrier's ability to provide service
2 is 'impaired' if, taking into consideration the
3 availability of alternative elements outside the
4 incumbent LEC's network, including self-
5 provisioning by a requesting carrier or acquiring
6 an alternative from a third party supplier, lack
7 of access to that element materially diminishes a
8 requesting carrier's ability to provide the
9 services it seeks to offer."

10

11 Mr. Nilson has failed to provide any of the
12 evidence required to meet the "necessary and
13 impair" standards. Moreover, he fails to
14 recognize that Section 51.319(c)(3) of the FCC
15 rules already categorize DSLAMs as an unbundled
16 network element under limited conditions.

17

18 In the absence of any evidentiary record to
19 support his position, Mr. Nilson's attempt to
20 expand the list of UNEs beyond those defined in
21 the FCC's rules must be rejected.

22

23 Q. Does that conclude your testimony?

24

25 A. Yes.

Non-Recurring Charge Comparison

UNE Components required for an xDSL Loop

<u>Item</u>	<u>Element</u>	<u>Bellsouth</u>	<u>Sprint</u>	<u>Difference</u>	<u>%</u>
1	Pre Qualification	\$ 189.37	\$ 28.20	\$ 161.17	572% Page 13 of 91 Exhibit AJV - 1
2	Service Order - Electronic	\$ 2.77	\$ 3.06	\$ (0.29)	-9% Page 15 of 91 Exhibit AJV - 2
3	Loop Conditioning or "Modification"	\$ 120.98	\$ 1.44	\$ 119.54	8301% Page 3 of 91 Exhibit AJV - 1
4	2-Wire xDSL Loop	\$ 319.72	\$ 68.84	\$ 250.88	364% Page 3 of 91 Exhibit AJV - 2
5	Disconnect Charge	\$ 155.54	\$ -	\$ 155.54	Page 3 of 91 Exhibit AJV - 2
Total Cost		\$ 788.38	\$ 101.54	\$ 686.84	676%

Loop Conditioning

<u>Item</u>	<u>Element</u>	<u>GTE</u>	<u>Sprint</u>	<u>Difference</u>	<u>%</u>
1	Load Coil Removal for loops <18kf	\$ 1,448.22	\$ 48.37	\$ 1,401.85	3023%
2	Bridge Tap Removal, UG, per location	\$ 911.76	\$ 394.78	\$ 516.98	131%
3	Bridge Tap Removal, UG, same time, same location	\$ 19.93	\$ 0.45	\$ 19.48	4329%
4	Bridge Tap Removal, AE, per location	\$ 911.76	\$ 5.74	\$ 906.02	15784%
5	Bridge Tap Removal, AE, same time, same location	\$ 19.93	\$ 0.39	\$ 19.54	5010%
6	Bridge Tap Removal, BU, per location	\$ 911.76	\$ 5.74	\$ 906.02	15784%
7	Bridge Tap Removal, BU, same time, same location	\$ 19.93	\$ 0.39	\$ 19.54	5010%

* Sprint's actual rate for load coil removal for loops under 18,000 feet is \$1.44, which is assessed on all xDSL loops under 18,000 feet.