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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

REFILED DIRECT 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 901 E. 104th Street, Kansas City, Missouri 64131. I am employed as Director - Cost Support for Sprint/United Management Company.

Q. Could you please summarize your qualifications and work experience?

A. My qualifications and work experience are summarized in Exhibit KWD-1.

Q. Please describe Sprint's position on an appropriately developed forward looking cost of service study.

A. Sprint believes that the major characteristics of an appropriately developed forward-looking cost of service study are as follows:

1. The ILEC's prices for interconnection and unbundled network elements will recover the forward-looking costs directly attributable to the specified element, as well as a reasonable allocation of forward-looking common costs. (FCC Order, para. 682.)

2. Per-unit costs will be derived from total costs using reasonably accurate "fill factors" (estimates of the proportion of a facility that will be "filled" with network usage); that is, the per unit costs associated with a particular element must be derived by dividing the total cost associated with the element by a reasonable projection of the actual total usage of the element. (FCC Order, para. 682.)

3. Directly attributable forward-looking costs will include the incremental costs of shared facilities and operations. Those costs will be attributed to specific elements to the greatest extent possible. Certain shared costs that have conventionally been treated as common costs (or overheads) will be

attributed to the individual elements to the greatest extent possible. (FCC Order, para. 682.)

4. Only forward-looking, incremental costs are included. (FCC Order, para 690.)

5. Retailing costs, such as marketing or customer billing costs associated with retail services, are not attributable to the production of network elements that are offered to interconnecting carriers and are not included in the forward-looking direct cost of an element. (FCC Order, para. 691.)

Issue 3

What are xDSL capable loops?

Q. Will you please address issue 3?

A. At the current time, xDSL capable loops are copper loops that are 18,000 feet in length or shorter. To be xDSL capable a loop must not contain any devices that impede the xDSL frequency signaling such as repeaters, load coils or excess bridged tap. Copper loops which contain

any of these three will require loop conditioning to remove the repeaters, load coils or excess bridged tap.

Q. Do some CLECs request xDSL capable loops in excess of 18,000 feet in length?

A. Yes. In those cases Sprint will provide any available copper loop in excess of 18,000 feet at the CLEC's request. Sprint will perform any loop conditioning requested by the CLEC and the CLEC will be charged for that loop conditioning work. As a loop length in excess of 18,000 feet is beyond the generally accepted industry standard limit for xDSL, Sprint will accept no responsibility for the xDSL capabilities of conditioned copper loops longer than 18,000 feet.

Q. Should a cost study for xDSL capable loops make distinctions based on loop length and/or the particular DSL technology to be deployed?

A. Other than the 18,000 feet distinction described above, No. As described above, copper loops 18,000 feet and shorter that contain no repeaters, load coils or excess bridged tap require no further cost study distinctions.

As described more fully in the testimony of Mr. Steve McMahon, Sprint believes that there are logical distinctions in the NRCs for loop conditioning depending on whether the loop is longer or shorter than 18,000 feet. Recurring charges, however, require no distinction in the underlying loop cost other than for standard issues of loop length, terrain, customer density, plant mix, etc..

Q. What factors affecting deaveraged UNE loop costs should be considered in an unbundled loop cost study?

A. The cost of unbundled local loops varies more on a geographic basis than any other UNE defined by the FCC's 96-325 Order. Under the broad category of physical geography, numerous factors affect the cost of providing loops to a specific customer location.

Customer Density - Customer density is the single largest factor impacting the cost of local loops. Customer density is commonly expressed in terms of customers or access lines per square mile. The density of customers impacts loop cost in an inverse manner: the higher the customer density, the lower the cost of the local loop. This relationship is linked to a few

fundamental issues, the first being a trench, conduit or aerial pole route is required regardless of whether a 25 pair or 2400 pair cable is placed. From this it is obvious the greater the customer density the more customers that can be served along a feeder or distribution cable route. Therefore, customer density ultimately determines how many customers or loops there are over which to spread the cost of digging the trench, and or placing conduit or placing aerial pole line.

Customer density also drives the unit cost of other equipment components associated with loops. Loop components such as Serving Area Interfaces (SAIs) (the point of interconnection between feeder and distribution cables), Digital Loop Carrier (DLC) devices, Drop Terminals for example, are all similarly impacted by customer density and exhibit lower per unit costs as customer density increases.

Distance - The distance of a given customer location from the central office directly increases loop costs as the distance increases. This relationship results from the obvious need to place more cable, trenches,

conduit and or aerial pole lines as the distance or length of the loop increases. As distance increases it generally increases the need for, and overall cost of, maintenance. Assuming constant customer density, longer cables have more splice points and resulting exposure to risk. Greater number of splice points means there are more areas for possible failure due to lightning, water, rodents, vandalism, and accidents.

Terrain - The type of terrain in which cable is placed impacts both the cost of the initial cable placement and the maintenance of the cable. The cost of below-ground cable construction increases as the presence and hardness of rock increases. Terrain factors such as the water table, trees, mountains, all affect both the initial construction cost of loops and subsequent maintenance expense.

Weather - The extremes of weather affect the cost of maintaining cable and therefore figures significantly into the type of cable placed (buried, aerial or underground). The cost of maintaining aerial plant in geographic areas which frequently experience ice storms or tropical hurricanes is certainly greater

than those areas that seldom encounter these conditions.

Local Market Conditions - Issues such as local zoning laws requiring below-ground plant, screening and landscaping around SAI and DLC sites, construction permits and restrictions, heavy presence of concrete and asphalt, traffic flows, and local labor costs, all impact the construction and maintenance costs of loop plant and will vary between locations.

Q. Do these same factors affect the cost of unbundled dark fiber and loop sub-elements?

A. Yes.

Q. Does this conclude your testimony?

A. Yes.

KENT DICKERSON

QUALIFICATIONS

I received a Bachelor of Science degree from the University of Missouri - Kansas City in 1981 with a major in Accounting. In 1984, I passed the national exam and am a Certified Public Accountant in the State of Missouri.

From 1981 to 1983, I was employed as a Corporate Income Tax Auditor II for the Missouri Department of Revenue. From 1983 to 1985, I worked for Kansas Power and Light (now Western Resources) in the Tax and Internal Audit areas. I joined United Telephone Midwest Group in September, 1985 as a staff accountant in the Carrier Access Billing area. Thereafter, I moved through a progression of positions within the Toll Administration and General Accounting areas of the Finance Department.

In 1987, I was promoted into the Carrier and Regulatory Services group as a Separations/ Settlement Administrator performing Federal and Intrastate access/toll pool settlement, reporting and revenue budgeting functions. I was promoted to Manager - Pricing in June, 1989 where I performed FCC regulatory reporting and filing functions

related to the United Telephone - Midwest Group Interstate Access revenue streams.

In 1991, I was promoted to Senior Manager - Revenue Planning for United Telephone - Midwest Group. While serving in this position my responsibilities consisted of numerous FCC regulatory reporting and costing functions. In 1994, I accepted a position within the Intrastate Regulatory operations of Sprint/United Telephone Company of Missouri where my responsibilities included regulatory compliance, tariff filings, and earnings analysis for the Missouri company's intrastate operations.

Since December 1994, I have set-up and directed a work group which performs cost of service studies for retail services, wholesale unbundled network elements cost studies, and state and federal Universal Service Fund cost studies. Over the last 4.5 years I have been charged with developing and implementing cost study methods which conform with Total Service Long Run Incremental Cost ("TSLRIC") and Total Element Long Run Incremental Cost ("TELRIC") methodologies. I am responsible for written and oral testimony, serving on industry work groups, and participating in technical conferences related to TSLRIC/TELRIC costing methodology, filing of studies within

individual 18 states that comprise Sprint's Local Telephone Division (LTD) and providing cost expertise to Sprint's participation in regulatory cost dockets outside of the LTD territories. I have testified in Florida, Nevada, North Carolina, Texas, Kansas, Georgia, and Wyoming regarding TSLRIC/TELRIC cost matters.