

ATTACHMENT C

BellSouth Telecommunications, Inc.
FPSC Docket No. 990649-TP
Request for Confidential Classification
Page 1 of 1
9/14/00

REQUEST FOR CONFIDENTIAL CLASSIFICATION OF BELLSOUTH
PROPRIETARY INFORMATION CONTAINED IN THE SUPPLEMENTAL
REBUTTAL TESTIMONY OF BLUESTAR, COVAD, AND RHYTHMS LINKS'
WITNESS TERRY L. MURRAY, FILED AUGUST 28, 2000 IN FLORIDA
DOCKET NO. 990649-TP

One Highlighted Copy

All 3/6/07 (entire document)
DECLASSIFIED
CONFIDENTIAL

This confidentiality request was filed by or
for a "telco" for DN 11536-00. No ruling
is required unless the material is subject to a
request per 119.07, FS, or is admitted in the
record per Rule 25-22.006(8)(b), FAC.

appeal (x-ref. 10606-00)
DOCUMENT NUMBER-DATE
11536 SEP 14 8

FPSC-RECORDS/REPORTING

1 UDC costs) on its *current retail* ISDN customers and locations. This
2 approach generates nonsensical results, with widely skewed prices. (In some
3 wire centers, BST's proposed UDC/ISDN prices are significantly lower than
4 its voice-grade prices and in others, UDC/ISDN prices are several times
5 higher than those for the basic SL-1 loop.) Competitors are free to buy any
6 loop as an ISDN-capable loop. Thus, BST should have modeled the cost of
7 ISDN-capable loops based on the characteristics of all loops.

8 In contrast, I estimated that the ISDN/UDC adder would be ***BST
9 **PROPRIETARY \$1.25 END PROPRIETARY***** per month based on the
10 incremental investment needed for ISDN cards on loops over fiber feeder.
11 [See Murray Direct and Rebuttal at 39-40.] BST's proposed increment is
12 more than nine times as high.

13 Even if the Commission were to accept BST's incorrect contention
14 that UDCs and ISDN-capable loops need to be "designed," the correct price
15 would be ***BST PROPRIETARY \$3.56 END PROPRIETARY*** per
16 month over the SL-1 price. This is the average incremental cost for the ISDN
17 line card plus the \$2.31 per month recurring cost that BST calculated for the
18 incremental effort to design loops. BST's proposed increment is more than
19 three times as high.

DECLASSIFIED

20 **III. BST'S REVISED NONRECURRING CHARGES ARE NOT**
21 **FORWARD-LOOKING.**

22 **Q. Can the Commission rely on BST's revised nonrecurring studies?**

1 computer investment that will be necessary to provide such mechanized
2 access. Inspection of BST's current estimate of computer investment bears
3 out my contention that its earlier estimate was vastly inflated. For example,
4 BST's estimate for midrange computer hardware investment is now only
5 about 10% of its former estimate. Examples of the adjustments BST has made
6 include:

DECLASSIFIED

7 *** BST PROPRIETARY

- 8 • *\$640 thousand* (rather than *\$6.1 million*) investment in "Midrange
9 Computer,"
- 10 • *\$6 thousand* (rather than *\$1.2 million*) investment for "EDS Initial
11 Installation,"
- 12 • *\$237 thousand* (rather than *\$2.2 million*) in right to use fees for "HP &
13 Third Party Server Software,"
- 14 • *\$1.9 million* (rather than *\$3.8 million*) for "Telcordia Application
15 Software" over 2000-2002, and
- 16 • *\$430 thousand* (rather than *\$2.6 million*) for "Hardware Operations &
17 Maintenance over 2000 - 2002,"

18 [BST revised cost study, FLLQDB.XLS, Input and WP3 sheets.] END

19 PROPRIETARY ***

20 Q. Why does BST's proposed per-use charge continue to be excessive even
21 with these adjustments?

22 A. BST's revised estimate is certainly more reasonable than its first effort. But,
23 even if one accepted the idea that competitors should be partially responsible

Supplemental Rebuttal Testimony of Terry L. Murray

1 for investment in BST's OSS investment, this estimate still seems to be
2 inflated. For example, BST's estimate still includes a *** BST
3 **PROPRIETARY \$14.1 million END PROPRIETARY ***** investment in
4 computer equipment, third party software and right to use fees, and program
5 development fees, and *** **BST PROPRIETARY \$6.7 million END**
6 **PROPRIETARY ***** in consulting services and third party software support
7 expenses for 2000-2002. [BST revised cost study, FLLQDB.XLS, Input,
8 WP1 and WP3 sheets.] The Commission should reject such apparently
9 unreasonable inputs until BST has supplied substantive support for those
10 inputs and parties have had an opportunity to comment on that support.

11 **Q. What is an appropriate price for access to loop makeup information,**
12 **based on the cost of forward-looking, efficient electronic access to that**
13 **information?**

14 A. As I explained in my July 31st testimony [at 99-100], the best estimate of the
15 efficient, long-run cost for the electronic provision of loop makeup
16 information, which new entrants can in turn use to perform their own loop
17 qualification assessment, is \$0. I recommend that the Commission adopt a
18 price of \$0 for mechanized loop makeup.

19 **Q. BST has proposed charges for manual loop makeup. When should**
20 **manual charges apply?**

21 A. Although the FCC required direct access to loop makeup information some
22 time ago (September 15, 1999), BST has only recently begun steps to provide