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BELLSOUTH TELECOMMUNICATIONS, INC.
SURREBUTTAL TESTIMONY OF JERRY KEPHART
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 990649A-TP
DECEMBER 26, 2001

Q. PLEASE STATE YOUR NAME, YOUR BUSINESS ADDRESS, AND YOUR POSITION WITH BELLSOUTH TELECOMMUNICATIONS, INC.

A. My name is Jerry Kephart. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375. I am Senior Director – Regulatory for BellSouth. I have served in my present position since October 1997.

Q. ARE YOU THE SAME JERRY KEPHART WHO EARLIER FILED DIRECT TESTIMONY IN THIS DOCKET?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY BEING FILED TODAY?

A. I will respond to the technical issues associated with BellSouth’s proposed “hybrid copper/fiber xDSL-capable loop” as raised in the rebuttal testimony of Mr. Michael

1 Gallagher of Florida Digital Network, Inc. and Mr. Greg Darnell on behalf of WorldCom
2 and AT&T. I also rebut the allegations made by Mr. John C. Donovan on behalf of
3 WorldCom and AT&T about BellSouth's Network-related input values used in the cost
4 study.

5
6 Q. ON PAGE 6, BEGINNING ON LINE 17 OF MR. GALLAGHER'S REBUTTAL
7 TESTIMONY, HE ADDRESSES WHY HE BELIEVES UNBUNDLED PACKET
8 SWITCHING IS A NECESSARY COMPONENT OF AN xDSL-CAPABLE DLC
9 LOOP. DID BELLSOUTH INCLUDE PACKET SWITCHING IN ITS HYBRID
10 COPPER/FIBER LOOP PROPOSAL AND IF NOT, WHY NOT?

11
12 A. Other than the packet switching or handling functionality incorporated into the Digital
13 Subscriber Line Access Multiplexer ("DSLAM"), BellSouth did not include packet
14 switching functionality at the central office end of the hybrid copper/fiber loop circuit.
15 There are several reasons for this. First, the Florida Commission only asked BellSouth to
16 submit a cost study for a hybrid copper/fiber xDSL-capable loop, which is exactly what is
17 included in BellSouth's submission. A packet switch is a completely separate and
18 distinct component from the loop. Mr. Gallagher is apparently seeking a combination of
19 all the network elements needed to furnish xDSL service (that is, the loop to the
20 customer's premises, a DSLAM and a packet switch). Further, Mr. Gallagher apparently
21 wants BellSouth to furnish this finished service to Alternative Local Exchange Carriers
22 ("ALECs") at rates based on Total Element Long Run Incremental Cost ("TELRIC")
23 methodology. BellSouth has no obligation to do so as should be apparent from what
24 follows in this explanation. Second, the FCC has addressed packet switching in its UNE
25 Remand Order and concluded that incumbents such as BellSouth are not required to

1 provide unbundled packet switching functionality except in limited circumstances. Those
2 circumstances are set forth in my direct testimony in this proceeding. As I stated in my
3 direct testimony, those circumstances do not exist at present in the state of Florida.
4 Finally, BellSouth's hybrid copper/fiber loop architecture is designed to terminate the
5 loop into the ALEC's own packet switch (rather than BellSouth's packet switch) for
6 further processing and switching to distant locations. The FCC determined in its UNE
7 Remand Order that ALECs are not impaired in their ability to acquire and deploy packet
8 switches in order to offer advanced services such as xDSL.

9
10 Q. MR. GALLAGHER STATES IN HIS REBUTTAL TESTIMONY ON PAGE 7, LINES
11 3-7 THAT A NEW HYBRID UNE LOOP WITHOUT UNBUNDLED PACKET
12 SWITCHING WOULD SERVE NO PURPOSE SINCE BELLSOUTH MUST
13 ALREADY UNBUNDLE THE FEEDER AND DISTRIBUTION SUBLOOPS. DO
14 YOU AGREE WITH THIS STATEMENT?

15
16 A. No. Unlike BellSouth's other unbundled loop offerings, its proposed hybrid xDSL UNE
17 loop incorporates the DSLAM functionality, which negates any requirement for ALECs
18 to collocate their own DSLAMs in BellSouth's remote terminals. Indeed, it was the
19 expressed desire of certain ALECs not to have to deploy DSLAMs in BellSouth's remote
20 terminals that led to the Florida Commission's request of BellSouth to develop a hybrid
21 xDSL UNE loop proposal if technically feasible. I find it strange that Mr. Gallagher now
22 suggests that BellSouth's proposal serves no useful purpose. Apparently Mr. Gallagher
23 believes that all investment risk related to deploying the assets required to provide xDSL
24 services should fall entirely on BellSouth. Under his proposal, ALECs would own little,
25 if any, serving equipment and would use BellSouth's network (including BellSouth's

1 packet switching network) to sell xDSL services to the ALECs' end users. This notion is
2 directly contrary to the FCC's stated goals of encouraging facilities based competition for
3 advanced services. The surrebuttal BellSouth witness Tommy Williams discusses this
4 issue further in his surrebuttal testimony.

5
6 Q. ON PAGES 7-8 OF MR. GALLAGHER'S REBUTTAL TESTIMONY HE ATTEMPTS
7 TO CHARACTERIZE BELLSOUTH'S PROPOSAL AS "THE OPPOSITE OF
8 UNBUNDLING" AND INSTEAD A REQUIREMENT TO "PURCHASE A
9 NETWORK." DO YOU AGREE?

10
11 A. No. BellSouth's offer to provide unbundled loop distribution and unbundled loop feeder
12 sub-loop elements as part of this proposal is completely consistent with BellSouth's
13 current offerings for UNE sub-loop elements. Indeed, some ALECs may already own the
14 equivalent of these two sub-loop elements and might prefer to use such rather than
15 acquire them from BellSouth. If BellSouth had bundled those elements (that is the sub-
16 loop elements loop distribution and loop feeder) into its proposal, this Commission would
17 likely have heard from those ALECs alleging that BellSouth's proposal would prevent
18 the ALEC from using its own assets in creating xDSL service offerings. The unbundled
19 DS-1 loop is a most reasonable capacity unit for launching typical xDSL offerings in
20 today's marketplace. The next lower capacity unit, a DS-0 (the equivalent of a single
21 voice grade channel operating at 64 kilobits per second), is an unlikely serving
22 arrangement for high speed broadband offerings. If an ALEC requires a DS0, BellSouth
23 is not opposed to providing it (assuming that a technically feasible arrangement can be
24 determined) if the interested ALEC submits to BellSouth its bona fide request ("BFR").

1 The ALEC can choose up to four DS1 channels for each DSLAM deployed, depending
2 on its expectation of simultaneous xDSL traffic transport requirements at a given locale.

3

4 Q. WHAT FORMS THE BASIS FOR BELLSOUTH'S ASSUMPTION OF A SIXTEEN-
5 PORT DSLAM?

6

7 A. The DSLAM is a distinct piece of equipment. DSLAM manufacturers offer units with
8 various capacities of customer lines, although most DSLAM manufacturers do not offer
9 DSLAMs with less than eight (8) customer line capability. BellSouth chose one
10 particular size DSLAM for this proposal (that is, a DSLAM with a capacity for sixteen
11 (16) customer lines) believing that this capacity would economically serve an ALEC's
12 demand at a given remote terminal site.

13

14 Q. DOES BELLSOUTH'S PROPOSAL REQUIRE THAT THE ALEC PURCHASE THE
15 ENTIRE DSLAM REGARDLESS OF THE QUANTITY OF CUSTOMER LINES THE
16 ALEC SERVES FROM A GIVEN REMOTE TERMINAL SITE?

17

18 A. Yes. The fact that the DSLAM has a 16-customer line capacity and the ALEC may only
19 want to use it for one customer is not relevant. Indeed, the loop element itself (that is, the
20 loop without the added DSLAM functionality) is priced the same whether the ALEC
21 chooses to use it as only a voice circuit or to use it for its higher capacity capability of
22 voice plus broadband. The fact remains that the DSLAM, like the loop, is a distinct
23 network facility that the ALEC must purchase with all of its features, functions and
24 capacity capabilities. It is the ALEC's choice on how to use the network facilities it
25 purchases. BellSouth has no obligation to bifurcate its loop offerings between multiple
26 ALECs, although nothing prevents an ALEC from sharing the loops it leases from
27 BellSouth with other ALECs. Of course, if the ALEC desires not to purchase the

1 BellSouth provided DSLAM at the remote, the ALEC always has the option to deploy its
2 own DSLAM.

3

4 Q. ON PAGE 9 OF HIS REBUTTAL TESTIMONY, MR. GALLAGHER ASSERTS
5 THAT ALECS ARE AT A DISADVANTAGE UNDER BELLSOUTH'S PROPOSAL
6 BECAUSE ALECS DO NOT HAVE THE SAME ECONOMIES OF SCALE
7 BENEFITS AS BELLSOUTH. IS THIS A VALID ARGUMENT?

8

9 A. No. For broadband services provided via a remote terminal, BellSouth faces the same
10 hurdles and opportunities as would any ALEC. The potential customer segment to be
11 served is the same for both parties so that any equipment deployed by either party
12 involves an investment risk. Should BellSouth not fill up the ports on its own DSLAMs,
13 it too runs the risk of not benefiting from economies of scale. Mr. Gallagher's proposal
14 would have BellSouth assume an investment risk for unfilled ports on DSLAMs deployed
15 for ALECs and for which BellSouth has no intention to use for its own broadband
16 services. Mr. Williams discusses this issue further in his surrebuttal testimony.

17

18 Q. ON PAGE 17 OF MR. GALLAGHER'S REBUTTAL TESTIMONY HE ARGUES
19 THAT SHARED DSL FACILITIES WOULD BE MORE EFFICIENT THAN THE USE
20 OF SEPARATE, DEDICATED FACILITIES. MR. DARNELL ALSO ALLUDES TO
21 THE NEED FOR SHARED FACILITIES ON PAGE 16 OF HIS REBUTTAL
22 TESTIMONY. ARE THERE ANY TECHNICAL ISSUES ASSOCIATED WITH THE
23 USE OF SHARED DSL FACILITIES IN THIS EXAMPLE?

24

25

1 A. Yes. The aggregation of ALEC and ILEC traffic through shared DSLAMs at the remote
2 site would require the use of a packet switch at the central office end of the circuit to
3 disaggregate the packets by service provider and route them to their appropriate
4 destination (such as an ALEC's collocation arrangement). This in effect would equate to
5 a requirement upon BellSouth to provide unbundled packet switching. As I pointed out
6 earlier, the FCC has determined that BellSouth is not required to provide unbundled
7 packet switching. Again, nothing prevents a group of ALECs from incorporating their
8 own sharing arrangements with DSLAMs, transport and packet switching should they
9 feel a more efficient result might be obtained.

10

11 Q. ON PAGE 18 OF MR. GALLAGHER'S REBUTTAL TESTIMONY HE CLAIMS
12 THAT HIS SUGGESTION FOR AN UNBUNDLED XDSL LOOP ARCHITECTURE
13 WOULD HAVE NO IMPACT ON BELLSOUTH'S ABILITY TO OFFER
14 BROADBAND SERVICES IN FLORIDA. DO YOU AGREE?

15

16 A. Not necessarily. Mr. Gallagher's proposal involves additional broadband investment risk
17 for BellSouth in order to install facilities to accommodate ALECs' broadband marketing
18 projections. Should the ALECs' forecasts not materialize, BellSouth would be left with
19 stranded investment thereby raising its costs and hampering its ability to offer broadband
20 services at a price competitive with service prices offered by the dominant cable
21 providers. This might actually stifle broadband deployment and competition in the state
22 of Florida.

23

24 Q. MR. GALLAGHER GOES ON TO SAY ON PAGES 18 AND 19 THAT SEPARATE
25 DSL FACILITIES AT REMOTE TERMINALS WOULD PRECLUDE THE BENEFITS

1 OF LINE SHARING AND CREATE INACCESSIBLE AND CRAMPED
2 CONDITIONS IN MOST REMOTE TERMINALS. DO YOU AGREE?

3
4 A. No. For ALECs that line share with BellSouth, the loop distribution pair serving a given
5 end user would be attached to a splitter and a connection carrying the data traffic would
6 then be connected to the ALEC's DSLAM at the remote. Thus, the voice traffic and data
7 traffic would leave the remote site over separate transmission paths to the voice and data
8 networks. This is no different than in circumstances where the ALEC provided its own
9 DSLAM at the remote. If ALECs want to share a loop for voice and data capabilities
10 among themselves (that is, line splitting), the ALEC voice provider could lease an
11 unbundled feeder sub-loop extending from the remote terminal forward to its collocation
12 arrangement in the central office. In so doing, the voice service ALEC provider can offer
13 its service without a requirement that it have facilities of its own at the remote terminal.
14 In any event, Mr. Gallagher's continuing protestations about limited remote terminal
15 spaces hampering efficient facility deployment amounts to nothing more than theory, as
16 no ALEC in Florida has ever been denied space in BellSouth's remote terminals.

17
18 Q. MR. GALLAGHER ON PAGE 21 OF HIS REBUTTAL TESTIMONY AND MR.
19 DARNELL ON PAGE 14 OF HIS REBUTTAL TESTIMONY BOTH DISAGREE
20 WITH THE STATEMENT IN YOUR DIRECT TESTIMONY THAT UNDER FCC
21 RULES BELL SOUTH IS EXEMPT FROM PROVIDING A DSLAM AS A UNE
22 PROVIDED CERTAIN CONDITIONS ARE MET. ARE THEY ACCURATE IN
23 THEIR ASSESSMENT?

24
25

1 A. No. First, Mr. Gallagher never disputes the FCC rule [(51.319(c)(3)(B)] I quoted. Rather,
2 he seems to base his disagreement on his belief that the Florida Commission should go
3 beyond the requirements set forth by the FCC. This Commission should also consider
4 that the FCC is again looking at its rules in the broadband area via its recently released
5 Notice of Proposed Rulemaking, (FCC 01-360), and may be soon modifying its existing
6 regulations. Mr. Darnell seems to agree that the FCC rule I quoted [(Rule
7 51.319(c)(3)(B)] does exist (even quoting an FCC ERRATA [(Rule 51.319(c)(5)] I
8 overlooked), but has trouble with my use of the word “exempt.” In the interest of
9 cooperation, I’ll defer to his use of the term “not required” because the result is the same.
10 As long as BellSouth complies with the conditions set forth by the FCC, it is not required
11 to unbundle the DSLAM.

12
13 Q. ON PAGES 22-24 OF MR. GALLAGHER’S REBUTTAL TESTIMONY HE ASSERTS
14 THAT THE HYBRID COPPER/FIBER LOOP PROPOSED BY BELL SOUTH
15 WOULD OFTEN BE UNAVAILABLE OR THE ALEC WOULD FACE
16 ADDITIONAL DELAYS IN PROCURING xDSL-CAPABLE LOOPS. IS THIS A
17 REASONABLE ASSERTION?

18
19 A. No. In order to reach his conclusions Mr. Gallagher once again engages in speculative
20 theory about BellSouth’s remote terminals and facility availability, combined with his
21 personal belief about how the market for broadband will eventually develop. Given that
22 Florida Digital Network has not yet attempted to place even one DSLAM in a BellSouth
23 remote terminal, Mr. Gallagher has no basis of fact on which to conclude that facilities
24 would often be unavailable. Of course, there might be delays associated with certain
25 remote terminal locations, but they are no different than the delays BellSouth faces when

1 it first decides to market broadband services to customers served by those remote
2 terminals. These delays could result from the need to augment remote terminal sites to
3 accommodate additional equipment like the DSLAM. However, BellSouth faces these
4 same potential delays when it first decides to deploy DSLAMs in remote terminals for its
5 own use.

6
7 Q. ON PAGE 27 OF MR. GALLAGHER'S REBUTTAL TESTIMONY HE CLAIMS
8 THAT BELLSOUTH IN ITS PROPOSAL DOES NOT PERMIT THE ALEC TO
9 TERMINATE ITS DS1 CIRCUITS AT THE ALEC'S COLLOCATION CAGE, BUT
10 RATHER, REQUIRES TERMINATION AT A DSL HUB BAY WHICH RESULTS IN
11 AN ADDITIONAL ADMINISTRATIVE DS1 CHARGE. IS THIS CORRECT?

12
13 A. No. The data DS1 circuits (up to four) will terminate directly to the ALEC's collocation
14 cage from the central office multiplexer. The administrative DS1 is used by BellSouth to
15 manage the proper functioning of the DSLAM, which is consistent with BellSouth's
16 obligations to maintain the UNE elements it leases to ALECs. It is this DS1 that is
17 terminated in the DS1 Hub Bay. However, there is no termination of ALEC DS1 circuits
18 carrying the ALEC traffic at the DSL Hub Bay, as Mr. Gallagher asserts.

19
20
21 Q. ON PAGE 15 OF MR. DARNELL'S REBUTTAL TESTIMONY HE STATES THAT A
22 DSLAM IS NOTHING MORE THAN A TYPE OF MULTIPLEXER. IS THIS A TRUE
23 STATEMENT?

1 A. Not exactly. A number of different types of equipment are often referred to generically
2 as multiplexers. Some of those devices include the digitization of signals from analog to
3 digital, whereas others aggregate and disaggregate digital signals. Some deal only with
4 metallic transmission facilities while others deal with fiber optic transmission facilities.
5 It appears that Mr. Darnell's goal here is to place the DSLAM in the same category as
6 other pieces of equipment that the FCC has required be provided on an unbundled basis.
7 Unfortunately for Mr. Darnell's argument, those other devices handle voice traffic rather
8 than advanced services. Thus there is no reason to adopt the "end run" around FCC rules
9 that Mr. Darnell attempts here. Further, the FCC has specifically examined whether the
10 DSLAM should be provided on an unbundled basis and has declined to do so. The FCC
11 concluded that the DSLAM is part of a packet switching network and must be provided
12 on an unbundled basis only in the limited circumstances set forth in my direct testimony.

13
14 Q. MR. DARNELL ON PAGE 16 OF HIS REBUTTAL TESTIMONY INSISTS THAT
15 BELLSOUTH MUST ALLOW ALECS TO PURCHASE PACKET TRANSPORT AT A
16 RATE THAT REFLECTS THE ECONOMIES OF SCALE ENJOYED BY
17 BELLSOUTH. DO YOU AGREE?

18
19 A. No. Nothing in the Act or in the FCC's rules requires BellSouth to set rates as Mr.
20 Darnell suggests. The FCC and this Commission have set standards for how costs will be
21 developed for unbundled network elements. What Mr. Darnell is requesting, however, is
22 not an unbundled network. What he requests should be seen for what it really is. Mr.
23 Darnell wants to impose a requirement that BellSouth provide finished services to
24 ALECs at TELRIC based rates even though the FCC has specifically declined to impose
25 such an obligation on incumbents. Mr. Darnell apparently believes that BellSouth should

1 shoulder all the economic risk related to deployment of advanced services and that
2 BellSouth should have no market advantage for having done so. The Commission should
3 reject Mr. Darnell's contention and not distort the Act and the FCC's rules to give his
4 company an artificial economic advantage in a nascent market.

5
6 Q. ON PAGES 11 THROUGH 16 OF MR. DONOVAN'S TESTIMONY, HE DISCUSSES
7 THE ENGINEERING FACTORS USED IN BELLSOUTH'S MOST RECENT COST
8 STUDY. PLEASE DESCRIBE THE SOURCE OF THOSE FACTORS.

9
10 A. The source for these factors is BellSouth's Outside Plant Construction Management
11 ("OSPCM") system. This system is used for internally estimating job costs. The
12 OSPCM system is important for internal decision-making within BellSouth to accurately
13 estimate the cost of a project or job. BellSouth regularly monitors OSPCM results to
14 ensure that estimates from this system closely match actual job results. Mr. Donovan's
15 recommended 10% factor would clearly result in engineering costs lower than those
16 experienced by BellSouth as evidenced by a comparison of BellSouth's factors used in its
17 own internal planning and job estimating processes to the 10% value proposed by Mr.
18 Donovan. The OSPCM system is the best tool available to BellSouth for estimating
19 engineering costs.

20
21 Q. MR. DONOVAN CLAIMS THAT BELLSOUTH IS ATTEMPTING TO RECOUP
22 NON-TELRIC EXPENDITURES THROUGH A "CLOSING FACTOR" SPREAD
23 OVER ALL STRUCTURE COSTS (PAGE 18). IS HE CORRECT?

24

1 A. Absolutely not. Ms. Caldwell discusses how this factor was used in the cost study.
2 These are legitimate costs that certainly belong in a cost study designed to reflect the
3 forward-looking costs associated with cable placement. Included in these
4 “miscellaneous” costs are costs associated with flagmen and police officers to direct
5 traffic around construction, renting chainsaws, blowers, generators, bulldozers and other
6 heavy equipment, and other miscellaneous items. These are legitimate costs that
7 BellSouth, or any other provider of service, will incur in any environment – especially an
8 environment in which the entire network must be built from scratch, as required by the
9 FCC’s TELRIC rules.

10

11 Q. ON PAGE 19, MR. DONOVAN CLAIMS THAT BELLSOUTH HAS MADE AN
12 ERROR IN DETERMINING CONTRACTOR COSTS ASSOCIATED WITH
13 PLACING POLES. DID BELLSOUTH ERR AS MR. DONOVAN CLAIMS?

14

15 A. No. Mr. Donovan apparently misinterprets the contract cost data associated with pole
16 placements. He cites two examples where BellSouth has included cost for placing poles
17 without talking credit for the number of poles placed – “Place Poles in Power” and “PL
18 Carry-In/Pole.” These costs, however, refer to additional contractor labor costs over and
19 above the standard labor costs associated with placing poles. Place Pole/Power refers to
20 additional costs charged by the contractor for placing a pole in existing power lines. It is
21 not the cost associated with placing a power company pole. The PL Carry-In/Pole refers
22 to additional costs associated with having to carry a pole into a location (e.g., set a pole
23 on a rear property line where an additional work effort was required to ‘Carry-In’ the
24 pole). In both instances, the number of poles associated with these additional labor costs
25 is included in the count of poles placed in the data used to develop the pole placing costs,

1 and there is no error in BellSouth's calculations. These are additional costs that are
2 experienced in the real world, and will be experienced in a forward-looking environment,
3 and are correctly included as part of the average cost of placing poles.

4
5 Q. ON PAGES 21 THROUGH 22, MR. DONOVAN EXPRESSES DISBELIEF THAT
6 BELLSOUTH PAYS ONE PRICE PER FOOT TO CONTRACTORS FOR BURIED
7 EXCAVATION REGARDLESS OF THE ACTIVITY REQUIRED (UNLESS IT IS
8 BORING OR PUSH PIPE AND PULL CABLE). PLEASE COMMENT.

9
10 Q. There is no differentiation in price for the method employed for buried excavation in any
11 current BellSouth Outside Plant ("OSP") Master Contract. BellSouth has negotiated for a
12 single price for buried excavation, with a few exceptions such as boring. That single
13 price per foot is charged to BellSouth regardless of whether the contractor plows, uses a
14 backhoe or hand trenches. Contrary to Mr. Donovan's testimony, BellSouth is not using
15 a trenching cost for plowing in its cost study and BellSouth has not "omitted any data for
16 plowing cable" (Donovan Testimony, Page 21, Line 11). That single price represents an
17 average for all types of buried excavation negotiated between BellSouth and its
18 contractors.

19
20 Q. ON PAGE 25, MR. DONOVAN CLAIMS THAT BURIED SPLICE PIT COSTS
21 SHOULD BE EXCLUDED FROM THE STUDY. IS HE CORRECT?

22
23 A. No. Mr. Donovan states that buried splice pits are not needed for normal buried splicing
24 operations because such splices are routinely placed in above ground pedestals. As Ms.
25 Caldwell discussed, the 2000 contractor activity in Florida (Attachment 3 of BellSouth's

1 filing) clearly shows that BellSouth does use buried splice pits and, therefore, are
2 appropriate for use in BellSouth's cost study.

3
4 Q. MR. DONOVAN, ON PAGE 27 OF HIS TESTIMONY, CLAIMS THAT BELLSOUTH
5 HAS INCLUDED INAPPROPRIATE COSTS IN ITS BURIED CABLE
6 (EXCAVATION) COSTS. HE CLAIMS THAT ONLY COSTS LABELED AS
7 "PLACING BURIED CABLE" SHOULD BE INCLUDED AND ALL OTHER COSTS
8 INCLUDED IN BELLSOUTH'S STUDY SHOULD BE EXCLUDED. IS HE
9 CORRECT?

10
11 A. No. The other costs he refers to are legitimate costs associated with burying cable and
12 thus, are correctly included in BellSouth's study. Those real costs of burying cable
13 include such things as disposal costs of trench aggregate, placing additional cables in the
14 same trench, etc. Attachment 3 of BellSouth's cost study filing includes a complete
15 listing of all items included in buried cable placement costs.

16
17 Q. ON PAGE 30, MR. DONOVAN STATES THAT CONDUIT MATERIAL INPUTS
18 SHOULD NOT CONTAIN ANY PLACING LABOR AND BELLSOUTH HAS
19 INCLUDED ONE LINE OF CONTRACTOR COST THAT INAPPROPRIATELY
20 INCLUDES LABOR. IS HE CORRECT?

21
22 A. No. The footnote in Attachment 3 that led Mr. Donovan to believe the cost item included
23 labor is incorrect. That cost item is conduit material only as defined by the master
24 contracts themselves:
25

1 "U072M – Material Only – Furnish C-4 inch conduit. Price per Linear Conduit Foot."—
2 (Source: "Exhibit A- Unit Prices, Underground Plant – Conduit – All Soil Conditions,
3 Material" – Bidding Agreement).
4

5 Q. MR. DONOVAN CLAIMS ON PAGES 30-32 THAT THE MANHOLE COST
6 DEVELOPMENT IS FLAWED. CAN YOU RESPOND FROM A NETWORK INPUT
7 PERSPECTIVE?
8

9 A. Yes. Mr. Donovan states on page 31 that Type-5, really a Size 5, which is the largest
10 manhole installed, only needs to be slightly larger than the Type 3 manhole (224 cubic
11 feet) to accommodate 5 cables. However, he does not provide any support for this
12 number. In fact, in the last paragraph on page 31 he states that BellSouth's actual
13 contractor data shows that only the larger size (504 cubic feet) manholes were installed).
14 This is exactly the size that BellSouth used for the Size-5 manhole in its inputs. Given
15 the fact BellSouth's actual data supports BellSouth's assumed size, I do not understand
16 Mr. Donovan's unsupported argument for a 224 cubic foot size. BellSouth's assumed
17 size for the largest manholes is supported and should be used.
18

19 Q. ON PAGES 33 AND 34, MR. DONOVAN RECOMMENDS THAT BELLSOUTH'S
20 PROPOSED STRUCTURE SHARING PERCENTAGES BE REJECTED AND
21 REPLACED WITH HIS PROPOSED SHARING FACTORS. ARE HIS PROPOSALS
22 REALISTIC AND APPROPRIATE FOR THE COMMISSION TO ADOPT?
23

24 A. No, Mr. Donovan's input recommendations are not realistic and should not be adopted by
25 this Commission. Mr. Donovan offers no basis for his recommended structure sharing

1 percentages other than that they are drawn from his own experience outside the State of
2 Florida. First, due to work coordination, safety, and available space considerations,
3 significant sharing of underground construction costs is very unlikely and thus BellSouth
4 seldom, if ever, shares in underground excavation. Underground structure sharing would
5 occur only when BellSouth is excavating for underground conduit and other parties are
6 willing to share that excavation and conduit cost with BellSouth. However, BellSouth
7 rarely, if ever, jointly places conduit with another party. BellSouth does lease conduit
8 space to other parties. This leasing of duct space is not the same as sharing the
9 construction cost and ownership of conduit. BellSouth used the percentage of duct space
10 leased to other parties as a surrogate of potential opportunities for underground structure
11 sharing. Mr. Donovan's recommendation of a 50%/50% sharing in rural density zones is
12 completely unrealistic and the 33%/33%/33% sharing in suburban and urban density
13 zones is even less credible. Such sharing assumptions would clearly result in a
14 significant under-recovery of a major portion of BellSouth's investments.

15

16 For buried sharing, BellSouth assumed that 6% of the time, conditions would allow
17 BellSouth to share buried excavation with another party. Today, such sharing with other
18 utilities is rare due to timing problems. Even in a scorched node scenario, CATV and
19 power lines are already in place, so the opportunities for sharing are no better than
20 BellSouth has seen in the past. Mr. Donovan recommends the same sharing percentages
21 for buried that he has proposed for underground. Those percentages are just as
22 unrealistic in the buried environment as they are in the underground environment. In
23 fact, this Commission previously approved BellSouth's sharing percentages in the
24 Universal Service proceedings (Docket No. 980696-TP). It concluded:

25

1 Upon review, we find that BellSouth's, GTEFL's, and Sprint's sharing
2 percentages represent the forward-looking sharing percentages available to
3 any efficient provider in each LEC's respective territory. Accordingly, we
4 hereby adopt each LEC's proposed sharing percentages because they are a
5 reasonable surrogate for sharing percentages likely to be achieved by an
6 efficient provider of basic service (Order No. PSC-99-0068-FOF-TP, Page
7 126).

8

9 Q. ON PAGES 35 AND 36, MR. DONOVAN PROPOSES THAT THE COMMISSION
10 SHOULD ASSUME THAT WHEN FEEDER AND DISTRIBUTION CABLES ARE
11 LAID ALONG THE SAME ROUTE, THE CABLES WOULD SHARE STRUCTURE
12 75% OF THE TIME. PLEASE COMMENT.

13

14 A. As BellSouth stated in its filing previously, there is no data available on this percentage.
15 However, there are many reasons that sharing of structures between feeder and
16 distribution do not happen frequently, including timing of placements, need for more
17 frequent access to distribution cables than to feeder cables, etc. Mr. Donovan gives no
18 support as to why he feels his proposed value should be selected instead of BellSouth's
19 value. He simply states, "I would expect...." BellSouth's estimate is based on BellSouth
20 Network's experience and forward looking projections regarding the infrequency of such
21 occurrences.

22

23 Q. MR. DONOVAN, ON PAGES 36 AND 37, STATES THAT BELLSOUTH'S POLE
24 SPACING "DOES NOT APPEAR TO PASS THE 'RED-FACE' TEST."
25 ADDITIONALLY, HE PROPOSES THAT SPACING FOR ANCHORS AND GUYS

26

1 ARE 1,200 FEET RATHER THAN THE VALUE OF 500 FEET USED BY
2 BELLSOUTH. PLEASE COMMENT.

3
4 A. BellSouth witness Ms. Caldwell discusses how BellSouth inputs were determined. I
5 wish, however, to discuss factors that influence pole spacing. For example, mid-span
6 clearances, joint use clearances, and right of way limitations drive most of the design
7 requirements for poles. Installations have unique characteristics for these elements. A
8 few examples which affect Aerial Structure Spacing are as follows:

9
10 (1) Strand tension shall not exceed 60 percent of breaking strength under storm
11 loading conditions.

12 (2) Strand tension shall not exceed 70 percent of breaking strength with the cable in
13 place and a 300-pound load concentrated at mid-span.

14 (3) Sag shall not exceed 10 feet (3.05 m) at 60 F (15.5 C) with no wind.

15 (4) The 6.6M strand tension shall not exceed 1400 pounds with the cable in place at
16 60 F (15.5 C).

17 (5) For self-supporting cable, the span length is limited by the simultaneous
18 application of items (3) and (4) above.

19 (6) All National Electric Safety rules and BellSouth safety rules must be followed.
20

21 The OSPCM considers conditions like these and includes them in the values developed
22 for BellSouth's own internal use as well as for TELRIC cost development. In this case,
23 the data speaks for itself – BellSouth's pole spacing of 120 feet is an accurate depiction
24 of the reality of the number of poles required to provide the number of sheath feet of
25 aerial cable placed in the network. There is no reason to believe this would be any

1 different in a forward-looking environment so BellSouth's input values should be
2 accepted by the Commission. Ms. Caldwell's Surrebuttal Testimony filed in this Docket
3 addresses the basis of the guy and anchor spacing used by BellSouth in its cost
4 development.

5

6 Q. DOES THAT CONCLUDE YOUR TESTIMONY?

7

8 A. Yes.

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