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March 18, 2002

**BY HAND DELIVERY**

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

Re: Docket No. 990649B-TP

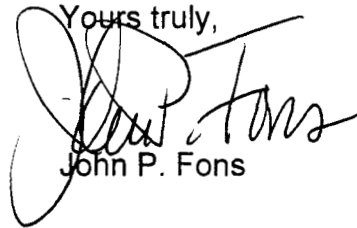
Dear Ms. Bayo:

Enclosed for filing on behalf of Sprint-Florida, Inc. are the original and fifteen (15) copies of the Surrebuttal Testimony of Kent W. Dickerson and Michael R. Hunsucker and the Rebuttal Testimony of Brian K. Stairh in the above matter.

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

Thank you for your assistance in this matter.

Yours truly,



John P. Fons

- AUS
- CAF
- CMP
- COM
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- ECR
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Enclosures

cc: All parties of record

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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by e-mail transmission, hand delivery(\*) or U. S. Mail this 18th day of March, 2002, to the following:

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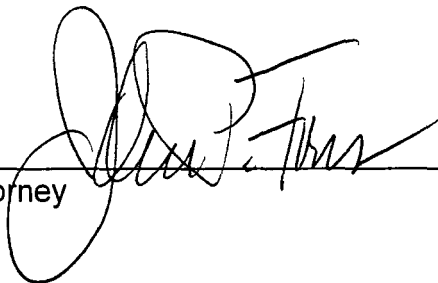
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1           BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION  
2                           SURREBUTTAL TESTIMONY  
3                                           OF  
4                           Kent W. Dickerson  
5

6   **Q.    Please state your name, business address, employer and current**  
7           **position.**

8  
9   A.    My name is Kent W. Dickerson. My business address is 6450 Sprint Parkway,  
10           Overland Park, KS 66251. I am employed as Director – Cost Support for  
11           Sprint/United Management Company.

12  
13  
14   **Q.    Are you the same Kent W. Dickerson who filed direct testimony in this**  
15           **case?**

16  
17   A.    Yes.

18  
19  
20   **Q.    What is the purpose of your Surrebuttal Testimony?**

21  
22   A.    The purpose of my testimony is to address on behalf of Sprint-Florida, Inc.  
23           ("Sprint") several issues raised by KMC witness Frank W. Wood.

1 **Q. Does Mr. Wood's testimony contain any specific comments or analysis**  
2 **of Sprint's cost study filings?**

3  
4 A. No, it does not. Mr. Wood acknowledges he is neither an economist nor a  
5 cost study expert and has not examined Sprint's cost studies or related  
6 testimony. However, Mr. Wood goes on to express his general concern that  
7 the UNE prices should be set at a level " ... that makes them affordable to  
8 use.", and tells the Commission " you cannot end up with UNE prices that are  
9 above ILEC retail rates." Sprint witness Mr. Hunsucker, will respond to these  
10 claims. I will address Mr. Wood's broad comments regarding Sprint's UNE  
11 prices versus those of BellSouth's as well as his mis-understanding of  
12 unbundled DS1 loops and prices.

13  
14  
15 **Q. In his testimony at page 3, Mr. Wood implores the Commission "Use**  
16 **your Staff. Turn them loose on the Sprint and Verizon cost studies, and**  
17 **let them dig into them and give them the independent review the studies**  
18 **require and this industry need." How do you respond?**

19  
20 A. The Commission Staff was already well in full motion, prior to Mr. Wood's  
21 rebuttal testimony. Sprint's cost study filing consisted of an extensive three  
22 volume set of testimony, model documentation and description, cost study  
23 narratives, inputs and outputs and supporting workpapers. Sprint consistently  
24 strives to distinguish its filings with this approach of providing a comprehensive  
25 and complete cost study filing, in a long held belief that using verifiable facts

1 and relevant data are the best independent means of determining UNE costs.  
2 These materials are wholly consistent with previous Sprint filings, which the  
3 Commission Staff has previously reviewed thoroughly.

4  
5 Further, a publicly noticed workshop was held on August 31, 2001 to ensure  
6 the Commission Staff and any other interested parties could conduct a  
7 thorough analysis of Sprint's cost studies, wherein, Sprint provided an  
8 overview of its cost models and methodology. Finally, the Commission Staff  
9 has issued some 200 plus interrogatories (many consisting of multiple part  
10 questions) and 51 production of document requests further evidencing the  
11 extent of their review. Sprint welcomes a complete and balanced analysis of  
12 its cost studies, and is confident the extensive data supporting its filed UNE  
13 rates demonstrate an adherence to TELRIC UNE pricing principles.

14  
15  
16 **Q. At page 19 of his testimony Mr. Wood expresses concern that Sprint's**  
17 **UNE prices are higher than those advocated for BellSouth. Please**  
18 **respond.**

19  
20 **A.** Given the dramatic differences in scale and geographic markets served both  
21 nationally and within Florida, it is to be expected that both BellSouth and  
22 Verizon would experience lower UNE costs than Sprint. Verizon serves some  
23 61.6 million access lines nationally, BellSouth serves 25.4 million and Sprint  
24 serves 8.2 million. The eightfold and threefold overall scale advantage of  
25 Verizon and BellSouth compared to Sprint should unquestionably lead to lower

1 vendor material prices for Verizon and BellSouth. BellSouth's threefold size  
2 advantage also extends to Florida where they serve close to 7 million access  
3 lines compared to some 2 million for Sprint. Further, BellSouth's serving area  
4 in Florida is much more urban in nature resulting in much greater customer  
5 densities leading to lower unit costs. This reality is easily demonstrated in the  
6 data graphed in the attached exhibit, Exhibit KWD-4.

7  
8 As this exhibit shows, approximately 65% of BellSouth's customers reside in  
9 the top two urban density groupings compared with only 25% for Sprint.  
10 Conversely, the lowest two customer density groupings contain 25% of  
11 Sprint's Florida customers compared with only 7% for BellSouth. It is a well  
12 understood reality that higher customer densities result in lower per unit capital  
13 costs and lower per unit maintenance expenses. Thus, both BellSouth's  
14 three-fold national and Florida's scale advantage, as well as a more dense  
15 urban serving area, all logically suggest lower unit costs for BellSouth when  
16 compared to Sprint. Based on the foregoing, it would be unreasonable to  
17 expect any other outcome other than for Sprint's UNE costs to exceed those of  
18 BellSouth's.

19

20

21 **Q. At page 9 of his testimony Mr. Wood estimates KMC Telecom III's cost to**  
22 **construct distribution laterals from existing fiber rings to potential**  
23 **customer sites at \$50,000. How does this compare with Sprint's cost**  
24 **analysis?**

25

1 A. It validates Sprint's cost analysis. At page 7, Mr. Wood explains that KMC  
2 has constructed 32 laterals extending off of its 45 mile fiber rings in  
3 Tallahassee to serve either IXCs or commercial and government customers.  
4 He also explains that KMC has some 3.6 million DS-0 equivalent lines serving  
5 15,301 customers for an average of 235 DS-0 equivalents per customer.  
6 Thus, when comparing KMC's estimated \$50,000 construction cost for  
7 distribution lateral, it is logical to compare that cost to the estimated costs for  
8 Sprint to serve DS-3 customer locations within the Tallahassee exchange.  
9 The capital cost for constructing a distribution lateral for the Sprint served DS-  
10 3 customer locations was estimated in Sprint's UNE filing at \$45,277. Thus,  
11 Mr. Wood's testimony regarding KMC's cost experiences in Tallahassee  
12 provides further validation as to the reasonableness of Sprint's proposed UNE  
13 loop costs.

14  
15  
16 **Q. On page 20 of his testimony, Mr. Wood expresses concern with Sprint's**  
17 **UNE DS-1 prices and describes a UNE DS-1 as follows: "The ILEC**  
18 **simply uses two pairs of copper for the loop, and installs a 'smart jack'**  
19 **at the customer premise[sic]. It is our opinion that a UNE DS-1 should**  
20 **generally cost no more than two UNE DS-0s." Is Mr. Woods**  
21 **understanding of a UNE DS-1 and the costs contained in Sprint's UNE**  
22 **DS-1 price correct?**

23  
24 A. No. Mr. Wood's understanding of a UNE DS-1 is mistaken. Sprint offers UNE  
25 DS-1 loops pursuant to the FCC's UNE orders. Accordingly, Sprint's UNE DS-



1           1 price reflects not only the cost of the copper pairs, but also the cost of the  
2           electronics necessary to provision a UNE DS-1. The cost study diagrams,  
3           narratives, and workpapers contained in Sprint's filing volumes describe the  
4           HDSL electronics used in conjunction with a 4-wire loop as the most efficient  
5           means of provisioning a UNE DS-1. Mr. Wood's characterization of a UNE  
6           DS-1 ignores the cost of the necessary electronics.

7  
8           Mr. Wood's description of a UNE DS-1 is actually the description of a UNE 4-  
9           wire loop for which Sprint has provided the much lower prices that follow: Rate  
10          Band 1 - \$40.41, Rate Band 2 - \$66.91, Rate Band 3 - \$135.34. Consistent  
11          with the FCC order defining NIDs as separate UNEs Sprint has also priced  
12          Smartjacks as standalone UNEs at \$8.86 per month. Thus, CLECs can  
13          purchase either, UNE 4-wire loops and self- provision the electronics  
14          necessary for DS1 bandwidth or they can purchase a UNE DS1 complete with  
15          electronics at an understandably higher cost.

16  
17  
18   **Q.     Does this conclude your testimony?**

19  
20   **A.     Yes.**

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