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April 19, 2002

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COMMISSION
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Ms. Blanca S. Bayo, Director
Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 990649B-TP
Investigation into Pricing of Unbundled Network Elements (Sprint/Verizon track)

Dear Ms. Bayo:

Please find enclosed for filing an original and 15 copies of revised page 41 of the Direct Testimony of Dennis B. Trimble and revised page 18 of the Surrebuttal Testimony of Dennis B. Trimble in the above matter. Revisions were made at lines 4, 5, 7 and 8 on page 41, and at lines 15 and 16 on page 18. Service has been made as indicated on the Certificate of Service. If there are any questions regarding this filing, please contact me at 813-483-2617.

Sincerely,

AUS _____
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of revised page 41 of the Direct Testimony of Dennis B. Trimble and revised page 18 of the Surrebuttal Testimony of Dennis B. Trimble in Docket No. 990649B-TP were sent via electronic mail and/or U.S. mail on April 19, 2002 to the parties on the attached list.



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1 determined using the following formula:

2 Fixed Allocator = TCC / DC

3 where: TCC = Total Common Costs, and

4 DC = Direct Costs

5 The objective of the formula is to create a mechanism such that when
6 direct costs are marked up to create prices, the resulting price sets allow
7 the firm a theoretical opportunity to recover its total costs, which are the
8 sum of its total direct costs and its total common costs (Total Costs = DC
9 + TCC). Using the above formula, prices are developed such that:

10 Prices = $DC * (1 + \text{Fixed Allocator})$ or

11 = $DC * (1 + (TCC/DC))$, which results in

12 = $DC + TCC = \text{Total Costs}$

13 Thus, the formula gives the Company an opportunity to recover its total
14 costs. Mr. Fischer's assertion that the fixed allocator should be based on
15 total common costs divided by total revenues would only lead to a
16 substantial understatement (and under-recovery) of the Company's total
17 costs. The Commission should reject Mr. Fischer's recommendation as a
18 self-serving, mathematically incorrect sham.

19
20 **Q. ON PAGE 25 OF HIS REBUTTAL TESTIMONY, MR. FISCHER STATED**
21 **THAT "WHILE USING DIRECT COSTS AS THE DENOMINATOR MAY**
22 **BE AN ACCEPTABLE METHOD, THE VERIZON PREDECESSOR,**
23 **GTE, TYPICALLY USED TOTAL REGULATED REVENUES AS THE**
24 **DENOMINATOR." IS THIS ASSERTION CORRECT?**

25 **A. Absolutely not. At GTE, I had total responsibility for the determination of**

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1 UNE Remand Order, ¶ 313. ILECs are only required to provide packet
2 switching capabilities to CLECs if all four of these conditions are met.

3

4 At this time, Verizon Florida has not deployed DSLAMs in remote
5 terminals for the commercial offering of advanced services. Given this
6 fact, Verizon Florida is not required to offer packet switching as a UNE.
7 If, Verizon Florida begins offering advanced services using DSLAMs
8 located in remote terminals, the Company will, at that time, comply
9 with the packet switching rules established by the FCC.

10

11 **LOCAL TRANSPORT**

12 **Q. WHAT LOCAL / INTEROFFICE TRANSPORT OFFERING IS**
13 **VERIZON FLORIDA PROPOSING IN THIS PROCEEDING?**

14 A. Verizon Florida is proposing rates for three separate categories of
15 local transport: (1) Common / Shared Transport, (2) Interoffice
16 Dedicated Transport, and (3) CLEC Dedicated Transport.

17

18 **Common/Shared Transport**

19 **Q. WHAT IS COMMON / SHARED TRANSPORT?**

20 A. As defined by FCC Rule § 51.319(d)(1)(C), shared transport is the use
21 of facilities by more than one carrier to facilitate the transport of calls
22 between end-office switches, end-office switches and tandem
23 switches, and between tandem switches in the ILEC network.

24

25 **Q. HOW DOES VERIZON FLORIDA PROPOSE TO RECOVER THE**