

**HOPPING GREEN & SAMS**

PROFESSIONAL ASSOCIATION

ATTORNEYS AND COUNSELORS

123 SOUTH CALHOUN STREET

POST OFFICE BOX 6526

TALLAHASSEE, FLORIDA 32314

(850) 222-7500

FAX (850) 224-8551

www.hgss.com

ANGELA R. MORRISON  
ERIC T. OLSEN  
GARY V. PERKO  
MICHAEL P. PETROVICH  
DAVID L. POWELL  
CAROLYN S. RAEPPEL  
DOUGLAS S. ROBERTS  
D. KENT SAFRIET  
GARY P. SAMS  
TIMOTHY G. SCHOENWALDER  
DAN R. STENGLE  
CHERYL G. STUART  
JENNIFER A. TSCHETTER  
VICTORIA L. WEBER

OF COUNSEL  
ELIZABETH C. BOWMAN  
REX D. WARE

JAMES S. ALVES  
BRIAN H. BIBEAU  
RICHARD S. BRIGHTMAN  
DIANE W. CARR  
KEVIN B. COVINGTON  
T. SPENCER CROWLEY, III  
BRIAN A. CRUMBAKER  
PETER C. CUNNINGHAM  
RALPH A. DeMEO  
WILLIAM H. GREEN  
MATTHEW L. HICKS  
WADE L. HOPPING  
GARY K. HUNTER, JR.  
JONATHAN T. JOHNSON  
ROBERT A. MANNING  
FRANK E. MATTHEWS  
RICHARD D. MELSON  
KYLE V. MITCHELL

Writer's Direct Dial No.  
(850) 425-2359

October 11, 2002

**BY HAND DELIVERY**

Blanca Bayó  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

Re: Docket 990649B-TP

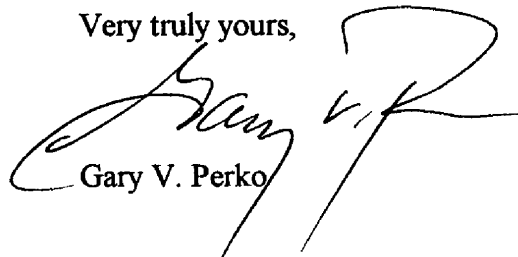
Dear Ms. Bayó:

Enclosed herewith for filing in the above referenced docket on behalf of the ALEC Coalition are the original and fifteen copies of its Motion to Strike Verizon Comments on Staff Recommendation plus exhibit.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning it to me. If you have any questions concerning this filing, please contact me at 850/425-2359.

Thank you for your assistance in connection with this matter.

Very truly yours,



Gary V. Perko

GVP/jlm  
Enclosures  
cc: Certificate of Service

DOCUMENT NUMBER DATE

11069 OCT 11 02

FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Investigation into pricing of )  
unbundled network elements )  
(Sprint-Verizon track) )  
\_\_\_\_\_ )

Docket No. 990649B-TP

Filed: October 11, 2002

**ALEC COALITION'S MOTION TO STRIKE VERIZON  
COMMENTS ON STAFF RECOMMENDATION**

AT&T Communications of the Southern States, LLC ("AT&T"), MCI WorldCom, Inc. ("WorldCom"), and Florida Digital Network ("FDN") (collectively the "ALEC Coalition") hereby move to strike Verizon's letter of October 9, 2002, commenting on the Commission Staff's recommendation in the above-referenced docket. In support, the ALEC Coalition states:

1. On October 9, 2002, Verizon submitted a letter to the Commission's Executive Director commenting on Staff's recommendation, which is scheduled for the Commission's consideration on October 14, 2002. (Copy of Verizon letter (without attachments) provided as Exhibit "A" hereto).

2. Verizon's letter purports to identify "errors" allegedly made by Staff when running Verizon's cost model and "urges the Staff to modify its recommendation to reflect [Verizon's proposed] corrections before the Commission's vote, in order to avoid potential clarifications after the vote." The letter also attaches extensive computer spreadsheets prepared by Verizon.

2. Verizon cannot cite to any Commission rule or order justifying its last-minute attempt to supplement the record or to otherwise influence the Staff's recommendation or the Commission's consideration of it.

3. The Commission does not allow parties to file post hearing comments on staff recommendations and to begin now would severely prejudice the ALEC Coalition by allowing Verizon to unilaterally supplement the record on the very eve of the Commission's consideration

11069 OCT 11 2002

FPSC-COMMISSION CLERK

of Staff's recommendation. Given the extent and the complexity of the information submitted by Verizon at this late date, opposing parties would be left with no reasonable opportunity to review, analyze, and respond to Verizon's allegations.

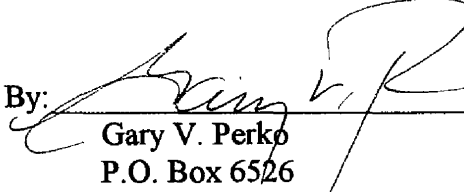
4. To the extent Verizon anticipates a Commission decision approving Staff's recommendation, the letter constitutes a premature motion for reconsideration. See Rule 25-22.060(3), Fla. Admin. Code (motions for reconsideration "shall be filed within 15 days after issuance of the order") (emphasis added).

WHEREFORE, the ALEC Coalition urges the Commission to strike Verizon's letter of October 9, 2002, commenting on the Commission Staff's Recommendation.

RESPECTFULLY SUBMITTED this 11<sup>th</sup> day of October, 2002.

HOPPING GREEN & SAMS, P.A.

By:

  
Gary V. Perko  
P.O. Box 6526  
Tallahassee, FL 32314  
(850) 225-7500

and

Donna C. McNulty  
MCI WorldCom, Inc.  
1203 Governor's Square Blvd, Suite 201  
Tallahassee, FL 32303

Attorneys for MCI WorldCom, Inc.

Tracy Hatch  
Floyd R. Self  
Messer Caparello & Self  
215 South Monroe Street, Suite 701  
Tallahassee, FL 32301  
(850) 222-0720

Attorneys for AT&T Communications of the  
Southern States, LLC

**Matthew Feil**  
**Florida Digital Network, Inc.**  
**390 North Orange Avenue, Suite 2000**  
**Orlando, Florida 32801**

**Attorney for Florida Digital Network, Inc.**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following parties by U.S. Mail, and/or e-mail (\*) this 17th day of October, 2002.

AT&T Communications of the Southern  
States, Inc. (GA)  
Virginia Tate  
1200 Peachtree St., Suite 8068  
Atlanta, GA 30309

Ausley Law Firm  
Jeffrey Wahlen/John Fons\*  
P.O. Box 391  
Tallahassee, FL 32302

BellSouth Telecommunications, Inc.  
Ms. Nancy B. White\*  
c/o Nancy H. Sims  
150 South Monroe Street, Suite 400  
Tallahassee, FL 32301-1556

Covad Communications Company  
Ms. Catherine F. Boone\*  
10 Glenlake Parkway, Suite 650  
Atlanta, GA 30328-3495

Development Specialists, Inc.  
Norton Cutler  
c/o Steve Victor  
70 West Madison Street, Suite 2300  
Chicago, IL 60602-4250

Florida Cable Telecommunications Ass'n  
Michael A. Gross\*  
246 E. 6th Avenue, Suite 100  
Tallahassee, FL 32303

Florida Competitive Carriers Assoc.  
c/o McWhirter Law Firm  
Joseph McGlothlin\*/Vicki Kaufman\*  
117 S. Gadsden St.  
Tallahassee, FL 32301

Florida Digital Network, Inc.\*  
390 North Orange Ave., Suite 2000  
Orlando, FL 32801

KMC Telecom Inc.  
Mr. John D. McLaughlin, Jr.  
1755 North Brown Road  
Lawrenceville, GA 30034-8119

Katz, Kutter Law Firm  
Charles Pellegrini/Patrick Wiggins\*  
12th Floor  
106 East College Avenue  
Tallahassee, FL 32301

Kelley Law Firm  
Genevieve Morelli/Eric Jenkins  
1200 19th St. NW, Suite 500  
Washington, DC 20036

Kelley Law Firm  
Jonathan Canis\*/Michael Hazzard  
1200 19th St. NW, Fifth Floor  
Washington, DC 20036

MCI WorldCom  
Ms. Donna C. McNulty\*  
325 John Knox Road, Suite 105  
Tallahassee, FL 32303-4131

MCI WorldCom, Inc.  
Mr. Brian Sulmonetti  
Concourse Corporate Center Six  
Six Concourse Parkway, Suite 3200  
Atlanta, GA 30328

Messer Law Firm  
Norman Horton\*/Floyd Self\*/Tracy Hatch\*  
215 South Monroe Street, Suite 710  
Tallahassee, FL 32302

Network Access Solutions Corporation  
Mr. Don Sussman  
Three Dulles Tech Center  
13650 Dulles Technology Drive  
Herndon, VA 20171-4602

Pennington Law Firm  
Marc W. Dunbar  
P.O. Box 10095  
Tallahassee, FL 32302

SBC Telecom, Inc.  
Mr. Kevin Chapman  
13th Floor  
300 Convent Street  
San Antonio, TX 78205-3702

Shook, Hardy & Bacon LLP  
Rodney L. Joyce\*  
600 14th Street, N.W., Suite 800  
Washington, DC 20005-2004

Sprint-Florida, Incorporated  
Charles J. Rehwinkel\*  
1313 Blairstone Road  
Tallahassee, FL 32301-3021

Supra Telecommunications and Information  
Systems, Inc.  
Mark E. Buechele  
Koger Center - Ellis Bldg.  
1311 Executive Center Dr., Suite 200  
Tallahassee, FL 32301-5027

Swidler Berlin Friedman, LLP  
Michael Sloan\*  
3000 K St. NW, #300  
Washington, DC 20007-5116

Time Warner Telecom of Florida, L.P.  
Carolyn Marek\*  
233 Bramerton Court  
Franklin, TN 37069

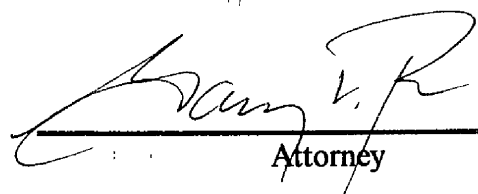
Verizon Select Services Inc.  
Kimberly Caswell\*  
P.O. Box 110, FLTC0007  
Tampa, FL 33601-0110

Z-Tel Communications, Inc.  
George S. Ford\*  
601 S. Harbour Island Blvd.  
Tampa, FL 33602-5706

Nanette Edwards  
Director-Regulatory , Sr. Attorney  
ITC^DeltaCom  
4092 S. Memorial Parkway  
Huntsville, AL 35802

William H. Weber\*  
Covad Communications Company  
19<sup>th</sup> Floor, Promenade II  
1230 Peachtree Street, NE  
Atlanta, GA 30309

Elizabeth Keating\*  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

  
\_\_\_\_\_  
Attorney

Kimberly Caswell  
Vice President & General Counsel - Southeast  
Legal Department



FLTC0007  
201 North Franklin Street (33602)  
Post Office Box 110  
Tampa, Florida 33601-0110

Phone 813 483-2606  
Fax 813 204-8870  
kimberly.caswell@verizon.com

VIA ELECTRONIC MAIL AND OVERNIGHT DELIVERY

October 9, 2002

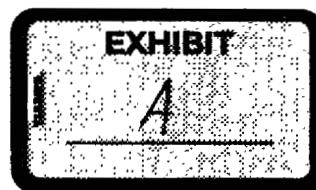
Dr. Mary Andrews Bane  
Executive Director  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Docket 990649B-TP  
Investigation into Pricing of Unbundled Network Elements (Sprint/Verizon  
track)

Dear Dr. Bane:

On September 25, 2002, Commission Staff issued its recommendation for Verizon Florida Inc. (Verizon) in the above-referenced docket. In that recommendation, Staff accepts Verizon's cost model (ICM-FL), but changes several of Verizon's inputs. Verizon has reviewed Staff's workpapers in an effort to better understand its proposed changes and to duplicate its results. In doing so, Verizon detected certain errors in Staff's calculations. These include:

1. Compared to Verizon's proposals, Staff recommended longer depreciation lives in a number of accounts; a lower cost of capital; lower material loading costs; and a higher administrative fill factor. These changes will necessarily decrease the modeled investment relative to Verizon's ICM-FL run with Verizon's inputs. Staff's recalculation of the common cost allocator, however, reflects a modeled investment figure 60% higher (about \$4.9 billion) than the amount reflected in Verizon's filing (about \$2.7 billion). (Verizon could not find the source of the \$4.9 billion either in Staff's recommendation or its workpapers.) The common cost allocator is the ratio of common to direct costs. Using the incorrect (larger) modeled investment figure overstates the capital costs and property taxes associated with the modeled network in the denominator of this ratio, with the result being an understatement of the common cost allocator. The correct calculation is reflected on the attached document, "FIXEDALLOCATOR-STAFF-CORRECTED07.xls." This file is not confidential. Also included is a second, back-up file that may be useful to



understanding the FIXEDALLOCATOR-STAFF-CORRECTED07.xls file. This second file (flxattach00SRDGT6wStaffRec.xls) does contain confidential information and has only been distributed to Staff and parties that have signed protective agreements.

2. A second problem with Staff's common cost allocator calculation is that the allocator was not adjusted for the shortfall in recovery that resulted when ICM-FL's calibration option was turned off. (Disabling the calibration option affects only expenses, not investment.) This shortfall equals \$77 million. It is calculated as the difference between the forward-looking expenses that are to be modeled via expense-to-investment ratios and the sum of the products of these ratios times the corresponding modeled investment. The only way to recover these costs, if the expense-to-investment ratios are left unchanged, is to modify the fixed allocator by adding the \$77 million to the numerator and subtracting it from the denominator. The corrected calculation also appears in the attached FIXEDALLOCATOR-STAFF-CORRECTED07.xls document. Again, the file flxattach00SRDGT6wStaffRec.xls provides additional back-up to the calculations.

3. To calculate rates for the UNE platform (UNE-P), Staff recommended adding up the monthly charges for each of the UNEs in the platform and then subtracting \$1.39 to account for the purported cost savings of using integrated digital loop carrier (IDLC) technology. As the recommendation (at 354) reflects, the \$1.39 is the cost reduction ICM-FL yields for the UNE-P when ICM-FL is modified to use IDLC to estimate costs. The \$1.39 figure, however, reflects Verizon's inputs, rather than the Staff's. If Staff's inputs are carried through to this calculation (as they should be for the recommendation to be internally consistent), the figure is \$1.17. (Staff can verify this differential by reviewing the files and instructions Verizon provided in response to Staff interrogatory 239 in this proceeding.)

4. Finally, there are some minor discrepancies between the lives and salvage values contained in Staff's recommendation and those in Staff's workpapers. Specifically, the ICM-FL input file provided by Staff showed a 9-year life for account 223200 (Circuit Equipment) even though Staff's recommendation is for an 8-year life. Similarly, the input table showed a 36-year life for account 241100 (Poles) even though Staff's recommendation is for a 35-year life. Note that these changes are not reflected in any of the results presented above or in the attached files.

Please note that Verizon does not agree with any of the Staff's recommended changes to Verizon's inputs or its model run. However, to the extent Staff maintains these recommendations, their effects should be consistently reflected in Staff's results. Verizon will promptly make available its subject matter experts to further discuss with Staff the corrections noted here. Verizon urges the Staff to modify its



Mary Andrews Bane

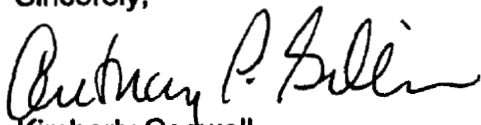
October 9, 2002

Page 3

recommendation to reflect these corrections before the Commission's vote, in order to avoid potential clarifications after the vote.

Please contact me at 727-360-3241 if you have any questions or wish to further discuss the matters raised in this letter.

Sincerely,

  
for Kimberly Caswell

KC:tas  
Attachments

c: Parties of Record - VIA ELECTRONIC MAIL