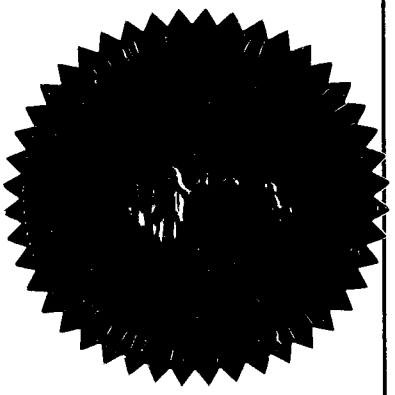
BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of

PETITION OF COMPETITIVE CARRIERS FOR COMMISSION ACTION TO SUPPORT LOCAL COMPETITION IN BELLSOUTH TELECOMMUNICATIONS, INC.'S SERVICE TERRITORY. — DOCKET NO. 981834-TP

PETITION OF ACI CORP. d/b/a/ ACCELERATED CONNECTIONS, INC. FOR GENERIC INVESTIGATION TO ENSURE THAT BELLSOUTH TELECOMMUNICATIONS, INC., SPRINT-FLORIDA, INCORPORATED, AND GTE FLORIDA INCORPORATED COMPLY WITH OBLIGATION TO PROVIDE ALTERNATIVE LOCAL EXCHANGE CARRIERS WITH FLEXIBLE, TIMELY, AND COST-EFFICIENT PHYSICAL COLLOCATION. — DOCKET NO. 990321-TP



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VOLUME 3

PAGES 268 THROUGH 381

PROCEEDINGS: HEARING

BEFORE: CHAIRMAN LILA A. JABER
COMMISSIONER J. TERRY DEASON
COMMISSIONER BRAULIO BAEZ
COMMISSIONER RUDOLPH "RUDY" BRADLEY
COMMISSIONER CHARLES M. DAVIDSON

DATE: Monday, August 11, 2003

FLORIDA PUBLIC SERVICE COMMISSION

TIME:	Commenced at 9:30 a.m. Adjourned at 4:40 p.m.
PLACE:	Betty Easley Conference Center Room 148 4075 Esplanade Way Tallahassee, Florida
REPORTED BY:	JANE FAUROT, RPR Chief, Office of Hearing Reporter Services FPSC Division of Commission Clerk and Administrative Services (850) 413-6732
APPEARANCES:	(As heretofore noted.)

I N D E X

WITNESSES

EXHIBITS

NUMBER:		MRKD.	ADMTD.
19	JRD-1	353	

PROCEEDINGS

CHAIRMAN JABER: Sprint.

EDWARD FOX

was called as a witness on behalf of Sprint-Florida, Incorporated and, having been duly sworn, testified as follows:

DIRECT EXAMINATION

BY MS. MASTERTON:

Q Mr. Fox, would you please state your full name and address for the record?

A My name is Edward Fox, and my address is 6450 Sprint Parkway in Overland Park, Kansas.

Q And by whom are you employed and in what capacity?

A I am employed by Sprint Corporation as the Senior Manager of Regulatory Policy.

Q Are you the same Edward Fox who filed direct testimony on December 19th, 2002 consisting of 19 pages?

A Yes.

Q Do you have any changes to that testimony?

A Two minor changes. On Page 1 of the direct testimony, Line 8, the business address is changed to 6450. And then on Page 13, Line 16, I have quoted an FCC rule, and the correct rule reference is 51.323. Those are the only changes.

COMMISSIONER BRADLEY: What is it now?

THE WITNESS: 51.323 is the correct one. I had .321 before.

BY MS. MASTERTON:

Q And so, Mr. Fox, if I asked you those questions today with the changes that you just indicated would your answers be the same?

A Yes.

MS. MASTERTON: Madam Chairman, I would like to move that Mr. Fox's direct testimony be inserted into the record.

CHAIRMAN JABER: The prefiled direct testimony of Edward Fox shall be inserted into the record as though read.

BY MS. MASTERTON:

Q And, Mr. Fox, are you the same Edward Fox who filed rebuttal testimony on January 21st, 2003 consisting of 12 pages?

A Yes.

Q Do you have any changes to that testimony?

A No, I don't.

Q So if I asked you those questions today would your answers be the same?

A Yes.

MS. MASTERTON: Madam Chairman, I would like to move that the rebuttal testimony be inserted into the record.

CHAIRMAN JABER: The prefiled rebuttal testimony of Edward Fox shall be inserted into the record as though read.

Sprint
Docket Nos. 981834 & 990321-TP
Filed: December 19, 2002

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

Edward Fox

Q. Please state your name, your position with Sprint, and your business address.

A. My name is Edward Fox. I am currently employed as Senior Manager – Regulatory Policy for Sprint Corporation. My business address is ~~6360~~ 6450 Sprint Parkway, Overland Park, Kansas 66251.

Q. Please describe your educational background and work experience.

A. I received a Masters of Business Administration from Ashland University in 1989 and a Bachelor of Science degree in History from Taylor University. In my current position, I am responsible for developing state and federal regulatory policy and legislative policy for Sprint Corporation for collocation, and I am responsible for coordinating this policy across the multiple business units of Sprint, i.e. its Incumbent Local Exchange Company (ILEC), Wireless, and Long Distance Divisions which includes Sprint's Alternative Local Exchange Carrier (ALEC) operations. I have been in this position since January 2001. For the four years prior, I served as the Network Policy Manger for Sprint's ILEC operations. Between 1977 and 1996 I held positions in sales, marketing, competitive analysis, and product management within Sprint's local telecommunications division.

Q. Have you testified previously before a state regulatory commission?

A. Yes. I have testified before the state regulatory commissions in Maryland, Pennsylvania and in Massachusetts. I have provided written testimony in Texas, and the District of Columbia.

Q. Is Sprint qualified to speak to both CLEC and ILEC interests?

A. Yes. Sprint approaches the local competition issues raised in this proceeding from the standpoint of a corporation whose operating subsidiaries are on both sides of these issues. Sprint's long-distance subsidiary (Sprint LD) is in the process of implementing competitive local services, including broadband DSL products. Nationally, Sprint LD expects to be collocated in hundreds of ILEC central offices by the end of this year. Sprint owns a group of incumbent local telephone companies (ILECs) that now comprise the fifth largest ILEC in the nation; these companies are, of course, subject to the rules adopted at both the state and national levels. Sprint's positions in this testimony reflect its own internal efforts to weigh the needs of ALECs against the legitimate concerns of ILECs in a fashion that reasonably accommodates both sets of interests. This testimony is the product of the same process of weighing ALEC and ILEC interests that the Commission itself will have to undertake in reaching its own resolution of these issues surrounding collocation.

What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to state Sprint's policy on the collocation topics that the FPSC has asked to be addressed in this proceeding. These policies address technical and/or operational issues on these topics. My testimony addresses either in whole or in part, issues 1A, B, C; 2A, B, C, D, 3; 4; 6A; 7; and 8. I am testifying on behalf of Sprint – Florida, Incorporated and Sprint Communications Limited Partnership (hereafter referred to as "Sprint" or the "Company").

ISSUE 1A. WHEN SHOULD AN ALEC BE REQUIRED TO REMIT PAYMENT FOR NON-RECURRING CHARGES FOR COLLOCATION SPACE?

Q. What are nonrecurring charges?

A. Non-recurring charges are one-time charges intended to cover material and labor needed to provision unbundled network elements including collocation.

Q. What are typical types of nonrecurring costs an ILEC incurs in addressing ALEC requests for collocation?

A. These types of costs include: location design and engineering, materials and material handling, installation labor, DC power plant configurations, HVAC system evaluation, and security cage construction. These up front cost benefit only the requesting carrier.

Q. When should an ALEC be required to remit payment for nonrecurring charges?

A. The ALEC should be required to remit 50% of the nonrecurring charges at the time of the firm order is placed and 50% upon acceptance of the collocation arrangement.

Q. Why should an ALEC be required to pay 50% of the cost prior to the beginning of construction?

A. Sprint incurs costs to construct collocation space upon initiation of construction. A partial payment of these costs is appropriate to ensure that Sprint recovers its costs to prepare the space requested by the ALEC. Costs that are incurred immediately, e.g. materials and labor, are covered by the up-front amount. It is standard practice in the construction industry to require partial payment of construction costs up front. In addition, there is a risk factor to the ILEC since requesting carriers experience varying degrees of financial stability. The 50% is not considered a deposit, but rather a payment to cover direct expenses.

ISSUE 1B. WHEN SHOULD BILLING OF MONTHLY RECURRING CHARGES (MRCs) BEGIN?

When should billing of MRCs begin?

A. Billing of MRCs should begin upon acceptance of the collocation space by the ALEC.

Q. Please explain the process for an ALEC to accept collocation space.

A. Pursuant to the terms of Sprint's interconnection agreements and Sprint's policies for implementing the agreements, Sprint notifies the ALEC when construction of a collocation space is complete. The parties complete an acceptance walkthrough of each provisioned collocation space. At the conclusion of the acceptance walk through, or after any deviations noted during the walkthrough are corrected, the ALEC executes a written document accepting the collocation space. Under Sprint's current interconnection agreement and policies, this is the date that MRCs take effect. If the ALEC does not conduct an acceptance walk through within 15 days of the notification that the Collocation Space construction is complete, the ALEC is deemed to have accepted the collocation space and MRC billing will commence. This policy is necessary to avoid an ALEC delaying a walkthrough solely for the purpose of avoiding payment for completed collocation space.

Q. Why is acceptance of the collocation space the appropriate time to begin billing?

A. When collocation construction begins, the space is effectively dedicated to the ALEC, i.e., it is no longer available for use by the ILEC or other ALECs. Once the collocation space has been accepted, it indicates that the ILEC has met its provisioning responsibilities and its costs of operation have begun. The ALEC may begin its equipment installation, testing and customer connections at that time.

ISSUE 1C. WHAT CANCELLATION CHARGES SHOULD APPLY IF AN ALEC CANCELS ITS REQUEST FOR COLLOCATION SPACE?

Q. What circumstances does Sprint interpret the term "cancellation" to include for the purposes of assessing "cancellation charges?"

A. Sprint interprets the term cancellation to include situations in which an ALEC cancels a collocation space order prior to acceptance of the space and situations in which an ALEC withdraws from (i.e., "decommissions") a completed, accepted collocation arrangement.

Q. When an ALEC cancels an order for collocation space, what charges should apply?

A. The ALEC should reimburse the ILEC for any actual expenses incurred and not already paid, which may include incidental equipment costs, material (ordered, provided or used), labor, transportation, DS0, DS1 and DS3 cable, fiber, and all other associated costs.

Q. When an ALEC decommissions its collocation space, what charges should apply?

A. In the event an ALEC desires to decommission the use of the collocation space, the ALEC should be required to complete an application detailing all information regarding the decommissioning of the collocation space. An application charge applies and should be submitted with the application. Sprint's witness Jimmy R. Davis discusses the cost issues associated with decommissioning on pages 4 and 5 of his Direct Testimony also filed today

ISSUE 2A. SHOULD AN ALEC BE REQUIRED TO JUSTIFY ITS SPACE RESERVATION NEEDS TO THE ILEC WHEN AN ILEC IS FORCED TO CONSIDER A BUILDING ADDITION TO ACCOMMODATE FUTURE SPACE REQUIREMENTS?

Q. Should an ALEC be required to justify its space reservation needs when an ILEC is forced to consider a building addition or major renovation to accommodate the ILEC's future space requirements?

A. Yes. Floor space is a valuable resource and its availability impacts all parties. It is incumbent upon all parties to efficiently use space, since all parties jointly benefit from its efficient use. The FCC has adopted reasonable restrictions on warehousing of space, which apply to both the ALECs and the ILEC. In its First Report and Order in Docket No. 96-98, FCC Order No. 96-325, the Local Competition Order, at ¶ 586, the FCC states that "...inefficient use of space by one ALEC could deprive another entrant of the opportunity to collocate facilities or expand existing space." Likewise, ILECs are not allowed to warehouse space, but are permitted to reserve a limited amount of space for specific future uses. Accordingly, both parties have responsibility for efficient use of space, and each party must be required to justify its space reservation requirements when the reservation of space is affecting space availability.

Q. Are there are other circumstances when an ALEC should be required to justify its space reservation needs?

A. Yes. In addition to an ALEC justifying its reserved space when the ILEC is facing the need for a building addition, space justification should also be required when the ILEC must deny subsequent collocation requests. This space justification would be in response to another ALEC's space denial, subsequent walk-through, and challenge of the ALEC's space utilization before the PSC.

ISSUE 2B. UNDER WHAT CONDITIONS SHOULD AN ILEC BE ALLOWED TO RECLAIM UNUSED COLLOCATION SPACE?

Q. What is unused collocation space?

A. Clearly, the situations where a requesting carrier has ordered space and has not placed operational telecommunications equipment or has not connected to the ILEC's network within 180 days of space acceptance are examples of unused space. Unused space may also include any space that the ALEC has not used within the Commission-established, 18-month space reservation timeframe. The space requested by a collocator on its initial collocation application is the total amount of space to which it is entitled. For example, if a collocator applies for 400 square feet of physical collocation, it is assumed that the collocator is taking into account future growth requirements as part of those 400 square feet. If that collocator uses only 100 square feet, it in effect has 300 square feet of reserved space. If this space is not used within 18 months of space acceptance, it should be considered "unused."

Q. Should an ILEC be entitled to reclaim unused space?

A. Yes. The ILEC should be allowed to reclaim unused collocation space when, without the space, the ILEC is forced to consider a building addition or a major renovation. The ILEC should be able to reclaim space if the ALEC cannot adequately justify its future need for the space within the 18-month period. Hence, if the ALEC has not used its reserved space within 18 months, or the ALEC has not properly justified its space, and a condition exists where the ILEC would need to reclaim space, the ALEC's unused space would be considered "warehoused" and eligible for take-back.

ISSUE 2C. WHAT OBLIGATIONS, IF ANY, SHOULD BE PLACED ON THE ALEC THAT CONTRACTED FOR THE SPACE?

Q. Are there obligations that should be placed on an ALEC to justify its need for reserved space?

A. In its Generic Collocation Order No. PSC-00-0941-FOF-TP, in this docket, the Commission requires at page 103 "...that ALEC shall provide the ILECs with two-year forecasts, on an annual basis, to assist the ILECs in CO planning." The Order includes forecast variables that could be used in determining future space needs. These variables include historical collocation data, CO characteristics, CO location, the market service area, the historic growth rate, trending data, and general technology effects.

Q. What are the ALEC's obligations if it is determined that space may be reclaimed by the ILEC?

A. The ALEC should review its space requirements with the ILEC with the expectation that the parties could come to mutual agreement on space that is to be reclaimed. If agreement cannot be achieved, then the parties should resolve the issue with the Commission through the dispute resolution process.

ISSUE 2D. WHAT OBLIGATIONS, IF ANY, SHOULD BE PLACED ON THE ILEC?

Q. What obligations should be placed on an ILEC to justify its need to reclaim space reserved for the ALEC?

A. Both parties should have similar obligations to justify space needs. The ILEC should justify the necessity of a building expansion or a major renovation.

Q. What factors should an ILEC consider prior to initiating a possible collocation space reclamation?

A. To determine when space reclamation is warranted, the ILEC should consider its obligations as a provider of last resort, emergency services needs, the availability of space and the potential it will be required to make a building expansion in the near future without the ALEC space reclamation.

Q. How should the ILEC proceed with an unused space reclamation?

A. If it becomes necessary, and no other reasonable alternatives are available, the ILEC should have the right for good cause shown and upon 30 days prior notice to request that the ALEC allow the ILEC to reclaim the unused collocation space or any portion thereof, including any inner duct, outside cable duct, cable vault space or other ILEC-

provided facility. The ILEC should be able to reclaim space in order to fulfill its common carrier obligations, to satisfy any order or rule of the state commission or the FCC, or the ILEC's carrier of last resort requirements to provide telecommunications services to its customers. The ILEC will need to demonstrate to the Commission, under non-disclosure agreement, that its future use of space is well defined, and the unavailability of space would prevent the ILEC from serving its customers efficiently. Both the FCC in the Local Competition Order and the FPSC in the Generic Collocation Order have held that ILECs may not, however, reserve space for future use on terms more favorable than those that apply to other telecommunications carriers seeking to hold collocation space for their own future use. In order to reclaim space, the ILEC must also demonstrate that there is no other suitable collocation space in the building before being allowed to reclaim unused space of an ALEC. Pursuant to FCC Rule 51.321(i), the ILEC must, upon request, have removed obsolete unused equipment from its premises to increase the amount of available space.

Q. What if expenses are incurred by either party when space is reclaimed?

A. The terms and conditions (Ts & Cs) of the particular interconnection/collocation agreement would dictate where the responsibility lay. If applicable Ts & Cs are not in the interconnection agreement, then the ILEC would be responsible for the expenses directly attributable to the reclamation of space if it is the party initiating the space reclamation. If another party, e.g. an ALEC, is the requesting party, the cost of rearrangements will be borne by it.

Q. What types of expenses might be incurred in space reclamation?

A. Cage boundaries may need to be moved; also equipment and cabling rearrangements may be required. Administrative changes would also be necessary, such as changes to billing and floor plan usage records.

ISSUE 3. SHOULD AN ALEC HAVE THE OPTION TO TRANSFER ACCEPTED COLLOCATION SPACE TO ANOTHER ALEC? IF SO, WHAT ARE THE RESPONSIBILITIES OF THE ILEC AND ALECS?

Q. Should an ALEC have the option to transfer its collocation space to another ALEC if an office is full and there is a waiting list for the space?

A. No. If the ALEC has accepted the space from the ILEC but is not going to use the space, the ALEC must relinquish that space and the ILEC will provide the space to the next ALEC on the waiting list for that site. Pursuant to FCC Rule 51.~~321~~ 323 (f), the ILEC has the responsibility to assign space to ALECs on a first-come, first-served basis. This is the only fair way to deal with ALECs that are waiting for collocation space. If the ALEC could transfer its unwanted space, it could bypass the next ALEC on the waiting list in favor of another ALEC.

Q. Should an ALEC have the option to transfer its collocation space to another ALEC if an office is not full and there is no waiting list for space?

A. No. If there is no waiting list, the ALEC should still relinquish to the ILEC any space it is not going to use. This approach prevents ALECs from speculating in collocation space. Under the FCC Collocation Remand Order, Fourth Report and Order in Docket No. 98-147, FCC Order No. 01-204, at ¶ 92, the ILEC, not the ALEC, has the obligation to act as a "neutral property owner and manager..." This duty can be carried out only if the ILEC provides the relinquished space to the next requesting ALEC.

Q. What should be the responsibilities of the ALECs, if an ALEC is allowed to transfer accepted collocation space?

A. The incoming carrier must have an approved interconnection agreement with the ILEC and must have received all requisite certifications to operate as an ALEC in Florida. The outgoing ALEC must be responsible for all charges in full (NRCs and MRCs) owed to the ILEC at the time the ALEC exits the premises. Additionally, the ALEC must be current (with the exception of disputed charges) in the payment of all collocation charges applicable to the transferred collocation site at the time of transfer. The incoming ALEC must be responsible for all charges beginning with the exit of the first ALEC. The incoming ALEC must submit a full application for collocation prior to the transfer.

Q. What would be the responsibilities of the ILEC, if an ALEC is allowed to transfer accepted space?

A. The ILEC must be exonerated from the first-in-first-out obligation as a landlord of collocation space. If other carriers are not required to relinquish their space back to the ILEC, then the ILEC cannot be held responsible for a fair and objective administration of applications for collocation. Upon receipt of the collocation application from the assuming ALEC, the ILEC should evaluate its HVAC, floor loading, and power requirements, and any other infrastructure and design requirements needed to meet the requirements of the collocator. These are all activities that must be performed by the ILEC whether it is a new collocation arrangement or a space swap. If the ILEC has to perform any subsequent work, the ILEC should submit a price quote back to the ALEC within 15 days. If a work completion date cannot be negotiated between the parties, the request should be treated as a new installation. In this situation, no performance measures should apply.

ISSUE 4. SHOULD THE ILEC BE REQUIRED TO PROVIDE COPPER ENTRANCE FACILITIES WITHIN THE CONTEXT OF A COLLOCATION INSIDE THE CENTRAL OFFICE?

Q. Have the FCC or FPSC provided any guidance concerning when an ILEC must allow copper entrance facilities in the collocation context?

A. Yes. In its Generic Collocation Order issued May 12, 2000 in this docket, the Commission held that ALECs should be allowed to use copper entrance facilities unless the ILEC could demonstrate that entrance capacity in the particular office was

near exhaust. In its reconsideration of that order in Order No. PSC-00-2190-PCO-TP, at page 6, the Commission clarified that this ruling applies only to collocation outside the central office, i.e., adjacent collocation. The FCC specifically addresses copper in its collocation Rule 51.323(d)(3). The rule states that "the ILEC shall permit interconnection of copper or coaxial cable if such interconnection is first approved by the state commission." The rules further state that, in the context of adjacent collocation, "[t]he ILEC must permit the requesting carrier to place its own equipment, including, but not limited to, copper cables, coaxial cables, fiber cables, and telecommunications equipment, in adjacent facilities constructed by the ILEC..."

Q. Under what circumstances should an ILEC be required to provide copper entrance facilities for a collocation inside a central office?

A. Whether or not an ILEC provides copper entrance facilities within the context of a central office collocation should be at the discretion of the ILEC. Sprint considers any inner duct, outside cable duct, cable vault space, as a valuable space resource just as it does floor space. Each request for use of entrance facilities should be considered on a case-by-case basis using similar criteria as floor space use.

ISSUE 6A. SHOULD AN ILEC'S PER AMPERE (AMP) RATE FOR THE PROVISIONING OF DC POWER TO AN ALEC'S COLLOCATION SPACE APPLY TO AMPS USED OR FUSED CAPACITY?

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Q. In Jimmy R. Davis's Direct Testimony at pages 7 and 8, he addresses the cost issues associated with the rate for DC power. Are there additional safeguards needed to implement the billing structure for DC power?

A. Yes. There exists the possibility that greater amounts of DC current may be drawn by an ALEC than what is billed. This is because the ILEC furnishes and bills DC power at a notably lower rate than what is fused. Accordingly, the ILEC should be allowed to reserve the right to perform random inspections to verify the actual power load being drawn by a collocation arrangement. Sprint is familiar with and amenable to adopting the specific or substantially similar portions of Verizon Florida Inc.'s Facilities For Intrastate Access Tariff, section 19.4.2(C) that deals with DC power audits. Sprint was a party in a Pennsylvania proceeding with Verizon which had as an outcome this DC power audit language. Sprint believes that these Ts & Cs are equitable to both parties, i.e. the ILEC and the ALEC.

<u>ISSUE 7.</u> SHOULD AN ALEC HAVE THE OPTION OF AN AC POWER FEED TO ITS COLLOCATION SPACE?

Q. Under what circumstances does Sprint currently install AC power outlets to collocation arrangements?

A. In each collocation arrangement AC outlets are provisioned for the ALEC's use in performing testing functions. Testing equipment is AC powered. These AC power

outlets are not intended for powering the ALEC's collocated telecommunications equipment since Sprint cannot ensure the quality that it can with the normal DC power feeds that telecommunications equipment requires. Telecommunications equipment used for collocation nearly always, if not always, requires DC power for its operation. If an ALEC decides to use AC power beyond testing purposes they would need to install a stand alone power supply, such as uninterrupted power supply (UPS) equipment. Sprint does not allow these UPS systems to be located in technical floor space areas due to technical/safety issues. UPS devices contain acid that can leak or release harmful fumes into the central office. In addition, the use of UPS devices poses a hazard during emergencies. For example, if there was a fire in a central office with DC powered equipment, the ILEC can disconnect power from all telephone equipment in the central office while firefighters are in the office. However, if some of the ALEC equipment is connected to an UPS device, some of the equipment may still be powered. Firefighters and the ILEC personnel may encounter "live" equipment in an area where all the power is otherwise disconnected.

<u>ISSUE 8.</u> WHAT ARE THE RESPONSIBILITIES OF THE ILEC, IF ANY, WHEN AN ALEC REQUESTS COLLOCATION SPACE AT A REMOTE TERMINAL WHERE SPACE IS NOT AVAILABLE OR SPACE IS NEARING EXHAUSTION?

Q. How does Sprint respond to an ALEC request for collocation space at a remote terminal where space is not available or is nearing exhaustion?

A. If Sprint owns or controls the property or easement upon which the remote terminal (RT) is collocated, the ALEC has the option of adjacent collocation, which is a form of physical collocation. If space is not available on the property or easement, then the ALEC has the option to establish interconnection between the RT and an equipment location that the ALEC has separately procured. Sprint's practices are consistent with the Commission's decision relating to adjacent collocation at pages 24-26 of the Generic Collocation Order.

Q. Does this conclude your testimony?

A. Yes.

Sprint-Florida, Incorporated
Docket Nos. 981834 & 990321-TP
Filed: January 21, 2003

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

REBUTTAL TESTIMONY OF

Edward Fox

Q. Please state your name, your position with Sprint, and your business address.

A. My name is Edward Fox. I am currently employed as Senior Manager – Regulatory Policy for Sprint Corporation. My business address is 6360 Sprint Parkway, Overland Park, Kansas 66251.

Q. Are you the same Edward Fox who previously filed direct testimony in this case?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. I am responding to the direct testimony of AT&T witness Jeffrey A. King in a number of key areas. Specifically, my testimony deals with Mr. King's comments regarding technical and policy issues.

<u>ISSUE 2A.</u> SHOULD AN ALEC BE REQUIRED TO JUSTIFY ITS SPACE RESERVATION NEEDS TO THE ILEC WHEN AN ILEC IS FORCED TO CONSIDER A BUILDING ADDITION TO ACCOMMODATE FUTURE SPACE REQUIREMENTS?

Q. AT&T witness King, p. 6 lines 7-18 of his Direct Testimony, states that the ALEC should be allowed the opportunity to verify the ILEC's need of the space. Does the ILEC need to justify its space reclamation need to the ALECs?

A. No. Sprint believes that space justification must be made to the Commission. Sprint believes that it is preferable for the ILEC and any affected ALECs to negotiate between the parties for reclamation of available space. If no agreement can be reached, then the matter should be submitted to the Commission for a decision. If the office is closed to additional collocators or there is an anticipated closing, the ILEC would be following the waiver procedures as described in Orders Nos. PSC-99-1744-PAA-TP and PSC-99-2393-FOF-TP.

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ISSUE 2B. UNDER WHAT CONDITIONS SHOULD AN ILEC BE ALLOWED TO RECLAIM UNUSED COLLOCATION SPACE?

Q. Mr. King, on page 6 lines 21-23 of his Direct Testimony, suggests that the only time that space may be reclaimed is when the CO space is completely exhausted and there is an immediate need for deployment of equipment. Should an ILEC be restricted to reclaiming space only when the building is completely exhausted and there is an immediate need to provide service?

A. No. Building additions and renovations require a long planning and construction cycle, which may range from 12 to 24 months before space may be used. An ILEC should be allowed to reclaim unused collocation space when it has been demonstrated to the PUC that space is currently exhausted or is expected to be exhausted in the near future. If space reclamation is limited only to immediate needs, it compromises planning and reduces

negotiation options between parties to an urgent status which tends to limit reasonable resolution. This is not a tenable situation for good decision making.

ISSUE 2C. WHAT OBLIGATIONS, IF ANY, SHOULD BE PLACED ON THE ALEC THAT CONTRACTED FOR THE SPACE?

Q. AT&T's King on page 7, lines 5-7 of his Direct Testimony, states that the ALEC may unilaterally decide if their space is efficiently used. Should the ALEC unilaterally decide if they should keep unused space?

A. No. Sprint believes that each party must justify their space requirements to the Commission if mutual agreement cannot first be reached by the parties. An ILEC is not allowed to house obsolete unused equipment when declaring a building full. Accordingly, an ALEC should not use its collocation space to house obsolete unused equipment either. Florida's Generic Collocation Order DOCKET NO. 990321-TP ORDER NO. PSC-00-0941-FOF-TP ISSUED: May 11, 2000 established 18 months as the proper time for space reservation. If the ALEC has not used its forecasted space within the allowable 18 month period it should be considered available for reclamation. Mr. Gray of BellSouth describes the obligations that the ILEC has to manage its space, i.e. first-in-first out, provide reasonable space allocations, p. 15, 20 – 23, and taking CLEC requirements into account when planning a building addition, p. 17, 21-24. The Fourth Report & Order 98-147 ¶92 states the "ILEC must act as a neutral property owner and manager… in assigning physical collocation space."

ISSUE 2D. WHAT OBLIGATIONS, IF ANY, SHOULD BE PLACED ON THE ILEC?

Q. Mr. King, on page 7, lines 5-7 and 14-15, of his Direct Testimony, implies that any future plans for space use are sufficient for an ALEC to retain its space. Should there be a limit on the amount of time for future plans that an ALEC expects to use space?

A. Yes. Sprint believes that 18 months is appropriate for future use of a functional collocation arrangement and is consistent with the Commission's May 2000 ruling. Sprint believes that six months is appropriate for implementation of functional equipment, i.e. that which is connected to a UNE or interconnected with the ILEC.

ISSUE 3. SHOULD AN ALEC HAVE THE OPTION TO TRANSFER ACCEPTED COLLOCATION SPACE TO ANOTHER ALEC? IF SO, WHAT ARE THE RESPONSIBILITIES OF THE ILEC AND ALECS?

Q. Mr. King, beginning on page 6, lines 21-23 of his Direct Testimony, states that an ALEC should be allowed to transfer accepted collocation space to another ALEC whenever its requirements for collocation have changed. Does Sprint agree?

A. No.

Q. Are all space transfer situations the same?

A. No. Sprint distinguishes between situations where a company buys all or substantially all the assets of another company from situations where two requesting carriers simply

transfer space from one to another. BellSouth's witness Mr. Gray, on page 20-24 of his Direct Testimony, described the former scenario in his direct testimony. Sprint generally agrees with this type of transfer of space and the concomitant responsibilities of each party as described by Mr. Gray.

Q. Should the ALECs be able to transfer collocation space without ILEC involvement?

A. No. In situations where transfer of asset ownership has not occurred as described above, an ALEC is obligated to return the space to the ILEC as described in my direct testimony.

ISSUE 4. SHOULD THE ILEC BE REQUIRED TO PROVIDE COPPER ENTRANCE FACILITIES WITHIN THE CONTEXT OF A COLLOCTION INSIDE THE CENTRAL OFFICE?

Q. Mr. King, on page 8, lines 8 – 13 of his Direct Testimony, states that an ILEC should be required to allow ALECs use copper entrance facilities for their collocation arrangements? Do you agree?

A. No. Both the FCC and the Florida Commission have made rulings on the limited use of copper entrance facilities by collocators as mentioned in my Direct Testimony. The primary considerations are the inefficient use of duct space in the entrance facility and the extra space required on the MDF. AT&T's position ignores the fact that space is often at a premium in central offices and copper takes more space. The ILEC would use fiber if space is tight and ALECs should have to use fiber as well. ILECs are responsible for the

management of the central office and should make the decision on whether copper entrance facilities may be used by an ALEC.

ISSUE 8. WHAT ARE THE RESPONSIBILITIES OF THE ILEC, IF ANY, WHEN AN ALEC REQUESTS COLLOCATION SPACE AT A REMOTE TERMINAL WHERE SPACE IS NOT AVAILABLE OR SPACE IS NEARING EXHAUSTION?

Q. Mr. King, beginning on page 11, line 21 through page 12 line 5 of his Direct Testimony, describes what he believes to be an ILEC's responsibilities when collocation space at a remote terminal is not available. Does an ILEC have an obligation for public notification when a premises cannot accommodate physical collocation?

A. Yes. 47CFR 51.321(h) states, "The incumbent LEC must maintain a publicly available document, posted for viewing on the incumbent LEC's publicly available Internet site, indicating all premises that are full, and must update such a document within ten days of the date at which a premises runs out of physical collocation space." Sprint fully expects to comply with these FCC rules.

Q. Is an ILEC required to proactively inventory space?

A. No. The above cited rule does not require an ILEC to proactively inventory all of its premises to determine space availability. This would be burdensome and untenable with

thousands of network locations involved. Once it is known by an ILEC that a location is full, it is obligated to post that information on the Internet site within 10 days.

Q. Is an ILEC required to make public notification of its plan of action for additional space, either in a Central Office or in a Remote Terminal?

A. No. Sprint will make space information available to an ALEC upon request and for a fee. 47CFR 51.321(h) contemplates this situation."Upon request, an incumbent LEC must submit to the requesting carrier within ten days of the submission of the request a report describing in detail the space that is available for collocation in a particular incumbent LEC premises. This report must specify the amount of collocation space available at each requested premises, the number of collocators, and any modifications in the use of the space since the last report. This report must also include measures that the incumbent LEC is taking to make additional space available for collocation."

Q. Is an ILEC required to make public notification of an expected date of space availability?

A. Yes. Florida's Generic Collocation Order DOCKET NO. 990321-TP ORDER NO. PSC-00-0941-FOF-TP ISSUED: May 11, 2000 describes ILEC responsibilities when space becomes available. If an ILEC knows of space availability, that information is to be posted on the Internet within 60 days of availability. If this information is not available within 60 days, it must be posted as soon as possible.

Q. Does this conclude your testimony?

A. Yes.

BY MS. MASTERTON:

Q Mr. Fox, did you have any exhibits to your testimony?

A I do not.

Q Have you prepared a summary?

A I have.

Q Please give your summary now.

A Thank you. Thank you, Madam Chairman and Commissioners. I am addressing six issues today, Issues 1A, 3, 4, 6A, 7, and 8. And I will have a few comments on each of those.

Issue 1A, which deals with when an ALEC should remit payment for NRCs, Sprint believes that 50 percent of the NRC should be submitted at the time the ALEC gives a firm order. This will cover some of the costs that Sprint incurs initially in ordering material, engineering time, power plant configurations, and labor for collocation space construction.

To draw an analogy to a vacation, it is no different than a snowbird coming to Florida and making arrangements with their landlord for carpets, painting, and decorations. The landlord incurs expenses to order the material and initiate the desired work, and would normally require a portion of the costs up front. Accordingly, Sprint believes that receipt of a check for 50 percent of the estimated NRCs at the time the order is received from the ALEC.

Issue 3 deals with the transfer of space from an ALEC

to another collocator. Sprint believes that the FCC collocation rules are very clear that the ILEC has the responsibility to manage its own property when it comes to assigning floor space. In one of the testimonies, one of the ALECs references in full offices they propose a line jumping scenario where they can pick up who will bypass the carriers who have patiently waited for space in a wait list. This supplants the intent of Congress and the FCC that the ILECs are to manage their own building space.

It is suggested that there is no difference between acquisition of collocation space by transfer or by sublease. The purpose of shared collo or sublease is to get more ALECs into the market in a shorter time and at a lower cost. The fact that one of the parties may leave and the remaining ones retain the space is a secondary aspect of that shared collocation option. Sprint recommends that the ILEC retain the right to determine space usage in all situations.

Issue 4 is dealing with copper entrance facilities and Sprint believes that entrance conduit space is no different than assigned central office floor space; that is, it is a limited resource and its use must be based on legitimate need. If the PSC does decide that the ILECs must allow copper and additional building modifications are required, the requesting ALEC must be responsible for all the costs or at a minimum their portion of the costs.

Issue 6A deals with batteries -- power, rather. Sprint supports the practice of billing for usage that is ordered. The amount that is ordered should equal the equipment's List 1 drain value which should also be the amount that is billed. This will guard against the situations where the ILEC provisions a large quantity of power capacity based upon what the ALEC orders then finds that much of it is stranded investment when the ALEC's actual use is much, much lower.

Issue 7 deals with AC power feeds. The AC outlet is intended to be used for testing only, and Sprint does not contemplate this service to be used for powering of telecommunications equipment. One of the ALECs expects to use this cheaper electricity to power its collocated equipment, but in doing so there is a need by them to install additional power equipment devices, such as inverters or UPS systems. Sprint does not allow UPS systems in its offices for safety considerations. If the PSC does allow AC to power equipment, Sprint would need to develop a separate rate element for use of AC power for equipment powering.

And the last issue, Issue 8 deals with collocation space at remote terminals. Sprint believes that an ILEC has the same obligations for space assignment and reporting for remote terminals as it has for central office collocations. Sprint evaluates an application for remote terminal collocation

using the same space, power, and environmental variables in both collocation scenarios. If Sprint determines that space is at exhaust, then it will publish that information on its website. The FCC is very clear on what report obligations ILECs have for its central offices. Thank you.

CHAIRMAN JABER: Thank you, Mr. Fox.

MS. MASTERTON: The witness is available for cross examination.

CHAIRMAN JABER: Mr. Feil.

MR. FEIL: No questions.

CHAIRMAN JABER: Mr. Watkins.

CROSS EXAMINATION

BY MR. WATKINS:

Q Good afternoon, Mr. Fox. My name is Gene Watkins. I am with Covad Communications. Sprint has kind of a unique role here as both an ILEC and a CLEC, isn't that right?

A That is correct.

Q Before I get to that, I wanted to clarify one. The redirect question Mr. Milner was last asked was does there have to be a copper entrance facility for DSL to be provisioned, and his answer was no. Do you know how that is?

A I was ready for an explanation on that. It depends on where your DSLAMs are located.

Q So if I do a fiber-fed remote terminal and put my DSLAM out there where no CLEC is ever asked to go, that would

be one way for there to be no copper entrance facility, but DSL still being served, isn't that right? By BellSouth, but no other competitor, right?

A Could you describe that again, please. I'm trying to understand that.

Q If I have a fiber run out to the remote terminal and a DSLAM in that remote terminal, then BellSouth can serve DSL over a fiber entrance facility, but a competitor without a copper entrance facility cannot do the same thing, isn't that right?

A Well, if BellSouth's DSLAM is located at the remote terminal, it wouldn't be served over a fiber facility, per se, because it would be copper connecting between the DSLAM and the end user. But I am familiar a little bit with Project Pronto that another ILEC has, and that there is a way to serve it over, the DSL over fiber, but I am not a technical person, I really can't describe how that happens.

Q Well, for a competitor to serve over that fiber it has to be unbundled. The only places competitors are doing that is where the state commission has unbundled it for those people.

A That seems to be the case.

Q Not through remote terminal collocation in the traditional sense, right?

A Right. Technically you can do it there, but

economically it is difficult to justify that.

Q Well, difficult or impossible?

A Well, it depends on when your payback expectations are, if they are 20 years or 20 months.

Q Indeed. In fact, Sprint has tried remote terminal collocation as a kind of -- what do you call it, proof of concept?

A Right.

Q You tried that in Overland Park, Kansas, didn't you?

A Yes.

Q Do you recall what it cost Sprint to set up one remote terminal? Don't even count the monthly recurring fees and the transport, just to get the rights-of-way, to get the equipment in, to pay everybody, to deal with all the community uproar over putting the stone over your box, all of those things, what did that cost you, do you recall?

A Well, I'm not sure if I know exactly. I wasn't involved with that project and I know it was several years ago, but it seems like a figure of 80 to $100,000 might have been --

Q Would $134,000 sound correct?

A Yes, I think so. I think we did an ex parte on that.

Q Do you recall what the time to market was for that remote terminal collocation?

A No, I don't.

Q Would a year and a half sound right?

A It could be.

Q So for a competitor -- if those numbers actually applied to a remote terminal collocation, and that is purely a hypothetical, I understand, but if we were going to do the math on that, and let's assume just the BellSouth number that we are familiar with, which is 3,596 remote terminals, it would be about $481 million to do remote terminal collocation on par with what BellSouth currently has as remote terminal collocation. Does that sound about right?

A I suppose.

Q Does Sprint oppose metering if the CLEC does the mathematics and decides that it is economically feasible for the CLEC?

A Sprint's concern with metering for power is the gap between what is actually ordered and what is actually used and billed. For example, if you were to order a 100-amp capability and only use 10, we would have a huge stranded investment. So if it were an issue of being required to do metering, Sprint would hope that there would be some kind of a limit on the gap between what was actually used and/or billed versus what was ordered. That is where our concern is is the stranded investment.

CHAIRMAN JABER: What kind of guidance would you give us in establishing what that limit might be? I mean, as a decision-maker it seems to me that the carriers are in the best

position to give us that information. Again, as Mr. Watkins said, if the CLECs have done the math and they are willing to pay for the cost of metering and you are willing to provide a meter as long as they reimburse you for the cost, what might that cap be and what is it you need as parameters from this Commission for taking this forward?

THE WITNESS: That is a good question. I'm not prepared to offer a percentage. But, you know, maybe if it is 30 percent or 20 percent above, I really don't know that number, but it's some kind of a ceiling that should exist. I can tell you the concept, but I haven't worked with our costing people yet to come up with a number. We are not in a position to propose that, but that is the concept we are going to follow. Sorry.

MR. WATKINS: Did you have anything else?

CHAIRMAN JABER: No.

BY MR. WATKINS:

Q Mr. Fox, when you say you are going to have a stranded investment if we go to metering, are you saying that -- where is that investment going to get stranded?

A I would have to defer to my peer, Jimmy Davis, who is the cost witness for Sprint on that one. He is qualified to speak to that.

Q Were you here for Mr. Milner's testimony?

A Yes.

Q Whether you bill by fused amps and divide down to get to actual requested amps, or you do the load charge that Sprint is proposing here, which is really requested amps, as well, right?

A That is correct, where requested and used are going to be substantially the same.

Q Well, that is where the assumption starts falling apart, isn't it? If you are properly building your network, you ask for more than you are currently using in anticipation of there being increased demand down the road, right?

A Right. And the issue is how much more do you ask for versus what you use.

Q Right. And are you saying that there might be stranded investment if the rate stays the same and we pay for what we use, you miss out on that overcharge?

A Again, I would have to defer to Jimmy Davis. He understands the costing dimensions much better than I do.

Q I will save those questions for Mr. Davis.

A Thank you. He is ready.

Q I have one other thing I wanted to talk to you about. You would agree with Mr. Milner that five amp increments is feasible in terms of the equipment is there and the battery distribution -- what do you call it? Let's just call it the BDFB is capable of taking a 5-amp increment fuse, right?

A I'm not sure. I'm not technical. But our interest

is in billing for what you order, so if you order five amps more, we will bill five amps more or less, whatever you ask for.

MR. WATKINS: That's all I have.

CHAIRMAN JABER: Mr. Hatch or Mr. Self.

MR. SELF: Thank you, Madam Chairman.

CROSS EXAMINATION

BY MR. SELF:

Q Mr. Fox, I am Floyd Self representing AT&T. Good afternoon.

A Good afternoon.

Q I guess I will start where we left off talking about Issue 6A, and I'm trying to understand your testimony when you state that the most feasible method of billing for DC power consumption is to bill based on the amount of power the ALEC declares on its application. And then you go on to say that this equates to the amps used. Have I stated that correctly?

A I'm just looking at my testimony here. Are you talking about the direct?

MS. MASTERTON: Could you tell Mr. Fox where in his testimony you are referring to?

MR. SELF: Well, actually I read that off the prehearing order on Page 26 for the Sprint position.

MS. MASTERTON: I'm thinking you might be referring to Mr. Davis' testimony as opposed to Mr. Fox.

MR. SELF: So that is more appropriate for Mr. Davis?

THE WITNESS: Yes.

MR. SELF: Okay.

CHAIRMAN JABER: Ms. Masterton, that is a billing question. Do you need to hear the question again and let's make sure, because I would hate to get to Mr. Davis and have him refer it back to Mr. Fox. So why don't we --

MS. MASTERTON: Well, my point was if Mr. Self can't show Mr. Fox where he is talking about in his testimony, it is going to be difficult for Mr. Fox to respond.

CHAIRMAN JABER: I understand your point, but let me hear the question one more time.

MR. SELF: Yes. And I was simply looking to understand how if they are billing for the power that the ALEC declares on its application, how that equates to billing on the basis of the amps used.

CHAIRMAN JABER: Ms. Masterton, is that a question that your witness can answer without being referred to testimony?

MS. MASTERTON: Mr. Fox, do you think that is something Mr. Davis would more appropriately --

THE WITNESS: I will try to answer it. And if I don't, then -- what we are looking at in Issue 6A is should an ALEC's per amp rate for provisioning of DC power to an ALEC's collocation space apply to amps used or fused. Okay. And

Sprint does not think billing on a fused basis is equitable. We think what you order and ask for is what you are going to expect to use and we will bill you for that. So to answer your question, what you order is what we anticipate you would be using and that would be what we would bill.

Q Is that usually what happens?

A I don't know. We don't have meters on it. But listening to discussion earlier today, typically there are cases where people do use less than what is ordered. In that case, Sprint is willing to bill you for what you use as long as we have the right to audit that.

Q Okay. That's helpful, and I appreciate that. Thank you.

A Okay.

Q I would now like to look at Issue 1A, and talk with you a little bit about your 50/50 split. What is the basis for your 50/50 split?

A Well, as I mentioned in my testimony summary, there are expenses that we incur from day one once we receive a firm order from a collocator, a requesting collocator, then we immediately order material, we start to do network and space design. Sprint does, you know, construction. We have a lot of engineering, so we do have some direct costs from day one that we want to make sure that we get covered. And the other half is billed upon space acceptance.

Q All right. But the 50/50 split, that is just an arbitrary number that you picked?

A That probably is based on some history that we have that we know we have some direct expenses up front.

Q But you don't know -- excuse me. Your testimony is not that you know exactly what that split is, based upon experience?

A No, it is not my testimony.

Q Okay. I would like to turn to Issue 3, the transfers, and ask you a few questions about that. First off, if a central office is not in an exhaust situation, a CLEC is not going to be able to reasonably speculate on the collocation space, correct?

A Are you referring to the law of supply and demand?

Q (Indicating yes.)

A I would agree.

Q Okay. Indeed, wouldn't the CLEC that is in a collocated space be able to speculate only if it had excess space available?

A I don't know. It depends on what -- in reference to my last question, I can only -- you know, assuming that a CLEC can get the same amount of space directly through Sprint at the same price that AT&T would give them, I don't know why they would speculate.

Q Okay. Do you have any evidence that there are CLECs

that are stockpiling collocation space?

A What do you mean by stockpiling?

Q Well, I mean, asking for more space than they would reasonably project that they are going to need in order to potentially, if the office exhausts, be able to offer that to other CLECs?

A I can't say that Sprint knows of people that are speculating. What we do know is what is on their application and what we provision and then what is actually used. And we do know that there are a number of collocators, and I can't give you examples right now, that are highly underutilized in their space, and so we think for some reason they are paying for a lot more than they are using.

Q Could current economic and business conditions account for some of that underutilization?

A Sure.

Q Just to be clear, do you have any evidence that there are CLECs engaging in collocation speculation?

A I am not aware of any at the present time.

Q Okay. I want to turn to the first-come/first-serve rule for a moment. If the central office is not in an exhaust situation, then in a transfer situation there really is not a first-come/first-serve problem, is there?

A The issue on transfers Sprint sees as the responsibility that we have to manage the collocation space.

And so by a transfer, Sprint needs to be involved with that transaction, not just to rubber stamp something that an ALEC wants to pass space off to somebody, but as a responsible property owner to ensure that there is no other requirements. Even though there may not be a full office, there may be some changes, there might be a relationship that we have with the potential incoming CLEC that they may owe us quite a balance based on our history with them, and before we do any subsequent business they have to make that whole. So, that's why Sprint is interested even in nonfull-site offices and being involved in that.

And I think in your testimony, or in AT&T's testimony they suggested that there is an application that goes to the ILEC in a transfer, and I think that is appropriate in letting us know what is going on. And by virtue of it being an application, it gives Sprint the authority to deny it, or question it, or postpone it, or be involved with that.

CHAIRMAN JABER: You don't have a similar application?

THE WITNESS: Right now it is treated like a new installation or a new person coming in because we don't contemplate people trading spaces like that.

CHAIRMAN JABER: What are the kinds of things you need to be aware of? I understand your point with regard to you need to know who is in your space, you need to know what

your ongoing business relationship would be with the new CLEC. I understand all of that. I understand that you might want to know whether there is an outstanding balance on their account, if you have got, you know, a prior relationship. Is there anything else?

THE WITNESS: There could be some additional space demands that have come in that may not be on the full-site list, but there might be some other upcoming things that we know are going to dictate space either on Sprint's behalf or other collocators that perhaps an existing collocator was thinking of trading their space with somebody may not be aware of at all, and they wouldn't be aware of at all.

CHAIRMAN JABER: And your concerns are not to say that the transfer should not take place or that you really need to have direct involvement with the transfer, your position is you need an avenue or a mechanism to have answers to those questions?

THE WITNESS: Right. We need to be involved with what is going on with the space in our office. And in the case where there is no demand for space, no wait list, it is not closed, very likely we would not withhold any approval of that.

CHAIRMAN JABER: And at what point do you need that information and through what mechanism would you propose to obtain the information?

THE WITNESS: The proposed -- well, what is in AT&T's

testimony I think is appropriate, that the incoming ALEC would give an application to the ILEC and let them know what the intent is, or it could be from the existing collocated, not necessarily the new one coming in. But either party would send an application describing what is going on.

CHAIRMAN JABER: Mr. Self.

MR. SELF: Thank you.

COMMISSIONER DAVIDSON: I've actually got a follow-up to the Chairman's question, and I have the same concern. And what the Chairman just elicited from you differs somewhat from your testimony. In your testimony at Page 14 you state that, in response to the question, "Should an ALEC have the option to transfer its collocation space to another ALEC if an office is not full and there is no waiting list for space?"

You start off, "No. If there is no waiting list, the ALEC should still relinquish to the ILEC any space it is not going to use." Your answer in response to the Chairman's question was a lit more flexible. It was that, no, we just want to be involved in the process. And my question is if the ILEC is in a situation of no exhaust of collocation space, would Sprint agree with the general proposition that a CLEC could transfer its collocation to another CLEC subject to the ILEC's approval, and that such approval would not be unreasonably withheld. For example, it would not be withheld arbitrarily. There would have to be some type, however it is

measured, some type of valid business purpose. Would you agree with the CLEC having that type of right?

THE WITNESS: Yes, Sprint could agree with that.

COMMISSIONER DAVIDSON: Thank you.

CHAIRMAN JABER: And certainly I want to give you the opportunity to tell us what other information you would need, because my hope is that this proceeding is resolved and we never really have to look at these issues again in arbitration. So this is your opportunity. What is it you need from us in this decision to allow you to obtain the information that would address your concerns?

THE WITNESS: Thank you. In a nonfull-site office, we would need information, essentially the same as a new application. You know, that type of information. What equipment is going to be in there, and power requirements, HVAC requirements, the whole detail of all the categories. So that is the type of information we would want on the application that is coming our way.

CHAIRMAN JABER: And let's say -- this is worst-case scenario, but I'm trying to just put it all out on the table. Let's say it is a CLEC that does not have a good payment history with Sprint. What might you need to address that concern?

THE WITNESS: Well, we would address that certainly individually. If we have any other agreement with them, you

know, we would certainly enforce that. If we couldn't do any subsequent business with them until we were made whole, you know, something along that nature.

CHAIRMAN JABER: So, again, it wouldn't be that you would necessarily object or have a problem with the transfer, you would just need that outstanding balance or future balances to be addressed?

THE WITNESS: That is correct.

CHAIRMAN JABER: Mr. Self.

BY MR. SELF:

Q And, in essence, those are more relationship managerial type concerns as opposed to just a flat out prohibition to transfer, correct?

A In that scenario that is correct. We are okay with transfers as long as we, again, have involvement in it. And as Commissioner Davidson stated --

Q Okay. And in connection you mentioned, I believe, in response to Chairman Jaber that the application would be in the nature or similar to an original collocation application in terms of the type of information that you need from the new CLEC?

A That is correct.

Q Okay. If you were -- I know this is kind of coming to you on the fly here, but would the charge for that kind of transfer application -- it should be less than an original

application because the kind of work that you have to do in a transfer situation would be different than what would be required for an original application, wouldn't it?

A Possibly. Again, I haven't talked to our costing people, but I could think of scenarios where it could be more or it could be less. If they are keeping the same equipment, we know that the HVAC and power is appropriate, so we would have to do some different things, maybe not as detailed, but we still would incur some costs.

Q Well, certainly the new CLEC that is receiving the transfer, if they weren't asking for any new construction or changes in the space or their requirements you already know the existing demands for the space, correct?

A That is correct.

Q Okay. I want to turn now to the copper entrance facilities, Issue 4. And I will ask you the last question first. Is it your testimony that copper entrance facilities should or should not be allowed?

A Sprint believes that they should be allowed, but that the ILEC has to evaluate each of those requests on its own merits.

Q Okay. The word I believe you used in your testimony was that it was up to the ILEC's discretion?

A Right.

Q What does that discretion mean?

A Basically it is a space issue, and we treat that just like floor space, although there is typically not air conditioning that is involved and all of that, but maybe some power. Typically not even power. But there is not only conduit space to be considered, but also main frame space where it would be terminated. So you could have plenty of conduit space and be out of main frame and we couldn't accomplish a particular request. But to answer your question, we are okay with copper entrance, but we evaluate that on a case-by-case basis.

Q And basically the sort of bottom line in that evaluation of the case-by-case basis is going to be taking all the factors into consideration, the conduit, what is it like inside the central office, correct?

A That is correct.

Q So the discretion wouldn't be arbitrary, would it?

A I'm not sure what you mean. No, we would base it on some objective evaluation.

Q Reasonable under the circumstances for what is actually at that central office?

A That is correct.

Q Okay. I would like to jump to Issue 7.

COMMISSIONER DAVIDSON: Chairman, before we jump, I have a question on this Issue 4. I'm sorry to interrupt, but I would like to just follow-up while we are on this issue.

You said that Sprint would be okay with the notion of copper entrance facilities. Does Sprint understand that there is -- and by the use of the word understand, I don't mean to imply that there is, and that statement doesn't mean to imply that there is not. But does Sprint understand that there is some obligation under the law to provide that, or is Sprint okay with this as a matter of business practice?

THE WITNESS: A good clarification. It is a business practice issue. There are applications, business applications where copper is the only option that someone can use for entrance into a central office. For example, Sprint's local division has cases where a CLEC or an ALEC has its own central office just a few hundred feet away from our central office, and their DSLAMs are located in their building, and so they will go to our -- connect to our loops through copper entrance facilities and do basically a virtual collocation on the mainframe, pick up our loops.

And in those cases, we have several like that where the CLEC has required the copper entrance facilities. In some cases we have had to build separate facilities between their place and ours and separate entrance, but the cost was passed on to them and they were amenable to paying that.

BY MR. SELF:

Q I hate to do this, but let me follow-up on the Commissioner's question. You said in your testimony on Page

16, your direct testimony, that the FCC in its rule addressed this and basically stated that the FCC rule states the ILEC shall permit interconnection of copper or coaxial cable if such interconnection is first approved by the state commission.

To follow-up on Commissioner Davidson's question, I believe you responded that it was a business issue. Certainly if this Commission orders the ILECs to provide copper entrance facilities, that would address that issue in the rule, correct?

A Uh-huh, yes.

Q Okay. Now I would like to go to Issue 7, the AC power feed. And I wish I had the transcript, because I think Commissioner Davidson asked this question better than I had written it out, but I will take a stab at it. If a CLEC wants to place equipment that uses AC power, and the equipment that it is going to place in its collocation space meets all of the applicable electric code requirements, building requirements, whatever other local or governmental regulations would exist for that equipment, aren't your concerns met in terms of the placement of that AC equipment?

A That is correct, yes. We are concerned about safety, and then also the quality of the electrical circuit for AC. Right now we don't contemplate that powering equipment, so we may need to provision a better quality AC type circuit in some cases.

COMMISSIONER DEASON: Let me follow-up on that for

just a moment. Is there still a need for some type of redundant power source, and where would that come from?

THE WITNESS: I don't know for sure. I would have to talk to some engineering people, but we think -- the reason I mentioned that we would have to provision different quality of AC power, it may be because we would have to include some redundancy that is not there today just for a maintenance outlet.

BY MR. SELF:

Q Certainly if the CLEC did not need or want the redundancy and that was a risk it was willing to take in a power outage, then that would be okay from Sprint's standpoint?

A Certainly.

Q All right. I want to turn last to the remote terminals question, Issue 8. Is it Sprint's position that if there is space available in the remote terminal that the CLEC --

COMMISSIONER DEASON: Mr. Self, I'm sorry, I need to follow-up with your last question about willing to take the risk. And maybe I just don't understand the engineering mechanics and that sort of thing. If there is an AC power outage, does that affect 911 service for ALEC customers if they do not have a redundant power source and they are relying upon AC as the primary power source?

THE WITNESS: If their AC circuit is part of the

generator backup in that particular office, then their customers would have 911 service as long as that generator was running.

COMMISSIONER DEASON: I'm sorry, could you repeat that?

THE WITNESS: As long as that generator was running and if the AC circuit was backed up by that particular generator, we --

COMMISSIONER DEASON: Who would provide that generator as a backup?

THE WITNESS: That would be the ILEC, just a part of their power plant.

COMMISSIONER DEASON: So that would constitute a redundant power source, would it not?

THE WITNESS: It would be a form of one, yes.

BY MR. SELF:

Q And, Mr. Fox, just to follow-up on that. The kinds of equipment that a CLEC may be placing in a central office utilizing AC power would not necessarily be POT service, it could be data service, for example?

A As long as that equipment met what the FCC required that was necessary to access UNEs or interexchange traffic, that is what we would permit to be collocated.

COMMISSIONER DAVIDSON: And, Chairman, one follow-up to Commissioner Deason's question before we move off of Issue

7. At Page 30 of the prehearing statement as to Issue 7, "Should an ALEC have the option of an AC power feed to its collocation space," Sprint's position is set forth as an ALEC should be allowed to use AC power only for equipment testing purposes. That position would be modified by what you have stated here today, that Sprint would have no objection to providing AC power within the hypothetical asked earlier of BellSouth and just now of you.

THE WITNESS: That is correct.

COMMISSIONER DAVIDSON: Thank you.

MR. SELF: Thank you, Commissioners.

BY MR. SELF:

Q All right. Let's take a shot at Issue 8 again and remote terminals. Is it Sprint's position that if there is space available inside the remote terminal that the CLEC must nevertheless use adjacent collocation, or may the CLEC place its equipment in the cabinet if there is space?

A If there is space that allows the CLEC to collocate its equipment in the cabinet.

MR. SELF: That's all I had, Madam Chairman. Thank you, Mr. Fox.

MS. KEATING: Staff has no questions.

CHAIRMAN JABER: Commissioners? Redirect, Ms. Masterton.

MS. MASTERTON: No redirect.

CHAIRMAN JABER: Thank you. Thank you, Mr. Fox, for your testimony.

THE WITNESS: Thank you.

CHAIRMAN JABER: And you may be excused. Ms. Masterton, your next witness, Jimmy R. Davis.

Mr. Davis, while you set up we are going to take just a ten-minute break and then we will get started.

(Off the record.)

CHAIRMAN JABER: Okay. Let's get back on the record.

Ms. Masterton.

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JIMMY R. DAVIS

was called as a witness on behalf of Sprint-Florida, Incorporated and, having been duly sworn, testified as follows:

DIRECT EXAMINATION

BY MS. MASTERTON:

Q Mr. Davis, could you please state your full name and address for the record?

A My name is Jimmy R. Davis. My address is 6450 Sprint Parkway, Overland Park, Kansas 66251.

Q And by whom are you employed and in what capacity?

A I am employed by Sprint. I am a Senior Manager of Network Costing.

Q Are you the same Jimmy Davis who filed direct testimony in this docket on December 19th, 2002 consisting of

11 pages?

A Yes, I am.

Q Do you have any changes to that testimony?

A Yes, I have one. Page 7, starting with Line 5, the phrase "is to be drawn" should read "could be drawn." And then on the next line, Line 6, the phrase "is to be held," should read "would be held."

Q So, Mr. Davis, if I were to ask you these questions today with the changes that you have indicated, would your answers be the same?

A Yes.

MS. MASTERTON: Madam Chairman, I move that Mr. Davis' direct testimony be inserted into the record as though read.

CHAIRMAN JABER: The prefiled direct testimony of Jimmy R. Davis shall inserted into the record as though read.

BY MS. MASTERTON:

Q Are you the same Jimmy Davis who filed rebuttal testimony on January 21st, 2002 consisting of 12 pages?

A Yes.

Q Do you have any changes to that testimony?

A I have one on Page 4, Line 8, the words "application NRC should actually be paid," should read NRCs plural should be actually paid. Strike the word application, add an "s" to NRC.

Q So if I were to ask you these questions today with

the changes that you have indicated, would your answers be the same?

A Yes.

MS. MASTERTON: Madam Chairman, I would like to move that Mr. Davis' rebuttal testimony be inserted into the record.

CHAIRMAN JABER: Prefiled rebuttal testimony of Jimmy R. Davis shall be inserted into the record as though read.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

Jimmy R. Davis

Q. Please state your name, place of employment, position and business address.

A. My name is Jimmy R. Davis. I am employed by Sprint/United Management Company as a Senior Manager – Network Costing at 6450 Sprint Parkway, Overland Park, Kansas 66251. I am testifying on behalf of Sprint – Florida, Incorporated and Sprint Communications Limited Partnership (hereafter referred to as "Sprint" or the "Company").

Q. What is your educational background?

A. In 1979, I received a Bachelor of Science Degree in Civil Engineering from North Carolina State University in Raleigh, North Carolina. In 1990, I received a Master of Business Administration Degree from East Carolina University, in Greenville, North Carolina. I have also received telephony related continuing education through company sponsored technical training in Planning, Network, and Field Operations.

Q. What is your work experience?

A. In 1979, I began my career with Sprint – Carolina Telephone as a Project Engineer in the Building Engineering section of Network. After a two-year tour

in Building Engineering, I transferred to the Network Planning Department of Sprint – Carolina Telephone in Tarboro, North Carolina where I had responsibility for that Company's Capital Recovery Program. There my job functions involved statistically based mortality studies of telephone physical property, depreciation expense budgeting, property valuations, and cost studies including capital planning. From 1989 to 1993, I served as Sprint-Carolina Telephone's Technical Training Manager where I had responsibility for providing network related technical skills training to that Company's craft and lower level management employees. After a two-year assignment in the Corporate Training Organization, I was assigned, in 1995, to a Customer Services Manager Position in Jacksonville, North Carolina. There I was responsible for the turn up and maintenance of Network and Outside Plant for approximately 115,000 access lines. I was also responsible for installation and maintenance of residential and small business services including high-speed data (special) services. In 1998, I transferred to Kansas City where I continued to work in the Customer Services Organization spending the majority of that time as a Standards and Process Manager responsible for the Sprint Local Telephone Division's National Standard Methods and Procedures for Outside Plant Construction and Maintenance Operations. I then transferred to my current position in June of 2001 where I am responsible for network costing of both non-recurring and recurring charges for collocation as well as costing for non-recurring charges for connections to Sprint's network.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to address in part technical issue 1C along with technical issues 5 and 6 (A, B, and C) as identified on Attachment A of the Commission's Procedural Order dated November 4, 2002. Mr. Edward Fox will address technical issues 1A through 4 (also including 1C), 7 and 8 in his Direct Testimony also filed today.

Q. Have you previously testified before a state regulatory commission?

A. Yes. I have testified in Florida associated with UNE Docket 990649-TP. I have also testified in the state of Missouri.

Q. Does Sprint operate as an ALEC as well as an ILEC?

A. Yes. As discussed on page 2 of Sprint witness Edward Fox's Direct Testimony, Sprint operates as both an ALEC and an ILEC in the state of Florida.

ISSUE 1C. WHAT CANCELLATION CHARGES SHOULD APPLY IF AN ALEC CANCELS ITS REQUEST FOR COLLOCATION SPACE?

Q. How does Sprint distinguish between cancellation of a request for collocation space verses the decommissioning of a collocation space?

A. As explained by Sprint witness Edward Fox in his Direct Testimony on pages 5 and 6, cancellation of a "request" for collocation space could occur prior to the completion and acceptance of the space while decommissioning would be involved if the space has been completed and accepted. Please refer to Mr. Fox's Direct Testimony on page 5 for comments on applicable charges when a collocation request is cancelled.

Q. When an ALEC decommissions it collocation space, what charges should apply?

A. To decommission a previously completed and accepted collocation space, the ALEC should submit a new application requesting the decommissioning along with remittance for the appropriate application and project management fees.

Q. Please provide examples of the activities covered by these fees.

A. Along with processing the application itself, these fees cover activities like: engineering work associated with discontinuing DC power and cross connects serving the collocation space, work associated with updating records which represent the current use of space, work associated with updating records and documentation used to communicate the availability of collocation space, updating billing systems, and coordination with the ALEC on the removal of their equipment.

ISSUE 5. SHOULD AN ILEC BE REQUIRED TO OFFER, AT A MINIMUM, POWER IN STANDARDIZED INCREMENTS? IF SO, WHAT SHOULD THE STANDARDIZED POWER INCREMENTS BE?

Q. How is DC power sold to an ALEC for collocation?

A. There are two components to DC Power. Power consumption is the amount of DC Power, measured in amps, used on a monthly basis. DC power cable connections involve the placement and maintenance of cabling required to deliver DC power to an ALEC's collocation space.

Q. Should an ILEC be required to offer DC Power consumption in standardized increments?

A. No. ILECs should offer DC Power consumption on a load amp basis in single amp increments in an amount equal to what an ALEC needs/orders. Sprint uses "load amp" to refer to the specific power needs of the equipment using the DC power.

Q. How does load amp differ from fused amp?

A. While load amp refers to the power needs of equipment, fused amp refers to the "fused" capacity of the DC power cable connection which feeds DC power from the ILEC DC power generation equipment to the ALEC's equipment.

Q. How does Sprint size and fuse DC power cable connections?

A. Sprint sizes DC power cable based on the load amps ordered by the ALEC. DC power fuses, which come in standard sizes, are added for safety reasons. Fuse sizes exceed the amps ordered by a factor of 1.25 to 1.33.

Q. What size increments should be used for DC power cable connections?

A. Through actual cost analysis of material and labor, Sprint has found that DC power connection charges can fairly and reasonably be offered in standard increments. Sprint offers DC power cable connections for fuse sizes of 30 amps and below, for fuse sizes between 35 and 60 amps, for fuse sizes between 70 and 100 amps, and for fuse sizes between 125 and 200 amps.

Q. What is redundancy as it relates to DC power cable connections?

A. Redundancy refers to the fact that there are two leads (A and B) installed to provide DC power to telephone equipment. Each of the two leads is sized to carry the full load of DC power needed by the equipment it serves. That way, if one lead should fail, the other lead can carry the full load and keep the equipment fully powered.

Q. Does Sprint offer redundancy as part of its DC power cable connection offering?

A. Yes. Sprint's DC power cable connections provide two leads as described above. As a part of Sprint's offering, the entire load ordered by the ALEC ~~is to~~ could be drawn on the "A" lead. The "B" lead ~~is to~~ would be held in reserve in the event the "A" lead fails.

Q. How does redundancy affect the pricing and costing of DC power?

A. The non-recurring and recurring charges for DC power cable connections include the material, labor and maintenance for both leads; however, the charges for DC power **usage** is based on what the ALEC declares it needs on its application. This is further explained as part of Sprint's response to Issue 6A below.

ISSUE 6A. SHOULD AN ILEC'S PER AMPERE (AMP) RATE FOR THE PROVISIONING OF DC POWER TO AN ALEC'S COLLOCATION SPACE APPLY TO AMPS USED OR FUSED CAPACITY?

Q. For the purpose of billing DC power, how should an ILEC determine the quantity of power to bill for?

A. The most feasible method of billing for DC power consumption is to bill based on the amount of power the ALEC declares on its application that it needs to power

its equipment in the collocation space. This approach equates to billing on the basis of amps "used" without the added cost for the ILEC to meter or otherwise estimate power usage on a monthly basis. DC power metering, a procedure that Sprint does not perform for its own operations, would be a costly and cumbersome process, the cost of which would have to be passed on to the ALEC in the form of a higher DC power consumption rate.

Q. Why is offering of DC Power Consumption based on load amps ordered superior to "amps fused"?

A. Billing based on the number of load amps ordered by the ALEC erases any concerns the ALEC may have that it could be paying for more power than its equipment could use. This is a commonly raised issue related to fused and redundant capacity billing.

ISSUE 6B. IF POWER IS CHARGED ON A PER-AMP-USED BASIS OR ON A FUSED CAPACITY BASIS, HOW SHOULD THE CHARGE BE CALCULATED AND APPLIED?

Q: How should the charge that Sprint is recommending for DC power consumption based on load amps ordered be calculated and applied?

A: A monthly recurring charge representing the ILEC's cost to produce one load amp of DC power should be applied to load amps ordered. The cost of a load amp is

comprised of two components. The first component is the cost of the DC power plant itself, including the cost of a generator for providing backup power. The second component is the cost of the commercial AC power, which is converted to DC power within the power plant.

Power Plant Cost

The cost of the DC power plant should be determined on a TELRIC basis. That is, it should be a forward-looking cost, based on current least cost most efficient technology, equipment prices, and installation costs, and should assume that the power plant is built to satisfy all current demand for DC power. Sprint's cost methodology incorporates variable sizes and costs of power plants due to the realities of widely varying DC power requirements for different size central offices (telephone network facilities). A unit (per amp) investment is determined by dividing the total forward-looking investments in all necessary power plants by the total load (in amps) borne by those plants. A unit cost is determined by multiplying the unit investment by an annual charge factor for power equipment. The annual charge factor provides for depreciation, cost of money, income taxes, property taxes, maintenance and other recurring expenses.

Commercial AC Power Cost

The cost of commercial AC power per DC amp can be determined from the ILEC's recently paid utility bills for powering central offices, which are recorded in FCC Account 6531. The sum of the bills' total charges can be divided by the bills' total kilowatt-hours to yield an average cost per kilowatt-hour. The average cost per kilowatt-hour can then be converted by formula to an average commercial power cost per DC amp.

DC Power Cost Per Load Amp

DC power cost per load amp is determined by adding the per amp cost of the power plant to the per amp cost of commercial AC power. Last, common costs are added to the sum of the power plant and commercial AC power cost to arrive at a total cost. Common costs consist of Corporate Operations Expenses (Accts 6710 & 6720) and the annual costs of certain General Support Assets (Acct 2110).

ISSUE 6C. WHEN SHOULD AN ILEC BE ALLOWED TO BEGIN BILLING AN ALEC FOR POWER?

Q: When should the ILEC begin billing for power?

A. An ILEC should be allowed to begin billing an ALEC for power after acceptance of the collocation space, the same as for any other collocation element. On that date, the ALEC has the capability of drawing power.

Q. Why should billing begin upon acceptance of the space, rather than when the power is actually used?

A. At the time of acceptance of the collocation space, power plant capacity has in effect been placed in service for the ALEC's use. Accordingly, the ILEC is entitled to a return on the investment it has made available to the ALEC. Beginning to bill at the time the space is accepted is consistent with how the costs have been incurred.

Q: Does this conclude your testimony?

A: Yes.

Sprint-Florida, Incorporated
Docket Nos. 981834 & 990321-TP
Filed: January 21, 2003

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

REBUTTAL TESTIMONY OF

JIMMY R. DAVIS

Q. Please state your name, place of employment, and business address.

A. My name is Jimmy R. Davis. I am employed by Sprint/United Management Company as a Senior Manager – Network Costing at 6450 Sprint Parkway, Overland Park, Kansas 66251. I am testifying on behalf of Sprint-Florida, Incorporated and Sprint Communications Company Limited Partnership (hereafter collectively referred to as "Sprint" or the "Company").

Q. Are you the same Jimmy Davis who previously filed direct testimony in this case?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. I will respond to the direct testimony of AT&T witness Mr. Jeffrey A. King in a number of key areas. Specifically, my testimony deals with Mr. King's comments regarding issues 1A, 1B, 1C, 6B, and 6C as identified on Attachment A of this Commission's Procedural Order dated November 4, 2002. I will also respond to the direct testimony of BellSouth witness Mr. W. Keith Milner regarding issue 6A. Sprint witness Mr. Ed Fox will respond to AT&T witness Mr. King's comments regarding issues 2A – 2D, 3, and 8.

ISSUE 1A. WHEN SHOULD AN ALEC BE REQUIRED TO REMIT PAYMENT FOR NON-RECURRING CHARGES FOR COLLOCATION SPACE?

Q. Please explain AT&T's position on when Non-Recurring charges (NRCs) should be remitted to the ILEC.

A. According to Mr. King (page 4 lines 6-19), AT&T separates NRCs into three categories: (1) Application Fee (for the application process), (2) Space Preparation – Firm Order Processing (to cover the collocation 'floor' space) and (3) Other (to cover all other elements including power and cross connect cabling).

Q. When does AT&T say the ALEC should pay the NRC for the application?

A. According to Mr. King's direct testimony, AT&T believes the "applicable non-recurring Application Fee should be **billed** within a 30-day billing cycle of the date in which the ILEC notifies the ALEC of space availability" (King Direct page 4 lines 9-12 emphasis added). Mr. King does not comment on when the application NRC should actually be paid, so the implication is that AT&T expects additional time before remitting payment. In addition, Mr. King states that the ALEC should be **billed** when notified that space is available. It appears that AT&T does not expect to be billed if it is determined that space is not available.

Q. Will AT&T's position on remitting payment to the ILEC for the application NRC adequately compensate Sprint for its cost?

A. No. The application process involves planners and engineers reviewing the application to determine if their requested collocation can be accommodated. This includes: application processing, floor space review/assignment, DC power capacity analysis, cross-connect infrastructure (e.g. main distribution frame) review/assignment, entrance infrastructure capacity review/selection, price quote preparation, etc. This analysis involves several hours of research and administrative work for which the ILEC should always be compensated.

Q. When should the NRCs for the application process be paid?

A. Sprint requires payment for the application NRC up-front, prior to beginning the research driven by the ALEC's application. Receiving payment up front is essential to ensure that the ALEC's intentions are sincere while compensating the ILEC for its incurred cost.

Q. How does the issue of "space availability" affect Sprint's application process?

A. Sprint maintains a list of closed (central) offices on our web site (www.sprint.com/regulatory). An ALEC should consult the list prior to submitting an application. Even though a Sprint office is not on the "closed" list, it doesn't mean that we will be able to meet the ALEC's specific needs. The ALEC may be asking for more space than what is available. Meanwhile, Sprint has incurred the costs for the processing the application as explained above and should be compensated.

Q. When does AT&T say the ALEC should pay the non-recurring charges for cable runs associated with DC power and cross-connects?

A. According to Mr. King's direct testimony, AT&T includes cable installations in the category of "Other" (page 4 lines 16-17) and states that they "are **billed** within a 30-day billing cycle of the date that the ALEC has accepted the requested collocation UNE" (page 4 lines 16-18, emphasis added). Again, Mr. King does not comment on when the ~~application~~ NRCs should actually be paid. Mr. King goes on to imply that accepting the collocation space occurs only after the ALEC has "tested and interconnected its facilities to the ILEC" (page 4 lines 18-19).

Q. Will AT&T's position on remitting payment to the ILEC for the cable installations NRCs adequately compensate Sprint for its cost?

A. No. In fact AT&T's position falls woefully short of adequately compensating Sprint. First of all, as covered in Sprint witness Mr. Ed Fox's Direct Testimony on page 4 lines 9-16, Sprint incurs cost immediately for material and labor associated with preparing the collocation requested by the ALEC. The immediate material costs referenced by Mr. Fox includes power and cross connect cables, cable racking, etc., while the immediate labor cost includes work authorization administration, site design, material ordering and material handling. These immediate costs are closely followed by the installation labor necessary to build the associated collocation element(s). If collocation NRCs are not fully paid in a timely manner, Sprint will also incur carrying costs (including cost of money) associated with funds spent in the process of building

the collocation elements. In other words, Sprint funds will be held up in until the NRCs are paid.

Q. When should the NRCs for ALL collocation elements including DC power cables and cross-connect cables be paid?

A. As covered in on page 4 of Sprint witness Ed Fox's Direct Testimony, "the ALEC should be required to remit 50% of the nonrecurring charges at the time of the firm order is placed and 50% upon acceptance of the collocation arrangement" (page 4 lines 3-4). This includes the NRCs for all collocation elements. Mr. Fox draws a comparison to the construction industry where is it common practice "to require partial payment of construction costs up front" (page 4 lines 12-13). Mr. Fox also mentions a risk factor due to requesting carriers "varying degrees of financial stability" (page 4 lines 14-15).

Q. Does Sprint agree with AT&T that accepting the collocation space occurs only after the ALEC has "tested and interconnected its facilities to the ILEC" (King Direct, page 4 lines 18-19).

A. No. As covered in Sprint witness Ed Fox's testimony (page 5 lines 8-19) the acceptance process takes place once Sprint has completed the construction of the collocation (which encompasses all collocation elements). Mr. Fox's testimony also covers the timeframes for accepting completed collocations. Requiring the ALEC pay for collocation elements upon completion is consistent with how Sprint incurs the cost of building the collocation elements.

ISSUE 1B. WHEN SHOULD BILLING OF MONTHLY RECURRING CHARGES (MRCs) BEGIN?

Q. According to AT&T witness Mr. King, AT&T advocates that MRCs for elements like floor space, security cage, etc., should start upon acceptance of the collocation while MRCs for the remaining elements should not start until the ALEC has installed, tested and interconnected its equipment. Does this approach of staggered MRCs adequately compensate Sprint for its costs?

A. No. The provisioning intervals that an ILEC is held to encompass all the elements of collocation including floor space, security cage, DC power cable, DC power amperage, interconnection cables, etc. The ILEC is expected to complete all aspects of a collocation before declaring the collocation complete. In doing so, the ILEC has incurred costs which include but are not limited to work order administration, engineering labor, material, installation labor, and carrying cost (including: cost of money, depreciation, property tax, maintenance, etc) for it's investment in all collocation elements. These carrying costs are built into the collocation element MRCs and should be covered by the ALEC once the construction of collocation elements is complete. Any delay in payment for collocation elements upon completion puts an undue burden on the ILEC.

ISSUE 1C. WHAT CANCELLATION CHARGES SHOULD APPLY IF AN ALEC CANCELS ITS REQUEST FOR COLLOCATION SPACE?

Q. In his direct testimony on page 5 lines 16-18, AT&T witness Mr. King states that "if the ALEC cancels its request for collocation space within 20 days after the application has been submitted to the ILEC, the application fees should be fully refundable to the ALEC". Does this view compensate Sprint for its cost?

A. No. As previously stated under issue 1A, the application process involves several hours of work by planners and engineers for application processing, floor space review/assignment, DC power capacity analysis, cross-connect infrastructure (e.g., main distribution frame) review/assignment, entrance infrastructure capacity review/selection, price quote preparation, etc. Due to tight time intervals, these costs are incurred immediately and the ILEC is entitled to compensation to recover them.

Q. In his direct testimony (page 5 line 18 – page 6 line 2), Mr. King implies that the ILEC receives a "benefit" from having available "a ready made collocation space that it can use to supply the next ALEC that orders space". Is this implication correct?

A. No. Mr. King's assertions are wrong on two fronts. First of all, numerous ALECs have gone out of business in Florida as well as throughout Sprint's local operations nationwide. I have seen significant numbers of complete collocations in Sprint buildings, which have never been occupied by the ALEC for which they were intended or by any other ALEC. I am familiar with collocations that have been vacated by ALECs, which have remained open for several months. The rate of collocation applications has fallen off substantially when compared to collocation application rates of just two to three years ago. Secondly, collocation is not a "one

size fits all" offering. When Sprint refers to "collocation space", we mean the entire collocation site including all the elements involved. Assets like cross-connect cables and DC power cables are designed and built to meet a specific ALEC's needs. Should an ALEC cancel its collocation request after their space is complete, the ILEC will likely have to remove, redesign and rebuild the interconnection and DC power infrastructure for any future collocation request. Only the floor space (square footage) is generic enough to anticipate reuse by a future ALEC without modification.

ISSUE 6A. SHOULD AN ILEC'S PER AMPERE (AMP) RATE FOR THE PROVISIONING OF DC POWER TO AN ALEC'S COLLOCATION SPACE APPLY TO AMPS USED OR FUSED CAPACITY?

Q. After his discussion on the merits of fused amp billing for DC power, BellSouth witness Milner concludes (Direct page 12, lines 15-16) that "...the ALEC is not paying for any more power capacity that what the equipment requires." Does Sprint agree with this statement?

A. No. As is illustrated on exhibit JRD1, under fused amp billing, the ALEC will be overcharged for power the overwhelming majority of the time. Starting with page 15 of his direct testimony, Mr. Milner attempts to explain the neutrality of fused amp billing by using an illustration (page 15, line 17 ff) of a desired load of 40 amps. Mr. Milner explains that the 40-amp load would be fused at 60 amps (1.5 * 40). Then Mr. Milner explains that based on a fused amp rate of $7.80, the ALEC would be charged $468.00 per month for DC power. Then Mr. Milner implies that if load amp billing were used, a rate of $11.70 ($7.80 * 1.5) would be used instead, and the ALEC would

still pay $468.00 per month ($11.70 *40) for DC power. As can be seen from Exhibit JRD1, rate neutrality will only be achieved when the ALEC needs load amps of 10, 20, 30, 40, 60 amps, etc. For all other desired loads, the ALEC will be overcharged. This happens because available fuses (shown in column C of Exhibit JRD1) do not match up with the minimum protection needed (column B) for the desired load (column A).

Q. Using Exhibit JRD-1, please provide an example of where the ALEC would be overcharged.

A. Let's say the ALEC requested 48 load amps based on the needs of their equipment (see corresponding value in column A on exhibit JRD-1). BellSouth would multiply 48 times 1.5 to arrive at 72 amps (column B) which is the amount of protection needed (Milner direct page 12, lines 1-6). Since fuses come in standard sizes, BellSouth would have to move up to an 80-amp fuse (column C). This would make the monthly billing for DC power (column D) $624.00 per month ($7.80 * 80). If DC power billing were based on the equivalent load amp rate of $11.70 (column E), the ALECs monthly rate for DC power would only be $561.60 ($11.70 * 48). Therefore in this example (which is only 8 amps more than Mr. Milner's example), the ALEC would be overcharged $ 62.40 per month (column F). In the end, BellSouth would be charging the ALEC for 53.33 amps (80 amps divided by 1.5) verses the 48 amps desired, which refutes Mr. Milner's claim of neutrality.

Q. How could this overcharging for DC power be addressed?

A. In Mr. Milner's direct (page 12, lines 6-9), he states that "For purposes of billing, the recurring power rate assessed by BellSouth includes a 0.6667 multiplier ...". Based on this comment, it appears that BellSouth arrives at a load amp rate in their DC power rate calculations just prior to determining their fused amp rate. To avoid the overcharging illustrated above, BellSouth could simply apply the load amp rate they are apparently already developing to the amps ordered by the ALEC.

ISSUE 6B. IF POWER IS CHARGED ON A PER-AMP-USED BASIS OR ON A FUSED CAPACITY BASIS, HOW SHOULD THE CHARGE BE CALCULATED AND APPLIED?

Q. On page 9, lines 19-21 of his direct testimony, AT&T witness King recommends "metering" as a means to capture the actual DC power usage of on ALEC. Does Sprint agree with this recommendation?

A. No. As covered in my direct testimony on page 8, lines 3-6, Sprint does not meter its own DC power usage. Metering DC power usage for the ALECs would involve adding costly metering equipment along with adding processes for reading usage and billing accordingly. All the costs associated with metering would be passed on to the ALECs in the form of a higher DC power consumption rate.

Q. What is Sprint's preferred way of billing for actual DC Power usage?

A. As covered on page 7 line 23 through page 8 line 3 of my direct testimony, the most feasible method of billing for DC power consumption is to bill based on the amount of

power the ALEC orders. This is equivalent to AT&T's alternative recommendation of using the "List 1 Drain of the installed equipment provided by the equipment vendors" (Mr. King's direct, page 9 line 19 through page 10 line 6). The ALEC could/should use the vendor provided List 1 drain to determine how much DC power to order.

ISSUE 6C. WHEN SHOULD AN ILEC BE ALLOWED TO BEGIN BILLING AN ALEC FOR POWER?

Q. On page 11 lines 3-9 of his direct testimony, Mr. King suggests that DC power should not be billed to the ALEC until the ALEC installs and activates it equipment. Will this approach adequately compensate Sprint for its costs?

A. No. As with other collocation elements, the collocation completion intervals ILECs are held to include making provisions for supplying DC power. This involves providing capacity from the ILEC's DC power plant. The DC power plant consists of rectifiers, batteries, power distribution boards, power cabling, emergency back up generators and the like. These assets represent a substantial investment for which the ILEC incurs carrying costs (including: cost of money, depreciation, property tax, maintenance, etc). These carrying costs are built into the DC power consumption rate and should be shared by the ALEC once collocation provisions are made. If AT&T's positions regarding remittance of NRCs and MRCs were to be adopted, ALECs could delay payment by delaying the installation of their equipment. Requiring ALECs to remit NRCs and MRCs once collocation elements are available is necessary to adequately compensate Sprint for its costs.

Q. Does this conclude your rebuttal testimony?

A. Yes.

BY MS. MASTERTON:

Q And, Mr. Davis, do you have any exhibits to your testimony?

A I do have one exhibit to my rebuttal, Exhibit JRD-1.

MS. MASTERTON: And, Madam Chairman, I would ask that that exhibit be marked for identification.

COMMISSIONER DEASON: JRD-1 will be identified as Hearing Exhibit 19.

(Exhibit 19 marked for identification.)

BY MS. MASTERTON:

Q And, Mr. Davis, have you prepared a summary of your testimony?

A Yes, I have.

Q Could you please give that summary now?

A Thank you. And thank you, Madam Chairman. My direct testimony deals with nonstipulated Issues 5, 6, including Parts A, B, and C. My rebuttal testimony deals with Issues 1A, 6B, and 6C.

As stated in both my testimony and in Sprint Witness Fox's testimony, Sprint operates as both an ILEC and an ALEC in the State of Florida. Issue 1A, which deals with when should an ALEC be required to remit payment for NRCs, to ensure that Sprint is compensated for cost as it is incurred, Sprint's position is that the ALEC is to pay for the application fee up front, to pay for 50 percent of all remaining NRCs at the time

of a firm order, and the remaining 50 percent of the NRCs at the time that collocation is accepted as defined by Sprint Witness Fox. AT&T, however, repeatedly advocates delaying NRC payments or not making them at all, which falls short of adequately compensating Sprint for the cost incurred in providing services.

For Issue 5, should an ALEC be required to offer at a minimum power in standard increments, and, if so, what should those increments be, Sprint identifies two components of DC power. We have DC power consumption and DC power cable connections. Sprint's position is that DC power consumption should be offered in single amp increments based on the load amps ordered by the ALEC. Sprint has found that DC power cable connections can fairly and reasonably be offered in standard increments, and Sprint offers four increments of DC power cable connections. Sprint's DC power cable connections are fully redundant.

For Issue 6A, should an ILEC's per amp rate for provisioning of DC power to an ILEC's collo space apply to amps used or fused capacity, under 6A Sprint continues the theme that an ALEC should be billed for DC power consumption based on the amount of DC power measured in load amps the ALEC declares on its application that it needs to power its equipment in a collo space. Sprint equates this approach to billing for DC power on the basis of amps used without the added cost of

metering. AT&T and Verizon agree with Sprint's position. DC power metering is a process that Sprint does not use for its own operations and that would be a costly and cumbersome process, the cost of which would be passed on to the ALEC along with the cost of the metering system, the OSS changes needed to enable billing for metered power, the cost of taking measurements of DC power and billing for that is the substantial cost of underutilized DC power plant.

An ILEC's rate for DC power consumption is based on the total capacity of the DC power plant and that basic calculation is investment divided by capacity. The ILEC is required to provide the DC power plant investment, which include the batteries and rectifiers, power boards, et cetera, necessary to produce 100 percent of the power the ALEC orders and does not avoid the cost of doing so irrespective of how little DC power the ALEC actually uses.

For Issue 6B, which is if power is charged on a per amp used basis or on a fused capacity basis, how should a charge be calculated and applied, a monthly recurring charge representing the cost of producing one load amp of DC power is applied to the load amps ordered. The cost of a load amp has two components; the DC power plant investment and commercial AC power, which is converted to DC power within the plant itself.

Costing for the DC power plant should be on a TELRIC basis, meaning that it should be forward-looking and based on

the scale of total demand. Carrying charges, which include cost of money, depreciation, property tax, maintenance, et cetera, are applied to the DC power plant investment through an annual charge factor. AC power costs should be based on the ILEC's actual cost. Common costs are applied to the sum of the DC power plant cost and the AC power cost to arrive at the total MRC per amp.

And then for Issue 6C, when should an ILEC be allowed to begin billing an ALEC for power, Sprint's position is that the billing for DC power should begin upon acceptance of the collocation space, the same as for any other collocation element. Sprint has made available the DC power investment ordered by the ALEC, and on the date of acceptance the ALEC can draw power. The aforementioned carrying charges associated with DC power plant investment are built into the DC power load amp rate and should be borne by the ALEC once collocation provisions have been made. This is consistent with how costs have been incurred and that Sprint has had to make DC power available as part of meeting the collocation completion interval. And that concludes my summary.

CHAIRMAN JABER: Thank you, Mr. Davis.

MS. MASTERTON: The witness is available for cross examination.

CHAIRMAN JABER: Mr. Feil.

MR. FEIL: No questions.

CHAIRMAN JABER: Mr. Watkins.

CROSS EXAMINATION

BY MR. WATKINS:

Q Mr. Davis, good afternoon. My name is Gene Watkins, I represent Covad Communications. Were you here for Mr. Fox's testimony?

A Yes.

Q Before we get over to the stranded investment that he deferred to you, I want to ask you quickly about Issue 1A where you want a 50 percent check up front for construction. Does Sprint let CLECs, if they are certified vendors, build out their collo spaces?

A Our policy at this point is that we would build your collo space for you. We would work with you on -- you would order elements and we would order the material and install that for you based on the price structure that we have.

Q Are you familiar with BellSouth's practice in that same regard?

A Yes.

Q And they will allow a company like Covad that is a certified electrical vendor, a certified BellSouth electrical vendor, to go into the collo space and to build that themselves.

A Well, I understand that they require you to use their certified vendors, is that what you are saying? That is my

understanding.

Q Yes, sir. Are you aware that if the CLEC themselves is or are a BellSouth certified vendor, they can build out their own collo space?

A I was not aware of that.

Q Your principal reason for asking for 50 percent is your concern that the company is going to go out of business in the time period between them asking for a collo space and receiving it?

A We are trying to match up receipts with when we incur costs. We do order materials, we do have engineering and planning and those kind of activities, and that requirement is consistent, as Mr. Fox said in his testimony, with the construction industry. Typically when a contractor builds something for someone, they do want a substantial amount of money up front so that they can match up their expenditures with receipts.

Q Is Sprint taking a 50 percent up-front payment position with regards to the construction or provisioning of any other UNE?

A Well, most of our UNEs, other than collocation, are recovered on a monthly recurring charge basis, so that issue is not applicable.

Q Would Sprint have any objection to the same terms that were stipulated to for Issue 1C applying to 1A, that is,

all parties agree that the CLEC will be responsible for reimbursing the ILEC for costs specifically incurred by the ILEC on behalf of the canceling CLEC up to the date that their written notice of cancellation is received?

A Well, our policy is as stated in the testimony that we want the 50 percent up front and then 50 percent upon completion, and that best matches the timing of when we incur the cost, and that is what we would prefer to stick with.

Q Have you had any CLECs go bankrupt during the time period after they have ordered the provisioning of a collo space?

A We have had a number of abandoned, I can't give you the reasoning necessarily behind that.

Q Were they abandoned before you were paid for the build out?

A I have heard -- well, first of all, I had a discovery response that sort of gets to this issue, and this is discovery -- I mean, a response to Staff Interrogatory 69 where we talk about -- in fact, I will just read a couple of lines from that. "Since 1996, 289 collocations have been placed in service by Sprint within Florida. Of those, 104 were started but abandoned prior to their completion." So we have had situations where collocators did start, yet abandoned their collocations prior to completion. And then as of the end of May of this year, we only have 142 collocations remaining. So

we have lost over half in terms of the collocations that were completed and then subsequently abandoned.

Q Do you know what percentage of the 104 that were abandoned you did not recover the costs?

A I don't know.

Q Do you know whether you recovered any of those 104 abandoned by a different CLEC coming in and asking for that same space?

A I don't know that, either.

Q Did any of the people who abandoned any of those spaces make payments to you that were subsequently recovered by the bankruptcy court?

A I'm sorry, say that again.

Q Did the bankruptcy court come and get any money that you were paid up front for any build-outs for collo spaces?

A I'm not aware.

Q With regard to Issue 6A, you were here for Mr. Fox's and my discussion of that and his assertion that if you went to metering there would be some stranded investment. Could you elaborate what exact stranded investment he is talking about or Sprint is talking about?

A I'm sorry?

Q Or Sprint is talking about, more accurately.

A Okay. Let's say you go to a restaurant and you order a 24-ounce steak, and you are only able to eat six ounces of

that steak. No one would expect the restaurant to only charge a fourth of that steak. You would have to pay for the full 24-ounces, even though you would have 18 ounces of steak stranded on the plate. Sprint is simply asking for cost-recovery in terms of the DC power plant that we have made available to the ALEC.

CHAIRMAN JABER: You have not made anyone hungry.

BY MR. WATKINS:

Q If the monthly recurring charge for metered power was designed in part to recover those costs, would Sprint maintain its opposition to metering on that basis?

A So your question is if we took into account underutilization of plant in terms of what the metered rate is, would we still be opposed to metering in principle? I'm not sure in terms of, you know, whether I can answer that question for our entire company. It is logical that if we adjusted the rate upward to reflect underutilization of plant that we would recover our costs. So from a cost recovery perspective, it is logical.

Q That same concern in time value of money drives your desire to immediately begin billing for power at space ready date?

A It is more than just the time value of money or cost of money. There is also depreciation on the plant that has been made available, there is property tax, there is

maintenance on that plant. So there is more cost involved than just --

Q Those are factored into your monthly recurring charge per amp used?

A Yes. Sure. Depreciation expense, property tax, maintenance, all of that is.

Q Relative to the costs incurred, you would agree with me in a general sense that an ILEC generally, within the confines of the regulatory world we live in, shouldn't have to give us anything for free, and we shouldn't have to pay for anything we don't get in just a general sense, right?

A Yes, but we need to talk about what you mean by what you don't get. That is where the distinction needs to be drawn and understood.

Q Well, at least with regards to the electrical charge that Florida Power and Light charges Sprint that gets run through your wires and to our collo space, until we are actually drawing that electrical load, we would be paying for something that we aren't using.

A Well, earlier we were talking about things like what part of the MRC for power is made up of the plant itself and what part is made of the AC power. On the rate that we propose it is about an 80/20 split. Meaning 80 percent of that rate deals with the infrastructure -- or the DC power plant, I should say, and the other 20 deals with the AC portion. And I

understand what the belief may be in terms of, well, if you are only drawing a certain amount of power, then surely you are not buying AC from the power company even though you are not -- even though you are not drawing power with your equipment. Well, there is some draw because we have to charge our batteries. I mean, we have batteries there that represent the power backup in case of an AC power failure, and we have to keep those batteries charged up, and there is a certain amount of AC draw for that even.

CHAIRMAN JABER: Mr. Davis, help me understand something that has been troubling the whole day when I hear things like recovering depreciation, stranded investment, time value of money, and you want to recover the costs that you have incurred. Those are all -- and maybe it is just my background in ratemaking and rate cases -- those are ratemaking principles in a regulated environment.

The trouble I have been having all day is I haven't heard anyone talk about a formula for a market rate or a business negotiated rate. And, again, I'm giving you an opportunity to tell me, have you thought about a one-time charge that -- who cares how you came up with it, but a one-time charge that you could propose to the CLECs that frankly may not -- maybe it doesn't allow you to recover all of the costs, but that is sort of, you know, those are the market forces and that is the give and take in a competitive

environment. When I hear stranded investment, to me that means you have lost something that through regulation you might have been entitled to, and because of a regulatory change you are no longer getting it. That is not what we are talking about here. Or, you know, years ago you were asked to put in some infrastructure to serve a customer base and something has happened along the way that now your customer base has been taken away from you.

We are not talking about infrastructure you put in, so stranded investment doesn't work for me, just to disclose that to you right now. But I also want to give you an opportunity to -- what would be a market rate, what formula would you recommend that we should be looking at and what is it you need to help you come up with that rate to propose to them, and either they take it or they don't, but at least it would be a starting point?

THE WITNESS: Well, our cost studies are TELRIC-based and so our cost studies are based on our costs. So I'm not quite following your question in terms of a market rate.

CHAIRMAN JABER: Well, even TELRIC, as I understand it, and certainly as we have applied it here is based on a forward-looking cost model. Not what you paid yesterday, but what is the most efficient network that could be constructed today, or tomorrow, or 100 years from now. So to me that implies market, the state of the telecommunications market.

What could you reasonably expect the CLECs to pay for their request to share your space?

THE WITNESS: Well, let me talk for a moment about what the MRC is representing. Eighty percent of that MRC has to do with the DC power plant investment. Let's say for a moment that it takes $500 worth of DC power plant to produce an amp of power. So if an ALEC comes in and orders 100 amps, then they are, in essence, asking us to set aside $50,000 worth of DC power plant on their behalf. If they were not in our CO, if they were in a building somewhere else and they had to build their own DC power plant, they would have to make the same kind of decision.

And you alluded to that earlier in your comments that they would need to be responsible in terms of their planning in deciding how much DC power plant to put in place, and what have you. Well, that can be done through the rate structure that we have today, because that MRC is supported and backed up by true investment in DC power plant.

So when they order 100 amps, it is like having $50,000 worth of investment for a DC power plant that is sitting there on their behalf. And what we need is our recovery of our cost for that $50,000 worth of DC power plant, and that is what the MRC is designed to do.

So if they simply pay, you know, for whatever they order, and Sprint's position, again, is we are asking that --

or we are wanting an ALEC to pay for the DC power that they order. As long as they do that, we will receive cost-recovery on that portion of DC power plant investment that is there for them.

CHAIRMAN JABER: Mr. Watkins.

BY MR. WATKINS:

Q When you say there is DC power plant set aside for the CLEC, again, you would agree with Mr. Milner's testimony on cross here that there is no battery that is there for Covad unto itself and there is no rectifier there for --

A You have the capacity from all of the components of the plant that will provide you with the power that you have ordered, and that capacity does have an investment associated with it. And, again, the alternative is you are in a separate building. You have got your own DC power plant and you built your own DC power plant.

You have a tremendous advantage being in an ILEC's office, because you don't have to build a whole plant. You can just say, well, I want 100 amps of capacity, or I want 50 amps of capacity, and we set that capacity aside for you. And that is capacity we cannot use for anybody else. Let's say we have a 1,000-amp office and an ALEC comes in and says I want to get 50 amps of power from you. That 50 amps of power is not 50 amps of power that is flowing, that 50 amps of power is 50 amps of DC power investment. That is what it means to us because

that is what that number represents.

You know, there is a lot of seemingly comparisons between a DC power plant and a commercial -- or, excuse me, a public utility for AC power, and those two things are totally different. Those are different animals. And I have a chart that I have prepared just to discuss some of the difference between a DC power plant and commercial AC power that I would like to share.

CHAIRMAN JABER: How about to the degree that that is available on redirect we will hold onto that.

THE WITNESS: Okay. But getting back to my point, I mean, it is a tremendous advantage for an ALEC to say, well, I am needing -- my planning horizon is 50 amps. If they weren't get that 50 amps from us, they would be faced with building a 50-amp DC power plant. That is what they would have to do is build a 50-amp DC power plant, and they would bear the cost of the 50-amp DC power plant. But what you are able to do is come into a CO and say, well, I want to 50-amp DC power plant and that is what we appropriate for you and, you know, we simply want recovery for that.

BY MR. WATKINS:

Q You are familiar with the historical origins of the local loop, and the reason that you have got it running into your central office, and the reasons it would inefficient for people to be out there building their own central offices and

running their own local loops, right?

(Brief interruption.)

I will withdraw that question. Let me just address one of the comments that the Chairwoman made here. Once that battery is built and once that rectifier is built, it is not a stranded investment in the traditional sense unless Sprint into the future does not utilize it, right?

A Well, we are talking about stranded and let's talk about stranded, and utilization, and that sort of thing. Earlier I was saying that when you come in and you tell us that you want your 50-amp power plant, if we have a 1,000-amp office and you come in and say, well, I want my 50-amp power plant, we no longer have a 1,000-amp office remaining for everybody else, we have a 950 amps of office remaining to divvy up among the rest of the people. So we don't have that 50 amps available that you have reserved to give to anybody else.

So it is like that 24-ounce steak. You have ordered a 24-ounce steak, it is called a 50-amp power plant, and whether you eat all of that steak or not, whether you use all of that power or not, you have still got it sitting on your plate and we need cost-recovery for that 50-amp power plant. That's all I'm saying here.

Q The one-time charge one runs into in a restaurant analogy is not exactly the same as the monthly recurring charge into the distant future that we are talking about with regards

to monthly recurring charges on a per amp basis, right?

A Well, again, that monthly recurring charge is representing an investment.

Q Do you understand, if I am paying -- or if I use my chart and I am paying 30 percent too much for the power that I am receiving in terms of if I am charged on a per requested amp basis, and I am paying a third too much because I'm not using that electricity, even though I ultimately may, that that is money that goes into Sprint's pocket that we will never see again. That truly is a stranded investment for a CLEC, isn't it?

A Well, we have made the investment in the power plant, you have asked for us to give you 50 amps of capacity. That is capacity that we can't use. During the time that you are holding it, you are holding it. Because you have asked for it, we have to provision you with 100 percent of the capacity that you have asked for because, again, I mean, a DC power plant is not like a public utility, a public AC utility. AC utilities, their power plants are not built based on the total demand. A DC power plant is.

I mean, AC power, your public utilities, they can share between power plants. They own this big grid system. And if one is lacking in power that it needs, it can get power from another plant. Companies can buy and sell power from each other. A DC power plant is a self-contained unit within the

walls of the CO itself. There is no opportunity to get power from another DC power plant if that DC power plant is about to exceed its capacity. So that plant has to be designed and built for the full demand that is anticipated on that plant.

Other things that a public utility can do is they can do some load management. They can do things like they can make a deal to shut off a customer's water heater for two or three hours a day. We can't shut off anybody's equipment, so we can't do load management. They can even do brownouts in portion of a city, if necessary, if things really get bad --

MR. WATKINS: Madam Chair, I don't want to interrupt this story, but we have gotten into utility management ideas that have nothing to do with the question.

CHAIRMAN JABER: I've got a question on this point before I get increasingly confused. Let's say that a CLEC requests a certain amount of DC amperage, and that it will cost Sprint a million dollars -- just hypothetically pulling a number out of the air -- a million dollars to construct that for the CLEC, the infrastructure component, and that full usage of that power will result in an increase in monthly bills of $25,000 a month in power usage. Can't those two components be separated out so that whatever the actual cost incurred by Sprint to build the infrastructure at the request of the CLEC is all that is billed to the CLEC up front and that they are not billed monthly for power that they don't use?

THE WITNESS: Well, the rate does have the two components, 80 percent of our MRC deals with DC power plant, 20 percent deals with the AC portion. I think what I'm hearing you say is that perhaps we recover the cost of our plant based on a nonrecurring charge as opposed to monthly recurring charges up front, is that what I am understanding?

COMMISSIONER DAVIDSON: Well, I am not really suggesting, I'm just trying to get at this notion that we have been talking about all day, and I think with which counsel is concerned and different witnesses have addressed, separating out sort of property plant and equipment from the actual fuel cost or power cost charge that is incurred monthly.

THE WITNESS: And I have seen that offered by some ILECs where they have a separate rate for the DC power plant as opposed to the AC power that is used to feed the plant. I have seen that rate split before.

COMMISSIONER DAVIDSON: Well, I don't want to dictate a particular business model and say that one approach is right over the other. But if you can help me understand what are some of the reasons why Sprint doesn't or couldn't make a similar type of split.

THE WITNESS: Well, even in the cases where the rate is split, those particular ILECs they still charge you for the full amount of power that you have ordered. I mean, if an ALEC goes into an SBC office and they order 50 amps of power, they

are still paying for the DC power plant cost times 50 amps and the AC portion times 50 amps.

Now, in terms of putting meters out there in a CLEC cage and metering actual draw and then only billing the AC power based on what is metered, is that where you are heading with this?

COMMISSIONER DAVIDSON: No. Your explanation was beginning to answer the question, but now I have got a follow-up. Hypothetically, assume that five CLECs request a certain amount of DC power from Sprint and that each of those five CLECs only utilizes 75 percent of the power that they have requested. Is it a fair conclusion to state that those five CLECs will each be paying for more actual power than they actually use, and that Sprint would get the benefit of that payment?

THE WITNESS: In terms of the AC power, you mean, the AC power portion, or in terms of which --

COMMISSIONER DAVIDSON: The DC.

THE WITNESS: For the DC the answer is no, because the entire investment of DC plant is there. I mean, it is sitting there. The investment has been made.

CHAIRMAN JABER: Commissioner Davidson, I took your question to be they are only using 75 percent of the power requested.

COMMISSIONER DAVIDSON: Right.

CHAIRMAN JABER: So the question I think the Commissioner is asking you to address, certainly I am interested in it as well, isn't it true that for those five CLECs you would be recovering more for the power than is actually flowing through the system?

THE WITNESS: Power in terms of the AC power?

CHAIRMAN JABER: Yes, electrical flow.

THE WITNESS: Okay. Well, I don't know how much of that is necessary to charge the batteries, so that would need to be factored in. There is a certain amount of draw that is necessary just to keep the batteries charged. But it would seem that in terms of the AC power that we buy, as opposed to what we are passing on to the ALEC in terms of the rate, or I'm hearing you say is there a gap there, are we perhaps recovering more than what the ALEC is actually drawing? You know, that is a possibility, but we do need power to keep the batteries charged.

CHAIRMAN JABER: Mr. Watkins.

BY MR. WATKINS:

Q Were you here for Mr. Milner's cross-examination? I mean, Commissioner Davidson asked exactly that same question, got that same answer, and we had to have the same clarification last time. If we don't use all the amperage that we asked for, Sprint gets overcompensated for the power, don't they?

A The power being the AC portion?

Q The electrical portion of the monthly recurring charge.

COMMISSIONER DAVIDSON: And that's what I meant. And I am not an electrician, so I mean just as the Chairman clarified, that was a very useful clarification. The power, the actual power that runs through.

THE WITNESS: I understand the point. To make adjustments for that -- well, the answer to your question is yes, perhaps we are charging for more AC that you are using, but we don't have knowledge of that. We don't have the knowledge of how much power you are actually drawing at any given time. You know, our rate is based on the amount of amperage that they have put on their application. So to be able to do what you are getting at, I think, there would need to be meter in the cage to be able to measure the flow and perhaps only bill the ALEC for the AC based on the actual flow.

But then you are talking about the cost of metering, you are talking about the operational support systems necessary to enable us to measure that and bill for that. There is quite a bit of cost that would be incurred to set that up even if we are only metering for the purpose of billing only the AC portion.

CHAIRMAN JABER: I wonder if CLECs could see the cost composite with all the metering and all the necessary equipment that would go into measuring actual flows used versus paying

for what they requested if we would be in a much different hearing.

THE WITNESS: I believe the cost of metering the operational support systems, the billing, you know, it's not just the metering systems, it is all the other OSS type costs that we would need to set that up, that cost would be high enough that it wouldn't pay to put in a meter just to allow themselves to only be billed based on the AC draw.

CHAIRMAN JABER: So you have done that analysis?

THE WITNESS: We are working on it. That is a part of discovery that staff asked for and it is due on the 12th, as I understand it. But, anyway, the gap between what an ALEC orders and what they use is a temporary gap. That is another point I think that needs to be taken into consideration here. You know, an ALEC is going to come in and say I want 50 amps of power, and they may be only drawing 10, but they have business plans and they want to be able to grow and add equipment and get up to the point where they are using 40, 45, and maybe even the full 50 amps. So, I mean, that gap is not a long-term deal. And so I can't believe it would be cost-effective for an ALEC to put in a meter on a temporary condition knowing that their needs are going to grow up to the point where they are very, very close if not equal to the amount of power that they have ordered.

CHAIRMAN JABER: Mr. Watkins, you had a question.

BY MR. WATKINS:

Q It could be a compelling bit of evidence that the CLECs are here asking for that option, isn't it?

A You are asking for the option to be able to meter just the AC portion of the rate?

Q We want to be able to meter -- the fact that we are before this Commission asking for the option to meter is pretty compelling evidence, isn't it, that that is an economically viable option, one that indeed our analysis shows is better than the current state of affairs, isn't it?

A I'm sorry, I'm not following your question there.

Q I will withdraw that question. I just want to get -- the last issue was about when should you start billing for power. That is not a sunk investment. You start getting reimbursed for your in-plant investment if it is two months, one month, or three months. You begin getting paid on that day at least on an incremental level for your in-plant at the current pricing structure for your in-plant investment. If we are paying for power during that same one month, two month, or three months, that is money that is just going down the hole for us, isn't it, because we are not getting anything for that? That truly is a sunk investment for us, but it's not for you. It is a deferred compensation.

A Well, it's like I heard someone say earlier today, I mean, provisioning intervals are known. I mean, ALECs know

when we anticipate having the space ready. We are required as an ILEC to provision collocation within a certain time frame and we are held to that, and once that space is ready we have made our provisioning, we have put our infrastructure in place and we need to start getting cost recovery. The ALEC also knows that that date is coming and should be ready to move right in and get things going and start doing business.

MR. WATKINS: I am five minutes into people's going home time, so I am going to wrap up right here. That's all the questions I have.

CHAIRMAN JABER: Thank you, Mr. Watkins. Mr. Hatch or Mr. Self. Give me an estimate for the time. I realize that my questions kind of shot our estimates, but --

MR. HATCH: Well, the way it has gone my estimate went up. I don't know by how much, but that was the question. I would still guess probably a half hour, maybe a little more.

CHAIRMAN JABER: Oh, you needed a half hour by yourself?

MR. HATCH: Yes.

CHAIRMAN JABER: Okay. Commissioners, we will shut down for the night except that I want to go back to the exhibits. Exhibit 5. Staff, what is the latest on that?

MR. TEITZMAN: I have discussed with the parties and I think we are going to have them file their responses or send in their responses on Friday, by Friday, and that will become a

late-filed hearing exhibit.

CHAIRMAN JABER: Okay. So we can just treat it as a normal late-filed hearing exhibit.

MR. TEITZMAN: That is correct.

CHAIRMAN JABER: Okay. With a due date of this Friday?

MR. TEITZMAN: Correct.

CHAIRMAN JABER: Parties, is there any objection to that due date?

MS. RONIS: Madam Chair, there is no objection, but I do have to say that the data request that staff sent to all the parties asked for extensive information and causes us to perform cost studies. So we don't believe -- we have answered all but the one question asking for cost information, kind of along the lines that you have been talking about here, and we don't believe that will be ready by Friday. And we believe that that is supposed to be the subject of the next phase, we are going to be talking about the actual costs. So I'm not sure how we handle it to be honest, but --

CHAIRMAN JABER: Well, what is it you want? I'm asking if you can accomplish Friday or not. What number is that, what request number? Is it an interrogatory request?

MS. RONIS: 229.

CHAIRMAN JABER: Staff, can that one be separated out with a different due date?

MR. TEITZMAN: One second, Commissioner.

CHAIRMAN JABER: Okay. And, Ms. Ronis, with respect to the rest of them, you can meet Friday?

MS. RONIS: Yes, I believe we can.

CHAIRMAN JABER: Sprint.

MS. MASTERTON: We are prepared to meet the Friday deadline.

CHAIRMAN JABER: Hang on a second, Ms. Masterton. Ms. White, you are okay with the Friday deadline?

MS. WHITE: I think we filed the answers today.

CHAIRMAN JABER: AT&T?

MR. HATCH: We are not filing today, we are shooting for tomorrow. But certainly Friday should be okay for us as far as I know.

CHAIRMAN JABER: Okay.

MR. TEITZMAN: Chairman, what we would like to see is that Verizon file all its other responses by Friday and that one particular response they can have some additional time. However, we would still like it to be a part of the late-filed hearing exhibit.

CHAIRMAN JABER: Well, I understand that, but how much more time do we have stipulated to give them?

MR. TEITZMAN: It would already be overdue, I wouldn't want to give them too much time. Maybe an additional week.

CHAIRMAN JABER: Okay. We will do this, I'm not dealing with Exhibit 5. I think there is too much uncertainty.

Ms. Keating, if you will get together with Verizon and find out what exactly they can do and cannot do.

And, Mr. Teitzman, if we need to separate out an exhibit just to address Interrogatory 229, we can do that tomorrow.

Ms. White, is Exhibit 15 confidential or not?

MS. WHITE: No, ma'am, it is not. I was mistaken.

CHAIRMAN JABER: Let the record reflect that Exhibit 15 is a public document.

We will start with Mr. Hatch's cross examination at 9:00 a.m. I'm sure, Mr. Hatch, you are going to be diligent in eliminating questions that have already been addressed today. And, Ms. Masterton, your witness will be more concise in his responses tomorrow.

MS. MASTERTON: Yes.

CHAIRMAN JABER: See you tomorrow morning.

(The hearing adjourned at 4:40 p.m.)

STATE OF FLORIDA)

: CERTIFICATE OF REPORTER

COUNTY OF LEON)

I, JANE FAUROT, RPR, Chief, Office of Hearing Reporter Services, FPSC Division of Commission Clerk and Administrative Services, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 19th day of August, 2003.

JANE FAUROT, RPR
Chief, Office of Hearing Reporter Services
FPSC Division of Commission Clerk and
Administrative Services
(850) 413-6732