ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

SPRINT-FLORDA, INCORPORATED

041464-TP

REBUTTAL 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 appearing in this proceeding on behalf of Sprint-Florida, Incorporated (hereafter referred to as "Sprint" or the "Company").

Q. Are you the same Jimmy R. Davis who previously filed direct testimony concerning issues related to cost?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. My rebuttal testimony responds to comments by FDN witness Smith and panel witnesses Ankum, Fischer and Morrision in direct testimony for this case as they relate to cost.

ISSUE 29. What rates, terms and conditions should apply to routine network modifications on UNE's available under this agreement?

CMP
COM 3
CTR 1 original
ECR
GCL 1
OPC
MMS
RCA
SCR
SEC 1
OTH

Q. What is FDN's position on Issue 29?

A. Based on FDN witness Smith's direct testimony (page 12, line 12 through page 13, line 2), "FDN's position is that if Sprint would perform a particular network modification in the ordinary course for its own benefit, then FDN should not have to pay for that modification if FDN also benefited."

Q. What network modifications benefit Sprint?

A. Clearly network modifications placed in sufficient quantities to minimize cost **and** in locations where there is a viable demand for services benefit Sprint. Sprint does not charge CLECs (Competitive Local Exchange Company) anything beyond the Commission approved non-recurring and monthly recurring rates for UNEs when network modifications are made under these circumstances. Normally, even if a specific CLEC only uses the UNE for a short period of time, the demand for the facility is expected to be steady enough to result in either Sprint using the facility to serve its own end customers or for another CLEC to use it as a UNE. A steady demand for a facility is the key to that facility being a benefit to Sprint. There are situations however, when Sprint is asked to make network modifications to meet a specific need where a steady demand for the facility is in doubt. Without a steady demand for a facility, cost recovery for the facility cannot be achieved resulting in no benefit to Sprint. Sprint treats such requested modifications as "Special Construction" as explained in my direct testimony.

Q. How does Sprint determine when a CLEC request for a network modification gets treated as "special construction" resulting in extra charges?

A. As covered on pages 8 and 9 of my Direct testimony, Sprint uses criterion consistent with section E14.2.7 of its Florida PSC approved "Access Service Tariff" for the state of Florida as a benchmark to determine if a requested network modification should be treated as special construction. As discussed in my Direct testimony, special construction is required when suitable facilities are not available to meet a customer's order for service and one or more of the following conditions exist:

a) Sprint has no other requirement for the facilities constructed at the customer's request.
b) The customer requests that service be furnished using a type of facility, or via a route, other than that which Sprint would otherwise utilize in furnishing the requested service.
c) The customer requests the construction of more facilities than required to satisfy the initial order for service; and submits a mutually agreed upon facility forecast.
d) The customer requests construction be expedited resulting in added cost to Sprint.

It is important to note that network modifications made under the parameters of "Special Construction" are made at the CLEC's request to meet their specific need.

Facility modifications which meet conditions "a" and "c" above are constructed under conditions where Sprint could not use the facility to serve its own customers or to serve customers of other carriers due to a lack of demand. Modifications which meet condition "b" above would not be used by Sprint to serve its own customers or to serve customers of other carriers due their non-standard attributes. Rather Sprint would simply utilize available facilities constructed using Sprint standards because supporting systems and processes (e.g. spare card inventories) for using standard facilities are already in place. In short these facilities will only be used by the requesting CLEC; therefore, the cost recovery for providing these facilities must come from the requesting CLEC.

Q. What are some examples of network modifications requested by FDN that meet the criterion of special construction?

A. FDN has requested a price for a [redacted] This request meets the second criterion of special construction listed above because the [redacted] is a facility "other than that which Sprint would otherwise utilize in furnishing the requested service." Only facility modifications involving standard equipment will be used by Sprint to serve its end customers due to the need for minimizing related costs including technician training and spare card inventories for maintenance. Therefore, the costs of any non-standard equipment used by FDN must be recovered from FDN. In like manner, any facility placed on behalf of FDN that cannot be used by Sprint to serve other customers due to a lack of demand must be recovered from FDN. The purpose of Sprint's proposed language concerning special construction is to compensate Sprint for making network modifications that will not be used by Sprint or other carriers.

LOOP MAKE-UP INFORMATION

Q. What other cost related issue did FDN Witness Smith discuss in his Direct Testimony?

A. On pages 14 and 15 of his direct testimony, witness Smith raises an issue concerning the need for information on which Sprint loops are served through remote terminals. This issue was raised by FDN roughly a week prior to the due date for direct testimony and is not identified as an issue by the Commission's Order establishing the procedural schedule for this case.

Q. Can FDN obtain information on which Sprint loops are served through remote terminals?

A. Yes. As covered in Sprint Witness Maple's rebuttal testimony, the information sought by FDN is consistent with what is required by the FCC to be included in a loop make-up (LMU) report. Sprint's proposed price list to FDN includes a Commission approved NRC for Loop Make-Up.

Q. Is Sprint's loop make-up report completely automated?

A. No. Sprint's loop make-up reporting process does involve manual steps for retrieving and reporting loop make-up information both internally and to CLECs.

Q. Has Sprint checked into the cost of developing a completely electronic loop make-up report for CLECs?

A. Yes. Sprint has determined that the cost of providing an automated means of reporting loop make-up information to CLECs would be approximately $500,000. Given a very low annual demand of only around 4,000 loop make-up reports from CLECs nationally, the cost for each loop make-up request if fully automated would exceed $55. Given the cost weighed against the low demand, Sprint does not believe that it would be cost effective to develop a complete electronic loop make-up reporting process.

Q. Is the manual portion of the process for creating a loop make-up report for CLECs the same is it is for creating a loop make-up report for use in provisioning services to Sprint's retail offerings.

A. Yes it is.

DISCONNECT CHARGES

Q. On page 21 line 21 of FDN's Direct Panel Testimony, the witnesses state that "When Sprint wins back an FDN customer, it charges FDN with a disconnection fee." Is this accurate?

A. No. The costs recovered through Sprint's Commission approved disconnect rates are not associated with Sprint winbacks from CLECs.

Q. When do Sprint's Commission approved disconnect rates apply?

A. Sprint's Commission approved disconnect rates apply when a CLEC sends Sprint a loop disconnect order. The receipt of the disconnect order triggers the billing of a disconnect NRC. The disconnect order triggers the removal of the cross connect (e.g. main frame jumper) between the UNE loop and the CLEC facility which is what the disconnect NRC is designed to recover. The disconnect order also triggers the discontinuance of the monthly recurring charge for the loop.

Q. Is it necessary for a CLEC to send Sprint a disconnect order when Sprint wins a customer back from them?

A. No. When Sprint wins back a customer from a CLEC, a "change" order is generated internally by Sprint. This change order triggers a cross connection between the Sprint owned loop and the Sprint owned network electronics (e.g. digital switch). As Sprint connects the loop back to its switch, the cross-connect between the UNE loop and the CLEC network is removed by default simply because a loop cannot be connected to two networks at once. The Sprint internal "change" order also triggers the discontinuance of the monthly recurring charge to the CLEC for the UNE loop. Therefore, there is no reason for a CLEC to send Sprint a disconnect order when Sprint wins a customer back from a CLEC. The same holds true in situations when one CLEC using UNE loops loses a customer to another CLEC using UNE loops. The "winning" CLEC issues a change order which triggers the removal of the jumper from the losing CLEC's network and the discontinuance of the monthly recurring charge for the loop.

Q. When would it be necessary for a CLEC to issue a disconnect order?

A. A CLEC will likely want to discontinue paying for a loop when their end customer moves or when their end customer is lost to a facilities-based competitor not using UNE loops (e.g. a cable company) or to a wireless carrier. Therefore, it would be necessary for the CLEC to issue Sprint a disconnect order to serve as a trigger to remove the jumper between the UNE loop and the CLEC's network and to discontinue the billing of the monthly recurring charge for the UNE loop.

Q. On page 23, lines 10-12 of FDN's Direct Panel Testimony, the witnesses state that the "The FCC and other Commissions have found that the cost of disconnects should be assessed when the activity occurs and not upfront ...". Does Sprint apply its Commission approved disconnect NRCs up front?

A. Clearly no. As stated previously, the CLEC triggers the billing of a disconnect NRC by sending Sprint an order to have their UNE loop disconnected and the associated MRC discontinued; therefore, the charge is applied when the activity occurs as advocated by FDN.

Q. On page 22, lines 6-8 of it Direct Panel Testimony, FDN states that "In general, we recommend that the Commission reject any proposal to recover

in its charges to FDN the costs of discontinuing service to customers that have chosen to leave Sprint." Has Sprint proposed to recover cost related to losing customers to FDN?

A. No. For example, when Sprint loses a customer to a facilities based CLEC (not using UNE loops) or to a wireless carrier, no charges are levied against that carrier. In fact, Sprint does not charge any carrier for activities like removing a customer from its switch as mentioned on page 21, lines 19 – 20 in FDN's Direct Panel Testimony. Furthermore, such cost would be negligible for a carrier using digital switching technology due to the use of electronic interfaces.

Q. What other costs are incurred by a carrier when losing a customer to a competitor?

A. A carrier may incur a cost for porting out a number to a competitor. The level of cost would depend on what the losing carrier is asked to do by the wining carrier. For example, the industry standard method of porting a number is to use a 10-digit trigger. The use of 10-digit trigger is the most automated means of porting numbers and would therefore carry a minimal amount of cost due to the electronic interfaces used in digital switching technology. Sprint always uses 10-digit trigger when porting numbers in from other carriers.

Q. Does Sprint charge for porting numbers out when 10-digit trigger is used?

A. No. Sprint does not charge any carrier whether they use UNE loops or not for number porting when 10-digit trigger is used. Furthermore, none of the

Commission approved NRCs include any cost incurred by Sprint for porting numbers out using 10-digit trigger.

Q. What costs are included in Sprint's non-recurring charges to CLECs like FDN?

A. Sprint's Commission approved NRCs cover the costs of providing services including UNE loops to requesting CLECs like FDN. For example, Sprint's Commission approved UNE loop NRCs are associated with services that a CLEC either orders from Sprint or terminates with Sprint. Sprint's loop provisioning NRCs are charged when a CLEC sends in an order requesting a UNE loop. Sprint's disconnect NRCs are charged when a CLEC sends in an order to disconnect a UNE loop. These NRCs do not include costs associated with losing a customer to the winning carrier.

Q. In Sprint's view, is FDN entitled to recover any of its cost for losing a customer to Sprint from Sprint?

A. No because Sprint will not be ordering UNEs from FDN when a customer is won from them. Sprint owns the loop, the switch, and the jumper between them. The only thing Sprint may need from FDN is number porting. Sprint does not charge carriers anything for a simple request to port a number out using 10-digit trigger; therefore, Sprint does not expect to pay a carrier for number porting because Sprint always requests 10-digit trigger when porting in. Should the Commission however decide to allow FDN to recover costs associated with porting a number to

Sprint, Sprint will develop new rates and seek cost recovery for the use of a 10-digit trigger to port numbers to FDN.

In summary, costs associated with porting numbers using 10-digit trigger or removing customers from switches are not components of the Commission approved NRCs previously discussed.

Q. Does this conclude your rebuttal testimony?

A. Yes.