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July 8, 2008

VIA HAND DELIVERY

Ms. Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RECEIVED-FPSC
08 JUL -8 PM 4:52
COMMISSION
CLERK

RE: Docket No.: 070699-TP

S Dear Ms. Cole:

1 Enclosed is a redlined version of the Direct Testimony of Ted Hart, which shows a correction to
the testimony on page 7. Also enclosed are the original and 15 copies of the non-redlined version
of the testimony. This replaces the document filed on April 21, 2008.

1 Copies are being served on the parties in this docket pursuant to the attached certificate of
service.

If you have any questions regarding this filing, please do not hesitate to call me at (850) 599-
1560.

Sincerely,

Susan S. Masterton

Enclosure

DOCUMENT NUMBER-DATE

05865 JUL -8 g

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SENIOR COUNSEL
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COMMISSION CLERK

**CERTIFICATE OF SERVICE
DOCKET NO. 070699-TP**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by electronic and U.S. Mail this 8th day of July, 2008 to the following:

Florida Public Service Commission

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Florida Public Service Commission

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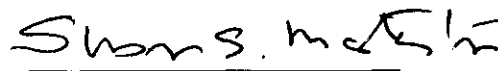
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Susan S. Masterton

1 **Q. Why does Embarq object to this language?**

2 A. First, it's unworkable. It essentially mandates that EVERY audit would be performed by
3 an outside independent party, without any regard for a cost benefit analysis or the reasons
4 why one Party might need to audit the other Party's bills.

5

6 **Q. Please describe the typical situations in which one Party might initiate an audit of
7 the other Party under the interconnection agreement.**

8 A. Often, an "audit" might simply consist of nothing more extensive than one Party
9 requesting that the other Party provide certain types of information or documentation to
10 substantiate or corroborate charges on a billing statement or network configurations and,
11 if any disagreement arose between the Parties about the accuracy or adequacy or right to
12 receive such information, then the Dispute Resolution provisions of the ICA could be
13 invoked.

14

15 **Q. Why does Embarq believe it would be inappropriate to use a third party for these
16 types of audits?**

17 A. A standard business principle is that one does not spend twenty thousand dollars to chase
18 a five thousand dollar problem. Audits have many costs, including direct dollar outlays,
19 as well as indirect costs, such as time, travel, accommodations and assignment of other
20 resources. I recently inquired about the billing rates at a local CPA firm for performing
21 audits of the type contemplated in the interconnection agreement. ~~The managing partner~~
22 ~~told me a fee for such an audit would be billed at average hourly rates of \$100-\$150 and~~
23 ~~would likely require at least 20 hours to complete. That translates into a likely beginning~~
24 ~~audit fee of \$20,000-30,000, and increasing from there.~~

25

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15 **types of audits?**

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17 a five thousand dollar problem. Audits have many costs, including direct dollar outlays,
18 as well as indirect costs, such as time, travel, accommodations and assignment of other
19 resources. I recently inquired about the billing rates at a local CPA firm for performing
20 audits of the type contemplated in the interconnection agreement. The managing partner
21 told me that beginning hourly rates for personnel assigned to the audit would likely be in
22 the range of \$100 – \$150 per hour and increasing for reviewing and supervisory
23 personnel. Moreover the likely fee he would envision would produce minimum
24 aggregate fees starting at \$20,000 to \$30,000 perhaps increasing from there depending on
25 the complexity.