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RECORDS AND
REPORTING

October 26, 1999

Mrs. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 990750-TP (ITC^DeltaCom)

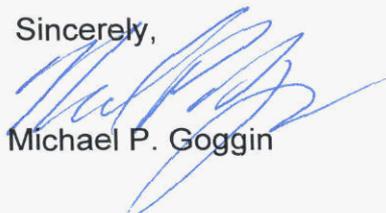
Dear Ms. Bayó:

Enclosed is an original and fifteen copies of BellSouth Telecommunications, Inc.'s Supplemental Rebuttal Testimony of Alphonso J. Varner, which we ask that you filed in the captioned docket.

This Supplemental Rebuttal Testimony is being filed in response to the Supplemental Rebuttal Testimony of ITC^ DeltaCom Communications, Inc.'s witness, Tom Hyde filed with the Commission on October 22, 1999.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached Certificate of Service.

Sincerely,



Michael P. Goggin

- AFA _____
- APP _____
- CAF _____
- CMU Favors
- CTR _____
- EAG _____
- LEG _____
- MAS 2
- OPC atag
- PAI _____
- SEC 1
- WAW _____
- OTH _____

cc: All Parties of Record
Marshall M. Criser III
R. Douglas Lackey
Nancy B. White

DOCUMENT NUMBER-DATE
13164 OCT 26 99
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CERTIFICATE OF SERVICE
Docket No. 990750-TP

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via

(+) Hand Delivery, Facsimile and U.S. Mail this 26th day of October, 1999 to the following:

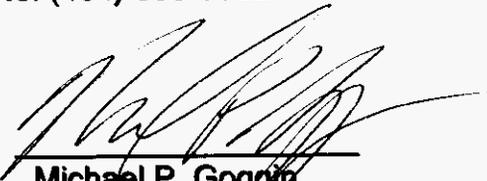
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*Signed a Protective Agreement

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BELLSOUTH TELECOMMUNICATIONS, INC.
SUPPLEMENTAL REBUTTAL TESTIMONY OF ALPHONSO J. VARNER
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 990750-TP
OCTOBER 26, 1999

Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH BELLSOUTH TELECOMMUNICATIONS, INC. ("BELLSOUTH") AND YOUR BUSINESS ADDRESS.

A. My name is Alphonso J. Varner. I am employed by BellSouth as Senior Director for State Regulatory for the nine-state BellSouth region. My business address is 675 West Peachtree Street, Atlanta, Georgia, 30375.

Q. ARE YOU THE SAME ALPHONSO VARNER WHO FILED DIRECT AND REBUTTAL TESTIMONY IN THIS PROCEEDING?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL REBUTTAL TESTIMONY?

A. My supplemental rebuttal testimony responds to issues raised by ITC^DeltaCom's witness Thomas Hyde in his Supplemental Rebuttal testimony filed October 22, 1999.

1 Q. HOW DOES MR. HYDE'S SUPPLEMENTAL REBUTTAL TESTIMONY
2 AFFECT THE ISSUES IN THIS CASE?

3
4 A. Mr. Hyde's supplemental rebuttal testimony is irrelevant to the issues in this case.
5 The issue as addressed in ITC^DeltaCom's Petition for Arbitration is the rate that
6 BellSouth charges ITC^DeltaCom for ADSL-compatible loops. Nothing in Mr.
7 Hyde's testimony refutes that the price this Commission has already approved for
8 ADSL-compatible loops is appropriate.

9
10 Q. ARE MR. HYDE'S CONCLUSIONS RESULTING FROM HIS COMPARISON
11 OF BELL SOUTH'S NONRECURRING CHARGES FOR ITS ADSL
12 TARIFFED SERVICE OFFERING VERSUS ITS ADSL-COMPATIBLE UNE
13 LOOP OFFERING MEANINGFUL?

14
15 A. No. Mr. Hyde only addresses a portion of the charges for BellSouth's tariffed
16 ADSL service. As I discussed in my rebuttal testimony, the tariffed ADSL
17 service and the ADSL-compatible UNE are two completely different offerings.
18 Mr. Hyde attempts to use the *nonrecurring charge for the tariffed ADSL service*
19 offering as his support for that same charge applying to the ADSL-compatible
20 UNE loop. Aside from the fact that the two offerings are completely different, his
21 comparison is simply misleading.

22
23 For example, he attempts to justify his proposed ADSL-compatible UNE loop
24 nonrecurring rate by comparing it to BellSouth's tariffed nonrecurring rate for its
25 ADSL service. However, he ignores the fact that the tariffed ADSL service has a

1 recurring charge of \$45 per month in addition to the recurring charge for the
2 underlying local exchange service. In order to get the \$50 nonrecurring rate, the
3 customer must agree to pay these recurring charges. Mr. Hyde wants to have a
4 nonrecurring rate of approximately \$50 for the ADSL-compatible UNE loop;
5 however, he fails to propose a specific rate to replace the monthly recurring rate
6 of \$15.81 previously approved by this Commission. His arbitrary mixing of rate
7 elements provides no justification for his claim that the prices this Commission
8 has already approved for ADSL-compatible loops are inappropriate.

9
10 Q. MR. HYDE ALLEGES THAT BELLSOUTH'S TARIFFED ADSL SERVICE
11 RATES "RAISE A BARRIER TO COMPETITIVE ENTRY AND ESTABLISH
12 A 'PRICE SQUEEZE'" WHEN COMPARED TO THE ADSL-COMPATIBLE
13 UNE LOOP RATES. PLEASE RESPOND.

14
15 A. Mr. Hyde is incorrect. First, the ADSL-compatible UNE loop is priced at
16 TSLRIC. The tariffed ADSL service is priced to provide contribution over the
17 service's incremental cost. As I discussed above, the tariffed ADSL service has a
18 \$50 nonrecurring rate and a \$45 recurring monthly rate. The contribution from
19 the monthly rate is substantial; however, Mr. Hyde chose to ignore this fact and
20 focus only on the nonrecurring rates. Even if the tariffed ADSL service and the
21 ADSL-compatible UNE loop were the same service, Mr. Hyde's conclusion
22 would be erroneous. It is inconceivable that he could claim that an offering
23 priced at cost is priced too high to compete against a service priced well above
24 cost.

25

1 Q. DOES THAT CONCLUDE YOUR TESTIMONY?

2

3 A. Yes.

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