

Ausley, McMullen, McGehee, Carothers & Proctor

Attorneys at Law

Washington Square Building
227 B. Calhoun Street - 32301

P. O. Box 391 - 32302

Tallahassee, Florida

Telephone 904 224-9115

Teletypewriter 904 222-7560 Main Building

Teletypewriter 904 222-7139 Real Estate

Teletypewriter 904 222-7962 Utilities

**ORIGINAL
FILE COPY**

Charles S. Ausley (1907-1972)
John C. Ausley (1912-1980)
D. Fred McMullen (1904-1980)
Gerald T. Hart (1948-1991)
DuBois Ausley
Margaret B. Ausley
James D. Beasley
Michael P. Brugere
C. Graham Carothers
Kevin J. Carroll
Robert N. Clarke, Jr.
J. Marshall Conrad
Timothy B. Elliott
Stephen C. Emmanuel
John P. Fore
Van P. Geaker
Michael J. Glazer
Carla A. Green

John Johnson Hart
Kenneth R. Hart
David J. Hull
E. Martin McGehee (Retired)
Carolyn D. Olive
R. Stan Peeler
Robert A. Pierce
H. Palmer Proctor
M. Julian Proctor, Jr.
Steven P. Szymosie
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Deborah J. Stephens
James Harold Thompson
J. Jeffrey Wehlen
Emily S. Waugh
C. Gary Williams
Lee L. Willis

August 10, 1993

BY HAND DELIVERY

Mr. Steven C. Tribble, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301

**Re: Petition of Intermedia Communications of
Florida, Inc. for Expanded Interconnection
for AAVs within LEC Central Offices
Docket No. 921074-TP**

Dear Mr. Tribble:

Enclosed herewith for filing on behalf of ALLTEL Florida, Inc. is the original and fifteen (15) copies of ALLTEL Florida, Inc.'s Motion to File Rebuttal Testimony. The Prepared Rebuttal Testimony of Harriet E. Eudy is attached to the Motion.

ACK

FFA

FWR

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning the same to this writer.

CF

Thank you for your assistance in connection with this matter.

CMU

CTR

EAG

LEG

LIN

OP

ROH

1 w/m
orig test x 4
LLW/csu
Enclosures

Sincerely

Lee L. Willis

SEC cc: /All Parties of Record (w/encl.)

WAS 921074.crb

QTH

RECEIVED & FILED

FPSC - BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

08667 AUG 10 93

FPSC RECORDS/FILE

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL
FILE COPY

In re: Petition of Intermedia)
Communications of Florida, Inc. for)
Expanded Interconnection for AAVs)
within LEC Central Offices)

DOCKET NO. 921074-TP
Filed: August 10, 1993

**ALLTEL FLORIDA, INC.'S MOTION
TO FILE REBUTTAL TESTIMONY**

ALLTEL Florida, Inc. ("ALLTEL"), pursuant to Rule 25-22.037(2), Florida Administrative Code, files this Motion to File Rebuttal Testimony, and says:

1. In a news release dated August 3, 1993, the FCC announced its decision to extend the expanded interconnection requirement for Tier 1 LECs to include switched access. The FCC's recent action had not occurred when rebuttal testimony in this docket was due.

2. The extension of expanded interconnection requirements to Tier 2 LECs (for private line, special access or switched access) will likely have a significant adverse impact on ALLTEL and its ratepayers.

3. By this Motion, ALLTEL seeks permission to file the attached rebuttal testimony of Harriet Eudy, which explains how requiring expanded interconnection for Tier 2 LECs will harm ALLTEL and its basic local business and residential customers.

4. The hearings in this matter are not scheduled to begin until September 10, 1993. The attached testimony is succinct. Granting this Motion will not prejudice the rights of the other parties to this proceeding.

DOCUMENT NUMBER-DATE

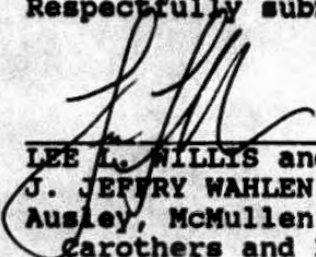
08667 AUG 10 93

FPC-RECORDS/REPORTING

WHEREFORE, ALLTEL respectfully requests that the prehearing officer or the FPSC enter an Order allowing ALLTEL to file the attached rebuttal testimony of Harriet Eudy.

DATED this 10th day of August, 1993.

Respectfully submitted,



LEE L. WILLIS and
J. JEFFRY WAHLEN of
Ausley, McMullen, McGehee,
Carothers and Proctor
Post Office Box 391
Tallahassee, Florida 32301
(904) 224-9115

Attorneys for ALLTEL Florida, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U. S. Mail or hand delivery (*) this 10th day of August, 1993, to the following:

Daniel V. Gregory
Quincy Telephone Company
P. O. Box 189
Quincy, FL 32351

David B. Erwin
Young, van Assenderp, et al.
P. O. Box 1833
Tallahassee, FL 32302

John A. Carroll, Jr.
Northeast Florida Telephone
P. O. Box 485
Macclenny, FL 32063-0485

Jeff McGehee
Southland Telephone Company
P. O. Box 37
Atmore, AL 36504

Charles Dennis
Indiantown Telephone System
P. O. Box 277
Indiantown, FL 34956

Michael W. Tye
AT&T Communications
106 E. College Ave., Suite 1410
Tallahassee, FL 32301

Joseph Gillan
Florida Interexchange Carriers
P. O. Box 541018
Orlando, FL 32854

Brad E. Mutschelknaus
Danny E. Adams
Rachel J. Rothstein
Wiley, Rein & Fielding
1775 K Street, N.W.
Washington, DC 20006

Peter M. Dunbar
Haben, Culpepper, et al.
P. O. Box 10095
Tallahassee, FL 32302

Patrick K. Wiggins
Kathleen Villacorta
Wiggins & Villacorta
P. O. Drawer 1657
Tallahassee, FL 32302

Cathy Swanson
Central Telephone Company
of Florida
P. O. Box 2214
Tallahassee, FL 32316

Joseph A. McGlothlin
Vicki Gordon Kaufman
McWhirter, Grandoff and Reeves
315 S. Calhoun St., Suite 716
Tallahassee, FL 32301

Joseph P. Gillan
J.P. Gillan and Associates
P. O. Box 541038
Orlando, FL 32854-1038

Jack Shreve
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison St., Rm. 812
Tallahassee, FL 32399-1400

C. Everett Boyd, Jr.
Ervin, Varn, et al.
305 S. Gadsden Street
Tallahassee, FL 32301

Chanthina R. Bryant
Sprint
3065 Cumberland Circle
Atlanta, GA 30339

Paul Jones
Time Warner Cable
Corporate Headquarters
300 First Stamford Place
Stamford, CT 06902-6732


F. Ben Poag
United Telephone Company
of Florida
P. O. Box 165000
Altamonte Springs, FL 32716

Jodie L. Donovan
Teleport Communications Group
1 Teleport Drive, Suite 301
Staten Island, NY 10311

Kenneth A. Hoffman
Floyd R. Self
Messer, Vickers, et al.
P. O. Box 1876
Tallahassee, FL 32302

Tracy Hatch*
Division of Legal Services
Florida Public Service Comm.
101 East Gaines Street
Tallahassee, FL 32301

Marshall M. Criser, III
Southern Bell Telephone
and Telegraph Company
150 S. Monroe Street, Suite 400
Tallahassee, FL 32301



Attorney

jjwle11921074.mec

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **PREPARED REBUTTAL TESTIMONY**

3 **OF**

4 **HARRIET E. EUDY**

5
6 **Q. Please state your name and business address.**

7
8 **A. My name is Harriet E. Eudy. My business address is 206**
9 **White Avenue, Live Oak, Florida, 32060.**

10
11 **Q. By whom and in what capacity are you employed?**

12
13 **A. I am employed by ALLTEL Florida, Inc. ("ALLTEL Florida"**
14 **or the "Company") as Manager, Regulatory Matters. In**
15 **that position, I am responsible for the preparation of**
16 **various studies and reports filed periodically with the**
17 **Florida Public Service Commission ("FPSC" or the**
18 **"Commission"), general oversight of other Commission**
19 **related matters, and monitoring of the service**
20 **performance results filed quarterly with the Commission.**

21
22 **Q. Please describe your educational background.**

23
24 **A. I was graduated from North Florida Junior College in 1966**
25 **with an Associate in Arts degree. I began working for**

1 North Florida Telephone Company (now ALLTEL Florida) in
2 1973, where I served in various capacities in the
3 accounting and cost separations areas. I became a
4 supervisor in the regulatory department in 1987, and I
5 have held my current position in that department since
6 1991.

7
8 Q. What is the purpose of your testimony?

9
10 A. The purposes of my rebuttal testimony are to (1) describe
11 ALLTEL, and (2) explain why the Florida Public Service
12 Commission should not require expanded interconnection
13 for Tier 2 local exchange companies ("LECs") like ALLTEL
14 at this time. This testimony is designed to rebut the
15 direct testimony of Paul Kourpoupas, who suggests that
16 all LECs, including non-Tier 1 LECs, should be included
17 in a mandtory interconnection policy for Florida.

18
19 Q. Have you prepared an exhibit which you sponsor in this
20 proceeding?

21
22 A. Yes. Exhibit ___ (HEE-1), titled "Exhibit of H. E.
23 Eudy," consists of one document and was prepared under my
24 direction and supervision for filing in this proceeding.

25

I.

1

2

3

Q. Please describe ALLTEL Florida, Inc.

4

5

A. ALLTEL Florida, Inc., a Florida corporation, is a wholly-owned subsidiary of ALLTEL Corporation, a Delaware corporation. ALLTEL Florida employs 236 employees and is the fifth largest local exchange company ("LEC") in Florida.

6

7

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10

11

Q. What are the areas of Florida in which ALLTEL Florida provides local exchange service?

12

13

14

A. ALLTEL Florida renders telephone service to all or parts of thirteen (13) counties in North Central Florida. Service is provided under authority from the Commission as evidenced by Certificates of Public Convenience and Necessity. We serve all of the counties of Suwannee, Hamilton and Lafayette and parts of the counties of Alachua, Gilchrist, Bradford, Nassau, Marion, Putnam, Clay, Columbia, St. Johns, and Union.

15

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23

Q. How many exchanges has ALLTEL Florida established to serve this area?

24

25

- 1 **A.** The Company presently has twenty-seven (27) exchanges
2 which are located at Alachua, Bradford, Brooker,
3 Callahan, Citra, Crescent City, Dowling Park, Florahome,
4 Florida Sheriffs Boys Ranch, Fort White, Hastings, High
5 Springs, Hilliard, Interlachen, Jasper, Jennings, Lake
6 Butler, Live Oak, Luraville, Mayo, McIntosh, Melrose,
7 Orange Springs, Raiford, Waldo, Wellborn and White
8 Springs.
- 9
- 10 **Q.** What is the geographical size and density of the area the
11 Company serves?
- 12
- 13 **A.** ALLTEL Florida's service territory is approximately 3,568
14 square miles. As of December 31, 1992, we served 61,554
15 access lines. This equates to approximately 17 access
16 lines per square mile, as compared to Central Telephone
17 Company of Florida with 302,647 access lines at
18 approximately 48 access lines per square mile.
- 19
- 20 **Q.** Is there any significance to this density figure?
- 21
- 22 **A.** Yes. It is indicative of the type of area we serve, a
23 predominately rural agricultural area. We serve no major
24 urban area or city. Such an area tends to be more costly
25 to serve, both in terms of the cost of initial

1 construction and in terms of operating and maintenance
2 costs. Our density ratio is less than half that of the
3 next largest LEC, Central Telephone Company of Florida,
4 which has five times the number of access lines as ALLTEL
5 Florida.

6

7 Q. What is the significance of these size and density
8 statistics?

9

10 A. These size and density statistics are very significant.
11 Because ALLTEL is smaller and has fewer customers than
12 the Tier 1 LECs operating in Florida, it is relatively
13 more difficult for ALLTEL to respond to competitive
14 pressures caused by AAVs and other potential competitors.
15 The loss of one major private line or special access
16 large customer would make it more difficult for ALLTEL to
17 earn its authorized rate of return without increasing the
18 prices it charges to its basic residential and business
19 customers. ALLTEL's ability to recover "lost" revenues
20 from its remaining customers is less than that of Tier 1
21 LECs which have large numbers of business and residential
22 customers and a wide variety of vertical services over
23 which to spread any "lost" revenues.

24

25 Q. How does ALLTEL's size compare to the size of the other

1 LECs in Florida?

2

3 A. A comparison of ALLTEL's size to the size of the other
4 LECs in Florida is shown on document one of my Exhibit
5 (NEE-1).

6

7

II.

8

9 Q. What is ALLTEL's basic position in this proceeding?

10

11 A. ALLTEL has no position on the issues in this case as they
12 relate to Tier 1 local exchange companies. As this
13 proceeding may relate to Tier 2 companies like ALLTEL,
14 the FPSC's policy on expanded interconnection for
15 alternative access vendors ("AAVs") should mirror the
16 policy recently adopted by the Federal Communication
17 Commission, i.e., expanded interconnection should not be
18 required for Tier 2 local exchange companies like ALLTEL.

19

20 Q. Has the FCC mandated any form of expanded interconnection
21 for Tier 2 LECs like ALLTEL?

22

23 A. No. The FCC's first order on expanded interconnection
24 for private line and special access exempted Tier 2 LECs
25 like ALLTEL. I understand that the FCC's recent decision

1 on expanded interconnection for switched access also
2 exempted Tier 2 LECs like ALLTEL.

3

4 Q. Why did the FCC exempt Tier 2 LECs like ALLTEL from its
5 expanded interconnection requirement?

6

7 A. The reasons behind the FCC's decision to exempt Tier 2
8 LECs from the private line/special access expanded
9 interconnection requirement were made clear in the FCC
10 report and order released October 19, 1992. The FCC
11 report and order released October 19, 1992, states:

12 Small LECs argue that expanded
13 interconnection requirements should not apply
14 either to small LECs or to Tier 1 LECs in
15 rural areas or in Puerto Rico because of
16 potential adverse effects on universal
17 service and infrastructure development, and
18 because the demand for collocation is likely
19 to be limited in rural area. TVS
20 specifically states that rural areas often
21 have only one or two large business
22 customers, adding that the diversion of these
23 customers' traffic would have a far greater
24 impact than the loss of one or two customers
25 in an urban area.

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* * *

While requiring all LECs to provide expanded interconnection would ensure that customers in all areas can benefit from the expanded interconnection, it is unlikely that there would be great demand for expanded interconnection in small LEC service areas, at least in the near term. Requiring smaller LECs to offer expanded interconnection might also tax their resources and harm universal service and infrastructure development in rural areas. We believe that the demand for expanded interconnection that does exist in rural areas typically would come from a single large user. The use of expanded interconnection offered by such customers could create substantial stranded LEC investment that could not readily be reused, possibly threatening economic viability of a small LEC.

We therefore adopt our proposal to limit the requirement to Tier 1 LECs. This would ensure the availability of expanded interconnection in most urban and suburban

1 areas where demand is likely to be greatest.

2

3 I believe these policy reasons apply with equal force to
4 the decisions facing the FPSC in this docket.

5

6 Q. If the FPSC requires expanded interconnection for Tier 2
7 LECs, would ALLTEL and its customers be harmed?

8

9 A. Yes.

10

11 Q. How?

12

13 A. Requiring expanded interconnection for Tier 2 LECs will
14 serve to increase the competitive pressures faced by
15 ALLTEL. While ALLTEL is not opposed to competition,
16 ALLTEL is concerned that the increased competition from
17 expanded interconnection will (1) create downward
18 pressure on ALLTEL's private line and special access
19 rates, (2) result in the loss of large private line
20 and/or special access customers, or (3) a combination of
21 (1) and (2). Any of these alternatives will put pressure
22 on ALLTEL's other rates, especially the rates ALLTEL
23 charges to its basic local business and residential
24 customers.

25

1 Q. Are special access and private line revenues important to
2 ALLTEL?

3
4 A. Yes. ALLTEL's five largest private line customers
5 account for over 60% of ALLTEL's intrastate private line
6 revenues. ALLTEL's five largest special access customers
7 account for over 30% of ALLTEL's intrastate special
8 access revenues. ALLTEL believes that the revenues it
9 receives from intrastate private line and special access
10 services are important, and the loss of these revenues
11 will create upward pressure on the basic local business
12 and residential rates charged by ALLTEL. This would harm
13 ALLTEL and its customers.

14
15 Imposing mandatory expanded interconnection requirements
16 on ALLTEL and the other Tier 2 LECs will increase the
17 likelihood that AAVs will compete for these revenues.
18 This, in turn, will increase the competitive pressure on
19 ALLTEL's special access and private line rates.

20
21 Q. Should the FPSC require Tier 2 LECs to negotiate with
22 AAVs for expanded interconnection on a case-by-case
23 basis?

24
25 A. No. As shown above, the ability of Tier 2 LECs to

1 While this Commission should take a significant step
2 toward providing the benefits of competition in the
3 provisions of telecommunications service, it should be a
4 measured step. That measured step should include the
5 consideration of expanded interconnection only for Tier
6 1 companies.

7
8 The complexity of the issues surrounding expanded
9 interconnection and the time necessary for a state
10 regulatory body such as the Florida Public Service
11 Commission to carefully evaluate the merits and impacts
12 of intrastate expanded interconnection point clearly to
13 a limitation in the scope of this Commission's order.
14 The application of the obligations imposed in this docket
15 should be limited to Tier 1 LECs. In this way, the
16 Commission can take a measured step towards providing
17 competition, while assessing the effects of that action
18 in giving the small LECs additional time to prepare for
19 the advent of competition. This competition can be
20 proportionately far more devastating for the small LECs.

21
22 Q. Does this conclude your rebuttal testimony?

23

24 A. Yes.

25

ALLTEL FLORIDA, INC.
DOCKET NO. 921074-TP
WITNESS: EUDY
EXHIBIT NO. _____ (HEE-1)

EXHIBIT
OF
H. E. EUDY

ALLTEL FLORIDA, INC.
DOCKET NO. 921074-TP
WITNESS: EUDY
EXHIBIT NO. _____ (HEE-1)
DOCUMENT NO. 1
PAGE 1 OF 1

LOCAL EXCHANGE COMPANY
COMPARATIVE STATISTICS
DECEMBER 31, 1992

<u>Company Name</u>	<u>Exchanges</u>	<u>Total Access Lines</u>
Southern Bell	100	4,901,037
GTE Florida	24	1,794,759
United	68	1,160,896
Centel	35	302,647
ALLTEL	27	61,554
St. Joseph	13	23,842
Quincy	3	10,211
Gulf	2	7,916
Vista-United	1	6,624
Northeast	2	6,248
Southland	2	3,329
Indiantown	1	2,763
Floral	<u>2</u>	<u>1,864</u>
TOTALS	<u>280</u>	<u>8,283,690</u>