



ORIGINAL

RECEIVED-FPSC

AUG 3 PM 1:58

Florida Cable Telecommunications Association

RECORDS AND REPORTING

Steve Wilkerson, President

VIA HAND DELIVERY

August 3, 1998

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Docket No. 980696-TP

Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and fifteen (15) copies of the Direct Testimony and Exhibit of William J. Barta and Exhibit No. WJB-1 on behalf of the Florida Cable Telecommunications Association. Copies have been served on the parties of record pursuant to the attached certificate of service.

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

Thank you for your assistance in process this filing. Please contact me with any questions.

ACK 2
AFA 2 Yours very truly,

RECEIVED & FILED

APP _____
CAF _____ *Laura L. Gallagher*

[Signature]
FPSC BUREAU OF RECORDS

CMU Laura L. Gallagher
CTR _____ Vice President, Regulatory Affairs &
Regulatory Counsel

EAG _____
LEG 2 LLG/mj
LIN *Stoy* Enclosure

OPC _____
RCH _____ cc: All Parties of Record
Steven E. Wilkerson
SEC 1 William J. Barta
WAS _____

DOCUMENT NUMBER-DATE
08107 AUG-3 98
FPSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Direct Testimony and Exhibit of William J. Barta and Exhibit No. WJB-1 on behalf of the Florida Cable Telecommunications Association has been furnished by U.S. Mail delivery this 3rd day of August, 1998, to the following:

Monica Barone, Esquire
Sprint
3100 Cumberland Circle
Atlanta, GA 30339

Thomas Bond
MCI
780 Johnson Ferry Rd
Suite 700
Atlanta, GA 30342

Lynne Brewer
Northeast Florida Telephone Company
P.O. Box 485
MacClenny, FL

Steven Brown
Intermedia Communications, Inc.
3625 Queen Palm Drive
Tampa, FL 33619-1309

Kimberly Caswell, Esquire
GTE Florida, Inc.
106 E. College Avenue
Tallahassee, FL 32301

Kimberly Caswell, Esquire
GTE Florida Incorporated
P.O. Box 110, FLTC0007
Tampa, FL 33602

William Cox
Staff Counsel
FPSC
2540 Shumard Oak Blvd
Tallahassee, FL 32399-0850

Peter Dunbar
Barbara Auger
Pennington, Moore, Wilkinson, & Dunbar
P.O. Box 10095
Tallahassee, FL 32302

Mark Ellmer
GTC Inc.
P.O. Box 220
Port St. Joe, FL 32457

David Erwin, Esquire
Attorney at Law
127 Riversink Road
Crawfordville, FL 32327

Harriet Eudy
ALLTEL Florida
P.O. Box 550
Live Oak, FL 32060

James Falvey, Esq.
e.spire Communications, Inc.
133 National Business Pkwy, Suite 200
Annapolis Junction, MD 20701

John Fons, Esquire
Ausley & MacMullen
227 S. Calhoun St.
Tallahassee, FL 32301

Kelly Goodnight
Frontier Communications
180 S. Clinton Avenue
Rochester, NY 14646

Stan Greer
BellSouth Telecommunications, Inc.
150 S. Monroe Street, Suite 400
Tallahassee, FL 32301-1556

Michael Gross
Asst. Attorney General
Office of the Attorney General
PL-01 The Capitol
Tallahassee, FL 32399-1050

John Guthrie
Susan Masterton
418 Senate Office Bldg
Tallahassee, FL 32399

Lynn Hall
Vista-United Telecommunications
P.O. Box 10180
Lake Buena Vista, FL 32830

Tracy Hatch
AT&T
101 N. Monroe Street
Suite 700
Tallahassee, FL 32301

Kenneth Hoffman, Esq.
John Ellis, Esq.
Rutledge, Ecenia, Underwood, Purnell,
& Hoffman
P.O. Box 551
Tallahassee, FL 32301

Norman Horton, Esquire
Messer, Caparello & Self, P.A.
P.O. Box 1876
Tallahassee, FL 32302

Paul Kouroupas
Michael McRae
Teleport Communications Group, Inc.
2 Lafayette Centre
1133 21st Street, NW, Suite 400
Washington, DC 20036

Carol Marek
Vice President of Regulatory Affairs
Southeast Region
Time Warner Communications
P.O. Box 210706
Nashville, TN 37221

Tom McCabe
TDS Telecom
P.O. Box 189
Quincy, FL 32353-0189

Joe McGlothlin
McWhirter, Reeves, McGlothlin, Davidson,
Rief & Bakas, P.A.
117 S. Gadsden St.
Tallahassee, FL 32301

Richard Melson, Esquire
Hopping, Green, Sams & Smith, P.A.
P.O. Box 6526
Tallahassee, FL 32314

Charlie Murphy
Booter Imhof
428 House Office Bldg
Tallahassee, FL 32399-1300

Robert Post
ITS Telecommunications Systems, Inc.
P.O. Box 277
Indiantown, FL 34956

Charles Rehwinkel
Sprint-Florida, Inc.
1313 Blair Stone Road, MC FLTH00107
Tallahassee, FL 32301

Floyd Self, Esquire
Messer, Caparello & Self, P.A.
215 S. Monroe Street, Suite 701
Tallahassee, FL 32301-1876

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

Brian Sulmonetti
WorldCom, Inc.
1515 S. Federal Highway
Suite 400
Boca Raton, FL 33432

Jeff Wahlen, Esquire
Ausley & McMullen
227 S. Calhoun St.
Tallahassee, FL 32301

Nancy White
Robert Beatty
c/o Nancy Sims
BellSouth Telecommunications, Inc.
150 S. Monroe Street, Suite 400
Tallahassee, FL 32301

Patrick Wiggins
Donna Canzano
Wiggins & Villacorta
P.O. Drawer 1657
Tallahassee, FL 32302


Laura L. Gallagher

ORIGINAL

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

**In Re: Determination of the cost
of basic local telecommunications
service, pursuant to Section 364.025,
Florida Statutes**

Docket No. 980696-TP

**DIRECT TESTIMONY AND EXHIBIT
OF
WILLIAM J. BARTA**

**ON BEHALF OF THE
FLORIDA CABLE TELECOMMUNICATIONS ASSOCIATION
HENDERSON RIDGE CONSULTING, INC.
ATLANTA, GEORGIA**

AUGUST 3, 1998

**DOCUMENT NUMBER-DATE
08107 AUG-3 88
FPSC-RECORDS/REPORTING**

1 After graduating from Emory University in 1982, I joined the Bell System as
2 an Account Executive where I was responsible for the sale/lease of
3 regulated products and services to large business customers. In late 1983,
4 I transferred to AT&T Communications where I provided a broad range of
5 accounting regulatory support functions to the nine state Southern Region.

6
7 From 1986 through 1988, I held various positions in the regulatory
8 departments of Contel Corporation, an independent local exchange carrier.
9 My responsibilities ranged from tariff support to ratemaking and rate design
10 issues to line of business feasibility studies.

11
12 In April 1988, I joined the firm of J. Kennedy and Associates, Inc., a
13 regulatory and economic consulting firm. As a Manager at Kennedy and
14 Associates, I directed or supported the ratemaking investigations of major
15 telecommunications and electric utilities. My work covered rate design,
16 revenue requirements analysis, and the determination of the appropriate
17 cost of capital and other issues associated with traditional rate base/rate of
18 return regulation.

19
20 I have conducted management and compliance audits of regulated
21 telecommunications and electric utilities. I have examined utilities' filings
22 regarding other matters such as merger proposals, alternative regulation
23 requests, affiliate relationships, network modernization proposals, and
24 emerging competition.

25

1 Q. Do you hold any professional certifications?

2 A. Yes, I am a Certified Fraud Examiner and a Certified Public Accountant with
3 an active license to practice in the State of Georgia.

4

5 Q. Please provide a brief overview of your experience that is germane to this
6 proceedings.

7 A. I have been involved and/or testified in State regulatory proceedings that
8 have been initiated to examine local competition and universal service in
9 response to the Federal Telecommunications Act of 1996 ("1996 Act").
10 With respect to local competition rulemakings, I have participated and
11 testified in dockets to establish the appropriate wholesale percentage
12 discount for resale purposes and to establish permanent prices for local
13 interconnection and unbundled network elements. In these engagements,
14 I have addressed policy and technical issues, including the analysis of the
15 forward-looking economic cost ("FLEC") models which support the Total
16 Service Long Run Incremental Cost ("TSLRIC") studies and Total Element
17 Long Run Incremental Cost ("TELRIC") studies submitted by the incumbent
18 local exchange carriers and interexchange carriers.

19

20 I have directed and/or testified in numerous traditional rate base/rate of
21 return proceedings that investigated the earnings levels and operations of
22 local exchange carriers. Many of these engagements examined the impact
23 of basic local exchange rates due to changes in rates or rate restructurings
24 of other service offerings. My firm is currently developing policies,
25 procedures, and internal controls to govern the administration and oversight

1 of a State universal access fund.

2

3 I have been retained as an expert witness in universal service proceedings
4 in other jurisdictions in response to the requirements of the 1996 Act.
5 These dockets required analysis of very similar issues and cost proxy
6 models that will be deliberated in the instant proceeding. In addition, I have
7 been retained to participate and testify in upcoming access charge reform
8 proceedings when a procedural schedule has been adopted.

9

10 Additional detail with respect to my qualifications can be found in Exhibit_
11 (WJB-1).

12

13 **Q. On whose behalf are you testifying in this proceeding?**

14 **A.** I am testifying on behalf of the Florida Cable Telecommunications
15 Association ("FCTA").

16

17 **Q. What is the purpose of your testimony?**

18 **A.** I have been requested by the FCTA to review the cost models and related
19 cost studies filed by the incumbent local exchange carriers ("ILECs") and
20 AT&T/MCI in support of the estimated cost to provide the supported
21 universal services when those studies and cost support become available.
22 Furthermore, I have been requested to evaluate whether it is appropriate to
23 establish a State Universal Service Fund at this time based upon the overall
24 profitability of serving the residential subscriber in Florida.

25

1 ii. THE ANALYSIS OF THE COST PROXY MODEL RESULTS

2 **Q. What types of analyses should be conducted to determine the appropriate**
3 **cost study?**

4 **A. If the analyses of the parties' cost studies are to be meaningful to the**
5 **Commission, the level of their compliance with legislative and regulatory**
6 **requirements should be evaluated. The costing methodology used by each**
7 **model sponsor should be examined to determine whether it is consistent**
8 **with the approach that is most appropriate for the purpose of providing the**
9 **supported universal services as defined by the Commission. In addition, the**
10 **analysis of the cost studies should include an examination of how the**
11 **underlying components of the costs proposed by the parties' were**
12 **developed.**

13
14 **Q. What specific analyses of the cost studies will you undertake when such**
15 **information becomes available?**

16 **A. My analysis of the cost studies will evaluate whether they are consistent**
17 **with the standards and requirements established by the**
18 **Telecommunications Act of 1996. The cost studies should be consistent**
19 **with forward-looking economic costing principles and not reflect a blend of**
20 **costing approaches (i.e. embedded and TSLRIC approaches). Clearly, one**
21 **would not expect the cost proxy models to incorporate less efficient**
22 **technology than is currently available, work processes that are more labor**
23 **intensive than existing automated procedures, or any types of past**
24 **inefficiencies.**

25

1 My analysis of the cost studies will examine how the capital costs and
2 operating expenses were developed and whether the level of such costs,
3 on a forward-looking basis, are reasonable. For instance, the proposed fill
4 factors, average drop lengths and other loop characteristics will be
5 reviewed to determine how these inputs affect the level of the forward-
6 looking network investment that underlies the projected capital costs. An
7 analysis of the components of the estimated operating expenses (e.g.
8 reasonableness of labor rates and installation times, assumptions regarding
9 forward-looking efficiencies, etc.) will be undertaken.

10
11 I will also attempt to evaluate the non-rural ILECs' overall profitability in
12 serving the residential subscriber based upon a forward-looking cost
13 estimate and a revenue analysis specific to each carrier.

14
15 **Q. Does this conclude your direct testimony?**

16 **A. Yes.**

17
18
19
20
21
22
23
24
25

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In Re: Determination of the cost)
of basic local telecommunications)
service, pursuant to Section 364.025,)
Florida Statutes)
_____)

Docket No. 980696-TP

EXHIBIT
OF
WILLIAM J. BARTA

ON BEHALF OF THE
FLORIDA CABLE TELECOMMUNICATIONS ASSOCIATION
HENDERSON RIDGE CONSULTING, INC.
ATLANTA, GEORGIA

AUGUST 3, 1998

WILLIAM J. BARTA
President, Henderson Ridge Consulting, Inc.

EDUCATION

Emory University	M.B.A. (1982)
Marketing and Finance	
The Lindenwood Colleges	B.A. with Honors (1978)
Business Administration and Accounting	

PROFESSIONAL CERTIFICATION

Certified Public Accountant
Certified Fraud Examiner

PROFESSIONAL AFFILIATIONS

American Institute of Certified Public Accountants
Georgia Society of Certified Public Accountants
Association of Certified Fraud Examiners

EMPLOYMENT HISTORY

1988 - 1995:	J. Kennedy and Associates	Manager
1986 - 1988:	Contel Corporation	Financial Planning Coordinator
1982 - 1986:	AT&T	Financial Analyst and Account Executive
1981:	Simmons, U.S.A.	Special Projects Staff (summer internship)
1979 - 1980:	Gould, Inc.	Senior Accountant
1978 - 1979:	SCNO Barge Lines, Inc.	Staff Accountant

REPRESENTATIVE EXPERIENCE

Management Audits:

Conducted comprehensive and focused management audits of a major electric investor owned utility, a generation and transmission electric cooperative, distribution electric cooperatives, a Bell Operating Company, and independent local exchange carriers

Alternative Regulation Assessments:

Assessed the ratemaking and competitive impact of the incentive regulation proposals advanced by an electric investor owned utility, AT&T, and a Bell Operating Company and assisted in the development of a state public commission staff's response to the state legislature's proposed local exchange competition plan

Merger Evaluations:

Evaluated the administrative and operational synergies projected in a merger between two electric investor owned utilities and the level of savings and operational efficiency to be achieved from the combination of separate subsidiaries within a Bell Regional Holding Company.

Demand Side Management Program Analyses:

Performed a comprehensive review of the assumptions used in the development of proposed Demand Side Management ("DSM") programs and the benefit/cost ratios of implementing proposed DSM programs as determined by standard regulatory tests. Of particular interest was the nonregulated revenue potential resulting from a load management program designed to achieve spinning reserve status by providing real time communications between the residential customer and the operating dispatch center.

Affiliate Transactions Reviews:

Conducted extensive cost allocation studies and transaction audits of a Bell Regional Holding Company's on-going affiliate transactions, the sale of an electric utility's generating facilities to (and subsequent participation in) a joint venture between the utility and three of its largest industrial customers, the integrated sale of an electric utility's mining operation and long-term coal purchase agreement, and the provisions under which a nonregulated subsidiary of an electric utility would market the excess telecommunications capacity of a Demand Side Management program.

Accounting and Finance Investigations:

Performed comprehensive earnings investigations and revenue requirements studies of AT&T, a Bell Operating Company, independent local exchange carriers, electric investor owned utilities, a generation and transmission electric cooperative, and electric distribution cooperatives.

PROJECT PARTICIPATION AND RESULTS

In the engagements discussed, I participated as an Assistant Project Manager and/or a Project Director and Task Leader. Most of the engagements required appearances as an expert witness in order to support the project's findings, conclusions, and recommendations.

Expert Testimony Appearances

<u>Date</u>	<u>Case No.</u>	<u>Jurisdiction</u>	<u>Company</u>	<u>Subject Matter</u>
July 1989	333-272	Louisiana	South Central Bell Telephone & Telegraph	Realized and projected rates of return.
August 1989	U-17970	Louisiana	AT&T Communications	Earnings investigation, network modernization, and alternative regulation
October 1989	U-17282	Louisiana	Gulf States Utilities	Operating expense analysis and nonregulated joint venture evaluation
January 1990	U-17282	Louisiana	Gulf State Utilities	Regulatory treatment of gain on sale of utility property
July 1991	4004-U	Georgia	GTE Telephone	Network modernization and depreciation represcription
October 1991	U-17282	Louisiana	Gulf States Utilities	Results of comprehensive management audit
Dec. 1992	U-17949 Subdocket A	Louisiana	South Central Bell Telephone and Telegraph	Network technology and modernization and construction program evaluation
Dec 1992	U-19904	Louisiana	Entergy/Gulf States	Non-fuel O&M merger related synergies.
March 1993	93-01-E1 EFC	Ohio	Ohio Power Company	Accounting and regulatory treatment of the sale of an affiliate's investment

Expert Testimony Appearances - continued

<u>Date</u>	<u>Case No</u>	<u>Jurisdiction</u>	<u>Company</u>	<u>Subject Matter</u>
March 1993	U-19994	Louisiana	Entergy/Gulf States	Merger related synergies
August 1993	U-19972	Louisiana	Ringgold Telephone Company	Earnings investigation, network modernization, and construction program
October 1993	U-17735	Louisiana	Cajun Electric Power	Earnings investigation
May 1994	U-20178	Louisiana	Louisiana Power & Light Company	Analysis of Least Cost Integrated Resource Plan and Demand Side Management programs
October 1994	5258-U	Georgia	Southern Bell Telephone & Telegraph	Price regulation and incentive rate plan review
June 1995	3905-U	Georgia	Southern Bell Telephone & Telegraph	Rate design and alternative regulation
June 1996	96-02-002	California	Pacific Bell Telephone & Telegraph	ISDN TSLRIC study evaluation
August 1996	U-22020 (Direct)	Louisiana	BellSouth Telecomm. Inc	Avoided retail cost study
Sep 1996	U-22020 (Rebuttal)	Louisiana	BellSouth Telecomm. Inc	Avoided retail cost study
Oct. 1997	97-01262 (Direct)	Tennessee	BellSouth Telecomm. Inc	Permanent pricing for local interconnection and UNEs
Oct 1997	97-01262 (Rebuttal)	Tennessee	BellSouth Telecomm. Inc	Permanent pricing for local interconnection and UNEs

Expert Testimony Appearances - continued

Nov. 1997	97-00888	Tennessee	Universal service policy issues
Dec. 1997	P-100, Sub 133b	North Carolina	Universal service FLEC models
Dec. 1997	P-100, Sub 133d	North Carolina	Permanent pricing for local interconnection and UNEs
Jan. 1998	P-100, Sub 133b (Rebuttal)	North Carolina	Universal service FLEC models
Mar. 1998	P-100, Sub 133d (Rebuttal)	North Carolina	Permanent pricing for local interconnection and UNEs
Mar. 1998	P-100, Sub 133g	North Carolina	Universal service policy issues
Mar. 1998	97-07488	Tennessee	Affiliate transactions