ORIGINAL

Sprint

Charles J. Rehwinkel
Senior Attorney

VP Law/External Relations
P.O. Box 2214
Tallahassee, FL 32316-2214
Voice 850 847 0244
Fax 850 878 0777
charles.j.rehwinkel@mail.sprint.com

August 11, 1999

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

Re: Docket No. 990649-TP Sprint's Direct Testimonies of Kent W. Dickerson and James W. Sichter

Dear Ms. Bayo:

Enclosed for filing is the original and fifteen (15) copies of Sprint's Direct Testimonies of Kent W. Dickerson and James W. Sichter.

Enclosed is a copy of the Prefiled Direct Testimony of James W. Sichter and Kent Dickerson. Mr. Dickerson's testimony has four Exhibits that contain confidential information. Sprint has submitted these confidential documents under seal and under separate cover. Additionally, Sprint has submitted a Request for Confidential Classification for these documents. Only the redacted public versions of the Exhibits are being served on parties and included with this filing. The confidential version will be made available upon request after execution of an appropriate non-disclosure/protective agreement or entry of an appropriate Protective Order by the Commission. Service has been made on parties pursuant to the attached service list.

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

Thank you for your assistance in this matter.

Sincerely,

Charles J. Rehwinkel

dlldjCJR/th

Enclosures

AFA
APP
CAF
CMU
CTR
EAG
LEG 2
MAS 5 stays
OPC
PAI
SEC 1
WAW
OTH

Sichter
DOCUMENT NUMBER-DATE
09569 AUG 11 99
FPSC-RECORDS/REPORTING

Dickerson
DOCUMENT NUMBER-DATE
09570 AUG 11 99
FPSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE
DOCKET NO. 990649-TP

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by U.S. Mail or hand-delivery this 11th day of August, 1999 to the following:

Angela Green, General Counsel
Florida Public
Telecommunications Association
125 S. Gadsden Street, #200
Tallahassee, Florida 32301-1525

Steven C. Reilly
Charles J. Beck
Office of the Public Counsel
c/o The Florida Legislature
111 West Madison Street,
Rm. 812
Tallahassee, Florida 32399-1400

Michael A. Gross
V.P. Regulatory Affairs
& Regulatory Counsel
FCTA Inc.
310 North Monroe Street
Tallahassee, Florida 32301

AT&T Communications of the
Southern States, Inc.
Tracy Hatch
Rhonda Merritt
101 North Monroe Street
Suite 700
Tallahassee, Florida 32301-1549

BellSouth Telecommunications, Inc.
Ms. Nancy B. White
c/o Nancy H. Sims
150 South Monroe Street, Suite 400
Tallahassee, Florida 32301-1556

Messer Law Firm (2)
Norman Horton, Jr.
Post Office Box 1876
Tallahassee, Florida 32302

Pennington Law Firm
Peter M. Dunbar
Post Office Box 10095
Tallahassee, Florida 32302

Rutledge Law Firm
Kenneth Hoffman, Esq.
Post Office Box 551
Tallahassee, Florida 32302

D. Bruce May, Jr.
Holland & Knight LLP
Post Office Drawer 810
Tallahassee, Florida 32302

Kimberly Caswell
GTE Florida Incorporated
Post Office Box 110, FLTC0007
Tampa, Florida 33601

Donna McNulty
MCI WorldCom
325 John Knox Road
Suite 105
Tallahassee, Florida 32303

David V. Dimlich, Esq.
Supra Telecommunications &
Information Systems
2620 SW 27th Avenue
Miami, Florida 33133

MediaOne Florida
Telecommunications, Inc.
Laura L. Gallagher
204 South Monroe Street
Suite 201
Tallahassee, Florida 32301

Patrick Wiggins, Esq.
Charles Pellegrini, Esq.
Post Office Drawer 1657
Tallahassee, Florida 32302

Time Warner AxS of Florida, L.P.
Carolyn Marek
233 Bramerton Court
Franklin, TN 37069

Covad Communications Company
Christopher V. Goodpaster
% Convad Communications
Company
2330 Central Expressway
Santa Clara, CA 95050

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

NorthPoint Communications, Inc.
Glenn Harris, Esq.
222 Sutter Street, 7th Floor
San Francisco, CA 94108

McWhirter Law Firm
Joseph McGlothlin/Vicki Kaufman
117 S. Gadsden Street
Tallahassee, Florida 32301

Swidler & Berlin
Eric Branfman/Morton Posner
3000 K St. NW, #300
Washington, D.C. 20007-5116

Jill N. Butler
State Regulatory Director
Cox Communications
4585 Village Avenue
Norfolk, VA 23502

Charles J. Beck
Office of the Public Counsel
c/o The Florida Legislature
111 West Madison Street,
Room 812
Tallahassee, Florida 32399-1400

Intermedia Communications, Inc.
Scott Sappersteinn
3625 Queen Palm Drive
Tampa, Florida 33619-1309

MCI WorldCom, Inc.
Mr. Brian Sulmonetti
Concourse Corporate Center Six
Six Concourse Parkway
Suite 3200
Atlanta, Georgia 30328

Charles J. Rehwinkel

ORIGINAL

SPRINT
DOCKET NO. 990649-TP
FILED AUGUST 11, 1999

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

JAMES W. SICHTER

Q. Please state your name and business address.

A. My name is James W. Sichter. I am Vice President-Regulatory Policy, for Sprint Corporation. My business address is 4220 Shawnee Mission Parkway, Fairway, Kansas.

Q. Please describe your educational background and work experience.

A. I hold a B.A. in Economics from the University of Kentucky (1968), a Masters in Economics from Wright State University (1972), and a Masters in Public Administration from the University of Missouri-Kansas City (1979). I have worked for Sprint since 1973. Prior to my current position, I have held several positions with Sprint in the areas of costing and regulatory policy, including cost analyst, revenue analyst, corporate strategic planning analyst, staff economist, manager-policy research, director-

regulatory and industry planning, director-service costs, director-access planning, and assistant vice president-regulatory and industry planning.

In my current position I have responsibility for developing state and federal regulatory and legislative policy for Sprint's Local Telecommunications Division. I also serve on the Executive and the Advisory Committees of the Michigan State University Institute of Public Utilities. In addition, I have been a member of the faculty of the Michigan State University -- NARUC Annual Studies Program since 1985, where I have taught course segments on a variety of areas, including access charges, jurisdictional separations, competition, the Telecom Act of 1996, and most recently, Universal Service and Access Charge Reform. In the past, I served on a number of United States Telephone Association committees, including chairing the USTA Policy Analysis Committee (1986-1989), Price Cap Team (1987-1989), and Part 69 Concepts Committee (1989-1991).

Q. Have you previously testified before state Public Service Commissions?

A. Yes. I have previously testified before the Florida, Iowa, Kansas, Missouri, and Nevada state commissions.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to address on behalf of Sprint the appropriate basis for the pricing of recurring and non-recurring rates and charges for unbundled network elements and unbundled network element combinations, including the deaveraging of the rates for the individual elements and combinations of elements.

Issue 3 (a) What guidelines and specific requirements should be imposed on recurring and nonrecurring cost studies, if any, required to be filed in this proceeding?

Q. What is the appropriate basis for the pricing of unbundled network elements?

A. Unbundled network element (UNE) rates should be based on forward-looking economic costs. This is not only the economically appropriate basis for the pricing of UNEs, it is required by Section 252 (d)(1) of the Telecom Act of 1996 and the FCC rules implementing that section of the Act. Where economic costs vary significantly, prices should be deaveraged.

Q. What are the requirements of Section 252(d)(1) of the Telecom Act of 1996?

A. Section 252(d)(1) sets forth the pricing standards for Interconnection and Unbundled Network Elements. Specifically, it requires that rates for these elements

(A) shall be-

(i) based on the cost (determined without reference to a rate-of-return or other rate-based proceeding) of providing the interconnection or network element (whichever is applicable), and

(ii) nondiscriminatory, and

(B) may include a reasonable profit

Q. What rules did the FCC adopt implementing that section of the Act?

A. In its August 8, 1996 First report and Order in Docket 96-98, the FCC concluded that the Act requires that prices for UNEs be set at forward-looking economic costs. Specifically, the FCC adopted a version of total service long run incremental costs (TSLRIC) as the methodology to be used in determining the costs of UNEs. The FCC refers to its methodology as Total Element Long Run Incremental Costs (TELRIC), nomenclature that reflects that the methodology is applied to the costing of discrete network elements or facilities, rather than the cost of a service or services provided over that facility.

The FCC's TELRIC methodology is set forth in Part 51.505(b) of its Rules:

"Total element long-run incremental cost. The total element long-run incremental cost of an element is the forward-looking cost over the long run of the total quantity of the facilities and functions that are directly attributable to, or reasonably identifiable as incremental to, such element, calculated taking as given the incumbent LEC's provision of other elements.

(1) Efficient network configuration. The total element long-run incremental cost of an element should

be measured based on the use of the most efficient telecommunications technology currently available and the lowest cost network configuration, given the existing location of the incumbent LEC's wire centers.

(2) Forward-looking cost of capital. The forward-looking cost of capital shall be used in calculating the total element long-run incremental cost of an element.

(3) Depreciation rates. The depreciation rates used in calculating forward-looking economic costs of elements shall be economic depreciation rates."

Q. Are there costs, other than the TELRIC costs described above, that should be included in the forward-looking economic costs of unbundled network elements?

A. Yes. The FCC's currently effective Rules (Part 51.505 (a)) define the forward-looking economic cost of an unbundled network element to be the sum of TELRIC costs and "...a reasonable allocation of forward-looking common costs..."

Q. Why are forward-looking economic costs the economically appropriate basis for pricing unbundled network elements?

A. A fundamental objective of the Telecom Act of 1996 is to open all telecommunications markets to competition. Congress recognized that there are substantial barriers to entry into the local exchange market. In particular, the local exchange network is highly capital intensive. Facility-based entrants are confronted by the formidable hurdle of having to devote substantial capital resources, over an extended period of time, to construct a local network prior to winning any customers or generating any revenues.

Section 251 of the Act provides new entrants alternative avenues for entering the local exchange market. First, new entrants can simply resell the services of the incumbent. In other words, they can win customers and gain market share without having to construct any of their own network facilities. Second, new entrants can obtain unbundled network elements from the incumbent. This not only provides new entrants more flexibility in creating services (e.g., the ability to provide expanded local calling areas), but also provides a critical pricing signal for a new entrant's "make or buy" decision in acquiring network facilities. Simply put, new entrants will be incented to build facilities where they can do so at lower

costs than they would pay the incumbent for the equivalent network element or elements, and to buy unbundled elements where the incumbent's prices for those elements are lower than the new entrant's cost of constructing those facilities.

The forward-looking cost standard for unbundled network elements provides a measure of the costs that would be incurred by an efficient supplier to provide a particular network element. Correspondingly, it will provide the appropriate marketplace signals to competitors, creating an incentive for them to construct their own facilities when they can do it more efficiently than the incumbent LEC, and discouraging uneconomic investment where they cannot provide the facilities at a lower cost than the incumbent.

Conversely, to the extent that unbundled network element prices deviate from economically efficient levels, they will distort infrastructure investment decisions of the new entrants. If network elements are priced above economic costs, it will provide an incentive for competitors to deploy their own facilities, even though in actuality the incumbent can

provide those facilities at lower costs. On the other hand, if network elements are priced below economic costs, it will discourage competitors from deploying facilities even though they could do so at a cost that is lower than the incumbent's economic costs.

Q. What is the appropriate basis for pricing non-recurring charges for unbundled network elements?

A. Non-recurring charges should also be based on forward-looking costs. In the first instance, the Act requires unbundled network elements to be based on costs. Logically, the same cost standard that applies to the recurring costs of those elements should also apply to the non-recurring costs associated with provisioning those elements. Moreover, non-recurring costs as well as recurring costs enter into competitors' decisions to construct their own facilities or to buy unbundled elements from the incumbent LEC. As discussed above, the incumbent LEC's prices should be based on economic costs in order to provide the appropriate pricing signals for competitors in their "make or buy" decisions. The benefits of setting the recurring charge for unbundled network elements at forward-looking economic costs would be diminished or lost if

non-recurring charges associated with those elements were not similarly based on forward-looking economic costs.

Q. How should the forward-looking economic costs for non-recurring charges be determined?

A. The forward-looking costs for non-recurring charges should reflect the costs that would be incurred in performing those functions in relation to the forward-looking network that is the basis for calculating the recurring costs and rates for the unbundled network element. Just like the recurring costs for an efficiently designed network based on current technology can differ from the embedded costs of the existing network, so can the non-recurring costs associated with provisioning elements in that forward-looking network differ from the non-recurring costs associated with provisioning elements in the existing network.

Q. What is the relationship between the pricing requirements of the Telecom Act and rate deaveraging for unbundled network elements?

A. As discussed above, the Telecom Act requires that the prices for unbundled network elements be cost-based, and the FCC Rules define cost-based to mean forward-looking economic costs (TELRIC plus a reasonable share of forward-looking common costs). However, the forward-looking costs of providing an element are not necessarily uniform throughout an incumbent LEC's service territory. For example, Sprint Witness Dickerson provides TELRIC costs for providing unbundled loops in each of Sprint-Florida's wire centers. Those costs range from a low of $4.38 a month to a high of $141.35 a month, while the average in Sprint-Florida's serving area is $20.37. Although that average cost does, indeed, reflect TELRIC costs, it does not follow that pricing all unbundled loops in Sprint-Florida's serving area at the company-wide average forward-looking cost therefore meets the requirements of the Act. To do so would result in unbundled loops in the lowest cost areas being priced almost five times their actual forward-looking costs, while unbundled loops in the highest cost areas would be priced at one-seventh of their forward-looking costs. Clearly, prices that deviate from costs by that magnitude do not meet the Act's requirement for cost-based rates nor do they provide the correct

marketplace signals to competitors in their decision to build their own facilities or buy unbundled network elements from the incumbent. Thus, deaveraging of unbundled network elements is necessary to avoid the pricing distortions inherent in rate averaging.

Q. What do the FCC's rules require in terms of rate deaveraging?

A. In Section 51.507(f) of its Rules, the FCC requires that unbundled network elements be geographically deaveraged into at least three cost-related zones. These can be either the zones established for the deaveraging of interstate transport rates, or zones determined by the state commission.

Issue 1 (a) Which UNEs, excluding combinations, should be deaveraged?

Q. What unbundled network elements should be deaveraged?

A. Based on the cost analysis undertaken by Mr. Dickerson, the forward-looking economic costs for unbundled loops, switching, and transport all vary significantly by geographic area. Therefore, Sprint

believes that the rates for these elements should be deaveraged.

Sprint has not found significant geographic cost differences in providing any other unbundled network element, at least for its service area. Moreover, Sprint does not believe there are such cost differences in the nonrecurring elements. Therefore, Sprint does not recommend that either non-recurring charges or the recurring rates for network elements other than loop, switching, or transport be deaveraged.

1 (b) Which UNE combinations should be deaveraged?

Q. How should combinations of elements be deaveraged?

A. Combinations of elements should be priced at levels equal to the sum of the rates for the individual unbundled network elements that make up that combination. The prices of combinations should also be deaveraged on that same basis. In other words, the price for a combination in a particular geographic area should equal the sum of the deaveraged rates for the relevant elements in that same geographic area.

Issue 1 (c) What is the appropriate basis for deaveraging UNEs?

Issue 1 (d) Should the degree of deaveraging be the uniform for all UNEs?

Issue 1 (e) Should the degree of deaveraging be uniform for all affected ILECs for which deaveraged rates are appropriate?

Q. With regard to issues 1(c)-1(e), what general principles should the Commission apply in determining the degree to which rates for unbundled elements be deaveraged?

A. As a general principle, rates should be deaveraged to the degree necessary to achieve a result wherein the averaged rate does not deviate significantly from the actual forward-looking cost of providing that element anywhere within the defined zone. While it is impossible to quantify with absolute precision what "significant" deviations of rates from costs are, Sprint believes that differences between rates and costs in excess of 20% would be of sufficient magnitude to potentially distort competitors' investment decisions. Using that criteria, each incumbent LEC should be required to construct a

deaveraged rate schedule such that the average rate in each zone is no more than 20% higher or 20% less than the forward-looking cost of providing that element.

Q. What specific criteria should underlay this Commission's requirements for incumbent LECs to deaverage their unbundled network elements?

A. Sprint would advocate the following criteria:

First, as discussed above, prices for unbundled network elements should be deaveraged to the degree necessary to avoid significant deviations between the rate that is charged for an unbundled network element and the actual forward-looking costs of providing that element in a specific geographic area. This means that the degree of deaveraging can vary both across elements and among incumbent LECs. For example, the costs of providing some unbundled network elements in different geographic areas simply do not vary significantly. There is little or no economic benefit, therefore, in deaveraging the rates for those elements. On the other hand, the forward-looking economic costs of other elements can vary significantly, as evidenced by the example for

unbundled loops cited above. Clearly, those rates should be deaveraged into a sufficient number of zones such that the rate for each zone does not significantly deviate from the actual forward-looking costs of providing that element for any area included in that zone. As such, the number of zones appropriate for the deaveraging of one element is not necessarily the appropriate number of zones for some other element, where the disparity in costs across geographic areas might be substantially more or less.

Moreover, the number of zones appropriate for an unbundled element of one incumbent LEC is not necessarily the appropriate number of zones for that same element provided by another incumbent LEC, where, again, the disparity in costs of providing that element could be substantially more or less.

Second, the degree of rate deaveraging should be based on both administrative considerations and a realistic assessment of the extent to which limited rate averaging does not materially adversely impact competition and investment decisions. At the extreme, for example, unbundled loop costs differ almost on a customer by customer basis. Customer, or location,

specific unbundled loop rates may meet the theoretical ideal of cost-based rates, but they would equally be an administrative nightmare, for both the incumbent LEC as well as competitors ordering unbundled loops. Nor is that degree of deaveraging necessary to provide economically correct pricing signals to new entrants. Typically, a competitor enters the local market with the intention of serving all or a substantial segment of that market, and not just one or two customers.

Some degree of averaging of unbundled element rates does not necessarily distort competitors' investment decisions for several reasons. First, the deviations, both positive and negative, between the averaged rate and the actual forward-looking costs will to some extent be offsetting. Second, and most important, if rates are deaveraged such that there are not significant differences between the average rate and the actual forward-looking costs, the impact of that rate averaging will by definition be minimal and is unlikely to have a material impact on a competitor's investment decisions.

Third, for the purposes of this proceeding, Sprint proposes that each incumbent develop forward-looking

costs for each UNE to be deaveraged on a wire center basis. Using the wire center as the unit of cost analysis is reasonable for a number of reasons. The wire center generally conforms to the market definitions and plans of new entrants, and therefore, as previously discussed, averaging costs at this level is not likely to distort their entry or marketing decisions. Moreover, deaveraging costs below the wire center entails not only more complex cost modeling, but would impose significant additional costs on both incumbent LECs and competitors in administering that rate structure.

Developing costs and prices at an exchange level, on the other hand, would result in excessive averaging. As Sprint witness Dickerson's cost data for the Tallahassee exchange demonstrates, exchange average costs can deviate significantly from the costs of elements in individual wire centers within that exchange.

Fourth, incumbent LECs should be permitted to group wire centers into zones, and develop rates based on the weighted average cost of the UNE for all wire centers within each zone, subject to the constraint

that the average rate for a UNE zone should not deviate by more than 20% from the wire center forward-looking cost of that UNE for any wire center included in that zone. However, as will be discussed below, it would not be unreasonable to permit a wider range of deviation in the highest cost zone, recognizing the larger cost variances in the highest cost areas and the undesirability of creating an excessive number of zones.

Sprint's proposal above is intended to provide a balance between deaveraging and administrative ease – both for incumbent LECs and new entrants. However, Sprint would not oppose a Commission requirement to have a separate rate for each deaveraged UNE in each wire center.

Q. Please illustrate your proposed deaveraging methodology as it would apply to Sprint-Florida's unbundled loop rates.

A. Sprint Witness Dickerson has provided Sprint-Florida's TELRIC costs for loops on a wire center basis. It should be noted that the costs used in this analysis are TELRIC costs and do not reflect an allocation of

common costs. Any final deaveraged pricing proposal would need to include a reasonable allocation of common costs. Exhibit JWS-1 provides the zone rates as well as the wire centers within each zone based on Sprint's proposed deaveraging plan. As shown in that exhibit, Sprint would propose 10 zones, with the zone rates (not including common costs) ranging from a low of $4.39 per loop to a high of $103.41 per loop in the highest cost wire centers. This proposal reflects the use of the 20% standard discussed earlier in my testimony with one exception. There is one wire center (Greenwood) for which the loop costs vary by more than 20% of the average for the zone. The wire center serves only 818 lines, and deviates from the average by 37%. Creating a separate zone for one small wire center is not necessary or practical. Including this wire center in next lowest cost zone results in a very small increase (2%) in the average cost for that zone. Because of the minimal impact on the average cost for the zone, Sprint would propose to include the Greenwood wire center in the zone 10 for loops even though the cost differential for that wire center is larger than the 20% standard.

Q. Please illustrate your proposed deaveraging methodology as it would apply to Sprint-Florida's unbundled switching rates.

A. Sprint Witness Dickerson has provided Sprint-Florida's TELRIC costs for both the switch port and the usage-sensitive component of switching. The company-wide average TELRIC cost of a switch port is $2.39 (See Exhibit KWD-4). Every host office except one falls within the 20% criteria proposed by Sprint. The one exception occurs in a host office that serves three-tenths of one percent of Sprint-Florida's access lines, and deviates from the average by 33%. As was the case for unbundled loops, creating a separate zone for one small office is not necessary or practical. Nor would creating a separate zone for that office reduce the rates for the remaining offices. Therefore, Sprint would propose a single company wide rate for switch ports.

Per minute switching costs, on the other hand, vary significantly across offices. Sprint's proposed deaveraging plan would, as shown in Exhibit JWS-2, result in 5 zones, with per minute switching rates (not including common costs) ranging from $.002168 in

the lowest cost zone to $.00707 in the highest cost zone. Every host office except one (Madison) falls within the 20% criteria proposed by Sprint. The one exception occurs in an office that serves three-tenths of one percent of Sprint-Florida's access lines, and deviates from the average by 28%. Once again, creating a separate zone for one small office is not necessary or practical. Including this office in the next lowest cost zone results in a very small increase (2%) in the average cost for that zone. Because of the minimal impact on the average cost for the zone, Sprint would proposed to include the Madison office in zone 5 for per minute switching even though the cost differential is slightly larger than the proposed 20% standard.

Q. Please illustrate your proposed deaveraging methodology as it would apply to Sprint-Florida's unbundled transport rates.

A. Sprint witness Dickerson's testimony presents evidence on the cost-drivers for transport services. Sprint currently develops its UNE transport rates on a point-to-point basis to most accurately reflect these cost characteristics. However, Sprint is not advocating

that all incumbent LECs be required to deaverage their transport rates to this degree. Therefore, the Commission should require that incumbent LECs develop transport rate structures consistent with the underlying cost drivers, and to group those services into geographic zones with the constraint that the average rate for transport services in any zone cannot deviate more than 20% from the actual forward-looking economic costs for any wire center within that zone.

1 (f) What other factors or policy considerations, if any, should be considered in determining deaveraged UNE rates?

Q. Are there other factors the Commission should take into consideration in determining how unbundled network elements should be deaveraged? For example, incumbent LECs' retail rates are not deaveraged to any great degree. Should that be factored into a determination of the extent of deaveraging for unbundled network elements?

A. No. Although Sprint fully appreciates the differences between existing retail rate structures and levels and

the rate levels and structures it is proposing for unbundled network elements, how these differences should be resolved is equally clear to Sprint. Consistent with the mandate of the Telecom Act of 1996, unbundled network elements should be priced at forward-looking economic costs, and should be deaveraged in the manner described above. To the extent that retail rate levels or rate structures are inconsistent with unbundled network element prices, those retail rates should be restructured to bring them into consistency with unbundled network prices. Alternatively stated, the answer lies in moving retail rates toward economic cost levels, and not in introducing distortions in the pricing of unbundled network elements to bring them into conformance with the uneconomic pricing of incumbent LEC retail services.

Issue 2 How can one determine which UNEs an ILEC currently combines (51.315(b)), versus those which are "not ordinarily combined in the incumbent LEC's network (51.315(c))?

Q. How would Sprint recommend the Commission determine which UNE elements are currently combined?

A. Sprint's position is that a requesting carrier should be able to obtain any UNE combination if the incumbent LEC offers, through its wholesale or retail tariffs, any service that includes that UNE combination. The fact that the incumbent LEC combines those elements in providing services to its customers is certainly evidence that the LEC is currently combining those elements.

This proposed definition of "currently combined" is consistent with the FCC's language in its 96-98 First Report and Order. In paragraph 296 of that Order, the Commission stated "Accordingly, incumbent LECs are required to perform the functions necessary to combine those elements that are ordinarily combined within their network, in the manner in which they are typically combined." The term "currently combined" in Section 51.315(b) therefore should not be narrowly construed, but rather interpreted to mean "ordinarily". The tariff offerings of an incumbent LEC are a reasonable standard definition of what that LEC "ordinarily" provides in the course of its business.

This interpretation is consistent with the context of this portion of the FCC's Order, where it is concerned

with both technical feasibility and the potential that a combination might "…undermine the ability of other carriers to access unbundled elements or interconnect with the incumbent LEC's network." (paragraph 296). The fact that an incumbent LEC is willing to combine these elements, as evidenced by the services offered in its tariffs, should be sufficient to allay any concern that providing that same combination to a requesting carrier would occasion any technical harm.

Even more, to limit the scope of combinations available to a requesting carrier to something less than the scope that the incumbent LEC offers that combination to its own end users is patently anti-competitive. To do so would arbitrarily deny customers the ability to purchase from a competitive local exchange carrier a service depending on a particular combination of elements, even though the incumbent LEC offers to provide that same customer that same service using those same elements.

Issue 3 (e) When should the cost studies identified in Issues 3 (b), (c), and (d) be filed?

Q. When should the costs studies providing the basis for deaveraging unbundled network element rates be filed?

A. Sprint believes that it is reasonable to require incumbent LECs to file those cost studies 90 days from the date the Commission releases its Order in this phase of this docket.

Q. Does that conclude your testimony?

A. Yes.

Sprint - Florida
Loop Cost by Wire Center

Zone	Wire Center	TELRIC Monthly Cost Per Loop	Total Lines Served	Weighted Average Cost for the Zone	Wire Center Cost vs. Weighted Average Zone Cost	Percent of Access Lines in the Zone	Percent of Total Access Lines
1	Maitland XA	$ 4.38	13,325		100%	88%	0.7%
1	Maitland TC	$ 4.49	1,819		102%	12%	0.1%
	Zone 1 Subtotal		15,144	$ 4.39			0.8%
2	Tallahassee - Calhoun	$ 5.65	65,229	$ 5.65	100%	100%	3.3%
3	Tallahassee - FSU	$ 9.03	10,847		85%	7%	0.5%
3	Destin	$ 9.57	19,207		90%	12%	1.0%
3	South Fort Meyers	$ 10.11	40,541		95%	24%	2.1%
3	Boca Grande	$ 10.50	2,613		98%	2%	0.1%
3	Murdock	$ 11.13	5,029		104%	3%	0.3%
3	Fort Myers	$ 11.33	23,432		106%	14%	1.2%
3	Winter Park	$ 11.37	52,129		106%	31%	2.6%
3	Fort Myers Beach	$ 11.39	12,129		107%	7%	0.6%
	Zone 3 Subtotal		165,927	$ 10.68			8.4%
4	Lake Brantley	$ 11.53	49,229		90%	10%	2.5%
4	North Naples	$ 11.74	47,947		92%	10%	2.4%
4	Naples Moorings	$ 11.82	60,797		92%	13%	3.1%
4	Marco Island	$ 12.02	21,633		94%	4%	1.1%
4	Altamonte Springs	$ 12.20	60,621		95%	13%	3.1%
4	Iona	$ 12.35	14,928		97%	3%	0.8%
4	Goldenrod	$ 13.21	48,810		103%	10%	2.5%
4	Fort Walton Beach XB	$ 13.37	19,594		104%	4%	1.0%
4	Fort Walton Beach XA	$ 13.49	20,172		105%	4%	1.0%
4	Buenaventura Lakes	$ 13.53	12,841		106%	3%	0.7%
4	Tallahassee - Willis	$ 13.62	22,979		106%	5%	1.2%
4	Shalimar	$ 13.92	9,260		109%	2%	0.5%
4	Cypress Lake XA	$ 13.97	39,074		109%	8%	2.0%
4	Casselberry	$ 14.17	20,427		111%	4%	1.0%
4	Fort Walton Beach XC	$ 14.52	4,397		113%	1%	0.2%
4	Cypress Lake XB	$ 15.00	11,462		117%	2%	0.6%
4	Orange City	$ 15.16	12,508		118%	3%	0.6%
4	Ocala XJ	$ 15.32	4,280		120%	1%	0.2%
	Zone 4 Subtotal		480,959	$ 12.80			24.4%
5	North Fort Myers XA	$ 15.77	17,510		84%	2%	0.9%
5	Cape Coral	$ 15.80	32,017		85%	4%	1.6%
5	Bonita Springs	$ 15.95	37,053		85%	5%	1.9%
5	Sanibel-Captiva Islands	$ 16.46	11,985		88%	2%	0.6%
5	West Kissimmee	$ 16.81	21,921		90%	3%	1.1%
5	Kissimmee	$ 16.91	45,194		91%	6%	2.3%
5	Windermere	$ 17.18	8,366		92%	1%	0.4%
5	Ocala - Highlands	$ 17.19	6,079		92%	1%	0.3%
5	Tallahassee - Perkins	$ 17.24	9,988		92%	1%	0.5%
5	Eustis	$ 17.36	19,222		93%	3%	1.0%
5	San Carlos Park	$ 17.72	11,117		95%	2%	0.6%
5	North Cape Coral	$ 18.32	26,879		98%	4%	1.4%
5	Tallahassee - Blairstone	$ 18.57	38,740		99%	5%	2.0%
5	Port Charlotte	$ 18.70	49,436		100%	7%	2.5%

Sprint - Florida
Loop Cost by Wire Center

Zone	Wire Center	TELRIC Monthly Cost Per Loop	Total Lines Served	Weighted Average Cost for the Zone	Wire Center Cost vs. Weighted Average Zone Cost	Percent of Access Lines in the Zone	Percent of Total Access Lines
5	Golden Gate	$ 18.77	27,808		100%	4%	1.4%
5	Tavares	$ 18.83	14,890		101%	2%	0.8%
5	Apopka	$ 18.91	32,934		101%	5%	1.7%
5	Westville	$ 19.16	881		103%	0%	0.0%
5	Ocala XA	$ 19.20	57,133		103%	8%	2.9%
5	Tallahassee - Mabry	$ 19.46	24,780		104%	3%	1.3%
5	North Fort Myers XB	$ 19.62	17,413		105%	2%	0.9%
5	Naples South East	$ 19.80	34,521		106%	5%	1.7%
5	Winter Garden	$ 19.96	22,139		107%	3%	1.1%
5	Leesburg	$ 20.20	33,763		108%	5%	1.7%
5	Lady Lake	$ 20.23	17,477		108%	2%	0.9%
5	Deltona Lakes	$ 20.44	13,559		109%	2%	0.7%
5	Sebring	$ 20.68	28,424		111%	4%	1.4%
5	Ocala - Shady Road	$ 21.85	28,400		117%	4%	1.4%
5	Silver Springs Shores	$ 22.03	6,722		118%	1%	0.3%
5	Clermont	$ 22.34	16,061		120%	2%	0.8%
	Zone 5 Subtotal		712,412	$ 18.68			36.1%
6	Tallahassee - Thomasville	$ 22.63	22,464		86%	7%	1.1%
6	Lehigh Acres	$ 22.64	16,323		86%	5%	0.8%
6	East Fort Meyers	$ 23.00	15,222		88%	5%	0.8%
6	Montverde	$ 23.46	1,600		89%	1%	0.1%
6	Valparaiso	$ 23.96	12,454		91%	4%	0.6%
6	Beverly Hills	$ 24.15	12,776		92%	4%	0.6%
6	Cape Haze	$ 24.29	10,729		93%	3%	0.5%
6	Dade City	$ 24.87	12,577		95%	4%	0.6%
6	Punta Gorda	$ 25.28	26,012		96%	8%	1.3%
6	Mount Dora	$ 25.37	15,807		97%	5%	0.8%
6	Crestview	$ 25.57	15,527		97%	5%	0.8%
6	Crystal River	$ 25.75	15,203		98%	5%	0.8%
6	Lake Helen	$ 26.69	1,974		102%	1%	0.1%
6	Clewiston	$ 27.05	9,056		103%	3%	0.5%
6	Sea Grove Beach	$ 27.46	4,551		105%	1%	0.2%
6	St. Cloud	$ 27.69	20,097		105%	6%	1.0%
6	Homosassa Spgs	$ 27.93	10,268		106%	3%	0.5%
6	Inverness	$ 28.06	28,038		107%	9%	1.4%
6	Oklawaha	$ 28.73	4,026		109%	1%	0.2%
6	Madison	$ 29.02	4,624		111%	1%	0.2%
6	Pine Island	$ 29.05	8,750		111%	3%	0.4%
6	Avon Park	$ 29.23	11,541		111%	4%	0.6%
6	Silver Springs	$ 29.40	5,433		112%	2%	0.3%
6	Belleview	$ 30.56	20,368		116%	6%	1.0%
6	Chassohowitza	$ 30.73	3,876		117%	1%	0.2%
6	Immokalee	$ 31.42	6,512		120%	2%	0.3%
	Zone 6 Subtotal		315,808	$ 26.26			16.0%

Sprint - Florida
Loop Cost by Wire Center

Zone	Wire Center	TELRIC Monthly Cost Per Loop	Total Lines Served	Weighted Average Cost for the Zone	Wire Center Cost vs. Weighted Average Zone Cost	Percent of Access Lines in the Zone	Percent of Total Access Lines
7	Wildwood	$ 32.97	8,202		88%	6%	0.4%
7	Moore Heaven	$ 33.43	2,710		89%	2%	0.1%
7	Arcadia	$ 34.01	14,436		91%	10%	0.7%
7	Marianna	$ 34.58	10,197		93%	7%	0.5%
7	Lake Placid	$ 35.20	12,613		94%	9%	0.6%
7	Okeechobee	$ 35.86	22,897		96%	16%	1.2%
7	Bushnell	$ 36.33	11,726		97%	8%	0.6%
7	Santa Rosa Beach	$ 36.51	4,379		98%	3%	0.2%
7	Alva	$ 36.88	1,560		99%	1%	0.1%
7	Tallahassee - Woodville	$ 37.73	4,458		101%	3%	0.2%
7	Astor	$ 39.49	1,440		106%	1%	0.1%
7	Spring Lake	$ 39.85	5,312		107%	4%	0.3%
7	Wauchula	$ 40.16	7,190		107%	5%	0.4%
7	Starke	$ 40.80	6,733		109%	5%	0.3%
7	San Antonio	$ 41.29	3,456		110%	2%	0.2%
7	Labelle	$ 41.46	8,849		111%	6%	0.4%
7	Groveland	$ 41.98	5,004		112%	3%	0.3%
7	Bowling Green	$ 42.28	1,635		113%	1%	0.1%
7	Fort Meade	$ 43.06	3,242		115%	2%	0.2%
7	Howey-In-The-Hills	$ 43.17	1,612		115%	1%	0.1%
7	Forest	$ 43.34	5,760		116%	4%	0.3%
	Zone 7 Subtotal		524,349	$ 37.38			7.3%
8	Trilacoochee	$ 46.80	3,692		87%	8%	0.2%
8	Crawfordville	$ 46.96	6,263		87%	13%	0.3%
8	Everglades	$ 49.17	1,665		92%	3%	0.1%
8	Salt Springs	$ 50.86	1,595		95%	3%	0.1%
8	DeFuniak Springs	$ 51.15	8,035		95%	17%	0.4%
8	Umatilla	$ 51.82	7,817		97%	16%	0.4%
8	Sneads	$ 54.44	1,796		101%	4%	0.1%
8	Williston	$ 55.75	5,904		104%	12%	0.3%
8	Grand Ridge	$ 61.01	2,102		114%	4%	0.1%
8	Zolfo Springs	$ 61.93	2,471		115%	5%	0.1%
8	Monticello	$ 63.90	6,389		119%	13%	0.3%
	Zone 8 Subtotal		47,729	$ 53.69			2.4%
9	St. Marks	$ 67.19	589		94%	4%	0.0%
9	Freeport	$ 67.39	2,780		94%	20%	0.1%
9	Bonifay	$ 68.11	4,663		95%	33%	0.2%
9	Cottondale	$ 69.48	1,314		97%	9%	0.1%
9	Lawtey	$ 75.46	1,090		105%	8%	0.1%
9	Panacea	$ 76.90	989		107%	7%	0.1%
9	Reynolds Hill	$ 78.30	1,487		109%	11%	0.1%
9	Sopchoppy	$ 85.84	1,049		120%	8%	0.1%
	Zone 9 Subtotal		13,961	$ 71.67			0.7%

Sprint - Florida
Loop Cost by Wire Center

Zone	Wire Center	TELRIC Monthly Cost Per Loop	Total Lines Served	Weighted Average Cost for the Zone	Wire Center Cost vs. Weighted Average Zone Cost	Percent of Access Lines in the Zone	Percent of Total Access Lines
10	Malone	$ 90.16	1,265		87%	10%	0.1%
10	Baker	$ 93.42	2,484		90%	20%	0.1%
10	Alford	$ 93.98	1,510		91%	12%	0.1%
10	Kingsley Lake	$ 102.09	343		99%	3%	0.0%
10	Greenville	$ 102.10	1,286		99%	10%	0.1%
10	Ponce de Leon	$ 105.01	1,177		102%	9%	0.1%
10	Kenansville	$ 106.98	696		103%	6%	0.0%
10	Lee	$ 108.11	1,002		105%	8%	0.1%
10	Glendale	$ 109.35	790		106%	6%	0.0%
10	Cherry Lake	$ 114.03	1,240		110%	10%	0.1%
10	Greenwood	$ 141.35	818		137%	6%	0.0%
	Zone 10 Subtotal		12,611	$ 103.41			0.6%

Sprint - Florida
Switching Cost by Host Office

Zone	Host Office Name	Total MOU	Local Switching Cost Per Orig/Term MOU	Weighted Average Cost For the Zone	Office Cost vs. Zone Cost	Percent of Minutes in Zone	Percent of Total Minutes
1	Tallahassee - Calhoun	45,225,729	$0.001830		84%	10%	3.3%
1	Tallahassee - Blairstone	57,183,514	$0.001832		85%	13%	4.2%
1	Tallahassee - Mabry	44,858,374	$0.002090		96%	10%	3.3%
1	Lake Brantley	68,952,635	$0.002197		101%	15%	5.0%
1	Fort Myers	48,394,457	$0.002235		103%	11%	3.5%
1	Altamonte Springs	88,921,873	$0.002307		106%	20%	6.5%
1	Tallahassee - Willis	36,053,207	$0.002348		108%	8%	2.6%
1	Cypress Lake	62,321,215	$0.002389		110%	14%	4.5%
	Zone 1 Subtotal	451,911,004		$0.002168			32.9%
2	Winter Park	69,606,656	$0.002511		92%	24%	5.1%
2	Goldenrod	74,178,005	$0.002715		99%	26%	5.4%
2	Tallahassee - Thomasville	26,071,058	$0.002823		103%	9%	1.9%
2	Fort Walton Beach	25,207,226	$0.002861		104%	9%	1.8%
2	Ocala	89,883,004	$0.002882		105%	32%	6.5%
	Zone 2 Subtotal	284,945,949		$0.002741			20.7%
3	Naples Moorings	50,121,484	$0.003511		91%	17%	3.6%
3	Leesburg	42,300,434	$0.003616		94%	14%	3.1%
3	Casselbury	29,700,137	$0.003675		96%	10%	2.2%
3	Apopka	52,740,381	$0.003715		97%	18%	3.8%
3	Orange City	32,192,327	$0.003767		98%	11%	2.3%
3	Tavares	18,177,032	$0.003995		104%	6%	1.3%
3	Defuniak Springs	6,969,598	$0.004218		110%	2%	0.5%
3	North Naples	32,634,968	$0.004273		111%	11%	2.4%
3	Belleview	6,176,343	$0.004334		113%	2%	0.4%
3	Ocala	1,916,525	$0.004376		114%	1%	0.1%
3	Belleview	25,125,974	$0.004458		116%	8%	1.8%
	Zone 3 Subtotal	298,055,203		$0.003838			21.7%
4	Dade City	17,321,304	$0.004703		92%	6%	1.3%
4	West Kissimmee	23,744,962	$0.004741		93%	9%	1.7%
4	Tallahassee - Perkins	12,854,717	$0.004768		93%	5%	0.9%
4	Lehigh Acres	16,261,791	$0.004775		94%	6%	1.2%
4	Naples Moorings	4,346,799	$0.004812		94%	2%	0.3%
4	Leesburg	6,226,661	$0.004817		94%	2%	0.5%
4	Valpariso	21,903,141	$0.004872		95%	8%	1.6%
4	Monticello	9,655,624	$0.004969		97%	4%	0.7%
4	Tavares	6,137,243	$0.004978		97%	2%	0.4%
4	Labelle	13,642,344	$0.005001		98%	5%	1.0%
4	Beverly Hills	14,522,421	$0.005027		98%	5%	1.1%
4	Shady Road	32,825,297	$0.005027		98%	12%	2.4%
4	Maitland	17,734,410	$0.005065		99%	6%	1.3%
4	Shalimar	11,173,809	$0.005146		101%	4%	0.8%
4	Beverly Hills	4,777,972	$0.005322		104%	2%	0.3%
4	Labelle	7,186,090	$0.005362		105%	3%	0.5%
4	Crawfordville	8,782,718	$0.005606		110%	3%	0.6%
4	Madison	5,349,402	$0.005723		112%	2%	0.4%
4	Clermont	16,570,048	$0.005776		113%	6%	1.2%
4	North Fort Myers	13,509,523	$0.005911		116%	5%	1.0%
4	Defuniak Springs	6,272,638	$0.005941		116%	2%	0.5%
4	West Kissimmee	3,396,813	$0.006097		119%	1%	0.2%
	Zone 4 Subtotal	274,195,727		$0.005106			20.0%
5	Dade City	3,985,309	$0.006505		92%	6%	0.3%
5	Sebring	22,316,836	$0.006506		92%	34%	1.6%
5	Destin	13,641,520	$0.006881		97%	21%	1.0%
5	Clermont	2,035,378	$0.006932		98%	3%	0.1%
5	Cape Haze	12,145,776	$0.007308		103%	19%	0.9%
5	Sebring	2,874,550	$0.007749		110%	4%	0.2%
5	Destin	4,713,530	$0.008330		118%	7%	0.3%
5	Madison	3,477,112	$0.009076		128%	5%	0.3%
	Zone 5 Subtotal	65,190,011		$0.00707			4.7%

Sprint - Florida
Switching Cost by Host Office

Zone	Host Office Name	Total MOU	Local Switching Cost Per Orig/Term MOU	Weighted Average Cost For the Zone	Office Cost vs. Zone Cost	Percent of Minutes in Zone	Percent of Total Minutes
1	Tallahassee - Calhoun	45,225,729	$0.001830	$0.002168	84%	10%	3.3%
1	Tallahassee - Blairstone	57,183,514	$0.001832	$0.002168	85%	13%	4.2%
1	Tallahassee - Mabry	44,858,374	$0.002090	$0.002168	96%	10%	3.3%
1	Lake Brantley	68,952,635	$0.002197	$0.002168	101%	15%	5.0%
1	Fort Myers	48,394,457	$0.002235	$0.002168	103%	11%	3.5%
1	Altamonte Springs	88,921,873	$0.002307	$0.002168	106%	20%	6.5%
1	Tallahassee - Willis	36,053,207	$0.002348	$0.002168	108%	8%	2.6%
1	Cypress Lake	62,321,215	$0.002389	$0.002168	110%	14%	4.5%
2	Winter Park	69,606,656	$0.002511	$0.002741	92%	24%	5.1%
2	Goldenrod	74,178,005	$0.002715	$0.002741	99%	26%	5.4%
2	Tallahassee - Thomasville	26,071,058	$0.002823	$0.002741	103%	9%	1.9%
2	Fort Walton Beach	25,207,226	$0.002861	$0.002741	104%	9%	1.8%
2	Ocala	89,883,004	$0.002882	$0.002741	105%	32%	6.5%
3	Naples Moorings	50,121,484	$0.003511	$0.003838	91%	17%	3.6%
3	Leesburg	42,300,434	$0.003616	$0.003838	94%	14%	3.1%
3	Casselbury	29,700,137	$0.003675	$0.003838	96%	10%	2.2%
3	Apopka	52,740,381	$0.003715	$0.003838	97%	18%	3.8%
3	Orange City	32,192,327	$0.003767	$0.003838	98%	11%	2.3%
3	Tavares	18,177,032	$0.003995	$0.003838	104%	6%	1.3%
3	Defuniak Springs	6,969,598	$0.004218	$0.003838	110%	2%	0.5%
3	North Naples	32,634,968	$0.004273	$0.003838	111%	11%	2.4%
3	Belleview	6,176,343	$0.004334	$0.003838	113%	2%	0.4%
3	Ocala	1,916,525	$0.004376	$0.003838	114%	1%	0.1%
3	Belleview	25,125,974	$0.004458	$0.003838	116%	8%	1.8%
4	Dade City	17,321,304	$0.004703	$0.005106	92%	6%	1.3%
4	West Kissimmee	23,744,962	$0.004741	$0.005106	93%	9%	1.7%
4	Tallahassee - Perkins	12,854,717	$0.004768	$0.005106	93%	5%	0.9%
4	Lehigh Acres	16,261,791	$0.004775	$0.005106	94%	6%	1.2%
4	Naples Moorings	4,346,799	$0.004812	$0.005106	94%	2%	0.3%
4	Leesburg	6,226,661	$0.004817	$0.005106	94%	2%	0.5%
4	Valparlso	21,903,141	$0.004872	$0.005106	95%	8%	1.6%
4	Monticello	9,655,624	$0.004969	$0.005106	97%	4%	0.7%
4	Tavares	6,137,243	$0.004978	$0.005106	97%	2%	0.4%
4	Labelle	13,642,344	$0.005001	$0.005106	98%	5%	1.0%
4	Beverly Hills	14,522,421	$0.005027	$0.005106	98%	5%	1.1%
4	Shady Road	32,825,297	$0.005027	$0.005106	98%	12%	2.4%
4	Maitland	17,734,410	$0.005065	$0.005106	99%	6%	1.3%
4	Shalimar	11,173,809	$0.005146	$0.005106	101%	4%	0.8%
4	Beverly Hills	4,777,972	$0.005322	$0.005106	104%	2%	0.3%
4	Labelle	7,186,090	$0.005362	$0.005106	105%	3%	0.5%
4	Crawfordville	8,782,718	$0.005606	$0.005106	110%	3%	0.6%
4	Madison	5,349,402	$0.005723	$0.005106	112%	2%	0.4%
4	Clermont	16,570,048	$0.005776	$0.005106	113%	6%	1.2%
4	North Fort Myers	13,509,523	$0.005911	$0.005106	116%	5%	1.0%
4	Defuniak Springs	6,272,638	$0.005941	$0.005106	116%	2%	0.5%
4	West Kissimmee	3,396,813	$0.006097	$0.005106	119%	1%	0.2%
5	Dade City	3,985,309	$0.006505	$0.00707	92%	6%	0.3%
5	Sebring	22,316,836	$0.006506	$0.00707	92%	34%	1.6%
5	Destin	13,641,520	$0.006881	$0.00707	97%	21%	1.0%
5	Clermont	2,035,378	$0.006932	$0.00707	98%	3%	0.1%
5	Cape Haze	12,145,776	$0.007308	$0.00707	103%	19%	0.9%
5	Sebring	2,874,550	$0.007749	$0.00707	110%	4%	0.2%
5	Destin	4,713,530	$0.008330	$0.00707	118%	7%	0.3%
5	Madison	3,477,112	$0.009076	$0.00707	128%	5%	0.3%