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August 28, 2000

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 Rebuttal to BellSouth's  
Revised Direct Testimony. (Kent W. Dickerson, Talmage Cox  
and Steve McMahon.)

Dear Ms. Bayo:

Enclosed for filing is the original and fifteen (15) copies of the  
Rebuttal Testimony of Kent W. Dickerson, Talmage Cox and Steve  
McMahon in Response to BellSouth's Revised Direct Testimony.

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

CJR/th

Enclosures

- APP \_\_\_\_\_
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CERTIFICATE OF SERVICE

Docket No. 990649-TP

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by e-mail transmission, U. S. Mail, or hand delivery (\*) this 28th day of August, 2000, to the following:

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Charles J. Rehwinkel

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

SPRINT'S REBUTTAL TO BELL SOUTH'S REVISED DIRECT TESTIMONY

OF

KENT W. DICKERSON

Q. Please state your name, business address, employer and current position.

A. My name is Kent W. Dickerson. My business address is 6360 Sprint Parkway, Overland Park, Kansas 66251. I am employed as Director - Cost Support for Sprint/United Management Company.

Q. Are you the same Kent W. Dickerson that submitted direct and rebuttal testimony on behalf of Sprint?

A. Yes, I am.

Q. What is the purpose of your Testimony?

A. To clarify the deficiencies of the costing process that BellSouth Telecommunications, Inc. (hereafter referred to as "BellSouth") utilized in the completion of their loop cost studies filed August 18, 2000.

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1

2 Q. Has BellSouth's cost study methodology proposed by  
3 witnesses D. Daonne Caldwell changed with the revised  
4 cost studies filed August 18, 2000?

5

6 A. No. As indicated in the August 18, 2000 testimony and  
7 the August 7, 2000 filing, there were several changes  
8 to inputs to the BellSouth Telecommunications Loop  
9 Model (BSTLM) and additions to the list of elements  
10 for which cost studies were developed. BellSouth used  
11 the same models and methodology to develop costs.

12

13 Q. Would the same conclusions in your refiled rebuttal  
14 testimony (filed August 21, 2000) still be applicable  
15 with BellSouth's revised cost studies and direct  
16 testimony filed August 18, 2000?

17

18 A. Yes. In reviewing BellSouth's August 18, 2000 filing,  
19 the same conclusions apply as stated in my refiled  
20 rebuttal testimony filed August 21, 2000.

21

22 Q. What are the conclusions from your refiled rebuttal  
23 testimony filed August 21, 2000?

24

1       A.   BellSouth   inappropriately   applies   inflation   to   its  
2           cost   studies.   BellSouth   applies   inflation   to   its  
3           material   costs   and   to   expenses.   If   inflation   is  
4           necessary   in   a   cost   study,   which   it   is   not,  
5           productivity   should   also   be   included.   BellSouth   does  
6           not   apply   a   productivity   factor   when   inflating   the  
7           material   investments;   thus,   inappropriately   over-  
8           stating   investment.   When   applying   inflation   to  
9           expenses,   BellSouth   applies   a   productivity   factor,   but  
10          inflates   the   expenses   by   access   line   growth.   Access  
11          line   growth   does   not   influence   inflation.   The   result  
12          of   applying   inflation   causes   costs   to   be   overstated   by  
13          over   four   percent.   Sprint   recommends   that   BellSouth  
14          be   required   remove   the   effects   of   inflation   from   its  
15          cost   studies.

16  
17          BellSouth   also   uses   "Implants"   that   are   an   attempt   to  
18          represent   the   costs   of   installing   various   plant   types.  
19          The   result   of   using   Implants   is   an   inaccurate   cost   as  
20          these   factors   apply   a   generic   markup   to   material  
21          investment.   The   same   Implant   factors   are   applied  
22          regardless   of   density   or   geography.   The   result   of  
23          this   generic   markup   is   an   overstatement   of   costs   in  
24          urban   areas   and   an   understatement   of   costs   in   rural

1 areas. The BSTLM has the capability to account for  
2 installation costs of loops; Sprint recommends  
3 BellSouth use its capability.

4  
5 In developing costs for high capacity loops, BellSouth  
6 used probability of occurrence factors that are not  
7 Florida specific or represent reality. The result  
8 understates the presence of OC-48 SONET terminals,  
9 overstates the presence of OC-3 SONET terminals, and  
10 overstates cost. Sprint recommends that BellSouth use  
11 Florida specific probability of occurrence factors in  
12 a manner that accurately represents the terminals  
13 utilized to provide high capacity loops.

14

15 Q. Does this conclude your testimony?

16

17 A. Yes.