ORIGINAL

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PHASE II REBUTTAL TESTIMONY

OF

STEVEN M. MCMAHON

Q. Please state your name and business address.

A. My name is Steven M. McMahon. I am employed by Sprint/United Management Company as Senior Manager-Network Costing. My business address is 6360 Sprint Parkway, Overland Park, Kansas 66251.

Q. Are you the same Steven M. McMahon that presented prior direct, supplemental direct and additional supplemental direct testimony in this case?

A. Yes, I am.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my testimony is to respond to the direct testimony and exhibits sponsored by BellSouth Telecommunications, Inc., (BST) witnesses Alophonso Varner and Daonne Caldwell with regard to nonrecurring charges (NRCs) that BST has proposed. I will also respond to the direct testimony and exhibits sponsored by GTE witness Linda Casey regarding GTE's NRCs.

Q. What is Sprint's overall position with respect to the level of NRC prices?

A. Sprint believes that NRCs should reflect the costs an efficient firm would incur in providing Unbundled Network Elements (UNEs). On the other hand, the examples provided herein will indicate that the NRCs proposed by BST and GTE do not meet this test and are indeed excessive.

Specific examples to be addressed include the total cumulative NRCs that an ALEC (Alternative Local Exchange Company) would encounter when ordering typical Unbundled Network Elements (UNEs) such as; "installation" of 2-wire xDSL-capable loops, Loop Conditioning or "Loop Modification", 2-wire Enhanced Extended Links (EELs) and High Capacity Loops.

Q. What are NRCs and what approach was taken by Sprint with respect to the costing methodology?

A. NRCs are amounts that are assessed for one-time activities performed by ILECs on behalf of ALECs which involve the processing of orders and the installation of UNEs. The development of the NRC cost study consists of four main steps:

1. Identifying the work activities or tasks performed to complete service order, provisioning, installation, and other related service functions for each unbundled element.
2. Identifying the work times (or related contractor "work unit" costs) associated with performing each function above.
3. Identifying the labor rates for each work group that completes the activity and multiplying that amount by the work time identified to complete the activity.
4. Grouping the costs by appropriate activities to develop total costs by unbundled network element.

Sprint performed each of these steps with forward-looking, least-cost, TELRIC principles in mind. This includes the assumption of fully automated processes involving service order routing, facility assignment, switch activation and technician dispatch functions.

Q. Is there anything unique or different about Sprint's forward-looking network design?

A. No. There is nothing unique about Sprint's forward-looking network design. It is based upon forward-looking, least-cost network design and TELRIC principles as described by Sprint witness Mr. Dickerson. The concepts embodied in the forward-looking network include fiber fed Digital Loop Carriers Systems (DLCs), Serving Area Interfaces (SAIs) to efficiently interconnect feeder and distribution, short copper loops and the elimination of data "interferors". These components, to a large degree, are already in the existing network. These concepts that embody the forward-looking network design facilitate the delivery of data services over the voice network and are common design concepts that are built into all ILEC cost models.

Q. Should the Commission anticipate then that the work tasks and work times that are the basis for the associated non-recurring costs to be similar amongst ILECs?

A. Yes. The associated work tasks and work times for all ILECs should be very similar.

Q. Are there significant NRC differences between Sprint, BST and GTE for a basic 2 wire xDSL-capable loop?

A. Yes. As scenario 1 indicates per Exhibits SMM-14 and SMM-15, an ALEC wishing to order a 2-wire xDSL-capable loop would pay higher NRCs in BST and GTE territories than it would in Sprint territory. In this scenario, it is assumed that the 2-wire xDSL-capable loop being ordered is under 18,000 feet in length and requires load coil removal. Sprint's NRCs total a little over $100 while BST's total over $630 and GTE's approach $1,900. Surely, there are not really such dramatic differences between ILEC operations and costs that would support such price differences.

As scenario 1 on exhibit SMM-14 demonstrates, the total nonrecurring charges that would be paid to BST for a 2-wire xDSL-capable loop is $632.84. This is $531.30 (523%) more than what an ALEC would pay to Sprint. Referring to the same scenario 1 on exhibit SMM-15, one can see that the total of nonrecurring charges that would be paid to GTE for a 2-wire xDSL-capable loop is

$1,892.17. This is $1,790.63 (1763%) more than what an ALEC would pay to Sprint.

Q. What are the main reasons for this significant price difference?

A. With regards to BST, the main reasons are due to three of the four components that make-up this scenario; 1) Loop Pre-Qualification, 2) Service Order, 3) Loop Conditioning or "Loop Modification" and 4) 2-wire xDSL Loop Installation. Sprint concurs with BST's charges for only one of these components, the Service Order NRC. The other three components to this scenario each have different reasons (with a common underlying theme) for contributing to the overall difference of $531.30. The differences for each of these three components will be addressed below (with an intermingling of GTE comparisons while addressing certain UNE NRC components).

With regards to GTE, there are two main reasons for this significant difference; 1) load coil removal charges; and 2) the installation charges for the 2w xDSL-capable loop itself.

GTE's load coil removal charge of $1,448.22 is comprised of $797.92 for "field work" and $650.31 for engineering. GTE's $650.31 engineering cost allocation is in stark contrast to Sprint's engineering cost allocation of $28.03. Sprint's engineering allocation covers the 45 minutes required to perform this task, whereas the GTE cost model allocates close to 11 hours for the same task. Per note 1 at the bottom of GTE's "AENG" NRC cost study exhibit, (Page A4-54) GTE's engineering work times were "obtained from interviews and discussions with engineering personnel." Sprint's 45 minute allocation for engineering was based upon a time and motion study performed in our Gardner, Kansas Engineering Center.

GTE's other main cost component to this load coil removal NRC is the $797.92 allocated to "field work". This cost is applied to all GTE load coil removal jobs regardless of how many load coil locations need to be worked and regardless of the OSP environment encountered. Sprint's "field work" charges are based upon the actual quantity, location and costs encountered to remove load coils. For instance, if an all-aerial loop in GTE territory requires load coil removal, the $800 "field work" cost is charged as portion of the total NRC. For load coil removal of the same all-aerial loop in Sprint territory, the "field work" portion of the NRC would be $6.96 per location. Obviously, GTE's "field work" cost appears to be inflated, similar to the inflated engineering component discussed above.

GTE's load coil removal cost model is based upon a series of questionable outside plant assumptions and inflated work time estimates. For instance, GTE assumes load coil removal work activities would always take place at locations 21kf and 27kf from the central office (C.O.). For aerial/buried plant, at 27kf from the C.O., GTE allocates 2.7 hours for technicians to receive their work assignment and travel to the job site. Another 1.8 hours are allocated for work sites at 21kf. This doubling up on travel time is questionable and excessive.

Inexplicably, 5.3 hours for travel are allocated if the cable plant type is underground at 27 kf from the C.O. Certainly, it doesn't take GTE technicians twice as long to travel the same distance because the OSP facilities are underground versus aerial/buried. Again, travel time is inflated (4.02 hours) and double counted for underground locations at 21 kf from the C.O.

It should be noted that load coil removal would not be required for xDSL-capable loops that are shorter than 18,000 feet in length. Should load coils be found to exist on such loops, ILECs are allowed to recover costs for removal. However, the work that would need to be performed would be at load points #1 and #2 which would be at distances 3kf and 9 kf from the central office not 21 kf and 27 kf from the central office. None-the-less, if one were to drive an average of 35 mph, it would take less than 2 minutes to travel between load points which average around 6,000 feet (1.1 miles) apart. Sprint's cost model allocates a more realistic and reasonable single, <u>total</u> travel time of 18 minutes per loop conditioning job.

Next, GTE allots two hours to set-up safety cones and men working signs for a function that takes about five minutes in reality. For underground locations, another four-plus hours are allotted to remove the manhole cover and purge any stagnant gas that may, or may not exist. Then, over four more hours are allocated to pump manholes - whether water is present or not. All other line items comprising this GTE NRC are similarly overly inflated or improperly allocated.

Q. Why is BST's Loop Qualification NRC of $189.37 nearly 7 times more than Sprint's?

A. The variance (BST's charge is 572% greater) comes primarily from engineering research time. BST claims that it takes 165 minutes to review the plans, while Sprint performs this function in only 35 minutes. That is a 2 hour and 10 minute discrepancy between the two companies. Sprint utilizes an efficient, least-cost electronic database to research Outside Plant records, and while BST's documentation was not clear whether or not their records are mechanized, the time estimate of 135 minutes to develop a loop make-up tends to suggest that BST is still using paper records. It should be noted that Sprint's 35 minutes for OSP engineering also includes researching electrical parameter and disturber information, while BST's 135 minutes does not.

Q. Why is BST's "Loop Modification" NRC $120.98 while Sprint's is $1.44?

A. The difference is due to four main reasons. First, Sprint assumes that a minimum of 25 pairs, or an entire binder group, would be conditioned for load coil removal at the same time. BST only assumes 10 pairs at a time. However, performing this work on only 10 pairs at a time is inconsistent with the notion that BST has greater densities, larger cable sizes and the economical need to perform such activities on an even greater number of pairs at one time than Sprint. One would expect that BST would perform this function on a minimum of 50 or 100 pairs at a time.

Q. Are load coils required to provide quality voice-grade service?

A. Generally, load coils are not required for any loops that are shorter than 18kf. However, they are required to provide standard voice-grade service to customers locations beyond 18kf. Therefore, Sprint's position is that load coils ought to be removed in bulk from all loops that are shorter than 18kf (i.e. at a minimum of 25 pairs at a time) and left in-place on loops longer than 18kf. This enables Sprint to efficiently minimize costs associated with load coil removal.

Q. Are there reasons why BellSouth should, in reality, be removing load coils at every opportunity presented?

A. If for no other reason than to support its own sizable marketing roll-out of its own retail DSL service offering, it is unlikely that BST engineering and operations are implementing loop conditioning for only 10 pairs at a time. BST's own website noted that plant investments were being made to significantly increase the number of telephone lines that meet the technical specifications. It seems intuitive that in order to meet their own marketing initiatives that the telephone plant would be conditioned in a more efficient manner, such as conditioning entire 50 and/or 100 pair binder groups at a time.

Q. For the 10 loops at time that the BST model assumes, are an appropriate number allocated to ALECs?

A. Absolutely not. BST makes adjustments that allocate costs for 6 of every 10 loops conditioned to ALECs. BST's Unbundled Loop Modification Recovery Cost Study input file states *"Of the 10 lines being conditioned on a field visit; 2 will be recovered through (other) UNE applications, 4 from BST; and 4 leftover."* The "4 leftover" are used in the XDSL loop calculations and two others will be charged to ALECs when they order the other two UNEs that require conditioning. The BST study assumes that ALECs will be experiencing total penetration of 60% in BST territory within the near future. This level of assumed ALEC market penetration is questionable at best.

A more proper methodology would be to determine the loop modification costs on a unit (cable pair) basis. Then, whoever uses the "modified" cable pair would bear the cost of conditioning. This approach works fairly across all market share penetrations ranging from 0% to 100%.

Q. What is the second main reason that BST's "Loop Modification" NRC $120.98 while Sprint's is $1.44?

A. The second major reason is because Sprint's cost model is based upon actual prices that Sprint pays to splicing contractors to perform the related work activities in the State of Florida while the BST model relies on work time estimates to generate costs. Sprint is paying contractors to perform these same work activities at a much lesser cost than what BST claims it costs to utilize its own workforces.

Q. Can you provide an "apples-to-apples" example of a specific work activity that validates this notion?

A. Yes. A specific example is seen with load coil removal. To perform this activity, there are three main functions, 1) Set-up, 2) Open and Close Splice Enclosure and 3) Deload cable pairs. While there are cost differences involving the first two functions as well, this example focuses on the third function only; the actual "deloading" of the cable pairs.

Sprint pays contractors an average of $3.06 per cable pair for this activity in underground plant and an average of $1.61 per cable pair when in aerial or buried plant. The BST cost model allots 1.5 hours for the same work in all three OSP environments. Assuming BST's average "Cable Splicer" labor rate is $44.06 per hour, one can see why there is a huge difference. Sprint pays contractors an average of $16.10 to deload 10 cable pairs in aerial and buried plant while the BST cost model allocates something closer to $66.09. This difference is less dramatic when working in underground plant ($30.60 vs. $66.09), but is still significant.

Q. When you discuss "removing" a load coil or "unloading" a pair, what work is actually involved?

A. Generally, the load coil is not actually removed, it is just disconnected from the cable pair. This involves snipping off the 4 wires that connect the coil to the cable pair and then reconnecting the two ends of the cable pair. In larger cables, this generally requires removing a connector that splices twenty-five pairs at a time, pulling out the load coil wires and replacing the connector. The actual work time involved in making the connections is no more than a minute or two, but set-up time can be significant, particularly when working in manholes. This is why Sprint prefers to unload a minimum of 25 pairs at one time, instead of unloading only 10. It is far more efficient.

Q. Can you provide another "apples-to-apples" example of a specific work activity that validates the notion that BST has utilized inflated work times in their NRC cost model?

A. Yes. Another example involves bridged tap removal. Again, we will ignore, for the moment, the cost differences that involve set-up time and opening and closing the splice enclosure, and focus on the specific work function of removing bridged tap. BST allots 45 minutes for their technicians to remove bridged tap. This equates to roughly $4.50 per pair as the BST model assumes 10 are removed at the same time. For this same work function, Sprint pays contractors an average of 45 cents in underground plant and 39 cents in aerial and buried plant.

Q. What work is actually involved in "removing" bridged tap?

A. As with load coils, no plant is actually removed. The two wires of the cable pair are simply cut off and capped. In splices in larger cables, this may require removing a connector that splices twenty-five pairs at a time, pulling out the bridged pair and replacing the connector.

Q. What about BST's assumptions regarding the locations for removing bridged tap?

A. BST has assumed that 3 bridged taps would always need to be removed and assumed that 33% of bridged tap would need to be removed in manholes. However, most bridged taps occur in distribution plant where there is primarily aerial and buried cable and very little underground cable. Cable pairs are very rarely bridged in the feeder plant where most underground cable occurs, precisely to avoid the high the cost of re-entering those manhole splices.

The fact is that virtually all bridged tap removal could be done in aerial or buried cable, at far less cost. In the few instances in which cable pairs are bridged in a manhole splice, it is very likely that the pair could be trimmed at the point at which it leaves the conduit system and becomes aerial or buried for distribution. This would be far less costly than opening a splice in a manhole.

Furthermore, cutting off the pair at the serving terminal at the same time that the xDSL service is installed would bring many loops into compliance at very little incremental cost. Cutting off the pair at the serving terminal is a common practice. That is, the technician could remove the bridge tap while doing the connection of the xDSL loop to the customer's drop. This would eliminate a separate trip, separate set-up time and separate tear-down time. The only additional time would be the few minutes that it would take to cut the wires or remove them from the connector.

Q. Are there significant differences between GTE's and Sprint's methodology for determining the costs for removing bridged tap?

A. Yes. GTE has determined costs for removing bridged tap on an individual basis and on a "multiple occurrence" basis. Their costs are based on a weighting of a state wide average of aerial, buried and underground cable types. The flaw with that assumption is that it includes equal weighting of both feeder and distribution cable types. The GTE model allocates higher costs involving manhole work in feeder plant that doesn't occur. Many of the same inflated work time estimates that were outlined in the above discussion of load coil removal are similarly found in GTE's bridged tap removal costs. Additionally, GTE assumes there are always two and one-half bridged tap locations to visit to perform work when multiple occurrences are present on one cable pair. In reality, most bridged tap occurs in the distribution plant and can be removed at the customer's serving terminal with a single site visit.

Q. Are GTE's bridged tap cost study assumptions and work time estimates a realistic premise to base costs for bridged tap removal?

A. No. Sprint's position is that bridged tap removal costs should be based upon the actual work required on a per loop ordered basis. Cost models that are built on the foundation of unsubstantiated assumptions, estimated occurrence rates and inflated work time estimates, such as GTE's, should be thoroughly scrutinized and rejected. Sprint has developed costs based upon actual prices paid to contractors in the state of Florida to perform the related work activities. Sprint's cost model reflects the actual costs of removing bridged tap depending on the actual type of cable plant and actual number of bridged taps that are required to be removed on a per loop basis.

Q. Does this difference in costing methodology lead to a big difference in nonrecurring charges?

A. Yes. For example, if bridged tap were to be removed from two different aerial cable locations on the same cable pair, GTE would charge $1,274.26 while Sprint would charge $55.10. Certainly, the actual costs to perform this same function can not be so drastically different between companies. Again, Sprint's costs are based upon actual prices paid to contractors in the state of Florida to perform these work activities. GTE's costs are based upon inflated work time estimates and faulty cost model assumptions.

Q. Can you provide any examples of GTE's inflated work times estimates?

A. Yes. For example, GTE assumes 102.11 minutes to receive the work assignment and travel to the job site(s) for "multiple occurrence" bridge taps that are at aerial/buried locations. For some inexplicable reason, GTE doubles the already inflated travel time to 204.22 minutes when the bridged tap might be at underground locations. Sprint more realistically allocates 18 minutes total travel per loop to be conditioned, no matter what type of outside plant environment is encountered or how many different locations need to be visited while working on the same loop.

Q. What is the third reason that BST's "Loop Modification" NRC is $120.98 while Sprint's is $1.44?

A. The third, main reason is because Sprint's costs are based upon realistic underground, buried and aerial plant mix factors. Sprint researched its Outside Plant records in the State of Florida to determine the frequency that work would need to be performed in each of these environments at the first two load points. Sprint found that the first load point is within underground plant 59.2% of the time. The second load point was found to be in underground plant 51.6% of the time. These percentages do not support BST's 90% underground assumption, but they do support Sprint's forward-looking network design concepts that build more economical OSP facilities (aerial and buried) as distance increases from the central office.

Q. How does plant mix impact NRC costs?

A. The costs associated with accessing cable pairs is significantly higher when technicians need to obtain such access in underground outside plant facilities (manholes). For instance, it is more time-consuming to enter a manhole to perform loop conditioning activities than it is to perform the same procedures within aerial or buried OSP facilities. This is largely due to the fact that manhole work must be performed by a minimum of 2 technicians for safety reasons. Additionally, such underground facilities must be ventilated to be purged of potentially dangerous gases and often need to be pumped out for water. Alternatively, these activities are not required when working in aerial and/or buried OSP facilities and usually only one technician is required. Even with a buried OSP environment, the locations requiring cable pair access are usually brought up out of the ground into a pedestal for easy access. Sprint's costing methodology more accurately accounts for these labor costs differences.

Q. Are BST's load point assumptions reasonable and consistent with realistic network designs?

A. No. BST makes no acknowledgement of plant mix differences between load points #1 and #2. The fact is that load point #2 will be found to be in aerial and buried plant more often than load point #1. Sprint's Outside Plant record research efforts validate this conclusion.

Additionally, BST provides no explanation as to why their cost model assumes that 2.1 load point locations would exist. It would be inconsistent with standard OSP Engineering rules for customer end sections to be located within 3,000 feet from a load point. Therefore, load point #3, normally at around 15kf, should not be considered or included in any loop conditioning costing equations for loops under 18kf.

Q. Does Sprint spread load coil removal costs across all xDSL-capable loops that are shorter than 18,000 feet?

A. Yes. Since a least-cost, most efficient methodology for conditioning loops shorter than 18kf involves the removal of load coils in bulk, Sprint considers it reasonable and fair to spread the fixed costs of accessing the cable pairs across all the pairs that would be unloaded in a 25 pair binder group. Sprint's methodology adds the incremental labor costs associated with unloading 24 more cable pairs to a single engineering and travel charge and then divides by 25 to determine the cost per pair for the entire binder group. This cost is then spread equally across all xDSL-capable loops that are ordered. This methodology enables a reasonable and fair approach that accommodates varying ALEC market penetration rates.

Q. What is the forth major reason that BST's "Loop Modification" NRC is $120.98 while Sprint's is $1.44?

A. The forth major reason for the difference in cost is because BST assumes that 42.79% of DSL loops would require "modification". This assumption is not supported by the results of Sprint's Outside Plant records research. Sprint found that only 3.2% of its loops less than 18,000 feet in length would require the removal of load coils. Again, Sprint's loop conditioning cost model plant mix is based upon actual information per Outside Plant records researched in the State of Florida. One would expect that BST would have even fewer loaded loops than Sprint. Loaded loops are more prevalent in rural territories due to the economics associated with implementing forward-looking fiber-fed DLC network infrastructures in less densely populated areas.

While BST's cost model takes these different OSP environments into consideration for the loop conditioning NRCs, it simply does not go far enough with the utilization of realistic data to calculate the costs.

Q. Are BST's proposed installation charges for a 2-wire xDSL-capable UNE loops based upon efficient methods and procedures and reasonable work time estimates?

A. No. The non-recurring charges proposed by BST assume manual processes and unreasonable work times. Sprint's NRCs were developed with forward-looking, least cost, most efficient network technology concepts in mind. The difference is obvious when comparing the NRCs for a 2-wire xDSL-capable loop. BST claims it takes about 7 total labor hours to install a 2-wire xDSL-capable loop. Sprint's total labor is less than 1 ½ hours. The only BST work time component that appears reasonable is technician travel. BST assumes 20 minutes while Sprint's model allocates 18 minutes. The remaining 5 1/2 hours of labor time difference are due to BST's usage of manual work activities and inflated work times.

For instance, BST's costs include 2.5 hours for "Service Inquiry" work functions. The descriptions provided include various work group activities such as "screens documents" and "reviews request" and "processes order". Sprint, on the other hand, assumes 100% flow-though of automated processes and, therefore, has no comparable manual work activity to this 2.5 hours.

BST's costs also include 3.8755 hours for the actual installation of an xDSL-capable loop while Sprint allocates 1.05 hours (travel not included). The difference appears to be due to the fact that Sprint uses an automated dispatch system where BST allocates time for manual coordination and dispatching of technicians.

Other work activities comprising BST's 3.8755 hours for "Connect & Turn-up Testing" include the following: "assigns workforces; ensures dispatch; performs manual order coordination; resolves trouble". Time spent on trouble resolution activities should not be included. These maintenance costs are captured in the annual charge factors and are reflected in the monthly loop rates.

The remaining difference is due to questionable work times allocated by BST for certain other work functions. For instance, BST allocates 0.2833 hours (17 minutes) to "wire circuit at collocation site". Sprint allocates a more reasonable 9 minutes to place and test this jumper on the MDF. All this involves is a technician running a jumper wire from the OSP cable pair terminal block to the collocator's terminal block on the MDF.

Additionally, the BST cost model allocates a total of 1.921 hours for an I&M field technician to hook-up a single 2-wire xDSL-capable loop. This includes "place cross-connect at cross box, check continuity and dial tone, resolves trouble, performs test from NID and completes order." Sprint's work time for the same functions, (less the trouble resolution), equates to 54 minutes. BST's cost model allocates more than an hour longer for their technicians to perform these same work functions.

Q. Are GTE's proposed installation charges for a 2-wire xDSL-capable UNE loops comparable to Sprint's NRC for the same?

A. No. As one can see referring to scenario 1 per exhibit SMM-15, GTE's installation charges for 2-wire xDSL-capable loops includes $60.66 for "provisioning" and another $364.82 for "field work", totaling $425.48. This is $356.64 more than Sprint charges for the same work. GTE's cost study has a footnote that states the input for this "field work" was "Obtained from STAR and NOCV systems." Sprint's more realistic costs are based upon the same processes and procedures that are followed to provide a basic 2-wire unbundled loop. This includes a field visit for a technician to make connections at a cross-connect box, the customer's serving terminal and the NID. It also includes time for MDF jumpering and circuit testing.

Q. Is BST's proposed disconnect charges for xDSL-capable UNE loops reasonable?

A. No. In reality, ILECs leave such loops in place as "cut-throughs" and/or "DCOPs" (Dedicated Central Office Plant) in order to avoid the unnecessary costs associated with dispatching a technician to disconnect and reconnect when a new customer orders service for the same location. For most services, including POTs and xDSL-capable loops, the same cable pair(s) can be reused. BST should not be allowed to charge for disconnects, as such, for copper pair-based xDSL services.

Q. Are there significant NRC differences between Sprint, BST and GTE for a 2-wire Enhanced Extended Link (EEL)?

A. Yes. As scenario 2 indicates per exhibit SMM-14 and SMM-15, an ALEC wishing to order a new, 2-wire voice-grade loop with 1/0 multiplexing and DS1 transport would pay much higher NRCs in BST and GTE territories.

In the case of BST, one would pay $633.30 compared to Sprint's NRC of $227.45 for the same service. The total difference in this scenario is $405.85 (178%).

In the case of GTE, one would pay $402.58 compared to Sprint's NRC of $227.45 for the same service. The total difference in this scenario is $175.13 (77%).

Q. What are the main reasons for this significant difference?

A. In the case of BST, the main reason for this difference is due to the fact that Sprint simply adds the individual NRCs that make-up this UNE combination together while BST has inflated total work times by an additional 5.2403 hours over what BST allocates for the individual UNEs.

In the case of GTE, it is a similar reason, (inflated costs) but the details are hidden behind their cost study source inputs (STAR and NOCV systems) that drive the "provisioning" and "field work" labor costs unrealistically upwards.

Q. For BST, are these additional work times justified?

A. No. Sprint sees no reason why it should cost more to provision a combination of these network elements when the individual elements could be ordered separately at a lesser total NRC. BST is apparently relying on the concept that it will take extra time to coordinate such orders. Sprint's experience does not support that concept.

Q. Did you compare the NRCs for any other UNEs?

A. Yes. High Cap DS3 Loop NRC comparisons are reflected per scenario 3 on exhibits SMM-14 and SMM-15. As can be seen, the BST and GTE NRCs are dramatically higher than Sprint's. Sprint's NRC is $89.34 while BST's is $913.22 and GTE's is $450.11.

Q. Why would there be such a significant price difference between ILECs?

A. Consistent with the previous NRC discussions herein, Sprint based it's NRC cost study on forward-looking, least-cost methods and procedures while BST and GTE have utilized more time consuming manual processes and inflated work times.

Q. Does this conclude your rebuttal testimony?

A. Yes.

Florida

Sprint
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Exhibit SMM-14

BellSouth / Sprint Non-Recurring Charge Comparison

Scenario 1 - xDSL Loop

	Bellsouth	Sprint	Difference	%
Loop Qualification	$ 189.37	$ 28.20	$ 161.17	572%
Service Order - Electronic	$ 2.77	$ 3.06	$ (0.29)	-9%
Loop Conditioning or "Modification"	$ 120.98	$ 1.44	$ 119.54	8301%
2-Wire xDSL Loop	$ 319.72	$ 68.84	$ 250.88	364%
Total Cost	**$ 632.84**	**$ 101.54**	**$ 531.30**	**523%**

Scenario 2 - EEL - DS0 Loop, 1/0 Muxing and DS-1 Transport

	Bellsouth	Sprint	Difference	%
Service Order - Electronic	$ 2.77	$ 3.06	$ (0.29)	-9%
UNE-P 2-Wire Loop		$ 72.98	$ (72.98)	-100%
VG Local Loop for Combination Use Only	$ 195.63		$ 195.63	
DS1 Interoffice Facility w/ 1/0 Muxing	$ 422.64		$ 422.64	
Feature Activation	$ 12.26		$ 12.26	
1/0 Muxing		$ 71.61	$ (71.61)	-100%
DS1 Interoffice Transport		$ 79.80	$ (79.80)	-100%
Total Cost	**$ 633.30**	**$ 227.45**	**$ 405.85**	**178%**

Scenario 3 - Hi-Cap DS3 Loop

	Bellsouth	Sprint	Difference	%
Service Order - Electronic	$ 2.77	$ 3.06	$ (0.29)	-9%
Hi-Cap Unbundled Local Loop DS3 Facility Termination	$ 910.45	$ 86.28	$ 824.17	955%
Total Cost	**$ 913.22**	**$ 89.34**	**$ 823.88**	**922%**

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Exhibit SMM-15

GTE / Sprint Non-Recurring Charge Comparison

Scenario 1 - xDSL Loop

	GTE	Sprint	Difference	%
Loop Qualification		$ 28.20	$ (28.20)	-100%
Service Order - New	$ 18.47	$ 3.06	$ 15.41	504%
Load Coil Removal	$ 1,448.22	$ 1.44	$ 1,446.78	100471%
2-Wire xDSL Loop - provisioning	$ 60.66	$ -	$ 60.66	
2-Wire xDSL Loop - field work	$ 364.82	$ 68.84	$ 295.98	430%
Total Cost	**$ 1,892.17**	**$ 101.54**	**$ 1,790.63**	**1763%**

Scenario 2 - EEL - DS0 Loop, 1/0 Muxing and DS-1 Transport

	GTE	Sprint	Difference	%
Service Order - New	$ 51.39	$ 3.06	$ 48.33	1579%
UNE-P 2-Wire Loop		$ 72.98	$ (72.98)	-100%
1/0 Muxing		$ 71.61	$ (71.61)	-100%
DS1 Interoffice Transport - provisioning	$ 157.53	$ -	$ 157.53	
DS1 Interoffice Transport - field work	$ 193.66	$ 79.80	$ 113.86	143%
Total Cost	**$ 402.58**	**$ 227.45**	**$ 175.13**	**77%**

Scenario 3 - Hi-Cap DS3 Loop

	GTE	Sprint	Difference	%
Service Order - New	$ 22.85	$ 3.06	$ 19.79	647%
Hi-Cap Unbundled Local Loop DS3 - Field Work	$ 311.04	$ -	$ 311.04	
Hi-Cap Unbundled Local Loop DS3 - Provisioning	$ 116.22	$ 86.28	$ 29.94	35%
Total Cost	**$ 450.11**	**$ 89.34**	**$ 360.77**	**404%**