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IN REPLY REFER TO:
Tallahassee

BY HAND DELIVERY

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301

Re: In re: Expanded Interconnection Phase II and
Local Transport Restructure; Docket Nos. 921074-TP,
930955-TL, 940014-TL, 940020-TL and 931196-TL

Dear Ms. Bayo:

Enclosed for filing in the above-styled docket are the original and fifteen (15) copies of United Telephone Company of Florida's and Central Telephone Company of Florida's Supplemental Direct Testimony of F. Ben Poag.

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

ACK _____ Thank you for your assistance in this matter.

AFA _____

APP _____

CAF _____

CRD Reith

CTR _____

EAG JPF/csu
Enclosures

LEG Canzone
cc: Parties of Record (w/encl.)

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RCH _____

SEC 1

WAS _____

OTH _____

RECEIVED & FILED

EPSC-BUREAU OF RECORDS

Yours truly,

John P. Fons
John P. Fons

DOCUMENT NUMBER-DATE

07086 JUL 15 1994

FPSC-RECORDS/REPORTING

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 SUPPLEMENTAL DIRECT TESTIMONY

3 OF

4 F. BEN POAG

5
6 Q. Please state your name.

7
8 A. F. Ben Poag.

9
10 Q. Are you the same F. Ben Poag that has submitted prefiled
11 direct testimony in Phase II of this proceeding?

12
13 A. Yes.

14
15 Q. What is the purpose of your supplemental direct
16 testimony?

17
18 A. To respond to the new issue added to Phase II of this
19 proceeding concerning the impact of the recent United
20 States Court of Appeals decision on the Commission's
21 Phase I order.

22
23 Q. Should the Commission modify the Phase I order in light
24 of the decision by the United States Court of Appeals for
25 the District of Columbia Circuit?

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

1 A. Yes, the United States Court of Appeals decision requires
2 that the Commission modify its Order No. PSC-94-0285-FOF-
3 TP. Not only does the Court of Appeals decision clearly
4 demonstrate that mandatory physical collocation
5 constitutes a taking of the LECs' property, it also
6 creates the potential for inconsistent federal and state
7 treatment. That potential has been taken a step further
8 with the FCC's order of July 14, 1994, directing the LECs
9 to provide expanded interconnection through virtual
10 collocation.

11
12 In addition to the legality issue and the practical
13 problems of a Florida Commission-mandatory physical
14 collocation requirement, there are significant economic
15 reasons for this Commission modifying that requirement.
16 This Commission approved competition by AAVs for LEC
17 services in Order No. 24877, issued August 2, 1991, in
18 Docket No. 890183-TL. That order provides these
19 competitors with the opportunity to physically bypass the
20 LEC's networks in competition with the LECs. Thus,
21 because the AAVs do not have to rely on any LEC-provided
22 facilities to compete, the LECs do not have a bottleneck
23 and have no way to hinder the AAVs from competing with
24 the LECs. With the implementation of expanded
25 interconnection, the AAVs now have an opportunity to

1 reach a larger customer base. At the same time, expanded
2 interconnection presents the LECs with a business
3 opportunity to lease available floor space to AAVS, IXC
4 or any end user. There are, therefore, equal and
5 compelling incentives for the LECs and AAVs to negotiate
6 mutually advantageous collocation arrangements.

7
8 In these negotiations, both parties will recognize that
9 floor space is a valuable asset which should be priced
10 based on the market value to any of the potential
11 lessors. United and Centel should not be forced to make
12 this resource available to a specific class of customers
13 for specific purposes when there may be other potential
14 users. Each decision to lease or not lease a valuable,
15 limited asset should be decided on the unique
16 circumstances of the market place and considering all
17 possible opportunities.

18
19 In the increasingly competitive environment, United and
20 Centel cannot afford to waste valuable resources,
21 conversely they should not be mandated to a use which
22 does not reflect the proper market value of the resource.
23 To do otherwise produces a misallocation of valuable
24 resources.

25

1 Q. Has the Company leased floor space in its central offices
2 in the past?

3
4 A. Yes, as stated in my Phase I testimony in this docket,
5 the Company has leased floor space to IXC's, information
6 services providers and an AAV. These transactions were
7 negotiated and concluded without any regulatory
8 intervention or assistance. These business opportunities
9 have benefited the general body of ratepayers by
10 producing revenues that may not have otherwise been
11 possible if rates had been predetermined and published in
12 a tariff. Clearly, given the rapidly changing and
13 increasingly competitive marketplace, inflexible,
14 predetermined values are inappropriate.

15

16

17

18

19 utd\921074-2.tst

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U. S. Mail or hand delivery (*) this 15th day of July, 1994, to the following:

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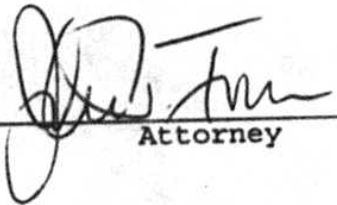
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