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June 27, 2002

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Re: In the Matter of the Investigation into the Cost of Telecommunications
Access, ACC Docket No. T-00000D-00-0672

Dear Sir or Madam:

Pursuant to the April 8, 2002 Procedural Order issued in the above-referenced matter, enclosed please find an original and ten copies of the Direct Testimony of James A. Appleby on behalf of Sprint Communications Company L.P. for filing with the Commission. Please be advised that Mr. Appleby's testimony contains confidential information in Exhibit A, which will be provided to parties who have entered into an agreement to protect such information from disclosure.

Please do not hesitate to call should you have any questions in this regard.

Sincerely,

Eric S. Heath

ESH/st

Enclosure

Cc: Service List
Steven J. Duffy

Arizona Corporation Commission

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JUN 28 2002

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BEFORE THE ARIZONA CORPORATION COMMISSION

**WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARK SPITZER
COMMISSIONER**

**IN THE MATTER OF THE
INVESTIGATION OF THE COST OF
TELECOMMUNICATIONS ACCESS**

)
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) Docket No.: T-00000D-00-0672
)
)

**DIRECT TESTIMONY OF JAMES A. APPLEBY ON BEHALF OF SPRINT
COMMUNICATIONS COMPANY L.P.**

JUNE 28, 2002

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1 I. EXECUTIVE SUMMARY

2 Q. Please summarize your direct testimony.

3 A. In order to create a regulatory environment that is conducive to the development of
4 competitive local and long distance telecommunications markets, the Arizona Corporation
5 Commission must reform intrastate access charges for all of the local exchange carriers
6 ("LECs") operating in the state. Arizona's current access rates include rate elements that are
7 priced significantly above their economic cost and recover fixed costs of the local network
8 from toll providers rather than from the purchaser of local service. Consistent with the FCC
9 CALLS Order,¹ this Commission should reduce the rates for transport and switching charges
10 and shift the recovery of the loop and line card costs allocated to intrastate access to per line
11 charges assessed to local service customers. These reforms are essential to prepare the inter-
12 LATA toll market for re-entry of the Regional Bell Operating Companies ("RBOCs").

13
14 Competition in the switched access market does not exist. The provider of local exchange
15 service to the end user is always the provider of the exchange access services to reach that
16 customer. Since the toll provider has no choice in how to reach their toll customer, they must
17 pay the rates charges by the LEC providing local exchange service to their toll customer.
18 Incumbent LECs ("ILECs") access rates are regulated while the competing LECs ("CLECs")
19 are not. Left unchecked, a CLEC will attempt to minimize their charges directly to the end
20 user thus appearing to provide local service at a lower price than the ILEC and charge the toll

¹ Sixth Report and Order in CC Docket Nos. 96-262 and 94-1, Report and Order in CC Docket No. 99-249, Eleventh Report and Order in CC Docket No. 96-45, In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Low-Volume Long Distance Users, Federal-State Joint Board on Universal Service, CC Docket Nos. 96-262, 94-1, 99-249, 96-45, FCC (rel. May 31, 2000).

1 provider more of the cost of service. Therefore, The Commission should regulate the rate
2 levels charged by the CLECs.

3
4 As the Commission is aware, the interstate and intrastate long distance markets are highly
5 competitive. The basic characteristics of the long distance market creates pressure which
6 ensures all cost savings, including access cost savings, are reflected in lower long distance
7 prices charged to consumers. Therefore, Arizona consumers will directly benefit from access
8 service rate reductions in the form of new product offerings and lower intrastate toll prices.

9
10 **II. IDENTIFICATION OF WITNESS**

11 **Q. Please state your name, occupation and business address.**

12 A. My name is James A. Appleby. I am employed as a Senior Manager of Regulatory Policy
13 for Sprint/United Management Company representing the interests of Sprint
14 Communications Company L.P. ("Sprint"). My business address is 6450 Sprint Parkway,
15 Overland Park, Kansas 66251.

16
17 **Q. Please summarize your educational background, and business experience.**

18 A. I graduated from Shippensburg University in 1986 with a Bachelor of Science degree in
19 accounting. I became a Certified Public Accountant in the state of Pennsylvania in 1989. I
20 have been employed by Sprint since 1989. In my current position, I am responsible for
21 establishing and advocating regulatory policy on access and universal service issues for
22 Sprint. Prior to this position, I was a Manager of Competitive Analysis responsible for
23 assessing Sprint Local Telecommunications Division's strategic response to the development

1 of competition. Prior to my positions with Sprint/United Management Company, I was
2 employed by Sprint/United Telephone-Eastern. During my six years there, I worked in the
3 access billing organization in various positions for the first four years. In my last two years
4 at Eastern, I was the Manager of Cost Allocation and Reporting responsible for interstate
5 price cap filings and regulatory reporting requirements.

6
7 **III. PURPOSE OF DIRECT TESTIMONY**

8 **Q. What is the purpose of your direct testimony?**

9 A. My direct testimony presents Sprint's proposal of how the Commission should reform the
10 intrastate access services of the local exchange carriers operating in the state of Arizona.

11
12 **IV. REFORM OF ILEC ACCESS CHARGES**

13 **A. DESCRPTION OF THE CURRENT ACCESS COST RECOVERY STRUCTURE**

14 **Q. Define switched access service and to whom it is sold.**

15 A. Switched access service enables long distance service providers to reach their customers via
16 the local exchange network. The Local Exchange Carrier (LEC) provides a transmission
17 path between the end-user and the long distance carrier for calls that originate from, and
18 terminate to, long distance end-users. In turn the LEC charges the long distance service
19 provider for these access services.

20 //

21 //

22 //

23 //

1 **Q. Which individual switched access services are provided to the long distance carrier by**
2 **the LEC?**

3 A. To understand the services that the LEC is providing, you must examine the local network
4 and the costs associated with providing access service. The provision of a transmission path
5 between the long distance provider and the end-user requires an increase in the cost of
6 several components of the telecommunications network. First, all calls require the
7 establishment of a transport link between the long distance provider's point of presence and
8 the LEC's end office switch. This link can be provided via a dedicated facility or on a shared
9 use basis. This shared use facility is often called a common transport facility. These
10 transport components are charged to the toll providers through minute of use and flat rate
11 transport services. The link to the LEC end office may also traverse through the LEC's
12 tandem switch. If so, there is an additional increase in the usage sensitive cost of the tandem
13 switch. These tandem costs are recovered through the tandem switched minute of use
14 charge. In addition to the transport services, a call between the long distance provider and the
15 end user increases the traffic sensitive costs of the LEC's local switch that serves the end
16 user. Again, the use of the switch is recovered through a minute of use charge called the
17 local switching charge.

18
19 **Q. What other access services are necessary to provide a connection from the long distance**
20 **provider's point of presence to the end user?**

21 A. There are none. Transport, including in some cases tandem switching, and local switching
22 are the only services necessary to complete or receive a long distance call through the LEC
23 network.

1 **Q. Do the LECs within Arizona charge other switched access charges to IXCs?**

2 A. Yes. In addition to switching and transport services, the LEC tariffs contain a transitional
3 interconnection charge ("TIC") and carrier common line charges ("CCLC").
4

5 **Q. Which costs do these two services recover?**

6 A. The TIC rate element recovers the transport costs that were assigned to the old banded
7 transport rate structure and have not been assigned to any of the new transport services after
8 the transport restructure. The CCLC recovers a portion of the cost of the local loop.
9 Currently, both the TIC and CCLC are applied on a minute of use basis.
10

11 **Q. Are other fixed costs that are being recovered in minute of use access charges?**

12 A. Yes. The cost of the line card that connects the local loop the to local switch remains in the
13 local switching rate element. Like the local loop, the cost of the line card is fixed.
14

15 **Q. Is it true that the local loop and line card are used to provide a switched transmission
16 path between the long distance provider and the end user?**

17 A. Yes.
18

19 **Q. Does the use of that loop and line card to connect a call from a long distance provider
20 and an end user increase the service costs?**

21 A. No. These costs are incurred when the customer purchases local exchange service. The loop
22 and line card costs are non-traffic sensitive costs. No incremental cost is created when the
23 customer received or places a long distance call.

1 **Q. Does the current intrastate access rate structure utilized by the Arizona LECs reflect**
2 **the cost causation principles you articulated above?**

3 A. No. Today's intrastate access rate structure for the Arizona LECs does not follow cost
4 causation principles in following ways. First, the cost of the local loop continues to be billed
5 to the interexchange carriers ("IXC") in the form of carrier common line charges. Also, the
6 line card that connects the local loop to the switch continues to be included in the local
7 switching charge instead of recovered as part of the cost of the local loop.

8

9 **Q. Do the FCC's CALLS and MAG Plan² Orders recognize the cost characteristics of the**
10 **local loop and line card?**

11 A. Yes. The FCC has recognized that the local loop and the line card are non-traffic sensitive
12 costs. Both the CALLS and MAG Plan Orders shift the recovery of line card costs to
13 interstate common line basket. The FCC uses the common line basket to segregate the
14 interstate revenues associated with fixed costs from usage-based revenues. With the FCC's
15 plan, these revenues are first recovered through end user flat rate charges limited by the rate
16 caps.

17 //

18 //

19 //

20 //

21 //

² *Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking, In the Matter of Federal-State Joint Board on Universal Service, Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, CC Docket Nos. 96-45, 00-256, FCC 01-157 (rel. May 23, 2001).*

1 **Q. Does Sprint support the changes the FCC has implemented in the CALLS and MAG**
2 **Plan Orders?**

3 A. Yes. The FCC's changes more closely align the manner in which access services are charged
4 with the manner in which costs are incurred. Non-traffic sensitive costs are recovered on a
5 per line basis under the FCC plans.

6
7 **B. SPRINT'S ACCESS REFORM PLAN**

8 **Q. Should the Arizona Corporation Commission allow these changes to be reflected in the**
9 **intrastate access rates of the LECs?**

10 A. Yes. The non-traffic sensitive costs of the local loop and the line card allocated to intrastate
11 access should no longer be recovered from minute of use access services billed to the IXC's.
12 These costs should be recovered on a per line basis from the end user customer who caused
13 the LEC to incur the costs of the loop and the line card to provide local service. The
14 Commission should therefore allow the LECs to increase the rates charged for dial tone
15 service.

16 **Q. In addition to changing the method of recovery for non-traffic sensitive costs, how**
17 **should the TIC be reformed?**

18 A. As discussed above the TIC is leftover revenue that could not be assigned to a new transport
19 rate element when the transport structure was modified. Since these costs could not be
20 assigned to a specific transport service, the TIC rate element should no longer be charged to
21 the toll carriers.

22 //

23 //

1 **Q. What other changes are necessary to complete the reform the switched access services?**

2 A. The ACC should adjust the rate level of the true access services, transport and switching,
3 because these services are also priced much higher than their economic cost. The rates for
4 these services should be reduced to approximate the reciprocal compensation rates charged
5 for termination of local traffic. The same network components are used to terminate a call
6 whether that call is a local or long distance call. Therefore, there is no reason for access to be
7 priced higher than local reciprocal compensation since the LEC provides the same network
8 interconnection services on both calls.

9
10 **Q. Is it necessary to have the LECs submit economic cost studies to set the LECs revised**
11 **access service rates?**

12 A. No. For ILECs that have abided by the rules of the CALLS Order in the interstate
13 jurisdiction, the Commission could set the intrastate access service rates to equal the rates of
14 the equivalent interstate access service. Sprint believes the rates that resulted from the
15 CALLS Order approximate the economic cost of access service. For ILECs impacted by the
16 MAG Order, intrastate service rates should also be set to mirror the corresponding interstate
17 access service rates. Although the interstate rate levels resulting from the MAG Order are not
18 reflective of economic cost, mirroring of the interstate rates for carriers impacted by the
19 MAG Order will be a step towards bringing access service rates toward there economic rate
20 level. Sprint believes all access rates should eventually be economically cost based. If any
21 LEC believes their interstate rates are not an appropriate proxy for their intrastate services,
22 the carrier should be entitled to produce economic cost studies for Commission review to
23 prove the true intrastate service costs.

1 **Q. Please summarize the changes that should be implemented to reform the intrastate**
2 **access services of the ILECs in Arizona.**

3 A. Line card costs should be removed from the local switching element. The carrier common
4 line charge and transitional interconnection charge access rate elements should be eliminated.
5 Local switching and transport services should be priced at their economic cost. The
6 difference between current access revenues and the revenues that will be generated under the
7 new rate structure and rate levels should be recovered on a per line basis from the purchasers
8 of local exchange service.

9
10 **C. QUANTIFICATION OF THE PROPOSED CHANGES**

11 **Q. Have you quantified the changes that will occur under this plan?**

12 A. Although Sprint does not have access to all of the information necessary to calculate the
13 actual impact for all LECs, Sprint provides the following projections based on the
14 information known to it. Using access service invoices Sprint pays each month, Sprint
15 calculated the reduction in access charges for each LEC that would result from the full
16 implementation of the Sprint proposal (Column B in Confidential Exhibit A). This amount
17 was then used to forecast the total reduction in inter-LATA access charges by dividing the
18 projected Sprint access reduction by Sprint's percentage of the inter-LATA market (Column
19 D in Confidential Exhibit A). On Confidential Exhibit A, Sprint attempted to forecast the per
20 line addition to local service rates Qwest's reported switched access lines from the 2001 43-
21 08 ARMIS and access line information Citizens provided to Sprint are shown in Column E in
22 Confidential Exhibit A. Column F divides the Qwest's and Citizen's revenue to be removed
23 from access services by lines to calculate a \$1.19 and \$5.32 per line local rate increase using

1 Sprint's proposal, respectively. Adding Qwest's increase to the current residential local rate
2 of \$13.18, the resulting local service rate would be \$14.37 or a 9% increase. Clearly a shift
3 of slightly over a dollar a month will not make the local service rates of Qwest in Arizona
4 unaffordable. Citizens' tariffs list local service rates that range from \$9.40 to \$15.90. The
5 Commission will need to decide if \$5.32 would create local service rates in Citizen's
6 territories that are above an affordable level. Unfortunately, Sprint does not have access to
7 the access lines for other LECs. Results for other ILECs will vary greatly. The recovery per
8 line shifted to local service rates should be evaluated for each LEC.

9
10 **D. IMPACT ON ARIZONA USF**

11 **Q. If the magnitude of the per line increase results in local exchange service rates that are**
12 **beyond a level the Commission determines to be affordable for the consumers, should**
13 **the Arizona Universal Service Fund be modified?**

14 **A. Yes. If the local rates that result from the implementation of access reform under a plan that**
15 **removes all local subsidies from access rates, like Sprint's plan, are not affordable to Arizona**
16 **consumers, Sprint supports the modification of the Arizona Universal Service Fund. Local**
17 **service costs that can not be recovered directly from the customers because the local service**
18 **rate that results is above an affordable level should be recovered through the Arizona**
19 **Universal Service Fund.**

20 //
21 //
22 //
23 //

1 **Q. If a modification to the Arizona Universal Service Fund is necessary, what parameters**
2 **should be use to establish the funding?**

3 A. The Arizona Universal Service Fund should be funded by all telecommunications providers
4 doing business in Arizona. Each carrier should contribute to the fund based on intrastate
5 retail end user revenues. Telecommunications providers should be required to recover their
6 obligations though charges to their end users. Also, AUSF support should be portable to any
7 eligible telecommunication carrier that provides the customer with local exchange service.

8
9 **E. NECESSITY OF ACCESS REFORM**

10 **Q. Why is it important for the Arizona Corporation Commission to reform the access rates**
11 **charged by LECs for intrastate service?**

12 A. Historically, access services have been priced above their incremental economic cost
13 primarily to keep local service rates low so that anyone could afford local service. Access
14 services were priced above the cost of access service to allow the LEC to recover the costs of
15 local service not included in the local rates. In a monopoly environment, this cross
16 subsidization system worked. However, the 1996 Telecommunications Act's goal of
17 promoting the development of competition in both the local and long distance markets, is
18 incompatible with this system of implicit support for local service.

19
20 **Q. How does access reform relate to Qwest's anticipated § 271 application for its Arizona**
21 **territory at the FCC?**

22 A. The intent behind Telecommunications Act of 1996 remains the cultivation of an
23 environment that will allow the regional Bell operating companies to re-enter the inter-LATA

1 toll market by requiring them to open their local markets to competition. Competitive balance
2 in the inter-LATA market will not last long if Qwest's prices for access services remain
3 inflated with costs of local service after Qwest re-enters the inter-LATA toll market. The
4 existing access subsidy system must be eliminated to maintain competition in the long
5 distance market. Absent the changes Sprint proposes here, Qwest will enjoy per minute cost
6 advantage over all toll competitors that have no choice but to buy access services from it.
7 Qwest's own cost to originate or complete a toll call will be the actual incremental economic
8 cost of the switching and transport services needed to provide toll service, whereas IXCs will
9 pay the higher transport and switching charges. The IXCs will also continue to pay for a
10 portion of the local loop via the CCLC. These inflated input costs will diminish the IXCs
11 ability to compete against the Qwest in the Arizona inter-LATA toll market.

12
13 **Q. Can you provide an example of the imbalance that could occur in the inter-LATA**
14 **market if access subsidies are not addressed in advance of RBOC 271 approval?**

15 A. Yes. Comparing the cost of originating an inter-LATA intrastate toll call from a Qwest local
16 customer, and assuming § 271 approval, Sprint would pay Qwest exchange access charges
17 including CCLC at \$0.008122, TIC at \$0.00245, and Switching and Transport at
18 approximately \$ 0.02, for a total of approximately \$0.031 per minute. The cost to Qwest,
19 however, is the actual economic cost of providing exchange access service, which does not
20 include CCLC or TIC. As discussed in detail above, CCLC and TIC have no incremental
21 cost when an intrastate inter-LATA call is placed. In addition, the current switching and
22 transport charges are approximately \$0.0145 per minute higher than Qwest's economic cost.

1 This example assumes the economic cost of Qwest's service is approximately the interstate
2 minute of use benchmark set by CALLS of \$.0055. Thus, Qwest has a *\$0.0255 (\$0.031 -*
3 *\$.0055)* per minute cost advantage over Sprint on the originating side of the toll call. If the
4 call also terminates in Qwest's territory within Arizona, Qwest's cost advantage more than
5 doubles terminating CCLC is higher than the originating charge (.018411 vs. .008122).
6 Thus, intrastate access reform is an indispensable prerequisite of Qwest's entry into the inter-
7 LATA market in Arizona.

8
9 **Q. How should the Commission change the access charge structure in Arizona?**

10 A. Access services should always be priced to recover the incremental economic cost of the
11 access service provided. Access services existing today that do not cause the ILEC to incur
12 incremental cost when customers place long distance calls should not be charged to the toll
13 providers.

14
15 **V. REGULATION OF CLEC ACCESS CHARGES**

16 **Q. Should the Commission regulate the access services of the CLECs in Arizona?**

17 A. Yes. Sprint is concerned with the intrastate access charges CLECs have been charging.
18 Although the FCC initially did not believe it was necessary to regulate rates, it addressed the
19 reasonableness of the interstate access rate levels in the 7th Report and Order in 96-262
20 released April 27, 2001. In this Order, the FCC established a series of declining rate
21 benchmarks to transition CLEC access rates to ILEC access levels over three years. The
22 Arizona Commission should address the reasonable rate level of intrastate access rates
23 charged by CLECs in this proceeding.

1 **Q. Why is it important to regulate CLEC access rates?**

2 A. The CLEC, just like the ILEC, possesses the market power over switched access charges by
3 providing the end user's local service. The provider of local service is always the provider of
4 switched access service. Without restraint, the CLEC can utilize this market power to impose
5 unreasonable access service prices on the end user's toll carrier.

6
7 **Q. What are your specific recommendations for CLEC access rates?**

8 A. It is not necessary for the Commission to regulate the access rate structure of the CLECs.
9 But it is important that the average per minute access rate be regulated. CLEC access rates
10 should be deemed reasonable if the average access rate does not exceed the prevailing ILEC
11 average in the territory in which the CLEC is competing for local service. The average
12 charge per minute should include all access charges levied by the LECs to the toll provider
13 divided by minutes. CLEC should not be allowed to deceive local customers into thinking
14 they are a lower cost provider than the ILEC by charging lower local exchange service rates
15 to the end user while masking the additional costs through higher exchange access service
16 charges to the end user's toll provider.

17

18 **VI. FLOW-THROUGH REGULATION**

19 **Q. Please summarize Sprint's philosophy regarding flow-through of access charge**
20 **reductions.**

21 A. Sprint firmly believes access flow-through is regulated by the competitive market. The
22 competitive process itself will ensure Arizona consumers receive the benefits of access
23 reductions through lower long distance prices. Explicit regulatory flow-through

1 requirements unnecessarily reintroduce regulatory control over long-distance prices.
2 Maintaining flexibility to use varying methods of flow-through is imperative to avoid
3 interference with normal market adjustments.
4

5 **Q. Please describe the characteristics of the long distance market that will ensure that**
6 **access reductions result in lower long distance prices.**

7 A. The basic characteristics of a competitive market creates pressure which ensures all input
8 cost savings are reflected in prices of goods provided to consumers. This is very true of
9 access services in the long distance market. Each provider will have the incentive to use their
10 input cost reductions to capture a larger market share by offering customers better services at
11 lower prices. If a long distance provider chooses not to reduce prices to reflect the full
12 amount of the decrease in access cost, that carrier will lose customers. As such, pricing
13 decisions in a competitive marketplace should be business decisions on the part of the
14 carriers, with little or no regulatory intervention. Each carrier should be given the freedom
15 and flexibility to adjust rates and introduce new products, which allows them to compete to
16 the greatest extent possible within the long distance market.
17

18 VII. ACCESS REFORM AND QWEST'S PRICE CAP PLAN

19 **Q. How can the Sprint proposal for access reform and Qwest's Price Cap Plan be**
20 **incorporated together?**

21 A. The Qwest Price Cap Plan and the reform of the intrastate access services as proposed by
22 Sprint can coexist. Sprint's plan will simply shift the recovery of the carrier common line
23 charge and transitional interconnection charge to services charged to the end user. Therefore,

1 the reductions from Qwest's obligation to reduce revenue \$5 million per year should be
2 realized by Qwest's end user through the services they purchase instead of by IXC's via
3 intrastate switched access rates.

4 5 **VIII. SUMMARY OF DIRECT TESTIMONY**

6 **Q. Please summarize your direct testimony.**

7 A. To facilitate local and long distance competition, the intrastate switching and transport
8 services provided by LECs operating in the state of Arizona should reflect the economic cost
9 of the service. The fixed costs of the local loop and the line card should be removed for the
10 access rate structure. The revenue differential for switching and transport services and the
11 loop and line card fixed costs should be recovered through per line charges to the purchasers
12 of local exchange service. If the resulting local rates are not affordable to Arizona customers,
13 the amount above the affordable rate level should be provided via a universal service fund.
14 Support for the AUSF fund should be provided by all telecommunications carriers on the
15 basis of their intrastate end user revenues. These access reforms are necessary to facilitate
16 balanced competition in the inter-LATA toll market after the RBOC is authorized to re-entry
17 the market. CLEC access rates should be limited to the rates of the competing ILEC. Due to
18 the competitive nature of the long distance market, the resulting access rate reductions will
19 be passed on to Arizona customers via reduced toll rates and new toll products.

20
21 **Q. Does this conclude your direct testimony?**

22 A. Yes.

Sprint Communications Company L.P.
 Direct Testimony of James A. Appleby
 June 28, 2002

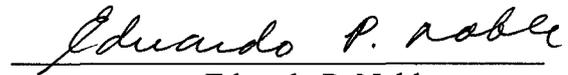
CONFIDENTIAL Exhibit A

<u>Company</u>	<u>Estimate Impact of Sprint Proposal Based on Sprint InterLATA Market Share</u>	<u>Sprint's Approximate Market Share</u>	<u>Estimate Impact of Sprint Proposal Total Industry Projection</u>	<u>2001 ARMIS Access Lines</u>	<u>Per Line Recovery of Revenues Shifted</u>
(A)	(B)	(C)	(D) = (B) / (C)	(E)	(F) = (D) / (E)
ACSI			\$ 199,129		
BROOKS			\$ 144,533		
CENTURY			\$ 102,614		
CITIZENS			\$ 10,305,780	\$ 161,368	5.32
COMPETITIVE LEC			\$ 152,045		
CONTEL/CA			\$ 503,700		
COX			\$ 508,379		
ELI			\$ 168,263		
GST			\$ 33,213		
LEC OTHER			\$ 1,240,374		
MCI METRO			\$ 47,609		
TCG			\$ 608,929		
TDS			\$ 323,040		
QWEST			\$ 41,333,985	\$ 2,892,059	1.19
WINSTAR			\$ 40,004		
TOTAL			\$ 55,711,597		

CERTIFICATE OF SERVICE

I, EDUARDO P. NOBLE, hereby certify that I have this day served a true and correct copy of "Direct Testimony of James A. Appleby" upon all parties of record in Docket No. T-00000D-00-0672 (see attached list) by placing a copy thereof into the U.S. Mail, postage prepaid.

Dated this 27th day of June 2002 at San Francisco, California.



Eduardo P. Noble
Departmental Assistant III

Arizona

Date: 6/27/02

Docket No. T-00000D-00-0672

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San Carlos Apache Telecom. Utility
DELETED - FORWARD ORDER
EXPIRED - MAIL RETURNED
3/15/02

South Central Utah Tel. Assn., Inc.
P.O. Box 226
Escalante, UT 84726-0000

Southwestern Telephone Co., Inc.
P.O. Box 5158
Madison, WI 53705-0158

Table Top Telephone Company, Inc.
600 N. Second Avenue
Ajo, AZ 85321-0000

Valley Telephone Cooperative, Inc.
752 E. Malley Street
P.O. Box 970
Willcox, AZ 85644

Verizon California, Inc.
One Verizon Way - CA500GCF
Thousand Oaks, CA 91362-3811

AT&T Comm. of the Mtn. States
111 W. Monroe Street, Suite 1201
Phoenix, AZ 85003-0000

Brooks Fiber Comm. of Tucson, Inc.
201 Spear Street, 9th Floor
San Francisco, CA 94105

Citizens Long Distance Company
5600 Headquarters Drive
Plano, TX 75024

Citizens Telecom. Co. of the White
Mountains, Inc.
4 Triad Center, Suite 200
Salt Lake City, UT 84180

Comm. South Companies, Inc.
2909 N. Buckner Blvd., Suite 800
Dallas, TX 75228-0000

Covad Communications Company
4250 Burton Drive
Santa Clara, CA 95054-0000

Cox Communications
20401 N. 29th Avenue
Phoenix, AZ 85027-0000

Electric Lightwave, Inc.
4 Triad Center, Suite 200
Salt Lake City, UT 84180

Intermedia Communications, Inc.
1 Intermedia Way
Tampa, FL 33647-1752

Max-Tel Communications, Inc.
105 N. Wickham
P.O. Box 280
Alvord, TX 76225-0000

Mountain Telecommunications, Inc.
2540 E. 6th Street
Tucson, AZ 85716-0000

RCN Telecom Services, Inc.
105 Carnegie Center
Princeton, NJ 08540-0000

TCG Phoenix
111 W. Monroe Street, Suite 1201
Phoenix, AZ 85004

Winstar Wireless of Arizona, Inc.
1577 Spring Hill Road, 2nd Floor
Vienna, VA 22182

Allcom USA
2151 E. Convention Center Way,
Suite 207-A
Ontario, CA 91764-4483

Archtel, Inc.
1800 W. Park Drive, Suite 250
Westborough, MA 01581-0000

Digital Services Corporation
211 N. Union Street, Suite 300
Alexandria, VA 22314

Eschelon Telecom. of Arizona, Inc.
730 Second Ave., South, Suite 1200
Minneapolis, MN 55402-0000

**Jato Operating Corp. – DELETED
MAIL RETURNED 3/20/02
UNABLE TO FORWARD**

MCIMetro
201 Spear Street, 9th Floor
San Francisco, CA 94105

North County Comm. Corporation
3802 Rosecrans, Suite 485
San Diego, CA 92110-0000

Reflex Communications, Inc.
83 S. King Street, Suite 106
Seattle, WA 98104

The Phone Company/Network Svcs.
Of New Hope
6805 Route 202
New Hope, PA 18938-0000

XO Arizona, Inc.
3930 E. Watkins, Suite 200
Phoenix, AZ 85034

Alliance Group Services, Inc.
1221 Post Road, East
Westport, CT 06880-0000

**Caprock Telecommunications Corp.
– DELETED – MAIL RETURNED
4/12/02 – UNABLE TO FORWARD**

E.Spire
131 Nat'l. Business Parkway, Ste. 100
Annapolis Junction, MD 20701-0000

Global Crossing Telemangement, Inc.
180 South Clinton
Rochester, NY 14646-0000

Level 3 Communications, LLC
1025 Eldorado Boulevard
Broomfield, CO 80021

Metropolitan Fiber Systems of AZ, Inc.
201 Spear Street, 9th Floor
San Francisco, CA 94105

OnePoint Communications
2 Conway Park
150 Field Drive, Suite 300
Lake Forest, IL 60045-0000

Rhythm Links, Inc.
9100 E. Mineral Circle
Englewood, CO 80112-0000

Verizon Select Services, Inc.
6665 N. MacArthur Blvd., HQK02D84
Irving, TX 75039-0000

360Networks (USA) Inc.
12101 Airport Way
Broomfield, CO 80021

**American Telephone Network, Inc.-
DELETED – MAIL RETURNED
4/3/02 (UNDELIVERABLE AS
ADDRESSED)**

**Communique Telecommunications,
Inc. – DELETED
MAIL RETURNED 3/13/02**

Enhanced Communications Network,
Inc.
37 Winthrop Place
Hazlet, NJ 07730-0000

Ernest Communications, Inc.
6475 Jimmy Carter Blvd., Suite 300
Norcross, GA 30071-0000

GST Net, Inc.
4001 Main Street
Vancouver, WA 98663

IG2, Inc.
80-02 Kew Garden Road, Suite 5000
Kew Gardens, NY 11415-0000

Independent Network Services Corp.
DELETED – MAIL RETURNED
3/14/02 (UNABLE TO FORWARD)

Main Street Telephone Company
200 Ithan Creek Avenue
Villanova, PA 19085

MCI WorldCom Network Services, Inc.
201 Spear Street, 9th Floor
San Francisco, CA 94105

Net-Tel Corporation
11921 Freedom Drive
Reston, VA 20190

Nextlink Long Distance Services, Inc.
3930 E. Watkins, Suite 200
Phoenix, AZ 85034

One Point Communications
2 Conway Park, Suite 300
Lake Forest, IL 60045

Opex Communications, Inc.
500 E. Higgins Road, Suite 200
Elk Grove Village, IL 60007-0000

Pac-West Telecomm. Inc.
1776 W. March Lane, #250
Stockton, CA 95207

Qwest Communications Corporation
555 17th Street
Denver, CO 80202-0000

Single Billing Services, Inc.
9550 Flair Drive, Suite 409
El Monte, CA 91731-0000

Special Accounts Billing Group, Inc.
1523 Withorn Lane
Inverness, IL 60067-0000

Teligent Services, Inc.
8065 Leesburg Pke, Suite 400
Vienna, VA 22182-0000

Tess Communications, Inc.
12050 Pecos Street, Suite 300
Westminister, CO 80234

Touch America
130 N. Main Street
Butte, MT 59701

VYVX, LLC
1 Williams Center, MD29-1
Tulsa, OK 74172

Western CLEC Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, WA 98006-0000

Williams Local Network, Inc.
1 William Center, MD29-1
Tulsa, OK 74172

Joan S. Burke
Osborn & Maledon
2929 N. Central Avenue, 21st Floor
Phoenix, AZ 85067-6379

Michael Patten
Roshka Heyman & DeWulf
400 Fifth Street, Suite 100
Phoenix, AZ 85004

Steve Duffy
Ridge & Isaacson
3101 N. Central Avenue, Suite 1090
Phoenix, AZ 85012-2638