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RECEIVED

January 21, 2005

JAN 21 2005

PUBLIC SERVICE
COMMISSION

Ms. Elizabeth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RE: Administrative Case No. 382 – Rebuttal Testimony of NuVox Communications

Dear Ms. O'Donnell:

Enclosed please find the rebuttal testimony of August H. Ankum, Ph.D., John Balke, and Sidney L. Morrison, on behalf of NuVox Communications, Inc. This testimony includes various references to Kentucky ALLTEL cost information for which ALLTEL has been granted confidential treatment. Accordingly, one copy of the testimony is enclosed in an envelope marked as PROPRIETARY and CONFIDENTIAL and should be withheld from public disclosure. Nine copies of a redacted version of the testimony are included for filing.

A single exhibit (Exhibit 7) is included with the filing. This exhibit includes references to or is otherwise derivative of cost information ALLTEL has designated as confidential. Accordingly, we are filing this exhibit on a single CD marked as CONFIDENTIAL. Insofar as there is no way to effectively create a redacted version of the spreadsheet, we are not filing paper copies of this large exhibit. If the Commission needs paper copies our office will supply them.

Please indicate receipt of this filing by your office by placing a file stamp on the extra copy of this letter and returning to me via the enclosed, self-addressed, stamped envelope.

Sincerely,

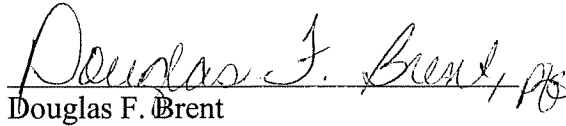


Douglas F. Brent

Enc.

Certificate of Service

A copy of the foregoing rebuttal testimony of NuVox Communications, Inc. was served this 21st day of January, 2005 by first class, United States mail, postage prepaid, upon all parties of record.


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**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

RECEIVED

JAN 21 2005

**PUBLIC SERVICE
COMMISSION**

In the Matter of:

**AN INQUIRY INTO THE DEVELOPMENT OF DE-)
AVERAGED RATES FOR UNBUNDLED) ADMINISTRATIVE
NETWORK ELEMENTS) CASE NO. 382
)**

REBUTTAL PANEL TESTIMONY

**AUGUST H. ANKUM, PH.D.
JOHN BALKE
SIDNEY L. MORRISON**

On behalf of

NuVox Communications, Inc.

January 21, 2005

**PUBLIC VERSION
CONFIDENTIAL DATA IDENTIFIED AS *** _____ *****

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Exhibits

EXHIBIT 7 Rebuttal Restated KAUNEW1 CONFIDENTIAL.xls

1 **I. INTRODUCTION**

2 **A. PURPOSE OF TESTIMONY**

3 **Q. PLEASE STATE THE PURPOSE OF YOUR TESTIMONY.**

4 A. The purpose of this testimony is to respond to the direct testimony of the ALLTEL
5 witnesses: Blessing, Caballero, and Skudin.

6 **B. SUMMARY OF FINDINGS AND RECOMMENDATIONS**

7 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

8 A. In their direct testimony, the ALLTEL witnesses discuss a number of changes to the
9 model that ALLTEL originally presented in this proceeding (and which formed the
10 basis for our restatement of ALLTEL's proposed rates).¹ In this testimony we
11 address the changes that the ALLTEL witnesses identify and we indicate the extent to
12 which we agree or disagree with those changes.

13

14 **Q. HAVE YOU RECALCULATED REVISED STUDIES AND RATES TO**
15 **REFLECT THE EXTENT TO WHICH YOU AGREE WITH ALLTEL'S**
16 **CHANGES TO ITS ORIGINAL MODEL?**

¹ ALLTEL filed a restated UNE study as Exhibit DCB 1.8 to Mr. Blessing's Direct Testimony dated December 10, 2004. While this study in essence replicates the study that ALLTEL presented originally in this proceeding, ALLTEL's direct testimony discusses a number of modifications. We respond to those modifications herein.

1 A. Yes. As noted, on December 10, 2004 ALLTEL filed a revised UNE study where it
 2 made a number of adjustments. We accepted most of these adjustments and
 3 incorporated them into our restatement of ALLTEL's UNE study. We made these
 4 adjustments to our original restatement of the cost study filed as Exhibit 4 to our
 5 direct testimony. The resulting study is found in the exhibit to this testimony (Exhibit
 6 7). The table below summarizes some of the key rates which result from adopting our
 7 adjustments to the cost study.

8

| Rate Element | Monthly Rates | | |
|------------------------------------|---------------|----------|----------|
| | Zone 1 | Zone 2 | Zone 3 |
| <u>Loop (excluding NID)</u> | | | |
| 2W Switched Loops | \$12.63 | \$17.47 | \$27.08 |
| 2W Analog Loops | \$12.63 | \$17.47 | \$27.08 |
| 4W Analog Loops | \$24.66 | \$34.17 | \$52.88 |
| 2W Digital Loops | \$14.44 | \$19.77 | \$0.00 |
| 4W Digital Loops | \$30.09 | \$41.07 | \$64.37 |
| DS0 Local Loops | \$25.26 | \$34.94 | \$54.15 |
| DS1 Local Loops | \$59.07 | \$77.87 | \$125.66 |
| DS3 Local Loops | \$249.36 | \$197.66 | \$0.00 |
| <u>NID</u> | | | |
| NID - 2 Lines | \$0.78 | \$0.78 | \$0.78 |
| NID - 6 Lines | \$0.80 | \$0.80 | \$0.80 |

9

10

11

1 **II. DISCUSSION AND EVALUATION OF ALLTEL'S SEVEN**
2 **STATED ADJUSTMENTS TO ITS ORIGINAL COST STUDY**

3 **A. OVERVIEW**

4 **Q. HAS ALLTEL MADE ANY SUBSTANTIAL CHANGES TO THE STUDY IN**
5 **THEIR DIRECT TESTIMONY?**

6 **A.** Yes. Direct testimony of Mr. Blessing lists a total of seven adjustments. Below we
7 briefly discuss each of the assumptions using Mr. Blessing's numbering system and
8 explain whether we agree or disagree with them.

9
10 **ALLTEL's *Input Adjustment 1.*** At pages 17-18 of the testimony of David C.
11 Blessing, he corrected an error in the loop fiber equipment investment in ALLTEL's
12 study. We agree with this change, and had already incorporated this correction in the
13 modified study filed with our direct testimony, as described on page 50, lines 12-13
14 of our direct testimony.

15
16 **ALLTEL's *Input Adjustment 2.*** At page 18 of Mr. Blessing's testimony he
17 corrected the investment level for loop fiber cable to compensate for a double count
18 in the study. We agree that this modification should be made to the final version of
19 the study. We now incorporate this correction in our restated UNE study (Exhibit 7).

20

1 **ALLTEL's Assumption Adjustment 1.** Mr. Blessing proposes to use the FCC
2 approved low end depreciation lives for plant accounts. We agree that this is a
3 reasonable assumption and incorporate it in our restated UNE study (Exhibit 7).

4
5 **ALLTEL's Assumption Adjustment 2.** Mr. Blessing derived account specific
6 *Return on Investment* values to better account for capital cost. Specifically, he points
7 out that under the original calculations in the ALLTEL's model net investment
8 formula ignored the time value of money. Mr. Blessing used cost of capital
9 calculations that mimic formulas in the FCC Synthesis model to implement this
10 adjustment. We do not object to this adjustment and apply it in our restated UNE
11 study (Exhibit 7). We expand Mr. Blessing's calculations to include non-plant
12 specific accounts. The only divergence from Mr. Blessing's calculations is that we
13 continue to recommend a different rate of return (which is an input to Mr. Blessing's
14 account specific *Return on Investment* values) – a composite interstate/state rate of
15 return of 10.78% rather than ALLTEL's proposed interstate rate of return 11.25%.

16
17 **ALLTEL's Assumption Adjustment 3.** The other adjustment made on pages 23-24
18 of Mr. Blessings testimony involved structure sharing between carriers and/or other
19 utilities. We agree that a modification for structure sharing should be made to the
20 final version of the study. We incorporate this correction in our restated UNE study
21 (Exhibit 7).

22

1 **ALLTEL's Assumption Adjustment 4.** Mr. Blessing removes from total DLC
2 investment costs of DLC cards associated with ADSL service. As described below in
3 this testimony, we do not agree with Mr. Blessing's modification and instead continue
4 to support the removal of all ADSL related investment as we calculated in the
5 modified study attached to our Direct testimony.

6
7 **ALLTEL's Assumption Adjustment 5.** Mr. Blessing revises Loop Equivalency
8 ratios that allocate total costs between UNE services such as 2-wire loop and DS1.
9 As explained below, we believe that this adjustment does not improve the accuracy of
10 the estimation and therefore, do not implement it in our restated study.

11
12 **Q. HAS ALLTEL MADE ANOTHER CHANGE TO ITS COST STUDY THAT IS**
13 **NOT DISCUSSED IN MR. BLESSING'S TESTIMONY?**

14 **A.** Yes. ALLTEL's restated study makes a minor formula correction to make
15 calculation of NID total investment consistent with other information on the relevant
16 sheet.² We implemented this correction in our restated UNE study Exhibit 7.

17
18 **B. ADSL LINE CARD SHOULD BE EXCLUDED FROM COST STUDY**

19 **Q. IS THERE ANOTHER ADJUSTMENT MADE BY ALLTEL THAT YOU**
20 **DISAGREE WITH?**

² Cell F14 Tab 'NID' *Exhibit DCB 1.8 – Revised UNE model.xls*.

1 A. Yes. Another adjustment we disagree with is provided in the testimony of David C.
2 Blessing.³ He states that the DLC line card investment should be reduced by
3 [***[REDACTED]%***] to compensate for the fact that ADSL/POTS combination cards
4 should not have been used in the study. As we described at page 49 of our direct
5 testimony, ALLTEL's response to Data Request 28b confirmed that the ADSL related
6 costs should not be included in the study. In the adjusted study we filed with our
7 direct testimony, we removed the ADSL card costs from the study. We believe this is
8 the correct methodology.

9

10 C. LOOP EQUIVALENCY RATIOS

11 Q. DID ALLTEL INTRODUCE ANY OTHER CHANGES TO THEIR
12 ORIGINAL COST STUDY THAT YOU DISAGREE WITH?

13 A. Yes. Another adjustment we disagree with was provided in the testimony of David C.
14 Blessing.⁴ He stated that his revisions to the study included new loop equivalency
15 ratios supported by data in Exhibit DCB 1.10. We disagree that this is an accurate
16 method to develop costs for different service levels, such as DS0 and DS1. There are
17 several flaws with this methodology and the way Mr. Blessing has implemented the
18 calculation of these ratios.

19

³ Direct Testimony of David C. Blessing, page 25, lines 6-24.

⁴ Direct Testimony of David C. Blessing, page 26, lines 2-4.

1 The first flaw is that the equipment ratios allocated to various services in Exhibit
2 DCB 1.10 are not developed for equipment that is specific to the design of different
3 types of circuits such as DS0 and DS1. Where possible, equipment costs for specific
4 services should be built from the bottom-up, including cost components specific to
5 that type of service, and should not be developed top-down through an allocation
6 process.

7
8 In addition to the inaccuracies caused by ALLTEL's top-down methodology, the
9 calculations in Exhibit DCB 1.10 use incorrect values to allocate the equipment
10 investments. For example, the equipment in line 1 of Exhibit DCB 1.10 is related to
11 MDF/protection. Exhibit DCB 1.10 allocates this equipment to various services on a
12 voice grade equivalent (VGE) basis, when in fact it is more accurate to allocate this
13 equipment on a per-pair basis. While a DS1 loop is capable of carrying 24 voice
14 grade loops, the actual DS1 facility uses only twice the quantity of pairs as a voice
15 grade loop. A DS1 loop does not require 24 times as many MDF/protection
16 connections as a voice grade loop, *but that is the flawed assumption used in Exhibit*
17 *DCB 1.10.* Correcting only for this one simple flaw in line 3 for DS1 local loops
18 causes the resultant "Equivalent Ratio" for DS1 local loops in line 29 to decrease
19 from [***[REDACTED]***] to [***[REDACTED]***], which is a 48.7% reduction. This adjusted
20 ratio is less than the estimated ratio of [***[REDACTED]***] in ALLTEL's original study, and
21 would result in a decrease in DS1 costs if implemented. Obviously this allocation
22 method is extremely sensitive to the allocation inputs chosen.

23

1 Since ALLTEL has not developed a bottom-up analysis, and the top down analysis is
2 flawed, our recommendation at this time is to retain the estimated allocations used in
3 ALLTEL's original study.

4

5 **III. DISCUSSION AND EVALUATION OF ADDITIONAL ISSUES**
6 **ADDRESSED IN ALLTEL'S DIRECT TESTIMONY**


7 **A. ALLTEL ASSUMES TOO MUCH FIBER IN ITS COST STUDY**

8 **Q. IN ITS DIRECT TESTIMONY, HAS ALLTEL PROVIDED INFORMATION**
9 **OR MADE CHANGES TO THE ORIGINAL COST STUDY THAT YOU**
10 **DISAGREE WITH?**

11 **A.** Yes. The testimony of Michael F. Skudin⁵ states that 60% of ALLTEL'S
12 customers are fed directly from the central office (i.e. by means of copper loops).
13 This statement appears to be contradicted by ALLTEL's responses to NuVox Data
14 Requests 31 & 32 which indicated that [***█%***] of DS1's use fiber facilities, and
15 thus [***█%***] use copper facilities. While the information provided by Mr.
16 Skudin is presumably intended to support ALLTEL's cost study assumption of the
17 copper/fiber mix, his testimony is at odds with the Data Request responses. Again,
18 the Data Request response supports our contention that the ALLTEL's study has
19 assumed too many expensive fiber & DLC based loops (as we pointed out in our
20 direct testimony.)

⁵ Direct testimony of Michael F. Skudin, page 8, lines 8

1 As we described in our direct testimony, we disagree with ALLTEL's network re-
2 design methods. ALLTEL's network optimization was based on the quantity of pairs
3 currently *available* in the entire existing network, and was not based on pairs
4 currently *in use*, as it should have been. The forward-looking re-design should not
5 have been based on replicating the existing inefficient network, but should have been
6 developed using an optimized network based on customer demand and efficient
7 forward-looking designs. In other words, ALLTEL's existing network is poorly
8 utilized, and their re-designed network replicates the same capacities, and therefore
9 the same poor utilizations.

10
11 The fact that the inherent existing fills were used by ALLTEL in their study is
12 partially obscured by the testimony of David C. Blessing when he stated that a
13 utilization factor of [***%***] was used in ALLTEL's model.⁷ The use of this
14 factor in ALLTEL's model merely indicates that ALLTEL made no adjustments to
15 the actual embedded fills inherent in ALLTEL's network.

16
17 **Q. HAS ALLTEL PROVIDED INFORMATION IN DIRECT TESTIMONY**
18 **THAT INDICATES THE EMBEDDED NETWORK FILLS ARE NOT**
19 **CONSISTENT WITH ALLTEL'S FORWARD-LOOKING NETWORK**
20 **PLANNING CRITERIA?**

⁷ Direct Testimony of David C. Blessing, page 12, lines 21-22.

1 A. Yes. The testimony of Michael F. Skudin indicates that cable in a new subdivision is
2 planned at one and a half pairs per lot.⁸ This equates to a distribution fill of 67%,
3 which is much higher than the embedded combined feeder + distribution copper fill
4 of [***[REDACTED]%***]⁹ which we computed in our direct testimony, and even
5 significantly higher than the 50% fill we used in the adjusted study attached to our
6 direct testimony. It is obvious that if ALLTEL were to develop a network based on
7 their planning criteria, the resulting utilizations would be higher than in the poorly
8 utilized existing network.

9
10 **Q. PLEASE PROVIDE ANOTHER EXAMPLE OF INFORMATION PROVIDED**
11 **BY ALLTEL THAT REINFORCES YOUR DIRECT TESTIMONY ON FILL**
12 **FACTORS.**

13 A. In our direct testimony¹⁰, we described how ALLTEL's methodology includes too
14 many fibers in its network re-design. These processes and assumptions were again
15 described in ALLTEL's testimony.¹¹ We also described in our direct testimony¹²
16 that ALLTEL's method overstates DLC costs. Our position that DLC costs are
17 overstated in ALLTEL's study is reinforced by the testimony of Cesar Caballero¹³
18 who indicated that the total number of DLCs required is based on total fiber cable
19 lengths. Because the quantity of DLCs is dependent on the quantity of fibers, and we

⁸ Direct Testimony of Michael F. Skudin page 4, lines 21-22.

⁹ NuVox direct testimony page 62.

¹⁰ NuVox direct testimony pages 44-45.

¹¹ Direct Testimony of Cesar Caballero, page 10, lines 7-11, Direct testimony of Michael F. Skudin, page 7, lines 19-24,

¹² NuVox direct testimony pages 45-48.

¹³ Direct Testimony of Cesar Caballero, page 13, lines 2-4,

1 have already described why too many fibers are included in ALLTEL's study, this
2 information provides additional support for our position that too much DLC
3 equipment (too many dollars, and too low of utilization levels) is included in
4 ALLTEL's study.

5
6 There is also a contradiction between the testimony of Michael F. Skudin and the
7 testimony of Cesar Caballero which indicates ALLTEL's DLC placement criteria
8 may have included too many DLC systems, or has included heavier gauge (more
9 expensive) cables than necessary. Mr. Caballero states that DLCs would be placed so
10 that no copper distribution segment was longer than 9000 feet.¹⁴ However Mr. Skudin
11 states that ALLTEL's Carrier Serving Area Design concept requires conformation to
12 a maximum of a 12,000 foot copper loop.¹⁵ ALLTEL's study uses 9,000 feet in its
13 algorithm to determine the quantity of DLC systems required. If ALLTEL had
14 assumed 12,000 feet instead, fewer DLC systems (and less investment) would be
15 included in the study. Mr. Skudin has also provided an ALLTEL Engineering System
16 Practice (the "Carrier Serving Area Design" or CSAD) as an Exhibit to his testimony.
17 Section 2.03 of that practice states that copper lengths should be limited to 12,000
18 feet for 22 or 24 gauge cable, and that the limit is 9,000 feet for 26 gauge cable.
19 Clearly there is a trade-off between the gauge of cable in the network and the quantity
20 of DLC systems required. If heavier gauge (more expensive) cable is used, the
21 distance between DLC systems can be increased, resulting in less DLC costs. If finer

¹⁴ Direct Testimony of Cesar Caballero, page 13, lines 1-2

¹⁵ Direct Testimony of Michael F. Skudin, page 4, lines 24-26,

1 gauge (less expensive) cable is used, the distance between DLC systems must be
2 reduced, resulting in more DLC costs. However, ALLTEL's method has ignored this
3 tradeoff and has instead included the maximum amount of costs for each situation.
4 ALLTEL has assumed the shorter distance for DLC placement criteria, resulting in
5 more DLC costs, and has assumed its existing mix of copper gauges from its
6 embedded network, resulting in costs much greater than if finer gauge cable had been
7 assumed. Because ALLTEL's study has ignored this tradeoff, the ALLTEL
8 methodology overstates costs. Depending on the final engineering decision made, one
9 of these cost reductions should be made to the study above and beyond the changes
10 we have already proposed.

11

12 **Q. ARE THERE OTHER INSTANCES IN ALLTEL'S TESTIMONY THAT**
13 **SUPPORT YOUR DIRECT TESTIMONY?**

14 A. Yes. In our direct testimony,¹⁶ we described how ALLTEL's methodology retains a
15 significant amount of the copper cable when it re-designs its network to use fiber
16 feeder cables. As described in the testimony of Cesar Caballero, ALLTEL's cost
17 study "simply assumed" that placement of the replaced cable was in the same location
18 where new cable otherwise would have been required.¹⁷ As we described at page 57
19 of our direct testimony, this is an inappropriate assumption.

20

¹⁶ NuVox direct testimony page 43.

¹⁷ Direct Testimony of Cesar Caballero, page 10, lines 23-24.

1 The testimony of Michael F. Skudin¹⁸ describes how these “retained” copper cables
2 could be used in an inefficient “back-feed” arrangement. Obviously, this is a cobbled
3 together design in order to find some residual use for facilities that would otherwise
4 be stranded. However, this is certainly not an optimal or efficient design that would
5 ever be used for newly constructed network and, as such, it is not TELRIC compliant.
6 As we stated in our direct testimony, the retention of the copper cables results in a
7 poorly utilized network with too much copper cable cost.

8 **IV. ALLTEL’S COMPARISONS TO THE RESULTS OF THE FCC**
9 **SYNTHESIS MODEL ARE APPLES-TO-ORANGES**

10 **Q. ON PAGES 26-29 OF HIS DIRECT TESTIMONY ALLTEL’S WITNESS MR.**
11 **BLESSING COMPARES UNE RATES GENERATED BY ALLTEL’S STUDY**
12 **IN THIS PROCEEDING WITH THE RESULTS OF THE FCC SYNTHESIS**
13 **MODEL (WHICH HE REFERS TO AS THE HCPM MODEL) FOR GTE**
14 **KENTUCKY. IS THIS COMPARISON RELEVANT?**

15 **A.** No, it is not. First, the FCC Synthesis Model is designed to measure costs of *retail*
16 services. Retail costs are generally higher than wholesale costs, as illustrated in
17 ALLTEL’s own avoided cost study.¹⁹ Second, Mr. Blessing is using the Synthesis
18 Model output files dated from the year 2000, which were run using even older data.
19 For example, the model expense factors were derived using 1996 ARMIS data, not to

¹⁸ Direct testimony of Michael F. Skudin, page 6, lines 21-25, and page 7, lines 2-3.

¹⁹ Tab “Avoided Cost” of ALLTEL’s revised cost study provided as exhibit to Mr. Blessing’s testimony
DCB Exhibit 1.8 – Revised UNE Model Analysis.xls.

1 mention that the historical expenses of GTE Kentucky are of little relevance to
2 current and forward-looking expenses of ALLTEL. Third, although a modified
3 version of the Synthesis Model has been adopted for UNE pricing in the *Virginia*
4 *Arbitration Case*,²⁰ it required numerous adjustments to suit such a purpose.
5 Specifically, the Order re-affirmed the FCC's previous statements that the nationwide
6 inputs contained in the "default" version of the model are not desirable for UNE
7 pricing.²¹

8
9 **Q. MR. BLESSING ALSO COMPARES TOTAL INVESTMENTS GENERATED**
10 **BY THE FCC MODEL FOR GTE KENTUCKY WITH INVESTMENTS**
11 **GENERATED BY ALLTEL'S COST STUDY FOR ITS LEXINGTON**
12 **EXCHANGES.²² ACCORDING TO MR. BLESSING'S CALCULATIONS,**
13 **ALLTEL'S MODEL GENERATES SMALLER PER LINE INVESTMENT**
14 **THAN THE FCC MODEL. DID MR. BLESSING, IN HIS COMPARISON,**
15 **MAKE AN ERROR THAT INVALIDATES HIS CONCLUSIONS?**

16 **A.** Yes. Mr. Blessing purports to compare investment data from the two models.
17 However, Mr. Blessing made an error when determining total investment generated
18 by ALLTEL's model. Instead of using total investment, he used only the materials
19 investment. As a result, Mr. Blessing ignored a significant portion of investments,
20 composed mostly of installation (EF&I), as well as sales tax, and switch and

²⁰ FCC *Memorandum Opinion and Order*. CC Dockets No. 00-218 and 00-251. Adopted August 28, 2003.

²¹ *Id.*, at par. 51 and 189.

²² Direct Testimony of David C. Blessing filed December 10, 2004, page 30 and its exhibit DCB 1.9.2. Lexington exchanges constitute exchanges formerly owned by GTE.

1 equipment power. Mr. Blessing then compared materials investment from
2 ALLTEL's model to total investment in the FCC Synthesis Model.²³ In other words,
3 Mr. Blessing compares "apples and oranges" or, more appropriately, "melons and
4 grapes" because total investments are necessarily higher than materials investments.

5
6 **Q. HAVE YOU CORRECTED MR. BLESSING'S CALCULATIONS?**

7 **A.** Yes, we have. The corrected calculation shows that the comparison is not favorable
8 to the cost model proposed by ALLTEL: For the formerly GTE exchanges
9 ALLTEL's model generates total investment per line of [*** \$██████████ ***]. In
10 contrast, the FCC Synthesis Model produces a number, \$98.16 per line, that is smaller
11 by approximately [*** ██████████ ***].

12
13 **V. CONCLUSION**

14 **Q. WHAT IS YOUR RECOMMENDATION?**

15 **A.** Except for the changes discussed herein, our recommendations remain as stated in our
16 direct testimony. To the extent that ALLTEL's direct testimony caused us to restate
17 the cost study and rates, the results of those restatements have been presented in the
18 introductory section of this testimony.

19

²³ Total investment in the FCC Synthesis Model used by Mr. Blessing (Tab "Investment Input" column CN of the model's output files) includes installation: see Appendices A1 and A2 of the FCC *Inputs Order (Tenth Report and Order, CC Dockets No. 96-45 and 97-160, adopted October 21, 1999)*.

- 1 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**
- 2 **A. Yes.**