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BY HAND DELIVERY

Ms. Blanca S. Bayó
 Director, Records & Reporting
 Florida Public Service Commission
 2540 Shumard Oak Boulevard
 Tallahassee, FL 32399-0850

Re: Docket No. 950985-TP

Dear Ms. Bayó:

Enclosed for filing on behalf of MCI Metro Access
 Transmission Services, Inc. (MCImetro) in the Time Warner portion
 of the above referenced docket are the original and 15 copies of
 Dr. Nina Cornell's rebuttal testimony.

By copy of this letter this document has been provided to
 the parties on the attached service list.

Very truly yours,

Richard D. Melson

- AKK ✓
- MLL
- APC
- OTR
- EPG
- LEG
- LIN
- CEO
- RCM
- SEC
- WAG
- CTH

RDM/cc

Enclosures

cc: Parties of Record

Handwritten initials and stamps:
 J
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 12/18/95
 12717

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FPSC-RECORDS/REPORTING

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

REBUTTAL TESTIMONY OF

DR. NINA W. CORNELL

ON BEHALF OF

MCI METRO ACCESS TRANSMISSION SERVICES, INC.

DOCKET NO. 950985-TP

(TIMES WARNER SUBDOCKET)

DECEMBER 18, 1995

DOCUMENT NUMBER-DATE
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FPSC-RECORDS/REPORTING

1 Q. WHAT IS YOUR NAME AND ADDRESS?

2

3 A. My name is Nina W. Cornell. My address is 1290 Wood River Road, Meeteetse,
4 Wyoming 82433.

5

6 Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?

7

8 A. Yes.

9

10 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

11

12 A. My rebuttal testimony responds to the testimony of Dr. Banerjee and Mr. Scheye on behalf
13 of BellSouth. I have previously rebutted testimony filed by Dr. Banerjee and Mr. Scheye,
14 and I propose to incorporate by reference the rebuttal that I filed on December 12, 1995.

15

16 Q. DR. BANERJEE CLAIMS THAT MS. MCGRATH IS WRONG TO CLAIM THAT
17 INCLUDING "CONTRIBUTION" IN THE INTERCONNECTION RATE COULD
18 FORCE ENTRANTS TO SUBSIDIZE INEFFICIENCIES OF THE INCUMBENT. DO
19 YOU AGREE WITH DR. BANERJEE?

20

21 A. No. He claims that if the "contribution" reflects only what he calls the opportunity cost of
22 providing interconnection, which he defines as the lost retail "contribution," and if local
23 exchange rates are set in a competitive market, there can be no subsidization of any
24 inefficiencies. He is wrong for at least two reasons. First, retail local exchange rates have
25 not been set in a competitive market. Second, because interconnection is an essential input,

1 any "contribution" contained in it cannot be competed away and will form part of the price
2 floor in a competitive market. As a result, there is no guarantee that including
3 "contribution" in the interconnection rate would not result in entrants subsidizing
4 inefficiencies of BellSouth. The only way to ensure that entrants do not subsidize any
5 inefficiencies of BellSouth is to set interconnection charges just at direct economic cost.
6 The most efficient way to do this is to order interconnection to be provided using Mutual
7 Traffic Exchange.

8

9 Q. DR. BANERJEE ARGUES THAT IF IMPUTATION IS ORDERED FOR BELLSOUTH,
10 IT SHOULD ALSO BE ORDERED FOR ENTRANTS. IS THIS A GOOD USE OF
11 REGULATORY RESOURCES?

12

13 A. No. Entrants with no captive monopoly customers should not be subjected to imputation
14 tests. They will either have to pass an imputation test or their stock holders are going to
15 demand that they exit the business. In either case, consumers are not harmed and therefore
16 there is no need for the Commission to use its scarce resources in this manner.

17

18 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

19

20 A. Yes.

21

22

23

24

25