BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 950985-TP

DIRECT TESTIMONY OF

JOAN McGRATH

ON BEHALF OF TIME WARNER AxS OF FLORIDA, L.P.

AND DIGITAL MEDIA PARTNERS

Q: FOR THE RECORD, PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A: My name is Joan McGrath, and my business address is Time Warner Communications, 160 Inverness Drive West, Englewood, Colorado, 80112.

Q: ON WHOSE BEHALF ARE YOU TESTIFYING TODAY?

A: I am testifying on behalf of Time Warner AxS of Florida, L.P. ("Time Warner AxS") and Digital Media Partners ("DMP") (collectively "Time Warner").

Q: ARE YOU EMPLOYED BY THOSE COMPANIES?

A: No. My title is Manager for Interconnect Management for Time Warner Communications ("TWC"), which owns Time Warner AxS and is an affiliate of DMP.

Q: WHAT ARE YOUR DUTIES AT TWC?

A: My primary responsibilities are to lead interconnection negotiation teams, to provide support information and research for and to act as a liaison between Time Warner teams and subteams in interconnection negotiations between TWC affiliates and incumbent local exchange companies.

Q: PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND TELECOMMUNICATIONS EXPERIENCE.

A: I received a Bachelor of Science degree in Business Administration with emphasis in Marketing from the University of Denver, Denver, Colorado. Additionally, I have taken technical training courses through AT&T on Electronic Switching System Architecture and ISDN Overview. When my work schedule permits, I also attend Master level telecommunications classes at the University of Denver.

My telecommunications experience includes employment at U S West, an RBOC, Telecommunications, Inc. (TCI), a major cable company, and Teleport Communications Group (TCG), an alternative local exchange company (ALEC).

At U S West, my responsibilities included performing statistical and results analyses for the small business and home personal service. At TCI, my responsibilities included managing market research projects for new alternative access vendor (AAV) markets. At TCG my responsibilities included managing the interexchange company (IXC) interconnection negotiations and the RBOC collocations. My resume is attached as Exhibit JM-1.

Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A: Pursuant to Section 364.162, Florida Statutes, Time Warner AxS and DMP have petitioned the Florida Public Service Commission (FPSC or Commission) to establish nondiscriminatory rates, terms, and conditions for local interconnection with Sprint United Telephone Company of Florida (Sprint United). My testimony is filed in support of those petitions.

To allow Time Warner to efficiently use its network to offer innovative consumer products, the Commission should require the following:

- a rate structure for mutual interconnection that enables Time Warner to develop an efficient network, which would include bill and keep for local interconnection, and imputation of appropriate interconnection costs; tariffing of interconnection rates; recognition of the impact of collocation costs; and options for Time Warner's interconnection points with Sprint United (discussed by Time Warner witness Don Wood.)
- efficient and cooperative network coordination between Sprint United and Time Warner, which would include mutual network management and design (discussed by Time Warner witness Dan Engleman).
- equal priority notification on outages; cooperative 911 network arrangements and database access; access of Time Warner to adequate numbering resources; compensation for terminating access charges to ported numbers.
- access to and use of existing operator and directory functions, which would include access to operator services; input of directory assistance and directory listings provided at no charge; options for the

provision of directory assistance; free white page/yellow page listings for Time Warner customers; an information page in the directory for Time Warner; directories provided and distributed free of charge to Time Warner customers.

Q: ARE TIME WARNER AxS AND DMP CURRENTLY CERTIFICATED TO PROVIDE LOCAL EXCHANGE SERVICE IN FLORIDA?

A: Yes, Time Warner and DMP hold certificate nos. 3167 and 3135, respectively. On August 1, 1995, each notified the Commission of its intent to provide alternative local exchange service, and each is authorized to provide local exchange service effective January 1, 1995.

Q: WHAT IS THE STATUS OF TIME WARNER'S NEGOTIATIONS ON LOCAL INTERCONNECTION WITH SPRINT UNITED?

A: Time Warner began interconnection negotiations with Sprint United on July 12, 1995. On the date that this testimony is filed, Time Warner and Sprint United have been unable to reach a mutually acceptable interconnection agreement. As of December 11, 1995, no comprehensive agreement has been reached. Until such an agreement is reached,

Time Warner necessarily must consider all interconnection issues to be unresolved.

Q: WHY HAS TIME WARNER PETITIONED THE COMMISSION FOR ITS ASSISTANCE?

A: Time Warner and Sprint United have not been able to reach a comprehensive agreement. Time Warner has petitioned the Commission to ensure that it will have a timely interconnection arrangement. Time Warner needs to prioritize its capital commitments and is in the position of determining whether business conditions in Sprint United's territory invite competition. A significant part of this determination is the rates, terms and conditions of interconnection with the incumbent LECs, including Sprint United. Time Warner must have an interconnection agreement with Sprint United soon if it is to proceed with its plan to provide service to residential and business consumers within Sprint United's territory.

Q: WHAT ARE THE IMPLICATIONS FOR THE ASSIGNMENT OF NXX CODES?

A: The North American Numbering Plan (NANP) Guidelines used by Sprint United today do not allow Time

Warner to acquire more than one NXX code prior to the exhaustion of the code assigned to Time Warner's first switch. This is true, even if more NXX codes were needed to provide the detailed billing information necessary to distinguish local and toll calls. BellSouth today is the NANP administrator for its region. The consensus in the industry is the NANP administration function should be relegated from the incumbent LECs to a neutral administrator. There will be a significant time lag before this occurs. This Commission should be cognizant of the ability of the LECs to disadvantage competition by using the NANP Guidelines as an excuse to thwart the entry of Time Warner. Time Warner needs multiple NXX codes for purposes of intercompany compensation.

In those environments where new entrants are required to abide by the existing incumbent LEC exchange boundaries (which dictate whether a call is currently considered local or toll) for purposes of intercompany compensation, there are important implications regarding the number of NXX codes required by, and allocated to, every facilities-based ALEC. To better understand the implications

of this issue, I have attached, as Exhibit JM-2, a series of schematics showing how it would be impossible to properly characterize a call as local or toll unless Time Warner is permitted to acquire more than one NXX code. To the extent this Commission requires a usage-based intercompany compensation plan which maintains the current distinction between local versus toll, this Commission should also not tolerate Sprint United delaying or denying the assignment of NXX codes, which Time Warner would legitimately require for proper tracking of usage for intercompany compensation.

Q: WHAT ARE THE APPROPRIATE TECHNICAL AND FINANCIAL ARRANGEMENTS WHICH SHOULD GOVERN INTERCONNECTION BETWEEN TIME WARNER AND SPRINT UNITED FOR THE DELIVERY OF CALLS ORIGINATED AND/OR TERMINATED FROM CARRIERS NOT DIRECTLY CONNECTED TO TIME WARNER'S NETWORK?

A: For intraLATA calls (both local and toll), Time Warner should be allowed to transmit traffic through the Sprint United tandems to other telecommunications provider end offices also subtending the Sprint United tandems (for example,

a cellular company, another ALEC, or IXC). On local calls, bill and keep should apply.

On intraLATA toll calls, if a LATAwide termination structure is not used, the intraLATA Modified Access Based Compensation Plan (MABC) used between LECs in Florida today should apply. Under the MABC plan, the originating LEC bills its end user for the toll call, and pays the terminating LEC switched access charges. Where another LEC serves as an intermediary, the intermediary LEC is paid tandem switching and transport as well.

On interLATA toll calls, IXC traffic exchanged between the Sprint United tandem and Time Warner should be handled using industry Meet Point Billing procedures. This acknowledges the participation of each local service provider in the provision of access.

Time Warner recognizes the requirement for incoming calls to Time Warner customers who keep their Sprint United local telephone numbers would go through the Sprint United tandem and/or the end office containing the old telephone number. When a

toll call comes to that ported number from an IXC or another LEC, it goes to the Sprint United end office, is translated to the Time Warner office number, and continues to that Time Warner customer. Normally on terminating toll calls, the local service provider would receive access charge revenues from the toll provider. With a ported number, however, the call loses its identity as a toll call when it gets to Sprint United's central office, even though it continues on to Time Warner's office. If compensation for this is not provided, Sprint United would pay Time Warner according to whatever local interconnect arrangement is in effect, and Time Warner would lose its switched access charge revenues. Not only does it produce revenue losses for Time Warner, it also provides an undeserved windfall to Sprint United.

The solution to restoring these revenues is for Sprint United to measure this traffic, or develop a surrogate for estimating it, and to remit the correct switched access charges to Time Warner. If this cannot be accomplished, an alternative is to reduce the price for some other element of

interconnection to offset Sprint United's revenue windfall.

Further, Sprint United should allow two collocated ALECs to direct connect within the Sprint United tandem, without going through the tandem switch (a "hotel" connection), charging only for rates applied for collocation, and not for switched access. It is not efficient to exhaust Sprint United's tandem switch prematurely, nor to impose a switching cost on other providers when no switching is needed. This would encourage both efficient network utilization and encourage competition.

Q: WHAT ARE THE APPROPRIATE TECHNICAL AND FINANCIAL REQUIREMENTS FOR THE EXCHANGE OF INTRALATA 800 TRAFFIC WHICH ORIGINATES FROM A TIME WARNER CUSTOMER AND TERMINATES TO AN 800 NUMBER SERVED BY OR THROUGH SPRINT UNITED?

A: Competition will only develop if the exchange procedure recognizes the role of both companies in completing the call. The company originating the 800 call should send the originating call record to the 800 number owner in order for it to bill the end user. 800 calls originating from Time Warner

should be routed to its signal control point (SCP) where a query is launched to the service switching point (SSP). A bill record should be generated by the SSP provider which will be sent to the 800 number owner, so it can bill the 800 end user customer. Time Warner should bill Sprint United originating switched access charges and an 800 query charge. Depending on the contractual arrangement, companies may also charge for record provisioning.

Q: WHAT ARE THE APPROPRIATE TECHNICAL ARRANGEMENTS FOR THE INTERCONNECTION OF TIME WARNER'S NETWORK TO SPRINT UNITED'S 911 PROVISIONING NETWORK SUCH THAT TIME WARNER'S CUSTOMERS ARE ENSURED THE SAME LEVEL OF 911 SERVICE AS THEY WOULD RECEIVE AS A CUSTOMER OF SPRINT UNITED?

A: Public safety concerns dictate that Time Warner's customers must have the same level of access to reliable 911 service as Sprint United's customers. A high level of 911 service can only be achieved through a cooperative effort of the local 911 coordinator, the incumbent 911 tandem provider (Sprint United), and Time Warner. Thus, Sprint United must configure its 911 tandem to recognize

industry standard 911 signaling for the traffic originating from Time Warner's switches. Sprint United should designate a single point of contact for coordination of installing, testing, and ongoing 911 and E911 operations. All parties should work together toward deploying redundant, reliable, standard facilities. To maintain standardization, Time Warner should be able to utilize the same type of facilities in place from other end offices. Resolving alternate routing and overflow situations should also be a cooperative effort between Time Warner and Sprint United.

Also, Sprint United should be required to provide Time Warner with reference data to assist in the configuration of interconnected dedicated 911 trunks and to ensure that 911 calls are correctly routed. This should be available to all ALECs, LECs, and Sprint United, on a nondiscriminatory tariff basis. Sprint United should also provide Time Warner a list consisting of each county in Florida that subscribes to 911 and E911, and the E911 conversion date for those counties converting. Further, Sprint United should offer the same level of priority restoration to Time Warner's 911

trunks as it does its own; Sprint United should provide information on scheduled outages that would affect 911 service at least 48 hours in advance; and Sprint United should notify Time Warner immediately if an unscheduled outage occurs.

Q: WHAT PROCEDURES SHOULD BE IN PLACE FOR THE TIMELY EXCHANGE AND UPDATING OF TIME WARNER CUSTOMER INFORMATION FOR INCLUSION IN APPROPRIATE E911 DATABASES?

A: To satisfy critical public safety concerns, Sprint United and Time Warner should operate according to the same standards. Sprint United should be required to cooperate with Time Warner to ensure that the Time Warner's customer data is in the proper format for inclusion in the 911 Automatic Location Identification (ALI) database. Customer data, specifically the street addresses, are edited against a database referred to as the master street address guide (MSAG) to ensure the uniform listing of street addresses. The MSAG provides emergency personnel a consistent reference for every address which may call for emergency service. Thus, Sprint United must make the MSAG available to Time Warner for inclusion of Time Warner's customer records in

the ALI database(s). Sprint United should also be required to permit Time Warner access to the same mechanized systems Sprint United uses to edit customer data against the MSAG. This should be available as soon as possible.

Q: HOW SHOULD REPAIR SERVICE ARRANGEMENTS BE DEVELOPED?

A: In the new multi-provider environment, each participating company must notify other telephone companies of outages and troubles. Otherwise, it would be impossible to isolate and clear a problem in one part of a multi-provider network. To this end, Sprint United should develop mechanized systems for network monitoring to which other providers have access. Further, notification and repair procedures in the event of outages must be coordinated between Sprint United and Time Warner. To ensure competition, Time Warner's high quality service must not suffer because of a lack of adequate repair procedures.

Q: WHAT ARE THE APPROPRIATE TECHNICAL REQUIREMENTS FOR OPERATOR TRAFFIC FLOWING BETWEEN TIME WARNER AND

SPRINT UNITED INCLUDING BUSY LINE VERIFICATION AND EMERGENCY INTERRUPT SERVICES?

A: There are three scenarios for Time Warner to provide operator services. Time Warner could self-provide, hire a third party vendor, or hire Sprint United. In either the first or second scenario, Time Warner's only connection to Sprint United would be an inward trunk from Time Warner's local switch to the Sprint United operator services switch. This connection would enable a Time Warner operator to contact a Sprint United operator when a local Time Warner customer requires busy line verify/interrupt of a Sprint United line. Conversely, if a Sprint United subscriber has a need to verify/interrupt a Time Warner line, an inward trunk arrangement needs to be made available to Time Warner's operator service provider. Time Warner's operator service provider should be able to verify/interrupt Time Warner lines without connecting to Sprint United. If Time Warner selects Sprint United as the provider, operator services trunking will be required between Time Warner's local switch and the Sprint United operator switch to perform all operator service functions. Operator services are one aspect of a

full array of local telephone services which new entrants such as Time Warner must be able to offer if they are to compete with LECs such as Sprint United.

Q: WHAT ARE THE APPROPRIATE ARRANGEMENTS FOR THE PROVISION OF DIRECTORY ASSISTANCE SERVICES AND DATA BETWEEN TIME WARNER AND SPRINT UNITED?

A: A comprehensive directory assistance database benefits everyone--Sprint United, Time Warner, and end user consumers. For the customers' benefit, Sprint United should be required to carry Time Warner's listings (including updates) in its DA database at no charge to Time Warner. Including Time Warner customer listings in Sprint United's database enhances the value of the database for Sprint United.

Directory Assistance can be provided by entities other than Sprint United. Thus, Sprint United should be required to offer at least three options for the provision of directory assistance service. First, Sprint United should provide a resale option, where Time Warner would simply utilize Sprint United's directory assistance service for

Time Warner's customers. Second, Sprint United should provide a database access option. Under this arrangement, Time Warner would use its own operators, who would be able to "access" the Sprint United database to obtain listing information. Third, Sprint United should provide a database purchase option at an appropriate cost-based price. These options will allow Time Warner to choose the most efficient arrangement for the provision of directory assistance service.

Q: UNDER WHAT TERMS AND CONDITIONS SHOULD SPRINT UNITED BE REQUIRED TO LIST TIME WARNER'S CUSTOMERS IN ITS UNIVERSAL WHITE AND YELLOW PAGES DIRECTORIES AND TO PUBLISH AND DISTRIBUTE THESE DIRECTORIES TO TIME WARNER'S CUSTOMERS?

A: A unified white pages directory is of great value to consumers, businesses, and local service providers. Time Warner is willing to provide its customer listings to Sprint United. In exchange for providing this valuable asset, Sprint United should provide a single line white page listing for Time Warner's customers at no charge to either Time Warner or the end user. Sprint United will benefit from the additional Time Warner listing by having a

comprehensive directory to sell to directory providers.

For business customers, Sprint United should also provide a single line yellow page listing at no charge as well. Just as Time Warner will do, Sprint United should be required to ensure accuracy and timeliness in these listings. Additional revenues will be realized when Sprint United sells its listings to its yellow pages affiliate. Also, Sprint United will have the opportunity for additional revenues by selling yellow page ads to Time Warner's customers.

Sprint United should also provide a user guide/informational insert to Time Warner to be published in both the white pages information section and the yellow pages sections, at no charge to Time Warner. The purpose of the informational section of the phone book is to assist customers with their telephone services, in a readily accessible manner. For this information to be complete and for the telephone book to not provide Sprint United an undeserved market advantage,

information on Time Warner (and other ALECs) should be included.

Sprint United should be required to provide and deliver directories to all customers (of both Sprint United and Time Warner) in the same manner and recycle the directories at no charge to Time Warner. Any costs Sprint United incurs for these functions will be recovered through directory advertising Sprint United gains from Time Warner's business customers.

Q: WHAT ARE THE APPROPRIATE ARRANGEMENTS FOR THE PROVISION OF BILLING AND COLLECTION SERVICES BETWEEN TIME WARNER AND SPRINT UNITED, INCLUDING BILLING AND CLEARING CREDIT CARD, COLLECT, THIRD PARTY CALLS AND AUDIOTEXT CALLS?

A: There are numerous intercompany arrangements necessary for the proper billing of services in a multiple provider environment, most of which are already in existence between Sprint United and other telecommunications providers today. All of the arrangements benefit not only Sprint United's customers, but also Time Warner (and other providers') customers. For example, Time Warner

must be able to validate credit card or third party calls where the customer is a Sprint United customer. This is accomplished through a line identification database (LIDB), to which Time Warner must have access under reasonable terms and conditions. For efficiency's sake, Sprint United should treat Time Warner the way it treats other LECs today in the clearing of such fund transfers, through standard industry procedures and systems.

Q: WHAT ARRANGEMENTS ARE NECESSARY TO ENSURE THE PROVISION OF CLASS/LASS SERVICES BETWEEN TIME WARNER'S AND SPRINT UNITED'S NETWORKS?

A: To ensure fully functional networks between Time Warner and Sprint United, Time Warner's point codes (end office addresses) need to be translated in all Sprint United end offices that support CLASS/LASS features. Likewise, the point code of Sprint United end offices need to be translated in Time Warner's switch. In addition, both STP pairs (Time Warner's and Sprint United's) must be translated to allow an exchange of messages between end offices. Finally, Sprint United should offer unbundled elements of its SCP for use by Time Warner.

Q: **PLEASE SUMMARIZE YOUR TESTIMONY.**

A: Time Warner has petitioned the Commission because negotiations have not been fruitful. Time Warner must have certain resolution of all interconnection issues in order to enter the market. Further, Time Warner requires that a complaint process be available to resolve prospective issues that may develop as details are worked out and networks are actually connected.

For Time Warner to have a reasonable chance to compete so that consumers receive the benefits of local competition, Time Warner requests an interconnection arrangement that permits and encourages the following (in addition to the issues addressed by Time Warner witnesses Engleman and Wood):

- access for Time Warner to adequate numbering resources
- compensation to Time Warner for terminating access charges to ported numbers
- options for access by Time Warner to Sprint United's operator services

- input of directory assistance and directory listings by Sprint United provided at no charge to Time Warner
- options by Time Warner for the provision of directory assistance from Sprint United
- free white page/yellow page listings in Sprint United directories for Time Warner customers
- an information page for Time Warner in the Sprint United directory
- directories provided and distributed free of charge to Time Warner customers by Sprint United
- directory affiliates of Sprint United marketing their yellow pages to Time Warner's customers;
- equal priority notification on outages by Sprint United and Time Warner
- cooperative 911 network arrangements and database access between Sprint United, Time Warner, and the 911 coordinator, with equal prioritization and notice in the case of outages.

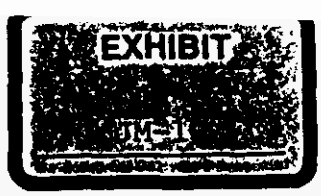
In short, the Commission should develop a structure that encourages competition by permitting Time

Warner to exercise reasonable control over its cost of doing business.

Q: DOES THIS COMPLETE YOUR TESTIMONY?

A: Yes, it does.

JOAN C. MCGRATH



SUMMARY

A Professional with 8 years experience and increasing responsibility in creating, managing and facilitating market assessments and business development for telecommunications projects. This hands-on approach to implementing effective research and feasibility studies includes mastery of:

Analysis and Planning
Meeting demanding time and performance requirements
Developing innovative, cost saving procedures
Communicating effectively at all levels
Building effective teams

SUCCESSES

Managerial
- Created and directed team of routing engineers and analysts who developed business plans and networks for 23 cities.
- Redesigned the interconnection process, reducing the collocation interval from 12 months to 90 days or less.
- Developed corporate market assessment process.

Financial
- Decreased costs of carrier interconnection through negotiations by $100,000.
- Developed qualitative analysis for operational and capital budgets.

Innovative
- Developed non-linear approaches to market analysis which reduced time to implementation.
- Created analysis of revenue, expense and sales raising understanding of resource relationships which increased annual revenues.
- Increased productivity of InterExchange Carrier Interconnection through effective process development.

BUSINESS EXPERIENCE

1993 to Present

TCG, Denver, Colorado
Network Planning & Interconnection
Manager
Create and manage the TCG InterExchange Carrier Interconnection process nationally. Liaison among long distance carriers and TCG cities. Evaluate and forecast capacity requirements. Negotiate nationwide carrier contracts.

Network Development
Manager
Developed market assessments and network designs for new cities. Created business plans with capital of $9-22 Million which met board approval. Liaison among corporate clientele, including cable companies and long distance carriers. Managed technical and non-technical individuals.

BUSINESS EXPERIENCE

1990 to 1993

TCG, Denver, Colorado
Business Development
Senior Analyst
Managed planning and execution of TCG market research projects for new access cities and acquisitions. Assessed feasibility of recommendations for existing cities. Critical assessment of VCTV project, research for healthcare and education over broadband networks.

Business Development
Corporate System Administrator
Developed fair market pricing strategies and created operational budgets in excess of $1 Million. Audited and clarified global carrier accounts. Provided implementation support and training for new city field offices.

Marketing
Corporate Customer Service Specialist
Developed customer service program and pricing data base. Analysed product and pricing of switched and common carrier telecommunications services. Facilitated customer surveys, promotional campaigns, materials and events for business to business services.

1987 to 1990

US WEST Communications, Denver, Colorado
Small Business and Home Personal Services
Market Analyst
Performed statistical and results analysis for telemarketing center of revenue, expense, sales, product projections and forecasting.

Small Business and Home Personal Services
Telecommunications Specialist
Sold business lines and trunks, foreign exchange lines, WATS, 800, Centron, remote call forwarding, custom calling services, voice mail and information services. Evaluated case study of Hispanic market, test marketing for voice mail and custom ringing services.

EDUCATION

University of Denver, Denver, Colorado
Bachelor of Science in Business Administration, 1977

1994 to Present

Masters of Science in Telecommunications

TECHNICAL TRAINING

#5 Electronic Switching System Architecture
#5 Electronic Switching System ISDN Overview

Exhibit JM-2
to the Testimony of
Joan McGrath
On behalf of Time Warner Communications of Florida

Narrative to Exhibit JM-2

Base Schematic "A"

The TWC franchise area (also assumes this area will be the footprint for switched services) is bounded by the solid heavy line. The theoretical NXX code of 473 has been assigned to the TWC switch in this example.

Exisitng LEC A (usually an RBOC) exchange area is bounded by the dotted lines, and in this example assumes two exchanges are owned by LEC A, with any traffic between the two exchanges considered as toll traffic.

Please note that LEC A owns the tandem which serves its own end offices and those of LEC B, and which would also serve TWC's switch.

Exisitng LEC B (usually a smaller independent LEC, or ILEC) exchange area is bounded by the dotted/dashed line, and this diagram assumes one exchange is owned by LEC B, with any traffic between it and the 576 switches of LEC A exchanges considered as EAS traffic and with any traffic between it and the 331 switch of LEC A considered as toll traffic.

Base Schematic "B"

This diagram depicts the overlap areas of TWC's footprint on the existing exchange boundaries of LEC A and LEC B.

Diagram 1

TWC customer B places a call to LEC A customer D. Both customers lie within the existing exchange boundary of LEC A. The call can be identified as a local call and local traffic intercompany compensation applies.

Diagram 2

Customer A places a call to Customer B.

- Before ALEC entry, LEC customer A would pay a toll charge to call LEC customer B.
- After ALEC entry, TWC customer A places a call to TWC customer B, both of whom lie within TWC's franchise and are switched entirely within TWC's system. TWC may, or may not choose to charge toll to customer A. No intercompany compensation involved.

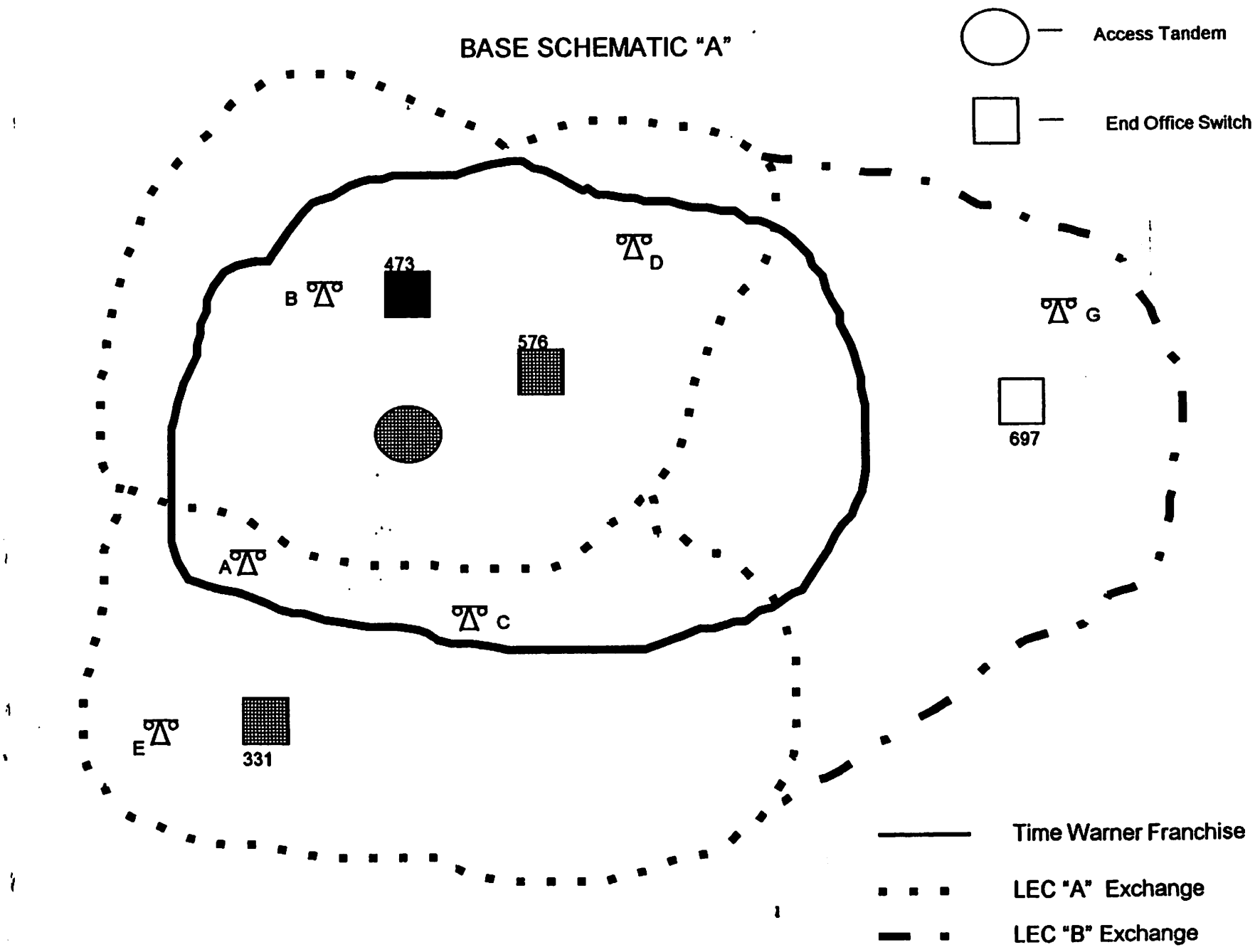
Narrative to Exhibit JM-2 (continued)

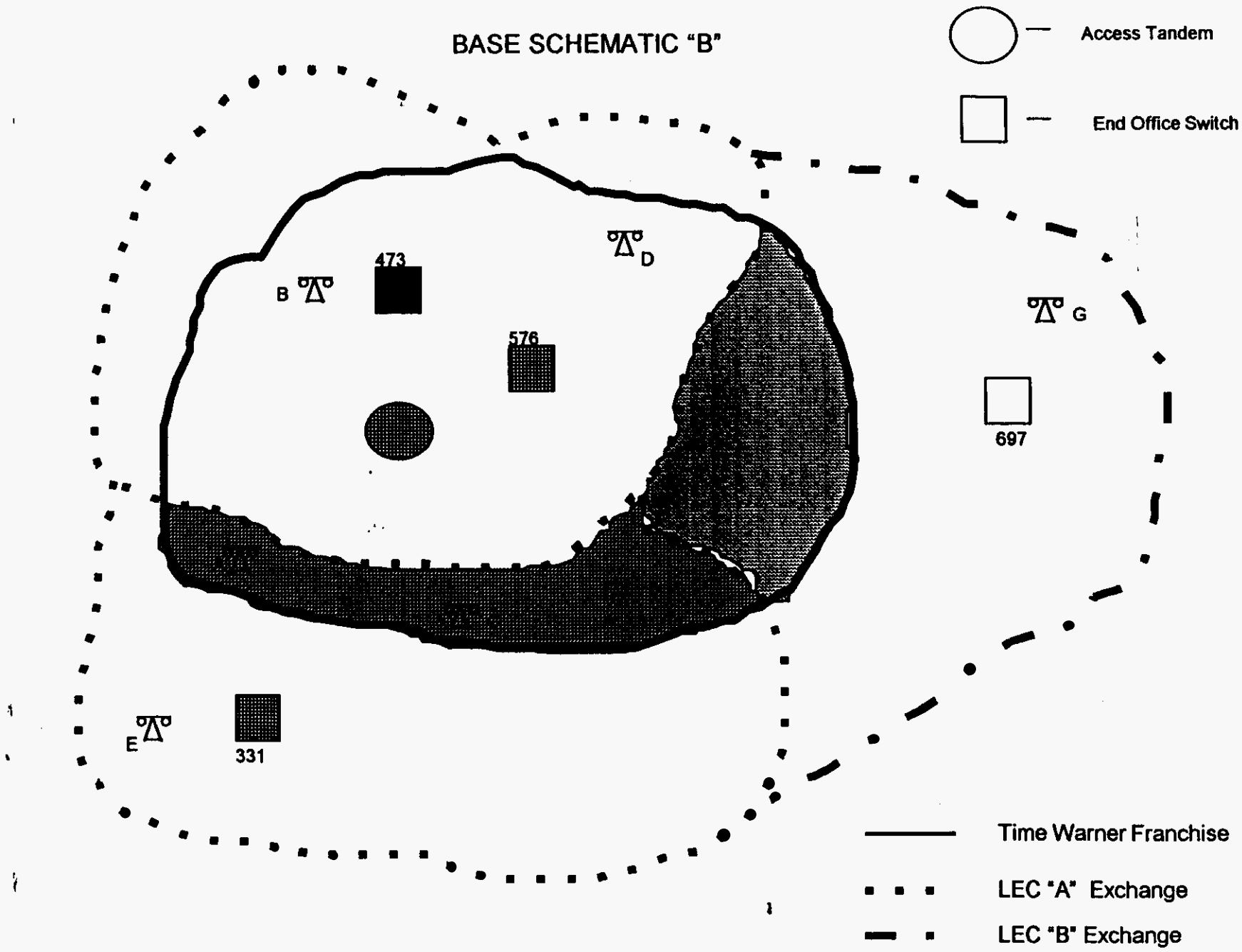
Diagram 3
TWC Customer B places a call to LEC Customer C. Assumes TWC has only one NXX code = 473.

- Before ALEC entry, LEC customer B (NXX=576) would pay a toll charge to call customer C (NXX=331).
- After ALEC entry, TWC customer B (NXX=473) places a call to LEC customer C, and the call is handled by both TWC & LEC A.
- LEC A would charge full intrastate access rates to TWC to complete the call if TWC is acting as a toll carrier for Customer B. If TWC is not acting as a toll carrier, then both TWC and LEC A would charge full intrastate access rates to the toll Carrier.
- Under reciprocity, TWC would charge full intratstae access rates to LEC A for a call from customer C to customer A if LEC A is acting as a toll carrier for Customer C. If LEC A is not acting as a toll carrier, then both TWC and LEC A would charge full intrastate access rates to the toll Carrier.

Diagram 4
TWC Customer A places a call to LEC Customer C. Assumes TWC has two NXX codes: 473 & 235.

- Before ALEC entry, LEC customer A (NXX=331) would pay a local charge to call customer C (NXX=331).
- After ALEC entry, TWC customer A places a call to LEC customer C, both of whom lie within TWC's franchise, and the call is handled by both TWC & LEC A. Under the default paradigm of the LECs, LEC A would want to charge full intrastate access rates to TWC because it could not determine if the call was originating at TWC customer B (which would have been a toll call), or at TWC customer A (which would have been a local call).
- Assigning an NXX code of 235 to TWC customers lying within the shaded area allows the incumbent LEC's recording and billing systems to know that this is a local call, and that local traffic intercompany compensation applies.
- Under reciprocity, TWC would charge local traffic intercompany compensation rates to LEC A for a call from customer C to customer A.


BASE SCHEMATIC "A"
Access Tandem
End Office Switch
473
576
697
331
A
B
C
D
E
G
Time Warner Franchise
LEC "A" Exchange
LEC "B" Exchange


BASE SCHEMATIC "B"
Access Tandem
End Office Switch
473
576
331
697
B
D
E
G
Time Warner Franchise
LEC "A" Exchange
LEC "B" Exchange

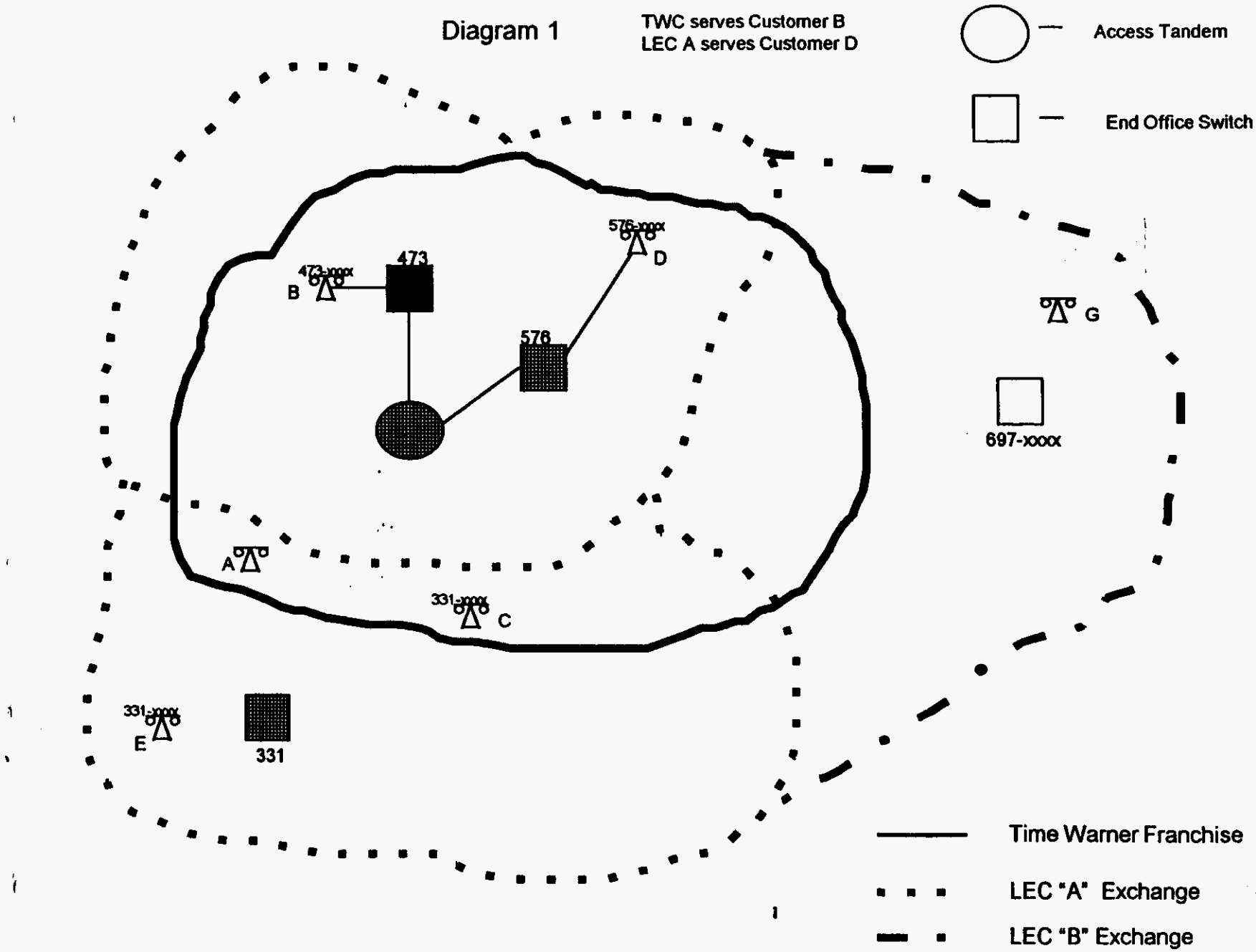


Diagram 1
TWC serves Customer B
LEC A serves Customer D
Access Tandem
End Office Switch
473
473-xxxx
B
576-xxxx
D
576
G
697-xxxx
A
331-xxxx
C
331-xxxx
E
331
Time Warner Franchise
LEC "A" Exchange
LEC "B" Exchange

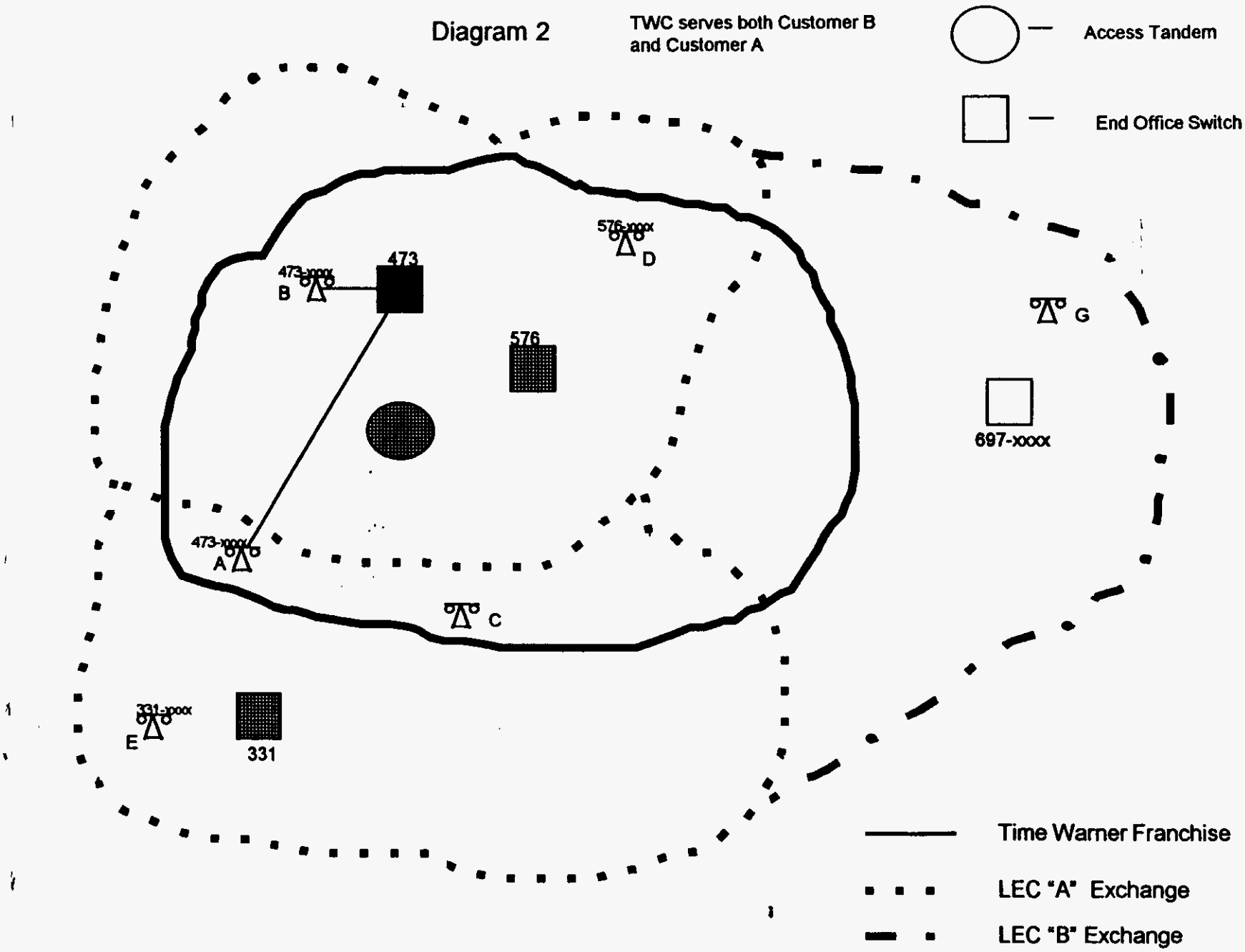


Diagram 2
TWC serves both Customer B and Customer A
Access Tandem
End Office Switch
473
473-xxxx
B
576-xxxx
D
576
G
697-xxxx
473-xxxx
A
C
331-xxxx
E
331
Time Warner Franchise
LEC "A" Exchange
LEC "B" Exchange

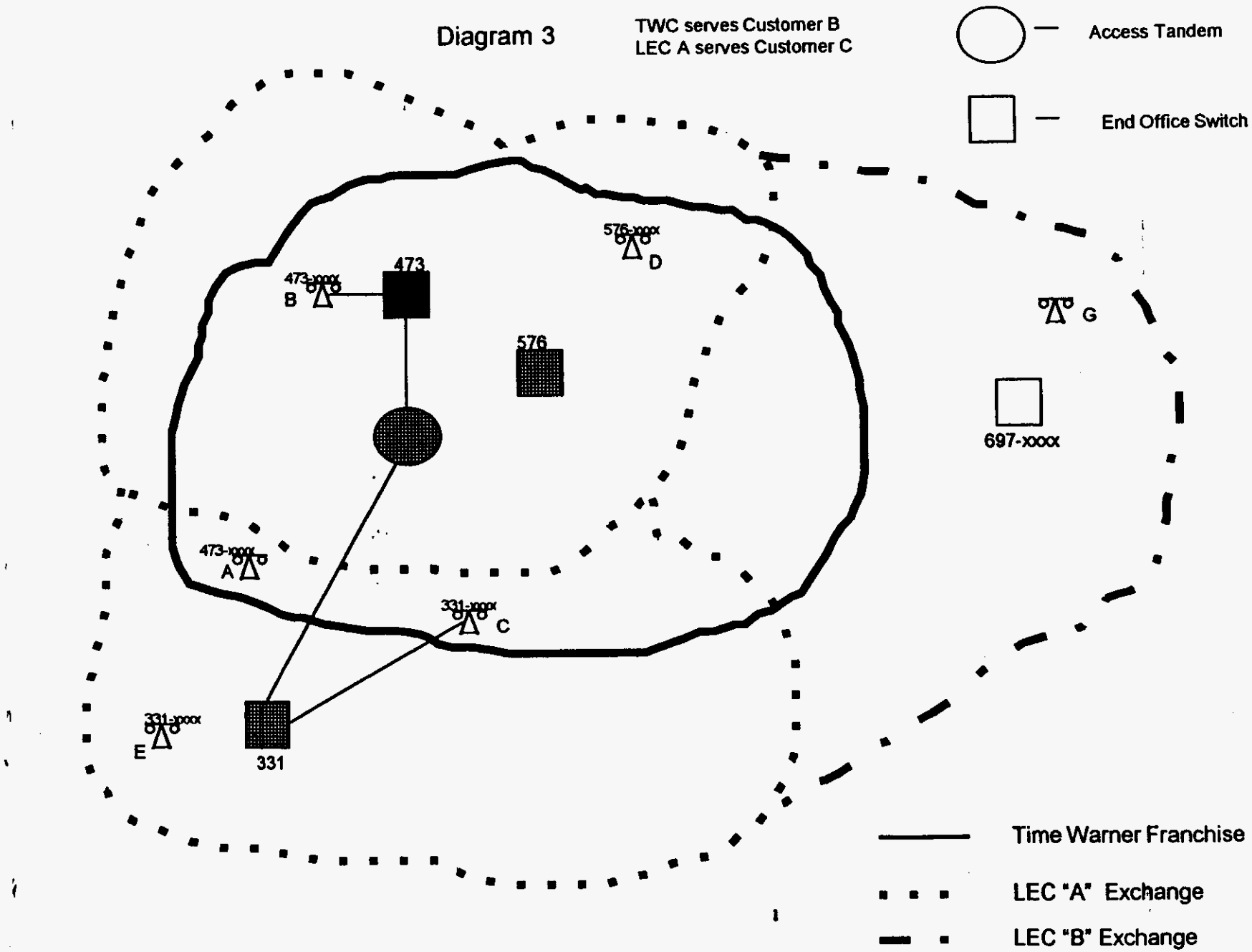


Diagram 3
TWC serves Customer B
LEC A serves Customer C
Access Tandem
End Office Switch
473
473-xxxx
B
576-xxxx
D
576
G
697-xxxx
473-xxxx
A
331-xxxx
C
331-xxxx
E
331
Time Warner Franchise
LEC "A" Exchange
LEC "B" Exchange

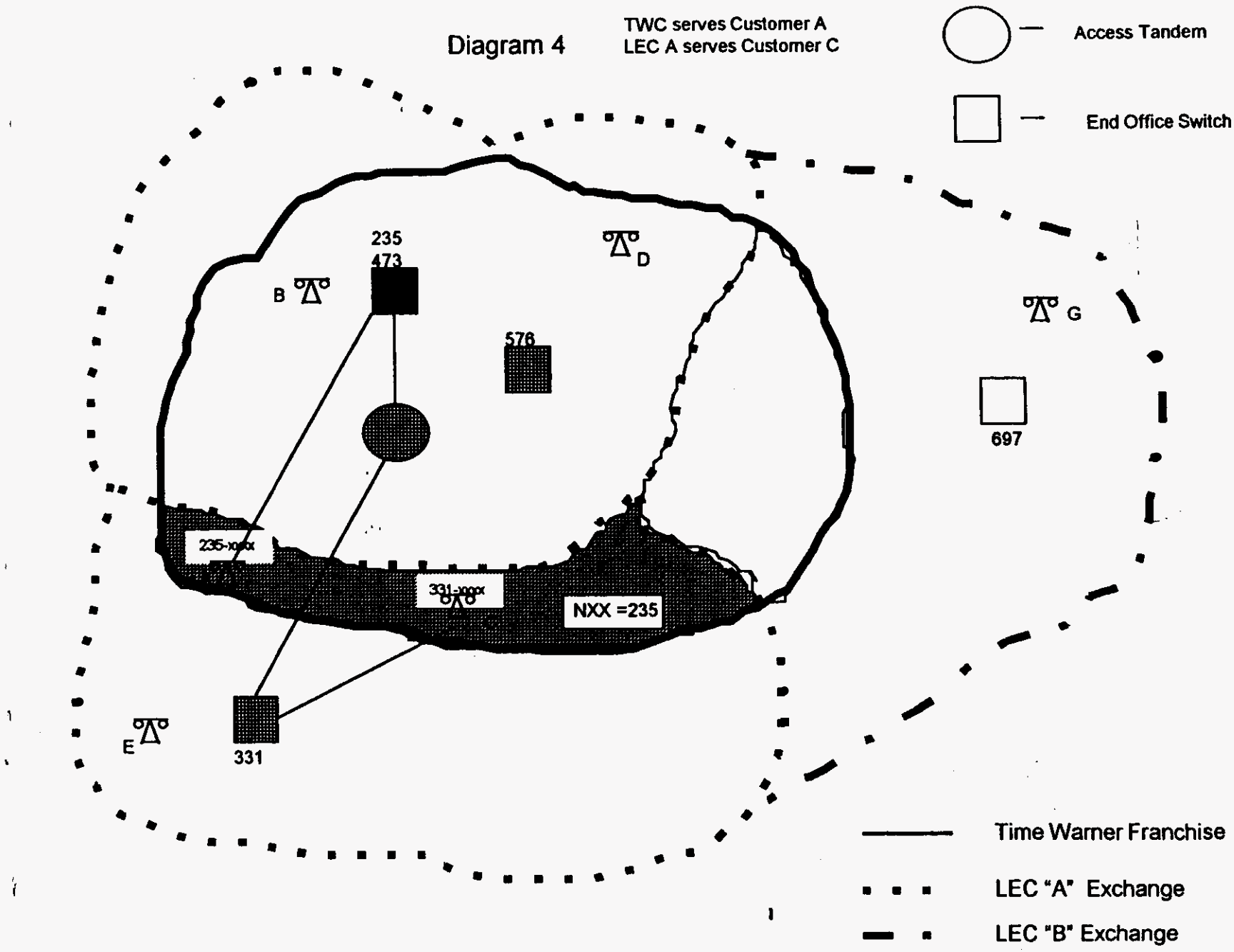


Diagram 4
TWC serves Customer A
LEC A serves Customer C
Access Tandem
End Office Switch
235
473
B
D
G
576
697
235-xxxx
331-xxxx
NXX =235
E
331
Time Warner Franchise
LEC "A" Exchange
LEC "B" Exchange