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January 5, 1996

IN REPLY REFER TO:

Tallahassee

BY HAND DELIVERY

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Resolution of Petition to Establish Non
Discriminatory Rates, Terms, and Conditions
for Interconnection Involving Local Exchange
Companies and Alternative Local Exchange
Companies pursuant to Section 364.162,
Florida Statutes - Docket No. 950985-TP

Dear Ms. Bayo:

Enclosed for filing in the above-styled docket are the
original and fifteen (15) copies of Sprint United/Centel's Direct
Testimony of F. Ben Poag.

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

Thank you for your assistance in this matter.

Sincerely,

J. Jeffrey Wahlen
J. Jeffrey Wahlen

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- AFA
- APP
- CAF
- CMU Chase
- CTR
- EAG JJW/csu
- LEG Enclosures
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CERTIFICATE OF SERVICE

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ATTORNEY

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 DIRECT TESTIMONY

3 OF

4 F. BEN POAG

5
6 Q. Please state your name, business address and title.

7
8 A. My name is F. Ben Poag. I am employed as
9 Director-Tariffs and Regulatory Management for United
10 Telephone Company of Florida. My business mailing
11 address is Post Office Box 165000, Altamonte Springs,
12 Florida 32716-5000.

13
14 Q. What is your business experience and education?

15
16 A. I have over 30 years experience in the telecommunications
17 industry. I started my career with Southern Bell, where
18 I held positions in Marketing, Engineering, Training,
19 Rates and Tariffs, Public Relations and Regulatory. In
20 May, 1985, I assumed a position with United Telephone
21 Company of Florida as Director-Revenue Planning and
22 Services Pricing. I held the position until February
23 1988, at which time I was appointed to the position of
24 Director-Tariffs and Regulatory. In January 1990, the
25 pricing and tariffs organizations were combined and I was

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1 appointed Director-Revenue Planning and Regulatory. In
2 June 1993, in conjunction with a restructuring, I assumed
3 new responsibilities and my current title. In my current
4 position, I am responsible for costing, tariffs and
5 regulatory matters. I am a graduate of Georgia State
6 University with a Bachelor's Degree in Business.

7

8 Q. What is the purpose of your testimony?

9

10 A. The purpose of my testimony is to present
11 Sprint-United/Centel's positions regarding
12 interconnection arrangements between Sprint/United and
13 Sprint/Centel (collectively Sprint) and Continental
14 Cablevision, Inc. (Continental), Time Warner AxS of
15 Florida, L.P. and Digital Media Partners (collectively
16 Time Warner) or any other alternate local exchange
17 companies (ALECS). In addition I address the direct
18 testimony of Continental's and Time Warner's witnesses.
19 For purposes of this testimony Continental and Time
20 Warner are also addressed as ALECs.

21

22 Q. Should compensation for local interconnection be mutual?

23

24 A. Yes, compensation should be mutual and equal for the same
25 interconnection functionality.

1 Q. Do you agree with Continental's witness, A.R. Schleiden,
2 that a bill and keep arrangement is the most appropriate
3 interconnection arrangement?

4
5 A. No. First, I do not believe that bill and keep
6 necessarily meets the statutory requirement that the
7 interconnection charge cover its costs. In addition,
8 there are differing levels of cost associated with
9 interconnection. These cost differences may result from
10 the type of interconnection selected, that is, virtual
11 collocation or a separate point of interconnection or
12 connection at a tandem switch versus an end office
13 switch. In addition, with bill and keep, where there is
14 an imbalance of traffic terminating to Sprint, Sprint
15 cannot recover its local interconnection costs as
16 required by the Statute.

17
18 In each of these situations the interconnector has a
19 choice which may impact the cost to Sprint. For example,
20 if an AAV is already collocated, and paying for the cost
21 of the collocation, the AAV should get the benefit of the
22 cost it has already incurred. In this scenario, the cost
23 to the LEC for the physical interconnection facilities,
24 since the AAV is already collocated, is relatively small.
25 Conversely, if the ALEC is not collocated, there will be

1 a cost to Sprint to extend facilities to the ALEC. Not
2 only would Sprint have different costs, but the AAV would
3 be disadvantaged having already incurred costs that the
4 ALEC could avoid in a bill and keep arrangement. Another
5 disadvantage of bill and keep is that it removes some of
6 the incentives for infrastructure deployment and
7 maximizing network efficiencies. For example, with bill
8 and keep, there is no pricing incentive for ALECs to
9 expand their networks to take advantage of lower priced
10 end office local interconnections. Similarly, there is
11 less incentive for them to invest in the additional
12 infrastructure needed to expand or extend their networks
13 to Sprint's end offices to take advantage of
14 interconnection price differentials.

15

16 Q. What are the appropriate interconnection arrangements for
17 the exchange of local traffic between ALECs and Sprint?

18

19 A. Sprint's position is that there are two methods of
20 compensation, either of which is appropriate, for local
21 interconnection between themselves and ALECS: through a
22 flat-rated port charge arrangement or through a per
23 minute of use charge, each of which I will address in
24 detail. The charges should be reciprocal between the
25 ALECs and Sprint and should cover cost. Florida Statute

1 364.162(4) states "In setting the local interconnection
2 charge, the commission shall determine that the charge is
3 sufficient to cover the cost of furnishing
4 interconnection." Given that the statutory language
5 explicitly references a charge and that the charge cover
6 the cost of interconnection, Sprint proposes that its
7 existing network access charges, exclusive of the Carrier
8 Common Line (CCL) and Residual Interconnection Charge
9 (RIC) serve as the basis for local interconnection rate
10 development.

11
12 The CCL and RIC are excluded as they are primarily
13 contribution rate elements that were established in the
14 interexchange access environment. Sprint has proposed
15 that these rate elements are inappropriate in a
16 competitive environment and should be phased down and in
17 time eliminated in the interexchange access market and
18 thus should not be included in local interconnection
19 charges.

20
21 Both a port charge and a minute of use (MOU) charge will
22 meet the requirement that the interconnection rate cover
23 cost. Each alternative has advantages and disadvantages
24 but either can be developed to fairly compensate the
25 parties and not impair in any way the development of

1 competition. However, only one interconnection
2 arrangement should be tariffed. ALECs should not be
3 allowed to alternatively choose and switch between the
4 port and minute of use arrangements to the detriment of
5 Sprint.

6

7 Q. Please address how a port charge would work.

8

9 A. With a port charge the ALEC purchases the capacity of a
10 DS1 for terminating traffic to Sprint. Similarly, Sprint
11 would purchase the capacity of a DS1 from the ALEC.
12 Depending on the ALEC's network requirements and traffic
13 patterns, the ALEC could purchase the DS1 capacity at
14 Sprint's access tandem, local tandem or at an end office.

15

16 The rates and charges for the various interconnection
17 components would be based on Sprint's network access
18 services rates and charges. That is, for collocation,
19 electrical interconnections, and dedicated or special
20 access circuits, the FPSC approved tariffs should be
21 applicable. The local interconnection tariffs would be
22 developed using the same rate elements that have already
23 been approved by this Commission to the extent that they
24 appropriately reflect the same functionality and provide
25 appropriate cost recovery. Again, Sprint would pay the

1 ALEC based on the same rates, terms and conditions for
2 the services required to terminate Sprint's customers'
3 traffic to the ALECs' customers.

4
5 With the port interconnection arrangement, traffic is
6 only in one direction, thus there is no prorating of the
7 charges for the port. As an example, an ALEC could
8 purchase a DS1 to the Winter Park access tandem and a
9 separate DS1 to the Maitland central office.

10
11 With the access tandem interconnection, the ALEC could
12 complete traffic to any customer within the Orlando LATA
13 including BellSouth's customers in their Orlando, Cocoa,
14 and Melbourne exchanges. With the end office
15 interconnection; e.g. the Maitland central office, calls
16 could only be routed to the telephone numbers served by
17 the Maitland central office switch. If the DS1 to
18 Maitland was at full capacity, additional traffic to
19 Maitland could be routed through the Winter Park access
20 tandem.

21
22 Because the access tandem interconnection arrangement
23 requires more switching and transport facilities, Sprint
24 proposes a higher rate for connection at a tandem versus
25 an end office. This is consistent with the Commission's

1 orders in the cellular docket, 940235-TL, Order No. PSC-
2 95-1247-FOF-TL and in the Local Transport Restructure
3 docket, Order No. PSC-95-0034-FOF-TP. In the Cellular
4 docket the Commission determined that the rate for
5 mobile-to-land traffic at the end office should be priced
6 lower than at the tandem. Similarly, with Local
7 Transport Restructure, IXCs' access charges are lower
8 when they direct trunk to an end office.

9

10 Q. What advantages lie in using a port charge?

11

12 A. The port charge is administratively simple, it ensures
13 that the interconnectors are compensated relative to the
14 level of services provided and is a standard industry
15 method for interconnection (Bellcore Standard No. TR-NWT-
16 00499). It also provides an efficiency incentive in that
17 the interconnectors can maximize the utilization of the
18 facility by encouraging off peak usage.

19

20 Q. Do you perceive any disadvantages in this approach?

21

22 A. A potential disadvantage of the port charge methodology
23 might be that the port must be purchased in a fixed size.
24 Thus, an ALEC may not have sufficient traffic to justify
25 purchasing a full port on day one of its operations.

1 Similarly, when a second port is necessary to avert
2 blockage on the first port, full utilization of the
3 second port may not take place until some time later, but
4 the interconnector must pay the full rate on day one.
5 However, to the extent the traffic is relatively equal
6 between interconnectors, they are compensating each
7 other, thus mitigating the financial impact of paying the
8 full rate.

9
10 **Q.** Mr. Engleman for Time Warner discusses at length the
11 problems he perceives with Sprint's proposal to implement
12 a port based local interconnection charge. Have you
13 negotiated any other arrangements with Time Warner?

14
15 **A.** As this testimony is being filed, the answer is no, nor
16 has Time Warner proposed an alternative means of mutual
17 compensation. While our discussions have been frequent
18 and cordial, we have not explored, to date, other
19 alternatives. As I discuss elsewhere in my testimony, it
20 was not until several ALECs signed the Stipulation and
21 Agreement approved by the Commission in Docket No.
22 950985-TP, that we became aware of the possibility that
23 an MOU based local interconnection charge would be
24 acceptable to them.

25

1 Even their testimony in this proceeding does not
2 acknowledge their respective agreement with BellSouth to
3 a MOU based local interconnection agreement as an
4 alternative they have obviously found to be viable.

5

6 Q. Mr. Engleman states that one of the problems associated
7 with a port charge is that it is based on switched access
8 rates which are "loaded with contribution." Is that
9 correct?

10

11 A. The proposed local interconnection rates have less
12 contribution than access charges to the extent that the
13 RIC and CCL charges are not included in the proposed
14 local interconnection charges. Some contribution to
15 joint or shared and common (overhead) cost is appropriate
16 and has been explicitly recognized as appropriate for
17 services used by competitors to compete with LECs by the
18 Florida Commission in Order No. PSC-95-0034-FOF-TP,
19 (issued January 9, 1995) and the FCC in CC Docket No. 91-
20 141 (Released July 25, 1994). In addition, there was
21 contribution to shared cost in the rates included in the
22 Stipulation and Agreement Time Warner signed.

23

24 Q. Beginning on Page 10, line 22 through line 18 on Page 12,
25 of Mr. Engleman's testimony, he states that Time Warner's

1 cost of interconnection would be anticompetitive based on
2 Sprint's proposed port charges. Do you agree with Mr.
3 Engleman's analysis?

4
5 A. No. Mr. Engleman's analysis is seriously flawed and his
6 facts are misstated. First, just to clarify the record,
7 Sprint provided a local busy hour usage of 9%, not 10% as
8 indicated by Mr. Engleman. The 9% number was an average
9 based on the local calling between Sprint's Winter Park
10 exchange and BellSouth's Orlando exchange. There is no
11 evidence to suggest that the customers Time Warner
12 obtains from BellSouth and Sprint would have usage
13 patterns any different than the current aggregate of the
14 usage between the two companies. Secondly, Sprint's
15 estimate of CCS (100 call seconds) per customer for
16 terminating local usage was actually 1.32 CCS in the busy
17 hour and not 2.0 as used by Mr. Engleman. Sprint's
18 estimate was based on actual local usage data. This data
19 was not used in developing projected traffic levels since
20 we had actual DS1 capacity usage level data and thus did
21 not need to resort to estimates, but rather it was
22 provided to respond to CCS estimates originally provided
23 by Time Warner that indicated that their projection of
24 CCS busy hour usage per customer was 3.6. It appears
25 that the original Time Warner estimate incorrectly

1 included both local and toll traffic and both originating
2 and terminating traffic. Thus, in response to the 3.6
3 CCS estimate Sprint provided to Time Warner the 1.32
4 estimate. Again, Sprint did not use the above data but
5 used 216,000 minutes of use per DS1 for rate development.
6 Based on actual data usage between Sprint and BellSouth,
7 216,000 is a conservative number, and thus tends to
8 overstate price per customer.

9
10 **Q.** Are there other problems with Mr. Engleman's analysis?

11
12 **A.** Yes, several more. Mr. Engleman uses a rate of \$5,760
13 per port as the basis for arriving at a cost to Time
14 Warner of \$22.68 per customer for local interconnect.
15 There are four flaws with his analysis. First, he omits
16 the fact that Sprint will be mutually compensating Time
17 Warner to terminate Sprint's customer traffic to Time
18 Warner's customers. Thus, assuming that Sprint purchased
19 an end office connection to Time Warner, Time Warner
20 would receive \$3,825 for a net difference to Time Warner
21 of \$1,935. Thus Time Warner's cost per customer would be
22 \$7.61. Secondly, he fails to point out that Sprint
23 offered a 22% reduction from the price proposal during
24 the negotiations. Thirdly, he assumes that Time Warner
25 will only connect at the tandem and not take advantage of

1 the lower priced end office port charge. This is
2 inconsistent with the orders we have already received,
3 Time Warner has already placed orders for collocation at
4 end offices. And fourth, Mr. Engleman's analysis assumes
5 that 100% of their customers' traffic will terminate to
6 Sprint. Clearly, this will not be the case.

7

8 Q. Have you developed an estimated per customer cost to Time
9 Warner for local interconnection?

10

11 A. Yes, and for expediency, I will use Mr. Engleman's 254
12 customers per DS1 port. First reducing the tandem/end
13 office port charge differential by 22% produces a figure
14 of \$1510. Assume that Time Warner will use three end
15 office ports for each tandem port, with overflow from end
16 offices routed through the tandem. Thus, Time Warner
17 would have 1,016 potential customers but only pay the
18 differential once. Also, it is fair to assume that 10%
19 of the traffic is terminated within Time Warner's own
20 network, thus increasing the number of customers from
21 1,016 to 1,117. The differential then becomes \$1.35
22 ($\$1,510 \div 1,117$) per customer. As Time Warner increases
23 its customer base, larger trunk groups between Sprint and
24 Time Warner will result in greater efficiencies, allowing
25 more customers per trunk group, and a higher percentage

1 of the traffic will terminate totally within Time
2 Warner's network. For example, the above analysis uses
3 Time Warner's estimate of 254 customers per port;
4 however, at a P.01 grade of service and assuming Time
5 Warner's 2 ccs per customer in the busy hour, the actual
6 number of customers over six DS1 ports would be 329 per
7 port (3,951 busy hour CCS ÷ 2 CCS ÷ 6 DS1s) versus 254
8 per port. Thus, even the above \$1.35 per customer cost
9 is overstated with increased usage.

10

11 Q. Beginning on Page 2, Line 3, Mr. Engleman does make a
12 cost per customer adjustment to his earlier testimony,
13 but alleges that Time Warner's other costs must be
14 considered against Sprint's "maximum of \$10.23 for basic
15 local service." Is this correct?

16

17 A. No. Like Mr. Engleman's prior analysis, it is severely
18 flawed. First, he does not recognize the \$3.50
19 subscriber line charge that Sprint's residential
20 customers pay in addition to the basic service charge.
21 Secondly, Time Warner will not be competing just for
22 basic service. Sprint's average revenue for residence
23 and business customers in its Winter Park exchange is
24 multiples of the basic service rates. Clearly, Mr.
25 Engleman understands that his company does not intend to

1 limit his services to only basic service. If that were
2 to be the case, then understandably he should be
3 concerned about Time Warner's ability to compete.

4

5 In this section of his testimony Mr. Engleman also
6 discusses the internal costs that Time Warner will incur
7 to compete as if they were unique to Time Warner; no one
8 provides these services to Sprint for free.

9

10 Q. On Page 15 of his testimony, Mr. Engleman indicates Time
11 Warner will have an incentive to effectively mirror
12 Sprint's network. Do you agree?

13

14 A. No. One of the many advantages Time Warner has as a
15 newcomer is the ability to pick and chose when and where
16 it should construct facilities versus lease facilities
17 from Sprint. Thus Time Warner can take full advantage of
18 its network technology where it is economically
19 advantageous to do so or, where not the case, lease
20 services from Sprint, AAVs, IXCs, other ALECs, or other
21 LECs.

22

23 Q. On Pages 8 and 15 of his testimony, Mr. Engleman alleges
24 inefficiencies in Sprint's network result in a local
25 interconnection rate design which places constraints on

1 Time Warner. Please comment on his allegations.

2

3 A. First, the purported inefficiency in our network does not
4 exist. In fact, Sprint's network was, and is continuing
5 to be, designed to maximize efficient deployment of all
6 technologies on an integrated basis. That is, proper
7 planning of the network takes advantage of the cost
8 characteristics of network technologies to capture the
9 optimized blend of cost components (Central Office,
10 Interoffice, and Outside Plant).

11

12 The fact that many switches exist in the Sprint network
13 is a function of load and total network cost
14 optimization. Tandem switching is used in the network to
15 minimize total network cost and add efficiency in routing
16 traffic. What Mr. Engleman fails to recognize is that
17 Sprint will itself incur the cost of tandem switching in
18 routing calls to the Time Warner switch(es). Thus, this
19 is an internal cost to Sprint which is not recognized by
20 Time Warner in its analysis. In a balanced traffic
21 situation, the Sprint internal tandem switching costs and
22 tandem switching charges to Time Warner are offsetting.

23

24 Additionally, Mr. Engleman's discussion on the alleged
25 inefficiencies of Sprint's multiple switch network does

1 not consider the interoffice fiber rings and subsequent
2 additional quality this adds to the network in terms of
3 alternate routing in the event of cable cuts. Tandems
4 are used in the network on both a local and toll basis to
5 aggregate traffic into higher volumes to take advantage
6 of the efficiencies gained with fiber optic technology.

7

8 Q. Mr. Engleman also states that to reach all Sprint
9 customers Time Warner must interconnect with Sprint's
10 tandem. Is that correct?

11

12 A. No, Time Warner can interconnect at each Sprint end
13 office if it chooses to. Whether Time Warner connects at
14 the tandem or end offices will be a decision driven in
15 large part by economics. Sprint did not design or
16 construct its network to either facilitate or hinder
17 competitive local exchange service. If Time Warner
18 determines it is more cost effective to use Sprint's
19 network than construct facilities itself, the usage of
20 those facilities must be subject to reasonable
21 compensation or Sprint will wind up subsidizing Time
22 Warner's competitive services.

23

24 Q. Please address how a minutes of use charge would work.

25

1 **A.** With a minute of use (MOU) charge, similar to access
2 charge billing, measurement and billing based on actual
3 usage is required. In this scenario, since actual usage
4 will be measured, two way trunks, versus one way, can be
5 utilized. The recording of the usage requires special
6 software which Sprint has not deployed in its switches;
7 however, Sprint does plan to install the software in its
8 access tandem switches in the first and second quarter of
9 1996. However, because of the high cost of the software,
10 the Company does not plan to deploy the software in any
11 switches other than the access tandem at this time.

12

13 **Q.** What advantages does this method hold?

14

15 **A.** The advantage of the MOU charge is that there is no
16 minimum purchase of capacity required and that billing
17 tracks actual usage.

18

19 **Q.** What disadvantages do you perceive?

20

21 **A.** Disadvantages are the cost of recording and billing for
22 the usage.

23

24 **Q.** Mr. Schleiden for Continental and Mr. Wood for Time
25 Warner list a number of reasons why they recommend a bill

1 and keep arrangement. Are those reasons exclusively
2 associated with bill and keep?

3

4 **A.** No, they are not. In fact the two alternatives that
5 Sprint proposes also meet most of their requirements.
6 Both the port charge and MOU charge are reciprocal and
7 treat the respective parties as co-carriers.

8

9 Neither of Sprint's proposals creates a barrier to entry
10 or results in compensation levels that will impede the
11 development of competition in the context of the new
12 legislation. The legislature clearly did not intend that
13 Sprint or its customers subsidize the entry of
14 competition.

15

16 **Q.** Mr. Schleiden notes that bill and keep will encourage
17 traffic flow balance. Do you agree?

18

19 **A.** No, in fact I believe it disincentivizes that goal since there
20 is no economic penalty associated with an imbalance. On
21 the other hand, the port charge and MOU alternatives
22 proposed by Sprint will encourage balanced traffic if for
23 no other reason than to balance compensation between
24 companies.

25

1 Q. Mr. Schleiden and Mr. Wood also describe bill and keep as
2 the "least-cost method of compensation," which will in
3 turn lead to lower customer rates. Do you agree?
4
5 A. It is "least-cost" only in terms of the administrative
6 costs of compensating each other because by definition
7 there is no compensation arrangement. To achieve that
8 end, however, each party must forego any means of
9 recovering their respective interconnection costs which,
10 as I stated earlier, is inconsistent with Section
11 364.162(4). Also, while I am not an attorney, it seems
12 to me that it would be discriminatory to not charge ALECs
13 while AAVs and wireless companies are paying for similar
14 interconnection arrangements.
15
16 Q. Is a bill and keep arrangement necessary for Continental
17 and Time Warner to viably compete in Florida?
18
19 A. I do not believe so, nor do I think that Continental or
20 Time Warner believe it. Both of those companies signed
21 a Stipulation and Agreement with BellSouth which is not
22 based on bill and keep. In fact the agreement they
23 signed, and which this Commission approved, provides for
24 mutual compensation based on a network access charge
25 basis, very similar to what I have proposed in this

1 testimony.

2

3 Q. Doesn't the Stipulation and Agreement the Commission
4 approved provide for not actually passing money between
5 the parties for local interconnection?

6

7 A. Yes, it does, but that is not equivalent to bill and
8 keep. Money will be passed between parties unless the
9 administrative costs of doing so preclude it.

10

11 Q. Have you reviewed the Stipulation and Agreement approved
12 by the Commission for BellSouth, Continental and Time
13 Warner?

14

15 A. Yes, I have. In fact, that document was relied on
16 substantially to develop Sprint's alternative MOU local
17 interconnection arrangement.

18

19 Q. Is the MOU alternative a relatively new position, then,
20 for Sprint?

21

22 A. Yes. As Mr. Engleman notes for Time Warner, Sprint's
23 proposal heretofore has been based on port charge. We
24 believed that such an arrangement is competitively
25 preferable to a MOU based interconnection charge. Based

1 on their signing of the Stipulation and Agreement, Time
2 Warner and Continental seem to prefer an MOU based
3 charge.

4

5 Given the timings of the filing of this testimony, we
6 have not conducted any negotiations with Continental or
7 Time Warner for an MOU charge for local interconnection,
8 but will certainly raise this as an alternative as
9 negotiations continue.

10

11 Q. Under either a port charge or MOU charge, would the
12 compensation arrangement cover local traffic only?

13

14 A. Yes. However, the local interconnection arrangements may
15 be used for both local and toll traffic. When used for
16 toll traffic, appropriate access charge compensation
17 should be paid for the origination or termination of toll
18 traffic. Florida Statute 364.16(3)(a) mandates the
19 payment of "the appropriate charges for such terminating
20 access service."

21

22 Q. What charge would be appropriate if the nature of the
23 call (toll or local) cannot be determined?

24

25 A. If Sprint cannot determine whether the traffic it

1 delivers to an ALEC is local or toll because of the
2 manner in which the ALEC uses NXX codes, Sprint will
3 charge the ALEC originating intrastate network access
4 service charges, unless the ALEC can provide Sprint with
5 sufficient information to make a determination as to
6 whether the traffic is local or toll. To the extent that
7 the ALEC cannot determine whether traffic delivered to
8 Sprint is local or toll, the same provision will apply.

9
10 To the extent Sprint has any influence over assignment of
11 numbering resources, Sprint will support and
12 cooperatively work with ALECs to meet their numbering
13 resource requirements. However, Sprint does not directly
14 control numbering resources in any of the Florida NPAs.

15
16 Q. How should Sprint and ALECs compensate each other for
17 jointly provided intraLATA toll?

18
19 A. Today LECs compensate each other for jointly provided
20 intraLATA toll using each company's intrastate switched
21 access charges. This methodology, which is referred to
22 as the Modified Access Based Compensation (MABC) plan,
23 was ordered by the Commission, and should also be used
24 for intraLATA toll compensation between Sprint and ALECs.

25

1 Q. Should Sprint tariff the interconnection rate(s) or other
2 arrangements?

3

4 A. Yes, once the per port or per minute of use arrangement
5 has been established as the appropriate local
6 interconnection arrangement, rates, terms and conditions
7 should be tariffed and made available on a
8 nondiscriminatory basis to all ALECs.

9

10 Q. How should intermediary tandem switching and transport
11 services be provided and compensated?

12

13 A. As with local interconnection, it should be on a mutual
14 and reciprocal basis. Again, the rates should cover
15 their costs to comport with the statute.

16

17 Intermediary switching and transport occurs where, for
18 example, Sprint serves as the middleman for connecting
19 one ALEC's traffic to another ALEC, AAV or another LEC.
20 In this situation the intermediary or middleman should be
21 compensated for the tandem switching function and the
22 transport function.

23

24 In addition, since the intermediate LEC pays the
25 terminating ALEC terminating local interconnection

1 charges, the originating ALEC should also pay the LEC the
2 terminating local interconnection charges as a pass-
3 through. If the call termination functions are provided
4 by more than one interconnector, the terminating charges
5 should be prorated and paid to each interconnector on a
6 meet point basis.

7

8 Q. How will Sprint provide Directory Assistance services for
9 ALECs?

10

11 A. Sprint will include ALECs' customer information in its
12 directory assistance (DA) data base and provide DA
13 operator services on the same terms and conditions as
14 those services are provided to other LECs and IXCs.
15 Sprint will work cooperatively with the ALECs on issues
16 concerning timeliness, format, and listing information
17 content.

18

19 Q. How will access to 911 services be administered and
20 implemented?

21

22 A. For basic 911 service, Sprint will share emergency number
23 data with the ALECs for those municipalities that
24 subscribe to basic 911 services.

25

1 For enhanced 911 (E911) service Sprint will offer a daily
2 update to Sprint's E911 data bases of ALECs' emergency
3 information when provided to Sprint. Sprint will work
4 with the ALECs to define record layouts, media
5 requirements and procedures for the process.

6
7 The ALECs will be provided access to Sprint's E911 tandem
8 switches, for routing their customer's E911 calls to the
9 various emergency agencies.

10
11 To the extent that administering and providing E911
12 access facilities; e.g., tandem ports, to ALECs increases
13 Sprint's costs, such costs should be recovered from the
14 ALECs. However, those costs should only be recovered
15 from ALECs to the same extent that they are recovered
16 from other LECs for the same service.

17
18 Q. Both Mr. Schleiden and Ms. McGrath assert that directory-
19 related services involving the white and yellow pages
20 should be provided at no cost. Is this appropriate?

21
22 A. No. While it is in Sprint's best interest to offer the
23 best directory products possible, it is equally important
24 and valuable to ALECs. Thus, the cost should be shared
25 on a prorata basis for the basic directory printing and

1 distribution services. In addition, Sprint pays its
2 affiliated directory company for any informational pages
3 Sprint requires over a base number of pages. If ALECs
4 wish to provide customer information pages, e.g., dialing
5 instructions, to Sprint for inclusion in the
6 directory, the ALECs should pay whatever it would cost
7 Sprint to have such pages included. Sprint should not be
8 required to incur additional costs on behalf of ALECs and
9 be expected to absorb those costs.

10

11 Q. Ms. McGrath states that Sprint will recover any costs it
12 expends on Time Warner's behalf by selling yellow pages
13 advertising to Time Warner customers. Do you agree?

14

15 A. I agree that some Time Warner customers will likely
16 purchase yellow pages advertising but not that this
17 opportunity justifies providing services at no cost.
18 Yellow pages advertising is not provided by Sprint but
19 rather by its affiliated directory company, and the
20 revenues associated with that advertising belong to the
21 directory company. Moreover, United's basic service
22 rates to its customers include a white pages listing and
23 for businesses a yellow pages listing. Time Warner can
24 either cut its price or pocket the cost of providing a
25 directory listing from its customers by having Sprint do

1 it for free. As I said earlier, to enhance the directory
2 this may be worthwhile, but not because Sprint's
3 directory publisher can sell yellow pages advertising to
4 Time Warner's customers. That is not a quid pro quo;
5 directory publishers sell advertising to businesses
6 without regard to who their telephone companies are.

7
8 **Q.** With the elimination of rate of return regulation, do you
9 foresee changes in the relationship between Sprint and
10 its affiliated directory company?

11
12 **A.** Yes. While I am unable to specify any changes now, I
13 believe that we will be assuming a more arms-length
14 relationship. These changes will result in less
15 compensation to Sprint and a repricing of the charges we
16 assess each other. At such time, we will reassess what
17 is appropriate to provide for ALECs at no charge and what
18 should bear a cost. In any event, I do not believe that
19 the ALEC should pay more for a directory service than
20 Sprint does itself, assuming the services provided have
21 approximately the same costs.

22
23 **Q.** What are the appropriate technical requirements for the
24 exchange of intraLATA 800 traffic which originates from
25 an ALEC and terminates to an 800 number served by Sprint?

1 **A.** The ALEC, after completing an 800 query function would
2 route the call to Sprint via the interconnection
3 facilities. The ALEC would record the call and forward
4 the record to Sprint for billing. Sprint would
5 compensate the ALEC for the recording function and the
6 access charges. A reciprocal arrangement should also be
7 applicable for a Sprint originated call terminating to
8 the ALEC.

9

10 **Q.** How will Sprint coordinate and compensate for 800 traffic
11 services?

12

13 **A.** Sprint will compensate ALECs for the origination of 800
14 traffic terminated to Sprint pursuant to tariffed
15 originating switched access charges, including the data-
16 base query. The ALECs will need to provide to Sprint the
17 appropriate records necessary for Sprint to bill its
18 customers and compensate the ALECs. The records should
19 be provided in the standard industry format. Sprint
20 will compensate the ALECs based on its tariffed rates for
21 this function. At such time as an ALEC elects to provide
22 800 services, the ALEC will reciprocate this arrangement.

23

24 **Q.** How will busy line verification/emergency interrupt
25 services be provided and compensated?

1 **A.** Sprint and the ALECs shall mutually provide each other
2 busy line verification and emergency interrupt services
3 pursuant to tariff.

4

5 **Q.** Will Sprint cooperate with ALECs on network management
6 and design issues?

7

8 **A.** Yes, it is in the best interest of all service providers
9 to ensure that we jointly provide high quality services
10 to our customers. Sprint and the ALECs will work
11 cooperatively to install and maintain reliable
12 interconnected telecommunications networks. A
13 cooperative effort will include, but not be limited to,
14 the exchange of appropriate information concerning
15 network changes that impact services to the local service
16 provider, maintenance contact numbers and escalation
17 procedures. The interconnection of all networks will be
18 based upon accepted industry/national guidelines for
19 transmission standards and traffic blocking criteria.
20 Sprint and the ALECs will work cooperatively to apply
21 sound network management principles by invoking
22 appropriate network management controls, i.e., call
23 gapping, to alleviate or prevent network congestion. It
24 is Sprint's intention not to charge rearrangement,
25 reconfiguration, disconnect, or other non-recurring fees

1 associated with the initial reconfiguration of each
2 carrier's interconnection arrangements. However, each
3 ALEC's interconnection reconfigurations will have to be
4 considered individually as to the application of a
5 charge.

6

7 Q. Will Sprint provide CLASS services data to ALECs?

8

9 A. Yes, Sprint will provide Common Channel Signalling (CCS)
10 on a reciprocal basis, where available, in conjunction
11 with all traffic in order to enable full interoperability
12 of CLASS features and functions. All CCS signalling
13 parameters will be provided including automatic number
14 identification (ANI), originating line information (OLI)
15 calling party category, charge number, etc. All privacy
16 indicators will be honored, and Sprint will cooperate on
17 the exchange of Transactional Capabilities Application
18 Part (TCAP) messages to facilitate full inter-operability
19 of CCS-based features between their respective networks.

20

21 Q. Will Sprint share network expansion information?

22

23 A. For network expansion, Sprint is willing to review
24 engineering requirements on a quarterly basis and
25 establish forecasts for trunk utilization. New trunk

1 groups will be implemented as dictated by engineering
2 requirements for both Sprint and the ALEC.

3

4 Q. Will Sprint offer unbundled signaling services and local
5 loops?

6

7 A. Yes, in addition to CLASS interoperability, as discussed
8 above, Sprint will offer use of its signaling network on
9 an unbundled basis at tariffed rates. Signaling
10 functionality will be available with both A-link and B-
11 link connectivity.

12

13 In addition, Sprint will offer local loops; the price of
14 an unbundled local loop will be the price set forth in
15 Sprint's Special Access Tariffs.

16

17 Q. Beginning on Page 17 of his testimony, Mr. Wood states
18 that Sprint should be required to impute the rates it
19 charges to Time Warner for local interconnection into its
20 retail structure for local exchange service, do you
21 agree?

22

23 A. No. First, imputation is not relevant to Sprint's prices
24 since the company cannot increase its local service rates
25 by Statute for three to five years. Secondly, if any

1 imputation were relevant, the amount should be based only
2 on the net costs to Time Warner. Third, since Sprint is
3 the carrier of last resort, with both implicit and
4 explicit subsidies flowing to keep basic service rates
5 low, any imputation should be applicable to the total
6 bill and not just the local service rate. Fourth, Sprint
7 would need to deaverage its local service cost to arrive
8 at an appropriate base for even beginning such an
9 analysis.

10

11 **Q.** On Page 19 of his testimony Mr. Wood states that Sprint's
12 proposed rates charged for collocation have the ability
13 to create an effective barrier to entry for Time Warner.
14 Do you agree?

15

16 **A.** I cannot specifically address Time Warner's specific
17 situation, but I can tell you that Sprint's tariffed
18 collocation rates are lower than the rates of many LECs.
19 Additionally, even before the advent of local dial tone
20 competition, Sprint has already collocated or received
21 orders for collocation at a substantial number of
22 locations, thus establishing the affordability of these
23 rates to other carriers.

24

25 Most of these collocations were for AAV activities.

1 Collocation becomes even more lucrative when the ability
2 to compete for local dial tone services added to the
3 equation. In addition, Sprint has offered to pay the
4 same rates to Time Warner for collocation; however, it is
5 doubtful that Sprint will have much use of collocation
6 except for local dial tone interconnection. Thus, for
7 the same price Sprint must pay to Time Warner, Time
8 Warner will get a greater benefit by being able to use
9 these facilities for AAV and local dial tone operations.

10

11 Q. On Page 10 of her testimony, Ms. McGrath states that
12 Sprint receives an undeserved windfall when terminating
13 toll calls are terminated to Time Warner via a ported or
14 remote call forwarded number. Do you agree?

15

16 A. No. When a toll call is terminated via a ported number,
17 both companies incur costs to complete the call. Sprint
18 would incur cost for switching, and transport to get the
19 call to Time Warner and the cost of the terminating local
20 charges for delivering the call over the local
21 interconnection arrangement to Time Warner. Time Warner
22 would incur its network cost. Sprint is willing to
23 compensate Time Warner at Sprint's inter or intrastate
24 access charge rates, whichever is appropriate to the
25 jurisdiction of the call, on a meet point basis.

1 Thus Sprint would retain the tandem switching, the RIC,
2 and transport (up to the meet point) revenues and remit
3 the local switching, CCL, and the balance of the local
4 transport revenues to ALECs. Thus, not only would there
5 not be a windfall to Sprint, but Sprint would not be
6 compensated for the local switching and intracompany
7 interoffice transport associated with ported toll
8 traffic.

9
10 On Page 11 of Ms. McGrath's testimony she states that two
11 collocated ALECs should be allowed to directly connect
12 with each other without going through Sprint's tandem.
13 Sprint will allow connections between ALECs through its
14 tariffed collocation facilities; they need not be routed
15 through the tandem. However, Sprint will not permit
16 ALECs to directly connect with each other across Sprint's
17 floor space without going through Sprint's collocation
18 facilities.

19
20 **Q.** Does that conclude your prepared direct testimony?

21
22 **A.** Yes, it does.