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January 26, 1996

**ORIGINAL  
FILE COPY**

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

via Hand Delivery

Re: Resolution of Petition(s) to establish 1995 rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes; Docket No. 950985A-TP-Continental/Sprint United and 950985D-Time Warner/Sprint United

Dear Ms. Bayo:

Enclosed for filing please find an original and fifteen copies of the Rebuttal Testimony of Danny G. Engleman on behalf of Time Warner AxS of Florida, L.P. and Digital Media Partners for the above-referenced docket.

You will also find a copy of this letter enclosed. Please date-stamp the copy of the letter to indicate that the original was filed and return to me.

If you have any questions regarding this matter, please feel free to contact me.

Thank you for your assistance in processing this filing.

Respectfully,

*Sue E. Weiske*

Sue E. Weiske

- ACK
- AFA
- APP
- CAF
- CMU  *Ches*
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cc: All Parties of Record (w/ enclosure)

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**CERTIFICATE OF SERVICE**  
**DOCKET NO. 950985-TP**

I HEREBY CERTIFY that a true and correct copy of the Rebuttal Testimony of Danny G. Engleman on behalf of Time Warner AxS of Florida, L.P. and Digital Media Partners has been served by either \*Federal Express or Hand Delivery on this 26th day of January, 1996, to the following parties of record:

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\_\_\_\_\_  
**SUE E. WEISKE, ESQ.**

1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**  
2                                   **DOCKET NO. 950985D-TP**  
3                                   **(TIME WARNER AXS OF FLORIDA, L.P.**  
4                                   **AND DIGITAL MEDIA PARTNERS**  
5                                   **PETITION SPRINT UNITED)**  
6                                   **REBUTTAL TESTIMONY OF**  
7                                   **DANNY G. ENGLEMAN**  
8                   **ON BEHALF OF TIME WARNER AXS OF FLORIDA, L.P.**  
9                                   **AND DIGITAL MEDIA PARTNERS**

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**Q: PLEASE STATE YOUR NAME AND ADDRESS.**

**A: My name is Danny G. Engleman, 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: HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?**

**A: Yes.**

DOCUMENT NUMBER-DATE  
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1 Q: WHAT IS THE PURPOSE OF YOUR INSTANT TESTIMONY?  
2 A: The purpose of this testimony is to offer rebuttal  
3 to the direct testimony filed by Sprint United  
4 witness F. Ben Poag.  
5  
6 Q: WITNESS POAG TOOK EXCEPTION TO MANY OF THE  
7 ASSUMPTIONS TO TIME WARNER'S PORT CHARGE ANALYSIS  
8 IN HIS DIRECT TESTIMONY. THE RESULTS OF WITNESS  
9 POAG'S ANALYSIS IS A USAGE CHARGE OF 216,00 MINUTES  
10 OF USE PER MONTH FOR RATE DEVELOPMENT. IS THIS A  
11 REASONABLE NUMBER?  
12 A: No, it is not. A 216,000 minutes of use volume  
13 over a DS-1 port per month does not give Time  
14 Warner the p.01 grade of service it requires to  
15 provide its customers with high quality service.  
16 Time Warner and Sprint United have disagreed  
17 regarding the percent of calls during the busy hour  
18 and also the estimate of CCS per customer during  
19 the busy hour throughout our negotiations. Time  
20 Warner and Sprint United agreed to use 10% of the  
21 traffic in the busy hour, and a compromise of 2.0  
22 CCS. Even, if one accepts Sprint United's estimate  
23 of 216,000 minutes of use per month, which is a  
24 fully utilized DS-1, dividing that 216,000 into  
25 Sprint United's proposed port charges of \$5760 at

1 the tandem and \$3,825 at the end office gives a  
2 price of \$.0267 per minute at the tandem and a  
3 price of \$.0177 per minute at the end office.  
4 Sprint United proposes to pay Time Warner end  
5 office interconnection, and if Time Warner locates  
6 at Sprint United's tandem, which it will have to do  
7 until it has sufficient volume to justify end  
8 office interconnection, the net Time Warner will  
9 have to pay Sprint United is \$.009 per terminating  
10 minute. This is almost the level of the mutual  
11 interconnection price, without netting, which Time  
12 Warner just negotiated with BellSouth. In  
13 addition, the BellSouth agreement contains a 5% out  
14 of balance cap.

15  
16 The proposed rate does not even consider that the  
17 time it will take before each additional DS-1 port  
18 is efficiently utilized could be significant,  
19 depending on how successful Time Warner is in its  
20 marketing efforts. The per minute of use numbers  
21 in the paragraph above are a minimum. If less than  
22 216,000 minutes of use actually occur, the price  
23 per minute goes up. For example, at the 180,000  
24 minutes of use that Time Warner believes is  
25 actually more reasonable at a p.01 grade of

1 service, the rates come out to be \$.032 at the  
2 tandem, \$.02125 at the end office, with a  
3 differential of \$.01075 per minute. These are very  
4 high interconnection rates. Even with the 22%  
5 reduction that Sprint United offered, this is still  
6 an expensive interconnection rate, since it  
7 represents usage at the fully utilized DS-1 usage  
8 level.

9  
10 Time Warner believes that 1.32 CCS local usage  
11 during the busy hour is very low, and that it is  
12 not realistic based on traffic studies from  
13 multiple metro areas that Time Warner has  
14 evaluated. The initial 3.6 CCS was based on an  
15 average of the normal residential and business  
16 customer. The normal residential customer's CCS is  
17 around 3.0 with the normal business customer being  
18 around 6.0 CCS. With Time Warner's first customers  
19 being drawn from the business community, the  
20 numbers used in the analysis are very conservative.  
21 Further, witness Poag states that Time Warner has  
22 not adjusted for toll versus local and for the  
23 calls that will be completed on an intra-switch  
24 basis. On a national average, including  
25 residential and business customers, 12% of calls



1 are interLATA toll with the normal assumption that  
2 intraLATA toll is equivalent. If Time Warner  
3 adjusts its CCS estimates for these factors with  
4 Sprint. United's estimate of 10% intra-switch  
5 calling, the average CCS for local usage would  
6 still be 2.43 (3.6 x .75 x .9). Further, based on  
7 other metro area calling patterns, the normal busy  
8 hour traffic for residential is around 10% and  
9 business is closer to 16%. Since Sprint United  
10 does not indicate the split between residence and  
11 business in its example, Time Warner must assume  
12 that this usage is not representative of the normal  
13 traffic between two metro type switches and that  
14 the traffic consists of a majority of residential  
15 users.

16

17 **Q: WITNESS POAG HAS ARGUED THAT TIME WARNER, HAVING**  
18 **ALREADY COLLOCATED IN SEVERAL SPRINT UNITED**  
19 **OFFICES, IS LIKELY TO DO THIS IN MANY**  
20 **CIRCUMSTANCES, WITH AN EFFECTIVE REDUCTION IN TIME**  
21 **WARNER'S INTERCONNECTION COSTS. CAN YOU COMMENT ON**  
22 **THIS ASSUMPTION?**

23 **A: Yes. Witness Poag is not considering all of the**  
24 **applicable collocation costs, in addition to**  
25 **outside plant, transport and equipment costs. Time**

1 Warner is only collocated in three Sprint United  
2 central offices for its AAV business. This is only  
3 a fraction of the Sprint United central offices in  
4 Time Warner's service area. Time Warner will not  
5 go into other Sprint United central offices until  
6 it has requirements for high use trunk groups into  
7 those offices.

8

9 **Q. WITH SPRINT UNITED'S PORT CHARGE PROPOSAL, IS IT**  
10 **REASONABLE TO BELIEVE THAT SPRINT UNITED WOULD BE**  
11 **MATCHING TIME WARNER'S TRUNKING ON A ONE-TO-ONE**  
12 **BASIS?**

13 **A. No. Mr. Poag's analysis that the costs will offset**  
14 **on reciprocal trunking is not necessarily true.**  
15 **This statement assumes that Sprint United would be**  
16 **matching Time Warner trunking on a one-to-one basis**  
17 **from each interconnection point. Such an**  
18 **assumption may not be efficient or economic for**  
19 **either Sprint United or Time Warner. The companies**  
20 **should be encouraged to efficiently design their**  
21 **networks and should not put trunking where none is**  
22 **needed.**

23

1 Q: WITNESS POAG DEVELOPED A TIME WARNER COST PER  
2 CUSTOMER OF INTERCONNECTION OF \$1.35 PER CUSTOMER.  
3 CAN YOU DISCUSS THE PROBLEMS WITH THIS ANALYSIS?  
4 A: Yes. First, witness Poag assumed three end office  
5 connections for each tandem port. Time Warner's  
6 end office trunking will only be established for  
7 those end offices where it is economically viable.  
8 In the initial stages of competition, Time Warner's  
9 limited traffic flow will dictate that we  
10 interconnect only at the tandem level until traffic  
11 volume justifies the migration to high usage end  
12 office trunking. Placing three underutilized DS-  
13 1's to end offices versus a single DS-1 to the  
14 tandem would not decrease Time Warner's or Sprint  
15 United's costs and would introduce costly  
16 inefficiencies into our network architecture. This  
17 would occur if Time Warner built its own facilities  
18 or leased them from some other carrier. Time  
19 Warner agrees that as the customer base of Time  
20 Warner increases, the overall network will become  
21 more efficient and, potentially, the cost per  
22 customer will decrease. However, the initial costs  
23 could be so high that Time Warner could not enter  
24 into the dial tone market.  
25

1           Witness Poag also states that Sprint United has  
2           internal costs necessary to provide service and  
3           that no one supplies these services to Sprint  
4           United for free. I agree with this part of his  
5           statement but, Sprint United does not have to pay  
6           supplementary charges to its competitor to be in  
7           business and the existing rates for basic services  
8           have been based on only the internal costs of  
9           Sprint United and do not include the extraneous  
10          costs that Sprint United expects Time Warner to  
11          pay. Advanced services are competitive in nature  
12          and will be driven closer to their real costs as  
13          competition increases. Time Warner stands on its  
14          assumption that services must be self supporting  
15          and that if the basic rate is not sufficient to  
16          cover the costs associated with the provisioning of  
17          that service, it will be questionable whether or  
18          not Time Warner can enter that market.

19

20       **Q: PLEASE SUMMARIZE YOUR TESTIMONY.**

21       **A:** I have taken issue with Sprint United witness  
22       Poag's assumptions regarding the amount of traffic  
23       that can go over Sprint United's ports and still  
24       have the quality of service Time Warner needs to be  
25       able to attract customers. I have also disagreed

1 with witness Poag's assumption about the number of  
2 end offices in which Time Warner can efficiently  
3 collocate, and have disagreed with his per customer  
4 cost estimate for Time Warner.

5

6 **Q: DOES THIS COMPLETE YOUR REBUTTAL TESTIMONY?**

7 **A: Yes. It does.**