

820
on

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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 Joan McGrath 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

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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 Joan McGrath 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. AND**
4 **DIGITAL MEDIA PARTNERS**
5 **PETITION SPRINT UNITED)**
6 **REBUTTAL TESTIMONY OF**
7 **JOAN MCGRATH**
8 **ON BEHALF OF TIME WARNER AXS OF FLORIDA, L.P.**
9 **AND DIGITAL MEDIA PARTNERS**

10

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

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

15

16 **Q: ON WHOSE BEHALF ARE YOU TESTIFYING TODAY?**

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

20

21 **Q: HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS**
22 **PROCEEDING?**

23 **A: Yes.**

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 STATED THAT DURING SPRINT UNITED'S
7 DISCUSSIONS WITH TIME WARNER, TIME WARNER HAS NOT
8 PROPOSED ANY OTHER ALTERNATIVES TO SPRINT UNITED'S
9 PORT CHARGE. IS THIS A CORRECT CHARACTERIZATION?

10 A: Absolutely not. On several occasions Time Warner
11 has proposed in kind bill and keep for local
12 interconnection compensation. Additionally, Time
13 Warner might be very interested in a port charge if
14 Sprint United's proposed prices were more
15 reasonable. However, Sprint continues to propose
16 port charge prices that are extremely high,
17 especially compared to what Time Warner has
18 encountered in other states. For example, NYNEX
19 has proposed port charges of \$1710 at the tandem
20 and \$950 at the end office. Sprint United's best
21 offer to Time Warner was substantially higher than
22 the NYNEX prices. The prices Sprint has continued
23 to propose for its flat rate port charges are
24 simply too high for Time Warner to compete with
25 basic local exchange rates that are among the

1 lowest in a state which has some of the lowest
2 rates in the nation.

3

4 Time Warner has also proposed a LATAwide local
5 interconnection rate structure, which Sprint United
6 has not wanted to discuss. Over a period of
7 months, Sprint United has continued to advance its
8 flat rate port charge, which applies to Sprint
9 United-only local traffic (no EAS with other LECs)
10 on a one-way basis.

11

12 In frustration over Sprint United's continuing high
13 priced port charge offers, Time Warner asked if
14 Sprint United would consider a usage-sensitive rate
15 similar to the BellSouth structure. Sprint
16 United's response, several times, has been in the
17 negative. Sprint United has asserted that it does
18 not have the capability to measure and bill such
19 traffic, and that it does not want two price
20 structures.

21

22 Witness Poag's response testimony filed January 5
23 was the first change from the port-charge-only
24 discussions Time Warner had with Sprint United. On
25 January 16 Time Warner received a revised proposal

1 from Sprint United offering a high usage-based
2 charge, in addition to a still expensive port
3 charge. Time Warner has analyzed these proposals
4 and finds them extremely expensive and unworkable.

5

6 **Q: IS SPRINT UNITED'S TOLL DEFAULT PROPOSAL**
7 **REASONABLE?**

8 **A:** No. The toll default proposal states that in the
9 event that Sprint United cannot determine whether a
10 call originating from Time Warner and terminating
11 to Sprint United is local or toll, Sprint United
12 will not pay the terminating rate, but will bill
13 Time Warner originating switched access charges.
14 This proposal is part of the BellSouth agreement.
15 Time Warner could only agree to it because of its
16 belief that BellSouth would work with Time Warner
17 to obtain adequate numbering resources so that Time
18 Warner never pays such a charge. Time Warner
19 continues to be concerned about how this will work,
20 but is willing to try to make it work. However,
21 Time Warner does not believe that such a proposal
22 is the only way to solve the statutory requirement
23 that toll traffic not terminate over local
24 interconnection arrangements. One way to resolve
25 it is through a LATAwide termination arrangement.

1 Another way to resolve it is to simply let the
2 statutory complaint process be the mechanism. If
3 Sprint United believes that Time Warner is
4 terminating interexchange company calls over local
5 interconnection arrangements, it should file a
6 complaint with the FPSC.

7

8 **Q: WITNESS POAG HAS DISAGREED WITH TIME WARNER'S**
9 **REQUEST THAT IT PROVIDE DIRECTORY SERVICES**
10 **(LISTINGS, BOOKS, DISTRIBUTION) TO TIME WARNER AT**
11 **NO CHARGE. DO YOU AGREE WITH WITNESS POAG'S**
12 **RATIONALE FOR THIS?**

13 **A: No. A unified white pages is of great value to**
14 **consumers, businesses, and local service providers.**
15 **Although Time Warner acknowledges that it benefits**
16 **from having its customers' listings in Sprint**
17 **United's phone books, Sprint United does as well,**
18 **both by having a complete listing to sell to**
19 **others, and by having an increased audience for its**
20 **yellow pages, as well as an increased base for its**
21 **yellow pages sales. Sprint United also benefits in**
22 **the delivery of phone books by not having to**
23 **determine which houses get Sprint United phone**
24 **books and which do not. Time Warner is willing to**
25 **provide its customer listings to Sprint United.**

1 Witness Poag's speculation that Sprint United may
2 change its existing relationship with its directory
3 publishing company notwithstanding, Sprint profits
4 significantly from directory publishing. From its
5 1994 annual report, Sprint United's gross profit
6 from its directory publishing activities was in
7 excess of \$44 million. Sprint United's ability to
8 continue to sell yellow pages to Time Warner's
9 customers will perpetuate this net profit. Time
10 Warner believes this is a fair tradeoff for
11 providing listings and directories to Time Warner
12 customers.

13

14 **Q: WITNESS POAG PROPOSED THAT ON TOLL CALLS TERMINATED**
15 **TO PORTED NUMBERS, SPRINT UNITED SHOULD BE ALLOWED**
16 **TO KEEP THE TANDEM SWITCHING ELEMENT, THE RIC AND**
17 **MEET POINT TRANSPORT REVENUES, WHILE REMITTING TO**
18 **TIME WARNER THE REMAINDER OF THE MEET POINT TANDEM**
19 **REVENUES, LOCAL SWITCHING AND CCL TO TIME WARNER.**
20 **IS THIS ACCEPTABLE?**

21 **A: No, this is not appropriate. On local calls**
22 **originating from Sprint United and terminating to a**
23 **Time Warner ported number there would be no**
24 **additional compensation to Sprint United for the**
25 **use of its network. There is no reason that toll**

1 calls should be treated any differently. If those
2 calls were not ported, Time Warner would receive
3 all of the terminating access revenues from them,
4 and Time Warner should not have to share them with
5 Sprint United because the calls are ported. Sprint
6 United is already compensated for the costs of
7 porting these numbers.

8

9 Q: DO YOU AGREE WITH WITNESS POAG'S PROPOSAL FOR
10 COLLOCATED ALECS CONNECTING THROUGH SPRINT UNITED'S
11 TANDEM?

12 A: No. Time Warner should be allowed to transmit
13 traffic through the Sprint United tandems to other
14 telecommunications provider end offices also
15 subtending the Sprint United tandems, and without
16 connecting through Sprint United's collocation
17 facilities.

18

19 Direct interconnections among the ALECs and among
20 ALECs and IXCs at Sprint United's wire center
21 locations, provided that Sprint United is
22 compensated for at least the incremental cost for
23 providing the interconnections, furthers local
24 competition by allowing the creation of a more
25 efficient network. To the extent that Sprint

1 United is allowed to dictate the terms and
2 conditions under which ALECs can directly connect
3 with each other or with an IXC in an economically
4 efficient manner, local exchange competition will
5 be stifled. Although Sprint United might argue
6 that such direct connection ignores the potential
7 revenue losses it might occur, such a revenue loss
8 is not necessarily an adverse event, it simply
9 reflects the emergence of effective local
10 competition.

11

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

13 **A:** I have disagreed with Sprint United witness Poag's
14 assertions about the negotiation process. Several
15 scenarios have been offered which were rejected out
16 of hand by Sprint United. I have offered better
17 alternatives to Sprint United's toll default toll
18 default proposal, and taken issue with witness
19 Poag's compensation rationale for directory
20 services. I have disagreed with witness Poag's
21 assertion that Sprint United deserves more than the
22 normal switched access charges (perhaps some shared
23 transport and tandem switching) on calls
24 terminating to ported numbers, and have discussed

1 why a direct connection between ALECs and others is
2 appropriate.

3

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

5 **A: Yes. It does.**