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FLORIDA CABLE TELEVISION ASSOCIATION, INC.

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Florida Cable Television Assoc., Inc.

STEVEN E. WILKERSON
President

ORIGINAL
FILE COPY

July 27, 1994

VIA HAND DELIVERY

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
101 East Gaines Street
Tallahassee, FL 32399

RE: Docket No. ~~921074-TP~~

Dear Ms. Bayo:

Enclosed for filing in the above-referenced docket are an original and fifteen (15) copies of Rebuttal Testimony of Mr. William G. Kingsley on behalf of Florida Cable Television Association, Inc. Copies have been served on the parties of record pursuant to the attached Certificate of Service.

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

AFB Thank you for your assistance in processing this filing.

CAF

CMU Yours very truly,

CTR

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Enclosures

All Parties of Record
 Mr. Steven E. Wilkerson
 Mr. Robert J. Brillante

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REBUTTAL TESTIMONY OF
WILLIAM G. KINGSLEY
ON BEHALF OF
FLORIDA CABLE TELEVISION ASSOCIATION, INC.
DOCKET NO. 921074-TP
JULY 27, 1994

8 Q. Please state your name and business address.

9 A. I am William G. Kingsley. My business address is 1500 Market Street,
10 Philadelphia, PA 19102.

11 Q. By whom are you employed and in what capacity?

12 A. I am employed by Comcast Corporation as Director, Telecommunications
13 Businesses. In this capacity, I am responsible for planning and managing the
14 company's emerging telecommunications businesses on a nationwide basis.

15 Q. Please briefly describe your background and work experience.

16 A. I began my telecommunications career in 1981, joining Contel Corporation.
17 Over 26 months, I rotated through a series of assignments in the Network
18 Planning and Design Disciplines. I progressed through an accelerated
19 management training program. Upon completion of this program, I became
20 Product Manager for the Eastern Region. In 1987, I was promoted to Manager,
21 New Product Development for Contel's Domestic Telephone Operations. In
22 1981, upon consummation of the Contel/GTE merger, I was named Director -
23 New Business Development For GTE's Cellular Telephone Business. I have
24 been employed by Comcast Corporation in my present capacity since June,

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1 1993. I graduated from Lynchburg College in 1980 with a B.S. in Business
2 Administration. In 1987, I was awarded a Master of Arts in
3 Telecommunications Policy from George Washington University.

4 **Q. What is the purpose of your testimony?**

5 A. The purpose of my testimony is to rebut the Direct Testimony of David Denton
6 (Southern Bell) and the Direct and Supplemental Direct Testimonies of Ben
7 Poag (Centel-United).

8 **Q. Turning first to Mr. Denton's testimony, do you agree that the Florida
9 Public Service Commission ("Commission") should allow the dominant
10 LECs "the option to provide either virtual or physical collocation?"
11 Denton, direct at 3-4,8.**

12 A. No, I do not. The Commission should require the development of a physical
13 collocation standard for switched access expanded interconnection. A physical
14 collocation standard is critical to the development of a competitive market.

15 **Q. What problems do you anticipate in giving the dominant LECs the option
16 to choose the form and terms of collocation?**

17 A. If the LEC chooses the form and terms of collocation, then it is given the ability
18 to affect critical competitive technical, operational and financial characteristics of
19 the interconnector's services. The Commission should, instead, focus on the
20 interconnection standards present in the AAV market today to define the
21 essential characteristics of collocation. Competitors' services should not be
22 forced to resemble the LECs' services, and the dominant LEC should not be
23 permitted to continue to control the essential characteristics of services offered
24 by other providers. Mandating a physical collocation standard is the best way to

1 achieve these results.

2 **Q. If the Commission does not mandate actual physical collocation, should**
3 **collocation arrangements be individually negotiated giving the LECs the**
4 **option to choose between physical and virtual collocation?**

5 A. Only if physical collocation is the standard by which all virtual collocation
6 arrangements are implemented.

7 **Q. Please explain.**

8 A. Rather than allowing the LEC to set the terms and conditions of expanded
9 interconnection, as Mr. Denton suggests, the Commission should adopt rules
10 and regulations concerning expanded interconnection in the absence of
11 mandatory physical collocation. The rules and regulations should permit and
12 encourage the parties to negotiate virtual or physical collocation arrangements
13 on a case-by-case basis with the same terms and conditions available to all
14 interconnectors. To accomplish this, the rules and regulations must require the
15 LECs to provide virtual interconnection that is technically and economically
16 comparable to actual collocation and on reasonable terms. Effective expanded
17 interconnection should not be hampered by unreasonable or inefficient
18 administrative processes and requirements.

19 **Q. Why should the Commission take this action in the absence of an actual**
20 **physical collocation mandate?**

21 A. The Commission mandated physical collocation in Phase I of this proceeding.
22 Clearly, the Commission believes that physical collocation is the proper
23 collocation standard. Additionally, it was assumed that phase I-type virtual
24 collocation arrangements would be negotiated voluntarily by the parties with

1 physical collocation as a back-up option. This gives the LECs a natural
2 marketplace incentive to make virtual collocation adequate and attractive to
3 interconnectors. If physical collocation is not mandated in Phase II, the
4 Commission should, as a matter of fairness, continue to give interconnectors
5 effective negotiating leverage with the dominant LEC when attempting to obtain
6 satisfactory collocation. Once the interconnection standards are adopted, the
7 Commission should require the LECs to file tariffs complying with the standards.

8 **Q. You previously mentioned the dominant negotiating power of the LEC.
9 Doesn't the possibility exist for disputes to arise even with the tariffed
10 standards?**

11 **A. Yes. If disputes arise, the Commission should direct parties to resolve them by
12 negotiation. This permits an expeditious resolution that could be accelerated
13 further if the Commission gives the dominant LEC the proper substantive and
14 procedural incentives to promptly negotiate expanded interconnections. Some
15 negotiations will most likely be successful and will provide an adequate record
16 upon which the Commission could resolve additional disputes.**

17 **Q. Witness Poag filed supplemental direct testimony in this proceeding. He
18 concludes that the Commission should not impose a mandatory physical
19 collocation requirement based upon the United States Court of Appeals
20 decision. Would you please comment on this conclusion?**

21 **A. Should the Commission modify Order No. PSC-94-0285-FOF-TP and its actual
22 physical collocation requirement of Phase I, then the Commission should
23 implement the physical collocation standard outlined above, i.e., interconnection
24 that is technically and economically comparable to actual collocation and on**

1 reasonable terms. Mr. Poag's direct testimony appears to be consistent with
2 my recommendation. Mr. Poag states that "rather than mandating any
3 particular form of collocation, the Commission ought to adopt rules and
4 regulations which permit and encourage the parties to negotiate physical or
5 virtual collocation arrangements on a case-by-case basis with the same terms
6 and conditions available to all interconnectors." Poag, direct at 14. I would
7 also recommend that if the Commission modifies the Phase I order, all pricing
8 flexibility should be suspended until each LEC successfully negotiates and
9 implements a collocation agreement.

10 **Q. Do you find any other problems with Witness Denton's testimony?**

11 **A. Yes, Mr. Denton recommends that reciprocity under the same terms and**
12 **conditions as required for LECs should be part of any**
13 **interconnection/collocation order in Florida. Denton, direct at 11-12. The**
14 **Commission rejected this approach in phase I of this proceeding and should do**
15 **the same in Phase II.**

16 **Q. Turning now to Mr. Poag's direct testimony, do you agree that the LECs**
17 **should be given as much price flexibility as possible? Poag, direct at 12.**

18 **A. Absolutely not. Mr. Poag bases his conclusion on concerns about upward**
19 **pressure on residually priced basic service rates and universal service goals.**
20 **His concerns are overstated and misapplied. First, at the interstate level, the**
21 **residual interconnection charge accounts for the vast majority of the LECs' local**
22 **transport revenue. This revenue will continue to be guaranteed to the LECs.**
23 **Second, Mr. Poag would have interconnection rates set to recoup LEC money**
24 **lost in order to subsidize universal service. This is an inappropriate forum to**

1 determine how best to address universal service concerns, especially since the
2 LECs have not stated their cost of providing basic local exchange service.
3 Finally, Mr. Poag's assertion that AAVs and cable companies will seek to attract
4 only those customers who have the greatest potential for generating the highest
5 profit margin, is misplaced.

6 **Q. What is wrong with the latter assertion?**

7 **A.** Mr. Poag fails to distinguish between AAVs and cable companies. AAVs are
8 currently only permitted by law to provide limited telecommunications services
9 mostly used by business customers. In fact, they are only in a position to
10 provide service where they have connections to office buildings. Unlike the
11 dominant LECs, AAVs do not have ubiquitous interconnections to all potential
12 business customers. Even if they would like to compete on a greater scale,
13 they are prohibited from doing so by law. It is, therefore, unfair to attempt to
14 characterize their activities as cream skimming. Further, cable companies
15 already enjoy a relationship with residential ratepayers. In fact, cable television
16 facilities pass by 97% of the homes in Florida, although far from every home is
17 wired for cable. A very small percentage of the cable television subscribers are
18 businesses, in essence, cable companies are residential service providers. The
19 residential market segment, however, according to LECs themselves, is not a
20 high profit margin segment.

21 **Q. Would you please summarize your rebuttal testimony?**

22 **A.** Certainly. Mr. Denton and Mr. Poag's proposals would suppress rather than
23 promote competition. If there are no meaningful interconnection standards and
24 the LECs given price flexibility, expanded interconnection will be so

1 cumbersome, uncertain and economically disadvantageous that no one will be
2 able to compete. LECs should be given price flexibility which mirrors the FCC
3 approach only if they allow collocation, either physical or virtual, which is
4 reasonably provided under comparably efficient interconnection standards.

5 **Q. Do you have any other comments?**

6 **A. Yes. AAVs and cable companies offer the State of Florida the means to**
7 develop a robust telecommunications infrastructure. It is essential to this
8 infrastructure development that interconnection standards be adopted quickly.

9 **Q. Does that conclude your testimony?**

10 **A. Yes, it does.**

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