BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

In Re:	Application of Time Warner Cable Information Services (South Carolina) LLC, d/b/a Time Warner Cable to Amend its Certificate of Public Convenience and Necessity to Provide Telephone Services in the Service Area of Farmers Telephone Cooperative, Inc. and for Alternative Regulation	)	(Docket No. 2008-325-C)
In Re:	Application of Time Warner Cable Information Services (South Carolina) LLC, d/b/a Time Warner Cable to Amend its Certificate of Public Convenience and Necessity to Provide Telephone Services in the Service Area of Fort Mill Telephone Company, d/b/a Comporium Communications, and for Alternative Regulation	)	(Docket No. 2008-326-C)
In Re:	Application of Time Warner Cable Information Services (South Carolina) LLC, d/b/a Time Warner Cable to Amend its Certificate of Public Convenience and Necessity to Provide Telephone Services in the Service Area of Home Telephone Company, Inc. and for Alternative Regulation	)	(Docket No. 2008-327-C)
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REBUTTAL TESTIMONY
OF
AUGUST H. ANKUM, PH.D.
ON BEHALF
OF TIME WARNER CABLE INFORMATION SERVICES
(SOUTH CAROLINA) LLC ("TWCIS")

TABLE OF CONTENTS

I. INTRODUCTION 1
II. RESPONSE TO ISSUES RAISED IN THE COMPANIES' TESTIMONY 2

1 **I. INTRODUCTION**

2 **Q. ARE YOU THE SAME DR. ANKUM WHO FILED DIRECT TESTIMONY IN**
3 **THIS CASE?**

4 A. Yes.

5 **Q. ON WHOSE BEHALF IS THIS TESTIMONY BEING FILED?**

6 A. This testimony is being filed on behalf of Time Warner Cable Information Services
7 (South Carolina), LLC ("TWCIS").

8 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

9 A. The purpose of this rebuttal testimony is to respond to some of the issues raised in the
10 testimonies of the witnesses for Farmers Telephone Cooperative, Inc.; Fort Mill
11 Telephone Company, d/b/a Comporium Communications; Home Telephone Company,
12 Inc.; PBT Telecom, Inc.; and Rock Hill Telephone Company, d/b/a Comporium
13 Communications ("the Companies"), Messrs Douglas Duncan Meredith and H. Keith
14 Oliver.

15 **Q. DO YOU HAVE A PRELIMINARY OBSERVATION?**

16 A. Yes. Both Mr. Duncan and Mr. Oliver recommend "the grant of TWCIS Application to
17 Amend its Certificate of Public Convenience and Necessity." While the recommendation
18 of both witnesses is qualified by a number of other considerations, in essence, it is the

same as that of Office of Regulatory Staff witness Mr. Christopher J. Rozycki who also recommends "approval of the TWCIS application."[1]

Q. HAS ANYTHING IN THE TESTIMONIES OF MESSRS. MEREDITH AND OLIVER CAUSED YOU TO CHANGE YOUR RECOMMENDATIONS?

A. No. Given that TWCIS' application is consistent with the availability of affordable local exchange service and the preservation and promotion of universal service and is in the public interest, my recommendation remains that the Commission approve this application.

II. RESPONSE TO ISSUES RAISED IN THE COMPANIES' TESTIMONY

Q. DOES MR. MEREDITH CLAIMS THAT YOUR TESTIMONY IMPROPERLY OMITS "ANY ANALYSIS OF THE CLEAR AND UNEQUIVOCAL DETERMINATION BY CONGRESS THAT IN SOME INSTANCES COMPETITION IS NOT IN THE PUBLIC INTEREST"[2]?

A. Yes. Mr. Meredith references Section 214 and 251(f)(1) of the Telecommunications Act of 1996 ("the Act") as two instances in which "Congress requires that state commissions evaluate the befits and potential injuries competition may have on small rural telephone companies."[3]

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[1] Direct Testimony of Christopher J. Rozycki, p. 4.

[2] Direct Testimony of Douglas Duncan Meredith ("Meredith Direct"), p. 13.

[3] Meredith Direct, pp. 13-14.

1 **Q. PLEASE RESPOND TO MR. MEREDITH'S TESTIMONY.**

2 A. Congress manifestly did not provide that competitors should be denied authority to
3 operate in order to protect rural LECs. To the contrary, Congress expressly preempted
4 any such entry barriers in Section 253 of the Communications Act, as amended.

5 The two provisions mentioned by Mr. Meredith are outside the scope of this case. The
6 first instance (section 214 of the Act) addresses the procedures for determining whether
7 to provide universal service *subsidies* to competitive carriers in rural areas.[4] It does not
8 remotely suggest that any such competitor may be denied operating authority. In any
9 event, TWCIS has not sought federal or state universal service support.

10 The second provision (section 251(f)(1) of the Act), concerns the provisional "rural
11 exemption" from certain interconnection and unbundling obligations of the Act. As I
12 explained in my direct testimony, TWCIS is not asking the Commission to lift the
13 RLEC's rural exemption. Further, it is worth noting that section 251(f)(1)(c) contains a
14 condition that the rural exemption would *not* apply in a situation in which a cable
15 provider requests interconnection from a rural company that provides video
16 programming. As I discussed in my direct testimony, all of the Companies offer cable
17 TV services, as well as Internet and wireless services, which make their competitive
18 positions very strong.

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[4] See section 214 (e) of the Telecommunications Act. Specifically, subsection 214(e)(2) states as follows: "Before designating an additional eligible telecommunications carrier for an area served by a rural telephone company, the State commission shall find that the designation is in the public interest."

1 **Q. DO MR. MEREDITH AND MR. OLIVER COMPLAIN THAT TWCIS MAY NOT**
2 **COMPETE WITH THE COMPANIES FOR EACH AND EVERY CUSTOMER?**

3 A. In effect, yes. On pages 14 of his testimony, Mr. Meredith complains that TWCIS may
4 not compete for all of the Companies' customers. He notes: "Time Warner Cable has a
5 limited footprint and cannot cover the entire area served by rural carriers." Mr. Oliver
6 makes similar claims.[5]

7 **Q. IS THIS A RELEVANT CONCERN?**

8 A. No. This concern is a red herring. The "objection" could be raised for any competitor
9 almost anywhere since there are no two competing telecommunications carriers in the
10 United States that are situated to compete for an identical customer base. Competition is
11 nearly always for subsets of customers where network facilities overlap.

12 **Q. MR. MEREDITH AND MR. OLIVER ALSO SUGGEST THAT TWCIS WILL**
13 **COMPETE ONLY FOR LOW COST CUSTOMERS. PLEASE COMMENT ON**
14 **THIS TESTIMONY.**

15 A. On page 14 and 15 of his testimony, Mr. Meredith complains that TWCIS has a limited
16 footprint and will only be serving "low cost" customers. He then goes on to argue that
17 this will impair the benefits of competition and concludes that: "this analysis is missing

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[5] See Direct Testimony of H. Keith Oliver ("Oliver Direct"), pp. 4, 14, 16, 17, 18, 19, 20, 22, 23, 26.

1 from TWCIS' petition and should be given weight in the Commission's judgment in this
2 proceeding."

3 This argument also is a red herring. Importantly, Mr. Meredith's assertion that TWCIS
4 will serve only "low cost" customers is entirely unsupported; he does not provide any
5 factual basis whatsoever for that claim. In any case, TWCIS has made clear that it will
6 offer services to *all* customers where it has network facilities.

7 "Cream-skimming" or "cherry picking" concerns arise where a competitor *targets*
8 particular customer segments and deliberately *excludes* others. In contrast, TWCIS will
9 serve every customer it can reach. The mere fact that its network is not ubiquitious is
10 both unremarkable and besides the point — that is true of all carriers. The important
11 point is that TWCIS neither knows nor has any concern about whether particular
12 customers are considered "low cost" or "high cost" from the Companies' standpoint.

13 The truth is that, in general, TWCIS will be serving customers where it has *existing* cable
14 facilities, *irrespective of whether those customers are low cost or high cost customers for*
15 *the Companies*. In order to market its services, TWCIS needs to neither know nor care
16 where the Companies' low or high cost customers are.

17 **Q. BUT ISN'T IT TRUE THAT A PATTERN COULD EMERGE IN WHICH TWCIS**
18 **SERVES FEW OF THE COMPANIES HIGH COST CUSTOMERS?**

19 A. Yes, but this observation is almost a tautology. By definition there are fewer high cost
20 customers than other customers in the Companies' serving area. Thus, any competitor –
21 unless they were to specifically target high cost customers – is likely to serve fewer high

1 cost customers than other customers. This is, again, no reason to deny the Companies'
2 customers the option of competitive alternatives.

3 **Q. MR. OLIVER ADDS YET ANOTHER TWIST TO MR. MEREDITH'S**
4 **ARGUMENTS BY CLAIMING THAT TWCIS' WILL ONLY SERVE**
5 **CUSTOMERS THAT ARE THE MOST *PROFITABLE*? PLEASE COMMENT**
6 **ON MR. OLIVER'S CLAIM.**

7 A. On page 14 of his testimony, Mr. Oliver states the following:

8 The fact is that TWGIS only serves the lowest cost-to-serve subscriber and
9 only expands its video network into areas that are lowest cost and the *most*
10 *profitable to serve*. Even if TWGIS is granted its application and receives
11 certification to provide voice services in the Rural LEG areas, this fact will not
12 change. (Emphasis added.)

13 This observation adds to Mr. Meredith's arguments the claim that TWCIS would be
14 interested in serving only the *most profitable* customers. Mr. Oliver's claim is another
15 red herring.

16 First, like Mr. Meredith, Mr. Oliver advanced only rank speculation, not facts. He has
17 offered no basis for his claim that TWCIS is interested in serving only the most profitable
18 customers, and, as I explained above, that assertion is simply untrue.

19 Second, all competitors seek to serve customers that they can serve profitably. Again, if
20 this consideration were a valid reason for denying a certificate – and it isn't – no
21 competitor would ever receive one.

1 Third, economic theory holds that companies will serve *all* customers that they can serve
2 profitably. It is simply illogical to assume that TWCIS would shun customers other
3 than the *most* profitable, as claimed by Mr. Oliver.

4 Last, to the extent that Mr. Oliver intends to suggest that TWCIS would be seeking out
5 the customers that the *Companies* are able to serve most profitably (as opposed to the
6 customers that *TWCIS* is able to serve most profitably), this suggestion is simply wrong.
7 While TWCIS will undoubtedly seek to serve customers that are profitable for TWCIS, it
8 neither knows nor cares which of the Companies' customers are the most profitable for
9 them to serve.

10 **Q. DOES MR. OLIVER CLAIM THAT TWCIS SHOULD BE COMPARED TO THE**
11 **RBOCS IN TERMS OF THEIR ADVANTAGE OVER THE COMPANIES?**

12 A. Yes. On page of 4 of his testimony, Mr. Oliver argues that TWCIS will have an
13 enormous competitive advantage over the Companies:

14 The second factor of concern is the extreme size and therefore market power
15 that TWCIS brings to the market. This concept is best illustrated if one were to
16 substitute TWCIS with one of the major Region Bell Operating Companies
17 ("RBOCs") such as AT&T or Verizon.

18 **Q. PLEASE COMMENT ON THIS TESTIMONY.**

19 A. Mr. Oliver's testimony is misguided and shows a deep misunderstanding of what it takes
20 to compete as a new entrant with an incumbent LEC, be they large or small. First, the
21 Commission should recognize that even the RBOCs rarely compete outside their serving
22 areas for basic landline local telephone services. While some have tried, such as SBC

1 (now AT&T) after its merger with Ameritech, I am not aware of any RBOC that does so
2 successfully on a significant scale in the United States.

3 While TWCIS is affiliated with a large company, that is a non-sequitur. TWCIS is
4 unquestionably a new entrant in the market for voice services, and it still needs to
5 introduce and establish itself with customers as an alternative provider for such services.
6 That TWCIS's ultimate parent is an established provider of *video* services does not
7 change the fact that the RLECs are dominant providers of voice services with many years
8 of entrenched advantages afforded by their monopoly status.

9 **Q. DO THE COMPANIES' WITNESSES COMPLAIN THAT TWCIS AT ONCE**
10 **POSSES TOO MUCH AND TOO LITTLE COMPETITION?**

11 A. Yes. As discussed above, both Mr. Meredith and Mr. Oliver complain that TWCIS will
12 have certain unfair advantages, focus on low cost/high profit customers, looks like an
13 RBOC, etc. Then, Mr. Oliver makes a remarkable 180 degree U-turn and claims that
14 TWCIS does not really offer a competitive alternative to the ratepayers:

15 So in fact TWCIS' entry into the Rural LEGs' markets *will not really increase*
16 *competition in those markets* – TWCIS certainly is not deploying a "unique
17 new technology" nor will TWCIS Digital Phone service be "the best hope" for
18 viable competition in residential markets since residential customers today can
19 choose from a number of VoIP as well as wireless providers in the Rural
20 LEGs' markets.[6] (Emphasis added.)

21 Thus, the Companies' witnesses appear to complain claim that TWCIS at once posses too
22 much and too little competition.

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[6] Oliver Direct, p. 14.

1 **Q. IS MR. OLIVER'S TESTIMONY THAT TWCIS IS NOT OFFERING**
2 **ANYTHING "UNIQUE" AT ODDS WITH HIS SUBSEQUENT TESTIMONY?**

3 A. Yes. While on the one hand Mr. Oliver argues that TWCIS will offer nothing unique to
4 the marketplace, he argues on the other hand that TWCIS is completely unlike traditional
5 ILECs:

6 > The Commission should recognize that TWCIS is simply a *completely*
7 > *different provider* from the traditional LEC in rural areas, and is not the type of
8 > carrier that would qualify for universal service funding for precisely these
9 > reasons.[7] (Emphasis added.)

10 While this is yet another inconsistency in Mr. Oliver's testimony, it is important to
11 recognize that none of these considerations are relevant.

12 **Q. PLEASE EXPLAIN WHY THESE CONSIDERATIONS ARE NOT RELEVANT?**

13 A. The Commission should not deny ratepayers a valuable competitive alternative based on
14 Mr. Oliver's subjective (and self-contradictory) judgments about the merit of TWCIS'
15 services and whether they do or do not represent a unique or new alternative for
16 customers. Rather, the Commission should leave that evaluation up to the ratepayers. I
17 am confident that ratepayers will value having a choice of providers, irrespective of
18 whether their underlying technology is unique. And if ratepayers decide to purchase
19 services from TWCIS, then TWCIS' services will have proven their worth in the
20 marketplace. Alternatively, if Mr. Oliver were correct that TWICS' service offerings are
21 not attractive, then ratepayers would not have any reason to purchase such services and
22 the Companies would have nothing to worry about.

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[7] Oliver Direct, p. 26.

Q. DOES MR. OLIVER'S CLAIM, THAT TWCIS "WILL NOT INCREASE COMPETITION," ALSO STAND IN STARK CONTRAST TO A DOOMSDAY SCENARIO HE SKETCHES OUT IN SUBSEQUENT PAGES?

A. Yes. Mr. Oliver's claim that TWCIS "will not increase competition" stands in stark contrast with a doomsday scenario he subsequently discusses:

> Theoretically, in a worst case scenario, if the Rural LECs' lowest cost customers were also their highest usage customers, the Rural LECs could lose eighty percent of their revenues while only "potentially" eliminating a few percentage points of cost.[8]

If TWCIS "will not increase competition" – as claimed by Mr. Oliver – then the Companies will not have any reason to be concerned about TWICS' entry.

Q. IN ANY EVENT, IS MR. OLIVER'S DOOMSDAY SCENARIO EVEN REMOTELY REALISTIC?

A. No. No company would permit another company to take away a significant portion – let alone *eighty* percent – of its revenues without engaging in vigorous competition. I have already discussed the competitive options of the Companies and demonstrated that they are well positioned to respond to competitive entry, both in terms of the breadth and the price points of the service offerings.

Q. DOES MR. OLIVER IN FACT MISREPRESENT THE COMPETITIVE SITUATION?

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[8] Oliver Direct, p. 17.

A. Yes. On page 23 of his testimony, Mr. Oliver states:

> To illustrate, it is apparent that TWGIS' service offerings are targeted only to the *highest revenue customers since, as previously noted in my testimony, the lowest rate the company offers is $49.95, which is substantially higher than the $14.35 stand-alone base local service rate offered by the Rural LEGs.* Accordingly, it appears that the customers that TWGIS will target are not only the lowest cost-to-serve customers but also the highest volume users as well. It is likely that these customers generate a disproportionate amount of both local and access revenues to the Rural LECs and thus the loss of their revenues would be even more harmful than the average customer. (Emphasis added.)

Mr. Oliver's testimony is misleading because he does not make an "apples to apples" comparison of rates. The table below is taken from my direct testimony and compares the prices and service offerings, of TWCIS and the Companies, discussed by Mr. Oliver.

Table. Comparison of Current Rate Offerings*

Product:	Phone		Phone and Broadband		Triple Play	Quadruple Play
Company	**Cheapest Stand Alone Local Phone Service**	**Local Phone + Features** + Unlimited LD**	**Local Phone + Features + Unlimited LD + Internet (1.5 Mbps download)**	**Local Phone + Features + Unlimited LD + Internet (7 Mbps download)**	**Local Phone + Features + Unlimited LD + Internet (1.5 Mbps download) + HDTV**	**Wireless Discount if Bundled with Other Services**
Farmers Telephone	$14.35	$65.80	$89.85	n/a	not listed	Wireless Offered No discount listed
Fort Mill Telephone	$14.35	$54.90	$99.85	$114.85	$152.80	$ 10 off per Month
Home Telephone	$14.35	$56.49	$86.49	$96.49	$146.44	Yes -- Call Company
PBT Telecom	$14.35	$62.30	$92.25	$108.25	$140.19	Additional $5 per Month
Rock Hill Telephone	$14.35	$54.90	$99.85	$114.85	$152 80	$ 10 off per Month
St. Stephen Telephone	$14.35	$67.89	$97.84	$107.84	$160.82	Wireless Not Offered
Time Warner Cable	$49.95	$53.90	$81.85	$96.40	$148.20	Wireless Not Offered

** -- Based on the review of the companies' web site. See Exhibits AA-2 and AA-3 to this testimony for specific sources and calculations. Rates do not include taxes and other surcharges.*

*** -- Features plan chosen to include Caller ID, Call Waiting and Voice Mail*

When one recognizes that all companies offer packages of local *and* long distance services (a practice that has become the norm rather than the exception), the table above

shows that TWCIS' offering, rather than being more expensive than the Companies' offerings, as claimed by Mr. Oliver, is in fact comparably priced and if anything is slightly cheaper. Thus, Mr. Oliver's claim that TWCIS' services are targeted "to the highest revenue customers" is simply unsupported and inconsistent with the above price information.

Further, even customers that purchase only the cheapest standalone basic local service offerings from the companies are not necessarily low revenue customers. It may simply mean that they purchase their long distance services from unaffiliated IXCs. Purchasing a flat-rate service plan from TWCIS would deliver significant savings to many such consumers. And, given that their long distance calls will generate switched access revenues for the Companies, those customers are just as likely to be high revenue customers.

Q. DOES MR. OLIVER RAISE AN ADDITIONAL RED HERRING ISSUE TO BURDEN TWCIS APPLICATION?

A. Yes. In addition to the red-herring arguments I have already addressed, Mr. Oliver raises another one:

> Due to confusion which has arisen regarding identification of the types and jurisdiction of traffic (otherwise known as "phantom traffic") and the significant impact that such problems have on access revenues, the Commission should require TWCIS, as a condition of certification, to properly identify all traffic that it passes to Sprint or other third party carrier to be completed to the Rural LECs, and only assign numbers to customers who are physically located in the rate center where the NPA-NXX is associated.[9]

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[9] Oliver Direct, p. 27.

1 **Q. PLEASE COMMENT ON THIS TESTIMONY.**

2 A. The issue of phantom traffic and other intercarrier and billing related issues are currently
3 being addressed by the FCC in its Intercarrier Compensation Notice of Proposed
4 Rulemaking [10] and go well beyond TWCIS' application before this Commission. These
5 issues have no relevance here and the Companies' witnesses are simply trying to
6 introduce additional complexities in order to burden this application.

7 **Q. DOES MR. OLIVER RAISE OTHER ISSUES THAT ARE BEYOND THE SCOPE**
8 **OF THIS PROCEEDING AND ALREADY UNDER CONSIDERATION BY THE**
9 **FCC?**

10 A. Yes. On page 28 of his testimony, Mr. Oliver raises access related issues:

11 [W]e are in a period of great technological change. The whole concept of the
12 public switched network is at risk and may one day basically go away. We are
13 concerned that TWCIS and other VoIP providers may establish private ENUM
14 data bases that would allow *VoIP traffic to completely avoid the public*
15 *switched network and the associated fees*. This would allow the large national
16 players to in effect cut out the small rural carriers and force them to use *higher*
17 *cost switched termination services* or that TWCIS and like situated carriers
18 would create price discrimination in access to their ENUM data base.
19 (Emphasis added.)

20 These access related issues are currently being addressed on a national level by the FCC
21 in its Intercarrier Compensation Notice of Proposed Rulemaking [11] and go well beyond

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[10] *See* Order on Remand and Report and Order and Further Notice of Proposed Rulemaking, *High-Cost Universal Service Support*, WC Docket No. 05-337 (and related proceedings), FCC No. 08-262 (rel. Nov. 5, 2008) ("*Further Notice*") and the draft orders attached as the *Appendix A and C Draft Orders*.

[11] *See* Order on Remand and Report and Order and Further Notice of Proposed Rulemaking, *High-Cost Universal Service Support*, WC Docket No. 05-337 (and related proceedings), FCC No. 08-262 (rel. Nov. 5, 2008) ("*Further Notice*") and the draft orders attached as the *Appendix A and C Draft Orders*.

TWCIS' application before this Commission. Again, the Companies' witnesses are simply trying to introduce additional complexities in order to burden this application.

Q. ARE THERE OTHER ATTEMPTS BY THE COMPANIES' WITNESSES TO UNNECESSARILY BURDEN TWCIS' APPLICATION?

A. Yes. Both of the Companies' witnesses advocate imposing additional regulations on TWCIS. While they offer various reasons for this recommendation, Mr. Oliver, for example, introduces his recommendations as follows:

> [TWCIS'] voice service will be almost identical to that provided by the Rural LECs, yet without affirmative action by this Commission they will be able to utilize their size and market power unconstrained by even the same degree of regulation to which the rural LECs are subjected. (p. 21)
>
> [...]
>
> Second, because of the distinguishing characteristics already enumerated in my testimony, TWCIS should have reasonable requirements which accompany granting of the application for expanded certification in the areas served by the Rural LECs.
>
> [...]
>
> The Rural ILECs believe that that these requirements should at a minimum include filing of all reports that ILECs are required to file, and meeting all service standards. (PP. 25 AND 26.)

Q. PLEASE COMMENT ON THE COMPANIES' RECOMMENDATION THAT THE COMMISSION IMPOSE ADDITIONAL REGULATIONS ON TWCIS.

A. The Companies' self-serving recommendations appear to be aimed at handicapping TWCIS rather than promoting the public interest.

For example, when Mr. Oliver notes that TWCIS would be able to unleash its "market power unconstrained by even the same degree of regulation to which the rural LECs are

1 subjected" he misses an important point: regulations reflect the Companies' status as
2 incumbent carriers and serve to protect the ratepayers *in the absence of competition*.

3 By contrast, when TWCIS enters the market it will face vigorous competition from the
4 Companies, which will force TWCIS to price its services reasonably and affordably, to
5 offer quality of service in a timely manner, etc. There is no need for additional
6 regulations.

7 **Q. DOES IT MAKE ANY SENSE TO IMPOSE THE ILECS' REPORTING**
8 **REQUIREMENTS ON TWCIS?**

9 A. No. There is absolutely no public benefit to burdening TWCIS with the ILECs' reporting
10 requirements. TWCIS is not an incumbent LEC with captive customers. Further,
11 because ratepayers will have a competitive choice, the Commission does not need to have
12 the same degree of concern about the terms and conditions under which services are
13 being offered as it does when ratepayers are captive to an incumbent LEC without
14 competitors. The only purpose of these recommendations appears to be to burden
15 TWCIS.

16 **Q. DOES MR. OLIVER RAISE ADDITIONAL ISSUES THAT HAVE NO PLACE IN**
17 **THIS PROCEEDING?**

18 A. Yes. On page 27 of his testimony, Mr. Oliver states:

19 Additionally, TWCIS should commit that it will not request interconnection
20 directly with the Rural LECs. To ensure that the Rural LECs do not have to
21 bear the financial burden of transporting calls beyond their ILEC boundaries
22 and existing points of interconnection ("POIs"), TWCIS and its third party
23 connecting carrier should be required to either establish a POI within the

> service area of the Rural LEC they seek to serve or, if not, bear the financial burden of transporting the traffic from the Rural LEC boundary to the POI.

This is an interconnection issue that is more appropriately worked out in interconnection negotiations or, if parties cannot reconcile their differences, in an arbitration before the Commission so that a more complete record can be established. The issue is also relevant to FCC's pending intercarrier compensation rulemaking. It is has no place in this application proceeding.

Q. MR. OLIVER ALSO RAISES AN ISSUE CONCERNING UNIVERSAL SERVICE FUND ("USF") CONTRIBUTIONS. PLEASE COMMENT.

A. On page 28 of his testimony, Mr. Oliver states:

> Finally, as a condition to certification, TWCIS should be required to fund state USF based on the full voice portion of their service offering. Where this service is bundled, TWCIS should be required to calculate the voice revenues in the same manner as the rural LECs. The assessment should be based on all voice related revenues as state USF funding is based on interstate and intrastate revenues.

This application is not the appropriate proceeding to discuss the question of how USF contributions should be assessed on TWCIS in complete isolation from all other USF related issues. Again, the issue is beyond the scope of this proceeding. In any event, as explained in the Rebuttal Testimony of Julie Laine, TWCIS complies fully with all state and federal USF obligations, as already required by law, making any special requirements wholly unnecessary.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

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CERTIFICATE OF SERVICE

This is to certify that I, Leslie Allen, a Legal Assistant with the law firm of Robinson, McFadden & Moore, P.C., has caused **Rebuttal Testimony of August H. Ankum on behalf of Time Warner Cable Information Services (South Carolina), LLC's** to be served via electronic mail and via U.S. Mail on December 15, 2008 upon the person(s) named below.

M. John Bowen, Jr. Esquire
Margaret M. Fox, Esquire
McNair Law Firm, PA
1301 Gervais Street
Columbia, South Carolina 29201

Nanette S. Edwards, Esquire
Jeffrey M. Nelson, Esquire
Office of Regulatory Staff
1401 Main Street, Ste. 900
Columbia, SC 29201

Dated at Columbia, South Carolina this 15th day of December, 2008.

Leslie Allen

Leslie Allen