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March 1, 2002

Ms. Blanca S. Bayo, Director
Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Betty Easley Conference Center, Room 110
Tallahassee, Florida 32399-0850

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COMMISSION CLERK

Re: Docket No. 000075-TP

Dear Ms. Bayo:

Enclosed for filing in the above-referenced docket are an original and fifteen copies of refiled excerpts of the previously filed direct testimony of Timothy Gates on behalf of Level 3 Communications, LLC. This testimony was previously filed on March 12, 2001 and is in the record in Phase II of the proceeding at Tr. page 757 and pages 759 through 767.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the copy to me.

Thank you for your assistance with this filing.

Sincerely,

Martin P. McDonnell

Martin P. McDonnell

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

02427 MAR-18

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into appropriate
methods to compensate carriers for
exchange of traffic subject to Section
251 of the Telecommunications Act
of 1996.

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Docket No. 000075-TP – Phase II

**REFILE OF EXCERPTS OF
PREFILED DIRECT TESTIMONY OF**

TIMOTHY J. GATES

**ON BEHALF OF
LEVEL 3 COMMUNICATIONS, LLC**

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March 1, 2002

(Previously filed March 12, 2001)

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02427 MAR-18
FPSC-COMMISSION CLERK

1 Issue 15 Page 25
2 **Q: PLEASE SUMMARIZE THE CONCLUSIONS YOU REACH IN**
3 **YOUR TESTIMONY.**

4 **ISSUE 13** – The Commission should establish a policy that calls are “local”
5 by comparing the NXX codes of the calling and called numbers. There are
6 several benefits to this approach. First, this proposal continues the status quo.
7 The industry has used this process to determine the treatment of calls for
8 many decades. Central office switches – of both ILECs and ALECs – have
9 this processing ability in them today. No feature or hardware development
10 will be required. As such, there will be no additional expenses for the
11 industry or delays in implementing this proposal. Second, this proposal will
12 work for all providers regardless of their local calling area definition.
13 Comparing NPA/NXX codes will provide a consistent and fair method of
14 determining whether a call is local. Finally, this proposal avoids consumer
15 confusion by maintaining existing conventions in rating and routing calls.

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14 **ISSUE 13 – How should a “local calling area” be defined, for purposes**
15 **of determining the applicability of reciprocal compensation?**

16 **Q: PLEASE DEFINE A LOCAL CALLING AREA IN GENERAL**
17 **TERMS.**

18 **A:** Newton’s Telecom Dictionary defines “Local Service Area” as “The
19 geographic area that telephones may call without incurring toll charges.”

20 That same dictionary defines a “local call” as “Any call within the local

1 service area of the calling phone.”¹ In an older reference, “Engineering and
2 Operations in the Bell System,” it states, “A local calling area, or exchange
3 area, is a geographic area within which a strong community of interest exists
4 (that is, heavy calling volume among customers within the area). It may be
5 served by several central offices.”²

6 **Q: FOR PURPOSES OF THIS PROCEEDING, HOW SHOULD THE**
7 **COMMISSION DEFINE LOCAL CALLING AREA?**

8 **A:** A concise definition is difficult because of the many different types of local
9 calling currently available to consumers and businesses. When people
10 subscribe to local service they are frequently provided with many different
11 service types to choose from – all of which might be considered local calling.

12 **Q: PLEASE PROVIDE SOME EXAMPLES.**

13 **A:** A person might select flat rate service or measured service. Flat rate service
14 results in unlimited calling within the local calling area. Local measured
15 service has a charge per unit of telephone usage – either a per minute or per
16 call charge. Mandatory local measured service – without the option of flat
17 rate service – is rare because of the distributional effects on certain classes of
18 customers (i.e., elderly, poor). Frequently a local measured service option is
19 available for those who can only afford limited use of the telephone.

¹ Newton, Harry; Newton's Telecom Dictionary; 16th Edition; Telecom Books; 2000.

² Engineering and Operations in the Bell System, Second Edition, AT&T Bell Laboratories, Murray Hill, NJ; 1984; at 56.

1 Depending upon where the person is relative to other areas, he or she
 2 may select extended area service or other local calling plans which would be
 3 in addition to the basic service but which would extend their local calling
 4 area. Such plans can be one-way (i.e., from calling area A to calling area B,
 5 but not from calling area B to calling area A), two-way, optional or
 6 mandatory.

7 **Q: ARE YOU SUGGESTING THAT THE DEFINITION OF LOCAL**
 8 **CALLING AREA CAN BE DIFFERENT FOR DIFFERENT**
 9 **CONSUMERS IN THE SAME AREA?**

10 **A:** Yes. It is entirely possible that five people in a cul-de-sac would have very
 11 different local calling areas based upon their calling patterns, community of
 12 interest, income, age, interests, etc. Indeed, the local calling area might be
 13 different based upon the ALEC selected by the consumer or business.

14 **Q: CAN AN ALEC HAVE DIFFERENT LOCAL CALLING AREAS**
 15 **THAN THE ILEC?**

16 **A:** Yes, it can. While this varies from state to state, it is not uncommon for
 17 regulatory commissions to allow ALECs to define their local calling areas in
 18 a different geographic configuration from that of the ILEC. Indeed, an ALEC
 19 may use this difference in local calling scope as a way to distinguish its
 20 service from that of the incumbent. With the introduction of competition at
 21 the local level, carriers will seek to differentiate their service from the
 22 incumbent and other ALECs. Such differentiation can take the form of

1 additional features, reduced prices, different pricing schemes, and expanded
2 local calling areas. Depending upon calling characteristics, an expanded
3 local calling area could be an important service feature in the minds of
4 discerning consumers. I have heard of examples where some ALECs have
5 offered LATA-wide local calling. I also understand that BellSouth maintains
6 intercarrier compensation arrangements with some LECs that define the local
7 calling area, as between carriers, as the entire LATA.

8 **Q: MR. GATES, YOU HAVE SUGGESTED THAT ALECS MIGHT USE**
9 **DIFFERENT LOCAL CALLING AREAS AS A MARKETING TOOL.**
10 **WOULD DIFFERENT LOCAL CALLING AREAS BE CONFUSING**
11 **FOR CONSUMERS?**

12 **A:** Yes, they might. And for that reason, most ALECs choose to have their local
13 calling areas coterminous with those of the ILEC. Nevertheless,
14 sophisticated consumers and business users may make good use of such local
15 calling area disparities.

16 **Q: HOW ARE LOCAL CALLING AREAS ESTABLISHED BY LOCAL**
17 **EXCHANGE COMPANIES – EITHER ILECS OR ALECS?**

18 **A:** Local exchange companies do not unilaterally establish local calling areas.
19 Local calling area boundaries are usually established through tariffs on file
20 with the regulatory commission. The LEC recommends a local calling area
21 and associated rates and the commission – frequently with input from other
22 parties, including consumer groups – reviews the filing. Calling patterns,

1 network considerations, communities of interest, future growth and numerous
2 other issues impact the ultimate boundaries. The approved local calling areas
3 are then tariffed and made available to consumers.

4 **Q: YOU HAVE DISCUSSED DIFFERENT SIZES AND TYPES OF**
5 **LOCAL CALLING AREAS. CAN LOCAL CALLING AREAS**
6 **TRANSIT STATE BOUNDARIES?**

7 **A:** Yes. In fact, interstate local calling is relatively common. Let me provide
8 some examples. There are many areas in the United States that have
9 communities of interest that cross state boundaries. In Tennessee, for
10 example, calls to and from Memphis, Tennessee and West Memphis,
11 Arkansas are local calls. Another example is Bristol. The state line goes
12 right through the middle of Bristol, so there are many local calls that go
13 between Tennessee and Virginia that are actually interstate. Calls from
14 Louisville, Kentucky to Jeffersonville, Indiana are local. In Mississippi,
15 you can make interstate calls to two different states on a local basis. You can
16 make local calls from Southaven, Mississippi to Memphis, Tennessee and to
17 West Memphis, Arkansas. There is also county wide local calling permitted
18 in DeSoto County, Mississippi so that consumers can reach Hernando (the
19 county seat) without having to dial a toll call. There are probably examples
20 of interstate local calling in Florida, but I am not aware of them at this time.

21 **Q: HOW DOES A LEC DETERMINE WHETHER A CALL IS LOCAL**
22 **OR TOLL?**

1 **A:** When a customer makes a call, the switch in the central office receives the
2 dialed digits. The dialed digits – specifically, the NPA/NXX of the dialed
3 number – are used to determine whether the call is to be treated as local or
4 toll.

5 **Q:** **BEFORE CONTINUING YOUR DISCUSSION OF HOW TO**
6 **DETERMINE LOCAL VERSUS TOLL CALLS, PLEASE EXPLAIN**
7 **WHAT YOU MEAN BY NPA/NXX.**

8 **A:** The NPA is known as the area code. NXX codes are the fourth through sixth
9 digits of a ten-digit telephone number. For example, in my office telephone
10 number, (303) 424-4433, the NPA is “303,” and the NXX code is “424”. The
11 NXX code is also known as the central office code.

12 **Q:** **HOW ARE CUSTOMERS ASSIGNED AN NXX CODE?**

13 **A:** Carriers, like Level 3 and BellSouth, request and are assigned blocks of
14 telephone numbers by the numbering administrator. The carriers then assign
15 numbers to their customers as requested. .

16 **Q:** **GIVEN THAT UNDERSTANDING OF NPA/NXX CODES, HOW**
17 **DOES THE LEC DETERMINE WHETHER A CALL IS LOCAL OR**
18 **TOLL?**

19 **A:** The LEC central office switch compares the number of the calling party with
20 the number of the party being called to determine whether the call is local or
21 toll. Standard industry procedure provides that each NXX code is associated

1 with a particular rate center.³ A single rate center may have more than one
2 NXX code, but each code is assigned to one and only one rate center. The
3 NXX uniquely identifies the central office switch serving the NXX code, so
4 that each carrier that is routing a call knows to which end office switch to
5 send the call.

6 Comparing NXX codes establishes the routing and rating of the call.
7 If the NXX code of the called number is not found in the translation table of
8 the central office switch, the call is routed to the tandem for additional
9 information and routing.

10 The translation tables may also have additional information on the
11 routing of the call based on the dialed digits. The switch may have specific
12 instructions on how to route and bill certain calls to certain NXX codes.

13 **Q: IS IT POSSIBLE TO ASSIGN NXX CODES TO CUSTOMERS WHO**
14 **DO NOT PHYSICALLY RESIDE IN THE RATE CENTER**
15 **NORMALLY ASSIGNED TO THE NXX?**

16 **A:** Yes. It is not uncommon for NXX codes to be assigned to customers who are
17 not physically located in the rate center where the NXX is "homed." When
18 an ILEC provides this arrangement, it typically is called foreign exchange or
19 FX service. This type of arrangement also may be referred to as "Virtual
20 NXX" because the customer assigned the telephone number has a "virtual"

³ A rate center is a geographic location with specific vertical and horizontal coordinates used to determine mileage, for rating local or toll calls.

1 presence in the calling area associated with that NXX. Calls to these
2 customers are still routed to the end office switch associated with the NXX
3 code, but then are routed within the terminating carrier's network to the
4 called party's actual physical location. The virtual NXX issue is discussed
5 in detail in response to Issue 15.

6 **Q: GIVEN THE DISPARITY IN THE TREATMENT OF CALLS AS**
7 **YOU'VE DESCRIBED ABOVE, HOW DO YOU PROPOSE TO**
8 **DEFINE A LOCAL CALLING AREA?**

9 **A:** The Commission should establish a policy that calls are determined to be
10 "local" by comparing the NXX codes of the calling and called numbers. The
11 only time this traditional and existing convention should be violated is when
12 the Commission has approved local calling areas – such as interstate or
13 extended area service local calls – which cannot readily conform to this
14 process. The translation tables of the central offices switches will be
15 programmed to treat these special calls as local – just as they are today.

16 **Q: WHAT ARE THE BENEFITS OF YOUR DEFINITION OF LOCAL**
17 **CALLING AREA?**

18 **A:** There are several benefits to this approach. First, this proposal continues the
19 status quo. The industry has used this process to determine the treatment of
20 calls for many decades. Central office switches – of both ILECs and ALECs
21 – have this processing ability in them today. No feature or hardware
22 development will be required. As such, there will be no additional expenses

1 for the industry or delays in implementing this proposal. Second, this
2 proposal will work for all providers regardless of their local calling area
3 definition. As illustrated above, there are a wide variety of local calling
4 scenarios being offered by carriers today. The physical locations of the
5 calling and called parties is not sufficient to determine the correct treatment
6 of calls. Comparing NPA/NXX codes will provide a consistent and fair
7 method of determining whether a call is local. Finally, this proposal avoids
8 consumer confusion by maintaining existing conventions in rating and
9 routing calls. The industry is moving towards simpler calling plans because
10 consumers have been harmed by misleading or confusing plans in the past.
11 To introduce a new method of determining what is local and what is toll
12 would be a step backwards for consumers.

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