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July 1, 2002

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

VIA HAND DELIVERY

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COMMISSION
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Re: Docket No. 020129-TP

Dear Ms. Bayo:

Enclosed herewith for filing in the above-referenced docket on behalf of US LEC of Florida, Inc., ("US LEC") are the original and fifteen copies of the Prefiled Direct Testimony of Wanda Montano and Exhibit WGM-1.

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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06800 JUL -1 02
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**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

_____)
In re: Joint petition of US LEC)
of Florida Inc., Time Warner)
Telecom of Florida, L.P., and)
ITC^DeltaCom Communications)
objecting to and requesting)
suspension of proposed CCS7)
Access Arrangement tariff filed by)
BellSouth Telecommunications, Inc.)
_____)

Docket No. 020129-TP

Filed: July 1, 2002

DIRECT TESTIMONY OF WANDA G. MONTANO

ON BEHALF OF US LEC OF FLORIDA INC.

DOCUMENT NUMBER-DATE

06800 JUL-18

FPSC-COMMISSION CLERK

1 **Q: PLEASE STATE YOUR NAME, TITLE, AND ADDRESS FOR THE**
2 **RECORD.**

3 **A:** My name is Wanda G. Montano. I am currently Vice President, Regulatory and
4 Industry Affairs for US LEC Corp., the parent company of US LEC of Florida Inc.
5 (“US LEC”), and its operating subsidiaries, including the Petitioner in this
6 proceeding. My business address is 6801 Morrison Blvd., Charlotte, NC 28211.

7 **Q: PLEASE DESCRIBE YOUR RESPONSIBILITIES FOR US LEC.**

8 **A:** I am responsible for the management of US LEC’s relationships with state and
9 federal agencies who oversee our business, as well as for US LEC’s relationships
10 with Incumbent Local Exchange Carriers (“ILECs”), Alternative Local Exchange
11 Carriers (“ALECs”), Independent Telephone Companies (“ICOs”) and wireless
12 companies.

13 **Q: PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**
14 **PROFESSIONAL EXPERIENCE.**

15 **A:** I joined US LEC in January 2000. Prior to that, I was employed in various
16 positions by Teleport Communications Group (“TCG”) and then by AT&T
17 following AT&T’s acquisition of TCG. In 1998-1999, I served as General
18 Manager for North and South Carolina (Sales Executive) for AT&T (Charlotte,
19 N.C.). During 1997-1998, I was Vice President and Managing Executive for North
20 and South Carolina (Sales and Operations Executive) for TCG (Charlotte, N.C.).
21 During 1995-1997, I served as Vice President, CLEC Services for TCG (Staten
22 Island, N.Y.). During 1994-1995, I was Director of Process Reengineering for

1 TCG (Staten Island, N.Y.). During 1992-1994, I was Director of Marketing for
2 TCG (Staten Island, N.Y.). During 1990-1992, I was Senior Product Manager for
3 Graphnet (Teaneck, NJ). From 1982-1990, I was Regulatory Manager at Sprint
4 Communications Corp. in Reston, Virginia, and, from 1979-1982, I was a paralegal
5 for GTE Service Corporation in Washington, D.C. I have a B.S. from East
6 Carolina University in Greenville, N.C. (1974). I received my Paralegal Certificate
7 from the University of Maryland in 1980 and I received my M.B.A. in Marketing
8 and Government Affairs from Marymount University of Virginia in 1988.

9 **Q: HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

10 **A:** Yes, in an enforcement case against BellSouth which was settled and dismissed,
11 and in a current arbitration proceeding between US LEC and Verizon.

12 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

13 **A:** The purpose of my testimony is to address Issues 7, 8, 9, 10, and 11 contained in
14 the Tentative Issues List (included as Attachment A to the Order Establishing
15 Procedure, issued on June 21, 2002).

16 **ISSUE 7:**

17 **Q: Under BellSouth's CCS7 Access Arrangement Tariff, is BellSouth billing**
18 **ISUP and Transactional Capabilities Application Part (TCAP) messages**
19 **charges for calls that originate on an ALEC's network and terminate on**
20 **BellSouth's network?**

21 **A:** Yes, BellSouth is charging for both TCAP and ISUP messages.

22 **Q. What is US LEC's concern regarding the charges for the TCAP messages?**

1 **A.** TCAP messages are charged to carriers on a “per-dip” basis. That means that when
2 one network sends a database query to another, the provider network charges the
3 other a fee for “dipping” into their database and providing the information. US
4 LEC has no issue with those dip charges. In this tariff filing, however, BellSouth
5 now proposes to charge the carriers for the actual SS7 messages in addition to the
6 dip charges. Although BellSouth professes that these tariff changes are revenue
7 neutral, US LEC has not been able to find any corresponding reduction in the
8 TCAP dip charges to represent the offset of the charging for the TCAP messages.
9 Since there are approximately 4 TCAP SS7 messages per call that is dipped, the
10 corresponding reduction in the TCAP dip charge should be 4 times the rate for the
11 TCAP SS7 message.

12 **Q.** **What is US LEC’s concern with the ISUP messages?**

13 **A.** BellSouth’s Florida Access Services Tariff states, with respect to the “BellSouth
14 CCS7 Access Arrangement” (in BellSouth’s Florida Access Tariff E6.1(E)(2), Fifth
15 Revised Page 26) that “ISUP usage charges will be assessed “per signaling
16 messages delivered to or from the customer, regardless of direction, through its
17 dedicated CCS7 port connection.” Similarly, the tariff states on Second Revised
18 Page 26.1, that TCAP usage charges will be assessed per signaling messages
19 delivered to the customer, regardless of direction . . .”

20 **Q.** **Is this billing appropriate?**

21 No. It is not appropriate for BellSouth to assess charges for ISUP messages which
22 flow in both directions. BellSouth’s CCS7 Access Arrangement imposes charges

1 for Signaling System 7 (“SS7”) services that employ not only its own facilities, but
2 also the facilities of interconnected carrier customers (ICOs, ALECs and
3 Interexchange Carriers (“IXCs”).

4 **Q. Please describe how ISUP messages flow between the calling and the called**
5 **network.**

6 **A.** SS7, called CCS7 by BellSouth, is the industry standard signaling system that uses
7 an overlay network for routing purposes and database access. This out-of band
8 network utilizes packet switching and is separate from the circuit-switched voice
9 network. In performing its routing function, the SS7 network establishes
10 transmission paths for telephone calls (known as call set-up), and closes (or “tears
11 down”) those paths after a telephone call ends. The messages used to perform call
12 set-up and tear down are known as Integrated Services Digital Network User Part
13 (“ISUP”) messages. The SS7 network begins its functionality by sending an Initial
14 Address Message (“IAM”) from the calling network to the called network. This
15 message requests the use of interoffice facilities and contains addressing
16 information. An additional ISUP message known as a Continuity Test Message
17 (“COT”) is sent to check facilities. The called network sends the Address
18 Complete Message (“ACM”) which confirms the availability of facilities and the
19 terminating equipment of the subscriber. Further, the Answer Message (“ANM”) is
20 sent by the called network to confirm the called party has answered the phone
21 (gone off-hook) and the facilities are then “nailed up” and switch resources
22 engaged. Once the call is completed and the called party hangs up the phone, a

1 Release (“REL”) message is sent by the called network, which requests the release
2 of the interoffice facilities and the switch resources. The final ISUP message,
3 Release Complete (“RLC”), is sent by the calling network to confirm that all
4 facilities and switch resources have been released. This clearly indicates the
5 interwoven nature of SS7 signaling and the joint provisioning of this service by all
6 parties involved in the provisioning of the call to the subscriber.

7 **Q. Please describe how the CCS7 Access Arrangement tariff charges for services**
8 **provided via the facilities of other carriers.**

9 A. Facilities for this interconnected network are supplied by a variety of carriers, not
10 solely from BellSouth. As illustrated above, the ISUP messages used to perform
11 call set-up and tear down are transmitted across the SS7 network from Service
12 Transport Point (“STP”) to STP. STPs are switches that are deployed in pairs by
13 network operators, and various carriers own and operate STPs. Both BellSouth in
14 its operation as an ILEC, and US LEC operating as an ALEC, have their own STPs.
15 The central offices for ILECs and ALECs are “homed behind” the STPs of the
16 particular company. For example, US LEC’s central offices are homed behind its
17 STP pairs in Norfolk, VA, and Charlotte, NC. When multiple carriers’ networks
18 are being interconnected, the STPs are connected by network facilities called “B”
19 or “bridge” links. “A” links are used to connect the central offices of the carrier
20 with its STPs. Some of these B-links are owned and operated by ALECs and some
21 are owned and operated by BellSouth. These links are bi-directional, meaning that
22 messages flow in both directions on the link. Attached to my testimony as Exhibit

1 WGM-1 is a diagram that illustrates the network design I have described, showing
2 how ISUP messages pass. In evaluating the inequity of the BellSouth tariff, it is
3 important to understand this network architecture.

4
5 As discussed above, the ISUP messages flow both to and from the calling network
6 and to and from the called network. I emphasize that BellSouth does not own or
7 control all of the transmitting facilities (the bridge links) and switching functions
8 (the STPs). The ISUP messages flow both from and to ALEC networks, and from
9 and to BellSouth's network. Many of the messages are routed over non-BellSouth
10 transport facilities, and to and from non-BellSouth STPs. However, this BellSouth
11 tariff charges its carrier customers for messages flowing from another carrier, as
12 well as to the carrier, whether or not the call originates on a BellSouth's network or
13 on an ALEC network.

14 **Q. Please describe how BellSouth's tariff will negatively affect**
15 **telecommunications competition in Florida.**

16 This tariff creates a situation that is inequitable and anti-competitive, because
17 BellSouth is attempting to recover not only its own costs, but also seeks to charge
18 for services performed and costs incurred by other carriers. To compound the
19 inequity, BellSouth takes the position that its software can measure messages, but it
20 currently has not deployed the necessary software to capture and pass sufficient
21 information for any third party (be it a carrier customer, an end user customer or
22 this Commission) to audit the charges assessed, or to identify the costs sufficiently

1 to associate those costs with end user rates. Following the ALECs' request that
2 BellSouth supply necessary billing detail, BellSouth initially agreed to do so, but at
3 a rate that is prohibitive. BellSouth's quote for the call detail is \$30,000 per month
4 per ALEC or \$360,000 per ALEC annualized. This will result in an increase to an
5 ALEC's costs to provide competitive services, and may result in the need for
6 ALECs to revise their competitive service offerings, to the detriment of Florida
7 consumers.

8 **Q. Is BellSouth's rate "revenue neutral?"**

9 A. No. Although BellSouth has not provided, and US LEC has not reviewed the
10 relevant cost data, BellSouth first attempts to shift the charge for this service from
11 the Mobile Services tariff which applies to cellular mobile carriers to carriers who
12 purchase service from the switched access tariff. This tariff is used predominantly
13 by ALECs and Interexchange carriers. Additionally, in moving the application of
14 this charge from one class of carriers to another, BellSouth further seeks to shift
15 from a flat-rated "surrogate" charge to a per ISUP message charge with no cap on
16 how much it can recover. This new form of charging will allow BellSouth to
17 exceed the previous flat-rate charge which theoretically recovered BellSouth's
18 costs.

19 **ISSUE 8:**

20 **Q: Please explain the impact of BellSouth's CCS7 Access Arrangement Tariff on**
21 **subscribers.**

1 **A:** BellSouth’s CCS7 Access Arrangement Tariff, if permitted to remain in effect, will
2 have several adverse consequences for Florida telephone consumers. First, it
3 appears that BellSouth has chosen to restructure, and raise, its access rates in a way
4 that will increase the costs of its competitors—both ALECs and third party hubbing
5 vendors. These changes, if permitted, will require revisions to rates that customers
6 pay. Either the ALECs will have to absorb the increased costs and become less
7 competitive, or pass through the increased costs in rate increases to its end
8 customers. In addition, BellSouth has implemented this new rate structure in a way
9 that is difficult for its carrier customers to audit, as I discussed in my previous
10 answer.

11 **ISSUE 9:**

12 **Q:** **Does BellSouth bill ILECs for the signaling associated with the types of traffic**
13 **identified in Issue 1?**

14 **A:** US LEC believes that BellSouth has not designed its tariff rate to be imposed on
15 other ILECs because under current agreements between ILECs (e.g. BellSouth and
16 other non-Bell incumbents), the CCS7 message charges and B-links generally are
17 handled on a bill and keep basis. Upon information and belief, BellSouth’s
18 treatment of the other ILECs operating in Florida is discriminatory to US LEC as
19 these carriers are not charged these rate elements.

20 **Q.** **Has Bell South offered US LEC a “bill and keep” arrangement?**

21 **A.** BellSouth has not offered US LEC a bill and keep arrangement. In a meeting on
22 March 28, 2002, in Atlanta, Georgia, between BellSouth and ALEC members of

1 the Southeastern Competitive Carriers Association (SECCA), BellSouth's
2 representative, Tom Randklev, indicated that bill and keep arrangements with the
3 Independent Companies did exist. Further, Mr. Randklev appeared to understand
4 that the messages flow in both directions and are billed regardless of network of
5 origination. Mr. Randklev further agreed that the ALECs should simply bill
6 BellSouth the identical invoiced amounts each ALEC is billed by BellSouth. This
7 proposed "solution" is a poor use of resources and would impose unnecessary costs
8 on the ALECs to send the bill, and on BellSouth to process the bill, when a bill-
9 and-keep arrangement would accomplish the same result.

10 **ISSUE 10:**

11 **Q: Should BellSouth's CCS7 Access Arrangement Tariff remain in effect? If**
12 **not, what action(s) should the Florida Public Service Commission take?**

13 **A:** No. BellSouth's CCS7 Access Arrangement should not remain in effect. US LEC
14 agrees with the Staff Recommendation in its May 9, 2002 Memorandum to the
15 Commission. Our counsel will address the legal issues in our brief in this
16 proceeding, including the issue of whether the tariff violates Florida legal
17 restrictions on increases to access services. In addition, US LEC encourages a
18 thorough review of the costing and competitive issues in this proceeding, because
19 without such review, BellSouth has provided insufficient support for its claim of
20 "revenue neutrality." US LEC also is extremely concerned that BellSouth has
21 implemented this tariff in a way that has a discriminatory impact on Petitioners and
22 their customers, to the ultimate detriment of Florida consumers. In addition, US

1 LEC believes that the tariff discriminates against the ALECs in that these charges
2 are not being uniformly applied to similarly situated telecommunications service
3 providers in the State of Florida. Further, US LEC is concerned that where an
4 interexchange call originates outside the LATA and transits the BellSouth tandem
5 that BellSouth is double-dipping and charging both the ALECs and the
6 interexchange carriers the ISUP message charges. US LEC encourages the PSC to
7 investigate this aspect of the service.

8 **ISSUE 11:**

9 **Q: If the tariff is to be withdrawn, what alternatives, if any, are available to**
10 **BellSouth to establish a charge for non-local CCS7 access service pursuant to**
11 **Florida law?**

12 **A:** US LEC supports the withdrawal of the tariff and does not believe that BellSouth
13 should recover these charges from any carriers. Since ISUP messages flow in both
14 directions during the life of a call without regard to whether the call originated on
15 an ALEC's network or on an ILEC's network, and are jointly provided by the
16 networks involved in the call, the charges should be bill and keep. Otherwise, the
17 ALECs should be entitled to bill BellSouth the exact amount they have billed the
18 ALECs. This latter alternative is patently unnecessary and wasteful of the
19 resources of all carriers as the amounts due and payable to each other would be
20 identical and would "wash" out.

21 **DOES THIS CONCLUDE YOUR TESTIMONY?**

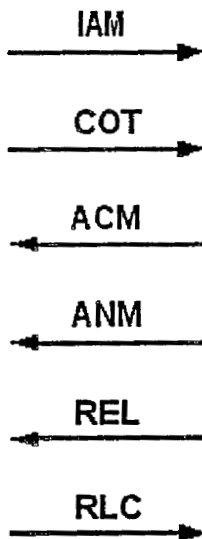
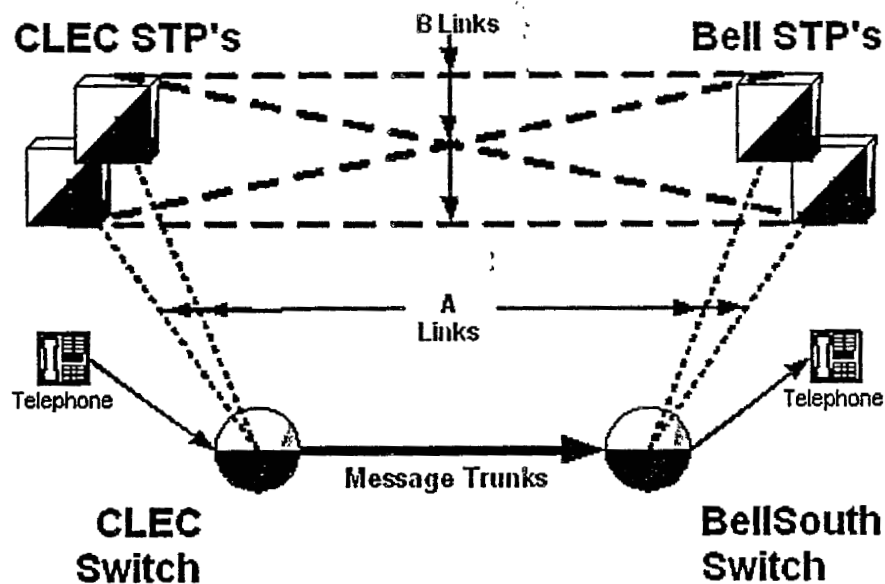
22 Yes, it does.

CLEC > BellSouth

Typical SS7 Signaling

Docket No. 020129-TP
 W. Montano Ex. WGM-1
 ISUP Call Completion and
 Busy Diagrams

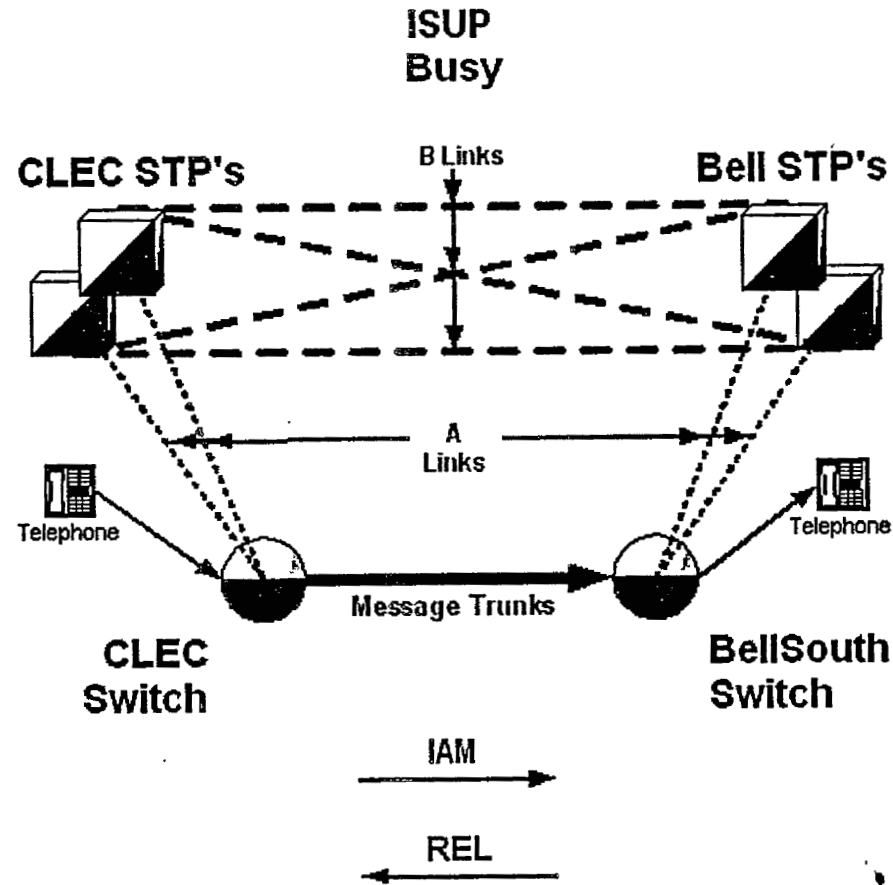
ISUP Call Completion



Initial Address Message - 1st message sent requesting inter-office facilities & contains address information.
Continuity Test - Test performed periodically to check facilities.
Address Complete Message - Confirms availability of facilities & terminating equipment/subscriber.
Answer Message - Confirmation of terminating party going off-hook & nails up facilities and switch resources.
Release - Indicates the one party that has hung up or gone back on-hook. Request to release facilities & switch resources.
Release Complete - Indicates confirmation that all facilities & switch resources have been released.

CLEC > BellSouth

Typical SS7 Signaling



Initial Address Message - 1st message sent requesting inter-office facilities & contains address information.
Release - Indicates that the call cannot complete for the reason shown in the cause indicator parameter.