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Charles J. Rehwinkel
Senior Attorney
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VP Law/External Relations
P.O. Box 2214
Tallahassee, FL 32316-2214
Voice 850 847 0244
Fax 850 878 0777
charles.j.rehwinkel@mail.sprint.com

October 18, 1999

RECORDS AND REPORTING

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: Docket 990884-TP

Dear Ms. Bayo:

Enclosed for filing in the above docket on behalf of Sprint-Florida, Inc. are the original and fifteen (15) copies of the Direct Testimony of Joan Seymour.

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

Thank you for your assistance in this matter.

Sincerely,

Charles J. Rehwinkel

CJR/bs

Enclosures

cc: All parties of record

- AFA _____
- APP _____
- CAF _____
- CMU Wenton
- CTR _____
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- LEG Sting
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EPSC-RECORDS/REPORTING

ORIGINAL

Sprint-Florida, Inc.
Docket No. 990884-TP
Filed: October 18, 1999

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
2
3 DIRECT TESTIMONY
4 OF
5 JOAN SEYMOUR

6 Q: Please state your name, employer and occupation?
7

8 A: Joan Seymour. I am employed by Sprint-Florida,
9 Incorporated as a Field Service Manager.
10

11 Q: Please summarize your education and work experience?
12

13 A: I attended the University of Central Florida and
14 received a certificate of Professional Management. I
15 have 28 years in telecommunications, specializing in
16 Special Service provisioning and billing, managed work
17 groups and in my current position began negotiating
18 and implementing CLEC Agreements in October 1996. I
19 have been employed by Sprint for 26 years.
20

21 Q: What is the purpose of your testimony?
22

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FPSC-RECORDS/REPORTING

1 A: I am testifying on behalf of Sprint-Florida, Inc.
2 (Sprint) regarding the circumstances surrounding the
3 Orlando Telephone Company (OTC) complaint. First, I
4 briefly describe the relevant events related to
5 negotiation of the interconnection agreement. Next, I
6 describe Sprint's efforts to work with OTC to
7 implement compensation arrangements for traffic
8 terminated to OTC in an interim number portability
9 (INP) environment. Finally, I explain the
10 circumstances surrounding Sprint's efforts to resolve
11 OTC's complaint filed with the FPSC Staff regarding
12 access charge compensation for terminating interstate
13 toll traffic to OTC in an INP environment.

14
15 Q: Please describe the circumstances that led to the
16 execution of the OTC/Sprint Interconnection Agreement
17 as they relate to Sprint's obligations in terminating
18 interstate toll traffic to OTC in an interim number
19 portability environment.

20
21 A: In November 1996, OTC approached Sprint about entering
22 into an interconnection agreement. At that time OTC
23 was one of the first competitive local exchange

1 companies (CLEC's) certificated by the Commission.
2 Sprint and OTC were early in the learning curve about
3 negotiation of interconnection agreements. In fact,
4 the OTC Agreement was one of Sprint's very first
5 interconnection agreements.

6
7 During negotiations it was apparent that OTC was
8 unfamiliar with many of the operational issues
9 associated with operating a facilities-based local
10 exchange company. Nevertheless, I believe that Sprint
11 developed a good working relationship with OTC in the
12 negotiation process.

13
14 Negotiations were concluded on April 17, 1997, when
15 OTC signed the contract. Although the contract is
16 dated April 17, 1997, Sprint's representative signed
17 the Agreement on or about June 19, 1999 ("execution
18 date").

19
20 Q: Please describe the complaint before the Commission as
21 you understand it?

22

1 A: In plain terms, OTC believes Sprint should pay OTC the
2 difference between OTC's interstate access rate(s) and
3 the tariffed interstate access rates Sprint billed
4 IXCs for calls terminated to "ported" OTC's customers'
5 numbers using interim number portability, i.e., Remote
6 Call Forward (RCF).

7
8 Sprint's position is that, during the INP environment
9 it was never contemplated between the parties in
10 negotiations leading to execution of the 1997
11 agreement nor in joint efforts to implement the
12 agreement that, in an INP environment, Sprint would
13 compensate OTC at a higher OTC terminating interstate
14 access rates than Sprint could lawfully bill and
15 collect from IXCs for this same traffic.

16
17 Q: Why do you say that the parties never contemplated
18 utilizing OTC's access rates in compensation
19 arrangements in an INP environment?

20
21 A: To answer that, I must first describe the "INP
22 environment" and the need to work out a compensation
23 arrangement in such an environment. Number portability

1 was identified as a critical requirement for
2 competitors to effectively enter the local market and
3 compete for existing customers. However, due to
4 technical limitations both state and federal
5 authorities recognized that an interim number
6 portability (INP) mechanism (remote call forwarding in
7 most cases) would be necessary.

8
9 The OTC Agreement expressly recognized that INP would
10 be provided until permanent local number portability
11 was implemented. The Agreement also recognized that
12 INP might not allow OTC to acquire, or Sprint to
13 provide, the necessary information to allow OTC to
14 directly bill IXCs for traffic terminated to OTC end
15 users. This is because these INP calls are delivered
16 to the Sprint tandem, routed to the Sprint end office
17 switch and remote call forwarded (INP) from the Sprint
18 end office switch to OTC's switch for delivery to the
19 OTC end user.

20
21 In the INP process, OTC understandably, could not be
22 provided any billing data due to technical
23 limitations. This was not unique to Sprint's

1 technical capabilities, but rather all ILECs had the
2 same limitation in an INP environment. The parties
3 recognized this fact generally in the agreement, and
4 more specifically in post-execution efforts developed
5 a surrogate methodology to estimate the quantity the
6 meet-point access minutes of use terminated to OTC via
7 INP.

8

9 Q. How is the recognized in the Agreement?

10

11 A. Clauses IV, D.2 and VIII, A.2 set out the general
12 framework of the agreement that contemplated that INP
13 would require development of a surrogate meet-point
14 access compensation arrangement or "INP formula."
15 Clause IV, D.2 provides:

16 IntraLATA toll traffic, switched access, and
17 special access traffic, if separately
18 chargeable, shall be charged the appropriate
19 rate out of the terminating Carrier's tariff
20 or via other appropriate meet point access
21 arrangements.

22

23 [Emphasis Added]

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Clause VIII, A.2 states:

If available, Company will provide necessary data to Carrier to allow Carrier to recover appropriate terminating access charges, recognizing that both Parties are involved in joint provision of access to IXCs associated with terminating traffic to ported numbers assigned to Carrier subscribers.

[Emphasis Added]

Clearly, Clause IV, D.2 provides that where Sprint terminates toll traffic to OTC (for example, to a non-reported OTC number), the required access charges would be "separately chargeable" at "the appropriate rate" out of OTC's interstate tariff or via other appropriate meet point arrangements. The traffic terminated in an INP environment is obviously not "separately chargeable," since it is not separately identified. The concept of separate chargeability only makes sense where the CLEC can direct bill. Where a surrogacy arrangement is required, billing to the IXC for terminating access must be based on the ILEC's tariffs.

1 Similarly, Clause VIII, A.2 implicitly recognizes that
2 billing data will only be available in certain
3 circumstances (i.e., a Permanent Number Portability
4 environment). This clause also is silent as to what
5 arrangement should be used where the necessary billing
6 data is not available. Nowhere in the agreement is
7 there a statement that Sprint will use a specific
8 arrangement or pay OTC a specific access rate for
9 terminations of toll traffic in an INP environment
10 where such traffic is not separately chargeable or
11 where billing data is not available.

12

13 Q: If no rate or compensation mechanism is expressly
14 described in the agreement, how was OTC to receive
15 payment for traffic terminated in an INP environment?

16

17 A: The Agreement gives only general guidance that an
18 appropriate meet-point access arrangement should be
19 developed. Sprint interprets this clause to mean that
20 a surrogate "meet-point arrangement" needed to be
21 developed, since no actual meet-point for billing
22 purposes could be fashioned when RCF is used to port
23 numbers. To this end, Sprint and OTC discussed

1 development of a formula for these ported calls that
2 would estimate the amount and proportion of traffic
3 (terminated in an INP environment) that was local,
4 interstate toll and intrastate toll. These
5 discussions, and the development of the INP
6 compensation formula, generally took place from March
7 through December 1998.

8

9 During this formula development period, Sprint and OTC
10 traded correspondence and communicated regarding the
11 development of the INP Formula. In doing so, Sprint
12 consistently and openly utilized the appropriate
13 Sprint rates for access when developing examples to
14 share with OTC. Significantly, at no time prior to
15 September 24, 1998, did OTC ever contradict Sprint's
16 portrayal of the Sprint access charges as the
17 appropriate inputs to the formula, nor did OTC ever
18 suggest that any OTC-specific rate should be used.

19

20 Q: When did OTC first request that Sprint provide
21 compensation to OTC for termination of INP calls?

22

1 A: OTC presented to Sprint the first bill for payment for
2 termination of these calls in September 1998.
3
4 Q: During the period February 1998 to December 1998, did
5 Sprint bill IXCs for OTC-destined traffic delivered to
6 Sprint's Winter Park tandem?
7
8 A: Yes.
9
10 Q: What rates did Sprint bill IXCs for this interstate
11 traffic?
12
13 A: Sprint billed the IXCs its interstate tariffed
14 terminating access rates; the only rates allowed under
15 Sprint's interstate access service tariff, FCC No. 1,
16 and under federal law.
17
18 Q: If Sprint had billed an IXC a rate other than the
19 tariffed rate, would you have had a reasonable
20 expectation that the IXC would have paid it?
21
22 A: No! Not only would Sprint not knowingly bill in
23 violation of its tariff, no IXC would willingly pay a

1 higher rate than the tariffed rate. In the INP
2 scenario, the IXC would not have any way of knowing
3 that an OTC-destined call would be forwarded to the
4 OTC customer (via RCF). To the IXC, in the INP
5 environment, the call was terminated to Sprint. Thus,
6 the Sprint interstate access rate is the only rate the
7 IXC would recognize and be obligated to pay.

8

9 Q: When did Sprint and OTC no longer need to utilize the
10 surrogate formula?

11

12 A: The formula was no longer needed once permanent LNP
13 was implemented by Sprint in the OTC serving area, on
14 October 7, 1998, the first day true porting was
15 allowed in the Orlando area. This was also only 13
16 days after OTC first notified Sprint that it expected
17 Sprint to use the OTC interstate terminating access
18 rates in the formula.

19

20 Q: By the time OTC first clearly informed Sprint of its
21 desire that Sprint compensate OTC at the OTC
22 interstate access charge rate(s), could Sprint have

1 backbilled IXCs for the (OTC-claimed) incremental
2 revenue above the Sprint tariffed rate?

3

4 A: No. Typically Sprint's tariffs and/or agreements with
5 IXCs do not permit backbilling, if at all, beyond
6 three months. Further, we could not produce the call
7 detail records to support the fact that calls were
8 terminated to OTC's customers rather than Sprint's
9 customers.

10

11 Q: Could Sprint have revised its interstate tariffs to
12 reflect the OTC rate for INP calls?

13

14 A: No. For several reasons. First, Sprint is prohibited
15 by FCC rules from charging above the price-capped
16 rates for access. Second, we could not technically
17 separately identify and rate calls ported to OTC.
18 Additionally assuming no problem with price caps,
19 Sprint could only lawfully implement tariffs
20 prospectively. By the time Sprint found out OTC
21 wished to use the much higher OTC rate, any (otherwise
22 lawful) tariff revision would have been too late.

23

1 Q: Was it ever contemplated in the agreement or any
2 negotiations leading to the agreement that Sprint
3 would guarantee OTC payment at a level above Sprint's
4 maximum, tariff-authorized receipts for interstate
5 terminating access billed to IXCs for OTC-destined
6 traffic in an INP environment?

7
8 A: Absolutely not. As I have discussed before, such a
9 concept was never discussed or contemplated. No
10 rational business would agree to gratuitously donate
11 hundreds of thousands of dollars to a competitor.
12 Sprint's only commitment and obligation was to work
13 with OTC to devise an appropriate surrogate
14 arrangement with OTC to pass on to it access revenues
15 received by Sprint from IXCs as well as local
16 interconnection (and local transit traffic) charges
17 incurred by Sprint or another LEC for local calls
18 terminated in an INP environment.

19
20 Q: Please describe briefly the dispute that materialized
21 after January 1, 1999.

22

1 A: On December 22, 1999, OTC filed an informal complaint
2 with the FPSC seeking payment of the disputed INP
3 charges. On January 29, 1999 and February 9, 1999,
4 Sprint and OTC met with Commission Staff. As a result
5 of those discussions, Sprint agreed to pay a
6 settlement amount since the claim was relatively small
7 to amicably resolve the intrastate portion of the
8 disputed amount. Concurrently, OTC agreed that the
9 much larger interstate complaint should await the
10 outcome of pending FCC action. Interestingly, OTC
11 never sought at that time to invoke the *bona fide*
12 dispute 50% payment clause (XVI, B.1) contained on
13 page 35 of the agreement.

14
15 Immediately after the meeting, Sprint submitted a
16 proposed letter agreement (Exhibit 1) to OTC that
17 recognized a comprehensive settlement of those matters
18 plainly within the FPSC's jurisdiction -- namely,
19 intrastate access charges. Clearly, the parties
20 further agreed that the interstate portion of any
21 dispute would await, and be guided by, resolution of
22 certain FCC proceedings. It was not contemplated that
23 OTC would bring a complaint (like the one filed here)

1 before FCC action was completed. Unfortunately, OTC
2 chose not to abide by that part of the deal since FCC
3 action on CLEC access charges has not concluded.
4 Sprint has addressed the legal status of relevant FCC
5 proceedings in pleadings filed in this docket.

6

7 Q: Does this conclude your testimony?

8

9 A: Yes.

CERTIFICATE OF SERVICE
DOCKET NO. 990884-TP

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by U.S. Mail or hand-delivery this 18th day of October, 1999 to the following:

Diana Caldwell
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

David B. Erwin
Attorney-At-Law
127 Riversink Road
Crawfordville, Florida 32327



Charles J. Rehwinkel
Charles J. Rehwinkel