

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for Arbitration concerning
Complaint of US LEC of Florida Inc. against
BellSouth Telecommunications, Inc., regarding
Breach of Terms of Interconnection Agreement
and Request for Relief

Docket No. 990874-TP
Filed: February 18, 2000

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RECORDS AND
REPORTING

**US LEC OF FLORIDA INC.'S
REBUTTAL TESTIMONY OF WANDA MONTANO**

AFA	_____
APP	_____
CAF	_____
CMU	<u>Man</u>
CTR	_____
EAG	_____
LEG	<u>1</u>
MAS	<u>3105</u>
OPC	_____
RRR	_____
SEC	<u>1</u>
WAW	_____
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FPSC-RECORDS/REPORTING

1 Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.

2 A. My name is Wanda Montano. Currently, I am Vice President of Regulatory and Industry
3 Affairs for US LEC Corp. and its operating subsidiaries, including US LEC of Florida
4 Inc. ("US LEC"). My business address is 401 North Tryon Street, Suite 1000, Charlotte,
5 NC 28202. I am responsible for regulatory and industry relations.

6

7 Q. PLEASE DESCRIBE YOUR BUSINESS EXPERIENCE AND EDUCATIONAL BACKGROUND.

8 A. Before I joined US LEC in January 2000, I had been employed in various positions by
9 Teleport Communications Group (TCG) and then by AT&T following AT&T's
10 acquisition of TCG. In 1998-1999, I served as General Manager for North and South
11 Carolina (Sales Executive) for TCG (Charlotte, N.C.) During 1997-1998 I was Vice
12 President & Managing Executive for North & South Carolina (Sales and Operations
13 Executive) for TCG (Charlotte, N.C.) During 1995-1997, I served as Vice President,
14 CLEC Services for TCG (Staten Island, N.Y.) During 1994-1995, I was Director of
15 Process Reengineering for TCG (Staten Island, N.Y.) During 1992-1994, I was Director
16 of Marketing for TCG (Staten Island, NY). During 1990-1992 I was Senior Product
17 Manager for Graphnet (Teaneck, N.J.). From 1982-1990, I was Regulatory Manager for
18 Sprint Communications Corp. in Reston, Virginia and, from 1979-1982 I was a paralegal
19 for GTE Service Corporation in Washington, D.C. I have a B.S. from East Carolina
20 University in Greenville, N.C. (1974). I received my Paralegal Certificate from the
21 University of Maryland in 1980 and I received my M.B.A. in Marketing & Government
22 Affairs from Marymount University in Virginia in 1986.

1 Q. **WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. The purpose of my testimony is to support US LEC's complaint concerning
3 BellSouth Telecommunications, Inc.'s ("BellSouth's") violation of the provisions of US
4 LEC's interconnection agreements with BellSouth that establish reciprocal compensation
5 payment obligations for terminating local traffic.

6 Specifically, I wish to rebut testimony from Mr. Jerry Hendrix, at page 14 of his
7 direct testimony, suggesting that BellSouth had no reason to know that US LEC, or any
8 other CLEC, for that matter, "considered calls bound for Internet service providers
9 ("ISPs") to be local traffic" under an interconnection agreement and eligible for reciprocal
10 compensation under the terms of interconnection agreements that were being negotiated
11 in the summer of 1996, which is when US LEC was negotiating its first interconnection
12 agreement with BellSouth.

13

14 Q. **WERE YOU INVOLVED IN ANY NEGOTIATIONS WITH BELLSOUTH OVER THE TERMS OF**
15 **AN INTERCONNECTION AGREEMENT?**

16 A. Yes. I was involved in negotiations with BellSouth on behalf of TCG. The negotiations
17 took place throughout the last quarter of 1995 and the early months of 1996.

18 Negotiations intensified after the Telecommunications Act of 1996 was passed in
19 February 1996. I personally participated in meetings during April, May and June of 1996,
20 each of which took place at BellSouth's headquarters in Atlanta, Georgia. BellSouth was
21 represented in those sessions by Mr. Robert C. Scheye, among others.

22

1 Q. DID THOSE NEGOTIATIONS RESULT IN THE EXECUTION OF AN INTERCONNECTION
2 AGREEMENT?

3 A. Yes. BellSouth and TCG executed a nine-state agreement, even though TCG's
4 operations in the BellSouth region in July 1996 consisted only of a network and 5ESS
5 switch in Fort Lauderdale, serving the Miami/Fort Lauderdale metropolitan area.

6
7 Q. DURING YOUR NEGOTIATIONS WITH BELLSOUTH, DID YOU DISCUSS HOW THE PARTIES
8 WOULD COMPENSATE EACH OTHER FOR THE EXCHANGE OF LOCAL TRAFFIC?

9 A. Yes. In 1996, TCG's position on compensation was Bill and Keep. TCG's position was
10 well known in the industry and was advocated in multiple regulatory filings. During our
11 negotiations with BellSouth, TCG advocated the use of Bill and Keep as the compen-
12 sation structure while Mr. Scheye stated that BellSouth would never agree to Bill and
13 Keep. In the absence of Bill and Keep, we subsequently proposed flat rated ports, a
14 compensation structure successfully used in New York State beginning in 1995. Mr.
15 Scheye also declined to consider or to agree to flat rated ports.

16
17 Q. DID YOU EVER DISCUSS WHETHER, UNDER A RECIPROCAL COMPENSATION ARRANGE-
18 MENT, CALLS TO ISPs WOULD BE ELIGIBLE FOR COMPENSATION?

19 A. Yes, we did. I pointed out to Mr. Scheye and the other BellSouth representatives that
20 under the reciprocal compensation rate structure BellSouth was demanding, there was an
21 economic incentive for an ALEC to acquire high volume customers such as Internet
22 Service Providers (ISP). Mr. Scheye said he understood that we could adopt this

1 approach but stated that he did not believe TCG would be able to acquire ISPs as
2 customers. I told him that we could and we would.

3

4 Q. DID TCG SERVE ANY ISP CUSTOMERS AT THE TIME IT SIGNED THE INTERCONNECTION
5 AGREEMENT WITH BELL SOUTH?

6 A. Yes. It is my recollection that TCG of South Florida had three ISP customers at the time
7 of the contract.

8

9 Q. SO, IT IS YOUR TESTIMONY THAT, NOT LATER THAN JUNE 1996, BELL SOUTH KNEW AND
10 UNDERSTOOD THAT AT LEAST ONE ALEC CONSIDERED ISP-BOUND TRAFFIC TO BE
11 LOCAL TRAFFIC UNDER AN INTERCONNECTION AGREEMENT AND, THEREFORE,
12 ELIGIBLE FOR RECIPROCAL COMPENSATION?

13 A. Yes.

14

15 Q. AT ANY TIME AFTER THIS DISCUSSION DID MR. SCHEYE OR ANY OTHER AGENT OF
16 BELL SOUTH OBJECT OR IN ANY WAY INDICATE THAT ISP-BOUND TRAFFIC WAS NOT
17 LOCAL TRAFFIC?

18 A. No, not until long after the parties had signed their Interconnection Agreement.

19

20 Q. DID YOU REASONABLY CONCLUDE FROM MR. SCHEYE'S COMMENTS THAT BELL SOUTH
21 WOULD BILL TCG FOR ISP-BOUND TRAFFIC, AND DID TCG NEGOTIATE ON THAT
22 BASIS?

1 A. YES.

2

3 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

4 A. Yes, it does.

5

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing has been furnished by

Hand Delivery this 18th day of February, 2000, to the following:

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