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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 010795-TP

DIRECT TESTIMONY

OF

MICHAEL R. HUNSUCKER

DOCUMENT NUMBER CASE
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FPSC-COMMISSION CLERK

Q. Please state your name and business address.

A. My name is Michael R. Hunsucker. I am Director-Regulatory Policy, for Sprint Corporation. My business address is 6360 Sprint Parkway, Overland Park, Kansas 66251.

Q. Please describe your educational background and work experience.

A. I received a Bachelor of Arts degree in Economics and Business Administration from King College in Bristol, Tennessee, in 1979.

I began my career with Sprint in 1979 as a Staff Forecaster for Sprint/United Telephone - Southeast Group in Bristol, Tennessee, and was responsible for the preparation and analysis of access line and minute of use forecasts. While at Southeast Group, I held various positions through 1985 primarily responsible for the preparation and analysis of financial operations budgets, capital budgets and Part 69 cost allocation studies. In 1985, I assumed the position of Manager - Cost Allocation Procedures for Sprint United Management Company and was responsible for the preparation and analysis of Part 69 allocations including

1 systems support to the 17 states in which Sprint/United operated. In 1987, I
2 transferred back to Sprint/United Telephone - Southeast Group and assumed the
3 position of Separations Supervisor with responsibilities to direct all activities
4 associated with the jurisdictional allocations of costs as prescribed by the FCC
5 under Parts 36 and 69. In 1988 and 1991, respectively, I assumed the positions of
6 Manager - Access and Toll Services and General Manager - Access Services and
7 Jurisdictional Costs. In those positions, I was responsible for directing all
8 regulatory activities associated with interstate and intrastate access and toll
9 services and the development of Parts 36 and 69 cost studies including the
10 provision of expert testimony as required.

11

12 In my current position as Director - Regulatory Policy for Sprint/United
13 Management Company, I am responsible for developing state and federal
14 regulatory policy and legislative policy for Sprint's Local Telecommunications
15 Division. Additionally, I am responsible for the coordination of regulatory and
16 legislative policies with other Sprint business units.

17

18 **Q. Have you previously testified before state regulatory commissions?**

19

20 A. Yes. I have previously testified before state regulatory commissions in South
21 Carolina, Florida, Illinois, Pennsylvania, Nebraska, Maryland, Georgia and North
22 Carolina.

23

24 **Q. What is the purpose of your testimony?**

25

1 A. The purpose of my testimony is to respond to Issues 1 and 2 as identified in the
2 Commission's Order on Procedure in this docket. The testimony is structured
3 around each of the issues. Each issue is separately identified and I have provided
4 Sprint's support for its position on each of the issues.

5

6 **ARBITRATION ISSUE 1: (1) IN THE NEW SPRINT/VERIZON**
7 **INTERCONNECTION AGREEMENT:**

8 **(A) FOR THE PURPOSES OF RECIPROCAL COMPENSATION, HOW**
9 **SHOULD LOCAL TRAFFIC BE DEFINED?**

10

11 **Q. With respect to Arbitration Issue 1, please summarize the issues being**
12 **disputed between Verizon and Sprint.**

13

14 A. Sprint maintains that the Act and FCC decisions require that the jurisdiction of the
15 traffic be determined by the origination and termination points of the call. In
16 other words, if the call originates and terminates with the Verizon defined local
17 calling area (including mandatory EAS), the call is local and not subject to access
18 charges. In the alternative, if the call originates in one local calling area and
19 terminates in a different local calling area, the call is not local and would be
20 subject to the appropriate access charges (interstate or intrastate).

21

22 Verizon erroneously believes that a call must originate and terminate on two
23 different carrier's networks in order for the call to be jurisdictionally local. Thus,
24 if a person calls their neighbor next door and both end users are customers of
25 Verizon, Verizon would have you believe that the call is not a local call. As I will

1 describe later in this testimony, Sprint plans to initiate a service in Verizon
2 territory whereby a Verizon local service customer will be using a Sprint service
3 to complete a local call to other Verizon local service customers. Clearly,
4 Verizon's position on the definition of a local call is contrary to Verizon's own
5 tariffs as Verizon would clearly treat this call as local and would not bill the end
6 user a toll charge for the completion of this call.

7

8 **Q. Has the FCC established criteria by which the jurisdiction of a call should be**
9 **determined?**

10

11 A. Yes, they have. The FCC has historically relied upon what has been termed an
12 end-to-end analysis to determine the jurisdiction of a call. This end-to-end
13 analysis is the same as the method which Sprint has supported in its negotiations
14 with Verizon on this issue. In short, the FCC analysis looks at the two end points
15 of the call to determine the jurisdiction, irrespective of the network facilities used
16 to complete the call. In the FCC's Declaratory Ruling in CC Docket No. 96-98,
17 released February 26, 1999, the FCC specifically states in paragraph 11 that ". . .
18 both the court and Commission decisions have considered the end-to-end nature
19 of the communications more significant than the facilities used to complete such
20 communications. . ." The interstate communication itself extends from the
21 inception of a call to its completion, regardless of any intermediate facilities."

22

23 **Q. Given that the Declaratory Ruling was appealed to the D.C. Circuit Court,**
24 **what guidance was provided by the Court in its decision on March 24, 2000**
25 **on the appropriate methodology to be employed in determining the**

1 **jurisdiction of a call?**

2

3 A. The D.C. Circuit stated the following in its March 24, 2000 decision in Bell
4 Atlantic v. FCC, 206 F. 3d 1 (D.C. Circuit 2000) “. . . there is no dispute that the
5 Commission has historically been justified in relying on this method [end-to-end
6 analysis] when determining whether a particular communication is jurisdictionally
7 interstate.”

8

9 **Q. Has the FCC reached any additional decision on this issue subsequent to the**
10 **D.C. Circuit Court Order?**

11 A. Yes, on April 17, 2001 the FCC issued an Order on Remand in Docket 99-68
12 stating in paragraphs 24 and 25 that “. . . the Commission focused its discussion
13 on whether ISP-bound traffic terminated within a local calling area such as to be
14 properly considered ‘local’ traffic. To resolve that issue, the Commission focused
15 predominantly on an end-to-end jurisdictional analysis. On review, the Court
16 accepted (without necessarily endorsing) the Commission’s view that the traffic
17 was either “local” or “long distance”. Clearly, there is a long standing history
18 that the jurisdiction of a call is based on the originating and terminating points of
19 a call.

20

21 **Q. What was Verizon’s stated position in regards to the merits of the FCC’s**
22 **end-to-end analysis?**

23

24 A. On July 21, 2000, Verizon filed comments in Docket No. 96-98 at the FCC
25 supporting the FCC’s Declaratory Ruling and the use of the end-to-end analysis in

1 determining the jurisdiction of a call. Specifically, Verizon stated, “the Court
2 questioned whether the end-to-end analysis that the Commission has used for
3 jurisdictional purposes is applicable here. The simple answer is that it is – the
4 analysis that determines whether a call is “interstate” – where the call originates
5 and terminates – is used to determine whether it is local under the Commission’s
6 rules. Furthermore, the Commission’s end-to-end analysis has not been used only
7 to resolve jurisdictional questions, but has been the basis for substantive decisions
8 as well.” Further, Verizon also filed the testimony of William E. Taylor,
9 supporting the use of the end-to-end analysis to determine the classification of a
10 call stating that, “the Commission’s traditional end-to-end analysis of the
11 jurisdiction of a call provides clear efficiency gains compared with the
12 jurisdictional analysis that takes into account the path the call actually traversed.”

13
14 **Q. Are Verizon’s FCC comments in Docket No. 96-98 consistent with their**
15 **position on the definition of local traffic advanced in this proceeding?**

16
17 **A.** No, they are not. Verizon is now attempting to classify a call based on the actual
18 path that the call traverses, i.e., based on the carrier that originates the call and the
19 carrier that terminates the call. In Verizon’s version, if the carrier that originates
20 the call is the same carrier that terminates the call, then that call is not considered
21 local, even if the call originated and terminated with neighbors living next door to
22 each other. Accordingly, Verizon’s position states that only if the carriers who
23 originate and terminate the call are different is the call considered a local call.
24 This is simply not a logical or an appropriate interpretation. As demonstrated
25 above, the correct analysis considers whether the end points of the call, not the

1 facilities over which the call is completed, are within the same local calling scope.
2 Verizon's definition of local traffic should be dismissed as contrary to the Act and
3 the FCC's rules.

4 **Q. Are there any relevant Florida rules and regulations that are applicable to**
5 **this issue?**

6
7 **A.** Yes. Florida Statutes 364.02(2) defines "basic local telecommunications service"
8 as "voice grade, flat-rate residential, and flat-rate single-line business local
9 exchange services which provide dial tone, (and) local usage necessary to place
10 unlimited calls within a local exchange area... such term shall include any
11 extended area service routes, and extended calling service in existence or ordered
12 by the commission on or before July 1, 1995."

13
14 Verizon is simply choosing to apply a differing standard to its compliance with
15 Florida rules and regulations for retail services than they are attempting to apply
16 to Sprint as a CLEC on a wholesale basis. This position should be dismissed by
17 the Commission as anti-competitive.

18
19

20 **ARBITRATION ISSUE 2: (2) FOR THE PURPOSES OF THE NEW**
21 **SPRINT/VERIZON INTERCONNECTION AGREEMENT:**

22 **(A) SHOULD SPRINT BE PERMITTED TO UTILIZE MULTI-**
23 **JURISDICTIONAL INTERCONNECTION TRUNKS?**

24 **(B) SHOULD RECIPROCAL COMPENSATION APPLY TO CALLS FROM ONE**
25 **VERIZON CUSTOMER TO ANOTHER VERIZON CUSTOMER, THAT**

1 **ORIGINATE AND TERMINATE ON VERIZON'S NETWORK WITHIN THE**
2 **SAME LOCAL CALLING AREA, UTILIZING SPRINT'S "00-" DIAL AROUND**
3 **FEATURE?**

4
5 **Q. With respect to Arbitration Issue 2, please provide an overview of the issues**
6 **that are disputed between Verizon and Sprint.**

7
8 A. Sprint has requested that Verizon allow Sprint the right to utilize their existing
9 investment in network switching and trunking to achieve engineering economic
10 efficiency. Sprint wants the ability to combine local and access traffic on the
11 same facilities (i.e., multi-jurisdictional trunk groups) and pay the appropriate
12 compensation based on the jurisdiction of the traffic. If the call is local, then
13 Sprint will pay the appropriate local charges and if the call is access, then Sprint
14 will pay the associated access charges. Verizon does not deny Sprint's ability to
15 combine the traffic; however, Verizon maintains that the higher access rates
16 should be applicable to local traffic if transported over access trunks. Verizon
17 maintains that the traffic is not subject to reciprocal compensation because it does
18 not originate on one carrier's network and terminate on the other carrier's network.
19 This is the exact same argument advanced by Verizon in Issue 1 – the definition
20 of local traffic - relative to determining the jurisdiction of a call. Verizon is
21 simply trying to confuse the issue by crafting an argument that the definition of
22 local traffic should mirror the definition of reciprocal compensation. This is
23 simply not the case and the Commission should recognize Verizon's attempt to
24 cloud the real issue – what is local traffic and how should it be compensated.

25

1 **Q. Does Verizon’s position of treating jurisdictionally local calls as access have a**
2 **direct impact on Sprint’s ability to roll out products to end user customers in**
3 **Florida?**

4
5 A. Yes, it does. Sprint has developed a Voice Activated Dialing (VAD) product that
6 will be offered to its long distance customers nationwide and in Florida. The key
7 feature of the product is that it utilizes a 00- dialing code to access the Sprint
8 VAD platform that is subsequently used to complete local calls or long distance
9 calls. Thus, an end user customer can dial 00- from his home phone and verbally
10 instruct the system to call his neighbor next door. As discussed earlier in the
11 testimony (See Issue 3 above), this is clearly a local call, however, Verizon is
12 seeking to charge Sprint access charges for this call simply because the call routed
13 over what has, to-date, been traditionally labeled an access facility.

14
15 **Q. Please provide a brief description of the product that Sprint is seeking to**
16 **offer to its customers nationwide and in Florida.**

17
18 A. As I stated earlier, Sprint is developing a product using VAD that would be
19 available to any end user in Florida who is presubscribed to Sprint’s long distance
20 service, including Verizon’s local service customers who are presubscribed to
21 Sprint long distance service. The Verizon customer dials 00- on his telephone and
22 the call is routed through a Verizon end office over trunks that are interconnected
23 to the Sprint network. The customer then receives a prompt to verbally instruct
24 the system who he would like to call. For example, the customer could say, “call
25 neighbor.” Then based upon a directory list established by the end user customer,

1 the system would look up the name, find the associated telephone number and
2 complete the call as verbally directed. The customer can originate both local calls
3 and long distance calls via this arrangement.

4

5 **Q. Will Sprint's decision to implement this service in Florida be impacted if**
6 **Verizon is permitted to charge access rates, which are much higher than**
7 **reciprocal compensation, for the completion of local calls?**

8

9 A. Yes. The impact of the appropriate charge is key to Sprint's ability to implement
10 this new and innovative service in Florida. In short, if Sprint must pay access
11 charges for jurisdictionally local traffic, then Sprint will not be able to implement
12 the service in Florida or any other state. The implementation of this service is
13 dependent on Sprint's ability to pay the correct charges for the traffic. Thus, if
14 Sprint is required to pay access charges on local traffic, end users in Florida will
15 be denied access to this service.

16

17 **Q. Are there local calls today that are originated on Verizon's network, traverse**
18 **another carrier's network and ultimately terminate back on Verizon's**
19 **network for which access charges do not apply?**

20

21 A. Yes. Most, if not all, local exchange carriers including Verizon offer a retail
22 service to end users called call forwarding. With this product the end user
23 programs his phone to forward any calls destined for his phone to another location
24 by programming the phone with a telephone number where he will be. In this
25 case, a Verizon end user would initiate a local call to a CLEC customer who has

1 utilized call forwarding to forward his calls to a neighbor's house who is also
2 Verizon customer. In this scenario, the call is originated by a Verizon customer,
3 traverses the CLEC network and ultimately is terminated to another Verizon
4 customer. In this case, two call records are created: 1) one record for the call
5 from the originating Verizon customer to the CLEC customer and 2) an additional
6 record for the call forwarded from the CLEC customer to the terminating Verizon
7 customer. In this particular situation, Sprint would be obligated to pay reciprocal
8 compensation to Verizon on the first call record and Verizon would be required to
9 pay Sprint reciprocal compensation on the second call record. This call, from
10 start to finish, would be treated as a local call even though it originates on
11 Verizon's network and terminates on Verizon's network and is subject to
12 reciprocal compensation. This example clearly demonstrates that Verizon's
13 argument on the 00- originated local call fails on the merits of network call
14 routing and similar calls that Verizon is exchanging with CLECs on the basis of
15 reciprocal compensation. This same routing scenario is used for both 00- local
16 traffic or local call forwarded traffic.

17

18 **Q. Verizon believes that the traffic must originate on one carrier's network and**
19 **terminate on another carrier's network in order for the call to be subject to**
20 **reciprocal compensation. Do you agree with this position?**

21

22 A. No. The position that the originating and terminating networks have to be
23 different is inconsistent with the competitive offering of telecommunications
24 services as envisioned by the Act. When an end user dials or alternatively places
25 a call via voice activation, the end user is choosing to use another competitive

1 provider and in fact, is no longer a Verizon customer for that particular call. If the
2 end user goes through this effort, the end user expects that a call made by dialing
3 his neighbor or a call made to his neighbor via voice activation is a local call, so
4 that a competitively priced local service will have been provided to that end user.
5 When viewed from the standpoint of the end user, the recognition of a call as a
6 local call is determined by where he is calling not the network facilities used to
7 route the call. In fact, end users have no idea (and probably don't care) how the
8 call is routed through the network. They only recognize that they called their
9 neighbor next door and that is a local call. Sprint's 00- product provides the end
10 user with an innovative way to place local calls over the existing network.

11

12 Again, as fully discussed in Issue 1 above, the facilities or routing of the call have
13 nothing to do with the jurisdiction of the call. Verizon should not be allowed to
14 bill access charges for local calls.

15

16 **Q. Does Verizon provide operator services in Florida today?**

17

18 A. Yes, it does. According to its retail tariffs, Verizon provides operator services in
19 Florida via the 0- dialing pattern. This dialing pattern is similar to the 00- utilized
20 by Sprint to perform call completion services for both long distance and local
21 services.

22

23 **Q. What does Verizon charge its end users for dialing 0- and then having the**
24 **operator complete the call?**

25

1 A. If the customer dials 0- to access Verizon's operator, Verizon may complete a
2 local call for the customer and charge only the flat fee service charge associated
3 with call completion from its tariff. There is no additional charge for extra local
4 service minutes and certainly no additional charge for a toll call, even if Verizon's
5 operator platform is located outside the local calling area. Similarly, if the
6 customer dials 00- to reach Sprint, Sprint may complete a local call for the end
7 user with the only charge being the VAD service charge. The key point is that
8 neither Verizon nor Sprint charges the end user customer a toll charge for the
9 completion of a local call. It is unclear as to where Verizon's operators actually
10 are located, but the location of the operator services platform is of no consequence
11 to whether Verizon bills the call as a local call or a toll call. However, Verizon is
12 attempting to hide behind this if the customer chooses to use Sprint for the
13 completion of a local call.

14
15 **Q. Please provide examples of how Verizon is attempting to inappropriately**
16 **classify local calls as access calls.**

17
18 A. Perhaps the best way to ascertain the inequities that Verizon is attempting to
19 advance is through the use of the following call examples.

20
21 Example 1 - If a call originates from a Verizon end user and completes to another
22 Verizon end user, without the use of the Sprint VAD, then Verizon considers the
23 call to be local in nature. Reciprocal compensation is not an issue in this example
24 as the call is an intra-Verizon call and Verizon would be paying reciprocal
25 compensation to itself.

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Example 2 - If a call originates from a Verizon end user via Sprint 00- VAD product and terminates back to a Verizon end user in the same local calling area, Verizon posits that the call is not local and not subject to reciprocal compensation, but instead is long distance subject to access charges.

Example 3 - In this last example, if a call originates from a Verizon end user via Sprint 00- VAD product and terminates to a CLEC end user in the same local calling are, Verizon would treat this call as local subject to reciprocal compensation.

Thus, three calls could originate from a single end user to three neighbors in the same local calling area and Verizon would have this Commission treat some of the calls as local and subject to reciprocal compensation and some of the calls as access subject to much higher intrastate access rates. Obviously, the Verizon argument is extremely tortured, anticompetitive and offers nothing but confusion from an end user perspective.

Q. Do other ILECs allow Sprint to provide local calls via the 00- dialing arrangement and treat such call as local for compensation purposes?

A. Yes. Specifically, Sprint has negotiated an interconnection agreement with BellSouth that provides very specific language regarding compensation on 00- local calls. In addition, Sprint has negotiated interconnection language with SBC and Qwest that allow for the placement of local calls over access facilities

1 including 00-. Thus, contract language has been negotiated between the parties
2 that allow Sprint to implement the VAD 00- product in these respective states.
3 The BellSouth language which was recently filed in an Interconnection
4 Agreement in Florida states that :

5

6

7 “00- traffic from Sprint IXC presubscribed end user customers will continue to be
8 routed to Sprint IXC over originating FGD switched access service. Sprint CLEC
9 will determine the amount of total 00- traffic that is local and will report that
10 factor and the associated Minutes Of Use (MOUs) used to determine the factor to
11 BST. Using that data and the Sprint IXC total switched access MOUs for that
12 month, BST will calculate a credit on Sprint IXC’s switched access bill, which
13 will be applied in the following month. The credit will represent the amount of
14 00- traffic that is local and will take into consideration TELRIC based billing for
15 the 00- MOUs that are local. The credit will be accomplished via a netting
16 process whereby Sprint IXC will be given full credit for all applicable billed
17 access charges offset by the billing of 00- transport charges only based upon the
18 applicable state TELRIC rates contained in Attachment 3 of this Agreement.
19 BellSouth will have audit rights on the data reported by Sprint CLEC.”
20

21

22 **Q. How is Sprint proposing to compensate Verizon on 00- local calls?**

23

24 **A.** Consistent with the BellSouth agreement, Sprint will compensate Verizon for
25 transport on the originating side of the call and for all appropriate network
26 elements (tandem switching, transport and end office switching) on the
27 terminating side of the call at TELRIC-based rates. Verizon, on the other hand,
28 argues that Sprint should be required to compensate them at access rate levels.
29 Thus, the real issue is not the network components utilized to complete the call
30 but the appropriate rate levels, i.e., TELRIC-based or access charges. Verizon has
31 argued in other states that they are financially harmed if they are required to based

1 on the appropriate jurisdiction of the traffic, because they are losing access
2 revenues. The bottom line - Verizon cannot lose something that it never had.
3 These calls are local in nature and without the introduction of 00- dialing would
4 have been completed by Verizon with the cost of handling the call recovered from
5 the end user through local rates. If the calls are carried via the 00- dialing pattern
6 to Sprint's VAD platform, Verizon will receive the same amount of local service
7 revenue from the end user and will also be compensated by Sprint for transport on
8 the originating side and for all appropriate elements used to terminate the call on
9 the terminating side. Verizon is more than made whole on this type of traffic. In
10 summary, Sprint is not trying to utilize the Verizon network for free but is willing
11 to pay TELRIC-based rates for the network functionality utilized. There is simply
12 no public policy reason or economic reason for Verizon to charge access charges.
13 The only result will be that Sprint will not be able to offer this new and innovative
14 product to customers in Florida.

15

16 **Q. Has the Florida Public Service Commission provided any guidance on the**
17 **issue of transporting multi-jurisdictional traffic over a single trunk group**
18 **and the appropriate compensation for the delivery of local traffic via the use**
19 **of access facilities?**

20

21 Yes. In Sprint's recent arbitration with BellSouth in Docket No. 000828-TP, the
22 Commission ruled in Sprint's favor on this issue. In its order in this docket, PSC-
23 01-1095-FOF-TP, the Commission concluded that the parties' Agreement should
24 contain language providing Sprint with the ability to transport multi-jurisdictional
25 traffic over a single trunk group, including an access trunk group. For 00- traffic

1 routed over access trunks, the Commission ruled that the appropriate
2 compensation scheme should be preserved for each jurisdiction of traffic that is
3 combined, *i.e.*, local and intra/interLATA.
4

5 **Q. What is Sprint asking this Commission to do on this issue?**

6

7 A. This Commission should recognize the FCC's end-to-end analysis as the
8 appropriate way by which the jurisdiction of a call is determined. In so doing,
9 this Commission should find that local calls generated by the 00- VAD platform
10 are in fact local and should be subject to reciprocal compensation. In addition, the
11 Commission should adopt the BellSouth proposed language and require Verizon
12 and Sprint to incorporate the language in the interconnection agreement. Without
13 this correct and fact-based decision, end users in Florida may be denied the
14 benefit of a new and innovative local service product.
15

16 **Q. Does that conclude your testimony?**

17

18 A. Yes.