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March 1, 2002

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COMMISSION
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VIA HAND DELIVERY

Ms. Blanca S. Bayo, Director
Division of the Commission
Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

Re: Docket No. 000075-TP


Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and fifteen (15) copies of the Direct Testimony of Alfred Busbee on behalf of ALLTEL Florida, Inc.

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,



J. Jeffry Wahlen

- AUS _____
- CAF _____
- CMP _____
- COM Hrag
- CTR _____
- ECR _____
- GCL _____
- OPC _____
- MMS _____
- SEC I
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Enclosures

cc: All Parties of Record

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FPSC-COMMISSION CLERK

1 **Q. Please describe ALLTEL Florida, Inc.’s corporate structure and its operations in**
2 **Florida.**

3 A. ALLTEL Florida, Inc., a Florida corporation, is wholly owned by ALLTEL
4 Corporation, a Delaware corporation. ALLTEL Florida, Inc. is certificated by the
5 Florida Public Service Commission ("Commission" or "FPSC") to provide local
6 exchange and other telecommunications service within its service territory. ALLTEL
7 is an incumbent local exchange carrier within the meaning of §251(c) of the Act.
8 ALLTEL is a “rural telephone company” within the meaning of §251(f)(1) of the
9 federal Telecommunications Act of 1996 (“Act”). ALLTEL is a "rural carrier" within
10 the meaning of § 251(f)(2) of the Act in that it has fewer than 2 percent of the Nation's
11 subscriber lines installed in the aggregate nationwide. The total number of access
12 lines served by all of ALLTEL Corporation’s incumbent local exchange subsidiaries
13 nationwide, including ALLTEL Florida, Inc., is 2,444,687. ALLTEL Corporation's
14 CLEC affiliates nationwide have an additional 130,091. Regardless of whether
15 ALLTEL's CLEC lines are added to the total or not, ALLTEL local exchange carrier
16 entities have, in the aggregate nationwide, 1.33% or less of the total access lines for
17 the 50 states and the District of Columbia (which is approximately 194 million).

18

19 **Q. Please describe ALLTEL’s geographic service areas in Florida.**

20 A. ALLTEL provides local telephone exchange services in five small, noncontiguous
21 local calling areas in LATA 452 and in two in LATA 454. LATA 452 surrounds
22 Jacksonville, but ALLTEL is not the ILEC in Jacksonville and LATA 454 surrounds
23 Gainesville and Ocala, but ALLTEL is not the ILEC in Gainesville or Ocala. In both
24 LATAs a larger geographic area is located outside ALLTEL’s local calling areas then
25 is located inside them.

1 **Q. Please define local calling area.**

2 A. A local calling area for a particular telecommunications carrier is the specific
3 geographic area within a state as defined by said telecommunications carrier and duly
4 approved by the state commission within which said carrier offer and provides
5 telephone exchange service to its *retail* customers. Telecommunications traffic
6 originated and terminated within that geographic local calling area is considered
7 jurisdictionally local and is not subject to toll or access charges pursuant to said
8 carrier's General Subscriber Tariff.

9
10 **Q. Please define exchange access.**

11 A. "Exchange access" is defined in 47 U.S.C. §153(16) as, "the offering of access to
12 telephone exchange services or facilities for the purpose of the origination or
13 termination of telephone toll services." Rates, terms and conditions governing the
14 provision of exchange access are set forth in the respective carrier's Commission
15 approved Access Tariff.

16
17 **Q Please explain reciprocal compensation.**

18 A. Reciprocal compensation, as relevant to this arbitration, is a construct of the
19 Telecommunications Act of 1996. Simply stated, reciprocal compensation is the
20 compensation mechanism by which one local exchange carrier pays for the transport
21 and termination of "local traffic" terminated on the other local exchange carrier's
22 network.

23 **Q Going specifically to Issue 13, how should a "local calling area" be defined, for**
24 **the purposes of determining the applicability of reciprocal compensation in an**
25 **interconnection agreement, if the parties cannot agree on a definition?**

1 A. The local calling area should be defined as the retail local calling area of the ILEC for
2 the purposes of reciprocal compensation. While this Commission has not yet
3 determined this issue, other state commissions have. For example, the Public Utility
4 Commission of Ohio (“PUCO”) addressed this issue in its Local Service Guidelines
5 adopted in Case NO. 95-845-TP-COI. There, the PUCO specifically defined the local
6 calling area for the purposes of reciprocal compensation as that of the ILEC. Section
7 IV(C), page 27 of Local Service Guidelines states in part:

8 “As NECs [i.e., New Entrant Carrier or ALEC] establish operations within
9 individual ILEC service areas, the perimeter of the ILEC local calling
10 area, as revised to reflect EAS, shall constitute the demarcation for the
11 differentiating local and toll call types for the purpose of traffic
12 termination compensation. Any end user call originating and terminating
13 within the boundary of such local calling area, regardless of the LEC at the
14 originating or terminating end, shall be treated as a local call.”

15 To do otherwise would place the ILEC in violation of its exchange access tariff and
16 subject to allegations of discriminatory pricing among carriers, *i.e.* ALECs would be
17 receiving preferential treatment vis-à-vis IntraLATA IXC.

18

19 **Q Does this mean that ALECs are bound by the local calling area as defined by the**
20 **ILEC and are precluded from defining its own retail local calling areas?**

21 A. No. An ALEC may offer toll free calling (i.e., local calling area) to its end users
22 without regard to the geographic confines of the local/access intercarrier compensation
23 between the interconnecting carriers.

24

1 **Q. What impact, if any, would disassociating local calling areas *for intercarrier***
2 ***compensation purposes* from local calling areas *for retail purposes* have upon end**
3 **users.**

4 A. None. It is very common for ALECs to bundle a variety of services based upon its
5 total underlying costs, including both reciprocal compensation and telephone
6 exchange access services. Similarly, IXC's offer block-of-time packages that include
7 toll free calling nationwide. In this case the intercarrier compensation and retail offer
8 are not the same. Nonetheless, the end user benefits from tailored calling plans
9 bundled with information services or other services.

10
11 **Q Should the Commission determine a default definition of "local calling area"**
12 **other than that of the ILEC for the purpose of determining the applicability of**
13 **reciprocal compensation in the event the parties cannot reach a negotiated**
14 **agreement?**

15 A. No. Interconnecting companies do not have the authority in Florida to negotiate away
16 or expand the ILEC's "local calling areas" for the purpose of determining the
17 applicability of reciprocal compensation. Local calling areas must, for the purposes of
18 reciprocal compensation mirror the ILECs retail local calling area. To do otherwise
19 would have the effect of changing the ILEC's access charge regime, which is subject
20 to the terms and conditions of the applicable exchange access tariffs and the subject of
21 ongoing Universal Service and Access Reform proceedings. Even if the Commission
22 did have jurisdiction to mandate changes in access charges, which has been preserved
23 to the Florida legislature, the financial impact to ILECs such as ALLTEL would likely
24 require rate rebalancing.

25

1 **Q Does the network architecture utilized to interconnect ALECs and ILEC's**
2 **networks change the manner in which access charges are assessed?**

3
4 A. No. The applicability of access charges is predicated upon the jurisdictional nature of
5 the call. Regardless of the method of interconnection, the application of exchange
6 access charges are governed by the ILEC's applicable Commission approved
7 exchange access tariff.

8
9 **Q What would be the financial impact if what are currently IntraLATA telephone**
10 **exchange access revenues between ALLTEL and ALECs instead become subject**
11 **to reciprocal compensation and what impact, if any, would occur between ILECs**
12 **and IntraLATA long distance carriers (IXCs)?**

13
14 A. ALLTEL does not believe that it may apply differing terms and conditions with
15 respect to exchange access charges depending on the whether the call is billed to an
16 ALEC or IXC. Therefore, if ALLTEL negotiates expanded local calling areas for the
17 purposes of reciprocal compensation with ALECs, it must also reflect those changes in
18 the applicable exchange access tariff available to all carriers. Based upon December
19 2001 data, ALLTEL presently bills approximately \$900,000 annually for IntraLATA
20 telephone exchange access. ALLTEL pays approximately \$200,000 to other carriers
21 for IntraLATA telephone exchange access. The net financial impact to ALLTEL
22 should the intrastate, IntraLATA exchange access be redefined as reciprocal
23 compensation is \$700,000 annually.

24

1 **Q Is it appropriate for an ILEC and CLEC to establish different local calling areas**
2 **for the purpose of reciprocal compensation?**

3
4 A. No. ALECs should be required to define its local calling areas for the purposes of
5 reciprocal compensation the same as those of the ILEC. Intercarrier compensation is
6 driven by the jurisdiction of the call, which is determined by the origination and
7 termination points of the call. If the ALEC defines its local calling area for the
8 purpose of reciprocal compensation differently than that of the ILEC, a call in one
9 direction may be subject to reciprocal compensation while the same call in the other
10 direction would be subject to access charges causing aberrations in the reciprocal
11 compensation and exchange access.

12
13 **Q If the Commission should decide that the “local calling area” for the purpose of**
14 **determining the applicability of reciprocal compensation should differ from an**
15 **ILEC’s existing “local calling area,” for ILECs as a general rule, would ALLTEL**
16 **as a “rural telephone company” and a “less than 2%” rural carrier be entitled to**
17 **assert its “rural exemption” and/or seek a suspension or modification of the rule**
18 **pursuant to Section 251(f)(1) and (2), respectively, in a particular case with**
19 **respect to a particular request?**

20
21 A. Yes, to the extent that such a request and such a requirement would pose a significant
22 adverse economic impact on ALLTEL endusers, would be unduly economically
23 burdensome to implement, would not be technically feasible, or would not be
24 consistent with the public interest, convenience, and necessity, ALLTEL would be

1 entitled to seek, and would seek, to maintain its rural exemption and/or obtain a
2 suspension or modificaion of the requirement in the particular case.

3

4 **Q. What is the position of the other parties to this proceeding and that of the**
5 **Commission staff with respect to the appropriateness of any determination being**
6 **made in this proceeding that would foreclose the right in the future of a “rural**
7 **telephone company” or “less than 2%” rural carrier in a particular case from**
8 **asserting to continue its rural exemption from the application of such a rule or**
9 **from being able to seek a suspension or modification thereof, respectively, under**
10 **§251(f)(1) and/or (2) of the Act?**

11

12 A. I attended a prehearing conference regarding this proceeding on January 24, 2002, at
13 which all the other parties were represented and members of the Commission staff
14 were present. At that hearing in response to a question asked by ALLTEL with
15 respect to this issue, ALLTEL was told by the Commission staff on the record that
16 this proceeding did not involve determining the rights of a rural telephone companies
17 or rural carriers under said statutory provisions with respect to the Issues herein. None
18 of the other parties expressed any disagreement with that position.

19

20 **Q. Does this conclude your direct testimony?**

21 A. Yes, it does.

22

23

24

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by U. S. Mail or hand delivery (*) this 1st day of March, 2002, to the following:

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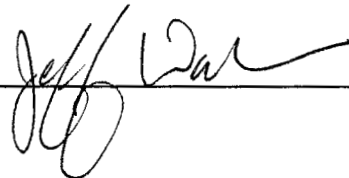
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A handwritten signature in black ink, appearing to read "Jeff Warr", is written over a horizontal line. The signature is stylized and cursive.