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May 22, 2002

Ms. Blanca S. Bayó, Director
Division of the Commission Clerk
& Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 020099-TP Direct Testimony of Jeffrey P. Caswell

Dear Ms. Bayó:

Enclosed for filing is the original and fifteen (15) copies of the Direct Testimony of Jeffrey P. Caswell.

Copies of this have been served pursuant to the attached Certificate of Service.

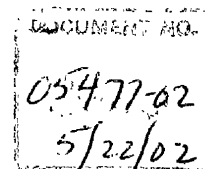
Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning the same to this writer.

Thank you for your assistance in this matter.

Sincerely,

Susan S. Masterton

Enclosure



**CERTIFICATE OF SERVICE
DOCKET NO. 020099-TP**

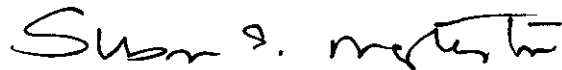
I HEREBY CERTIFY that a true and correct copy of the foregoing was served by hand delivery* or U.S. Mail this 22nd day of May, 2002 to the following:

Volaris Telecom, Inc.
Ms. Judy B. Tinsley
c/o DURO Communications, Inc.
3640 Valley Hill Road, N.W.
Kennesaw, GA 30152-3238

Cole, Raywid & Braverman, L.L.P.
John C. Dodge/David N. Tobenkin
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Jon Moyle/Cathy Sellers
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2540 Shumard Oak Boulevard
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Susan S. Masterton
Susan S. Masterton

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

Jeffrey P. Caswell

1
2
3
4
5
6
7 **Q. Please state your name and business address.**

8
9 A. My name is Jeffrey P. Caswell. I am Group Manager – Wholesale Markets, for Sprint
10 Corporation. My business address is 6480 Sprint Parkway, Overland Park, Kansas 66251.
11

12 **Q. Please describe your educational background and work experience.**

13
14 A. I received a Bachelor's Business Administration degree in Finance from the University of
15 Iowa in 1984 and a Master's Business Administration from Drake University in 1985. I
16 worked in telecommunications regulation for the Iowa State Commerce Commission in
17 1985-1986, and as the Manager of Access and Settlements for Telephone & Data Systems in
18 1987-1988. In 1988 I began a career with United Telephone of Florida (now Sprint) as
19 Revenue Planning and Pricing Supervisor. Since that time, I have had a number of Market
20 Analysis, Regulatory, and Account Management positions of increasing responsibility. My
21 current position is Group Manager – Wholesale Markets.
22

23 **Q. What is the purpose of your testimony?**
24
25

1 A. (1) I will briefly address Sprint's position on the nature of the Commission's jurisdiction to
2 resolve ALEC's complaint.

3 (2) I will describe the nature of the dispute that exists between ALEC and Sprint, highlight
4 the portion of the parties' Interconnection Agreement ("Agreement") most directly at issue,
5 and provide Sprint's interpretation of the subject issues and how Sprint and other CLECs
6 provide and bill for identical transport facilities. (3) I will also describe for the Commission
7 how Sprint's interpretation is consistent with the FCC's rules regarding this issue.

8 (4) Further, I will describe the appropriate methodology for charges for transport and
9 facilities under the Agreement and the appropriate rates for transport and facilities under the
10 Agreement.

11

12 As an introduction, I will discuss first Sprint's general understanding of the dispute, provide
13 a basic explanation of the facilities used to provide interconnection, and identify the
14 provisions of the Agreement relevant to the dispute. Then, I will address the specific issues
15 enumerated in the procedural order.

16

17 **Q. What is your understanding of the dispute between ALEC and Sprint?**

18

19 A. Sprint and ALEC have an interconnection agreement dated June 1, 2001. In it, among other
20 items, the parties make commitments regarding the exchange of local traffic (as that term is
21 defined in the Agreement), non-local traffic and the compensation related to each type of
22 traffic. This dispute is mainly a billing dispute related to the recurring and non-recurring
23 charges applicable for the transport of Sprint end-user-originated traffic between the agreed
24 upon POI and ALEC's switch. Sprint believes that ALEC has overcharged Sprint in three
25 ways. First, ALEC has charged Sprint for multiple circuits within each dedicated transport

1 facility provided by ALEC (or leased by ALEC from a third party). The correct
2 methodology is to bill for the facility, not for each individual trunk within each facility.
3 Second, it is Sprint's understanding that ALEC has billed Sprint ALEC's Florida price list
4 charges for the dedicated transport facilities provided by ALEC (or leased by ALEC from a
5 third party) rather than the charges in the Agreement. Finally, ALEC billed Sprint for
6 dedicated facilities for transport of InterLATA (non-Local) traffic. In sum, ALEC has
7 misinterpreted the Agreement and over-billed Sprint for the interconnection arrangements
8 established by the parties.

9
10 **Q. To put this dispute into context, define point of interconnection, facility and trunks.**

11
12 A. When a CLEC and an ILEC interconnect their networks for the purpose of exchanging
13 traffic, at least two switches are involved, one for each company. The facility between the
14 two switches is a physical pathway (such as a pair of copper wires, or a fiber system) that
15 transmits voice and data. The POI is the point at which responsibility for installation and
16 maintenance of the interconnection transport facility or pathway ends for one carrier and
17 starts for the other. A trunk is a service provisioned jointly over the transport
18 interconnection facility or pathway between two switches. Each trunk uses a single time slot
19 (i.e., a single voice grade capable communication path) of a DS1 facility, which has 24 time
20 slots or voice grade capable communication paths. The DS1, in turn, may be part of a DS3
21 facility, which has 28 DS1s, or 672 voice grade paths.

22
23 **Q. Now, please explain the interconnection arrangement agreed to by Sprint and ALEC in**
24 **the Interconnection Agreement.**

1 A. The Agreement sets forth how the parties interconnect with one another. Attachment IV,
2 Section 1.2.1 states that the parties will establish a POI which is the “physical point that
3 establishes the technical interface, the test point, and the operational responsibility hand-off
4 between CLEC and Sprint for the local interconnection of their networks.” Section 1.2.2
5 makes each party responsible for engineering and maintaining its network on its side of the
6 POI. Sprint has engineered and is responsible for its network on its own side of the POI and
7 ALEC has engineered and is responsible for the network on its side of the POI.

8

9 **Q. Does the Agreement address local interconnection for interLATA transport?**

10

11 A. No, the Agreement is applicable for interconnection for local traffic. Where ALEC’s
12 switch is located outside the LATA, transport becomes interLATA. Sprint is not
13 responsible for interLATA transport, therefore transport charges are only applicable to the
14 Winter Park to Maitland route. However, ALEC has billed Sprint recurring and non-
15 recurring charges for interLATA transport between Tallahassee and its switch in Valdosta,
16 Georgia, and between the Ocala access tandem in the Gainesville LATA and its switch in
17 Maitland (in the Orlando LATA).

18

19 **ISSUE 1: WHAT IS THE COMMISSION’S JURISDICTION IN THIS MATTER?**

20

21 **Q. What is Sprint’s position regarding the Florida Public Service Commission’s**
22 **jurisdiction to resolve ALEC’s complaint?**

23

24 A. The Commission has jurisdiction to resolve disputes concerning interconnection pursuant to
25 s. 364.162(1), Florida Statutes. In exercising its jurisdiction, the Commission must act

1 consistent with applicable state law and with controlling federal law, including the 1996
2 Telecommunications Act and FCC regulations and orders issued pursuant to the act. This
3 issue is primarily a legal issue that will be more fully addressed in Sprint's post-hearing
4 brief.

5
6 **ISSUE 2: UNDER THE TERMS OF THE PARTIES' INTERCONNECTION**
7 **AGREEMENT, WHAT ARE THE APPROPRIATE DEDICATED TRANSPORT**
8 **CHARGES FOR TRANSPORT FACILITIES USED TO TRANSPORT SPRINT-**
9 **ORIGINATED TRAFFIC FROM THE POI TO ALEC'S SWITCH?**

10
11 **Q. According to the Agreement, what is the appropriate compensation for Local Traffic**
12 **when Sprint delivers traffic to ALEC?**

13
14 **A.** Attachment 1, Section 3.1 states that "the rates to be charged for the exchange of Local
15 Traffic are set forth in Table 1 of this Attachment and shall be applied consistent with the
16 provisions of Attachment IV of this Agreement." Attachment IV, Section 2.4.1.2 describes
17 that, when Sprint customers terminate traffic to the CLEC's customers, "Sprint shall pay
18 CLEC for transport charges from the POI to the CLEC switching center for dedicated
19 transport" along with the symmetrical per minute reciprocal compensations rates for the
20 functionality actually provided by CLEC for the call termination. Attachment IV, Section
21 2.2 describes in detail the compensation schemes for the transport charges from the POI to
22 the CLEC switching center and distinguishes the transport charges based on which party
23 provides the transport facility. Attachment IV, Section 2.2.3 governs this portion of the
24 dispute because ALEC provides 100% of the interconnection facilities either through lease
25 of third party facilities or construction of its own facilities. The Agreement provides that

1 ALEC may charge Sprint for a proportionate amount of the transport facility based on
2 relative usage, using “the lesser of: Sprint’s dedicated interconnection rate; the CLECs own
3 cost, if filed and approved by a commission of appropriate jurisdiction; and [or] the actual
4 lease cost of the interconnection facility.” Under the three payment options for the dedicated
5 transport, the qualifier the “**lesser of**” means that Sprint’s dedicated transport rates are the
6 highest rates that ALEC can charge Sprint for the non-recurring and recurring charges for
7 the transport facilities (assuming that third party lease rates are higher than Agreement
8 rates). Since ALEC did not file its own cost study or submit its actual lease rates, Sprint’s
9 dedicated transport non-recurring and recurring charges are the appropriate rates. Sprint’s
10 non-recurring and recurring rates from Attachment 1, Table 1, p. 44 are the rates that should
11 apply for the non-recurring installation charges and the monthly recurring charges. Instead,
12 ALEC appears to have billed Sprint rates from ALEC’s Florida price list for the
13 interconnection facilities’ installation and monthly recurring charges.

14
15 **ISSUE 2 (A): HAS ALEC APPLIED THE CORRECT METHODOLOGY TO CALCULATE**
16 **THE APPROPRIATE RECURRING AND NON-RECURRING DEDICATED TRANSPORT**
17 **CHARGES TO SPRINT FOR SUCH FACILITIES?**

18
19 **Q. What is the basis of Sprint’s dispute in regard to ALEC’s invoices?**

20
21 **A.** The largest portion of the disputed amounts billed by ALEC involve the multiple non-
22 recurring charges for the installation of the dedicated transport interconnection facilities.
23 Exhibit D attached to ALEC’s Complaint, titled “Invoices for ALEC Facilities and Services
24 Provided to Sprint (Summary Tables and Underlying Invoices)” shows how ALEC is
25 charging Sprint for interconnection facilities. ALEC is charging non-recurring charges

1 (shown as Transport --circuit installation charges in Exhibit D to the Complaint) to Sprint
2 for three installations for each trunk (or call path) pursuant to a document that ALEC calls
3 "ALEC Florida Tariff NO. 2 – First Revised Page 3." Basically, ALEC's billing logic
4 works like this: First, ALEC has charged Sprint (the first time) a non-recurring charge to
5 install a DS3 circuit, which Sprint did not order, between the parties. Next, ALEC has
6 charged Sprint non-recurring charges for each of the DS1's derived from that DS3. Finally,
7 ALEC has charged Sprint non-recurring charges for multiple DS0's derived from each of the
8 DS1's. This billing scheme defies common logic. Were the industry to utilize ALEC's
9 billing methodology, no circuit would ever be ordered at greater than a DS0 or Voice Grade
10 level. ALEC is effectively charging three separate times for each derived voice transmission
11 channel. ALEC's defective methodology of charging Sprint multiple installation charges and
12 a service order charge for the same facility comprises the majority of the disputed charges
13 between the two companies.

14
15 **Q. Is there any justification for ALEC Inc. to bill Sprint recurring transport or entrance**
16 **facilities for both DS3 and DS1 facilities between Sprint's Winter Park access tandem**
17 **and ALEC Inc.'s switch in Maitland?**

18
19 **A.** Absolutely not. Sprint delivers its end-user-originated traffic to the Sprint/ALEC agreed
20 upon POI at the DS1 level. The agreed upon POI is the Time Warner collocation space in
21 the Winter Park access tandem building. Sprint delivers its end user originated traffic to
22 Time Warner's facilities at the DS1 level using standard DS1 jumpers. Time Warner then
23 transports the traffic to ALEC using its facilities. Sprint's responsibility for delivering the
24 traffic to ALEC is at the Sprint and industry standard DS1 level between the POI and
25 ALEC's switch. ALEC is entitled to carry its traffic at something other than the DS1 level,

1 however, this is not under the control of Sprint and Sprint should not be subject to multiple
2 billings for the same service. The appropriate rates to be charged for the transport function
3 are as discussed following. There is no justification for billing twice for the same service,
4 irrespective of the particular rates used.

5
6 **Q. How should the non-recurring charges for the installation of interconnection facilities**
7 **be assessed?**

8
9 **A.** Per Attachment IV, Section 2.2.3, of the Agreement, the appropriate non-recurring charge
10 for the installation of interconnection facilities is the Sprint dedicated interconnection rates
11 from the Agreement, since those rates are lower than the rates charged by ALEC. The non-
12 recurring charges for dedicated transport are found in Attachment 1, Table 1, page 44. For a
13 DS1, the installation charge is \$79.80. Since Sprint delivers traffic to Time Warner (who
14 Sprint understands to be the third party from whom ALEC leases the transport facility) at the
15 industry standard DS1 level, Sprint should only be billed for the non-recurring charge for
16 each DS1. Sprint's rates clearly do not include multiple installation charges for the
17 installation of all of the circuits within a particular facility. Instead of charging for each DS0
18 in a DS1, and every DS1 in a DS3, Sprint charges a single installation charge for each
19 facility. Since the Agreement and FCC rules require symmetrical reciprocal compensation,
20 Sprint's prices and methodology govern and ALEC's charges are clearly erroneous.

21
22 **ISSUE 2 (B): HAS ALEC APPLIED THE CORRECT RATE TO CALCULATE THE**
23 **APPROPRIATE RECURRING AND NON-RECURRING DEDICATED TRANSPORT**
24 **CHARGES TO SPRINT FOR SUCH FACILITIES?**

1 **Q. What is the nature of the dispute regarding the other portion of the amounts billed by**
2 **ALEC?**

3
4 A. The second issue involves the rate levels used by ALEC in calculating the non-recurring and
5 recurring charges to Sprint for the interconnection facilities used by the parties. The rates
6 used by ALEC are not as specified in the Agreement between the parties or by the FCC's
7 rules.

8
9 **Q. ALEC's Exhibit D states that its installation charges are made pursuant to "ALEC**
10 **Florida Tariff NO. 2 – First Revised Page 3." Is this proper?**

11
12 A. No, for several reasons. First, as set forth above the Agreement in Attachment IV, Section
13 2.2.3 specifies that Sprint's rates for dedicated transport should apply because they are less
14 than the rates billed by ALEC. Second, the Agreement states in Attachment I, Section 3.1
15 that the rates charged for the exchange of Local Traffic are set forth in Table 1 of
16 Attachment I and must be applied consistently with the provisions of Attachment IV. Thus,
17 ALEC's price list rates, which are not found in the Agreement, do not apply.

18
19 **Q. Are the provisions of the Agreement consistent with the FCC's rules regarding**
20 **symmetrical reciprocal compensation?**

21
22 A. Yes. The current reciprocal compensation rules are as follows:

23
24 **51.711 Symmetrical reciprocal compensation.**

25

1 (a) Rates for transport and termination of telecommunications traffic shall be symmetrical,
2 except as provided in paragraphs (b) and (c).

3

4 (1) For purposes of this subpart, symmetrical rates are rates that a carrier other
5 than an incumbent LEC assesses upon an incumbent LEC for transport and
6 termination of telecommunications traffic equal to those that the incumbent LEC
7 assesses upon the other carrier for the same services.

8

. . .

9 (b) A state commission may establish asymmetrical rates for transport and
10 termination of telecommunications traffic only if the carrier other than the
11 incumbent LEC (or the smaller of two incumbent LECs) proves to the state
12 commission on the basis of a cost study using the forward-looking economic cost
13 based pricing methodology described in 51.505 and 51.511 of this part, that the
14 forward-looking costs for a network efficiently configured and operated by the
15 carrier other than the incumbent LEC (or the smaller of two incumbent LECs),
16 exceed the costs incurred by the incumbent LEC (or the larger incumbent LEC),
17 and, consequently, that such that a higher rate is justified.

18

19 **Q. Does the FCC symmetrical reciprocal compensation rule allow a CLEC to charge rates**
20 **different from those of the ILEC?**

21

22 A. The FCC rules, which the 8th Circuit Court and Supreme Court have upheld, provide that the
23 ILEC rates would be used for CLEC-ILEC billing purposes. Should a CLEC wish to bill a
24 higher rate, the CLEC (in this case ALEC) would have to prove to a state utility commission
25 that its forward looking economic costs, and subsequent rates, are justifiably different from

1 those of the ILEC (in this case Sprint). Attachment IV, Section 2.2.3.2 of the Agreement also
2 permits this, but only if the CLEC's rates are lower than Sprint's rates.

3

4 **Q. What are the charges for dedicated transport if ordered from Sprint?**

5

6 A. The price sheets attached to the Agreement as Table I provide that \$79.80 is the appropriate
7 non-recurring (installation) charge for DS1 dedicated transport. In addition, the monthly
8 recurring charge for DS1 dedicated transport from Winter Park to Maitland is \$71.95. These
9 are the appropriate rates unless the Time Warner lease rates charged to ALEC for these
10 facilities are lower. If such is the case, the lower Time Warner lease rates would be the
11 correct rates per the Agreement.

12

13 **ISSUE 3: UNDER THE TERMS OF THE PARTIES' INTERCONNECTION AGREEMENT,**
14 **WHAT MINUTE-OF-USE CHARGES ARE APPLICABLE FOR THE TRANSPORT OF**
15 **SPRINT-ORIGINATED TRAFFIC FROM THE POI TO ALEC'S SWITCH?**

16

17 **Q. Under the terms of the Parties' Interconnection Agreement, what minute-of-use**
18 **charges are applicable for the transport of Sprint-originated traffic from the POI to**
19 **ALEC's switch?**

20

21 A. Per MOU charges are not applicable where Sprint is already leasing the dedicated facilities.

22

23 **Q. Does Sprint charge on a per-MOU basis for dedicated transport?**

24

1 A. No. Usage-based charging (i.e., per MOU) is not applicable for dedicated transport
2 facilities, usage is only charged for common transport facilities. The economic replacement
3 of usage-based charging with dedicated facilities is precisely why carriers have purchased
4 dedicated transport, special access services, etc.

5
6 **ISSUE 4: HAS SPRINT PAID ALEC THE APPROPRIATE CHARGES PURSUANT TO**
7 **THE TERMS OF THE PARTIES' INTERCONNECTION AGREEMENT?**

8
9 **Q. Has Sprint paid ALEC the appropriate charges pursuant to the terms of the Parties'**
10 **Interconnection Agreement?**

11
12 A. Sprint has paid, to date, \$45,389.50 for the facilities which Sprint believes are properly
13 chargeable under the Agreement. On May 22, 2002, Sprint authorized payment of an
14 additional amount of \$78,601.38 to satisfy remaining amounts properly chargeable under the
15 Agreement. Sprint believes that the total amount, \$123,990.88, satisfies all outstanding
16 balances for the non-recurring and recurring charges incurred to date.

17
18 **ISSUE 5: DID SPRINT WAIVE ITS RIGHT TO DISPUTE CHARGES BECAUSE IT DID**
19 **NOT PROPERLY FOLLOW APPLICABLE PROCEDURES OUTLINED IN THE**
20 **PARTIES' INTERCONNECTION AGREEMENT?**

21
22 **Q. Please briefly describe to the best of your knowledge the communication that**
23 **transpired between Sprint and ALEC to indicate there was a dispute.**

24
25

1 A. Sprint sent ALEC orders for reciprocal compensation circuits that were installed mid to late
2 April 2001. Sprint did not receive invoices for these circuits until July 18, 2001. The
3 invoices contained recurring charges for the DS1s and DS3s and non-recurring charges for
4 the DS0s, DS1s and DS3s. In August 2001 Sprint sent an e-mail to ALEC associate Chris
5 Roberson explaining that ALEC had used invalid rates for MRCs and NRCs and had billed
6 Sprint three times for each communication path. Discussions between the parties (via e-
7 mails and phone calls) continued in September 2001, during which Sprint and ALEC
8 struggled to understand each other's logic. Sprint paid \$45,389.50 in undisputed charges.
9 The discussions continued throughout October 2001. Then in November 2001, ALEC
10 associate Richard McDaniels visited Kansas City to explain ALEC's billing and to request
11 payment. Discussions ended in December 2001 as a result of ALEC's filing of an informal
12 complaint with the Florida PSC.

13

14 **Q. Please summarize your testimony.**

15

16 A. Sprint believes that ALEC has overcharged Sprint in three ways: 1)ALEC has applied non-
17 recurring charges to multiple circuits within each dedicated transport facility; 2) ALEC has
18 billed Sprint charges from ALEC's Florida price list for the dedicated transport rather than the
19 charges in the Agreement; and, 3) ALEC has billed Sprint for dedicated facilities for transport
20 of interLATA (non-Local) traffic. In sum, ALEC has misinterpreted the Agreement and over-
21 billed Sprint for the interconnection arrangements established by the parties.

22

23 **Q. Does this conclude your testimony?**

24

25 A. Yes.