

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Complaint of Sprint-Florida, Incorporated)
Against KMC Telecom III LLC,)
KMC Telecom V, Inc. and KMC Data LLC,)
for failure to pay intrastate access charges) Docket No. 041144-TP
pursuant to its interconnection agreement and)
Sprint's tariffs and for violation of)
Section 364.16(3)(a), Florida Statutes.)

DIRECT TESTIMONY OF

TIMOTHY E. PASONSKI

ON BEHALF OF

KMC TELECOM III LLC,
KMC TELECOM V, INC.,
AND
KMC DATA LLC

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1 **Q. PLEASE STATE YOUR NAME FOR THE RECORD.**

2 A. My name is Timothy E. Pasonski

3 **Q. WHO IS YOUR EMPLOYER AND WHAT IS YOUR BUSINESS**
4 **ADDRESS?**

5 A. I am employed by KMC Telecom Holdings, parent company of KMC
6 Telecom III LLC ("KMC III"), KMC Telecom V, Inc. ("KMC V"), and KMC
7 Data LLC ("KMC Data"). My business address is 1755 North Brown Road,
8 Lawrenceville, Georgia 30043.

9 **Q. WHAT IS YOUR JOB TITLE AND WHAT ARE YOUR**
10 **RESPONSIBILITIES?**

11 A. I am the Vice President of Corporate Systems. I am responsible for the
12 Information Technology, Corporate Systems, and Billing Operations
13 departments.

14 **Q. PLEASE DESCRIBE YOUR POSITION AT KMC.**

15 A. I am responsible for the daily operations and management of the major
16 enterprise systems and back office operations for KMC. In this capacity I
17 am responsible for the management and direction of over 50 employees,
18 contractors, and consultants, and I am responsible for the capital and
19 operating budgets for my department.

20 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
21 **BACKGROUND.**

22 A. I graduated in 1989 with a BSBA in Corporate Finance from the University
23 of Central Florida. My telecom career began with the Harris Corporation

1 in 1991 where I had overall program management for the Airport
2 Communications System shared tenant service program at the
3 Washington Dulles and Reagan National Airports. I also supported the Air
4 Traffic Control System upgrade to digital switches throughout the country.
5 I joined KMC in 1998 and have had progressively more responsible duties
6 with respect to the three departments I now manage.

7 **Q. PLEASE IDENTIFY ALL STATE COMMISSIONS TO WHICH YOU HAVE**
8 **SUBMITTED TESTIMONY.**

9 A. This is my first submission of testimony before any state commission.

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

11 A. My testimony is offered in support of KMC's defense against Sprint's
12 allegations in the Complaint and in support of KMC's counterclaims
13 against Sprint and its long distance affiliate. Specifically, I will discuss
14 KMC's analysis of the call record data Sprint provided KMC in February
15 2004 which, according to Sprint, demonstrates that the traffic that forms
16 the basis of Sprint's claims is interexchange traffic subject to access
17 charges. I will explain KMC's conclusion that the traffic in question was
18 traffic generated by Customer X, that Ms. Brown identified in her
19 testimony, over PRI facilities KMC provisioned to Customer X. I will
20 provide an explanation of the manner in which KMC provided Customer X
21 with service in the Ft. Myers and Tallahassee, Florida, markets.
22 Specifically, I will talk about how KMC built the PRI circuits at issue. I will
23 also explain how KMC delivered that traffic the Sprint and how, in doing

1 so, KMC both properly handled SS7 signaling information and
2 appropriately created its own records for billing Customer X. Finally, I will
3 explain, in support of KMC's counterclaims, how interexchange traffic is
4 normally routed through local exchange carrier ("LEC") tandems and end
5 office switches.

6 **Q. ARE YOU FAMILIAR WITH THE DATA SPRINT HAS PROVIDED KMC**
7 **WITH IN SUPPORT OF ITS COMPLAINT?**

8 A. Yes. The data was evaluated by my organization within KMC, at the
9 request of counsel. Sprint provided KMC with data in late February 2004
10 on a CD-ROM. The data consisted of four (4) hours of summary call detail
11 record data for September 10, 2003, for traffic represented by Sprint as
12 traffic it received from KMC over local interconnection trunks and
13 terminated in the Tallahassee and Ft. Myers calling areas. KMC informed
14 Sprint, upon receiving the initial data that it was not the SS7 data KMC
15 had requested for its analysis. Sprint subsequently provided, in early April
16 2004, the associated SS7 data KMC needed to evaluate the four-hour
17 sample traffic which forms the basis of Sprint's claims.

18 **Q. WHY DID KMC REQUIRE SS7 INFORMATION TO COMPLETE ITS**
19 **ANALYSIS?**

20 A. Sprint claimed that the traffic originated outside the local calling areas of
21 the end users to which the traffic terminated, that the traffic was
22 interexchange traffic for which access charges were due, and that the
23 traffic should not have been sent over local interconnection trunks. To

1 determine if Sprint's claims had any validity, KMC needed the SS7
2 information giving further insight into the nature of the call. Among other
3 things, the SS7 records would contain both originating and terminating line
4 information. For example, the "calling party number" ("CPN") field within
5 the SS7 records would indicate where a call originated, specifically the line
6 used to place the call. From the NPA-NXX information within the CPN –
7 the first six digits of a ten-digit number under the North American
8 Numbering Plan – we would be able to determine the area code, or NPA,
9 and the NXX code – commonly associated with a particular exchange – of
10 the originating line. In this case, the CPN would tell us whether the call
11 originated locally to the point of termination or was originated from outside
12 the local calling area. The point of termination would be determined from
13 the Called Party Number field of the SS7 records.

14 **Q. WHAT OTHER INFORMATION COULD YOU HOPE TO OBTAIN FROM**
15 **THE SS7 DATA?**

16 A. The SS7 data would allow us to understand quite a bit about the call, if we
17 were interested, but the principal other area of interest for our analysis of
18 the Sprint data was the Charge Party Number.

19 **Q. WHAT IS THE CHARGE PARTY NUMBER?**

20 A. The Charge Party Number, not to be confused with the CPN, or Calling
21 Party Number, is a separate parameter in the SS7 record used for billing
22 purposes. The Charge Party Number is transmitted separately from the
23 CPN, because the billing number may be unrelated to the CPN. The

1 Charge Party Number is not necessarily associated with the line from
2 which the communication originates, but instead with the party to be billed.
3 In some circumstances, as in the case of Customer X's traffic, the entity
4 associated with the Charge Party Number may not bear any relation to the
5 entity originating, or responsible for paying for the origination of, the
6 communication.

7 **Q. WHAT WERE THE RESULTS OF THE KMC ANALYSIS OF THE SS7**
8 **DATA PROVIDED BY SPRINT TO KMC IN SUPPORT OF ITS CLAIMS?**

9 A. KMC's analysis yielded several significant results. KMC was able to
10 determine the source of the traffic. Specifically, KMC identified the traffic
11 in question, for the four hours of data provided by Sprint, as traffic coming
12 to KMC over Customer's PRI circuits provisioned by KMC. In addition,
13 KMC was able to confirm that it properly handled both the CPN and
14 Charge Party Number fields in the SS7 signaling information. Finally,
15 KMC was able to understand why Sprint had reached the conclusion that
16 this may have been interexchange traffic subject to access charges,
17 although KMC disagrees with the treatment of the traffic in question as
18 anything but local, as explained in the Direct Testimony of Marva Brown
19 Johnson.

20 **Q. HOW DID KMC REACH THE CONCLUSION THAT THIS WAS**
21 **CUSTOMER'S TRAFFIC?**

22 A. The traffic in question was, according to Sprint, terminated in either the Ft.
23 Myers or the Tallahassee markets. In examining the Charge Party Number

1 in the SS7 records Sprint provided, KMC found that in all cases, aside
2 from de minimus call records for calls that were Call Forwarded by KMC
3 customers, the Charge Party Number was the Billing Telephone Number
4 of the PRI Circuits KMC had assigned to Customer X. Accordingly, the
5 only logical conclusion that KMC can draw is that this traffic was
6 generated by Customer X's use of the PRI Circuits KMC provided to
7 Customer X.

8 **Q. WHAT WAS THE SIGNIFICANCE OF THAT FINDING?**

9 A. It reassured KMC that KMC properly sent this traffic to KMC over the local
10 interconnection trunk group .

11 **Q. PLEASE EXPLAIN.**

12 A. Certainly. As explained in the in the Direct Testimony of Marva Brown
13 Johnson, KMC understands that Customer X was an enhanced service
14 provider, and that KMC was entitled to treat the traffic sent to us over the
15 PRIs Customer X ordered as local traffic exempt from access charges. I
16 will defer to her to explain more fully KMC's basis for that conclusion.

17 **Q. YOU STATED THAT YOUR ANALYSIS CONFIRMED THAT KMC
18 PROPERLY HANDLED THE SS7 SIGNALING INFORMATION FOR THE
19 TRAFFIC IN QUESTION. WHY DID KMC REACH THAT
20 CONCLUSION?**

21 A. Industry SS7 standards and the Lucent Technical Reference Document
22 for KMC's 5ESS switches (235-080-100) in Tallahassee and Ft. Myers
23 require that the Billing Telephone Number for PRIs be used to populate

1 the Charge Party Number field in SS7 signaling information. For PRIs,
2 there is a Billing Telephone Number associated with each circuit, but
3 where there is a customer with multiple PRIs over a route, such as
4 Customer X, there is a single Billing Telephone Number that is associated
5 with the entire PRI group. When a PRI customer generates traffic on any
6 of its PRIs, the Billing Telephone Number was inserted into the Charge
7 Party Number field. The SS7 information provided by Sprint to KMC for
8 analysis confirmed that when Customer generated traffic on the PRIs
9 KMC provisioned, the Billing Telephone Number was properly inserted
10 into the Charge Party Number field and sent on to Sprint, as KMC would
11 have expected. KMC did not in any way alter the SS7 information as
12 Sprint has incorrectly asserted.

13 **Q. SPRINT ALLEGES IN ITS COMPLAINT THAT KMC INSERTED A**
14 **PSEUDO-CHARGE PARTY NUMBER IN THE CALL RECORD**
15 **INFORMATION. HOW DO YOU RESPOND TO THAT CHARGE?**

16 A. As I just explained, the basis for any such allegation is non-existent.
17 Consistent with industry standards, KMC properly used the Billing
18 Telephone Numbers associated with the Customer PRI circuits in each
19 market to populate the Charge Party Number field.

20 **Q. WHY DID KMC NEED TO POPULATE THE CHARGE PARTY NUMBER**
21 **FIELD?**

22 A. As a general matter, KMC's service provided to Customer were flat-rated
23 PRIs. Thus, a pre-set monthly charge applied to each circuit. However,

1 this charge was subject to increase in any given month if certain minute-
2 of-use thresholds were exceeded. Specifically, there was a cap of
3 400,000 minutes of use per billing month on both the Tallahassee PRIs
4 and the Ft. Myers PRIs. KMC would use the Charge Party Number
5 information to track the minutes-of-use over each PRI in records
6 generated by its switch, known as AMA records. However, these
7 threshold levels were never exceeded by Customer for any month on any
8 PRI, so KMC had no reason to maintain – *or evaluate* – these records.

9 **Q. WHAT DID KMC LEARN IN ITS ANALYSIS REGARDING KMC'S**
10 **TREATMENT OF CALLING PARTY NUMBER INFORMATION?**

11 A. KMC's AMA records regarding the traffic in question were created for one
12 purpose only; that purpose was to see if Customer's PRI traffic exceeded
13 the thresholds, justifying an additional charge by KMC. Because of this
14 limited purpose, KMC had no reason to record in its AMA records the
15 CPN, or Calling Party Number, information. KMC had no contractual
16 relationship with any carriers or other persons in this arrangement other
17 than Sprint and the Customer. As a result, without the CPN data, KMC
18 was unable, until it analyzed the SS7 record information provided by
19 Sprint to confirm that, as it suspected, that the CPN was not removed by
20 KMC or otherwise manipulated. The SS7 records revealed the presence
21 of CPN information, confirming that KMC did not replace or alter the CPN,
22 which at one time Sprint had alleged.

23 **Q. WHAT IS THE SIGNIFICANCE OF THAT FINDING?**

1 A. By confirming that the CPN information was present, KMC confirmed that
2 Sprint all along had the ability to ascertain the originating line for each
3 communication in question. In other words, the fact that the CPN was
4 present made clear that KMC did not in any way mask the originating point
5 of the traffic or the jurisdictional nature of the traffic. Thus, because CPN
6 was passed by KMC with the other SS7 information, Sprint always had the
7 capability, according to its understanding, to draw conclusions regarding
8 the jurisdictional nature of the traffic in question.

9 **Q. PLEASE DESCRIBE THE NETWORK ARCHITECTURE OF THE PRIS**
10 **KMC PROVIDED THE CUSTOMER.**

11 A. Customer X requested two sets of two-way PRIs in July 2002. One set
12 was fifteen (15) PRIs between Customer X's premises in Orlando and Ft.
13 Myers, and the second set was twelve (12) PRIs between Customer X's
14 premises in Orlando and Tallahassee. **Customer X requested forty**
15 **numbers for use with the PRIs serving the Ft. Myers market, and twenty**
16 **numbers associated with the PRIs serving Tallahassee. Customer X**
17 **requested the numbers from NPA-NXXs for Ft. Myers and Tallahassee,**
18 **respectively. To provide the PRIs serving each of these two markets,**
19 **KMC made use of an underlying DS3 transport facility between Orlando**
20 **and each market. KMC then channelized the DS3, and used the resulting**
21 **DS1s as the individual transport channel for each of the PRI circuits**
22 **themselves. The PRI circuits were each channelized into twenty-three**
23 **(23) B or bearer channels operating at 64 kbps that can carry digitized**

1 voice or data transmissions, and one signaling channel, also known as a
2 D or data channel, which also operates at 64 kbps. In Orlando, we utilized
3 a cross-connect, which we refer to as a "local loop," to connect Customer
4 X's Orlando location with the DS3 facility. In the Tallahassee and Ft.
5 Myers markets, KMC also made use of similar cross connect
6 arrangements, linking its switch with the DS3 facility needed to transport
7 the PRI services in question.

8 **Q. DOES KMC PROVIDE PRI SERVICE TO OTHER CUSTOMERS IN**
9 **FLORIDA?**

10 A. Yes.

11 **Q. ARE THE PRI CIRCUITS THAT KMC PROVIDED THE CUSTOMER**
12 **ANY DIFFERENT THAN THOSE THAT KMC HAS PROVIDED OTHER**
13 **ENTITIES?**

14 A. No. Although the two end points of any two-way PRI are always unique,
15 the PRIs in question in the case were not materially different than PRIs
16 provided by KMC and other carriers to customers wherever KMC
17 operates, including Florida. Each PRI uses a 1.544 Mbps (DS1) transport
18 channel, and each is capable of supporting 23 B and 1 D channel. These
19 PRIs, as is typical, used a fiber optic DS3 facility for the underlying
20 transport, which was channelized to provide the individual DS1 PRI
21 circuits. Such channelization of an underlying DS3 facility where a
22 customer requests a certain level of PRI service, the assignment of
23 numbers to the PRI based on the customers expressed request, *and* the

1 means by which the PRI circuits are connected to both the PRI at
2 Customer X's premises and the KMC network are largely identical.
3 Similarly, the way in which KMC handled the SS7 information on
4 Customer X's PRI circuits serving Tallahassee and Ft. Myers, by inserting
5 the Billing Telephone Number into the SS7 Charge Party Number field and
6 using that parameter, *rather than Calling Party Number*, for KMC's billing
7 purposes, is common to all KMC's PRI subscribers. In short, from an
8 operational and network perspective, there is nothing unique about the
9 Customer X's PRI circuits.

10 **Q. MS. JOHNSON HAS TESTIFIED THAT YOU HAVE ADDITIONAL**
11 **INFORMATION REGARDING THE KMC COUNTERCLAIMS AGAINST**
12 **SPRINT. PLEASE DISCUSS THE ANALYSIS THAT KMC**
13 **UNDERTOOK LEADING TO ITS FINDINGS THAT SPRINT AND ITS IXC**
14 **AFFILIATE, SPRINT COMMUNICATIONS COMPANY, LIMITED**
15 **PARTNERSHIP D/B/A SPRINT ("SPRINT IXC") WORKED TO**
16 **REROUTE TRAFFIC SO AS TO AVOID PAYING ACCESS CHARGES**
17 **TO KMC?**

18 **A.** I would be glad to. As Ms. Johnson has testified, as we were investigating
19 Sprint's claims against KMC, we felt it important to examine the traffic that
20 Sprint was sending to us from its tandems in Tallahassee and Ft. Myers,
21 both traffic over the local interconnection trunks and over the trunks
22 intended for toll traffic subject to access charges. We noticed significant
23 drops in Sprint IXC traffic being terminated to KMC through the Sprint

1 access tandems in both markets in 2003. We then looked further back in
 2 time, and also expanded our investigation to other KMC Florida markets,
 3 we began to see patterns where the only explanation was that Sprint IXC
 4 was moving traffic away from the access trunks, and terminating it in such
 5 a way that the traffic was being exchanged by Sprint with Sprint IXC over
 6 local interconnection trunks.

7 **Q. PLEASE DESCRIBE THE PARTICULAR STEPS YOU UNDERTOOK**
 8 **FOR THIS INVESTIGATION.**

9 A. The specific examination of the Tallahassee and Ft. Myers data revealed
 10 significant changes in the access minutes of use being terminated to KMC
 11 by Sprint over interexchange trunks while the number of KMC access lines
 12 in those markets remained essentially constant. Our overall findings are
 13 summarized below:

14

KMC SERVING AREA	TIME PERIOD	CHANGE IN-SERVICE ACCESS LINES	CHANGE IN ACCESS MINUTES OF USE
Tallahassee	03/02 - 01/05	24.00% fewer lines	100% fewer minutes
Fort Myers	03/02 - 01/05	8% more lines	68% fewer minutes
Clearwater	03/02 - 01/05	8.1% more lines	75% fewer minutes

Pensacola	03/02 - 01/05	4.75% fewer lines	99.9% fewer minutes
Melbourne	03/02 - 01/05	19% fewer lines	98.5% fewer minutes
Sarasota	03/02 - 01/05	2.4% fewer lines	68.6% fewer minutes

1

2 **Q. WHAT DID KMC CONCLUDE FROM THIS ANALYSIS?**

3 A. Our conclusion was that in Tallahassee and Ft. Myers Sprint IXC was
4 working with its affiliate Sprint IXC to avoid access charges, and that in the
5 other KMC Florida markets Sprint IXC must be working with some other
6 carrier to accomplish the same objective.

7 **Q. WITH THE TRAFFIC AND LINE PATTERNS THAT DEMONSTRATED**
8 **ACCESS REROUTING AND AVOIDANCE, WHAT WAS YOUR NEXT**
9 **LEVEL OF ANALYSIS?**

10 A. In order to determine the cause of the disparity in access minutes of use,
11 KMC next analyzed traffic delivered from Sprint over local interconnection
12 trunks at KMC's Tallahassee, Florida switch location. KMC's Office
13 Records contain circuit inventory records that identify each Sprint
14 interconnection trunk based on the originating and terminating point codes
15 (OPC and DPC), the provisioned traffic direction, and the utilization
16 description for each trunk. In order to collect information that KMC does
17 not generally record in its switch Automatic Message Accounting ("AMA")

1 records, KMC physically located SS7 monitoring equipment in the KMC
2 Tallahassee Central Office and recorded one (1) month of SS7 activity on
3 these and other trunks.

4 **Q. WHAT DID YOU DO WITH THIS SS7 DATA THAT YOU COLLECTED?**

5 A. KMC was able to use the data collected by the SS7 monitoring equipment
6 to conduct a detailed analysis of Sprint's local inbound interconnection
7 trunks (herein referred to as the "Local Trunk Traffic Study"). The intent of
8 the Local Trunk Traffic Study was to identify the root cause of the drastic
9 decreases in switched access traffic being terminated to KMC in the
10 Tallahassee calling area. The SS7 information was analyzed to determine
11 the jurisdiction of the calls included in the defined study period based on
12 the LERG 6 LATA and STATE field definition for each SS7 call record's
13 Calling Party Number (NPA/NXX) and Called Party NPA/NXX.

14 **Q. AND WHAT DID THE DATA SHOW?**

15 A. Our analysis of the SS7 data demonstrated that a significant number of
16 calls sent to KMC in Tallahassee from Sprint over Sprint's local
17 interconnection trunks were originated in another state (Interstate) or
18 another Florida LATA (Intrastate InterLATA). The SS7 call records used
19 in the Local Trunk Traffic Study did not contain the Carrier Identification
20 Code (CIC) fields for the Interstate, Intrastate, and InterLATA call records.
21 As a result, KMC was unable to directly identify the Interexchange Carrier
22 (IXC) that carried the calls. In order to determine the IXC, and the
23 corresponding CIC, associated with the originating caller's Calling Party

1 Number (CPN) for the study data, KMC traced terminating access usage
2 records created outside the Local Trunk Traffic Study between the two
3 local calling areas identified in the Sprint Complaint, Fort Myers and
4 Tallahassee.

5 **Q. HOW DID YOU DO THAT?**

6 A. KMC mapped the Local Trunk Traffic Study data for Tallahassee to a
7 second set of call records for Fort Myers, which did contain the
8 appropriate IXC CIC data. The comparison data included the Terminating
9 Access Usage Records (“AURs”) which are recorded on KMC's behalf in
10 Fort Myers by the tandem service provider, Sprint, and provided to KMC
11 for KMC's use in invoicing IXCs for switched access charges on inbound
12 Interstate, Intrastate, and InterLATA calls that terminate to KMC's
13 customers through Sprint's Access Tandem via the Carrier Access Billing
14 (“CABs”) process. The intent of the mapping was to determine if SS7
15 Calling Party Numbers for Tallahassee from the Local Trunk Traffic Study
16 data could be matched to Terminating AUR Calling Party Numbers for Fort
17 Myers, thus enabling KMC to identify the IXC CIC in the matching AUR
18 record. Analysis of the matching AUR records demonstrated that Sprint's
19 IXC entity was among the IXCs whose Interstate, Intrastate, and
20 InterLATA traffic was being routed to KMC from Sprint via local
21 interconnection trunks during the Local Trunk Traffic Study period.

1 **Q. HAVING CONCLUDED THAT SPRINT AND ITS IXC WERE INVOLVED**
2 **IN REROUTING ACCESS TRAFFIC IN TALLAHASSEE, WHAT NEXT**
3 **DID YOU DO?**

4 A. Having identified that the root cause of the switched access traffic decline
5 was due to re-routing of switched access traffic via the local
6 interconnection trunk groups, KMC conducted a trend analysis ("Trend
7 Analysis") of historical Sprint IXC terminating switched access minutes of
8 use ("MOUs") billing volumes.

9 **Q. AND YOU DO THIS IN ALL OF THE KMC FLORIDA MARKETS?**

10 A. Yes, we considered all seven KMC Florida markets, Clearwater, Daytona
11 Beach, Fort Myers, Melbourne, Pensacola, Sarasota, and Tallahassee, for
12 bills dated March 19, 2002, through January 19, 2005.

13 **Q. AND WHAT DID YOU FIND FROM THIS TREND ANALYSIS?**

14 A. The Trend Analysis of the Sprint IXC Terminating MOU volumes
15 demonstrated drastic volume fluctuations, primarily distinct down turns in
16 month-to-month volumes of terminating of MOUs for each of the KMC
17 Florida markets except for Daytona Beach.

18 **Q. WHAT WAS THE PROBLEM WITH THE DATA FOR DAYTONA**
19 **BEACH?**

20 A. In the Daytona Beach market KMC interconnects to Sprint IXC through the
21 BellSouth tandem. The results for Daytona Beach suggested that as early
22 as early 2002 the access minutes Sprint IXC was terminating were
23 relatively low and then more recently the minutes increased significantly

1 and abruptly, with some interesting intermediary valleys. We are
2 continuing to study the data, but it appears that, as far back as early 2002,
3 Sprint IXC was deflecting access traffic from Sprint toll trunks with KMC
4 and then something happened more recently to move the traffic to these
5 trunks, allowing KMC to assess access charges.

6 **Q. SO WHAT WAS SO SPECIAL ABOUT WHAT YOU FOUND IN THE**
7 **DAYTONA BEACH DATA?**

8 A. Our initial hypothesis was that Sprint IXC has, until very recently, avoided
9 access charges in Daytona Beach. However, given the monthly traffic
10 variances we were seeing for Daytona Beach, the data simply does not
11 give us enough confidence at this time to claim that Sprint IXC has
12 essentially “always” been rerouting traffic and avoiding access charges in
13 that market. We are continuing to investigate the Daytona Beach data
14 and reserve the right to potentially later add a claim for the Daytona Beach
15 market once we better understand what the data reveals.

16 **Q. ONCE YOU WERE SEEING DECLINES IN ACCESS MINUTES IN THE**
17 **SIX KMC MARKETS IN FLORIDA OTHER THAN DAYTONA BEACH,**
18 **WHAT DID YOU DO WITH THESE RESULTS?**

19 A. As a test, to make sure there were not other forces impacting our access
20 minutes decline from Sprint IXC, we looked to see if the Sprint IXC
21 terminating access MOU volume fluctuations were somehow attributable
22 to KMC Customer Access Line fluctuations within the trend analysis
23 markets. To investigate this question, KMC performed a volume trend

1 analysis of KMC's in-service Access Lines for the period from January
2 2002 through December 2004. KMC's analysis of its Access Lines in
3 Service counts for the study markets confirmed that the Sprint IXC
4 Terminating MOU reductions and fluctuations were not due to changes in
5 KMC's in-service access line volume which remained relatively constant,
6 and in some cases even increased over the period.

7 **Q. WHAT CONCLUSIONS DID YOU DRAW FROM EXAMINING THE**
8 **LOCAL LINES INFORMATION?**

9 A. The Trend Analysis indicates that Sprint's utilization of local
10 interconnection facilities for the termination of Sprint's IXC Interstate,
11 Intrastate, and InterLATA calls in KMC's Florida markets has created a
12 significant and continuing switched access avoidance for terminating
13 switched access charges that are payable to KMC by Sprint's IXC. The
14 nature and volume of the differences in access charges can lead to no
15 conclusion but that Sprint IXC was seeking to avoid access charges and
16 that Sprint was assisting it in those markets where it is the incumbent by
17 knowingly and intentionally routing switched access traffic via its local
18 interconnection trunk groups.

19 **Q. IS IT POSSIBLE THAT SPRINT IXC WAS ENGAGED IN DELIVERING**
20 **ENHANCED SERVICES TRAFFIC?**

21 A. Given the total and complete elimination of all access traffic in some
22 instances, and the fluctuations in traffic over time where it appears that the
23 Sprint companies are moving traffic off the access trunks, and in some

1 cases off, on, then back off again, there is no evidence that the access
2 traffic being redirect is enhanced services traffic, unlike the traffic for
3 KMC's Customer X, which came on and went off at defined points in time
4 that correspond to the claims in Sprint's Complaint.

5 **Q. SO HOW DID YOU CALCULATE THE AMOUNT OF ACCESS**
6 **CHARGES THAT SPRINT AND ITS IXC AFFILIATE OWE TO KMC FOR**
7 **REROUTING THIS TRAFFIC?**

8 A. The analysis varied market by market, but if you look at TEP-1,
9 Confidential Exhibit ____, generally we looked for a baseline period for
10 each market where the traffic was relatively consistent over time and just
11 prior to the decreases in traffic exchanged over the toll trunks. Based
12 upon the data available to us, we tried to find the "norm" for the access
13 traffic being delivered to KMC and averaging as many months as possible
14 from the "prior" period where traffic, like the number of access lines, was
15 relatively level to develop a baseline number of minutes for that market. It
16 is important to understand that we took a market by market approach to
17 ensure that we were not introducing inconsistencies from the traffic patterns
18 of other markets.

19 **Q. WHAT DID YOU DO WITH THESE BASELINE MINUTES FOR EACH**
20 **MARKET?**

21 A. We used the baseline minutes as the standard against which we
22 calculated a difference between the baseline and the actual for each
23 month where it appeared that the traffic was being diverted.

1 Q. WAS THE BASELINE THE SAME PERIOD OF TIME FOR EACH
2 MARKET?

3 A. No, not necessarily because of the unique characteristics of each market.
4 For example, for Clearwater and Sarasota the baselines are the same
5 months because that is what the traffic pattern indicated. Notably, these
6 are both markets where Verizon is the ILEC. However, it would make
7 sense that if Sprint IXC was avoiding access in the Verizon Tampa LATA,
8 that such a diversion of traffic away from the Tampa tandem or through a
9 direct connect would be LATA-wide, impacting the markets subtending the
10 tandem or the IXC's POP during the same period of time. Determining the
11 baseline months is admittedly somewhat of an arbitrary process, but we
12 believe that by picking an extended period of months that seasonal
13 fluctuations and any other traffic variables would be smoothed out.

14 Q. ONCE YOU HAD THE BASELINE AMOUNTS AND DETERMINED THE
15 AVOIDED ACCESS MINUTES FOR EACH MONTH, HOW DID YOU
16 CALCULATE THE MONTHLY AMOUNTS DUE?

17 A. Because there were changes in the access rates over time, we used the
18 corresponding access charges rates applicable for each monthly billing
19 period. This was a more accurate representation of the amounts actually
20 due each billing cycle.

21 Q. WHAT IS THE BOTTOM LINE FROM KMC'S ANALYSIS?

22 A. As is reflected on my Exhibit TEP-1, Confidential Exhibit ____, Sprint and
23 its IXC affiliate have avoided A SIGNIFICANT AMOUNT OF ACCESS

1 CHARGES in these six markets. More current data, a better
2 understanding of what happened in Daytona Beach, and the inclusion of
3 interest would only further raise the amount access charges due.

4 **Q. DO YOU HAVE INFORMATION REGARDING KMC'S COUNTERCLAIM**
5 **THAT SPRINT FAILED TO PAY RECIPROCAL COMPENSATION?**

6 A. Yes. My group was responsible for calculating the amount due under the
7 Confidential Settlement and Release Agreement Ms. Johnson discusses.
8 The calculations of the amounts due for reciprocal compensation are
9 itemized on my Exhibit TEP-2, Confidential Exhibit ____.

10 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

11 A. Yes, it does.