

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **DIRECT TESTIMONY**

3 **OF**

4 **KENNETH J. FARNAN**

5 **DOCKET NO. 041144-TP**

6

7 **Q. Please state your name and business address.**

8 **A.** My name is Kenneth J. Farnan. My business address is 6580 Sprint  
9 Parkway, Overland Park, Kansas, 66251-6110.

10

11 **Q. By whom are you employed and in what capacity?**

12 **A.** I am employed as a Billing Manager for Sprint Corporation. In this  
13 proceeding I am testifying on behalf of Sprint-Florida, Incorporated.

14

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

16 **A.** I received a Bachelor of Science in Business Administration degree from  
17 Missouri Western State College in Saint Joseph, Missouri in 1979.

18

19 I began my career with United Telecom in 1979 as a Junior Auditor in  
20 United Telecom's Internal Audit Department where I was responsible for  
21 completing financial and operational audits of United Telecom's Telephone  
22 operations. From 1981 through 1985 I was a Tax Accountant in United

23

Telecom's Federal Tax Department. During this timeframe I supported the

DOCUMENT NUMBER-DATE

02037 FEB 28 13

FPSC-COMMISSION CLERK

1 preparation of United's Federal Tax returns and the implementation of an  
2 automated Federal Tax Return preparation system.

3

4 From 1985 through 1995, I worked in Sprint's Local Telecom Billing  
5 Systems Development organization. During this timeframe I held a variety  
6 of positions; Senior Analyst, Project Lead, Senior Project Lead and  
7 Manager, where my primary responsibilities were to implement  
8 modifications and enhancements to Sprint's Local Telecom billing systems.  
9 During this time, my experience was primarily with Sprint's Local Division  
10 retail billing system known as Customer Records and Billing (CRB). From  
11 1995 to 1998, as a Manager in the Local Systems Development  
12 organization, I also supported enhancements to Sprint's Local Message  
13 Processing System which collects message usage data from Sprint's Local  
14 switches, formats the switch records into Call Detail Records (CDRs) and  
15 routes these message records to Sprint's Local retail and access billing  
16 systems; Customer Records and Billing (CRB) and Customer Access  
17 Support System (CASS).

18

19 In 1998 I became Manager of Sprint's Local Message Processing (LMP)  
20 Department where my primary responsibility was to manage the  
21 organization that handled the daily operations for Sprint's entire Local  
22 message processing activities in 18 states. During this time, Sprint  
23 processed approximately 1.5 billion messages monthly and my

1 responsibility was to manage the organization that maintained the LMP  
2 system reference tables, balanced the daily traffic switch usage records to  
3 the Local Division's billing systems.

4  
5 In 2002 I started my current position as Senior Manager of Sprint's Carrier  
6 Billing organization. In this position I manage the daily operations of the  
7 Local Division's Carrier Access Support System (CASS) billing system.  
8 CASS is used to invoice interexchange carriers (IXCs) for access charges  
9 and Competitive Local Exchange Carriers (CLEC) and Commercial Mobile  
10 Radio Service (CMRS) providers for reciprocal compensation. My  
11 organization is responsible for monitoring the CASS system, performing  
12 invoice cycle verification, updating the system's reference and rate tables,  
13 and monitoring the daily flow of traffic from LMP through to the  
14 Customers' bill.

15  
16 **Q. What is the purpose of your testimony in this proceeding?**

17 **A.** The purpose of my testimony is to provide the appropriate amount of the  
18 interexchange access charges, net of reciprocal compensation payments,  
19 owed to Sprint by KMC for termination of interexchange toll traffic over  
20 local interconnection facilities and to explain how the appropriate amount  
21 was calculated.

22

23 **Q. How was the appropriate amount of access charges due to Sprint**

1           **calculated?**

2    **A.**    Sprint's witness William L. Wiley explains in his direct testimony how the  
3           proper jurisdiction of the KMC traffic was determined using SS7 records  
4           and Agilent. Sprint used these SS7 records to calculate PLU factors which  
5           were then applied to the billed minutes from the Carrier Access Support  
6           System (CASS) to determine what should be interstate, intrastate and local  
7           minutes. A true-up was then done on the billed usage to determine the  
8           difference of what the customer was initially billed for as local and  
9           intrastate minutes and the corrected amount to include the additional  
10          access charges. See Exhibit KJF-1, which provides a summary of PLU  
11          backbilling based on the SS7 MOU factors, the billed volume trends, the  
12          traffic that was delivered with no calling party number, the traffic that was  
13          delivered with a different charge party number from the calling party  
14          number, the traffic that was delivered with the two predominant charge  
15          party numbers, and the financial impact of the misrouting of the traffic.

16

17    **Q.    Please provide a further description of the access charge calculations.**

18    **A.**    Exhibit KFJ-2 and KFJ-3 attached to my testimony, provide the  
19          calculations.

20

21          Explanation for calculation is as follows:

22          Exhibit KFJ-2: Columns A – E identify Minutes of Use used in the billing

1 process with the jurisdictions available to the billing systems, as explained  
2 in Mr. Bill Wiley's testimony. Columns G – M use the results of the SS7  
3 study information, also explained in Mr. Wiley's testimony, to reallocate  
4 these minutes into the proper jurisdictions. In June 2003 a Bill and Keep  
5 contract was implemented between KMC and Sprint whereby local minutes  
6 originated by KMC terminated directly to Sprint were no longer billable.  
7 However, local minutes transiting Sprint's tandems were still billable per  
8 the contracts. This is reflected in Column K. Columns O – S reflect the  
9 billable MOU net of minutes already billed to KMC by Sprint.  
10 Exhibit KFJ-3 outlines the compensation due Sprint when Sprint's  
11 interstate and intrastate tariff and local contract rates are applied to the  
12 MOU by jurisdiction from Exhibit KFJ-2. The composite rates in this  
13 exhibit are based on end office switching, tandem switching and common  
14 line elements, as set forth in Sprint's access tariffs. These composite rates  
15 were developed by taking the total revenues in each month divided by the  
16 number of minutes for that month.

17  
18 Thus, the total due to Sprint for interexchange traffic terminated over local  
19 interconnection facilities is \$ [REDACTED].

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

22 **A. Yes, it does.**

**\*CONFIDENTIAL\***

Docket No. 041144-TP  
Exhibit \_\_\_\_ (KJF-2)  
Reallocated MOU

**\*CONFIDENTIAL\***

Docket No. 041144-TP  
Exhibit \_\_\_\_ (KJF-3)  
Access Compensation Due

**\*CONFIDENTIAL\***