

ORIGINAL



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December 19, 2005

Ms. Blanca Bayó, Director
The Commission Clerk and Administrative Services
Room 110, Easley Building
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2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

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Re: Dockets Nos. 050119-TP and 050125-TP.

Dear Ms. Bayó:

Enclosed for filing in the above referenced dockets is the Direct Testimony of Richard T. Guepe on behalf of AT&T Communications of the Southern States, LLC. If you have any questions, please do not hesitate to contact me at (850) 425-6360.

Thank you for your assistance with this filing.

Sincerely yours,

Tracy W. Hatch

- CMP
- COM 5
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Enclosure
- ECR cc: Parties of Record
- GCL 1
- OPC _____
- RCA _____
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CERTIFICATE OF SERVICE
DOCKET NOS. 050119 and 050125-TP

I HEREBY CERTIFY that a copy of the foregoing has been furnished via U.S. Mail this 19th day of December 2005, the following parties of record:

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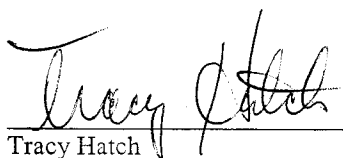
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Tracy Hatch

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint petition by TDS Telecom d/b/a DOCKET NO. 050119-TP
TDS Telecom/Quincy Telephone; ALLTEL
Florida, Inc.; Northeast Florida Telephone
Company d/b/a NEFCOM; GTC, Inc. d/b/a GT
Com; Smart City Telecommunications, LLC
d/b/a Smart City Telecom; ITS
Telecommunications Systems, Inc.; and
Frontier Communications of the South, LLC
["Joint Petitioners"] objecting to and
requesting suspension and cancellation of
proposed transit traffic service tariff filed by
BellSouth Telecommunications, Inc.

In re: Petition and complaint for suspension DOCKET NO. 050125-TP
and cancellation of Transit Traffic Service
Tariff No. FL2004-284 filed by BellSouth
Telecommunications, Inc., by AT&T
Communications of the Southern States, LLC.

**DIRECT TESTIMONY OF
RICHARD T. GUEPE**

**ON BEHALF OF
AT&T COMMUNICATIONS OF THE SOUTHERN STATES, LLC**

December 19, 2005

DOCUMENT NUMBER-DATE
11728 DEC 19 05
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1 **I. INTRODUCTION AND QUALIFICATIONS**
2

3 **Q. PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.**

4 A. My name is Richard T. Guepe. My business address is 1230 Peachtree Street,
5 Atlanta, Georgia, 30309.
6

7 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 A. I am employed by AT&T Corp. as a District Manager in its External &
9 Legislative Affairs organization, providing support for AT&T's regulatory
10 advocacy related to AT&T's intrastate telecommunications services.
11

12 **Q. BRIEFLY OUTLINE YOUR EDUCATIONAL BACKGROUND AND**
13 **BUSINESS EXPERIENCE IN THE TELECOMMUNICATIONS**
14 **INDUSTRY.**

15 A. I received a Bachelor of Science Degree in Metallurgical Engineering from the
16 University of Notre Dame in South Bend, Indiana. I received a Masters of
17 Business Administration Degree from the University of Tennessee in Knoxville,
18 Tennessee. My telecommunications career began in 1973 with South Central Bell
19 Telephone Company in Maryville, Tennessee, as an outside plant engineer.
20 During my tenure with South Central Bell, I held various assignments in outside
21 plant engineering, buildings, and real estate, investment separations and division
22 of revenues. At divestiture (1/1/84), I transferred to AT&T where I have held
23 numerous management positions in Atlanta, Georgia, and Basking Ridge, New
24 Jersey, with responsibilities for investment separations, analysis of access charges

1 and tariffs, training development, financial analysis and budgeting, strategic
2 planning, regulatory issue management, product implementation, strategic
3 pricing, docket management activities, unbundled network element cost case
4 support and support for interconnection agreements.

5

6 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY STATE PUBLIC**
7 **SERVICE COMMISSION?**

8 A. Yes, I have testified on behalf of AT&T in Florida, Alabama, Georgia, Kansas,
9 Missouri, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, and
10 Texas on product implementation issues, access and pricing issues, and policy
11 issues.

12

13 **II. PURPOSE**

14

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

16 A. The purpose of my testimony is to provide the Florida Public Service
17 Commission ("Commission") with AT&T's position and recommendation with
18 respect to those issues in this docket which directly impact the intrastate
19 operations of AT&T in Florida.

20

21 **Q. WHAT ISSUES DOES YOUR TESTIMONY ADDRESS?**

22 A. In the sections following, my testimony addresses Issues 1-3, 5-7 10-13 and 15-
23 17.

24

25

1 **III. GENERAL ISSUES**

2

3 **Issue 1. Is BellSouth's Transit Service Tariff an appropriate mechanism to**
4 **address transit service provided by BellSouth?**

5 **Q. WHAT MECHANISM DOES AT&T USE TO OBTAIN TRANSIT**
6 **SERVICE FROM BELL SOUTH?**

7 **A.** AT&T currently obtains transit traffic service from BellSouth through its
8 Interconnection Agreement (ICA) which contains the terms, conditions and rates
9 for the service negotiated by AT&T and BellSouth.

10 **Q. DOES BELL SOUTH'S TRANSIT SERVICE TARIFF "OVERRIDE" THE**
11 **PROVISIONS OF THE ICA?**

12 **A.** No. As specified in the tariff, if transit traffic is specifically addressed in a
13 separate agreement between BellSouth and the originating telecommunications
14 service provider, the rates terms and conditions of the tariff do not apply.

15 **Q. IF A TELECOMMUNICATIONS SERVICE PROVIDER UTILIZES**
16 **TRANSIT SERVICE, BUT DOES NOT HAVE A SEPARATE**
17 **AGREEMENT TO OBTAIN THE SERVICE, IS THE USE OF A TARIFF**
18 **APPROPRIATE?**

19 **A.** Yes. Logically, the provider of the service must have a means to offer the service,
20 and if it is not through a contract or agreement of some nature, a tariff is an
21 appropriate alternative.

22

23

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26

1 **Issue 2. If an originating carrier utilizes the services of BellSouth as a tandem**
2 **provider to switch and transport traffic to a third party not affiliated**
3 **with BellSouth, what are the responsibilities of the originating**
4 **carrier?**

5 **Q. DOES AT&T'S ICA WITH BELLSOUTH INDICATE AT&T'S, AS THE**
6 **ORIGINATING CARRIER OF TRANSIT TRAFFIC, RESPONSIBILITY**
7 **CONCERNING THIRD PARTY TRAFFIC ?**

8 A. Yes, as contained in AT&T's interconnection agreement with BellSouth which
9 provides for BellSouth to pass transit traffic to other third party network
10 providers, "AT&T shall be responsible directly to that third party for all
11 reciprocal compensation obligations."

12 **Q. IS ANY FURTHER DETAIL REQUIRED IN THE ICA ?**

13 A. No. It is strictly between the originating and terminating parties to pursue any
14 billing arrangement, including maintaining a bill and keep arrangement.

15

16 **Issue 3. Which carrier should be responsible for providing compensation to**
17 **BellSouth for the provision of the transit transport and switching**
18 **services?**

19 **Q. HAVE ANY COMMISSIONS IN THOSE STATES WHERE BELLSOUTH**
20 **PROVIDES LOCAL SERVICE RULED ON THE ISSUE OF WHO IS**
21 **RESPONSIBLE FOR THE PAYMENT OF TRANSIT TRAFFIC?**

22 A. Yes, the Georgia Public Service Commission issued an order on March 24, 2005
23 that specifically addressed the question of who pays for transit traffic. The
24 Georgia Commission ruled that the telephone service provider of the calling party,

25

26

27

1 the originating provider, is responsible to pay the transit traffic charges. In other
2 words, if a CLEC customer originates a call that is terminated to an ICO customer
3 and transited by BellSouth, the CLEC pays BellSouth for the transit function. If
4 an ICO customer originates a call that is terminated to a CLEC customer and
5 transited by BellSouth, the ICO pays BellSouth for the transit function.

6 In an order issued on May 2, 2005, the Georgia Commission affirmed the March
7 24, 2005 decision and denied the request for relief on Petition for Reconsideration
8 filed by the independent companies in that case.

9
10 **Q. SHOULD THE ORIGINATING CARRIER PAY THE TRANSIT**
11 **PROVIDER FOR THE USE OF TRANSIT SERVICE?**

12 A. Certainly, it is reasonable and appropriate for the originating telecommunications
13 service provider to pay the transit charges.

14 The concept that the originating party pays is standard practice in intercarrier
15 compensation processes. The industry operates under a long-standing economic
16 model in which the originating carrier collects the local exchange revenue and is
17 responsible for the costs of originating, transporting, and terminating its own
18 customer's traffic. Section 252(d)(2)(A) of the Telecommunications Act clearly
19 assigns such costs to the originating carrier:

20 [A] state commission shall not consider the terms and conditions
21 for reciprocal compensation to be just and reasonable unless...
22 such terms and conditions provide for the mutual and reciprocal
23 recovery by each carrier of costs associated with the transport and
24 termination on each carriers network facilities of calls that
25 originate on the network facilities of another carrier.
26

1 To meet the “just and reasonable” test under Section 252(d)(2)(A), both parties
2 must have comparable obligations to deliver traffic to the other party’s network.
3 The scenario in which one party, for example an ICO, pays none, and the other
4 party, for example a CLEC, pays all transit costs does not provide comparable
5 obligations and clearly is not “just and reasonable” and is contrary to Section
6 252(d)(2)(A).

7 In the current environment, it would be extremely unreasonable for the
8 terminating party to be required to pay for traffic originated by another carrier’s
9 customer.

10 **Q. ARE YOU AWARE OF ANY FLORIDA ICOs THAT HAVE AGREED**
11 **THAT THE ORIGINATING PARTY OF TRANSIT TRAFFIC PAYS THE**
12 **TRANSIT PROVIDER ?**

13 **A.** Yes, in an agreement filed with the Commission on October 28, 2005 between
14 Northeast Florida Telephone Company and New Cingular Wireless, the parties
15 agreed that it is the responsibility of the originating party to pay the provider of
16 transit service.

17

18 **IV. TRUNKING AND ROUTING ISSUES**

19 **Issue 5. Should the FPSC establish the terms and conditions that govern the**
20 **relationship between an originating carrier and the terminating**
21 **carrier, where BellSouth is providing transit service and the**
22 **originating carrier is not interconnected with, and has no**
23 **interconnection agreement with, the terminating carrier? If so, what**
24 **are the appropriate terms and conditions that should be established?**

25 **Q. DOES THE TELECOMMUNICATIONS ACT OF 1996 ALLOW**
26 **‘INDIRECT’ INTERCONNECTION BETWEEN CARRIERS ?**

1 A. Yes, Section 251(a) requires all telecommunications carriers to "interconnect
2 directly or indirectly" with all other telecommunications carrier networks¹. This
3 provision requires interconnection of all carriers, but expressly gives carriers the
4 option of relying on indirect interconnection to accomplish that end. Direct
5 interconnection between each carrier and every other would be neither efficient
6 nor feasible. Indirect interconnection - i.e., transiting - therefore is essential to
7 ensure the nationwide interconnectedness Congress envisioned.

8

9 **Q. DOES THE TELECOMMUNICATIONS ACT OF 1996 IMPART**
10 **OBLIGATIONS ON CARRIERS THAT CONNECT INDIRECTLY?**

11 A. Yes, all local exchange carriers have an obligation to establish reciprocal
12 compensation arrangements for the transport and termination of
13 telecommunications services. Section 251(b)(5) imposes this obligation on all
14 local exchange carriers. This section states in part:

15 251(b) OBLIGATIONS OF ALL LOCAL EXCHANGE CARRIERS. –

16 Each local exchange carrier has the following duties-

17 ***

18 (5) RECIPROCAL COMPENSATION.- The duty to establish reciprocal
19 compensation arrangements for the transport and termination of
20 telecommunications.

21

22 Thus, carriers that connect indirectly are obligated to establish reciprocal
23 compensation arrangements

¹ 47 U.S.C. § 251(a)(1).

1 **Q. IS BILL AND KEEP A TYPE OF RECIPROCAL COMPENSATION**
2 **ARRANGEMENT?**

3 A. Yes. Bill and Keep is a compensation arrangement for the transport and
4 termination of traffic by which neither carrier charges the other to transport and
5 terminate the originating party's traffic. Thus a default bill and keep arrangement
6 complies with a carrier's obligation to establish a reciprocal compensation
7 arrangement where a reciprocal compensation agreement does not exist and
8 neither Party has requested to enter into such an agreement.

9

10 **Q. UNDER WHAT ARRANGEMENT DOES AT&T CURRENTLY**
11 **EXCHANGE TRANSIT TRAFFIC WITH INDEPENDENT LECs?**

12 A. Currently, Section 251(b)(5) traffic defaults to bill and keep. Since the amount of
13 such traffic is presumed to be small, AT&T has neither requested, nor, to my
14 knowledge, been asked by the independent companies to enter into a billing
15 arrangement for the local transit traffic and, as such, has default bill and keep
16 arrangements for the termination of such traffic with the independent LECs. For
17 exchange access traffic, Section 251(g) traffic, the compensation is at the
18 terminating carrier's tariffed rate.

19 **Q. DO YOU RECOMMEND BILL AND KEEP ARRANGEMENTS FOR ALL**
20 **TRANSITING SITUATIONS?**

21 A. Not necessarily. I recommend this Commission order the continuation of the
22 default bill and keep mechanism based on the assumption that there is likely a de
23 minimis amount of traffic being exchanged between the terminating and originating
24 carriers and that the traffic is generally in balance. Where the parties demonstrate
25 this is not the case, other compensation arrangements may be appropriate. It is up to

1 the carriers to negotiate such arrangements. The Commission should not
2 predetermine such arrangements.

3

4 **Issue 6. Should the FPSC determine whether and at what traffic threshold**
5 **level an originating carrier should be required to forego use of**
6 **BellSouth's transit service and obtain direct interconnection with a**
7 **terminating carrier? If so, at what traffic level should an originating**
8 **carrier be required to obtain direct interconnection with a**
9 **terminating carrier?**

10 **Q. SHOULD THE FPSC MANDATE DIRECT INTERCONNECTION**
11 **BETWEEN CARRIERS?**

12 **A.** No. The Commission should not mandate a level of local traffic exchanged
13 between carriers, which would require the companies to establish direct trunking
14 between the carriers. The Telecommunications Act obligates all carriers to
15 connect either directly or indirectly. The Act says nothing about forcing direct
16 trunking arrangements that are cumbersome and time consuming to develop and
17 maintain. As long as an interconnecting carrier can reach agreement with a third
18 party transit provider, no obligations or thresholds should be set by this
19 Commission. In addition, whether to connect directly or indirectly with another
20 carrier involves network engineering decisions based upon utilization of the
21 existing network architecture and when it is efficient and economic to supplement
22 existing facilities. Imposing a regulatory mandate on when direct connection with
23 another carrier must occur would impose unreasonable and unnecessary
24 constraints on telecommunication carriers that may not be technically feasible.

25

26 **Q. DOES THE ICA INCLUDE AN AGREEMENT FOR BELL SOUTH TO**
27 **PROVIDE TRANSIT SERVICE TO AT&T?**

1 A. Yes. Therefore, any regulatory mandated threshold would be inappropriate.

2

3 **Issue 7. How should transit traffic be delivered to the Small LEC's networks?**

4

5 **Q. ARE YOU AWARE OF ANY NETWORK CHANGES THAT ARE**
6 **REQUIRED TO DELIVER TRANSIT TRAFFIC TO THE SMALL LEC**
7 **NETWORKS?**

8 A. No. There is no need to change the current process unless the parties mutually
9 agree on a different arrangement.

10

11 **Issue 10. What effect does transit service have on ISP bound traffic?**

12 **Q. DOES THE ROUTING OF ISP BOUND TRAFFIC CHANGE ISP BOUND**
13 **TRAFFIC?**

14 A. No. Transit service does not have any effect on ISP traffic.

15

16 **V. RATES, COMPENSATION AND COST RECOVERY ISSUES**

17

18 **Issue 11. How should charges for BellSouth's transit service be determined?**

19 a. **What is the appropriate rate for transit service?**

20 b. **What type of traffic do the rates identified in "a" apply?**

21

22 **Q. DOES AT&T'S INTERCONNECTION AGREEMENT WITH**
23 **BELLSOUTH PROVIDE RATES, TERMS AND CONDITIONS FOR THE**
24 **PROVISION OF TRANSIT TRAFFIC SERVICE TO AT&T?**

25 A. Yes, and as a result, the tariff that is the subject of this proceeding is not

26 applicable to AT&T.

27

28

1 **Issue 12.** Consistent with Order Nos. PSC-05-0517-PAA-TP and PSC-05-0623-
2 **CO-TP, have the parties to this docket (“parties”) paid BellSouth for**
3 **transit service provided on or after February 11, 2005? If not, what**
4 **amounts if any are owed to BellSouth for transit service provided**
5 **since February 11, 2005?**

6

7 **Issue 13.** Have parties paid BellSouth for transit service provided before
8 **February 11, 2005? If not, should the parties pay BellSouth for**
9 **transit service provided before February 11, 2005, and if so, what**
10 **amounts, if any, are owed to BellSouth for transit service provided**
11 **before February 11, 2005?**

12

13 **Q. DOES AT&T PAY BELLSOUTH FOR THE TRANSIT SERVICE**
14 **BELLSOUTH PROVIDES TO AT&T?**

15

16 **A.** Yes, in accordance with the ICA between AT&T and BellSouth, AT&T pays
17 BellSouth for transit service provided. AT&T has no knowledge of any other
18 parties’ transit traffic relationships or financial obligations with BellSouth.

19

20 **VI. ADMINISTRATIVE ISSUES**

21 **Issue 15.** Should BellSouth issue an invoice for transit services and if so, in
22 **what detail and to whom?**

23

24 **Issue16.** Should BellSouth provide to the terminating carrier sufficiently
25 **detailed call records to accurately bill the originating carrier for call**
26 **termination? If so, what information should be provided by**
27 **BellSouth?**

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3 **Issue 17. How should billing disputes concerning transit service be addressed?**

4 **Q. DOES AT&T'S ICA WITH BELLSOUTH ADDRESS BILLING ISSUES?**

5 A. Yes, AT&T's ICA with BellSouth governs the rendering and payment of billing
6 along with billing dispute processes.

7

8

9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

10 A. Yes.