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**EMBARQ**<sup>TM</sup>

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February 20, 2007

Ms. Blanca Bayó, Director  
Division of the Commission Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

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07 FEB 20 PM 4:05  
COMMISSION  
CLERK

Re: Docket No. 060767-TP; CLAIM OF CONFIDENTIALITY

Dear Ms. Bayó:

Enclosed for filing are the original of the confidential documents listed below. Embarq claims that this information is proprietary confidential business information in accordance with Section 364.183(1), Florida Statutes.

The information for which confidentiality is being claimed is as follows:

- CMP   1
- COM        Highlighted Information on pages 6, 7, 8 and 13 of the Direct Testimony of Ted Hart
- CTR        This information is Verizon Access customer information that Embarq is required to keep confidential under the terms of the interconnection agreement between the parties.
- ECR        Because the information is Verizon Access customer information, Embarq is providing this information to Kimberly Caswell, Verizon Access's counsel, even though the parties have not yet executed a nondisclosure agreement for this docket.
- GCL   1
- OPC
- RCA        This Notice requires that the information be treated as confidential while on file at the Florida Public Service Commission and further that the information be returned as required by Section 364.183, F.S.
- SCR
- GA
- EC        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*

Susan S. Masterton  
enclosure

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

This claim of confidentiality was filed by or on behalf of a "telco" for Confidential Docket 01672-07. The document is in locked storage pending advice on handling. To access the material, your name must be on the CASR. If undocketed, your division director must provide written permission before you can access it.

Susan S. Masterton  
COUNSEL

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FPSC-COMMISSION CLERK

1 **Q. Please explain why the 90% - 10% benchmark already takes into account the**  
2 **concept of technical feasibility.**

3 **A.** First, carriers are required, with limited exceptions, to submit CPN pursuant to  
4 FCC rules found at 47 CFR §64.1601. So, the FCC's basic premise is that all  
5 traffic should include CPN and that it is technically feasible to include CPN. A  
6 10% failure threshold for CPN delivery failure is more than reasonable to  
7 accommodate both the ordinary exemptions contemplated by the FCC rules as  
8 well as allowing for errant and unusual situations, either anticipated or  
9 unforeseen, when it might not be "technically feasible" to provide CPN.

10

11 **Q. Does Embarq have empirical data substantiating the assertion that the 90%-**  
12 **10% benchmark is already more than sufficient to account for instances**  
13 **where it might not be "technically feasible" for a carrier to provide CPN?**

14 **A.** Yes. Embarq has looked at Verizon Access and Embarq local interconnections in  
15 Florida to determine if the 10% threshold is appropriate. The data showed that  
16 the 10% benchmark might be inappropriate only because it's *overly generous* to  
17 Verizon Access. In fact, in November 2006, Embarq checked the [REDACTED] local  
18 interconnection trunks carrying traffic from Verizon Access to Embarq in Florida  
19 (which constitute all of the identified inbound to Embarq local connection trunks),  
20 **and** the average amount of traffic that omits CPN was no greater than [REDACTED]%.  
21 Let me reiterate, we found that the *average* rate of No CPN traffic is a mere  
22 [REDACTED]. In other words, holding the other traffic elements constant, the amount  
23 of No CPN traffic would have to increase by over [REDACTED] times to reach [REDACTED]%

1 and more than ■ times to reach the threshold percentage of 10%. Because it is  
2 technically feasible today for Verizon Access in Florida to provide CPN on more  
3 than ■% of their traffic, the 90% benchmark is more than reasonable to  
4 allow for the small percentage of calls for which it is not technically feasible to  
5 pass CPN.

6  
7 **Q. Is there any reason to oppose Verizon Access's proposed language even if**  
8 **such compelling data did not exist?**

9 **A.** Absolutely. If Verizon Access is planning to do something that will increase the  
10 amount No CPN traffic by a factor of thousands, Embarq must have protective  
11 measures in place to protect access revenues. As indicated above and explained  
12 in greater detail below, Verizon Access's proposed requirement of "technical  
13 feasibility" will promote arbitrage and is inconsistent with the FCC's premise that  
14 all traffic should include CPN.

15 **Q. How does Verizon Access's proposal promote arbitrage?**

16 **A.** CPN provides the information necessary to determine the correct jurisdiction of a  
17 call. Because rates for terminating calls differ significantly based on the  
18 jurisdiction, the telecommunications market provides an economic incentive for  
19 stripping or otherwise failing to provide CPN. The two significant classifications  
20 of terminated calls billed pursuant to local interconnection agreements are local  
21 and intrastate access classifications. Calls are also terminated via traffic exchange  
22 with interexchange carriers at interstate access and intrastate access rates.  
23 Intrastate access rates for Florida are substantially higher than reciprocal

1 compensation rates for local calls, so there is an incentive to characterize calls as  
2 local rather than intrastate toll. When traffic of unknown jurisdiction terminates  
3 to Embarq end users across the local interconnection trunks, Embarq utilizes a  
4 percent local usage (“PLU”) factor to bill the interconnected party. PLUs  
5 function to bill unknown traffic in proportion to the remainder of the “known”  
6 mix of local and intrastate toll traffic.

7 While Verizon Access and Embarq may have policies and procedures in place  
8 forbidding the altering or stripping of CPN, other carriers may either lack such  
9 policies and procedures or fail or refuse to follow them. This results in millions  
10 of minutes of use (“MOU”) of No CPN traffic on the public switched network.  
11 No CPN traffic makes it impossible for terminating carriers to collect the  
12 appropriate compensation. Because Verizon Access’s PLUs for its Florida local  
13 interconnections are █%, █ No CPN traffic would be rated and billed at low  
14 reciprocal compensation rates.

15 **Q. What roles do Embarq and Verizon Access play in connection with such**  
16 **traffic?**

17 **A.** Telephone networks are indirectly interconnected with nearly every other  
18 telephone network on the planet. So, while Embarq and Verizon Access each  
19 must have procedures in place to manage traffic that originates on or within the  
20 other’s network, they also have interests in traffic that originates from third party  
21 carriers and transits the other’s network. This traffic may pass through numerous  
22 carriers on its way from the point of origination to the ultimate termination. Any  
23 carrier in this chain has some ability to alter, block, or strip data contained in

1           infeasible situations contemplated by the FCC's rules. Verizon Access's proposal  
2           would allow and encourage access arbitrage. Carriers across the industry need  
3           strong measures in place to discourage the practice of altering and omitting traffic  
4           data contrary to FCC rules. It is technically feasible today to determine the CPN  
5           on over █████% of Verizon Access's traffic. It is inappropriate to encourage a  
6           compensation regime that would exert downward and unfavorable pressure on  
7           those high compliance rates. Applying intrastate access rates to No CPN calls is  
8           one measure carriers can rely upon to maintain the integrity of their networks and  
9           maintain the lawful access regime. Embarq's proposed language should be  
10          adopted.

11  
12   **Q.    Does this conclude your direct testimony?**

13   **A.    Yes it does. Thank you.**

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State of Florida



## Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** 2.20.07  
**TO:** Susan Masterton  
**FROM:** T. Henry, Division of the Commission Clerk &  
Administrative Services  
**RE:** **Acknowledgment of Receipt of Confidential Filing**

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This will acknowledge receipt of a **CONFIDENTIAL DOCUMENT** filed in Docket No. 060767-TP or (if filed in an undocketed matter) concerning Ted Hart testimony, and filed on behalf of Embargo/Masterton. The document will be maintained in locked storage.

Any questions regarding this matter should be directed to Marguerite Lockard at (850) 413-6770.

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