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Witness: Thomas F. Hughes
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Sponsoring Party: Southwestern Bell Telephone Company
Case No: TO-99-593

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IN THE MATTER OF THE INVESTIGATION
INTO SIGNALING PROTOCOLS, CALL RECORDS,
TRUNKING ARRANGEMENTS, AND TRAFFIC MEASUREMENT

CASE NO. TO-99-593

SURREBUTTAL TESTIMONY
OF
THOMAS F. HUGHES

ON BEHALF OF
SOUTHWESTERN BELL TELEPHONE

Jefferson City, Missouri
January 2001

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

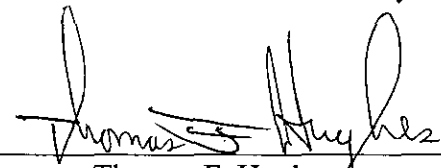
In the Matter of the Investigation	)	
into Signaling Protocols, Call	)	Case No. TO-99-593
Records, Trunking Arrangements,	)	
and Traffic Measurements	)	

AFFIDAVIT OF THOMAS F. HUGHES

STATE OF MISSOURI	)	
	)	SS
COUNTY OF COLE	)	

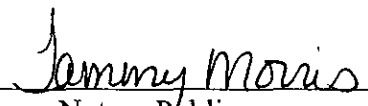
I, Thomas F. Hughes, of lawful age, being duly sworn, depose and state:

1. My name is Thomas F. Hughes. I am Vice President - Regulatory for Southwestern Bell Telephone Company.
2. Attached hereto and made a part hereof for all purposes is my ^{son} rebuttal testimony.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.



Thomas F. Hughes

Subscribed and sworn to before me on this 11th day of January 2000.



Notary Public

**TAMMY R MORRIS
NOTARY PUBLIC STATE OF MISSOURI
COLE COUNTY
MY COMMISSION EXP. APR. 4, 2004**



1 **SURREBUTTAL TESTIMONY OF THOMAS F. HUGHES**

2

3 **Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?**

4 A. My name is Thomas F. Hughes. My business address is 101 W. High Street,
5 Jefferson City, Missouri.

6

7 **Q. ARE YOU THE SAME THOMAS HUGHES WHO FILED REBUTTAL**
8 **TESTIMONY IN THIS CASE?**

9 A. Yes, I am.

10

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

12 A. The purpose of my testimony is to respond to the Rebuttal Testimonies of Robert
13 Schoonmaker on behalf of the Small Telephone Company Group (STCG) and
14 Missouri Independent Telephone Company Group (MITG) witnesses David Jones
15 and Kent Larsen. My testimony will address four areas: 1) responsibility of network
16 providers, 2) SWBT's role as the "gatekeeper", 3) arrangements in other SWBT
17 states, and 4) other traffic.

18

19 **I. RESPONSIBILITY OF NETWORK PROVIDERS**

20 **Q. MR. SCHOONMAKER, AT P. 11 OF HIS REBUTTAL TESTIMONY,**
21 **DISAGREES WITH SWBT'S READING OF THE COMMISSION'S ORDERS**
22 **ESTABLISHING THE SUBJECTS TO BE INVESTIGATED IN THIS CASE.**
23 **DID ANY OF THOSE ORDERS PROVIDE FOR THE INVESTIGATION OF**

1 **THE CURRENT BUSINESS RELATIONSHIP BETWEEN THE TANDEM**
2 **COMPANIES AND SMALL LECs?**

3 A. No.

4

5 **Q. IN PROPOSING TO CHANGE THE CURRENT BUSINESS RELATIONSHIP,**
6 **WHAT ARE THE MITG AND STCG SEEKING?**

7 A. Essentially, they seek to make Sprint, SWBT and Verizon responsible for paying
8 terminating compensation on other carriers' traffic just because that traffic was sent
9 through a Sprint, SWBT or Verizon tandem switch.

10

11 **Q. AS SUPPORT FOR THE SMALL COMPANIES' POSITION THAT THE**
12 **BUSINESS RELATIONSHIP SHOULD BE CHANGED, MR.**
13 **SCHOONMAKER, AT P. 9 OF HIS REBUTTAL TESTIMONY CLAIMS**
14 **THAT SWBT'S "LOCAL PLUS RECORDING PROBLEM CLEARLY**
15 **DEMONSTRATES THAT THE ORIGINATING RECORDS PROCESS DOES**
16 **NOT WORK." DO AGREE WITH HIS ASSESSMENT?**

17 A. No. I will agree with him that SWBT made an error in performing the translations in
18 our Ericsson switches for Local Plus. At no time have we tried to minimize our
19 mistake. But the occurrence of isolated mistakes, does not mean that the current
20 billing and compensation process does not work. SWBT's Local Plus problem was
21 researched, disclosed to the industry, and corrected in a responsible manner. SWBT
22 accepted financial responsibility for its mistake and offered complete settlements to
23 all impacted carriers. In my view, the manner in which this problem was handled

1 shows that the existing system and relationship between the parties works and is
2 capable of handling occasional recording or billing problems.

3
4 As a company, we fully support improving existing systems to minimize errors. We
5 similarly support and would participate in periodic audits to ensure the integrity of
6 industry systems and to detect any errors that might occur. We also have no problem
7 with a carrier being required to be responsible for its own recording errors when they
8 are found. That is exactly what we did with our Local Plus error. But just because a
9 tandem company has made a mistake in recording some of its own traffic does not
10 mean that it should now be required to be responsible for all other carriers' traffic that
11 passes through its tandem.

12
13 **Q. MR. LARSEN, AT PAGE 17 OF HIS REBUTTAL TESTIMONY,**
14 **EXPRESSED FRUSTRATION AT THE AMOUNT OF TIME IT TOOK SWBT**
15 **TO FIND THE ERROR IT MADE IN ITS ERICSSON SWITCHES FOR**
16 **LOCAL PLUS. HE INDICATED THAT "IF THE SMALL COMPANIES**
17 **RELIED SOLELY ON RECORDS SWBT PRODUCED, THE PROBLEM**
18 **WOULD LIKELY HAVE CONTINUED." DO YOU AGREE WITH HIS**
19 **CHARACTERIZATION?**

20 **A.** No. As SWBT witness Joyce Dunlap explained, SWBT diligently researched the
21 problem when Mid-Missouri Telephone brought it to us. We too were frustrated that
22 we could not quickly resolve it. But we were committed to resolving it and fully
23 supported Mid-Missouri's inclusion as a test company in the records test. We were

1 hopeful that with the in-depth study and our use of the new Hewlett-Packard/Agilent
2 AcceSS7 ("AcceSS7") system we were deploying, we would be able to get to the
3 bottom of the problem. As it turned out, our error quickly surfaced when we began
4 studying the problem with the AcceSS7 system. With this new system, our ability to
5 research billing and recording problems has been greatly enhanced.

6

7 **Q. MR. LARSEN, AT P. 18 OF HIS REBUTTAL TESTIMONY, EXPRESSES A**
8 **CONCERN THAT IT WILL BE NECESSARY FOR TERMINATING**
9 **COMPANIES TO ARRANGE AD HOC NETWORK TESTS TO PROVE**
10 **EACH DISCREPANCY. DO YOU BELIEVE THAT WILL BE THE CASE?**

11 A. No. While we are certainly willing to participate in tests when the industry
12 determines that they are needed, we think that the AcceSS7 system will help us
13 monitor the data we are producing and reinforce its integrity on an on-going basis. In
14 addition, if a terminating company believes that SWBT is not providing the
15 appropriate amount of records for its traffic, we can perform a specific study on our
16 traffic and the records we made for it with the AcceSS7 system. This is how we used
17 the AcceSS7 system to investigate the problem Mid-Missouri brought to us.

18

19 **Q. MR. LARSEN, AT PAGE 8 OF HIS REBUTTAL TESTIMONY, STATES**
20 **THAT "THERE ARE NEW TYPES OF TRAFFIC THAT REQUIRE ALL**
21 **NETWORK PROVIDERS TO ACCEPT NEW RESPONSIBILITIES." DO**
22 **YOU AGREE WITH THIS STATEMENT?**

1 A. Yes. I do. The Telecommunications Act of 1996 ("the Act") has placed many new
2 responsibilities on all telecommunications carriers. The Act has also added
3 Competitive Local Exchange Companies ("CLECs") as a new type of network
4 provider. As I explained in my rebuttal testimony, Section 251(a) of the Act requires
5 all telecommunications carriers to permit both direct and indirect interconnection.
6 Under this Section, a CLEC may interconnection with a tandem company to deliver
7 traffic to other LECs like the MITG and STCG members. For example, on a call
8 from a facilities based CLEC to a LEC, there may actually be three network providers
9 on the call path: the CLEC, the tandem LEC and the terminating LEC.

10

11 **Q. IN THIS CALL SCENARIO, WHAT ARE THE RESPONSIBILITIES OF THE**
12 **DIFFERENT NETWORK PROVIDERS?**

13 A. The CLEC has an obligation, as the originator of the call, to compensate all of the
14 network providers on the call path. The CLEC also has an obligation under its
15 interconnection agreements with SWBT to negotiate compensation arrangements with
16 other LECs prior to sending transiting traffic to SWBT. As mentioned above, the
17 transiting LEC has an obligation under the Act to allow both direct and indirect
18 interconnection. The terminating LEC ultimately has the responsibility to terminate
19 the call to the called party, that is their end user.

20

21 **Q. WOULD YOU CONSIDER THIS TYPE OF CALL TO BE A "NEW TYPE OF**
22 **TRAFFIC"?**

1 A. Yes, it has been permitted since the passage of the Act. But the manner for handling
2 the inter-company compensation on it is fully consistent with what LEC toll providers
3 in the state have been doing for years.
4

5 **Q. DO YOU BELIEVE MR. LARSEN INTENDS HIS STATEMENT TO APPLY**
6 **TO THE ILECS WHO TERMINATE THE CALL?**

7 A. No. He states that all network providers share new responsibilities with this new
8 traffic, yet he seeks to avoid responsibilities being placed on the companies he
9 represents.
10

11 **Q. MR. LARSEN REFERENCES THE BUSINESS RELATIONSHIP THAT**
12 **EXISTS WITH INTEREXCHANGE CARRIERS AND LECS. DOES THIS**
13 **IXC TRAFFIC REPRESENT A “NEW TYPE OF TRAFFIC”?**

14 A. No it does not. The business relationship that Mr. Larsen is discussing has been in
15 place for over 15 years. While it does not represent a “new type of traffic” with “new
16 responsibilities” for “all network providers,” this IXC relationship is exactly what he
17 is recommending in this docket. His comments are not consistent with this ultimate
18 recommendation.
19

20 **II. SWBT’S ROLE AS THE “GATEKEEPER”**

21 **Q. ON PAGE 13 OF HIS REBUTTAL TESTIMONY, MR. JONES DESCRIBES**
22 **SWBT AS BEING THE “GATEKEEPER”. DO YOU AGREE WITH THIS**
23 **TERM?**

1 A. No. To me that term implies that SWBT is voluntarily assuming responsibility to
2 terminate other carriers' calls. That is not the case. Under section 251(a)(1) of the
3 federal Telecommunications Act ("the Act"), the incumbent LECs are required to
4 allow both direct and indirect interconnection. SWBT has an obligation to allow
5 CLECs to deliver traffic that ultimately terminates to another LEC's end user via the
6 SWBT tandem, or other point of interconnection. This type of indirect arrangement
7 does not preclude, as Mr. Jones suggests on page 13 of his rebuttal testimony, CLECs
8 and incumbent LECs from establishing an interconnection arrangement of their own.

9

10 **Q. WHEN SWBT COMPLIES WITH THE TERMS OF THE ACT AND**
11 **ESTABLISHES INDIRECT INTERCONNECTION, DOES IT GET**
12 **COMPENSATED?**

13 A. Yes. SWBT receives compensation for the use of SWBT's facilities performing the
14 transiting functions requested by the interconnecting carrier. But that compensation
15 is designed to cover SWBT's costs, not the access charges which the terminating
16 carrier seeks to impose. SWBT is not paid by the CLEC for the use of any other
17 LECs' facilities. SWBT does not know what arrangement the two carriers have
18 regarding the termination of the traffic.

19

20 **Q. MR. JONES ON PAGE 5 OF HIS REBUTTAL TESTIMONY STATES THAT**
21 **SWBT "GETS PAID TO DELIVER THIS TRAFFIC." HOW IS SWBT PAID**
22 **FOR PROVIDING THIS FUNCTION?**

1 A. Mr. Jones appears to be indicating that SWBT is “forcing” other carriers to use
2 SWBT’s network in an effort to make additional revenue. The compensation SWBT
3 does receive on these calls is merely a recovery of its cost for performing this
4 function requested by the interconnecting carrier. The cost recovery is on a per
5 minute of use for each minute the call is carried over SWBT’s network.

6

7 **Q. HOW MUCH COMPENSATION DOES SWBT RECEIVE FOR PROVIDING**
8 **THIS FUNCTION?**

9 A. SWBT receives less than a penny per minute for performing this function pursuant to
10 the terms of interconnection agreements between SWBT and wireless carriers.
11 SWBT will also perform this function under its wireless interconnection tariff if the
12 wireless carrier chooses to interconnect via the tariff. In all of these examples, what
13 SWBT receives is far below the access rates which the small LECs seek to collect on
14 terminating interexchange calls.

15

16 **Q. MR. JONES, AT PP. 16-17 OF HIS REBUTTAL TESTIMONY, CLAIMS**
17 **THAT SWBT IN AN ARBITRATION WITH TCG IN KANSAS OPPOSED**
18 **“ACCEPTING TRANSITING TRAFFIC WITHOUT ITS CONSENT.” DO**
19 **YOU AGREE WITH MR. JONES’ CHARACTERIZATION?**

20 A. No. It is obvious from Mr. Jones’ discussion that he did not understand the nature of
21 the dispute SWBT was having with TCG. First, what TCG was primarily seeking on
22 the issue quoted by Mr. Jones was to preclude SWBT from establishing a direct
23 interconnection with other carriers for the exchange of local traffic. On SWBT

1 originated local traffic to another CLEC, TCG wanted to force SWBT to subscribe to
2 TCG's transiting service to reach other CLECs. SWBT objected to this because
3 under the Act it has the right to establish direct connections with other carriers as it
4 believes appropriate. SWBT believes the small ILECs have that same right to seek
5 direct interconnection with other ILECs for the transport of local traffic. Second,
6 since this arbitration concerned local interconnection under the Act, access-related
7 issues were beyond the scope of the arbitration and were so found by the arbitrator.
8 In that arbitration, SWBT did not oppose TCG acting as an IXC or an access tandem,
9 and from its switch transferring interexchange traffic to SWBT. SWBT indicated that
10 for such traffic, the appropriate compensation would be access charges. This is
11 consistent with the terms of the Interconnection Agreements SWBT has entered into
12 with CLECs in Missouri.

13 14 **III. BUSINESS ARRANGEMENTS IN OTHER SWBT STATES**

15 **Q. IS INTRALATA WHOLESALE SERVICE AVAILABLE IN MISSOURI?**

16 A. No it is not. SWBT has not sought to tariff this service in Missouri.

17 18 **Q. IS THE OFFERING THAT IS TARIFFED IN OTHER SWBT STATES** 19 **AVAILABLE TO ALL IXCS?**

20 A. Yes. Contrary to the claims of Mr. Larsen on page 13 of his rebuttal testimony, this
21 service is available to all carriers.

1 **Q. HAS SWBT CHANGED THE BUSINESS RELATIONSHIP WITH THE LECS**
2 **IN ANY OTHER STATES?**

3 A. No. While terminating LECs in other states have expressed similar concerns about
4 being fully compensated for all the traffic they terminate, the discussions and
5 solutions have focused on how "unidentified traffic" should be handled. In no SWBT
6 State are tandem companies responsible for traffic that has been identified as
7 belonging to another carrier. In Kansas and Oklahoma, the industry has been
8 working together to define who has responsibility for "unidentified traffic." Except
9 where traffic is "unidentified," the originating carrier remains responsible for
10 compensating all of the network providers on the call path.

11

12 **Q. IN WHAT INSTANCES CAN'T THE ORIGINATING CARRIER BE**
13 **IDENTIFIED?**

14 A The two most common instances are when the traffic is passed via MF signaling
15 (multi frequency signaling) or when the originating carrier does not provide CPN
16 (calling party number). However, these conditions do not, in and of themselves,
17 mean that proper compensation does not flow from the responsible carrier to
18 terminating carriers on these calls. To be clear about this, one must examine the
19 current compensation processes for each of the three major types of carriers that are
20 terminating traffic.

21

22 First, when IXC terminating traffic enters the LEC-to-LEC network, the billing
23 method most commonly used requires that the first LEC build a record that becomes

1 the basis for billing the IXC by each of the LECs on the call path. Even if the call
2 enters the LEC network on MF facilities or if CPN is not delivered by the IXC, this
3 record and the industry standard processes should assure that compensation occurs
4 properly. If there are indications of any problems, the carriers should investigate as
5 appropriate.

6
7 Second, when wireless or "Commercial Mobile Radio Service" (CMRS) terminating
8 traffic enters the LEC-to-LEC network, the first LEC should build a record that
9 allows it to bill the wireless service provider to terminate or transit the call in
10 accordance with their interconnection agreement or tariffs, where applicable. In the
11 case of SWBT performing this function under the Act, SWBT uses this record as a
12 basis for providing a monthly summary of transited traffic segregated by wireless
13 carrier to each LEC on the call path. This record allows the LECs to bill wireless
14 carrier for exchange of this traffic. Even if the wireless call enters the LEC network
15 on a MF basis, this summary record should assure that compensation occurs properly.
16 If there are any indications of problems, the carriers should investigate as appropriate.

17
18 Third, when LEC traffic enters the LEC-to-LEC network for termination on an
19 intraLATA toll basis, the originating LEC (the LEC whose customer is placing the
20 call) is responsible for the record that becomes the basis for compensating all the
21 LECs along the call path. Even if the LEC call enters the LEC network on a MF
22 basis or if CPN is not provided, this record should assure that compensation occurs

1 properly. If there are indications of problems, the carriers should investigate as
2 appropriate.

3

4 **Q. HOW IS TRAFFIC DETERMINED TO BE “UNIDENTIFIED”?**

5 A. SWBT will utilize the AcceSS7 system to attempt to identify all traffic that transits its
6 network. When the inbound carrier is an IXC or wireless carrier, those billing
7 processes will be investigated to see if the proper records have been created and
8 exchanged. Similarly, when the inbound carrier is a LEC (including SWBT) or a
9 CLEC, that billing process will be investigated to see if the proper records have been
10 created and exchanged. The AcceSS7 system is a new tool that expands our
11 capabilities and makes investigations of such matters more efficient.

12

13 **IV. OTHER TRAFFIC**

14 **Q. AT PAGE 11 OF HIS REBUTTAL TESTIMONY, MR. LARSEN DISCUSSES**
15 **WIRELESS TRAFFIC. HE STATES THAT “SWBT CLAIMS IT IS**
16 **CAPABLE OF CREATING AN APPROPRIATE RECORD CALLED A**
17 **CTUSR”. HOW DO YOU RESPOND TO THIS STATEMENT?**

18 A. In docket TT-97-524, this Commission ordered SWBT to produce a Cellular
19 Transiting Usage Summary Report (CTUSR) so other LECs would have a means to
20 bill the wireless carriers. Since usage period October 5, 1997 through November 4,
21 1997, which was sent to the LECs February 25, 1998, SWBT has been providing
22 other LECs with these reports on a monthly basis. LECs should be using these

1 reports to bill the wireless carriers for calls that terminate in the ILEC's exchange. It
2 is a fact that SWBT is able to produce these reports, not a "claim."

3

4 **Q. MR. JONES AT PAGE 8 OF HIS REBUTTAL TESTIMONY INDICATES**
5 **THAT THERE IS NO MORE "LEC TO LEC" TRAFFIC BETWEEN THE**
6 **FORMER PTCS AND THE SMALL COMPANIES. DO YOU AGREE WITH**
7 **THIS STATEMENT?**

8 A. No I do not. In instances where the small companies are participants in the MCA or
9 where they offer an extended area service to their customers, these types of calls
10 would constitute LEC to LEC traffic. For example an MCA call from Orchard Farm,
11 Missouri to St. Charles, Missouri would be carried over LEC to LEC facilities.
12 Likewise an MCA call placed from the Lathrop, Halltown or Freeman exchanges into
13 the metropolitan areas of Kansas City or Springfield would be a LEC to LEC call. In
14 addition a call placed by a customer in Galt Missouri (a Grand River exchange) to
15 Trenton Missouri (a SWBT exchange) would be carried over LEC to LEC facilities
16 due to the extended area service (EAS) provided between our companies.

17

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

19 A. Yes.

20