

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**IN THE MATTER OF THE CONTINUED COSTING)
AND PRICING OF UNBUNDLED NETWORK)
ELEMENTS)
)
)
)**

DOCKET NO. UT-003013

PART D

REBUTTAL TESTIMONY OF

KATHRYN MALONE

QWEST CORPORATION

MARCH 7, 2002

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1 I IDENTIFICATION OF WITNESS

2 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND CURRENT POSITION.

3 A. My name is Kathryn Malone. I am employed by Qwest as a Manager – Wholesale
4 Markets. My business address is 1801 California Street, Suite 2360, Denver, Colorado,
5 80202.

6 Q. ARE YOU THE SAME KATHRYN MALONE WHO HAS FILED DIRECT
7 TESTIMONY IN THIS PROCEEDING?

8 A. Yes, I am.

9 II PURPOSE

10 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

11 A. The purpose of my testimony is to address certain issues raised by Mr. Price, Mr.
12 Caputo, Mr. Lehmkuhl, Mr. Gates, and Dr. Cabe. Specifically, I will address issues
13 relating to SS7, Customer Transfer Charge, Directory Assistance, Operator Services,
14 Branding, DAL Database, ICNAM Database, and Customized Routing.

15 III COMMON CHANNEL SIGNALING/SS7

16 Q. MR. PRICE COMMENTS THAT HE NEEDS FURTHER EXPLANATION OF THE
17 APPLICATION OF QWEST'S PROPOSED SS7 RATES. PLEASE DESCRIBE SS7
18 SIGNALING.

1 A. The SS7 signaling is an out-of-band network, separate from the network that carries the
2 voice calls. The SS7 network links end office switches to Signal Transfer Points (STP)
3 for the purpose of transmitting and receiving call-related messages. Through a series of
4 messages generated from switching equipment, SS7 sets up, supervises, and releases
5 talk paths or trunks that are used to complete a call.

6 SS7 signaling facilitates communication between end office switches, tandem switches,
7 interexchange switches, CLEC switches, and other local exchange switches for
8 establishing voice grade connections. The signaling network also facilitates
9 communications between these switches and the various call-related databases that are
10 associated with the signaling network. For example, an end office switch may
11 communicate with the toll free service (8XX) database through the signaling network to
12 acquire the routing information for a particular toll free telephone number. Likewise,
13 an operator system may communicate with line Information Database to validate billing
14 information on an operator handled call, e.g., collect, calling card, and bill to third
15 party.

16 Q. PLEASE DESCRIBE AN EXAMPLE OF SIGNALING.

17 A. A simple use of signaling is the establishment of a call between two end office
18 switches. The originating switch must send to the terminating switch the called
19 telephone number. The terminating switch must send the originating switch the
20 equivalent of ringing (if the called line is available) or busy tone (if the called line is

1 busy). To complete the call, the two end offices must agree on the trunk that will be
2 used to carry the conversation. Finally, if the called party hangs up, the terminating end
3 office must inform the originating office to release the trunk for reuse and to terminate
4 billing, if required. More complex types of calls also require signaling. For example, a
5 call may traverse a tandem switch, or require the interrogation of a call-related
6 database, or involve two or more interconnected networks such as two local exchange
7 carriers and an interexchange carrier.

8 **Q. PLEASE DESCRIBE THE APPLICATION OF QWEST'S SS7 RATES.**

9 A. Pricing for SS7 consists of recurring monthly and nonrecurring rates. Although I
10 describe all rate elements associated with Common Channel Signaling/SS7 not all
11 elements are at issue in this proceeding.

12 **Recurring rate elements consist of:**

13 **STP Port** - assessed on a monthly recurring charge for each port ordered. This element
14 has already been approved by the Commission and is not at issue in this proceeding.

15 Messages Charges are assessed based upon the type of message protocol, either ISDN
16 User Part (ISUP) or Transaction Capabilities Application Part (TCAP). ISUP messages
17 are associated with call set-up and applied to all call set-up requests, while TCAP
18 messages are used to query call related databases and are applied to only those data
19 queries destined for other than a Qwest owned database. Those database queries

1 switched by a Qwest STP to a Qwest database are assessed appropriate query charges
2 in lieu of SS7 message charges. Message Charges will be assessed in the following
3 manner:

4 **Signal Transport Charge** - A per call set-up request charge or data request charge for
5 the transmission of signaling data between the local STP and an end office Service
6 Switching Point (SP/SSP). This rate element includes separate charges for ISUP and
7 TCAP messages. The proposed rates are listed in Exhibit TKM-28, Sections 9.14.4 and
8 9.14.5

9 **Signal Switching Charge** - A per call set-up request charge or data request charge for
10 switching an SS7 message at the local STP. This rate element includes separate
11 charges for ISUP and TCAP messages. The proposed rates are listed in Exhibit TKM-
12 28, Sections 9.14.6 and 9.14.7.

13 **Signal Formulation** - An ISUP Signal Formulation charge is assessed, per call set-up
14 request, for formulating signaling messages in association with call set-up. The
15 proposed rate is listed in Exhibit TKM-28, Section 9.14.3.

16 **Nonrecurring rate elements consists of the following:**

17 **Option Activation Charge** is assessed for adding or changing a point code in the
18 signaling network for the specific application being requested and if that application is
19 considered to be a basic or database application. When you initially order Common
20 Channel Signaling/SS7 (CCSAC/SS7) Service and the associated application (Call Set-

1 Up, ISUP or Database, TCAP), the first point code is provided at no charge. Each
2 additional point code on the same order is assessed the "Each Additional Point Code"
3 rate. Subsequent orders placed on an existing signaling arrangement to add or change
4 point codes in the STP will receive both the "First Point Code Activation" charge and
5 "Each Additional Point Code" charges as indicated by the total number of
6 changes/additions requests. This rate element includes separate charges for Basic
7 Translations and Database Translations. The proposed rates are listed in Exhibit TKM-
8 28, Sections 9.14.2.1 and 9.14.2.2.

9 **IV. CUSTOMER TRANSFER CHARGE**

10 **Q. MR. PRICE'S TESTIMONY, AT PAGE 23, STATES THAT THE CUSTOMER**
11 **TRANSFER CHARGE ONLY APPLIES TO RESALE. DO YOU AGREE?**

12 A. Yes, I agree. As I described in my direct testimony (Exhibit KM-T2), at page 3, the
13 Customer Transfer Charge applies on a resold basis. The Customer Transfer Charge is
14 applicable only when transferring Qwest's end user services to a CLEC for resale or
15 resold Qwest services between two CLEC's.

16 **VI. DIRECTORY ASSISTANCE OPERATOR SERVICES**

17 **Q. WHAT PRICING METHODOLOGY IS QWEST USING FOR DIRECTORY**
18 **ASSISTANCE AND OPERATOR SERVICES?**

19 A. Qwest is pricing Directory Assistance and Operator Services at market-based rates.

1 Q. WHAT DO YOU UNDERSTAND MR. CAPUTO'S POSITION TO BE REGARDING
2 DIRECTORY ASSISTANCE AND OPERATOR SERVICES (DA/OS)?

3 A. Mr. Caputo argues that Directory Assistance and Operator Services should be priced as
4 an unbundled network element. In the alternative, he argues that even if it is not
5 appropriate to price these services as an unbundled network element, market-based
6 pricing should still not be permitted because it would be discriminatory.

7 Q. IS QWEST REQUIRED TO UNBUNDLE DIRECTORY ASSISTANCE AND
8 OPERATOR SERVICES?

9 A. No. The FCC's UNE Remand Order establishes that an ILEC is not required to
10 unbundle DA/OS services except in the limited circumstances where the ILEC does not
11 provide customized routing to allow a requesting provider to route traffic to alternative
12 DA/OS providers.¹

13 Q. DOES QWEST PROVIDE CUSTOMIZED ROUTING?

14 A. Yes. My direct testimony (Exhibit KM-T2), at page 10, provides Qwest's product
15 description for customized routing.

16 Q. MR. CAPUTO ARGUES, AT PAGE 10 OF HIS TESTIMONY, THAT QWEST HAS NOT
17 PROVEN THAT IT CAN PROVIDE A WORKABLE VERSION OF CUSTOMIZED
18 ROUTING TO WORLDCOM FOR WORLDCOM'S DA/OS CALLS. DO YOU AGREE
19 WITH THIS ARGUMENT?

1 A. No, I do not agree. Worldcom has never requested the non-standard customized
2 routing arrangement Mr. Caputo describes, at page 9, in his testimony. The process for
3 ordering this type of arrangement is via the Bona Fide Request (BFR) process. The
4 testimony of Qwest witness Mr. Craig provides a further description of Custom
5 Routing.

6 Q. IS QWEST'S MARKET-BASED PRICING FOR DA/OS DISCRIMINATORY AS MR.
7 CAPUTO CLAIMS AT PAGE 6, LINE 11 OF HIS TESTIMONY?

8 A. No. Mr. Caputo ignores the findings of the FCC in the UNE Remand Order. The FCC
9 found numerous providers are offering directory assistance and operator services in the
10 market today, including regional providers who has the ability to aggregate calls,
11 achieving sufficient economies of scale.² The FCC's conclusions regarding the
12 structure of the market led them to the proper conclusion that regulated prices were not
13 necessary and that prices for directory assistance and operator services should be
14 determined by market forces.

15 Q. MR. CAPUTO SUGGES TS THAT THE COMMISSION SHOULD REVIEW AND
16 APPROVE QWEST'S MARKET-BASED RATES. DO YOU AGREE?

17 A. No. The Commission should not review market-based prices. Regulating prices can be
18 justified where customers have no available alternatives. As the FCC determined this is

¹ UNE Remand Order at paragraphs 441-442.

² *Id.* at paragraph 455.

1 not the case for directory assistance and operator services. Further the Washington
2 Commission has competitively classified Qwest's DA and toll-related operator services
3 offerings confirming that the validity of market- based pricing of directory assistance
4 and operator services is appropriate in this docket as well.

5 **Q. IS QWEST'S PROVISIONING OF DIRECTORY ASSISTANCE AND OPERATOR**
6 **SERVICES SUBJECT TO NONDISCRIMINATION REQUIREMENTS?**

7 A. Yes. The FCC'S rules at CFR 51.217(a)(2) require all telecommunications providers to
8 provide nondiscriminatory access to directory assistance and operator services.
9 Nondiscriminatory access includes access "at least equal" to that which a carrier
10 provides to itself and on rates, terms and conditions that are equivalent between and
11 among carriers. The FCC also notes these requirements in the UNE Remand Order.³

12 **Q. DOES QWEST COMPLY WITH THE NONDISCRIMINATION REQUIREMENTS OF**
13 **THE FCC'S RULES?**

14 A. Yes. Qwest provides access to directory assistance and operator services at rates, terms
15 and conditions that are equivalent between competing providers and affiliated entities.

16 **Q. MR. GATES ARGUES THAT QWEST IS PROPOSING TO CHARGE THE SAME**
17 **\$10,500 SET-UP AND RECORDING RATE FOR BRANDING BOTH DA AND OS. DO**
18 **YOU AGREE?**

³ *Id.* at paragraph 455.

1 A. No. If a CLEC orders a custom brand for both DA and OS the \$10,500 set-up and
2 recording rate is charged only once.

3 Q. **HOW IS QWEST PRICING DA AND OS BRANDING?**

4 A. Consistent with DA and OS, Qwest's branding is also market- based pricing.

5 **VII. DIRECTORY ASSISTANCE LISTINGS**

6 Q. **HOW DOES MR. LEHMKUHL DEFINE THE DIRECTORY ASSISTANCE LISTINGS**
7 **(DAL) DATABASE?**

8 A. Mr. Lehmkuhl defines what he terms as a separate UNE from directory assistance and
9 operator services as Directory Assistance Listings (DAL). At page 3, line 9 of Mr.
10 Lehmkuhl's testimony, he defines DAL as the "underlying customer listing information
11 that constitutes the directory assistance database." Since this is not the same network
12 element as directory assistance, Mr. Lehmkuhl contends that DAL is a separate UNE
13 and subject to TELRIC pricing.

14 Q. **ARE CUSTOMER LISTINGS A UNE WHICH SHOULD BE PRICED AT TELRIC**
15 **ACCORDING TO THE FCC?**

16 A. No. Customer Listings must be provided on a nondiscriminatory basis under Section
17 251(b) of the Telecommunications Act of 1996. The FCC rules implementing this
18 requirement are found at CFR 51.217(c)(3)(ii). However, these listings are not UNEs
19 nor are they subject to the TELRIC pricing standard. In fact the FCC recognized in the

1 UNE Remand Order that obtaining subscriber listings was one of the costs of self-
2 provisioning directory assistance services. However, the FCC rejected the arguments
3 that self provisioning of directory assistance service, including obtaining customer
4 listings, “would involve substantial and material cost that would delay competitive
5 entry into the local market.”⁴ The FCC also declined to set prices for customer listings
6 as they did with access to directory assistance databases.

7

⁴ *Id.* at paragraph 450.

1 **Q. WHAT IS QWEST PROPOSING WITH REGARD TO CUSTOMER**
2 **LISTINGS?**

3 A. Qwest is proposing the use of market pricing for the provision of customer listings. As
4 the FCC has recognized there are alternatives available to the use of Qwest's customer
5 listings negating the need for regulated prices.⁵

6 **VIII. ICNAM**

7 **Q. PLEASE DESCRIBE ICNAM.**

8 A. InterNetwork Calling Name (ICNAM) is a Qwest service that allows a CLEC to query
9 Qwest's ICNAM database and secure the listed name information for the requested
10 telephone number (calling number), in order to deliver that information to the CLEC's
11 end users. For example, when a terminating party has Caller ID a query is launched
12 from the terminating party to a ICNAM database to display the name of the originating
13 party.

14 **Q. DOES QWEST HAVE AN OBLIGATION TO PROVIDE UNBUNDLED ACCESS TO**
15 **ICNAM?**

16 A. Pursuant to the FCC UNE Remand, paragraph 400, Qwest only has an obligation to
17 provide unbundled access to its ICNAM database for the purpose of switch query and
18 database responses through the SS7 network.

1 Q. MR. LEHMKUHL ARGUES, AT PAGE 18, LINE 9 OF HIS TESTIMONY, THAT
2 QWEST LIMITS WORLDCOM TO AN INFERIOR SERVICE BY NOT PROVIDING
3 UNBUNDLED ACCESS TO ICNAM. DO YOU AGREE?

4 A. No. Qwest provides nondiscriminatory access to its ICNAM database to all CLECs for
5 the purpose of switch query pursuant to FCC requirements.

6 IX. DATABASE QUERY ACCESS CHARGES

7 Q. MR. LEHMKUHL ARGUES THERE IS AN INCONSISTENCY BETWEEN THE
8 TELRIC (\$.00131) AND QWEST'S PROPOSED RATE (\$.00147) FOR THE PER
9 QUERY CHARGE TO THE LIDB, ICNAM AND 800 DATABASES. DO YOU AGREE?

10 A. No. In my direct testimony (Exhibit KM-T2), at page 15, I state the \$0.00147 rate is
11 not new and taken directly from the rates the Commission adopted. The Commission
12 derived this rate by using the following calculation:

13 .00131.....(14TH Supplemental Order, Par. 59 – Hatfield Model used)
14 +12.50% (17TH Supplemental Order, Par.209 – Hatfield Markup used)
15 =. 001474 (calculation is shown in the 17TH SUPP. Order, Par. 209)

16 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

17 A. Yes, it does.

⁵ *Id.* at paragraph 455.