

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition for Arbitration)	
or)	
)	DOCKET NO. UT-033035
AT&T COMMUNICATIONS OF THE)	
PACIFIC NORTHWEST, INC. AND TCG-)	
SEATTLE)	
)	
With)	
)	
QWEST CORPORATION)	
)	
Pursuant to 47 U.S.C. Section 252(b).)	

REBUTTAL TESTIMONY OF

DOUGLAS N. HYATT

ON BEHALF OF AT&T COMMUNICATIONS OF THE

PACIFIC NORTHWEST, INC. AND TCG SEATTLE

ON DISPUTED ISSUE 5

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Douglas N. Hyatt. I work at 1875 Lawrence Street in Denver,
4 Colorado.

5 **Q. DID YOU PREVIOUSLY FILE DIRECT TESTIMONY IN THIS CASE?**

6 A. Yes, I did.

7 **II. PURPOSE & SUMMARY OF REBUTTAL TESTIMONY**

8 **Q. WHAT IS THE PURPOSE OF THIS REBUTTAL TESTIMONY?**

9 A. The purpose of this rebuttal testimony is to respond to direct testimony by Mr.
10 Thomas R. Freeberg of Qwest Corporation regarding disputed issue number 5.

11 **Q. PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY.**

12 A. AT&T has five areas of concern regarding Mr. Freeberg's direct testimony. First,
13 Mr. Freeberg has alleged that AT&T's proposed definition of "exchange service"
14 is a "sweeping" "redefinition" of "exchange service."¹ AT&T is not proposing
15 anything new. AT&T is simply asking the Commission to define exchange
16 service consistent with industry practice today. Second, Mr. Freeberg has made
17 misstatements regarding the FX-like service AT&T offers and neglected to
18 mention that Qwest's FX service directly competes with AT&T's service. Third,
19 Qwest is not losing access revenue or incurring costs associated with AT&T's
20 FX-like service. Fourth, Qwest has made some factual allegations that are not
21 applicable to AT&T's FX-like service. And finally, fifth, ISP traffic has been
22 determined to be under the jurisdiction of the FCC, and therefore, this

¹ Direct Testimony of Thomas R. Freeberg at 4.

1 Commission is constrained in the decisions it may make with respect to such
2 traffic.

3 **Q. HOW IS YOUR REBUTTAL TESTIMONY ORGANIZED?**

4 A. My rebuttal testimony is organized according to the five areas of concern
5 regarding Mr. Freeberg’s direct testimony. These five areas are: 1) AT&T’s
6 proposed definition of exchange service is not new; 2) Mr. Freeberg’s
7 misstatements regarding FX-Like service; 3) Qwest is not losing access revenue
8 or incurring costs; 4) Qwest’s misleading factual allegations; 5) ISP traffic over
9 FX-like service and jurisdictional issues.

10 **III. DISPUTED ISSUES**

11 A. **AT&T’s Proposed Definition of “Exchange Service” is not new.**

12 **Q. DOES AT&T’S PROPOSED DEFINITION OF “EXCHANGE SERVICE”**
13 **DRAMATICALLY REDEFINE THE TERM?**

14 A. No. AT&T is asking the Commission to define “exchange service” consistent
15 with industry practice today.² AT&T is not asking to alter the NPA-NXX rate
16 center assignment relationship. Moreover, if AT&T’s FX-like provisioning
17 option is contrary to the definitions contained in the Commission rules, then so
18 too are Qwest’s FX and other services described below. In general, however,
19 these services (e.g., FX-like, FX and other similar services) are subject to an
20 industry exception to the normal NPA-NXX assignment process. But instead of
21 admitting that Qwest would like to have the Commission disallow Qwest’s
22 competitors from enjoying the same exception for their competing services.

² Direct Testimony of Douglas N. Hyatt at 5, lines 8-11.

1 AT&T's proposed definition, which in fact describes industry practice today, is
2 not contrary to the Commission-determined local calling areas; AT&T's
3 definition is:

4 "Exchange Service" or "Extended Area Service (EAS)/Local
5 Traffic" means traffic that is originated and terminated within the
6 same Local Calling Area as determined by the calling and called
7 NPA/NXXs.

8 **Q. DOES AT&T'S PROPOSED DEFINITION OF "EXCHANGE SERVICE"**
9 **REQUIRE A CHANGE IN WASHINGTON RULES?**

10 A. No. AT&T's proposed definition of "exchange service," not only describes what
11 carriers are actually doing today, it is closer to language in Washington rules than
12 Qwest's proposed definition.

13 **Q. WOULD AT&T'S PROPOSED DEFINITION OF "EXCHANGE**
14 **SERVICE" BE DISCRIMINATORY TOWARD OTHER CARRIERS AS**
15 **QWEST ASSERTS?**

16 A. No. The real discrimination is between Qwest and AT&T. AT&T's proposed
17 definition of "exchange service" would create a level playing field for FX and
18 FX-like services. In contrast, Qwest's definition and its conduct under that
19 definition would treat AT&T's competing FX service differently than Qwest
20 treats its identical service.

21 **B. Mr. Freeberg's Misstatements Regarding FX-Like Service.**

22 1) Toll Free Service.

23 **Q. IS MR. FREEBERG'S ATTEMPT TO COMPARE AT&T'S FX-LIKE**
24 **SERVICE WITH TOLL FREE 800 SERVICE AN APPROPRIATE**
25 **COMPARISON?**

26 A. Absolutely not. Qwest's FX service and AT&T's FX-like arrangement are not
27 equivalent to toll free service, either functionally or in consumers' minds. Indeed,
28 one must ask why Qwest would offer FX service at all if it were the functional

1 equivalent of Qwest's toll free service. The fact of the matter is these services are
2 targeted to different subscriber needs and different market segments. Toll free
3 service provides statewide or nationwide inbound toll-free calling. Thus, callers
4 from extremely broad geographic areas can reach the toll free service subscriber
5 toll free. On the other hand, FX only enables callers in a discrete local calling area
6 to call the FX subscriber without a charge to the end-user as if it were a local call.
7 In addition to these range and rating differences, toll free and FX-type service also
8 have different dialing arrangements. Toll free service calls are dialed using 1 plus
9 ten digits, while FX and FX-like calls are dialed on the same basis as local calls.
10 Finally, the calls are processed differently by the local exchange carrier's
11 originating switch and are routed differently. Toll free service calls are routed to
12 the interexchange carrier's point of presence (POP) and FX and FX-like calls are
13 routed either within the originating carrier's network or are routed to the
14 originating local carrier's point of interconnection (POI) with and handed off to
15 the terminating local exchange carrier.

16 2) Geographic End-points.

17 **Q. HAVE ANY OTHER JURISDICTIONS MADE A DETERMINATION**
18 **REGARDING VERIZON'S PROPOSED METHOD OF DETERMINING**
19 **THE GEOGRAPHIC END POINTS OF A CALL THAT MR. FREEBERG**
20 **MENTIONS ON PAGE 30 OF HIS DIRECT TESTIMONY?**

21 A. Yes. In the first arbitration between AT&T and Verizon following the Virginia
22 Arbitration before the FCC, the ALJ in the state of New Jersey made a

1 Recommended Decision³ against Verizon’s proposal. In that Recommended
2 Decision, the ALJ stated:

3 It would be virtually impossible to determine how to bill calls if
4 each number had to be traced back to determine whether the two
5 callers were actually in the same calling area. Such a billing system
6 would be very expensive and inefficient. This is essentially in
7 agreement with the Bureau’s decision in the Virginia Arbitration
8 that Verizon had offered “no viable alternative to the current
9 system, under which carriers rate calls by comparing the
10 originating and terminating NPA-NXX codes.”⁴

11 In the second and only other Verizon-AT&T arbitration since the Virginia
12 Arbitration, the ALJ in Maryland also issued a Proposed Order⁵ against Verizon’s
13 proposal. In that Proposed Order, the ALJ stated:

14 The Arbitrator finds for AT&T on this issue. Verizon’s FX service
15 is intended to substitute for local service, and should be billed as
16 such. FX calls are not toll calls, are not subject to access charges,
17 and should not be charged as such. The Arbitrator is also not
18 convinced that section 251(g) of the Act “carved out” FX service
19 from the reciprocal compensation regime. The Arbitrator also
20 concludes that Verizon, without clear justification, is attempting to
21 treat FX service differently than other FX-like services that AT&T
22 offers. Further, the record strongly suggests that AT&T does not
23 now have the capability to develop the tracking system necessary
24 for the Verizon proposal. Finally, Verizon’s proposal appears
25 based on a questionable reading of the Act, and has already been
26 rejected by the FCC’s Wireline Bureau.⁶

27 Thus, Verizon utterly failed in its next two opportunities in New Jersey and
28 Maryland to convince the respective ALJ’s that it had a viable method upon
29 which to base billing based on the geographic end points of the call.

³ *In re Application of AT&T communication of NJ, L.P., TCG Delaware Valley, Inc. and Teleport Communications of New York Petition for Arbitration of Interconnection Rates, Terms and Conditions and Related Arrangements with Verizon New Jersey, Inc. Pursuant to Section 252(b), New Jersey Board of Public Utilities*, Recommended Decision, Docket No. TO00110893 (July 29, 2003).

⁴ *Id.* at pg. 6.

⁵ Proposed Order Of Hearing Examiner, In the matter of the petition of AT&T Communications of Maryland, Inc. for arbitration pursuant to 47 U.S.C. § 252(b) concerning interconnection rates, terms and conditions, Before the Public Service Commission of Maryland, Case No. 8882, September 16, 2003. .

⁶ *Id.* at 12-13.

1 3) Use of numbering resources.

2 **Q. MR. FREEBERG CLAIMS THAT AT&T'S FX-LIKE SERVICE**
3 **CONSTITUTES A MISUSE OF NUMBERING RESOURCES. IS HE**
4 **CORRECT?**

5 A. He is incorrect. Either Qwest's FX or AT&T's FX-Like provisioning option
6 requires the use of numbers. If the use of numbering resources for AT&T's FX-
7 like provisioning option is inconsistent with numbering guidelines, then the use of
8 numbering resources for Qwest's FX and other services described below, are
9 likewise inconsistent. The use of telephone numbers to provide FX or FX-like
10 services is just as legitimate a use of numbers as the assignment of telephone
11 numbers to support any other service or technology. All carriers must efficiently
12 manage the numbers assigned to them, and until the technology arises wherein
13 carriers may provide certain services without the need for new or additional
14 numbers, everyone must implement conservation measures and assign numbers
15 wisely.

16 AT&T's FX-like provisioning option does not waste numbering resources. AT&T
17 is sensitive to utilizing telephone-numbering resources in the most efficient
18 manner. However, the demand for telephone numbers has been driven only in part
19 by local exchange competition. Indeed, customers' use of new technologies, such
20 as pagers, cellular telephones, and computers, and their demands for non-primary
21 lines (second lines) or alternative services have substantially burdened numbering
22 resources.

23 **Q. DO YOU KNOW OF ANY SERVICES OFFERED BY QWEST, OTHER**
24 **THAN FX OR MEL SERVICES, THAT EMPLOY NUMBERING**
25 **RESOURCES WHICH ENABLE CUSTOMERS ACCESS TO LOCAL**
26 **CALLING AREAS IN WHICH THEY DO NOT RESIDE?**

1 A. Yes.

2 **Q. PLEASE DESCRIBE THOSE SERVICES.**

3 A. Qwest offers services for Internet Service Providers (ISPs) and enterprise and
4 Internet access to businesses using local numbers throughout the nation that
5 enable customers to avoid toll charges. Qwest offers their “Broadband Access
6 Aggregation Service (BAAS)”⁷ that provides business customers with
7 “nationwide coverage” through the use of local numbers that enable them to avoid
8 access charges.⁸ Qwest also offers their “Dial – Business Dial” service that
9 provides business customers with “Internet access for your virtual enterprise” by
10 “expanding reach and collapsing physical boundaries” using “more than 2,600
11 POPs across the country”.⁹ Qwest “Dial – Business Dial” dial-up traffic
12

⁷ Broadband Access Aggregation Service (BAAS), Qwest’s Internet Website, Accessed on October 3, 2003
http://www.qwest.com/pcat/large_business/product/1,1354,961_4_28.00.html attached as **Exhibit DNH-7.**

⁸ Broadband Access Aggregation Service (BAAS), Frequently Asked Questions, Qwest’s Internet Website,
Accessed on October 3, 2003,
http://www.qwest.com/pcat/large_business/product/1,1354,961_4_28-5.00.html attached as **Exhibit DNH-8.**

⁹ Dial – Business Dial, Qwest’s Internet Website, Accessed on October 3, 2003,
http://www.qwest.com/pcat/large_business/product/1,1354,720_4_28.00.html attached as **Exhibit DNH-9.**

1 “originates from the end user”¹⁰, or Qwest customer, using “local access
2 numbers”¹¹ that enable them to avoid toll charges. And lastly, “Qwest.net
3 OfficeWorks”¹² also uses “dial in and Roaming numbers”¹³ to enable their
4 business customers to access the Internet using an “expanded calling area.”¹⁴ The
5 Qwest.net customer can also use Qwest’s “NationWide Roaming (NWR)”¹⁵
6 service that provides “local numbers...in each of the 48 contiguous states”¹⁶,
7 including Washington.¹⁷

8 **Q. QWEST’S WEB MATERIAL INDICATES THAT CUSTOMERS MAY**
9 **AVOID TOLL CHARGES. DOES QWEST ACTUALLY COME OUT**
10 **AND EXPRESSLY SUGGEST THIS TO ITS ISP CUSTOMERS?**

11 A. Yes, it does. Qwest explicitly states:

12 If you move your computer outside the local calling area you
13 registered in (but still inside the region where Qwest.net service is
14 currently offered), change your dialer to dial a local number for the
15 area you are in to avoid long distance charges.”¹⁸

¹⁰ Dial – Business Dial, Technical Overview, Qwest’s Internet Website, Accessed on October, 3, 2003,
http://www.qwest.com/pcat/large_business/product/1,1354,720_4_28-8,00.html attached as **Exhibit DNH-10.**

¹¹ Dial – Business Dial, Frequently Asked Questions, Qwest’s Internet Website,
Accessed on October 3, 2003,
http://www.qwest.com/pcat/large_business/product/1,1354,720_4_28-5,00.html attached as **Exhibit DNH-11.**

¹² Qwest.net Office Works, Qwest’s Internet Website, Accessed on October 3, 2003,
http://www.qwest.com/pcat/large_business/product/1,1354,104_4_28,00.html attached as **Exhibit DNH-12.**

¹³ Dial-in & Roaming Numbers, Qwest’s Internet Website, Accessed on October 3, 2003,
http://www.qwest.net/nav4/acct_tools/basic_roaming.html attached as **Exhibit DNH-13.**

¹⁴ *Id.*

¹⁵ Qwest.net Nationwide Roaming, Qwest’s Internet Website, Accessed on October 3, 2003,
http://www.qwest.net/nav4/help/your_acct/nw_roaming.html attached as **Exhibit DNH-14.**

¹⁶ Terms of Service Agreement, Qwest Internet / Intranet Services, Terms of Service, Qwest’s Internet Website, Accessed on October 3, 2003,
http://www.qwest.net/nav4/acct_tools/account.html attached as **Exhibit DNH-15.**

¹⁷ World Wide Roaming, Qwest’s Internet Website, Accessed on October 3, 2003,
http://www.qwest.net/cgi-bin/roaming_list attached as **Exhibit DNH 16.**

¹⁸ Setting Up Roaming Service, Qwest’s Internet Website, Access on October 3, 2003,
http://www.qwest.net/nav4/help/your_acct/rmsetting.html attached as **Exhibit DNH 17.**

1 This clearly indicates that Qwest offers services to ISPs that do not respect
2 Qwest's definition of "exchange service." It further demonstrates that Qwest itself
3 creates situations where it allegedly loses access and probably toll revenue.

4 **Q. HAS MR. FREEBERG PROPOSED A WORKABLE METHODOLOGY¹⁹**
5 **TO IDENTIFY THOSE NXX'S USED BY AT&T FOR CUSTOMERS**
6 **WHO CHOOSE THE FX-LIKE PROVISIONING OPTION?**

7 A. No.

8 **Q. WHY NOT; PLEASE COMMENT ON THE METHODOLOGY MR.**
9 **FREEBERG PROPOSED?**

10 A. Certainly. First, as I have stated above, AT&T is not misusing numbering
11 resources. If that were true, then as I have shown above, Qwest is also misusing
12 numbering resources when it provisions its' services. From the standpoint of the
13 customer, Qwest's services previously mentioned provide the same functionality
14 as AT&T's FX-like provisioning option. Second, the four steps Mr. Freeberg has
15 proposed would neither constitute a solution to the problems identified by the
16 FCC, through the Wireline Competition Bureau in the Virginia Arbitration Order
17 between AT&T and Verizon²⁰, nor result in the collection of any meaningful
18 information. The steps described by Mr. Freeberg on page 4 of exhibit TRF-4
19 would merely result in the collection of the following information: 1) identifying
20 AT&T as a CLEC; 2) the identification of a traffic imbalance that is fully or
21 nearly unidirectional; 3) calls that "appear" to be to distant cities; and/or 4) a
22 CLEC may have advertised in a local directory covering an area in which it
23 doesn't have a "presence".

¹⁹ Direct Testimony of Thomas R. Freeberg, Exhibit TRF-4 at 4.

²⁰ Direct Testimony of Douglas N. Hyatt at 12 - 13.

1 None of the methods listed by Qwest definitively determines whether or not a
2 CLEC is offering a FX-like service in an area. Qwest's proposed methodology is
3 nothing more than guess, based on information that is unable to reveal the actual
4 nature of the CLECs service. The information gathered in the methods second and
5 third steps could in fact apply to Qwest's FX service itself. Additionally,
6 gathering information using the standard of 'appearance' simply does not pass
7 muster. As to the fourth step, it is reasonable to assume that a CLEC would
8 advertise in a local directory in order to obtain customers. So, the simple act of
9 advertising in a local directory means nothing.

10 Qwest's proposal is not a workable solution, but merely the collection of
11 information that leads to nothing. Qwest's method should not in any way be used
12 as a means of determining whether a CLEC is providing FX-like service.

13 4) Appropriateness of This Issue in a Two-Party Arbitration.

14 **Q. HAVE ANY JURISDICTIONS FOUND THIS ISSUE TO BE**
15 **APPROPRIATE FOR RESOLUTION IN AN ARBITRATION?**

16 A. Yes. In Virginia²¹, New Jersey²², and in this jurisdiction²³, the Commissions have
17 addressed or are considering the issue of FX-like service in two-party arbitrations.

18 **C. Qwest is Not Incurring Costs or Losing Access Revenue .**

19 1) Qwest Delivers All Traffic to the AT&T POI.

²¹ *Application of AT&T Communications of Virginia, Inc. et. al. for Arbitration*, Virginia Case No. PUC000282.

²² *In re Application of AT&T communication of NJ, L.P., TCG Delaware Valley, Inc. and Teleport Communications of New York Petition for Arbitration of Interconnection Rates, Terms and Conditions and Related Arrangements with Verizon New Jersey, Inc. Pursuant to Section 252(b), New Jersey Board of Public Utilities*, Docket No. TO00110893.

²³ *In the Matter of the Petition for Arbitration of an Interconnection Agreement Between Level 3 Communications, LLC, and CenturyTel of Washington, Inc., Pursuant to 47 US 47 U.S.C. Section 252, Washington Utilities and Transportation Commission*, Docket No. UT-023043.

1 **Q. WHY IS MR. FREEBERG INCORRECT WHEN HE CLAIMS THAT**
2 **QWEST WOULD HAVE TO BEAR THE ADDITIONAL COSTS IF**
3 **AT&T'S POSITION WERE ADOPTED?**

4 A. As stated in my Direct Testimony, Qwest's cost to deliver a call to AT&T does
5 not vary depending on whether the call is destined to a customer that physically
6 resides, or does not physically reside, in Qwest's legacy rate center. Since Qwest
7 delivers all traffic bound to the same AT&T NPA-NXX to the same AT&T POI
8 where traffic is exchanged with Qwest's network, the cost to Qwest is exactly the
9 same. In other words, AT&T specifies a single POI for an NPA-NXX, regardless
10 of the physical location of the AT&T terminating customer. Since the POI to
11 which Qwest delivers traffic is the same, Qwest's network costs to deliver traffic
12 to that POI are necessarily the same whether local traffic or FX-like traffic. Where
13 there are any additional costs between AT&T's switch and the customer to
14 complete such traffic, such costs are borne by AT&T—not Qwest. Thus, from the
15 standpoint of reciprocal compensation, Qwest should be financially indifferent as
16 to where calls are terminated within the AT&T network, since the physical
17 location of the customer has no effect on the rates Qwest pays for transport and
18 termination of the calls.

19 **Q. IS MR. FREEBERG'S ASSERTION THAT QWEST IS BILLED AT THE**
20 **HIGHER TANDEM INTERCONNECTION RATE RELEVANT TO THIS**
21 **ISSUE?**

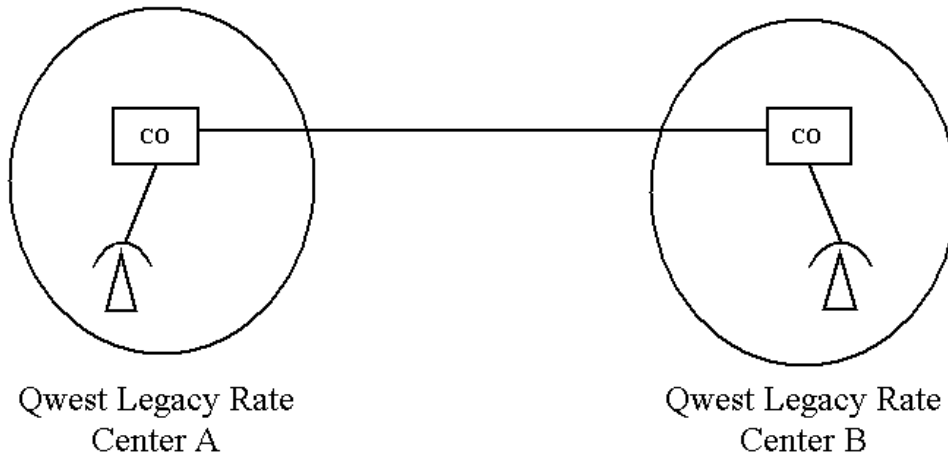
22 A. No. When Qwest terminates a call to an AT&T customer, it is billed at the
23 reciprocal compensation rate for all local exchange traffic. Here Mr. Freeberg is
24 confusing Issue 3 with Issue 5, and complaining that Qwest shouldn't have to pay
25 tandem rates for AT&T switches functioning in a comparable geographic area to

1 Qwest's tandems. These are separate issues and should be treated as such, even
2 though Mr. Freeberg tries to inject Issue 3 into Issue 5 and Issue 18.

3 **Q. PLEASE ILLUSTRATE HOW QWEST'S FX SERVICE FUNCTIONALLY**
4 **WORKS FROM THE STANDPOINT OF INTERCARRIER**
5 **COMPENSATION.**

6 A. Certainly. In illustration #1 below, two Qwest legacy rate centers are labeled as
7 "A" and "B". Qwest's FX service customer in Qwest's rate center "B" is
8 furnished with an NPA-NXX resident within rate center "A". When a customer in
9 rate center "A" dials any NPA-NXX resident in rate center "A", including those
10 numbers assigned to Qwest's FX customer in rate center "B", the call is rated as a
11 local call. If the customer in rate center "A" is not a Qwest customer, *reciprocal*
12 *compensation is paid to Qwest* by that customer's service provider for the
13 termination of the local call. This is true for AT&T customers who dial the NPA-
14 NXX associated with Qwest's FX customer physically located in rate center "B"
15 of the illustration. If a customer outside of rate center "A" calls the same NPA-
16 NXX associated with Qwest's FX customer physically located in rate center "B",
17 the call is rated as a toll call.

Illustration #1

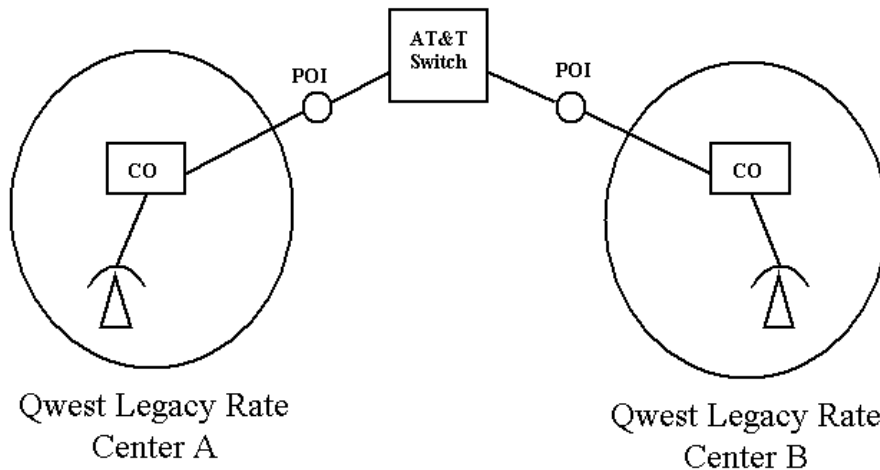


1
2 **Q. PLEASE ILLUSTRATE HOW AT&T'S FX-LIKE SERVICE**
3 **FUNCTIONALLY WORKS FROM THE STANDPOINT OF**
4 **INTERCARRIER COMPENSATION?**

5 A. Yes. In illustration #2 below, we see two Qwest legacy rate centers that are
6 labeled as "A" and "B". AT&T's FX-like customer physically located in rate
7 center "B" is furnished with an NPA-NXX resident in AT&T's switch as a
8 provisioning option. When a customer in rate center "A" dials any NPA-NXX
9 resident in rate center "A", including those numbers assigned to AT&T's FX-like
10 customer physically located in Qwest's rate center "B", the call is rated as a local
11 call. If the customer in rate center "A" is not an AT&T customer, *reciprocal*
12 *compensation is paid to AT&T* by that customer's service provider for the
13 termination of the local call. This is true for Qwest customers who dial the NPA-
14 NXX associated with AT&T's FX-like customer physically located in rate center
15 "B" of the illustration. If a customer outside of rate center "A" calls the same

1 NPA-NXX associated with AT&T's FX-like customer physically located in
2 exchange "B", the call is rated as a toll call.

Illustration #2



3

4 2) Access is not Imputed to Qwest's FX Service Nor Should Access be
5 Assessed On AT&T's Service.

6 **Q. WHY IS MR. FREEBERG INCORRECT WHEN HE STATES THAT**
7 **QWEST WOULD BE DEPRIVED OF TOLL REVENUES IF AT&T'S**
8 **POSITION WERE ADOPTED?**

9 A. First, as explained above, Mr. Freeberg is incorrect because FX-like service is
10 exchange service, not inter-exchange toll service. Since FX-like calls are local
11 calls, Qwest cannot lose toll revenue on those calls. Second, absent the FX
12 arrangement, it is likely that the calls would not be initiated.

1 3) Qwest Charges More for its' FX Service.

2 **Q. DOES QWEST CHARGE ITS CUSTOMERS FOR FX SERVICE?**

3 A. Yes. Unlike AT&T, Qwest charges its' customers for its' FX service. The fact
4 that Qwest charges more for its' FX service is not an issue that should concern the
5 Commission. In fact, on pages 27 through 28 of his testimony, Mr. Freeberg
6 attempts to distinguish Qwest's FX service from AT&T's by using Qwest's retail
7 rates as though that makes the services functionally different. Clearly it does not,
8 it merely makes Qwest's service more expensive than AT&T's. This is the benefit
9 of competition to consumers that this Commission should encourage rather than
10 discourage.

11 **D. Qwest's Misleading Factual Allegations.**

12 **Q. IS AT&T "PRIMARILY A PROVIDER OF FOREIGN EXCHANGE**
13 **SERVICE" IN WASHINGTON AS QWEST CLAIMS IT IS CONCERNED**
14 **ABOUT?**

15 A. No. As stated in my Direct Testimony, AT&T's FX-like service is a provisioning
16 option available to its' customers.

17 **Q. PLEASE COMMENT ON QWEST'S CONCERN REGARDING THE**
18 **VOLUME OF FOREIGN EXCHANGE TRAFFIC.**

19 A. In exhibit TRF-4 Qwest stated, "carriers can tolerate minor volumes of foreign
20 exchange traffic on local interconnection trunking arrangements".²⁴ As stated
21 above, AT&T is not "primarily a provider of foreign exchange service". AT&T
22 simply provides a competitive alternative to Qwest's FX service.

²⁴ Direct Testimony of Thomas R. Freeberg, Exhibit TRF-4 at 5.

1 **E. ISP Traffic and Jurisdictional Issues.**

2 **Q. WHAT ARE AT&T'S CONCERNS REGARDING ISP TRAFFIC AS IT**
3 **RELATES TO THE DEFINITION OF "EXCHANGE SERVICE?"**

4 A. As stated in my Direct Testimony, it is AT&T's position that ISP-bound traffic,
5 including ISP-bound FX-like traffic, is subject to the FCC's intercarrier
6 compensation mechanism and not state commission jurisdiction. On the other
7 hand, intrastate voice FX-like traffic is subject to the jurisdiction of the state
8 commissions and the reciprocal compensation rates they establish for the
9 exchange of traffic.

10 **IV. CONCLUSION**

11 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

12 A. Yes.