BEFORE THE MARYLAND PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

MICHAEL R. HUNSUCKER

Docket No. 8887

July 30, 2001

Q. Please state your name and business address.

A. My name is Michael R. Hunsucker. I am Director-Regulatory Policy, for Sprint Corporation. My business address is 6360 Sprint Parkway, Overland Park, Kansas 66251.

Q. Please describe your educational background and work experience.

A. I received a Bachelor of Arts degree in Economics and Business Administration from King College in 1979.

I began my career with Sprint in 1979 as a Staff Forecaster for Sprint/United Telephone - Southeast Group in Bristol, Tennessee, and was responsible for the preparation and analysis of access line and minute of use forecasts. While at Southeast Group, I held various positions through 1985 primarily responsible for the preparation and analysis of financial operations budgets, capital budgets and Part 69 cost allocation studies. In 1985, I assumed the position of Manager - Cost Allocation Procedures for Sprint United Management Company and was responsible for the preparation and analysis of Part 69 allocations including systems support to the 17 states in which Sprint/United operated. In 1987, I transferred back to Sprint/United Telephone - Southeast Group and assumed the position of Separations Supervisor with responsibilities to direct all activities associated with the jurisdictional allocations of costs as prescribed by the FCC under Parts 36 and 69. In 1988 and 1991, respectively, I assumed the positions of Manager - Access and Toll Services and General Manager - Access Services and Jurisdictional Costs responsible for directing all regulatory activities associated with interstate and intrastate access and toll services and the development of Part 36/69 cost studies including the provision of expert testimony as required.

In my current position as Director - Regulatory Policy for Sprint/United Management Company, I am responsible for developing state and federal regulatory policy and legislative policy for Sprint's Local Telecommunications Division. Additionally, I am responsible for the coordination of regulatory/ legislative policies with other Sprint business units.

Q. Have you previously testified before state Public Service Commissions?

A. Yes. I have previously testified before state regulatory commissions in South Carolina, Florida, Illinois, Pennsylvania, Nebraska, Georgia and North Carolina.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to respond to Issues 12, 13, 14, 15, 16 and 17 as identified in Sprint's Petition for Arbitration. The testimony is structured around each of the issues. Each issue is separately identified and I have provided Sprint's support for its position on each of the issues.

ISSUE 12: LOCAL TRAFFIC DEFINITION - SHOULD VERIZON BE ALLOWED TO IMPOSE ITS SELF-SERVING DEFINITION OF LOCAL EXCHANGE TRAFFIC ON SPRINT, CONTRARY TO THE REQUIREMENTS OF THE ACT?

ISSUE 13: IS SPRINT ENTITILED TO RECIPROCAL COMPENSATION FOR ALL LOCALLY DIALED TRAFFIC, INCUDING INTERNET TRAFFIC TO ISPS? SHOULD VERIZON BE PERMITTED TO EXCLUDE INTERNET TRAFFIC FROM THE DEFINITION OF LOCAL TRAFFIC?

Q. Please summarize the issues being disputed between Verizon and Sprint.

A. The Act and FCC decisions require that the origination and termination points of the call determine the jurisdiction of the traffic. In other words, if the call originates and terminates with the Verizon defined local calling area (including mandatory EAS); the call is local and not subject to access charges. In the alternative, if the call originates in one local calling area and terminates in a different local calling area, the call is not local and would be subject to the appropriate access charges (interstate or intrastate).

Verizon erroneously believes that a call must originate and terminate on two different carrier's networks in order for the call to be jurisdictionally local. Thus, if a person calls their neighbor next door and both end users are customers of Verizon, Verizon would have you believe that the call is not a local call. Clearly, this is contrary to Verizon's own tariffs as Verizon would clearly treat this call as local and would not bill the end user a toll charge for the completion of this call.

Q. Are there any other issues that have been raised in regards to definition of local traffic?

A. Yes. Sprint had originally requested that ISP-bound traffic be included in the definition of local traffic subject to reciprocal compensation. On April 27, 2001, the FCC issued a decision in Docket No. 96-98 that addresses reciprocal compensation for ISP traffic.[1]

Q. Has the FCC established criteria by which the jurisdiction of a call should be determined?

A. Yes, it has. The FCC has historically relied upon what has been termed an end-to-end analysis to determine the jurisdiction of a call. This end-to-end analysis is the same as the method that Sprint has supported in its negotiations with Verizon on this issue. In short, the FCC analysis looks at the two end points of the call to determine the jurisdiction, irrespective of the network facilities used to complete the call. In the FCC's Declaratory Ruling in CC Docket No. 96-98, released February 26, 1999, the FCC specifically states that "both the court and Commission decisions have considered the end-to-end nature of the communications more significant than the facilities used to complete such communications ... The interstate communication itself extends from the

[1] In the Matter of Implementation of the Local Competition Provision in the Telecommunications Act of 1996, CC Docket No. 96-98, Intercarrier Compensation for ISP-Bound Traffic, Order on Remand and Report and Order, Adopted April 27, 2001 ("ISP Remand Order").

inception of a call to its completion, regardless of any intermediate facilities."[2]

Q. Given that the Declaratory Ruling was appealed to the D.C. Circuit Court, what guidance was provided by the Court in its decision on March 24, 2000 on the appropriate methodology to be employed in determining the jurisdiction of a call?

A. The D.C. Circuit noted the following in its March 24, 2000 decision, In a conventional ' circuit- switched network,' the jurisdictional analysis is straightforward: a call is intrastate if, and only if, it originates and terminates in the same state."[3] The Court went on to state, "there is no dispute that the Commission has historically been justified in relying on this method [end-to-end analysis] for other than ISP traffic when determining whether a particular communication is jurisdictionally interstate."[4]

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[2] Implementation of the Local Competition Provisions in the Telecommunications Act of 1996; Intercarrier Compensation for ISP-Bound Traffic, Declaratory Ruling in CC Docket No. 96-98 and Notice of Proposed Rulemaking in CC Docket No. 99-68, 14 FCC Rcd 3689 (1999) (*Declaratory Ruling or Intercarrier Compensation NPRM*), at paragraph 11, referencing Teleconnect Co. v. Bell Telephone Co. of Pen., E-88-83, 10 FCC Rcd 1626 (1995) (Teleconnect), aff'd sub nom. *Southwestern Bell Tel. Co. v. FCC, 116 F.3d 593 (D.C.Cir. 1997).*

[3] Bell Atlantic v. FCC, 206 F. 3d(D.C. Cir. 2000) at 5.

Q. Has the FCC reached any additional decision on this issue subsequent to the D.C. Circuit Court Order?

A. Yes, on April 17, 2001 the FCC issued an Order on Remand in Docket 99-68 stating that, "The Commission focused its discussion on whether ISP-bound traffic terminated within a local calling area such as to be properly considered "local" traffic. To resolve that issue, the Commission focused primarily on an end-to-end jurisdictional analysis." "On review, the Court accepted (without necessarily endorsing) the Commission's view that the traffic was either "local" or "long distance"…"[5] Clearly, there is a long standing history that the jurisdiction of a call is based on the originating and terminating points of a call.

Q. What was Verizon's stated position in regards to the merits of the FCC's end-to-end analysis?

A. On July 21, 2000, Verizon filed comments in Docket No. 96-98 at the FCC supporting the FCC's Declaratory Ruling and the use of the end-to-end analysis in

[4] *Id.*
[5] ISP Remand Order at ¶¶24, 25.

determining the jurisdiction of a call. Specifically, Verizon stated, "the Court questioned whether the end-to-end analysis that the Commission has used for jurisdictional purposes is applicable here. The simple answer is that it is - the analysis that determines whether a call is "interstate" - where the call originates and terminates - is used to determine whether it is local under the Commission's rules. Furthermore, the Commission's end-to-end analysis has not been used only to resolve jurisdictional questions, but has been the basis for substantive decisions as well."[6] Further, Verizon also filed the testimony of William E. Taylor, supporting the use of the end-to-end analysis to determine the classification of a call stating that, "the Commission's traditional end-to-end analysis of the jurisdiction of a call provides clear efficiency gains compared with the jurisdictional analysis that takes into account the path the call actually traversed."[7]

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[6] Implementation of the Local Competition Provision in the Telecommunications Act of 1996; Intercarrier Compensation for ISP-Bound Traffic, Declaratory Ruling in CC Docket No. 96-98 and Notices of Proposed Rulemaking in CC Docket No. 99-68. Comments of Verizon Communications, filed July 21, 2000, at pages 5 and 6.

[7] Declaration of William E. Taylor, accompanying Comments of Verizon Communications, page 6.

Q. Are Verizon's FCC comments in Docket No. 96-98 consistent with their position on the definition of local traffic advanced in this proceeding?

A. No, they are not. Verizon is now attempting to classify a call based on the actual path that the call traverses, i.e., based on the carrier that originates the call and the carrier that terminates the call. If they are the same, then the call is not a local call. If they are different then the call is a local call. This is simply not the case. As demonstrated above, the true analysis is the end points of the call, not the facilities over which the call is completed. Verizon's definition of local traffic should be dismissed as contrary to the Act and the FCC's rules.

ISSUE 14: GRIP - CAN VERIZON LEGALLY FORCE SPRINT TO INTERCONNECT WITH VERIZON AT EACH OF VERIZON'S GEOGRAPHICALLY RELEVANT INTERCONNECTION POINTS?

Q. What is interconnection?

A. In Paragraph 176 of its First Report and Order, the FCC defined "interconnection" as "the physical linking of two networks for the mutual exchange of traffic." It only applies to the interconnection of "facilities and equipment," not transport and termination of traffic that is governed by reciprocal compensation arrangements."

Q. What requirements does the Telecom Act place on incumbent local exchange carriers (ILECs) in regards to interconnection?

A. Section 251 (c)(2) states that ILECs have

> The duty to provide, for the facilities and equipment of any requesting telecommunications carrier, interconnection with the local exchange carrier's network–
>
> (A) for the transmission and routing of telephone exchange service and exchange access;
>
> (B) at any technically feasible point within the carrier's network;
>
> (C) that is at least equal in quality to that provided by the local exchange carrier to itself or to any subsidiary, affiliate, or any other party to which the carrier provides interconnection; and
>
> (D) on rates, terms, and conditions that are just, reasonable, and nondiscriminatory, in

> accordance with the terms and conditions of the agreement and the requirements of this section and section 252.

Nothing requires Sprint to extent its facilities and equipment closer to Verizon's network, solely to minimize Verizon's transport costs.

Q. Does the Telecom Act allow Verizon to force its proposed interconnection requirements (Geographically Relevant Interconnection Points-GRIP) upon Sprint?

A. No. First, Section 251 (c)(2)(B) mandates ILECs to interconnect with CLECs at ANY technically feasible point, not any or every point chosen by the ILEC. The FCC has interpreted this to mean that it is the CLEC's right to choose the point of interconnection ("POI"), and the Maryland PSC has interpreted that to be at least one POI per access tandem serving area. For example, at ¶172 of the First Report and Order, "both the interconnection and unbundling sections of the Act, …allow competing carriers to choose technically feasible methods of achieving interconnection…" (emphasis added). The chief difference in Verizon's position appears to be that Verizon believes that it can unilaterally choose interconnection points

("IPs"), while the CLEC has the option of picking the POI. Verizon is simply choosing different terminology - IP versus POI - to establish its right to choose something they have no statutory right to do. Verizon seeks to nullify the statutory right of the CLEC to choose where to interconnect by claiming the unilateral ability to shift the economic costs of providing interoffice transport to the CLEC.

Q. What is the FCC's interpretation of the Section 252 (c)(2) of the Telecom Act?

A. The FCC devoted an entire section of the First Report and Order to interconnection. It discusses the issue of how and where carriers are required to interconnect their networks. For example, at ¶220, it states, "...we reject Bell Atlantic's suggestion that we impose reciprocal terms and conditions on incumbent LECs and requesting carriers pursuant to section 251(c)(2)." The FCC specifically rejected the notion, still being put forth by Bell Atlantic's successor, that the ILEC can determine the points of interconnection.

Q. Does the cost of interconnection affect technical feasibility?

A. No, the FCC concluded in ¶199 of the First Report and Order that technical feasibility is completely unrelated to cost issues. "We find that the 1996 Act bars consideration of costs in determining "technically feasible" points of interconnection or access… Thus, the deliberate and explained substantive omission of explicit economic requirements in sections 251(c)(2) and 251(c)(3) cannot be undone through an interpretation that such considerations are implicit in the term 'technically feasible.'"[8]

Q. Verizon uses the terms GRIP and VRIP in its response to Sprint's Petition for Arbitration. Please explain the two concepts.

A. GRIP stands for Geographically Relevant Interconnection Point. Verizon proposes that it be able to establish IPs at Verizon tandems and end offices solely at Verizon's discretion. While Verizon

[8] First Report and Order Paragraph 199.

mentions some criteria that govern its designations, there are no guarantees nor does Verizon seem to think that selection of IPs (or seemingly POIs for that matter) is a matter that is jointly determined.

VGRIP stands for Virtual GRIP. Verizon regards VGRIP as a compromise. It merely calculates when Sprint would be charged for transport under the GRIP proposal. If Verizon can't force excessive physical interconnections onto CLECs via GRIP, then it seeks to arrive at largely the same solution by imposing transport costs onto interconnecting CLECs through VGRIP.

Q. Why does Verizon consider GRIP or VGRIP so important?

A. Verizon argues that it should not have to transport traffic from its local customers to the Sprint POI at no charge when the Sprint POI is located in a different local calling area. It wants to make Sprint 'financially responsible' for that traffic. GRIP or VGRIP is a way for Verizon to ensure that Sprint must pay Verizon's cost of transporting its end user originating traffic to the Sprint network. In arriving at this conclusion, Verizon completely ignores FCC Rules 51.703(b), which states that "A LEC may not assess charges on any other telecommunications carrier for local telecommunications traffic that originates on the LEC's network." In other words, Verizon is prohibited from passing its costs of delivering its originating traffic onto the terminating CLEC.

Q. What is Verizon's argument?

A. Verizon posits that ¶1062 of the First Report and Order only applies when its interpretation of ¶¶199 and 209 of the First Report and Order holds. This is a tortured reading of the Order. Nowhere in ¶1062 does the FCC make its decision contingent upon Verizon's or any other carrier's interpretation of efficiency. Rather, ¶1062 relies upon the CLEC selecting its most efficient network configuration. The default terms protect the entrant from being arbitrarily subjected to egregious interconnection transport charges by the CLEC.

Q. Why is the basic premise of the Verizon proposal misplaced and incorrect?

A. Verizon's concern about being liable for transport is misplaced for two reasons. First, CLECs must live with their choices as well. They need to carry the traffic to Verizon as far as Verizon does the other way. Thus as the FCC recognized in ¶209 of the First Report and Order, "...because competing carriers must usually compensate incumbent LECs for the additional costs incurred by providing interconnection, competitors have an incentive to make economically efficient decisions about where to interconnect." My interpretation of that language is that the CLEC location decision is *prima facie* efficient, since the CLEC balances the costs it must incur in order to terminate the traffic its customers originate against the benefit from minimizing emplacements of its interconnection facilities. That is, the CLEC minimizes its costs by balancing the cost of transport against the cost of interconnection for its traffic flows as it seeks to grow. The ILEC should not be able to make those decisions for the CLEC.

Second, Verizon transports a lot of local traffic relatively long distances in their own network today, particularly in metropolitan areas with expansive local calling areas. The length of haul appears to be a concern only when it is the CLECs' traffic, and they are trying to enter the local market. The point being, Verizon wants to reserve the unilateral right to make decisions for Sprint. This is troubling, since Verizon has the incentive to discriminate against rivals/entrants in the local market. This directly violates the Telecom Act.

Q. Is there a difference between the cost of interconnection and the cost of exchange traffic?

A. Yes. The cost to interconnect is NOT the same as the cost to exchange local traffic. The language in the FCC's First Report and Order states that "Section 251(c)(2) gives competing carriers the right to deliver traffic terminating on an incumbent LEC's network at any technically feasible point on that network, *rather than obligating such carriers to transport traffic to less convenient or efficient interconnection points*." (emphasis added) CLECs must not bear the ILECs' cost of exchanging traffic. Again, Verizon is simply trying to pass its cost of transporting their own customer's originating local traffic onto the CLEC.

Q. Verizon claims it can't charge its local customers for the traffic sensitive costs of interconnection traffic. Is this a legitimate policy reason to force CLECs to incur excessive and discriminatory transport costs?

A. No. RBOCs frequently try to hold their wholesale rates hostage to their retail rates to frustrate the advancement of competition. If wholesale customers cannot obtain services based solely on forward-looking costs, then entrants are discouraged from offering retail services that can be differentiated from the incumbent. This is essentially the same argument trotted out in reciprocal compensation arbitrations. CLECs have the right under the Telecom Act to purchase services at cost, without concern for the ILECs' retail rate structures. Thus, the Commission should ignore this argument as pure obstruction. If Verizon feels that it is financially harmed by abiding by the Act and the FCC's interconnection rules, it should pursue any remedy available to them under state or federal law.

Q. Why is this issue important to Sprint and its ability to successfully enter the market in Maryland?

A. As Sprint witness Nelson point out, Sprint desires to leverage its existing interexchange network into a network capable of handling both local calls and long distance calls. Its switches are positioned today to interconnect efficiently with the ILEC's network for the carriage of toll traffic to effectively reduce the amount of access charges paid to Verizon. Likewise the existing interexchange network is equally optimized for the exchange of local traffic. Therefore, as far as Sprint's network is concerned, it is inefficient to require Sprint to expand its network beyond the resources needed to interconnect and/or exchange local traffic above and beyond the network needed to interconnect and/or exchange interexchange traffic. It only serves Verizon's purposes of avoiding all costs of interconnecting to CLEC networks and discouraging local market entry from other CLECs. Finally, it should be recognized that entry into local markets is a dynamic process. Verizon does not seem to recognize that. It wishes to force CLECs to be interconnected everywhere at once. Unnatural capital requirements are a barrier to entry, since they increase startup costs.

Q. Has Sprint developed a compromise proposal on this issue?

A. Yes. Sprint has been negotiating this very issue with other ILECs in the nation. While I have not been a party to all of the ILEC negotiations, I have been a party to Sprint's negotiation efforts with BellSouth wherein BellSouth and Sprint reached a compromise on the issue of who pays for the transport. The BellSouth-Sprint agreement provides a framework that balances Verizon's concern over the cost of transport with Sprint's need to efficiently provision interconnection between and exchange traffic with BellSouth, or in the case of Maryland, with Verizon .

Q. Please outline the terms of the Sprint-BellSouth agreement.

A. The following is an overview of the major terms of the Sprint-BellSouth agreement: Please note that the overview is written in terms of the agreement being applicable to a Sprint-Verizon agreement in Maryland.

- A minimum of one Physical Point of Interconnection shall be established in each LATA in which Sprint CLEC originates, terminates or exchanges local traffic or ISP-bound traffic and interconnects with Verizon.

- Sprint CLEC may designate a POI for the delivery and receipt of traffic at any existing Sprint IXC Point of Presence (POP) location, or if not at an existing Sprint IXC POP, at a location that is within five (5) miles of a Verizon tandem or end office.

- Additional POIs in a particular LATA may be established by mutual agreement of Sprint CLEC and BellSouth.

- Absent mutual agreement, in order to establish additional points of interconnection in a LATA, the traffic between Sprint CLEC and Verizon at the proposed additional point of interconnection must exceed 8.9 million minutes of local or ISP-bound traffic per month for three consecutive months.

- Additionally, any end office to be designated as a point of interconnection must be more than 20 miles from an existing point of interconnection.

- A POI will not be designated at a tandem or end office switch where physical or virtual collocation space or Verizon fiber connectivity is not available.

- In no event shall Sprint CLEC be required to have more than one point of interconnection in a single local calling area.

Q. How does this proposal alleviate Verizon's concerns?

A. Verizon would not be responsible for 100% of the transport. The CLEC would be responsible for the transport costs once the traffic reaches a material threshold of 8.9M MOUs per month or a DS3 and the two points (the POI and the end office from which the traffic originated) are more than 20 miles apart. Therefore, Verizon is offered adequate protection that it is not hauling large volumes of traffic over transport facilities and having to incur the cost of transport when a CLEC chooses to place its POI more than 20 miles from the office where the call originates.

Q. How are Sprint's concerns alleviated?

A. Sprint is financially liable for transport as its traffic increases and it chooses not to deploy additional POIs. Verizon is not able to unilaterally transfer the cost of transport to Sprint and finally, Verizon cannot force Sprint to 'overconnect' by making Sprint interconnect at more than one location in a local calling area.

Issue 15 - CPN BILLING ADJUSTMENTS - SHOULD SPRINT RECEIVE AN APPROPRIATE BILLING ADJUSTMENT IF IT SUCCESSFULLY CONTESTS, THROUGH PRODUCTION OF CALL DETAIL RECORDS, THE ACCURACY OF A VERIZON INTERCONNECTION INVOICE?

Q. Please summarize the issue being disputed between Verizon and Sprint.

A. The parties have generally agreed to the 90% Calling Party Number "CPN" threshold, i.e., both parties are required to provide CPN on 90% of local calls that originate on their respective network. Sprint does not object to this requirement, subject to true up. The issue centers on Verizon's rights to automatically bill the highest jurisdictional rate if Sprint fails to provide 90% CPN.

Q. Please explain how the CPN is used for compensation between carriers.

A. The originating carrier has the responsibility to pass the CPN on calls that originate on its network. This allows the terminating carrier to determine the jurisdiction of the call in order to assess the appropriate charge for the use of its network. If the call is interstate, then the carrier will bill the appropriate access charges. If the call is local, then the carrier will bill the originating carrier reciprocal compensation for terminating the call.

Q. If Sprint is obligated to pass the CPN on local calls that originate on its network and Sprint agrees to the 90% threshold, what is Sprint requesting of Verizon?

A. Sprint understands and accepts its obligation to pass CPN on local calls that originate on its network. However, there may be unforeseen and uncontrollable circumstances that place Sprint in the position of not being able to meet the 90% threshold. Sprint believes any such situation to be isolated and certainly does not reflect any intent on Sprint to arbitrage the various compensation schemes. Verizon is asking Sprint to unilaterally give up its right to make its case on the appropriate jurisdiction of the traffic (and subsequent charges) by contractually obligating itself to pay the highest jurisdictional rate as proposed in their response to the Sprint Petition. In a recent filing in Pennsylvania, Sprint proposed that both parties would be limited to disputes of CPN based invoices to only once in any six-month period. This proposal is reasonable and strikes an appropriate accord between Sprint's obligations and its inability to predict potential uncontrollable events.

ISSUES 16 and 17 : LOCAL CALLS OVER ACCESS TRUNKS - SHOULD SPRINT BE REQUIRED TO PAY VERIZON ACCESS CHARGES FOR LOCAL CALLS? SHOULD SPRINT BE ABLE TO ROUTE LOCAL CALLS OVER ACCESS TRUNKS AT THE LOCAL RATE?

Q. Please provide an overview of the issues that are disputed between Verizon and Sprint.

Sprint has requested that Verizon allow Sprint the right to utilize their existing investment in network switching and trunking to achieve engineering economic efficiency. Sprint wants the ability to combine local and access traffic on the same facilities (i.e., multi-jurisdictional trunk group) and pay the appropriate compensation based on the jurisdiction of the traffic. If the call is local, then the appropriate local charges should apply and if the call is access, then Sprint will pay the associated access charges. Verizon does not deny Sprint's ability to combine the traffic, however, Verizon maintains that the higher access rates should be applicable to local traffic. Verizon Pennsylvania admitted in response to Sprint 1-98 in Sprint's Pennsylvania arbitration proceeding that "it will charge access rates for such calls", referring to Sprint's local traffic originating and terminating in the same local calling area.[9] This is inconsistent with the FCC's and the Commissions rules, as well as Verizon's tariffs.

Verizon Maryland's General Regulations Tariff defines "Local Exchange Service" as "an exchange service which permits calling to stations in the customer's exchange

[9] Pennsylvania Public Utility Commission, Docket No. A-310183F002, Sprint Initial Offer, Exhibit 9.

area."[10] It defines "Local Message" as "a communication between a calling station and any other station within the service portion of the exchange area of the calling station. For charging purposes a local message may be equated to one or more message units depending upon the length of conversation."[11] Verizon's tariff defines an "Exchange Area" as "the entire area within which are located the stations which a customer may call at the rates and charges specified in the Local Exchange Services Tariff."[12] Thus, according to Verizon Maryland's own tariffs, "Local Exchange Service" calls that originate and terminate within an exchange area are rated as local calls. Verizon maintains that the traffic is not subject to reciprocal compensation because it does not originate on one carriers network and terminate on the other carrier's network. This is the exact same argument advanced by Verizon in Issue 12 relative to determining the jurisdiction of a call. It is as equally misplaced here as in Issue 12.

Q. Does Verizon's position of treating jurisdictionally local calls as access have a direct impact on Sprint's

[10] Verizon Maryland General Regulations Tariff P.S.C.—Md.-No. 201, Sec. 2, original p. 4 (Attachment 1).
[11] *Id.*

ability to roll out products to end user customers in Maryland?

A. Yes, it does. Sprint has developed a voice activated dialing (VAD) product that it is looking to roll out nationwide and in Maryland. The key feature of the product is that it utilizes a 00- dialing code to access the VAD platform that is subsequently used to complete local calls or long distance calls. Thus, an end user customer can dial 00- from his home phone and instruct the system to call his neighbor next door. As discussed earlier in the testimony (See Issue 12), this is clearly a local call, however, Verizon is seeking to charge Sprint access charges for this call simply because the call routed over what has, to-date, been traditionally labeled an access facility.

Q. Please provide a brief description of the product that Sprint is seeking to roll out nationwide and in Maryland.

A. As I stated earlier, Sprint is developing a product called voice-activated dialing (VAD) that would be

[12] *Id.* at 3.

available to any end user in Maryland who is presubscribed to Sprint. The customer dials 00- on his telephone and the call is routed through a Verizon end office over trunks that are interconnected to the Sprint network. The customer then receives a prompt to verbally instruct the system who he would like to call. For example, the customer could say, "Call neighbor". Then based upon a directory list established by the end user customer, the system would look up the name, find the associated telephone number and complete the call as verbally directed. The customer can originate both local calls and long distance calls via this arrangement.

Q. How is Sprint's decision to implement this service in Maryland impacted by its ability to pay local charges for the completion of local calls?

A. The impact of the appropriate charge is key to Sprint's ability to implement this new and innovative service in Maryland. In short, if Sprint must pay access charges for jurisdictionally local traffic, then Sprint will not be able to implement the service in Maryland or any other state. The implementation of this service is dependent on Sprint's ability to pay the correct charges for the traffic. Thus, if Sprint is required to pay access charges on local traffic, end users in Maryland will be denied access to this service.

Q. Are the network components involved in Sprint's proposed 00- product offering the same as involved in the completion of a local call?

A. Yes. The network components involved in Sprint's proposed 00- product offering and a local call are exactly the same, it's just that a 00- initiated or activated call traverses over what has traditionally been labeled an access facility in the provision of a local service to the end user. The fact that the call originates on Verizon's network and terminates on Verizon's network does not *ipso facto* render the call access chargeable.

Q. Are there local calls today that are originated on Verizon's network, traverse another carrier's network and ultimately terminate back on Verizon's network that are not access chargeable?

A. Yes. Most, if not all, local exchange carriers including Verizon offer a retail service to end-users called call forwarding. With this product the end user programs his phone to forward any calls destined for his phone to another location by programming the phone with a telephone number where he will be. In this case, a Verizon end user would initiate a local call to a CLEC customer who has utilized call forwarding to forward his calls to a neighbor's house who is also a Verizon customer. In this scenario, the call is originated by a Verizon customer, traverses the CLEC network and ultimately is terminated to another Verizon customer. In this case, two call records are created : 1) one record for the call from the originating Verizon customer to the CLEC customer and 2) an additional record for the call forwarded from the CLEC customer to the terminating Verizon customer. In this particular situation, Sprint would be obligated to pay reciprocal compensation to Verizon on the first call record and Verizon would be required to pay Sprint reciprocal compensation on the second call record. This call, from start to finish, would be treated as a local call even though it originates on Verizon's network and terminates on Verizon's network and is subject to reciprocal compensation. This example clearly demonstrates that Verizon's argument on the 00- originated local call fails on the merits of network call routing and similar calls that Verizon is exchanging with CLECs on the basis of reciprocal compensation. This is the same routing scenario that is used for both 00- local traffic or local call forwarded traffic.

Q. Verizon believes that the traffic must originate on one carrier's network and terminate on another carrier's network in order for the call to be subject to reciprocal compensation. Do you agree with this position?

A. No. The position that the originating and terminating networks have to be different is inconsistent with the competitive offering of telecommunications services as envisioned by the Act. When an end user dials or alternatively places a call via voice activation, the end user is choosing to use another competitive provider and in fact, is no longer a Verizon customer. If the end user goes through this effort, the expectation is that a call made by dialing his neighbor or a call made to his neighbor via voice activation is a local call and a competitively priced local service will have been provided to that end user. When viewed from the standpoint of the end user, the recognition of a call as a local call is determined by the origin and termination of the call, not the network facilities used to route the call. In fact, the end user has (and probably doesn't care) no idea how the call is routed through the network. They only recognize that they called their neighbor next door and that is a local call. Sprint's 00- product provides the end user with an innovative way to place local calls over the existing network.

Again, as fully discussed in Issue 12, the facilities or routing of the call has nothing to do with the jurisdiction of the call. Verizon should not be allowed to bill access charges for local calls.

Q. Do other ILECs allow Sprint to provide local calls via the 00- dialing arrangement and treat such call as local for compensation purposes?

A. Yes. BellSouth, SBC and Qwest have all agreed that Sprint can utilize existing infrastructure to allow end user customers to originate 00- calls and have agreed to treat all 00- local calls as local subject to reciprocal compensation. Contract language has been negotiated between the parties, which allows Sprint to implement the VAD 00- product in these respective states. Sprint has included the SBC and Qwest language in Sprint's Petition for Arbitration. The BellSouth language was recently filed in an Interconnection Agreement in Florida and is as follows:

"00- traffic from Sprint IXC presubscribed end user customers will continue to be routed to Sprint IXC over originating FGD switched access service. Sprint CLEC will determine the amount of total 00- traffic that is local and will report that factor and the associated minutes of use (MOU) used to determine the factor to BST. Using that data and the Sprint IXC total switched access MOUs for that month, BST will calculate a credit on Sprint IXC's switched access bill, which will be applied in the following month. The credit will represent the amount of 00- traffic that is local and will take into consideration TELRIC based billing for the 00- MOUs that are local. The credit will be accomplished via a netting process whereby Sprint IXC will be given full credit for all applicable billed access charges offset by the billing of 00- transport charges only based upon the applicable state TELRIC rates contained in Attachment 3 of this Agreement. BellSouth will have audit rights on the data reported by Sprint CLEC."

It is clear that all of the major ILECs in the nation with the exception of Verizon agree with Sprint's position on the jurisdiction of the traffic and have afforded Sprint the opportunity to implement the product as designed.

Q. What is Sprint asking this Commission to do on this issue?

A. This Commission should recognize the FCC's end-to-end analysis as the appropriate way by which the jurisdiction of a call is determined. In so doing, this Commission should find that local calls generated by the 00- VAD platform are in fact local and should be subject to reciprocal compensation. Without this correct and fact-based decision, end users in Maryland may be denied the benefit of a new and innovative local service product. Sprint requests the Commission to require Verizon to include the following sentence in Part V, Section 2.6.1.2 of the contract: "Neither party shall charge switched Exchange access charges or rates for local calls." Moreover, Sprint requests the Commission to require Verizon to include the following language in Part V, Section 1.2.6 of the contract:

> VERIZON shall not impose any restrictions on SPRINT's ability to combine local and IntraLATA toll traffic with InterLATA traffic on the same (combined) trunk group. To the extent VERIZON does not currently combine its own InterLATA toll, IntraLATA toll, and/or Local/Telecommunications Traffic, should in no way inhibit SPRINT's ability to combine such traffic.
>
> SPRINT will identify to VERIZON the traffic so delivered on the combined trunk group as InterLATA, IntraLATA or Local Traffic. SPRINT shall only be required to compensate VERIZON for the delivery of such Local/ Telecommunications Traffic terminated on the VERIZON local network pursuant to the reciprocal compensation provisions of this Agreement. Access charges do not apply to Local Traffic.

Q. Does that conclude your testimony?

A. Yes.

Case Jacket

Printer Friendly

Case Number:* 8887** ***Date Filed: 05/16/2001

IN THE MATTER OF THE ARBITRATION OF SPRINT COMMUNICATIONS COMPANY L.P. VS. VERIZON MARYLAND INC., PURSUANT TO SECTION 252(b) OF THE TELECOMMUNICATIONS ACT OF 1996

1	Sprint Communications Company L.P. - Petition for Arbitration Pursuant to Section 252 (b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Verizon Maryland Inc. Case No. 8887. See more.	05/16/2001
2	Felecia L. Greer, Executive Secretary - notice to Sprint Communications Company L.P. that the Commission expects Verizon Maryland, Inc. to file its response by 6/11/01. Also, a Pre-hearing Conference is scheduled on 6/12/01. Case No. 8887.	05/25/2001
3	AT&T Communications of Maryland, Inc. - Petition to Intervene. Case No. 8887.	06/05/2001
4	Verizon Maryland Inc. ("Verizon") - Answer of Verizon to the Petition of Sprint Communications Company L.P. for an Arbitration Award of Interconnection Rates, Terms and Conditions and the Opposition of Verizon to the Petition to Intervene of AT&T Communications, Inc. Case No. 8887. See more.	06/11/2001
5	Commission - Designation of Panel. Case No. 8887.	06/14/2001
6	Commission - Notice of Procedural Schedule w/ transmittal ltr. to All Parties. Case No. 8887.	06/15/2001
7	Commission - Service List. Case No. 8887.	06/15/2001
8	Verizon Maryland Inc. - Motion for Admission Pro Hac Vice to admit David A. Hill. Case No. 8887.	06/14/2001
9	Salomon Reporting Service, Inc. - stenographer's record - Hrg. Date 6/12/2001. Case No. 8887. (Prehearing Conference)	06/18/2001
10	Sprint Communications Company L.P. - Motion to Compel Responses to Data Requests. Case No. 8887.	07/23/2001
11	WorldCom, Inc. - Petition to Intervene Out of Time. Case No. 8887.	07/30/2001
12	Sprint Communications Company L.P. - Testimonies of M. J. Nelson, T. G. McNamara, J. R. Burt, M. R. Hunsucker and E. B. Fox. (Page 16 of Mr. Burt's Testimony - CONFIDENTIAL.) See more.	07/30/2001
13	Verizon Maryland Inc. - Direct Testimonies on behalf of R. Rousey, R. Clayton, J. P. Kristof, D. Albert, S. Fox, P. Richard and J. White, and P. J. D'Amico along with a copy of the draft stipulation. Case No. 8887. See more.	07/30/2001
14	Sprint Communications Company L.P. - Motion for Special Admission of Out-of-State Attorneys. Case No. 8887.	07/31/2001
15	- service list. Case No. 8887.	07/31/2001
16	The Commission - letter to Parties directing that any responses to the Sprint Motion to Compel be filed by August 6, 2001. Case No. 8887.	07/31/2001
17	Verizon Maryland Inc. ("Verizon") and Sprint Communications Company L.P. ("Sprint") - its Proposed Interconnection Agreement of Verizon and Sprint. Case No. 8887.	08/01/2001
18	Verizon Maryland Inc. ("Verizon") - a letter as a notice that the discovery dispute between Verizon and Sprint Communications L.P. as presented in its Motion to Compel is now moot. Case No. 8887.	08/01/2001
19	Sprint Communications Company L.P. - letter withdrawing its Motion to Compel Responses. Case No. 8887.	08/03/2001
20	Verizon Maryland Inc. - Response in Opposition to the Petition to Intervene of Worldcom, Inc. and its Motion to Strike Portions of Sprint Communications Company L.P.'s Written and Anticipated Oral Testimony. Case No. 8887.	08/07/2001
21	Verizon Maryland Inc. - an additional exhibit to be included in Paul Richard's testimony on Issue 8. Case No. 8887.	08/08/2001
22	WorldCom, Inc. - a request to be added to the service list as an interested person. Case No. 8887.	08/09/2001
23	- service list. Case No. 8887.	08/13/2001
24	Salomon Reporting Service, Inc. - stenographer's record - Hrg. Date 8/8/2001. Volume II, Case No. 8887	08/13/2001
25	Salomon Reporting Service, Inc. - stenographer's record - Hrg. Date 8/9/2001. Volume III, Case No. 8887.	08/13/2001
26	Verizon Maryland Inc. - Documents/Authorities requested by the Commission Staff and Counsel for Sprint during the Technical Conference of August 10 - 11, 2001. Case No. 8887.	08/17/2001
27	Verizon Maryland Inc. - copies of corrected table of contents for association with the sets of relevant documents requested by Sprint and the Commission. Case No. 8887.	08/16/2001
28	Felecia L. Greer, Executive Secretary - letter denying WorldCom, Inc.'s petition for intervention and granting its request to be added to service list as an interested person. Case No. 8887.	08/20/2001

29	Verizon Maryland Inc. - Acknowledgement of Proprietary Information signed by attorneys, staff, and witnesses. Case No. 8887	08/21/2001
30	Salomon Reporting Service, Inc. - stenographer's record - Hrg. Date 8/21/2001. Volume IV. Case No. 8887.	08/28/2001
31	Salomon Reporting Service, Inc. - stenographer's record - Hrg. Date 8/22/2001. Volume V. Case No. 8887.	08/28/2001
32	Salomon Reporting Service, Inc. - Proprietary and Non-Proprietary versions of the stenographer's record - Hrg. Date 8/23/2001. Volume VI. Case No. 8887.	08/29/2001
33	Verizon Maryland Inc. - a copy of the Interconnection Agreements between Sprint and BellSouth, Southwestern Bell, and Qwest Communications. Case No. 8887	09/04/2001
34	Sprint Communications Company L.P. - a Proprietary version and Non-Proprietary versions of the Initial Brief. Case No. 8887.	09/11/2001
35	Office of Staff Counsel - Initial Brief. Case No. 8887.	09/12/2001
36	Verizon Maryland Inc. - Arbitration Brief. Case No. 8887.	09/12/2001
37	Sprint Communications Company L.P. - revised Initial Brief that was inadvertently duplicated as a combination of portions of three separate letters from Ms. May. Case No. 8887.	09/14/2001
38	Sprint Communications Company L.P. - Reply Brief and Motion to Strike. Case No. 8887.	09/18/2001
39	Sprint Communications Company L.P. - Motion to Strike its Initial Brief. Case No. 8887.	09/18/2001
40	Office of Staff Counsel - a Letter in Lieu of Reply Brief. Case No. 8887.	09/18/2001
41	Verizon Maryland Inc. - Confidential and Non-Confidential versions of the Reply Brief relating to Sprint Communications Company's Arbitration Brief. Case No. 8887. See more.	09/18/2001
42	Verizon Maryland Inc. ("Verizon") - copies of the Opposition of Verizon to Sprint Communications Company's Motion to Strike. Case No. 8887.	09/20/2001
43	Verizon Maryland Inc. - Motion to Compel Sprint to Adopt Language it Did Not Dispute or in Alternative for the Commission to Resolve the Issue. Case No. 8887.	09/25/2001
44	Hearing Examiner Division - The Commission, Order No. 77265 Motion to Strike. Case No. 8887.	09/26/2001
45	- Letter to Parties of Order No. 77265 - Motion to Strike. Case No. 8887.	10/09/2001
46	Sprint Communications Company L.P. - FCC's Order granting Verizon's request to accelerate the sunset of its advanced services affiliate, VADI. Case No. 8887.	09/28/2001
47	Sprint Communications Company L.P. - its Response to Verizon's Motion to Compel. Case No. 8887.	10/01/2001
48	Verizon Maryland Inc. - its Reply to Sprint's Opposition to its Motion to Compel Sprint to Adopt Language it did not Dispute or in the Alternative for the Commission to Resolve the Issue. Case No. 8887.	10/04/2001
49	Sprint Communications Company L.P. - Supplemental Brief. Case No. 8887	10/05/2001
50	Verizon Maryland Inc. and Sprint Communications Company L.P. - Joint Stipulation. Case No. 8887.	10/09/2001
51	Verizon Maryland, Inc. - a letter withdrawing its Motion to Compel Sprint to Adopt Language it Did Not Dispute or in the Alternative for the Commission to Resolve the Issue. Case No. 8887.	10/18/2001
52	Verizon Maryland, Inc. - its Option and Order relating to the Petition of Sprint Communications Company L.P. for an Arbitration Award of Interconnection Rates, Terms and Conditions Pursuant to 47 U.S.C. And Related Arrangements with Verizon Maryland, Inc. Case No. 8887.	10/18/2001
53	Verizon Maryland, Inc. - a copy of Sprint's Press Release evidencing the discontinuation of its ION Service. Case No. 8887.	10/18/2001
54	- The Commission, Order No. 77320	10/24/2001
55	- Letter to Parties w/copy of Order No. 77320. Case No. 8887.	10/24/2001
56	The Commission - Admission of Service w/copy of Order No. 77320. Case No. 8887	11/01/2001
57	Sprint Communications Company L.P. - Petition for Rehearing. Case No. 8887.	11/21/2001
58	Verizon Maryland Inc. and Sprint Communications Company L.P. - a joint request for a 30-day extension to file their interconnection agreement. Case No. 8887.	11/26/2001
59	Sprint Communications Company L.P. - copies of the Massachusetts D.T.E.'s Order on Competing Language and its Motion to Strike. Also, the Order is relevant to Issues 12, 13, 16 and 17 which are subject to its Petition for Rehearing. Case No. 8887.	11/30/2001
60	Sprint Communications Company L.P. - Notice of Change of Counsel, E-mail Address and Telephone/FAX Numbers. Case No. 8887.	12/03/2001
61	Verizon Maryland Inc. - its intent to file a response to the Petition for Rehearing by December 20, 2001. Case No. 8887.	11/30/2001
62	Hearing Examiner Division - Service List. Case No. 8887.	12/03/2001
63	Felecia L. Greer, Executive Secretary - a letter to party granting Verizon and Sprint's request and extends the filing deadline for the interconnection agreement to Monday, January 14, 2002. Case No. 8887.	12/13/2001
64	Office of Staff Counsel - a letter in lieu of a Reply Memorandum. Case No. 8887.	12/19/2001
65	Verizon Maryland Inc. - its Answer to the Petition for Rehearing of Sprint Communications Company, L.P. ("Sprint") and a Report on its DS3 Parallel Provisioning Trial with Sprint as part of its ruling on Arbitration Issue No. 22. Case No. 8887.	12/20/2001
66	Sprint Communications Company L.P. - a request that the Commission rule on its Petition prior to the parties filing their ICA on January 14, 2002 or postpone the ICA due date until 30 days after the Commission rules on its Petition. Case No. 8887.	12/26/2001
67	Verizon Maryland Inc. and Sprint Communications Company L.P. - a request that the Commission grant a two-week extension until Thursday, January 31, 2002 in order to submit their final Interconnection Agreement. Case No. 8887.	01/11/2002
68	- The Commission, Order No. 77522	01/23/2002

69	- Letter to Parties w/copy of Order No. 77522. Case No. 8887.	01/23/2002
70	Verizon Maryland Inc. and Sprint Communications Company L.P. - a request for a one week extension to submit their Interconnection Agreement. Case No. 8887.	01/31/2002
71	Verizon Maryland Inc. and Sprint Communications Company L.P. - its Joint Interconnection Agreement pursuant to Order No. 77522. Case No. 8887.	02/11/2002
72	The Commission - a letter advising that the Commission approved the Joint Application for Approval of a Resale and Interconnection Agreement by Verizon and Sprint. Case No. 8887.	03/07/2002