

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

**In the Matter of the Petition of Verizon's )  
Objection, Protest and Request for )  
Investigation in Response to Qwest's ) DOCKET NO. 08-2430-01  
Recent Filing of its Revised Access )  
Service Tariff Sheets 13, 13.1 and 16 )**

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**DIRECT TESTIMONY  
OF  
WILLIAM R. EASTON  
FOR  
QWEST CORPORATION**

**QWEST EXHIBIT WRE 1**

**April 30, 2009**

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1 Product Management organization on their product offerings and projections of revenue. In  
2 October of 2001 I moved from Wholesale Finance to the Wholesale Advocacy group,  
3 where I am currently responsible for advocacy related to Wholesale products and services.  
4 In this role, I work extensively with the Product Management, Network and Costing  
5 organizations.

6  
7 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THIS**  
8 **COMMISSION?**

9 A. Yes I have. I have testified previously in Docket Nos. 94-999-01, 95-049-22, 97-049-16,  
10 97-2227-01, 01-049-85, 03-049-19, 04-2277-02, 06-2249-01, and 07-2263-03.

11  
12  
13 **II. PURPOSE OF DIRECT TESTIMONY**

14 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

15 A. The purpose of my testimony is to address Qwest's proposed changes to its Utah Access  
16 Service Tariff. I will describe the changes Qwest is proposing to make to the tariff, explain  
17 why these changes are necessary and why most IXCs will not be impacted.

18  
19 **III. QWEST'S PROPOSED TARIFF CHANGES**

20 **Q. DOES QWEST PLAN TO REVISE ITS PROPOSED TARIFF?**

1 A. Yes. Qwest has made two small revisions to the language that was originally filed.  
2 Attached as Exhibit WRE 1.1 is a copy of the revised tariff language. A definition of  
3 sufficient call detail has been added in Section 2.3.10.A. In addition, clarifying language  
4 was added in Section 2.3.10.B.2.c to address a concern that Sprint expressed about the  
5 tariff. Exhibit WRE 1.1 shows the new language in a bold font. After this proceeding  
6 concludes, Qwest will file a revised tariff through the normal process compliant with the  
7 Commission's order in the proceeding.

8  
9 **Q. BEFORE DESCRIBING QWEST'S PROPOSED TARIFF CHANGES, COULD**  
10 **YOU PLEASE BRIEFLY EXPLAIN FEATURE GROUP D SERVICE AND THE**  
11 **IMPORTANCE OF DETERMINING THE JURISDICTION OF FEATURE GROUP**  
12 **D TRAFFIC?**

13 A. Yes. Feature Group D ("FGD") service is a switched access service that Qwest makes  
14 available to interexchange carriers ("IXCs") such as Sprint, AT&T and Verizon. This  
15 service allows IXCs to terminate long distance calls to Qwest's end-users and receive long  
16 distance calls from Qwest's end-users. The jurisdiction of the call must be determined  
17 because local carriers like Qwest assess the IXC differing originating and terminating  
18 switched access rates depending upon the jurisdiction of the call. Qwest determines the  
19 jurisdiction of the call by comparing the originating telephone number information with the  
20 terminating information. Typically, the IXCs provide Qwest with sufficient calling party  
21 information so that Qwest can determine whether the calls are inter- or intrastate in nature,  
22 thus allowing Qwest to appropriately bill for terminating calls. Because the intrastate calls

1 that originate from or terminate to Qwest are generally charged a higher rate than interstate  
2 calls, the ability to determine the jurisdiction of the calls has a material impact on the rates  
3 Qwest charges and, ultimately, Qwest's terminating access revenues.

4  
5 **Q. HOW EFFECTIVE IS THE FGD SERVICE IN PROVIDING ADEQUATE**  
6 **INFORMATION TO DETERMINE THE JURISDICTION OF CALLS?**

7 A. The FGD signaling protocol has been in place for many years and is used by companies to  
8 route, jurisdictionalize and rate calls. The protocol is generally very effective. In fact, in a  
9 study that Qwest conducted on IXC-bound traffic that its end-users originated, 100 percent of  
10 interexchange traffic contained adequate information to allow a terminating carrier to  
11 determine the appropriate jurisdiction of a call.<sup>1</sup> Thus, this study demonstrates that there is  
12 no inherent technical problem with the signaling protocol that would explain any lack of  
13 jurisdictional information.

14  
15 **Q. THE STUDY YOU JUST CITED WAS FOR QWEST *ORIGINATED* TRAFFIC.**  
16 **DOES ALL FGD TRAFFIC *TERMINATED* BY QWEST CONTAIN SUFFICIENT**  
17 **CALLING PARTY INFORMATION TO ALLOW QWEST TO DETERMINE**  
18 **WHETHER THE CALLS FALLS WITHIN THE INTER- OR INTRASTATE**  
19 **JURISDICTION?**

20 A. No. In some cases, the calling party information transmitted to Qwest by the originating  
21 carrier lacks a valid Calling Party Number ("CPN") or a Charge Party Number ("ChPN")

1 and in these cases Qwest's long-standing processes for identifying jurisdiction are unable to  
2 determine the appropriate jurisdiction of the traffic. The percentage of traffic that lacks  
3 such information varies greatly between IXCs, ranging from nearly zero to very significant  
4 percentages. Such differences cannot be explained by differences in traffic types or, as  
5 demonstrated by the aforementioned technical study, limitations of technology, and are  
6 more likely due to either intentional arbitrage or inadvertent error in the manner in which  
7 the IXC delivers traffic. Jurisdictionally unidentified traffic is not unique to Qwest  
8 terminated traffic. All local exchange carriers receive a certain amount of traffic for which  
9 the jurisdiction cannot be determined and have put provisions in their switched access  
10 tariffs to address how traffic of this type will be treated.

11  
12 **Q. WHAT IS CONSIDERED A VALID CPN OR CHPN?**

13 A Qwest's Utah Access Service Tariff 6.3.1.Q provides a definition of valid CPN and ChPN.

14 The pertinent portion is reproduced below:

15  
16 • Calling Party Number (CPN) is the automatic transmission of the calling party's  
17 ten digit telephone number to the customer's premises for calls originating in the  
18 LATA. The ten digit number consists of the Numbering Plan Area (NPA) plus the  
19 seven digit telephone number.  
20

21 • Charge Number is the SS7 Out of Band Signaling equivalent of the ten-digit  
22 ANI telephone number

23  

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<sup>1</sup> The study showed that of more than 68 million minutes of use ("MOUs"), no MOUs (0 MOUs) lacked originating information.

1 **Q. WHAT IS QWEST'S CURRENT PROCESS FOR HANDLING CALLS WHICH**  
2 **LACK SUFFICIENT INFORMATION TO DETERMINE THE JURISDICTION?**

3 A. Under Qwest's current tariff, if an IXC carrier delivers jurisdictionally unidentified Feature  
4 Group D calls, Qwest assigns the jurisdiction of such calls based on a Percent of Interstate  
5 Use ("PIU") factor provided by the IXC which can be modified on a quarterly basis. If the  
6 carrier reports an 80 percent PIU, then Qwest charges 80 percent of the unidentified traffic  
7 at the interstate rate and 20 percent at the intrastate rate. Some IXCs do not self report. In  
8 that instance, the current tariff assumes that the unidentified traffic is evenly split as 50  
9 percent interstate/50 percent intrastate.

10  
11 **Q. WHY DOES QWEST BELIEVE THE CURRENT PROCESS NEEDS TO BE**  
12 **CHANGED?**

13 A. The current method, as governed by current rates and tariffs, creates an incentive for  
14 arbitrage. Because intrastate access rates are generally higher than interstate rates, an IXC  
15 has an incentive to have as much traffic as possible rated at interstate rates. In certain  
16 circumstances, Qwest has identified IXCs that have abnormally high amounts of  
17 unidentified Feature Group D traffic. In order to address this problem and to prevent it  
18 from occurring in the future, Qwest has followed the lead of other carriers like Verizon and  
19 AT&T, by filing modifications to its tariffs to address this issue.

20  
21 **Q. PLEASE DESCRIBE QWEST'S PROPOSED CHANGES TO THE UTAH ACCESS**  
22 **SERVICE TARIFF.**

1 A. Consistent with other carriers, Qwest is now introducing a “floor” for unidentified FGD  
2 terminating traffic. This floor is designed to deal with situations where an IXC  
3 inadvertently or intentionally attempts to avoid paying appropriate intrastate access rates by  
4 delivering traffic without identifying information. Minutes of unidentified traffic up to the  
5 floor will be charged based on the PIU factor as they are under the current tariff.  
6 Unidentified minutes in excess of the floor will be charged at the intrastate rate. The  
7 percentage of unidentified traffic is calculated by dividing unidentified traffic by total  
8 traffic (both identified and unidentified). For example, if the floor is 5 percent, unidentified  
9 traffic up to and including 5 percent of total traffic will be assigned to the appropriate  
10 jurisdiction based on the IXC’s self-reported PIU factor, or divided equally (50/50) between  
11 the state and interstate jurisdictions if the IXC has not filed a PIU report, just as it is under  
12 the current tariff. Unidentified traffic in excess of the 5 percent floor will be charged at  
13 Qwest’s Utah intrastate rate.

14  
15 **Q. HOW DID QWEST DETERMINE THAT 5% WAS THE APPROPRIATE FLOOR?**

16 A. Qwest developed that figure based on historical amounts of Feature Group D traffic that it  
17 has terminated in the Qwest region without identifying information. Based on Qwest’s  
18 traffic studies, approximately 5.6% of traffic terminating to Qwest lacks sufficient calling  
19 party information to determine the appropriate jurisdiction. However, that number includes  
20 the traffic of all carriers including those carriers with large percentages of unidentified  
21 traffic that contribute to the problem being addressed by this tariff change. When those  
22 carriers who have more than 10% unidentified traffic are excluded from the data, only 4.1%

1 of the remaining traffic is unidentified. This might suggest that a 4% floor would be  
2 completely reasonable, and that Qwest's proposed 5% floor is generous. The 5 percent  
3 floor therefore represents a compromise by Qwest which allows IXCs to terminate a  
4 reasonable amount of unidentified traffic while providing an incentive for them to eliminate  
5 that problem if an IXC terminates more unidentified traffic than is the average. Attached,  
6 as Confidential Exhibit WRE 1.2, is a summary of the historical unidentified jurisdiction  
7 data, by state, that Qwest used to arrive at the 5% floor.

8  
9 **Q. WHY IS IT APPROPRIATE TO CHARGE THE HIGHER INTRASTATE RATE**  
10 **FOR TRAFFIC OVER THE 5% FLOOR?**

11 A. Under the current tariff provisions, carriers have no incentive to send identifying data by  
12 ensuring that CPN or ChPN information is appropriately populated. Since a carrier's self  
13 reported PIU is used to assign a jurisdiction to unidentified traffic, there is no penalty for  
14 providing insufficient calling party information. Under the revised tariff provisions,  
15 however, carriers will have an incentive to ensure that the CPN information is properly  
16 populated, since all unidentified traffic over 5% will be charged at the higher intrastate rate.  
17 This should reduce unidentified traffic and allow Qwest to more accurately bill carriers for  
18 terminating access.

19  
20 **Q. HOW WILL IXCs BE IMPACTED BY THE PROPOSED TARIFF CHANGE?**

21 A. It is important to note that most IXCs will not be impacted at all because they currently  
22 terminate much less than 5 percent unidentified traffic. The tariff will not cause any carrier

1 to pay more for switched access, except to the extent that a carrier provides a significant  
2 volume of Feature Group D terminating traffic without identifying information. For  
3 carriers that properly and accurately report PIU factors to Qwest, and do not deliver  
4 significant amounts of unidentified traffic, the payments to terminate interexchange traffic  
5 to Qwest local exchanges should not change.

6  
7 **Q. HAVE OTHER CARRIERS TAKEN STEPS TO ADDRESS THE PROBLEM OF**  
8 **LACK OF INFORMATION TO DETERMINE THE JURISDICTION OF CALLS?**

9 A. Yes. Qwest is not alone in addressing this issue through tariffs of this type. For example,  
10 Verizon imposes PIU floors in 18 state tariffs, including four states within Qwest's  
11 territory.<sup>2</sup> Likewise, another large carrier, AT&T, has tariffs in nine states which apply a  
12 PIU floor.<sup>3</sup> The only appreciable difference between Qwest's tariff and Verizon/AT&T is  
13 the PIU floor level – which is appropriate to the extent traffic characteristics vary from  
14 carrier to carrier. All of Verizon's tariffs have an initial 7 percent floor + 2 percent grace.<sup>4</sup>

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<sup>2</sup> Verizon has PIU floors in Arizona, California, Connecticut, Idaho, Delaware, Florida, Illinois, Maryland, North Carolina, Nevada, New York, Oregon, Pennsylvania, Rhode Island, South Carolina, Virginia, Washington and West Virginia. Four of these states (Arizona, Idaho, Oregon and Washington) are within Qwest's 14 state territory.

<sup>3</sup> AT&T has PIU floors in Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee.

<sup>4</sup> Verizon California Inc., Arizona Access Service at 6.5.5; Verizon California Inc., California Access Service Tariff, Cal. P.U.C. No. C-1 at C.10; Verizon New York Inc., Connecticut Access Tariff No. 8 at 2.3.10; Verizon Delaware LLC, Delaware Access Tariff P.S.C.-Del.-No. 35 at 2.3.10; Verizon Florida LLC, Facilities For Intrastate Access Tariff at 6.3.3; Verizon Northwest Inc., Idaho Facilities For Intrastate Access, I.P.U.C. Price List No. 2 at 4.3.3; Verizon North Inc., Illinois Facilities For Intrastate Access, III. C.C. No. 10 at 4.3.3; Verizon Maryland Inc., Maryland Access Service Tariff, P.S.C.-Md.-No. 217 at 2.3.14; Verizon South Inc. d/b/a Verizon North Carolina, North Carolina Access Service Tariff - NCUC No. 1 at 6.5.5; Verizon California Inc. d/b/a Verizon Nevada, Nevada Access Service P.U.C.N. at 6.5.5.(H); Verizon New York Inc., New York Access Service, PSC NY No. 11, at 2.3.10(A); Verizon Northwest Inc., Oregon Facilities For Intrastate Access, P.U.C. OR. No. 12 at 4.3.3(A); Verizon Pennsylvania Inc., Pennsylvania Access Service Pa. P.U.C.-No. 302 at 2.3.14; Verizon New England Inc., Rhode Island Access Services Tariff, PUC RI No. 20 at 2.5.10; Verizon South Inc. d/b/a Verizon South Carolina, South Carolina Access Service Tariff at 6.5.5; Verizon Virginia Inc., Virginia Access Service Tariff, S.C.C.-Va.-No. 217 at

1 (If the IXC exceeds 9 percent, it is charged intrastate rates *beginning* at the 7 percent floor).

2 AT&T's tariffs vary, with 7 percent being its lowest floor.<sup>5</sup>

3  
4 **Q. HAS QWEST FILED SIMILAR TARIFF CHANGES IN ITS OTHER STATES?**

5 A. Yes. Qwest has filed similar changes to 11 of its access tariffs around its 14-state region.

6 Thus far, the tariff has gone into effect in Arizona, Idaho, Minnesota, North Dakota and

7 Washington. On February 12<sup>th</sup> the Minnesota Public Utilities Commission accepted the

8 Minnesota Commission Staff's recommendation to approve Qwest's proposed changes

9 with a few minor modifications to which Qwest agreed.<sup>6</sup> Most recently, on February 26<sup>th</sup>

10 the Washington Utilities and Transportation Commission approved Qwest's tariff with a

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2.3.10; Verizon Northwest Inc., Washington Facilities For Intrastate Access, WN U-16 at 4.3.3; Verizon West Virginia Inc., West Virginia Access Service Tariff, P.S.C.-W.Va.-No. 217 at 2.3.10.

Verizon may apply a different floor in certain states and for certain customers. Its Arizona and Nevada tariffs (page 180.1) include the following language that allows them to change the floor on a quarterly or per customer basis:

The Company may recalculate the overall customer average "floor" quarterly. In addition, subsequent reviews or audits of specific customer usage may result in a new "floor" for that customer.

<sup>5</sup> BellSouth Telecommunications, Inc. Alabama, Alabama Access Services Tariff at E.2.3.10; BellSouth Telecommunications, Inc. Florida, Florida Access Services Tariff at E.2.3.14; BellSouth Telecommunications, Inc. Georgia, Georgia Access Services Tariff at E.2.3.14; BellSouth Telecommunications, Inc. Kentucky, Kentucky Access Services Tariff, PSC KY Tariff 2E, at E.2.3.14; BellSouth Telecommunications, Inc. Louisiana, Louisiana Access Services Tariff at E.2.3.14; BellSouth Telecommunications, Inc. Mississippi, Mississippi Access Services Tariff at E.2.3.14; BellSouth Telecommunications, Inc. North Carolina, North Carolina Access Services Tariff at E.2.3.14; BellSouth Telecommunications, Inc. South Carolina, South Carolina Access Services Tariff at E.2.3.14; BellSouth Telecommunications, Inc. Tennessee, Tennessee Access Services Tariff at E.2.3.14. (Each of these BellSouth Companies is affiliated with AT&T).

<sup>6</sup> Specifically, at its February 12, 2008 open meeting, the Minnesota Commission orally approved Qwest's access service tariff establishing a PIU floor for indeterminate Feature Group D terminating traffic by approving Qwest's proposed 6% floor. The only conditions to such approval (to which Qwest had agreed) were that Qwest add certain dispute resolution language that AT&T had proposed and the Commission Staff's proposed definition of "sufficient call detail" ("Traffic for which the originating number information lacks a valid Charge Party Number (ChPN) or Calling Party Number (CPN).") and that Qwest submit quarterly reporting for two years.

1 5% floor. Attached as Exhibits WRE 1.3 and WRE 1.4 are the briefing papers of the  
2 Minnesota and Washington Utilities Commission staffs.

3  
4 **Q. DOES THE PROPOSED TARIFF LANGUAGE ALLOW A CARRIER TO**  
5 **DISPUTE APPLICATION OF THE INTRASTATE RATE TO CALLS THAT IT**  
6 **BELIEVES ARE INTERSTATE OR INTERNATIONAL CALLS?**

7 A. Yes. Qwest has added language at Section 2.3.10.B.2.c which states:

8 In the event that the Company applies the intrastate terminating access rate to calls  
9 without sufficient call detail as provided in this tariff, the customer will have the  
10 opportunity to request backup documentation regarding the Company's basis for  
11 such application, and further request that the Company change the application of  
12 the intrastate access rate upon a showing of why the intrastate rate should not be  
13 applied. (See also Section 2.4.1.C.2.b, billing disputes.)  
14

15 This will provide carriers recourse if they believe the intrastate rates have been  
16 inappropriately applied.

17  
18  
19 **IV. SUMMARY/CONCLUSION**

20 Typically, IXCs provide Qwest with sufficient calling party information so that Qwest can  
21 determine whether the calls are inter- or intrastate in nature, thus allowing Qwest to  
22 appropriately bill for terminating calls. In some cases, however, the calling party  
23 information the carrier sends to Qwest lacks a valid Calling Party Number ("CPN") or  
24 Charge Number ("ChPN") and in these cases Qwest is unable to determine the appropriate

1 jurisdiction of the traffic. Qwest's proposed changes to its tariff address how this  
2 jurisdictionally unidentified traffic is to be assigned a jurisdiction for billing purposes.

3  
4 Under the current tariff provisions, carriers have no incentive to ensure that CPN  
5 information is appropriately populated. Since a carrier's self reported PIU factor is used to  
6 assign a jurisdiction to unidentified traffic, there is no penalty for providing insufficient  
7 calling party information. Under the revised tariff provisions, however, carriers will have  
8 an incentive to ensure that the CPN information is properly populated, since all unidentified  
9 traffic over 5% will be charged at the higher intrastate rate. This should reduce unidentified  
10 traffic and allow Qwest to more accurately bill carriers for terminating access.

11  
12 It is important to note that most carriers will not be impacted by the proposed tariff change.  
13 For carriers that properly and accurately report PIU factors to Qwest, and do not deliver  
14 significant amounts of unidentified traffic, the payments to terminate interexchange traffic  
15 to Qwest local exchanges should not change.

16  
17 Other carriers, including Verizon and AT&T, have language in their tariffs which treat  
18 unidentified traffic in the same manner that Qwest proposes here. The Qwest language has  
19 now been allowed by Commissions in 5 Qwest states and is pending in 6 others. Qwest  
20 respectfully requests that this same language be allowed in Utah.

21  
22 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

1 A. Yes it does.