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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 000636-TP

DIRECT TESTIMONY OF MELISSA L. CLOSZ

SPRINT COMMUNICATIONS COMPANY LIMITED PARTNERSHIP

September 8, 2000

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Melissa L. Closz. My business address is 7650
Courtney Campbell Causeway, Suite 1100, Tampa, Florida.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Sprint as Director-Local
Market Development.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK
EXPERIENCE.

A. I have a Master of Business Administration degree from
Georgia State University in Atlanta, Georgia and a Bachelor
of Business Administration degree from Texas Christian
University in Fort Worth, Texas. I have been employed by
Sprint for over nine years and have been in my current

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FPSC-RECORDS/REPORTING

1 position since February, 1997. I began my telecommunications
2 career in 1983 when I joined AT&T Long Lines progressing
3 through various sales and sales management positions. In
4 1989, I joined Sprint's Long Distance Division as Group
5 Manager, Market Management and Customer Support in Sprint's
6 Intermediaries Marketing Group. In this capacity, I was
7 responsible for optimizing revenue growth from products and
8 promotions targeting association member benefit programs,
9 sales agents and resellers. I owned and operated a consumer
10 marketing franchise in 1991 and 1992 before accepting the
11 General Manager position for Sprint's Florida unit of United
12 Telephone Long Distance ("UTLD"). In this role, I directed
13 marketing and sales, operational support and customer service
14 for this long distance resale operation. In Sprint's Local
15 Telecommunications Division, in 1993, I was charged with
16 establishing the Sales and Technical Support organization for
17 Carrier and Enhanced Service Markets. My team interfaced
18 with interexchange carriers, wireless companies and
19 competitive access providers. After leading the business
20 plan development for Sprint Metropolitan Networks, Inc.
21 ("SMNI", now a part of Sprint Communications Company Limited
22 Partnership), I became General Manager in 1995. In this
23 capacity, I directed the business deployment effort for
24 Sprint's first alternative local exchange company ("ALEC")
25 operation, including its network infrastructure, marketing

1 and product plans, sales management and all aspects of
2 operational and customer support.

3 **Q. WHAT ARE YOUR PRESENT RESPONSIBILITIES?**

4

5 A. My present responsibilities include representation of Sprint
6 in interconnection negotiations with BellSouth
7 Telecommunications, Inc. ("BellSouth"). In addition, I am
8 responsible for coordinating Sprint's entry into the local
9 markets within BellSouth states. I also interface with the
10 BellSouth account team supporting Sprint to communicate
11 service and operational issues and requirements.

12

13 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE STATE REGULATORY
14 COMMISSIONS?**

15

16 A. Yes, I have testified before state regulatory commissions in
17 Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi,
18 New York, North Carolina, South Carolina and Tennessee.

19

20 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

21

22 A. The purpose of my testimony is to provide input to the
23 Florida Public Service Commission ("FPSC") that is relevant
24 to its consideration of Sprint's Complaint against BellSouth
25 in Docket No. 000636. Specifically, my testimony addresses

1 the language in Sprint's Interconnection Agreement with
2 BellSouth dated July 1, 1997 regarding local traffic and
3 reciprocal compensation.
4

5 Q. PLEASE EXPLAIN YOUR ROLE IN THE NEGOTIATION OF THE
6 INTERCONNECTION AGREEMENT BETWEEN BELLSOUTH
7 TELECOMMUNICATIONS, INC. AND SPRINT COMMUNICATIONS COMPANY
8 L.P., EFFECTIVE JULY 1, 1997.

9
10 A. As Director, Local Market Development for Sprint, my primary
11 responsibility has been, and continues to be, the
12 negotiation of Sprint's interconnection agreements with
13 BellSouth for the entire nine-state BellSouth region. I
14 assumed my current position in February, 1997, and
15 immediately became involved in the interconnection
16 negotiations underway. Until approximately May, 1997, I
17 partnered with the predecessor to my position to ensure
18 continuity in Sprint's negotiations and then assumed full
19 responsibility for concluding negotiations and for executing
20 all of Sprint's ALEC interconnection agreements with
21 BellSouth, including the Sprint/BellSouth agreement in
22 Florida.

23
24 Q. HOW DOES THE INTERCONNECTION AGREEMENT BETWEEN BELLSOUTH AND
25 SPRINT DEFINE "LOCAL TRAFFIC"?

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A. In Attachment 11, page 5-6, of the Interconnection Agreement between the parties, Local Traffic is defined as follows:

"Local Traffic" means any telephone call that originates and terminates in the same LATA and is billed by the originating Party as a local call, including any call terminating in an exchange outside of BellSouth's service area with respect to which BellSouth has a local interconnection agreement with an independent LEC, with which Sprint is not directly interconnected.

Q. IS THERE ANY REFERENCE IN THE DEFINITION ABOVE TO ISP TRAFFIC BEING EXCLUDED FROM THE DEFINITION OF LOCAL TRAFFIC?

A. No. Clearly there is not.

Q. WHEN A BELLSOUTH END USER ORIGINATES A CALL TO AN ISP THAT IS A SPRINT LOCAL SERVICE CUSTOMER, DOES BELLSOUTH BILL THESE CALLS AS LOCAL CALLS?

A. Yes.

1 Q. DOES THIS MEAN THAT BELLSOUTH'S ORIGINATED ISP-BOUND TRAFFIC
2 FITS THE DEFINITION OF LOCAL TRAFFIC SET FORTH IN THE
3 PARTIES' INTERCONNECTION AGREEMENT?
4

5 A. Yes. As the definition states, Local Traffic means, "... any
6 telephone call that originates and terminates in the same
7 LATA and is billed by the originating Party as a local
8 call...".
9

10 Q. DID BELLSOUTH EVER COMMUNICATE DURING INTERCONNECTION
11 CONTRACT NEGOTIATIONS THAT THEIR INTENT WAS THAT ISP TRAFFIC
12 BE EXCLUDED FROM THE DEFINITION OF LOCAL TRAFFIC FOR
13 PURPOSES OF RECIPROCAL COMPENSATION?
14

15 A. No, they did not.
16

17 Q. DID BELLSOUTH EVER DISCUSS IN NEGOTIATIONS A FORMULA OR
18 METHOLODOLOGY FOR IDENTIFYING ISP-BOUND TRAFFIC?
19

20 A. No.
21

22 Q. WAS SPRINT'S UNDERSTANDING DURING NEGOTIATIONS OF ITS
23 INTERCONNECTION AGREEMENT WITH BELLSOUTH THAT ISP TRAFFIC
24 WOULD BE INCLUDED IN THE DEFINITION OF LOCAL TRAFFIC?
25

1 A. Yes. Sprint believes that ISP traffic fits the definition
2 of Local Traffic specified in the Interconnection Agreement.
3 Accordingly, Sprint believed that it would be included in
4 the definition of Local Traffic documented in the Parties'
5 Agreement. Indeed, Sprint had no reason whatsoever to
6 believe that BellSouth intended to treat ISP traffic
7 differently.

8

9 Q. HOW DOES THE INTERCONNECTION AGREEMENT PROVIDE FOR
10 RECIPROCAL COMPENSATION BETWEEN THE PARTIES?

11

12 A. In Amendment 2 to the Interconnection Agreement between the
13 Parties, effective 12/23/98, General Terms and Conditions,
14 Part IV: Pricing, Section 37, states, "The prices that
15 Sprint and BellSouth shall pay to BellSouth are set forth in
16 Table 1." Table 1 contains rates for "Call Transport and
17 Termination", including Direct End Office interconnection
18 and Interconnection at the Tandem Switch.

19

20 Q. DOES TABLE 1 SPECIFY THAT ISP TRAFFIC SHOULD BE EXCLUDED
21 FROM THE CALCULATION AND PAYMENT OF RECIPROCAL COMPENSATION,
22 OR THAT THERE IS A DIFFERENT RATE SCHEDULE THAT WOULD APPLY
23 FOR ISP CALLS?

24

1 A. No. There is no exclusion of ISP calls referenced and there
2 is not an alternative rate schedule that would be applied to
3 these calls.

4
5 Q. WAS IT SPRINT'S INTENT THAT ISP-BOUND TRAFFIC BE TREATED AS
6 LOCAL TRAFFIC FOR WHICH RECIPROCAL COMPENSATION IS DUE?

7
8 A. Yes. Nothing in the Negotiations or in the agreement
9 indicates to the contrary.

10
11 Q. WHY DOESN'T BELLSOUTH'S ASSERTION THAT NO COMPENSATION IS
12 DUE FOR ISP-RELATED CALLS MAKE SENSE TO SPRINT?

13
14 A. Sprint incurs cost to terminate BellSouth-originated calls
15 that are destined for ISPs who are customers of Sprint. If
16 BellSouth does not compensate Sprint for this traffic,
17 BellSouth is essentially getting free transport and
18 termination of calls (for which it receives compensation
19 from its customers) at Sprint's expense. It is illogical to
20 assume the parties intended that BellSouth would receive
21 free service from Sprint. Moreover, if BellSouth had
22 intended to enter into a different compensation arrangement
23 for these calls, such an arrangement should have been
24 negotiated with Sprint and memorialized in the Parties'
25 interconnection agreement. No such alternative compensation

1 arrangement was ever discussed with Sprint nor, clearly, is
2 one included in the Agreement. Accordingly, the only
3 possible interpretation of the Parties' Agreement is that
4 ISP calls were intended to be included in the definition of
5 Local Traffic and to be compensated via reciprocal
6 compensation accordingly.

7

8 **Q. HAS THE ISSUE OF RECIPROCAL COMPENSATION FOR ISP TRAFFIC**
9 **PREVIOUSLY BEEN RULED ON BY THE COMMISSION?**

10

11 **A.** Yes. The Commission consistently has determined that ISP
12 traffic is properly treated as local and therefore is
13 subject to reciprocal compensation under the terms of
14 interconnection agreements with substantially equivalent
15 relevant provisions to the provisions in the
16 Sprint/BellSouth interconnection agreement. In its earliest
17 ruling on this issue, in which it resolved disputes under
18 interconnection agreements between BellSouth and WorldCom
19 Technologies, Inc., Teleport Communications Group,
20 Intermedia, and MCI Metro Access Transmission Services,
21 Inc., the Commission determined that the Agreements defined
22 local traffic "in such a way that ISP traffic clearly fits
23 the definition." Additionally, the Commission held that
24 "Since ISP traffic is local under the terms of the

1 Agreement...reciprocal compensation for termination is
2 required." (Order No. PSC 98-1216-FOF-TP.)

3

4 The Commission reached a similar result in a dispute
5 between e.spire Communications and BellSouth over the
6 payment of reciprocal compensation under their
7 interconnection agreement. Considering a definition of
8 local traffic substantially similar to the language in the
9 Sprint/BellSouth Agreement, the Commission determined that
10 the definition of local traffic, and specifically the
11 parties' failure to expressly exclude ISP-bound traffic
12 from the definition of local traffic, demonstrated the
13 parties' intent at the time they entered into the Agreement
14 that ISP traffic be treated as local traffic for purposes
15 of the Agreement's reciprocal compensation provisions.
16 (Order No. PSC 99-0658-FOF-TP.)

17

18

19 More recently, in a complaint by Global NAPs, Inc. to
20 recover reciprocal compensation for ISP traffic from
21 BellSouth, the Commission determined that "the plain
22 language of the Agreement shows that the parties intended
23 the payment of reciprocal compensation for all local
24 traffic, including traffic bound for ISPs." (Order No. PSC-
25 00-0802-FOF-TP) The definition in that agreement was

1 identical to the language in the e.spire agreement and
2 substantially similar to the definition of local traffic in
3 the Sprint/BellSouth Agreement. The Commission subsequently
4 affirmed this decision in a complaint by ITC^DeltaCom to
5 enforce the reciprocal compensation provisions of an
6 agreement identical to the Global NAPS agreement. (Order
7 No.)

8

9 Q. WHAT ACTION DOES SPRINT REQUEST THAT THE COMMISSION TAKE IN
10 THIS COMPLAINT PROCEEDING?

11

12 A. Sprint respectfully requests that the Commission order that
13 pursuant to the Parties' Interconnection Agreement, ISP
14 traffic should be considered local for purposes of
15 reciprocal compensation. Sprint further requests that the
16 Commission order BellSouth to pay such reciprocal
17 compensation due to Sprint in accordance with the detailed
18 amounts presented in Richard Warner's testimony.

19

20 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

21

22 A. Yes, it does.

23

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