

FILED³

MAY 31 2000

**Missouri Public
Service Commission**

Exhibit No.	
Issues:	Reciprocal Compensation
Witness:	Russell H. Ewing
Type of Exhibit:	Rebuttal Testimony
Sponsoring Party:	Southwestern Bell Telephone Company
Case No.	TC-2000-225, et al.

SOUTHWESTERN BELL TELEPHONE COMPANY

REBUTTAL TESTIMONY

OF

RUSSELL H. EWING

CASE NO. TC-2000-225, et al.

**St. Louis, Missouri
May 31, 2000**

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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Missouri Public
Service Commission

MCI WorldCom Communications, Inc.,
et al.

v.

Southwestern Bell Telephone Company

Case No. TC-2000-225, et al.

AFFIDAVIT OF RUSSELL H. EWING

COUNTY OF BEXAR)

STATE OF TEXAS)

SS

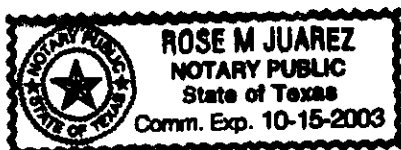
I, Russell H. Ewing, of lawful age, being duly sworn, depose and state:

1. My name is Russell H. Ewing. I am presently Director –State Regulatory for SBC Telecommunications, Inc.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

Russell H. Ewing
Russell H. Ewing

Subscribed and sworn to before me on this 24 day of May, 2000.

Rose M. Juarez
Notary Public



REBUTTAL TESTIMONY OF RUSSELL H. EWING

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Russell H. Ewing and my business address is 530 McCullough, San
3 Antonio, Texas 78215.

4 Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?

5 A. I am employed by SBC Telecommunications, Inc., as Director-State Regulatory.

6 Q. WHAT ARE YOUR RESPONSIBILITIES IN THIS POSITION?

7 A. I am responsible for:

8 1) Directing the development and implementation of the centralized discovery
9 activities associated with state regulatory dockets, and

10 2) Directing the development and implementation of a state tariff production
11 center.

12 Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

13 A. I earned a Bachelor of Science Degree in Electrical Engineering from the University
14 of Arkansas in 1970.
15

16 Q. PLEASE OUTLINE YOUR WORK EXPERIENCE.

17 A. I was employed by Southwestern Bell Telephone Company ("SWBT") in August
18 1970, where I worked for five years in Arkansas in operations. In 1975, I assumed
19 responsibility for conducting cost studies utilized by the company for setting prices.

1 In 1977, I transferred to the American Telephone and Telegraph Company in New
2 Jersey where I was involved in developing cost study methodology and cost input
3 data for the Regional Bell Operating Companies. In July 1980, I transferred back to
4 Southwestern Bell where I supervised all aspects of the development and presentation
5 of cost studies in state regulatory dockets. I transferred back to Arkansas in 1985
6 where I was responsible for all aspects of company activities in the regulatory process
7 and with the independent local exchange companies in the state. Since 1993, in my
8 current position, I have had various responsibilities, including representing SWBT on
9 several local interconnection negotiating teams responsible for negotiating
10 interconnection agreements pursuant to the Federal Telecommunications Act of 1996
11 (the Act). In this capacity, my primary responsibility was negotiating compensation
12 issues.

13
14 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY AND/OR APPEARED AS A**
15 **WITNESS BEFORE ANY COMMISSION?**

16 **A.** Yes. I have testified in Arkansas, Kansas, Missouri, Oklahoma, and Texas.

17
18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

19 **A.** The purpose of my testimony is to describe the negotiations relating to compensation
20 arrangements between SWBT and Brooks Fiber that led to the interconnection
21 agreement. In particular, I will describe what SWBT agreed to with respect to what
22 traffic is included in the definition of "Local Traffic" under the interconnection

1 agreement, and describe why interstate Internet traffic is not traffic for which SWBT
2 agreed to pay reciprocal local compensation.

3 **Q. DID YOU PARTICIPATE IN THE NEGOTIATIONS BETWEEN SWBT AND**
4 **BROOKS RELATING TO THE MISSOURI INTERCONNECTION**
5 **AGREEMENT?**

6 A. Yes, I was on the negotiating team, and had primary responsibility for compensation
7 issues.

8 **Q. WHEN DID THESE NEGOTIATIONS TAKE PLACE?**

9 A. The negotiations for Missouri began in October, 1996 and concluded with a signed
10 interconnection agreement in February, 1997.

11 **Q. WHAT WAS SWBT'S POSITION REGARDING RECIPROCAL**
12 **COMPENSATION DURING THE NEGOTIATIONS WITH BROOKS?**

13 A. SWBT's position regarding reciprocal compensation during the negotiations with
14 Brooks Fiber (and all other CLECs) was that reciprocal compensation applied only to
15 local traffic -- that is, traffic that originates and terminates within the same local
16 calling area.

17 **Q. AT THE TIME YOU NEGOTIATED THE COMPENATION PROVISIONS**
18 **OF THE SWBT/BROOKS FIBER INTERCONNECTION AGREEMENT FOR**
19 **MISSOURI, DID SWBT'S DEFINITION OF LOCAL TRAFFIC INCLUDE**

1 **TRAFFIC ORIGINATED BY AN END USER OF SWBT ROUTED TO AN**
2 **INTERNET SERVICE PROVIDER SERVED BY BROOKS?**

3 A. No, it did not. This type of traffic is predominantly interstate, interexchange access
4 traffic.

5 **Q. WHAT WAS SOUTHWESTERN BELL'S BASIS FOR SUCH A POSITION?**

6 A. There was no historical basis to believe that Internet traffic, as described above, was
7 anything but interstate, interexchange access traffic. The FCC had characterized
8 Internet traffic as interstate, interexchange access traffic for several years prior to
9 1996, and the Act did nothing to change that determination.

10 **Q. IN THE INTERCONNECTION AGREEMENT BETWEEN SWBT AND**
11 **BROOKS FOR MISSOURI, WHAT DID THE PARTIES AGREE TO WITH**
12 **RESPECT TO THE TYPE OF TRAFFIC TO WHICH RECIPROCAL LOCAL**
13 **COMPENSATION WOULD APPLY?**

14 A. The Parties agreed that reciprocal compensation would apply "only to the termination
15 of Local Traffic, except as explicitly noted."

16 **Q. HOW DID SWBT AND BROOKS DEFINE "LOCAL TRAFFIC" IN THEIR**
17 **INTERCONNECTION AGREEMENT FOR MISSOURI?**

18 A. The definition of "Local Traffic" contained in the agreement between SWBT and
19 Brooks is as follows:

20 "Local Traffic" means traffic that originates and terminates within a
21 SWBT exchange including SWBT mandatory local calling scope

1 arrangements. Mandatory Local Calling Scope is an arrangement that
2 requires end users to subscribe to a local calling scope beyond their
3 basic exchange serving area.

4 **Q. DOES THIS DEFINITION OF "LOCAL TRAFFIC" INCLUDE**
5 **INTERNET TRAFFIC?**

6 A. No , it does not. Traffic bound for the Internet is routed through an ISP – it
7 does not ordinarily terminate at the ISP or at any other location within the
8 exchange. Therefore, it does not meet the definition of "Local Traffic" to
9 which reciprocal compensation is applicable.

10 **Q. DID BROOKS NEGOTIATING REPRESENTATIVES EVER INQUIRE AS**
11 **TO HOW TRAFFIC DESTINED FOR THE INTERNET WAS GOING TO**
12 **TREATED FOR PURPOSES OF RECIPROCAL COMPENSATION UNDER**
13 **THE MISSOURI AGREEMENT?**

14 A. No, Brooks never initiated a discussion with me in which they took the position that
15 traffic destined for the Internet was subject to reciprocal compensation. Had Brooks'
16 representatives made such a compensation proposal, SWBT would not have agreed to
17 it, because our company position was and is that Internet traffic is predominantly
18 interstate, interexchange.

19 **Q. MR. EWING, DID YOU PARTICIPATE IN ALL OF THE NEGOTIATION**
20 **MEETINGS BETWEEN SWBT AND BROOKS RELATING TO THE**
21 **MISSOURI AGREEMENT?**

22 A. Yes, I was present at all negotiating team meetings.

1 **Q. DURING ANY OF THOSE MEETINGS DID ANY SWBT**
2 **REPRESENTATIVE TELL ANY BROOKS REPRESENTATIVE THAT**
3 **SWBT WOULD PAY RECIPROCAL LOCAL COMPENSATION TO**
4 **BROOKS FOR TRAFFIC BOUND FOR THE INTERNET?**

5 A. Absolutely not. If such an agreement had been reached, which I am certain was not,
6 the language in the agreement would have had to be changed. As the compensation
7 team member in these negotiations, I would have been responsible for agreeing to the
8 necessary language changes.

9 **Q. HAVE YOU REVIEWED MR. CADIEUX'S TESTIMONY FILED IN THIS**
10 **CASE?**

11 A. Yes.

12 **Q. DO YOU AGREE WITH HIS RECOLLECTION OF THE NEGOTIATIONS**
13 **RELATING TO COMPENSATION?**

14 A. No. As Mr. Sparling discusses in his testimony, to the extent traffic bound for the
15 Internet was mentioned during negotiations with Brooks, it was in the context of a
16 network discussion, not an agreement to pay reciprocal local compensation for
17 Internet traffic. To the extent Mr. Cadieux suggests that SWBT agreed to pay Brooks
18 local reciprocal compensation for traffic bound for the Internet, in exchange for
19 Brooks' agreement to include separate rates for "end office" and "tandem"
20 terminations of local traffic, he is wrong. No such agreement ever took place. As a
21 matter of policy, throughout the Missouri negotiations, SWBT insisted upon separate

1 compensation rates for local traffic terminated to Brooks' end offices and tandems.
2 The reason is simple – the end office rate is lower because it utilizes less facilities of
3 the terminating carrier and because SWBT offered that option to Brooks.

4 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

5 **A.** Yes, at this time.