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Sponsoring Party: Southwestern Bell Telephone Company
Case No: TC-2000-225

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Service Commission

SOUTHWESTERN BELL TELEPHONE COMPANY

CASE NO. TC-2000-225

REBUTTAL TESTIMONY

OF

Thomas F. Hughes

**Jefferson City, Missouri
May 2000**

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

MCI WorldCom Communications, Inc.,)
et. al.,)
Complainants,)
vs.)
Southwestern Bell Telephone Company,)
Respondent.)

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

AFFIDAVIT OF THOMAS F. HUGHES

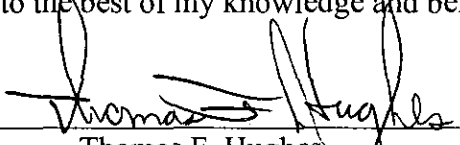
COUNTY OF COLE)
STATE OF MISSOURI) SS

I, Thomas F. Hughes, of lawful age, being duly sworn, depose and state:

1. My name is Thomas F. Hughes. I am presently Vice President-Regulatory in Missouri for Southwestern Bell Telephone Company. My business address is 101 W. High, Floor 1, Jefferson City, Missouri 65101.

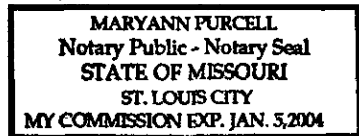
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.

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.


Thomas F. Hughes

Subscribed and sworn to before me on this 25th day of May, 2000.


Notary Public



1 **REBUTTAL TESTIMONY OF THOMAS F. HUGHES**

2

3 **Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?**

4 A. My name is Thomas F. Hughes. My business address is 101 W. High Street,
5 Jefferson City, Missouri.

6

7 **Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR TITLE?**

8 A. I am employed by Southwestern Bell Telephone Company as Vice President-
9 Regulatory for the State of Missouri.

10

11 **Q. HAVE YOU PREPARED AN EXHIBIT WHICH PROVIDES**
12 **INFORMATION REGARDING YOUR EMPLOYMENT AND**
13 **EDUCATIONAL BACKGROUND?**

14 A. Yes. That information is attached as Schedule 1.

15

16 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

17 A. Yes. I appeared before the Commission in Rulemaking TX-2000-160 – Snap
18 Back Procedures for Competitive Local Exchange Carriers. I have also appeared
19 before the Commission in TT-2000-258 - Local Plus Promotion for SWBT
20 business customers. I have also appeared before the Commission in TO-99-483 –
21 Investigation for Purposes of Clarifying and Determining Certain Aspects
22 Surrounding the Provisioning of Metropolitan Calling Area Service.

23

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. The purpose of my testimony is to respond to testimony filed by the three
3 Competitive Local Exchange Carrier (CLEC) complainants in this case, (MCI
4 WorldCom, Brooks Fiber and BroadSpan) and to address the significant Missouri
5 policy issues associated with the claims being made by complainants in this case.

6

7 **Q: IN SUMMARY, WHAT IS THE BASIS OF THE CLAIMS MADE BY**
8 **THESE CLECs IN THIS CASE?**

9 A: These CLECs are asking the Commission to “interpret” the definition of “Local
10 Traffic” contained in their interconnection agreements with SWBT to include not
11 only true local traffic, but also traffic originated by a SWBT end user and bound
12 for the Internet, routed through an Internet Service Provider (ISP) receiving
13 service from the complainants. I will refer to this traffic as “Internet traffic” in
14 this testimony. Complainants ask the Commission to characterize Internet traffic
15 as “local traffic” so that they can claim enormous amounts of reciprocal local
16 compensation for this interstate traffic.

17 **Q. WHAT IS SWBT’S POSITION IN THIS CASE?**

18 A. In summary, SWBT’s position is that it did not agree to pay reciprocal local
19 compensation for Internet traffic, which is interstate exchange access traffic, and
20 the Commission should not “interpret” the interconnection agreements between
21 SWBT and these CLECs to require SWBT to pay reciprocal compensation for
22 Internet traffic when SWBT did not agree to do so.

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Q HAS THE COMMISSION PREVIOUSLY ADDRESSED THE APPLICABILITY OF RECIPROCAL LOCAL COMPENSATION TO INTERNET TRAFFIC?

A. Yes. In Case No. TO-98-278, Birch Telecom of Missouri, Inc. filed a petition for arbitration with the Commission pursuant to the Telecommunications Act 1996 (the Act). In that proceeding, Birch asked the Commission to force SWBT to agree to pay Birch reciprocal local compensation for Internet traffic. SWBT was not willing to agree with Birch’s request to recharacterize interstate, Internet traffic as “Local Traffic” subject to reciprocal local compensation pursuant to their interconnection agreement. After a hearing in March, 1998, the Commission issued an Arbitration Order in April, 1998, in which it stated:

. . . as to the crucial issue in this case, i.e. reciprocal compensation under this type of scenario, the FCC has requested comments and taken the matter under advisement in Docket No. 97-30. The record presented by the parties is not sufficiently persuasive to move this Commission to make a final decision on the reciprocal compensation issue in light of the FCC’s pending proceeding on the same issue.

Q: DID THE COMMISSION SUBSEQUENTLY ISSUE AN ORDER CLARIFYING ITS ORIGINAL ARBITRATION ORDER IN THE BIRCH CASE?

1 A: Yes. On April 6, 1999, the Commission issued a clarifying order, in which it
2 stated that “[U]ltimately, the FCC should exercise its primary jurisdiction to
3 decide the appropriate amount of reciprocal compensation, if any, that should be
4 paid for ISP-bound traffic.” Thus, the Commission has appropriately deferred to
5 the jurisdiction of the FCC over this interstate traffic.

6

7 **Q. DOES THE FCC CONTINUE TO HAVE A PENDING PROCEEDING IN**
8 **WHICH IT IS EXERCISING ITS JURISDICTION OVER INTERNET**
9 **TRAFFIC AND EXAMINING APPROPRIATE COMPENSATION FOR**
10 **INTERNET TRAFFIC?**

11 A. Yes. In Docket Nos. 96-98 and 99-68, the FCC continues to exercise its
12 jurisdiction over interstate Internet traffic. On February 26, 1999, the FCC issued
13 a Declaratory Ruling and Notice of Proposed Ruling in these dockets. In the
14 Declaratory Ruling, the FCC stated that Internet traffic was predominately
15 interstate in nature. On appeal, the District of Columbia Circuit Court of Appeals
16 vacated the FCC's Declaratory Ruling and sent the matter back to the FCC to
17 better explain its decision. That proceeding is still open, as is the rulemaking
18 established by the FCC on February 26, 1999.

19

20 **Q. ARE THERE SIGNIFICANT POLICY REASONS WHY THE**
21 **COMMISSION SHOULD NOT "INTERPRET" THE**
22 **INTERCONNECTION AGREEMENTS AT ISSUE IN THIS CASE TO**

1 **REQUIRE RECIPROCAL LOCAL COMPENSATION FOR INTERNET**
2 **TRAFFIC?**

3 A. Yes. First, as SWBT witness Bert Halprin describes in detail in his testimony, it
4 defies logic to simply "label" calls bound for the Internet as "local traffic." Nearly
5 all Internet traffic travels at least interstate if not worldwide. Second, true local
6 traffic has different (and higher average per-minute) cost characteristics than calls
7 bound for the Internet, which are characteristically longer. This is not simply a
8 matter of occasional longer call lengths; certainly there are some local calls that
9 are as long as Internet calls. The issue is the average length of local calls
10 compared to the average length of Internet calls, and whether that difference in
11 length is significant. In Missouri, the current average holding time for a local
12 voice call is approximately three minutes, while the average holding time for an
13 Internet call is approximately 26 minutes, which is clearly a significant difference.
14 Interpreting the interconnection agreements between SWBT and complainants to
15 require payment of reciprocal compensation for Internet traffic at the rates
16 applicable to true local traffic would permit CLECs to significantly over-recover
17 their costs of carrying this traffic. Third, as Mr. Halprin describes in detail in his
18 testimony, payment of reciprocal local compensation on Internet traffic disincent
19 facilities-based competition in Missouri, particularly to residential customers.
20 Fourth, if the Commission interprets these interconnection agreements to require
21 SWBT to pay reciprocal local compensation for Internet traffic, these payments
22 could easily exceed the total revenues for basic local service that SWBT collects
23 from its end user customers under its tariff.

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**Q. PLEASE EXPLAIN HOW REQUIRING SWBT TO PAY
COMPLAINANTS RECIPROCAL LOCAL COMPENSATION FOR
INTERNET TRAFFIC COULD RESULT IN RECIPROCAL
COMPENSATION PAYMENTS EXCEEDING THE REVENUES SWBT
RECEIVES FOR LOCAL SERVICE PROVIDED TO AN END USER
CUSTOMER.**

A. Not only *could* reciprocal compensation payments to a CLEC exceed the basic local service revenues received by SWBT from its end user customer, such payments almost certainly *will* far exceed such revenues. For example, under the SWBT-Brooks Fiber Missouri interconnection agreement, reciprocal compensation for local traffic terminated to a Brooks end office is compensated at the rate of \$.0072 per minute. If an internet connection between a SWBT end user and an ISP served by Brooks Fiber is left established around the clock, SWBT's reciprocal compensation payment to Brooks for this one customer's connection to the Internet would be \$311 per month, compared to the center zone rate of \$11.35 for basic local service. Even if SWBT's end user customer only maintained the connection to the Internet for 6 hours per day, SWBT's reciprocal compensation payment to Brooks would be approximately \$78 per month, again compared with SWBT's total monthly basic local service revenue received from its customer, \$11.35. The entire revenue for basic local service would be insufficient to pay the reciprocal compensation charges, much less the cost of providing basic local service.

1

2 **Q. CAN THE INTERNET ALSO BE USED TO MAKE LONG DISTANCE**
3 **VOICE CALLS?**

4 A. Absolutely. "Internet telephony" is an exploding market. Using inexpensive or
5 free computer software, an individual with access to a personal computer can
6 today make a long distance voice call to any point in the world using the Internet,
7 without paying any long distance charges or access charges. Even without a
8 personal computer, individuals can now subscribe to a service which allows the
9 subscriber to make long distance telephone calls over the internet by placing a
10 locally dialed call to an ISP from a regular telephone set, and the call is then
11 transported over the internet to the local exchange carrier serving the called party.
12 In fact, such a call was placed from the Commission's hearing room to
13 Washington, D.C. on March 16, 1998, during the Birch Telecom arbitration
14 hearing. Again, no access charges are paid on long distance calls routed over the
15 Internet. USA Today has reported that by the year 2002, "The Internet would
16 account for 11% of U.S. and international long-distance voice traffic, up from just
17 0.2% last year." A copy of this article is attached to my testimony as Schedule 2.

18

19 **Q. WHAT OTHER COST-RELATED DIFFERENCE IS THERE BETWEEN**
20 **ISP AND LOCAL CALLS?**

21 A. Internet traffic is highly concentrated and almost exclusively one-way to the ISP.
22 A carrier providing terminating access service to an ISP does not incur the same
23 costs to deliver calls to ISPs that it does to terminate truly local calls. For
24 example, as described in Schedules 2, 3 and 4 attached to the testimony of SWBT
25 witness Joe Murphy, CLECs typically deliver an extremely large volume of calls
26 to a very small number of ISPs. For example, in December, 1999, approximately

1 95% of all traffic dialed locally by SWBT end users to Brooks' customers in
2 Missouri was identified as traffic bound for the Internet. As Mr. Murphy's line
3 number analysis indicates, 17 telephone numbers belonging to Brooks' ISP
4 customers each had over one million minutes of suspected Internet traffic in just
5 one month. These 17 customers accounted for 87% of all of the suspected
6 Internet traffic routed to Brooks. *One of these 17 telephone numbers of a Brooks'*
7 *ISP customer in Kansas City received over 25 million minutes of Internet calls*
8 *originated by SWBT end users in just one month!* At the rate established in the
9 SWBT/Brooks Fiber interconnection agreement, SWBT would be required to pay
10 Brooks more than \$180,000 per month in reciprocal compensation for locally
11 dialed calls to that one customer. This is equivalent to the basic local service
12 revenues SWBT receives from over 15,800 center zone residential end users.

13 Although SWBT has asked Brooks, MCI WorldCom and BroadSpan to
14 identify if any of these ISPs are collocated at their facilities, Brooks, MCI
15 WorldCom and BroadSpan have objected to SWBT's discovery requests seeking
16 this information and refuse to disclose whether such ISPs are collocated in these
17 CLECs' switching centers. Carriers providing true local service deliver calls to a
18 much greater number of customers who are much more geographically dispersed.
19 For example, I have reviewed a filing made at the Securities and Exchange
20 Commission (SEC) by one CLEC - Level 3 - in which Level 3 notes that it has
21 continually declining bandwidth costs in providing services to web centric
22 customers (See Schedule 3, Form 10-K for the Fiscal Year ended December 31,

1 1999 at 5.) It also cites other advantages of its network design that enable it "to
2 deliver the lowest unit cost to its customers." Id. at 7.

3

4 **Q. ARE THERE OTHER EXAMPLES SHOWING THE DIFFERENCES**
5 **BETWEEN INTERNET TRAFFIC AND TRUE LOCAL CALLS?**

6 A. Yes. Although it does not operate in Missouri, Pac West, a CLEC that generates a
7 large (70%) percentage of its revenues from Internet traffic recognized these
8 differences in its recent prospectus:

9 We believe we are differentiated by the architecture
10 of our network, which supports high calling volumes and
11 long holding times, the ability to access our network
12 throughout our market area through a local call, and the
13 ability of service providers to collocate their equipment at
14 our switch locations.

15 (See Schedule 4, Pac West Prospectus, dated November 5, 1999, at 5.)

16 **Q. PAC WEST MENTIONS "LONG HOLDING TIMES" -- DO YOU KNOW**
17 **WHETHER LONGER HOLDING TIMES IS A DISTINGUISHING**
18 **FEATURE BETWEEN LOCAL AND ISP CALLS?**

19 A. Yes, as I described above, and as Mr. Halprin discusses in his testimony, longer
20 holding times, and lower costs as a result of both concentrated traffic flows and

1 collocation of ISPs in CLEC central offices are key cost-related differences
2 between local traffic and Internet traffic.

3

4 **Q. DO ALL CLECS AGREE WITH THE COMPLAINANTS IN THIS CASE**
5 **THAT INTERNET TRAFFIC SHOULD BE SUBJECT TO RECIPROCAL**
6 **LOCAL COMPENSATION?**

7 A. No. Chuck McMinn, Chairman of Covad Communications has stated:
8 “Reciprocal compensation should be abolished for calls to Internet service
9 providers because it reduces incentive for competitive LECs (CLECs) to upgrade
10 to high-speed networks. I think reciprocal compensation is a boondoggle, and
11 incumbent LECs (ILECs) have a legitimate point.” (See Schedule 5,
12 Communications Daily, vol. 18, No. 180, September 18, 1998.)

13

14 **Q. THE COMPLAINANTS HAVE SUGGESTED THAT THE**
15 **COMMISSION'S DECISION IN THE BIRCH TELECOM ARBITRATION**
16 **CASE (TO-98-278) IS IRRELEVANT TO THESE CONSOLIDATED**
17 **COMPLAINT CASES? DO YOU AGREE?**

18 A. No. As I described on pages 3-4 of this testimony, in its Order Clarifying
19 Arbitration Order in the Birch Telecom arbitration, the Commission correctly
20 noted that Internet traffic is interstate traffic subject to the primary jurisdiction of
21 the FCC. That is *exactly* the same understanding that the SWBT representatives
22 who negotiated these interconnection agreements had back in 1996 (for MCI

1 WorldCom/MFS), 1997 (for Brooks) and 1999 (for BroadSpan), as each of the
2 negotiators have described in their testimony in this case. Yet in this case, MCI
3 WorldCom, Brooks Fiber and BroadSpan are asking the Commission to impute a
4 different understanding to SWBT's negotiators, and interpret the language
5 contained in the interconnection agreements in a manner contrary to the Birch
6 Telecom decision and the SWBT negotiators' own understanding at the time the
7 contracts were negotiated.

8

9 **Q. BROADSPAN WITNESS BLAKE ASHBY DISCUSSES THE SWBT/AT&T**
10 **ARBITRATED INTERCONNECTION AGREEMENT IN HIS DIRECT**
11 **TESTIMONY. MR. ASHBY STATES THAT THE ARBITRATED**
12 **SWBT/AT&T INTERCONNECTION AGREEMENT PROVIDES FOR**
13 **RECIPROCAL LOCAL COMPENSATION FOR INTERNET TRAFFIC.**
14 **DO YOU AGREE?**

15 A. Absolutely not. Like the interconnection agreements between SWBT and Brooks
16 Fiber, MCI WorldCom/MFS and BroadSpan, the SWBT/AT&T arbitrated
17 interconnection agreement does not specifically mention "Internet" traffic.
18 However, as SWBT witness Mike Brosler describes in his testimony, the
19 SWBT/AT&T arbitrated interconnection agreement describes local traffic in
20 nearly identical terms as "Local Traffic" is defined in the SWBT/MCI WorldCom
21 (MFS) agreement, the SWBT/Brooks Fiber agreement, and the SWBT/BroadSpan
22 agreement. Furthermore, it is difficult to understand how Mr. Ashby leaps to this
23 conclusion, since as Mr. Brosler describes at page 4 of his testimony, SWBT

1 negotiators specifically informed him in 1997 that the SWBT/AT&T
2 interconnection agreement did not provide for reciprocal compensation for
3 Internet traffic. Neither AT&T nor any other CLEC which has adopted the
4 SWBT/AT&T interconnection agreement has ever claimed that it provides for
5 reciprocal local compensation for Internet traffic. In fact, AT&T has previously
6 taken the position that Internet traffic is interstate, interexchange access traffic,
7 and thus not local traffic. (See Schedule 6, pp. 28-32). Given the fact that Mr.
8 Ashby was at the meeting with SWBT in November, 1997 at which SWBT
9 described its position with respect to Internet traffic, Mr. Ashby cannot seriously
10 claim that he was surprised to learn of SWBT's position that reciprocal
11 compensation does not apply to interstate Internet traffic.

12

13 **Q. WHAT IS THE RECIPROCAL COMPENSATION RATE CONTAINED IN**
14 **THE SWBT/AT&T ARBITRATED INTERCONNECTION AGREEMENT**
15 **FOR LOCAL TRAFFIC TERMINATED AT AN END OFFICE?**

16 A. The rate is \$.001988 per minute of use.

17

18 **Q. WHAT IS THE RECIPROCAL COMPENSATION RATE CONTAINED IN**
19 **THE SWBT/BROOKS FIBER INTERCONNECTION AGREEMENT FOR**
20 **LOCAL TRAFFIC TERMINATED AT AN END OFFICE?**

21 A. The rate is \$.0072 per minute of use, or approximately three and one half times
22 the rate contained in the SWBT/AT&T arbitrated interconnection agreement.

23

1 **Q. DOES THIS DISPARITY APPEAR TO EXPLAIN WHY BROADSPAN**
2 **ABANDONED THE COMPENSATION PROVISIONS CONTAINED IN**
3 **THE SWBT/AT&T AGREEMENT AND ADOPTED THE RECIPROCAL**
4 **COMPENSATION PROVISIONS CONTAINED IN THE SWBT/BROOKS**
5 **FIBER AGREEMENT?**

6 A. Yes. Mr. Ashby admits as much in his testimony. At page 8 of his testimony, Mr.
7 Ashby describes how in late 1998, BroadSpan decided to focus on ISPs as
8 customers. At page 10 of his testimony, Mr. Ashby describes how BroadSpan
9 sought to adopt the reciprocal compensation provisions contained in another
10 CLEC's interconnection agreement based on their expectation that Internet traffic
11 would be one sided and flow primarily to BroadSpan.

12
13 **Q. DO YOU BELIEVE THE COMMISSION SHOULD INTERPRET THE**
14 **INTERCONNECTION AGREEMENTS BETWEEN SWBT AND MCI**
15 **WORLDCOM (MFS), BROOKS FIBER AND BROADSPAN TO REQUIRE**
16 **RECIPROCAL LOCAL COMPENSATION FOR INTERNET TRAFFIC?**

17 A. No. I believe the Commission would in effect have to re-write these
18 interconnection agreements in order to reach the result MCI WorldCom, Brooks
19 and BroadSpan seek in these cases. The definitions of "Local Traffic" contained
20 in each of these agreements do not include interstate access traffic, which is
21 exactly what Internet traffic is - not local traffic. Furthermore, if the Commission
22 were to interpret these interconnection agreements to provide for reciprocal local
23 compensation for Internet traffic, the result would be directly contrary to the

1 Commission's decision in TO-98-278, because the SWBT/Birch arbitrated
2 interconnection agreement contains a nearly identical definition of "Local Traffic"
3 yet the Commission has already determined that SWBT is not required to pay
4 reciprocal local compensation to Birch for Internet traffic, pending the FCC's
5 exercise of jurisdiction over this traffic. More fundamentally, there is no evidence
6 the SWBT representatives responsible for negotiating the compensation
7 provisions contained in the interconnection agreements with MCI WorldCom,
8 Brooks and BroadSpan ever agreed to abandon the FCC's long-standing
9 characterization of Internet traffic as interstate exchange access traffic and instead
10 agreed to treat Internet traffic as local traffic.

11

12 **Q. HAVE YOU REVIEWED THE DIRECT TESTIMONY FILED BY MCI**
13 **WORLDCOM'S DON PRICE?**

14 A. Yes.

15

16 **Q. DO YOU AGREE WITH MR. PRICE'S CONCLUSION ON PAGE 12 OF**
17 **HIS TESTIMONY THAT CALLS MADE TO AN ISP ARE "LOCAL**
18 **CALLS"?**

19 A. No. As described above, Mr. Price's conclusion is contrary to the FCC's long-
20 standing determination that Internet traffic is interexchange access traffic and not
21 local traffic.

22

1 **Q. DO YOU AGREE WITH MR. PRICE'S CONCLUSION THAT "WHEN**
2 **THE PARTIES NEGOTIATED THE AGREEMENTS THEY**
3 **UNDERSTOOD AND INTENDED FOR LOCAL CALLS TO ISPS TO BE**
4 **TREATED AS LOCAL TRAFFIC SUBJECT TO RECIPROCAL**
5 **COMPENSATION"?**

6 A. No. Mr. Price is simply relabeling Internet traffic as "local traffic", and that is the
7 fundamental problem with MCI WorldCom's, Brooks' and BroadSpan's position
8 in this case. Each of the "bullet points" Mr. Price relies on to support this
9 incorrect conclusion have been refuted by other SWBT witnesses.

10

11 **Q. HAS SWBT'S POSITION THAT INTERNET TRAFFIC IS INTERSTATE**
12 **ACCESS TRAFFIC EVER "CHANGED" AS MR. PRICE ALLEGES ON**
13 **PAGE 19 OF HIS DIRECT TESTIMONY?**

14 A. No, SWBT's position has not changed. Once the Act became law, SWBT began
15 negotiating interconnection agreements with CLECs. As negotiations evolved,
16 SWBT started to become more aware that some CLECs were focusing on ISPs as
17 customers and were apparently going to attempt to characterize Internet traffic as
18 "local" traffic for purposes of claiming reciprocal compensation. When this
19 scheme became more well known, SWBT notified all CLECs in June, 1997, of its
20 position and began affirmatively raising its position in all negotiations. SWBT's
21 position that Internet traffic is interstate exchange access traffic did not change,
22 however.

23

1 **Q. ON PAGE 19 OF HIS DIRECT TESTIMONY, MR. PRICE STATES THAT**
2 **SWBT COULD HAVE, BUT DID NOT, REQUEST DURING**
3 **NEGOTIATIONS THAT INTERNET TRAFFIC BE TREATED**
4 **“SEPARATELY FROM OTHER LOCAL TRAFFIC FOR RECIPROCAL**
5 **COMPENSATION PURPOSES OR OTHERWISE”. MR. PRICE GOES**
6 **ON TO STATE THAT "HAD SUCH A REQUEST BEEN MADE BY**
7 **SWBT, OUR NATIONAL POSITION WOULD HAVE REQUIRED THAT**
8 **SUCH A REQUEST BE ARBITRATED." WHAT IS YOUR RESPONSE?**

9 **A.** First, it is MCI WorldCom/MFS, Brooks and BroadSpan –not SWBT--that are
10 seeking to treat Internet traffic as something different than what the FCC has
11 determined it to be, i.e., interstate access traffic. If any of these CLECs had
12 requested during negotiations that SWBT agree to treat Internet traffic as local
13 traffic for purposes of reciprocal compensation, which they did not, SWBT would
14 not have agreed to such a request. Furthermore, had MCI WorldCom, Brooks
15 Fiber or BroadSpan arbitrated this issue, as Mr. Price claims they would have
16 done, there is no reason to believe that the Commission's decision in that
17 arbitration case would be any different than the Commission's decision in the
18 Birch Telecom arbitration on the very same issue, where it deferred to the FCC's
19 jurisdiction over this interstate traffic.

20
21 **Q. WHAT WAS THE ORIGINAL TERMINATION DATE OF THE BROOKS**
22 **AND MCI WORLDCOM/MFS INTERCONNECTION AGREEMENTS**
23 **WITH SWBT?**

1 A. The Brooks agreement contained an initial expiration date of December 31, 1998,
2 and the MCI WorldCom agreement contained an initial expiration date of
3 November 16, 1998.

4
5 **Q. ARE BOTH OF THESE AGREEMENTS NOW EXPIRED?**

6 A. While the initial termination dates have long passed, until recently, neither party
7 has noticed the agreements for termination, and pursuant to the terms and
8 conditions contained in the agreements, the parties have continued to exchange
9 traffic pursuant to the agreements. On April 14, 2000, SWBT notified MCI
10 WorldCom that it was terminating both of these agreements, and sought to initiate
11 negotiations for a new agreement to replace these agreements. Incredibly, MCI
12 WorldCom now takes the position that even though the initial termination dates
13 have long since passed, the agreements are in effect perpetual unless MCI
14 WorldCom says otherwise. (See letter from MCI WorldCom's Michael Beach,
15 attached as Schedule 7). While this position is absurd, it evidences the lengths
16 MCI WorldCom will go to attempt to keep in place interconnection agreements it
17 believes, albeit mistakenly, provide for a reciprocal local compensation payment
18 windfall.

19
20 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

21 A. Yes it does.

SUMMARY OF EDUCATION AND WORK EXPERIENCE

Q: WHAT IS YOUR EDUCATIONAL BACKGROUND?

A: I graduated with a BS in Engineering Management from the University of Missouri -Rolla in 1991. I earned a Master of Business Administration from St. Louis University in 1995.

Q: PLEASE OUTLINE YOUR WORK EXPERIENCE.

A: I began my career with Southwestern Bell in 1991 as a Manager Installation/Repair. After assignments in Finance and with Southwestern Bell's Payphone division, I began working in the St. Louis Market Area. There I held positions as Manager Business Office Support and Area Manager Installation and Repair. In 1995, I help form SBC's Wholesale Marketing Organization. Over the course of 3 years, I held various positions with responsibilities including Resale, SBC's CLEC training and the CLEC website. In 1998, I was appointed Director of the AT&T local account team. I served in that capacity until accepting my current position in October of 1999.