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BEFORE THE ARIZONA CORPORATION COMMISSION: 48

WILLIAM A. MUNDELL  
CHAIRMAN  
JIM IRVIN  
COMMISSIONER  
MARC SPITZER  
COMMISSIONER

2001 DEC 19 10:48 AM  
AZ CORP COMMISSION  
DOCUMENT CONTROL

IN THE MATTER OF QWEST CORPORATION'S  
TARIFF FILING TO INTRODUCE A NEW RATE  
STRUCTURE FOR AN ACCESS SERVICE USED  
BY INTEREXCHANGE CARRIERS

DOCKET NO.: T-01051B-01-0391  
NOTICE OF FILING DIRECT  
TESTIMONY

In accordance with the November 27, 2001 Procedural Order, Citizens  
Communications Company, Inc. and Electric Lightwave, Inc. hereby file the direct testimony of  
Curt Huttzell.

DATED this 19<sup>th</sup> day of December, 2001.

GALLAGHER & KENNEDY, P.A.

Arizona Corporation Commission  
DOCKETED  
DEC 19 2001

DOCKETED BY [signature]

By [signature]  
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Original and ten copies filed this  
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Docket Control  
Arizona Corporation Commission  
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1 **Copies** of the foregoing hand-delivered  
this December 19<sup>th</sup>, 2001, to:

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23  
24



1 **Q. Please state your name and business address.**

2 A. My name is Curt Huttzell. My business address is 4 Triad Center, Suite 200, Salt Lake City,  
3 Utah 84180.

4  
5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by Citizens Communications Company ("Citizens") and Electric Lightwave,  
7 Inc. ("ELI") as Director, State Government Affairs.

8  
9 **Q. Please describe your current duties and responsibilities.**

10 A. I am responsible for the management of regulatory and government affairs for Citizens and  
11 ELI's local exchange and long distance telecommunications operations in Arizona, Utah and  
12 New Mexico. My responsibilities include the implementation of all regulatory policies,  
13 oversight of all regulatory activities including Citizens and ELI's intrastate rates and tariffs, and  
14 the management of state regulatory and legislative proceedings and relations.

15  
16 **Q. Please describe your educational background and professional experience.**

17 A. I have been awarded B.S. and M.A. degrees in economics from Central Missouri State  
18 University and the Ph.D. in economics from the University of Nebraska.

19  
20 I joined Citizens Communications in July of 1999. Before joining Citizens, I was a Senior  
21 Economic Analyst with the consulting firm of INDETEC International. The domestic clients  
22 that I served while with INDETEC included U S WEST, BellSouth, Pacific Bell, Nevada Bell,  
23 GTE, Bell Atlantic and Cincinnati Bell. My international clients included the South Africa  
24 Telecommunications Regulatory Authority, Empresa de Telecomunicaciones de Santa fe de  
25 Bogotá and the Vodafone Network (Australia). I have also served as a Utility Economist within  
26 the Telecommunications Section of the Utah Division of Public Utilities and as Research  
27 Economist on the Telecommunications Department Staff of the Missouri Public Service  
28  
29

1 Commission. While with the Utah Division and the Missouri Commission, I worked on many  
2 issues, including state universal service funds, unbundling and interconnection, the structure of  
3 exchange access charges, incentive regulation, and network modernization.

4  
5 In addition to my experience in the telecommunications industry, I have taught economics and  
6 statistics as a member of the faculties of Briar Cliff College in Sioux City, Iowa, and St.  
7 Ambrose University in Davenport, Iowa.

8  
9 **Q. Have you previously testified before the Arizona Corporation Commission?**

10 **A.** Yes. I testified on behalf of Citizens Communications in Midvale Telephone's recent general  
11 rate case, Docket No. T-02532A-00-0512.

12  
13 **Q. Have you previously testified before any other state regulatory commissions?**

14 **A.** Yes. I have testified before the Idaho Public Utilities Commission, the Iowa Utilities Board, the  
15 Public Service Commissions of Missouri, Montana, Nebraska and Utah, and the Washington  
16 Utilities and Transportation Commission.

17  
18 **Q. What is the purpose of your testimony?**

19 **A.** The purpose of my testimony is to express Citizens and ELI's concerns about Qwest's Common  
20 Channel Signaling Access Capability ("CCSAC") tariff, which is the subject of this docket.  
21 Consequently, I respond in part to Mr. Scott A. McIntyre, who testifies in support of the  
22 CCSAC tariff at issue for Qwest Corporation ("Qwest"). Specifically, Citizens and ELI are  
23 concerned about the application of Section 3.7.4 of Qwest's proposed tariff, which has to do  
24 with reporting a percent interstate use (PIU) factor. Our concerns include applying this factor in  
25 such a way as to assess SS7 charges for signaling associated with local and EAS traffic, jointly  
26 provided intraLATA toll service and interexchange traffic handed off to IXCs via Qwest's  
27 LATA access tandem (hereinafter "LATA tandem traffic").

1 **Q. How are Citizens and ELI affected by Qwest's CCSAC filing?**

2 **A.** Qwest's filed CCSAC tariff proposes to assess separate intrastate charges involving SS7  
3 signaling for the first time in Arizona. SS7 stands for Signaling System 7 and represents the  
4 industry standard technology for out-of-band signaling. With standardized out-of-band  
5 signaling, incumbent local exchange carriers ("ILECs") like Citizens and Qwest, competitive  
6 local exchange carriers ("CLECs") like ELI, and interexchange carriers ("IXCs"), such as  
7 AT&T, MCI and Sprint, may set up and tear down calls carried between each others' networks  
8 rapidly and efficiently. To take advantage of economies of scale and scope, both Citizens and  
9 ELI have not built their own SS7 networks to exchange signaling messages with Qwest but  
10 instead obtain SS7 services from Illuminet, Inc., a third-party provider of SS7 services. To the  
11 extent that Illuminet incurs increased costs as a result of Qwest's proposed CCSAC tariff, these  
12 increased costs are subject to being passed on to Citizens and ELI or other Illuminet customers.

13  
14 **Q. Please elaborate on the relationship between Citizens, ELI and Illuminet.**

15 **A.** Citizens and ELI are carrier customers of Illuminet. In other words, Citizens and ELI pay  
16 Illuminet to provide them with SS7 signaling services. Citizens and ELI have both notified  
17 Qwest that Illuminet is their SS7 provider. Thus, Illuminet has arranged with Qwest to send  
18 and receive SS7 messages on behalf of Citizens and ELI. Citizens and ELI have executed  
19 letters of agency ("LOAs") with Illuminet facilitating the loading of point codes into Qwest's  
20 SS7 system. These point codes designate the locations of Citizens and ELI's service switching  
21 points ("SSPs"). SSPs are digital switches equipped with the hardware and software necessary  
22 to transmit and receive SS7 messages.

23  
24 **Q. Where are Citizens and ELI's SSPs in Arizona?**

25 **A.** Citizens and ELI own and operate three SSPs in Arizona. Two of the three SSPs belong to  
26 Citizens' ILEC affiliates operating in Arizona. Citizens Utilities Rural Company ("Rural")  
27 operates in Mojave County and has an SSP in Kingman, and Citizens Telecommunications  
28  
29

1 Company of the White Mountains ("CTC-WM") operates within the White Mountains and has  
2 an SSP in Show Low. ELI operates as a CLEC in the Phoenix metropolitan area, and its SSP is  
3 in Phoenix.  
4

5 **Q. How do Citizens and ELI exchange SS7 messages with Illuminet and Qwest?**

6 **A.** Citizens and ELI exchange SS7 messages with Qwest through Illuminet. This exchange is  
7 accomplished by packet switches known as Signal Transfer Points ("STPs"). STPs are  
8 typically deployed in pairs, or nodes. Both STP nodes are active and share the traffic load.  
9 Citizens has a single STP pair for all of its Western Region, with nodes in Elk Grove,  
10 California and Susanville, California. ELI also has a single pair of STPs, with one node in  
11 Portland, Oregon, and the other in Salt Lake City, Utah. These two pairs of STPs interact with  
12 Illuminet's STP pair, with nodes in Olympia, Washington, and Las Vegas, Nevada. In turn,  
13 Illuminet's STP pair interact with Qwest's STPs to establish and disengage calls originating or  
14 terminating in Qwest's service territory.  
15

16 **Q. What kinds of Citizens and ELI telecommunications traffic are associated with the SS7**  
17 **messages exchanged between Illuminet and Qwest?**

18 **A.** The SS7 messages exchanged between Qwest and Illuminet are associated with the following  
19 types of telecommunications traffic: local, extended area service ("EAS"), intraLATA toll,  
20 intrastate interLATA long distance and interstate long distance. First, ELI and Qwest exchange  
21 local and EAS traffic within the Phoenix Metropolitan local calling area under the terms of  
22 their interconnection agreement as approved by this Commission. The two companies  
23 exchange this kind of traffic either directly between ELI and a Qwest end office or indirectly  
24 between ELI and the Qwest local tandem.  
25

26 Second, Rural, CTC-WM and ELI each exchange intraLATA toll calls with Qwest. Rural and  
27 Qwest jointly carry intraLATA traffic under an Originating Responsibility Plan ("ORP"), and  
28  
29

1 CTC-WM and Qwest jointly carry intraLATA traffic under a Designated Carrier Plan ("DCP").  
2 In addition, Qwest intraLATA toll traffic is exchanged between ELI and Qwest through the  
3 Qwest access tandem.

4  
5 Third, Citizens' two ILEC affiliates and ELI hand off intraLATA and interLATA toll calls to  
6 their subscribers' primary interexchange carriers ("PICs") in two ways: (a) direct connection to  
7 the IXC via dedicated trunks and (b) indirect connection through Qwest's LATA access  
8 tandem.

9  
10 **Q. Please explain ELI's concerns about Qwest's CCSAC filing in terms of the interchange of**  
11 **telecommunications traffic.**

12 **A.** ELI's principal concern has to do with Qwest applying its CCSAC access charges to local and  
13 EAS traffic. According to its PIU provision, Qwest's proposed CCSAC tariff would assess SS7  
14 message charges against the percentage of telecommunications traffic reported as total  
15 intrastate. Obviously, intrastate includes local, EAS and intraLATA toll traffic. Thus, Qwest's  
16 proposed CCSAC tariff would levy these access charges against local and EAS traffic.

17  
18 **Q. Does ELI object to Qwest levying access charges for SS7 signaling involved in the**  
19 **exchange of local and EAS traffic?**

20 **A.** Yes, for the following reason: ELI has entered into an interconnection agreement with Qwest  
21 in Arizona that provides for the mutual exchange of local and EAS traffic. This agreement does  
22 not provide for separate charges for the SS7 signaling needed to exchange such traffic. Because  
23 Illuminet merely acts on behalf of ELI, Qwest's "unbundled" SS7 signaling proposal would in  
24 effect unilaterally modify that portion of its agreement with ELI involving the exchange of local  
25 and EAS traffic.

1 **Q. Has ELI estimated the additional charges it will incur from Illuminet should Qwest's**  
2 **proposed CCSAC tariff take effect?**

3 **A.** Yes. ELI estimates that Illuminet will incur approximately \$40,000.00 per month in new SS7  
4 charges from Qwest associated with ELI's intrastate traffic in Arizona. This estimate is  
5 consistent with similar estimates made by Illuminet. Of course, Illuminet will have to pass on  
6 these additional charges to ELI.

7  
8 **Q. Please explain how CTC-WM is affected by Qwest's proposed CCSAC tariff in light of**  
9 **the DCP with Qwest.**

10 **A.** Under the DCP involving Citizens' White Mountains exchanges, CTC-WM and Qwest jointly  
11 provide intraLATA toll service. For subscribers who have selected CTC-WM as their  
12 intraLATA PIC, CTC-WM hands off calls destined for another ILEC's or CLEC's exchange in  
13 the Phoenix LATA to Qwest, and Qwest receives the associated end-user revenue. For  
14 subscribers who have chosen Qwest as their intraLATA PIC, Qwest carries calls originating in  
15 the Phoenix LATA outside of the White Mountains and terminating in CTC-WM's exchanges  
16 and collects the associated revenue from the end-user. In both these cases, CTC-WM bills  
17 Qwest for originating and terminating access minutes under its Arizona Access Tariff No. 1.

18  
19 Qwest has never billed CTC-WM switched access for carrying traffic originating or terminating  
20 in the White Mountains. Qwest has always received its compensation for transporting  
21 intraLATA calls into and out of the White Mountains from the end user. Obviously, this means  
22 that Qwest has never before billed CTC-WM for the SS7 signaling needed to complete these  
23 calls. It is my understanding that Qwest's proposed CCSAC tariff would charge Illuminet for  
24 such messages both when calls originate in the White Mountains and when they terminate  
25 there. Illuminet would have to pass these charges on to Citizens, and Citizens would end up  
26 paying again for functions for which end users have already paid Qwest.

1 **Q. At page 10, lines 12 through 17, of his direct testimony, Mr. McIntyre contends that**  
2 **Qwest's proposed CCSAC tariff filing is revenue neutral to Qwest. Is Qwest's proposal**  
3 **revenue neutral under the White Mountains DCP?**

4 **A.** No. As I point out above, the DCP in the White Mountains supposes that Qwest receives its  
5 compensation for carrying intraLATA toll traffic from the end user, not from exchange access  
6 charges. Therefore, if Qwest's proposed CCSAC tariff goes into effect, Illuminet (and through  
7 it CTC-WM) will begin paying Qwest for SS7 messages transmitted or received by CTC-WM's  
8 SSP in Show Low, but Qwest will not have correspondingly reduced its intraLATA toll rates.

9  
10 **Q. Please explain how Rural is affected by Qwest's proposed CCSAC tariff in light of the**  
11 **ORP with Qwest in Mojave County.**

12 **A.** Under the ORP in Mojave County, Rural and Qwest jointly provide intraLATA toll service.  
13 Rural bills and keeps the revenue earned from intraLATA toll calls for which it is the  
14 customers' PIC and pays Qwest exchange access charges for terminating such calls. In turn,  
15 Qwest bills and keeps the revenue earned from intraLATA toll calls for which it is the  
16 customers' PIC and pays Rural terminating access. Each company uses its intrastate access  
17 tariff to levy terminating access charges.

18  
19 It is my understanding that Qwest's CCSAC proposal would assess Illuminet message charges  
20 associated with jointly provided toll traffic either going into or out of Mojave County. For  
21 calling into Mojave County from one of Qwest's exchanges in the Phoenix LATA, Illuminet  
22 (and ultimately Citizens) would wind up paying Qwest for SS7 message functions for which  
23 Qwest's end users have already paid. As with the DCP in the White Mountains, Qwest's  
24 unbundling proposal would not be revenue neutral from the standpoint of the Mojave County  
25 ORP. Qwest would collect additional charges from Illuminet (and in the final analysis  
26 Citizens) for which there is no corresponding reduction in intraLATA toll rates.

1 For calls going out of Mojave County, Qwest is proposing to assess separate charges for the  
2 associated SS7 messages . Such message fees have never been a part of this jointly provided  
3 toll service. By unilaterally unbundling SS7 signaling and charging separately for it, Qwest is  
4 proposing to abrogate a long-standing reciprocal compensation arrangement for which Citizens  
5 may ultimately have to bear the burden.

6  
7 **Q. Do you have an estimate of how much Illuminet will have to pass on to Citizens if Qwest's**  
8 **CCSAC proposal takes effect?**

9 **A.** Yes. Data supplied by Illuminet indicates that if Qwest's proposed CCSAC filing is applied to  
10 jointly provided intraLATA toll traffic, Citizens will have to pay approximately \$1,800.00 per  
11 month in additional SS7 message charges. Illuminet will, in turn, have to pay this additional  
12 amount to Qwest.

13  
14 **Q. You were careful to confine your discussion of the Mohave County ORP and the White**  
15 **Mountains DCP to situations in which either Citizens or Qwest was the callers' PIC.**  
16 **Why?**

17 **A.** Qwest's SS7 network may not become involved at all if IXCs transport the toll traffic. In cases  
18 where subscribers have not selected Citizens or Qwest as their intraLATA PIC, IXCs carry the  
19 subscribers' intraLATA toll calls. IXCs also carry the interLATA toll traffic originating in  
20 Citizens' Arizona service territories. Similarly, IXCs transmit the toll calls of ELI's customers  
21 who have not chosen ELI as their PIC. Where Citizens and ELI hand over toll calls to an IXC,  
22 either company may have a direct connection to the IXC's point of presence ("POP"). When  
23 the connection to the IXC's POP is direct, the necessary SS7 signaling passes directly between  
24 the IXC and Illuminet (acting on behalf of Citizens or ELI), and Qwest's SS7 network does not  
25 become involved, except at perhaps the terminating end.

1 **Q. Does Qwest's signaling network become involved if the connections between Citizens or**  
2 **ELI and their subscribers' PICs are indirect?**

3 **A.** Yes. When Citizens and ELI connect to an IXC indirectly, they must do so through Qwest's  
4 LATA access tandem. The interexchange traffic sent over such indirect connections may be  
5 called LATA tandem traffic and may be transported over either dedicated or shared facilities, or  
6 some combination of both. In either case, the necessary signaling passes from Citizens or ELI's  
7 STPs to Illuminet's, then to Qwest's STPS and finally to the appropriate IXC's SS7 network. It  
8 is my understanding that Qwest's proposed CCSAC tariff would assess both Illuminet (and  
9 eventually Citizens or ELI) and the receiving IXC SS7 message charges in this scenario. I  
10 understand also that Qwest's proposal would levy SS7 message charges against both Illuminet  
11 (and in turn Citizens and ELI) and IXCs for the signaling associated with the incoming traffic  
12 that IXCs hand off to Citizens and ELI for termination.

13  
14 **Q. Do Citizens and ELI object to Qwest levying SS7 message charges against Illuminet in the**  
15 **case of indirect connections to an IXC?**

16 **A.** Yes. If I am reading Qwest's proposed CCSAC tariff correctly, Qwest would recover its SS7  
17 infrastructure costs twice, once from Illuminet (and in due course from Citizens and ELI) and  
18 again from the IXCs to whom Citizens and ELI are indirectly connected through Qwest's  
19 LATA access tandem.

20  
21 **Q. How do Citizens and ELI recommend that the Commission treat Qwest's proposed**  
22 **CCSAC tariff?**

23 **A.** Citizens and ELI recommend that the Commission reject Qwest's proposed CCSAC tariff. If  
24 approved, the PIU factor contained in it would levy unbundled exchange access charges for SS7  
25 messages associated with local and EAS traffic, and jointly provided intraLATA toll service.  
26 These two kinds of traffic should be exempt from exchange access charges, including whenever  
27 a third-party SS7 provider acts on behalf of an ILEC or CLEC. Moreover, Qwest's proposed  
28

1 PIU factor, as applied to a third-party SS7 provider such as Illuminet, would permit Qwest to  
2 charge both the third-party provider and subscribers' PICs for the signaling involved with  
3 LATA tandem traffic.  
4

5 Should the Commission approve Qwest's CCSAC filing with its two-dimensional PIU, Citizens  
6 and ELI request that the Commission require Qwest to provide the necessary detailed billing to  
7 Illuminet so that Citizens and ELI may pass the new SS7 message charges through to their  
8 subscribers' PICs and to the IXCs that hand off terminating traffic to them. As Mr. McIntyre  
9 acknowledges at page 18, lines 7-14, of his direct testimony, Qwest may have devised a filing  
10 that is revenue neutral from its perspective, but Citizens and ELI will probably not individually  
11 experience a proportionate reduction in their exchange access bills from Qwest.  
12

13 **Q. Does this conclude your testimony at this time?**

14 **A. Yes.**  
15

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