Qwest
Spirit of Service

Qwest
421 Southwest Oak Street
Suite 810
Portland, Oregon 97204
Telephone: 503-242-5420
Facsimile: 503-242-8589
e-mail: carla.butler@qwest.com

Carla M. Butler
Lead Paralegal

May 18, 2009

Ms. Carol Hulse
Oregon Public Utility Commission
550 Capitol St., NE
Suite 215
Salem, OR 97301

Re: Docket UT 157

Dear Ms. Hulse:

Enclosed for filing in the above entitled matter please find an original and (5) copies of Qwest Corporation's Direct Testimony of William Easton. Please note Qwest Exhibit 2 is Confidential and is sealed in a separate envelope. A certificate of service is also enclosed.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Carla

Carla M. Butler

CMB:
Enclosure

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UT 157

In the Matter of QWEST CORPORATION

Establishes a Percent Interstate Usage floor for Unidentified Feature Group D Terminating Traffic

DIRECT TESTIMONY OF

WILLIAM R. EASTON

FOR

QWEST CORPORATION

May 18, 2009

TABLE OF CONTENTS

I. IDENTIFICATION OF WITNESS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION WITH QWEST CORPORATION.

A. My name is William R. Easton. My business address is 1600 7th Avenue, Seattle Washington. I am employed as Director – Wholesale Advocacy. I am testifying on behalf of Qwest Corporation ("Qwest").

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I graduated from Stanford University in 1975, earning a Bachelor of Arts degree. In 1980, I received a Masters of Business Administration from the University of Washington. In addition, I am a Certified Management Accountant and member of the Institute of Management Accountants.

I began working for Pacific Northwest Bell in 1980, and have held a series of jobs in financial management with U S WEST, and now with Qwest, including staff positions in the Treasury and Network organizations. From 1996 through 1998, I was Director – Capital Recovery. In this role I negotiated depreciation rates with the FCC and state commission staffs and testified in various regulatory proceedings. From 1998 until 2001, I was a Director of Wholesale Finance, responsible for the management of Wholesale revenue streams from a financial perspective. In this capacity, I worked closely with the

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

Q. HAVE YOU TESTIFIED PREVIOUSLY IN OREGON?

A. Yes. I have testified previously in Dockets UM 767, UT 125, ARB 10, ARB 365, ARB 445, ARB 584, IC 1, UA 55 (Reopened), ARB 665 and ARB 775.

II. PURPOSE OF DIRECT TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. The purpose of my testimony is to address Qwest's proposed changes to its Oregon Access Service Tariff that are at issue in this proceeding. I will describe the changes that Qwest is proposing to make to the tariff, explain why these changes are necessary, and explain why most interexchange carriers would not be adversely impacted.

III. QWEST'S PROPOSED TARIFF CHANGES AT ISSUE HERE

Q. BEFORE DESCRIBING QWEST'S PROPOSED TARIFF CHANGES AT ISSUE HERE, COULD YOU PLEASE BRIEFLY DESCRIBE "FEATURE GROUP D"

SERVICE, AND THE IMPORTANCE OF DETERMINING THE JURISDICTION OF FEATURE GROUP D TRAFFIC?

A. Yes. Feature Group D ("FGD") service is a switched access service that Qwest makes available to interexchange carriers ("IXCs") such as Sprint, AT&T and Verizon Business Services ("Verizon Business"). This service allows IXCs to terminate interexchange, or long distance, calls to Qwest's end-user customers and to receive long distance calls from Qwest's end-users. The jurisdiction of the call must be determined because local carriers like Qwest assess the IXC different originating and terminating switched access rates depending upon the jurisdiction of the call. Qwest determines the jurisdiction of the call by comparing the originating telephone number information with the terminating information. For example, if Qwest in Oregon receives a call with call information indicating the telephone number 206-555-1212, Qwest will determine that the call comes from Washington State and therefore that it is an int*er*state long distance call. Likewise, if Qwest receives a call in Portland with call information indicating the telephone number 541-555-1212, Qwest will determine that the call comes from Oregon but from outside the Portland metro area, and therefore that it is an int*ra*state long distance call.

Typically, IXCs will provide Qwest with sufficient calling party information so that Qwest can determine whether the call is inter- or intrastate in nature, thus allowing Qwest to appropriately bill for terminating the call. Because int*ra*state calls that originate from or terminate to Qwest are generally charged a higher rate than int*er*state calls, Qwest's ability to determine the jurisdiction of the calls has a material impact on the rates that it charges and, ultimately, on Qwest's terminating access revenues.

Q. HOW EFFECTIVE IS FGD SERVICE IN PROVIDING ADEQUATE INFORMATION TO DETERMINE THE JURIDICTION OF CALLS?

A. FGD signaling protocol has been in place for many years and is used by telecommunications companies to route, "jurisdictionalize" and rate calls. FGD protocol is generally very effective. In fact, in a recent study that Qwest conducted on IXC-bound traffic that its end-user customers originated, 100 percent of such interexchange traffic contained adequate information to allow a terminating carrier to determine the appropriate jurisdiction of a call.[1] Thus, Qwest's study demonstrates that there is no inherent technical problem with the signaling protocol that would explain any lack of jurisdictional information in an interexchange call.

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

A. Unfortunately, no. In some cases, the calling party information transmitted to Qwest by the originating carrier lacks a valid Calling Party Number ("CPN") or a Charge Party Number ("ChPN"). When this happens, Qwest's long-standing processes for identifying

[1] Qwest's study showed that of more than 68 million minutes of use ("MOUs"), no MOUs (0 MOUs) lacked originating information.

jurisdiction are unable to determine the appropriate jurisdiction of the traffic. The percentage of interexchange traffic delivered to Qwest that lacks such information varies greatly among IXCs, ranging from nearly zero for some IXCs to very significant percentages for other IXCs. Such differences, however, cannot be merely explained by differences in traffic types or, as demonstrated by the aforementioned technical study, limitations of technology. Rather, such differences are more likely due to either intentional arbitrage or inadvertent error in the manner in which a given IXC delivers traffic. Jurisdictionally-unidentified traffic is not unique to Qwest-terminated traffic, however. All local exchange carriers receive a certain amount of traffic for which the jurisdiction cannot be determined, and thus many local carriers have provisions in their switched access tariffs to address how traffic of this type would be treated.

Q. WHAT IS CONSIDERED A VALID "CPN" OR "ChPN"?

A Qwest's Oregon Access Service Tariff, Section 6.3.1.Y, provides a definition of valid CPN and ChPN. The pertinent definitions are reproduced below:

> • Calling Party Number (CPN) is the automatic transmission of the calling party's ten digit telephone number to the customer's premises for calls originating in the LATA. The ten digit number consists of the Numbering Plan Area (NPA) plus the seven digit telephone number.
>
> • Charge Number is the SS7 Out of Band Signaling equivalent of the ten-digit ANI telephone number.

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

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

Q. WHY DOES QWEST BELIEVE THE CURRENT PROCESS NEEDS TO BE CHANGED?

A. Qwest believes the current process needs to be changed because the current process does not provide the proper incentive for IXCs to properly identify their interexchange traffic. Because intrastate access rates are generally higher than interstate rates, there may be a natural incentive for an IXC to have as much traffic as possible rated at interstate rates, which thus leads to a potential for arbitrage. From a policy perspective, it makes much more sense for there to be maximum transparency in the system, so that all carriers involved in delivering a call know the jurisdiction of the call being delivered and can charge the appropriate carriers the correct rates for the functions they perform to deliver that call. Unfortunately, however, Qwest has identified several IXCs that have abnormally high amounts of unidentified Feature Group D traffic. As a result, Qwest and other local exchange carriers that terminate traffic from IXCs have had no real choice but to implement tariffs like the one at issue here to discourage jurisdictionally-unidentified traffic.

The current system recognizes that there will be a certain amount of unidentified traffic, which is why IXCs are required to self-report their percent of interstate use ("PIU"). The problem with the current system, however, is that self-reported PIUs do not always match the actual jurisdiction of the traffic that Qwest is required to terminate. In comparing IXCs' self-reported PIU percentages with what Qwest measures as actual PIU percentages, Qwest has found significant differences for some IXCs.

Once again, from a policy perspective, all parties should want to make sure traffic is being properly identified. The solution to the problem is to give all carriers a business incentive to ensure that their traffic is being properly identified. Qwest's proposed tariff amendments provide these proper incentives. The proposed tariff amendments would give IXCs the choice of either paying a higher rate on unidentified calls they ask Qwest to terminate, or of properly identifying their traffic so that their calls can be assessed the appropriate terminating switched access rate.

Q. PLEASE DESCRIBE QWEST'S PROPOSED CHANGES TO ITS OREGON ACCESS SERVICE TARIFF.

A. In its proposed amendments to its Oregon access tariff, Qwest is now introducing a "floor" for unidentified FGD terminating traffic. This floor is designed to deal with situations where an IXC either inadvertently or intentionally attempts to avoid paying appropriate intrastate access rates by delivering interexchange traffic without identifying information. Minutes of unidentified interexchange traffic up to the floor would be charged based on the IXC's PIU factor as they are under Qwest's current tariff. Unidentified minutes in excess of the floor, however, would now be charged at the int*ra*state rate. The percentage of unidentified traffic is calculated by dividing unidentified traffic by total traffic (both identified and unidentified). For example, if the floor is 5 percent, unidentified traffic up to and including 5 percent of total traffic would be assigned to the appropriate jurisdiction based on the IXC's self-reported PIU factor, or divided equally (50/50) between the intrastate and interstate jurisdictions if the IXC has not filed a PIU report, just as it is under the current tariff. Unidentified traffic in excess of the 5 percent floor, however, would now be charged at Qwest's Oregon intrastate rate.

Q. HOW DID QWEST DETERMINE THAT 5 PERCENT WAS THE APPROPRIATE FLOOR?

A. Qwest developed that figure based on historical amounts of Feature Group D traffic that it has terminated without identifying information in its 14-state ILEC region. Based on Qwest's traffic studies, approximately 5.6 percent of such traffic terminating to Qwest lacks sufficient calling party information to determine the appropriate jurisdiction. However, that percentage includes the traffic of *all* IXCs, including those IXCs with large percentages of unidentified traffic that have contributed to the problem being addressed by this proposed tariff change. When those IXCs who have more than 10 percent unidentified traffic are excluded from the data, only 4.1 percent of the remaining traffic is unidentified.[2] This data suggests that a 4 percent floor would be completely reasonable and perhaps more appropriate, and thus that Qwest's proposed 5 percent floor is overly generous. Qwest's proposed 5 percent floor therefore represents a compromise by Qwest that allows IXCs to terminate a reasonable amount of unidentified traffic, while also providing them with incentives to eliminate that problem if they terminate more unidentified traffic than the average. Attached as Confidential Exhibit Qwest/2 is a summary of the historical unidentified jurisdiction data, by state, that Qwest used to arrive at the 5 percent floor.

Q. WAS THE INITIAL FLOOR THAT QWEST PROPOSED SET AT 5 PERCENT?

A. No. In its initial tariff filing in Oregon, Qwest proposed a 4 percent floor.[3] However, after Qwest decided to establish a regional floor of 5 percent, it modified the tariff filing to raise the floor to the 5 percent level in Oregon. This change in the floor level would provide a 25 percent increase in the amount of indeterminate traffic that an IXC could terminate to Qwest in Oregon before the new tariff provisions would take effect.

Q. WHY IS IT APPROPRIATE TO CHARGE THE HIGHER INTRASTATE RATE FOR TRAFFIC OVER THE 5 PERCENT FLOOR?

[2] Given that the goal of the proposed tariff changes is to provide carriers with an incentive to properly identify traffic, the inclusion of carriers with high amounts of unidentified traffic in the calculation of the floor would be inappropriate. Their inclusion would lead to a higher floor, and thus provide less incentive to properly identify traffic.

[3] Qwest initially set a 4 percent floor in Advice 2074, which Qwest filed on October 31, 2008. Qwest withdrew Advice 2074 on November 20, 2008. On November 25, 2008, Qwest filed Advice 2075, with a 5 percent floor.

A. It is appropriate to charge the higher intrastate rate for traffic exceeding the 5 percent floor because under the current tariff provisions, IXCs do not have an incentive to send identifying data by ensuring that CPN or ChPN information is appropriately included in the call. Since an IXC's self-reported PIU is used to assign a jurisdiction to unidentified traffic, there is currently no penalty for providing insufficient calling party information. Under the revised tariff provisions, however, IXCs would have an incentive to ensure that the CPN or ChPN information is properly included in such calls, since all unidentified traffic in excess of 5 percent of the IXC's total calls to Qwest would be charged at the higher intrastate rate. This tariff amendment should reduce unidentified traffic and thus allow Qwest to more accurately bill IXCs for terminating access.

Q. HOW WOULD IXCs BE IMPACTED BY THE PROPOSED TARIFF CHANGE?

A. It is important to note that most IXCs would not be impacted at all because they currently terminate much less than 5 percent unidentified traffic to Qwest in Oregon. The tariff amendment would not cause an IXC to pay more for switched access, except to the extent that an IXC provides a significant volume of Feature Group D terminating traffic to Qwest without identifying information. For IXCs that properly and accurately report PIU factors to Qwest, and do not deliver significant amounts of unidentified traffic to Qwest, their payments to terminate interexchange traffic to Qwest local exchanges should not change.

Q. HAVE OTHER CARRIERS TAKEN STEPS TO ADDRESS THE PROBLEM OF LACK OF CALL INFORMATION TO DETERMINE THE JURISDICTION OF CALLS?

A. Yes. As mentioned previously, Qwest is not alone in addressing this issue through tariffs of this type. For example, Verizon's ILEC operations impose PIU floors in their tariffs in 18 states, including Oregon and three other states within Qwest's ILEC region.[4] Likewise, another large carrier, AT&T, has tariffs in nine ILEC states which apply a PIU floor.[5] The only appreciable difference between Qwest's tariff and those of Verizon/AT&T is the PIU floor level. This is to be expected and appropriate to the extent that traffic characteristics vary from carrier to carrier. All of Verizon's tariffs, for example, have an initial 7 percent floor, plus a 2 percent grace.[6] (In other words, if an IXC exceeds 9 percent of unidentified

---

[4] In addition to Oregon, Verizon has PIU floors in Arizona, California, Connecticut, Idaho, Delaware, Florida, Illinois, Maryland, North Carolina, Nevada, New York, Pennsylvania, Rhode Island, South Carolina, Virginia, Washington and West Virginia. Four of these states (Oregon, Arizona, Idaho and Washington) are within Qwest's 14-state ILEC region.

[5] AT&T has PIU floors in Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee.

[6] See e.g., Verizon Northwest Inc., Oregon Facilities For Intrastate Access, P.U.C. OR. No. 12, at § 4.3.3(A). See also 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 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 § 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:

interexchange traffic, it is charged intrastate rates *beginning* at the 7 percent floor.) AT&T's tariffs vary, with 7 percent being its lowest floor for unidentified interexchange traffic.[7]

Q. HAS THE OREGON COMMISSION PREVIOUSLY ALLOWED A SIMILAR TARIFF TO GO INTO EFFECT?

A. Yes. As I have just discussed, Verizon filed similar tariffs in 18 of Verizon's ILEC states, including in Oregon, where this Commission allowed the Verizon tariff to go into effect effective November 21, 2007. This shows that, despite Verizon's IXC affiliate's objections here, Verizon itself believes that the problem of unidentified interexchange traffic is an important one to fix.

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

A. Yes. Qwest has filed similar changes to 11 of its access tariffs around its 14-state region. Thus far, the tariff has gone into effect in Arizona, Idaho, Minnesota, North Dakota and Washington. For example, on February 27, 2009, the Minnesota Public Utilities Commission accepted its Staff's recommendation to approve Qwest's proposed changes

---

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.

[7] 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 § E2.3.14; 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

with a few minor modifications to which Qwest agreed.[8] Further, on February 26, 2009, the Washington Utilities and Transportation Commission approved Qwest's tariff with a 5 percent floor. Attached as Exhibits Qwest/3 and Qwest/4 are the briefing papers of the Minnesota and Washington Commission staffs.

Q. DOES QWEST'S PROPOSED TARIFF LANGUAGE ALLOW AN IXC TO DISPUTE APPLICATION OF THE INTRASTATE RATE TO CALLS THAT SUCH IXC BELIEVES ARE INTERSTATE OR INTERNATIONAL CALLS?

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

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

This provision would provide carriers recourse, and an incentive to demonstrate the true jurisdiction of its traffic, if they believe that intrastate rates have been inappropriately applied.

---

§ 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.)

[8] Specifically, on February 27, 2009, the Minnesota Commission approved Qwest's access service tariff establishing a PIU floor for indeterminate Feature Group D terminating traffic by approving Qwest's proposed 6 percent 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)."), as well as the requirement that Qwest submit quarterly reporting for two years. Order Approving Proposed Change With Modifications And Setting Reporting Requirements, *In the Matter of a Proposed Change in Terms of Qwest Corporation's Access Service Tariff Regarding Jurisdictional Report Requirements*, Docket No. P-421/AM-08-1351 (Minn. P.U.C., February 27, 2009).

Q. WHY DID QWEST ADD THIS LANGUAGE TO SECTION 2.3.10.B.2.c?

A. Qwest added this language in response to concerns raised by intervenors in various states where Qwest filed similar proposed tariff amendments, including Verizon Business here in Oregon. In Verizon Business' December 10, 2008 opposition letter to Qwest's tariff filing that preceded the opening of this docket, Verizon Business stated "…it is not clear how the new jurisdictional reporting mechanism would be implemented---for example, how Qwest would determine whether traffic has or 'lacks sufficient originating information,' what mechanism would be in place to enable carriers to resolve questions over the sufficiency of call originating information…" Accordingly, in order to address Verizon Business' concern, Qwest added this language. The language in Section 2.3.10.B.2.c is nearly identical to the language in Verizon's Oregon ILEC tariff.

Q. DOES QWEST PLAN TO MAKE ANY MORE REVISIONS TO ITS PROPOSED TARIFF?

A. Yes. Qwest has made two small revisions to the language that it originally filed. Attached as Exhibit Qwest/5 is a copy of the revised tariff language. For example, a definition of "sufficient call detail" has been added in Section 2.3.10.A to address Verizon's and AT&T's concerns in this and other similar proceedings, as well as those raised by the Staff in Minnesota. In addition, clarifying language was added in Section 2.3.10.B.2.c to address a concern that Sprint had expressed about the tariff in another state. Exhibit Qwest/5 shows the new language in a bold font. After this proceeding concludes, Qwest will file a revised tariff that complies with the Commission's order in the proceeding and that includes such agreed-upon language.

Q. WHY DO YOU BELIEVE VERIZON BUSINESS IS OPPOSED TO QWEST'S PROPOSED TARIFF?

A. Verizon Business appears to believe that it would necessarily pay more under this tariff than under Qwest's current tariff. This is not the forgone conclusion that Verizon Business appears to assume, however. Indeed, to the extent that Verizon Business has unidentified traffic, Qwest's tariff would give Verizon Business a business incentive to disclose the information that it has in its possession that would permit both parties to properly identify its presently unidentified traffic. Only Verizon Business has that information; therefore, only it can help solve this problem. Once Verizon Business provides the information necessary to identify its traffic, it would pay no more, and no less, than it should pay to Qwest to terminate the traffic that it delivers to Qwest.

Thus, Verizon Business' apparent impression that it would automatically pay more under this tariff is incorrect. On the other hand, if Verizon Business is correct (*i.e.*, if it truly believes it would pay more to terminate traffic under this tariff than it does today), one can only conclude that it delivers to Qwest an inordinate amount of traffic that it will never be able to identify. If that is the case, Verizon Business has problems that have nothing to do with this tariff.

Finally, I note that the Minnesota Commission correctly noted that Qwest should not bear the costs of dealing with the issue of an IXC delivering to Qwest an inordinate amount of traffic that it will never be able to identify. Said the Commission:

> Whether these high levels of unidentified traffic are due to inadvertence, inattentiveness, or some other factor, it is clear that neither Qwest nor its other access service customers should be forced to compensate for the lost revenues that under-reported intrastate usage represents.[9]

IV. SUMMARY/CONCLUSION

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. Typically, IXCs provide Qwest with sufficient calling party information so that Qwest can determine whether interexchange calls are inter- or intrastate in nature, thus allowing Qwest to appropriately bill for terminating these calls. In some cases, however, the calling party information that the IXC sends to Qwest lacks a valid Calling Party Number ("CPN") or Charge Number ("ChPN"), and in these cases, Qwest is unable to determine the appropriate jurisdiction of the traffic. Qwest's proposed changes to its access tariff address how this jurisdictionally-unidentified traffic would be assigned a jurisdiction for billing purposes, and would further provide an incentive to IXCs to properly identify their interexchange traffic.

[9] Order Approving Proposed Change With Modifications And Setting Reporting Requirements, *In the Matter of a Proposed Change in Terms of Qwest Corporation's Access Service Tariff Regarding Jurisdictional Report Requirements*, Docket No. P-421/AM-08-1351, p. 3 (Minn. P.U.C., February 27, 2009).

Under Qwest's current tariff, IXCs do not have an incentive to ensure that CPN or ChPN information is appropriately included in the calls they send to Qwest for termination. Since an IXC's self-reported PIU factor is used to assign a jurisdiction to unidentified traffic, there is currently no penalty for an IXC providing insufficient calling party information. Under the proposed tariff amendments, however, carriers would have an incentive to ensure that the CPN or ChPN information is properly included in the calls they send to Qwest for termination, since all unidentified traffic in excess of 5 percent would be charged at the higher intrastate rate. These proposed tariff changes should reduce unidentified traffic and thus allow Qwest to more accurately bill IXCs for terminating access.

It is also important to note that most IXCs would not be adversely impacted by the proposed tariff changes. For IXCs that properly and accurately report PIU factors to Qwest, and do not deliver significant amounts of unidentified traffic, their payments to terminate interexchange traffic to Qwest local exchanges should not change.

Finally, I note that other local exchange carriers, including Verizon's ILEC operations and AT&T, have provisions in their access tariffs which treat unidentified traffic in the same manner that Qwest proposes here. The language that Qwest proposes in these tariff amendments have has now been allowed by state utility commissions in five Qwest states, and are pending in six others, including here in Oregon. Qwest respectfully requests that these proposed tariff amendments be allowed in Oregon as well.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes it does.

Minnesota Public Utilities Commission

Staff Briefing Paper

Meeting Date: **February 12, 2009**. . . . . * **Agenda Item #**

Companies:	Qwest Corporation
Docket No.	**P-421/AM-08-1351;** **In the Matter of a Change in the Terms of Qwest's Access Service Tariff Regarding Jurisdictional Report Requirements**
Issues:	Should the Commission suspend or modify Qwest's Access Service Tariff filing?
Staff:	Kevin O'Grady. 612-201-2218

Relevant Documents

Qwest's Access Service Tariff Filing. . . . . November 10, 2008
Comments: Sprint. . . . . December 10, 2008
Comments: Verizon. . . . . December 10, 2008
Comments: AT&T. . . . . December 10, 2008
Comments: DOC. . . . . December 10, 2008
Replies: Qwest. . . . . January 9, 2009
Replies: Sprint. . . . . January 9, 2009
Replies: Verizon.. . . . . January 9, 2009
Replies: DOC.. . . . . January 9, 2009

The attached materials are workpapers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

This document can be made available in alternative formats (i.e. large print or audio tape) by calling 651.201.2202 (voice). Persons with hearing or speech disabilities may call us through Minnesota Relay at 1.800.657.3529 or by dialing 711.

Procedural Background

On November 10, 2008, Qwest filed a significant change in terms to its Access Service Tariff to establish an interstate usage threshold for Switched Access Feature Group D terminating traffic that does not contain sufficient call detail to determine jurisdiction.

On December 10, 2008, in response to a request by the Commission, comments were filed by Sprint, Verizon, AT&T and DOC.

On January 9, 2009, the Commission received reply comments from Qwest, Sprint, Verizon and DOC.

Introduction

Feature Group D (FGD) service is a switched access service that Qwest makes available to interexchange carriers (IXCs) such as Sprint, AT&T and Verizon. This service allows IXCs to terminate long distance calls to Qwest's end-users. Typically, the IXCs provide Qwest with sufficient calling party information so that Qwest may determine whether the calls are inter- or intrastate in nature, thus allowing Qwest to appropriately bill for terminating the calls. Generally, intrastate calls are charged a higher rate than interstate calls.

Some FGD traffic terminated by Qwest does not contain sufficient calling party information to allow Qwest to determine whether the call falls within the intra- or interstate jurisdiction. The absence of such information for any given call may or may not be intentional, due either to error or to intentional arbitrage activity. To the extent that the amount of intrastate traffic is understated, Qwest receives less compensation than it is entitled to.

Positions of the Parties

Qwest Position:

All local exchange carriers (LECs) contain provisions in their switched access tariffs to address unidentified traffic. Under Qwest's prior tariff, if an interexchange carrier delivered unidentified Feature Group D traffic, Qwest allocated the jurisdiction of such calls based on allocations provided by the IXC which can be modified by the IXC on a quarterly basis. Accordingly, Qwest allocated jurisdiction of this unidentified traffic based on the IXC's self-reported percent interstate usage (PIU). If the carrier reported 80 percent PIU, then Qwest charged 80 percent of the unidentified traffic at the interstate rate and 20 percent at the intrastate rate. Some IXCs do not self report. In that instance, prior tariffs assumed that the unidentified traffic was evenly split at 50 percent interstate/50 percent intrastate.

This method creates an incentive for arbitrage. Intrastate access rates are generally higher than interstate rates. Thus, an IXC has an incentive to have as much traffic as possible rated at interstate rates. In certain circumstances, Qwest has identified IXCs that have abnormally high amounts of unidentified Feature Group D traffic. In order to address this problem and to prevent it from occurring in the future, Qwest has followed the lead of Verizon, AT&T and Embarq by filing modifications to its tariff to address this issue. Consistent with other carriers, Qwest is now introducing a threshold for unidentified Feature Group D terminating traffic.

Qwest proposes, for each FGD customer, to establish a Percentage Interstate Usage (PIU) factor based on historical call data. And, further:

> Terminating FGD traffic that does not contain sufficient call detail to identify the jurisdiction (unidentified traffic) will be assigned jurisdiction as follows:
>
> > The first 6% of unidentified terminating traffic will continue to be jurisdictionally assigned based on the carrier's PIU report or, if the carrier has not filed a PIU report, a PIU of 50 (50% interstate – 50% intrastate) will be assigned ....
> >
> > Unidentified traffic in excess of the 6% floor will be designated intrastate traffic and charged at Qwest's current Minnesota rates.

AT&T Position:

AT&T does not oppose Qwest's filing as long as Qwest modifies it to address three main concerns. First, AT&T argues that the tariff, as filed, makes no provision for dispute resolution. AT&T offers language to this effect. Second, AT&T argues that the tariff does not define what constitutes "insufficient call detail." AT&T believes this is critical information and here, too, it offers language to modify the tariff. Third, AT&T holds that the 6 percent threshold is too low and proposes that the threshold be raised to 7 percent.

Verizon Position:

Verizon recommends that the Commission suspend Qwest's tariff, investigate it and allow Qwest and interested carriers to seek a negotiated resolution. Verizon notes that the Iowa Utilities Board ordered just such a process be implemented for a similar filing by Qwest in Iowa. Verizon also noted that the state commissions of Nebraska, Colorado and Oregon suspended similar tariffs filed by Qwest.

Verizon raised concerns with the lack of dispute resolution language, the lack of definition of "sufficient call detail" and with the PIU threshhold of 6 percent. Verizon holds that failure to address these issues could result in another form of arbitrage, one perpetrated against IXCs, with the bias toward the understatement of lower-rate interstate traffic.

Sprint Position:

Sprint opposes Qwest's filing. Qwest's proposed tariff revisions would allow it to ignore an IXC's PIU report, the method that has been recognized as the proper method for determining the jurisdiction of unidentified traffic, in exchange for a wholly arbitrary method designed to ensure that Qwest's charges for unidentified traffic always favor Qwest.

There is nothing in Qwest's filing to provide a basis for concluding that such arbitrage is actually a significant problem, or that Qwest's revisions will result in more accurate identification of traffic. Qwest's tariff already includes a mechanism for Qwest to challenge any PIU it has reason to question. Qwest's new revisions simply ensure that the charges to an IXC are the highest possible by likely overstating the amount of intrastate traffic.

DOC Position:

DOC, referencing an incentive IXCs may have to overstate interstate traffic usage or to remove or fail to provide calling party information, generally supports Qwest's filing, although it makes recommendations for several modifications. DOC recommends that Qwest:

(i) include the language proposed by AT&T addressing dispute resolution (language Qwest has subsequently agreed to),

(ii) include a definition of "sufficient call detail" that "itemizes the specific data included with Feature Group D traffic that Qwest relies upon to make its jurisdictional determination," and

(iii) file quarterly reports for two years to reflect the impact of the change on intrastate minutes of use, interstate minutes of use, and the resultant revenue impacts in Minnesota (a term subsequently agreed to by Qwest).

DOC supports Qwest's threshold of 6 percent, but encourages the Commission to hear parties presenting factual information to support other threshold levels, either within this docket or in the future in the form of a complaint.

Qwest's Revised Tariff:

In its reply comments of January 9, 2008, Qwest agreed to modify its tariff to include the dispute resolution language suggested by AT&T. Qwest also agreed to file quarterly reports for two years as recommended by DOC.

Staff Analysis

Pursuant to Qwest's AFOR Plan (approved by the Commission in Docket 05-1081 on December 23, 2005) Qwest's tariff filing takes effect 20 days after the date of filing. However, the AFOR Plan makes provision for the filing of comments by interested parties and states that the "Commission may suspend a rate change for good cause pending a PUC determination." (AFOR Plan IV.B.1.b). The parties to the docket provide comments making recommendations ranging from suspension of Qwest's tariff to approval with modifications. The parties' comments raise six main issues.

Negotiation Option: Verizon has recommended that the Commission suspend the tariff for a period to allow Qwest and interested parties to seek a negotiated resolution. That option, clearly, remains open to the Commission.

Is The Tariff Change Warranted?: Sprint maintains its opposition to Qwest's filing arguing that Qwest's concessions regarding dispute resolution and quarterly filings do not go far enough. Sprint holds that there is no evidence in the record indicating there is a problem warranting the tariff change, that the existing practice of relying solely on each IXC's PIU factor is sufficient. Staff grants that there is little evidence in the current docket that there is a problem. However, staff agrees with DOC that there exists an incentive for IXCs to understate intrastate traffic. Staff believes that if there is indeed no excessive amount of improperly identified traffic, then Qwest's tariff would have no controlling effect. That is, the PIU factor for each IXC would control the jurisdictional identification just as it does today. As such, Qwest's tariff only comes to bear in situations where there is some excessive unidentified traffic, precisely when it is needed to discourage that excessive level.

Appropriate Threshold: The record in the docket indicates that the practice of setting a traffic threshold is common in the industry, and the record indicates that Qwest's 6 percent falls with the range of thresholds set in other jurisdictions. Staff is not wedded to the 6 percent level (the 7 percent proposed by AT&T may not be inappropriate). Rather, staff believes that 6 percent is a reasonable figure given the present record, and that if further evidence suggests otherwise the Commission may modify the tariff at some future date.

Dispute Resolution: Staff's comfort with the 6 percent threshold is increased by Qwest's agreement to adopt dispute resolution language proposed by AT&T, stating:

> In the event that the Company applies the intrastate terminating access rate to calls without sufficient call detail as provided in this tariff, the customer will have the opportunity to request backup documentation regarding the Company's basis for such application, and further request that the Company change the application of the intrastate access rate upon a showing of why the intrastate rate should not be applied.

This language provides IXCs with some recourse in the event the threshold is breached.

Quarterly Reports: DOC, in its initial comments, recommended that Qwest be required to file quarterly reports "to reflect the impact of the change on intrastate minutes of use, interstate minutes of use, and the resultant revenue impacts in Minnesota, for two years." Qwest has agreed to that recommendation.

Defining "Sufficient Call Detail": AT&T proposes the following language be added to the tariff to better clarify the term "sufficient call detail:"

> Insufficient call detail shall be either no detail or detail that deprives the Company from identifying the actual, *bona fide*, NPA-NXX associated with the call(s).

DOC supports the idea of more clearly defining "sufficient call detail." Staff, too, supports the inclusion of a more clear definition of "sufficient call detail." Without such clarity Qwest's tariff may prove to be a source of ongoing uncertainty and debate.

In its reply comments Qwest stated that:

> To determine the jurisdiction of a call, Qwest compares the originating number information with the terminating number information. If the originating number information lacks a valid Charge Party Number (ChPN) or Calling Party Number (CPN), we term the jurisdiction as unidentified. Qwest's current tariff applies the same standard in determining traffic that will be jurisdictionalized according to the IXC's reported PIU. [p.6]

In light of Qwest's statement, staff suggests alternative language to clarify "sufficient call detail:"

> Traffic without sufficient call detail shall be that traffic for which the originating number information lacks a valid Charge Party Number (ChPN) or Calling Party Number (CPN).

Commission Options:

I. Suspend Qwest's tariff.

II. Suspend Qwest's tariff and direct the parties to negotiate tariff terms. Direct the parties to inform the Commission of their negotiation progress within 45 days.

III. Suspend Qwest's tariff and refer the matter to the Office of Administrative Hearings for the development of a factual record.

IV. Approve Qwest's filing as submitted (and modified in its reply comments).

V. Approve Qwest's filing as submitted (and modified in its reply comments) conditioned upon the inclusion of AT&T's (**OR** Staff's) recommended language defining "sufficient call detail."

VI. Approve Qwest's filing as submitted (and modified in its reply comments) conditioned upon setting the call threshold at 7 percent.

VII. Approve Qwest's filing as submitted (and modified in its reply comments) conditioned upon the inclusion of AT&T's (**OR** Staff's) recommended language defining "sufficient call detail" **AND** setting the call threshold at 7 percent.

Staff recommends option V. Staff believes that Qwest's tariff (with suitable modifications) is a reasonable response to legitimate concerns regarding unidentified traffic. Parties with concerns regarding Qwest's 6 percent threshold may address those concerns in the future through a complaint process.

Agenda Date: February 26, 2009
Item Number: A2

Docket: **UT-081973**
Company: Qwest Corporation

Staff: Sharyn Bate, Regulatory Analyst
William Weinman, Assistant Director - Telecommunications

Recommendation

Take no action, thereby allowing Qwest Corporation's revision to Section 2 of its Access Service Tariff to become effective on March 1, 2009, by operation of law.

Background

On October 31, 2008, Qwest Corporation (Qwest or company) filed proposed revisions to modify the Jurisdictional Report Requirements of its Access Service Tariff for the purpose of ensuring accurate jurisdictional reporting and reducing misuse of jurisdictional reporting. Qwest proposed to modify the Jurisdictional Report Requirements in Section 2 of its Access Service Tariff by establishing a Percent Interstate Usage (PIU) floor for unidentified Feature Group D (FGD) terminating traffic as described below.

The proposed revisions address the following issues:

- Allocate unidentified FGD based upon cost study analysis
- Reduce misuse of jurisdictional reporting
- Discontinue using artificial allocations to determine intrastate and interstate access revenues.
- Establish a PIU factor based on historical call data

FGD service is a switched access service that Qwest makes available to interexchange carriers (IXCs). This service allows IXCs to terminate long distance calls to Qwest's end-users. IXCs need to provide Qwest with sufficient call record detail so that Qwest may apply the appropriate interstate or intrastate access rates to the IXC traffic. Generally intrastate access rates are higher than interstate access rates.

When Qwest receives sufficient call detail to identify the jurisdiction of terminating FGD traffic it receives from other carriers, the company will continue to charge the carrier at the appropriate jurisdictional rate (Washington intrastate or interstate). Some FGD traffic terminated by Qwest does not contain sufficient call detail that would allow Qwest to determine whether the call is intrastate or interstate. jurisdiction. The existing tariff provides for Qwest to charge the IXC at 50 percent interstate and 50 percent intrastate. Qwest may be entitled to more compensation than it is currently receiving.

The proposed tariff revision is designed to reduce unidentified terminating traffic. When Qwest receives terminating FGD traffic that does not contain sufficient call detail to identify the jurisdiction (unidentified traffic), the traffic will be assigned to a jurisdiction as follows:

- The first 3 percent of unidentified terminating traffic will continue to be jurisdictionally assigned based on the carrier's PIU report or, if the carrier has not filed a PIU report, a PIU of 50 (50 percent interstate – 50 percent intrastate) will be assigned according to the current terms in Section 2.3.10.B.2.c of the access tariff.

- Unidentified traffic in excess of the 3 percent floor will be designated as intrastate traffic and charged at Qwest's current Washington rates.

Qwest provided notice to its access customers, i.e., other carriers, advising of the proposed revision to the tariff. While Washington's PIU percentage would be at 3 percent, Qwest has proposed different and higher percentages in other states within its service territory.

On November 14, 2008, AT&T Communications of the Pacific Northwest, Inc., TCG Oregon, Inc. and TCG Seattle, Inc. (collectively AT&T) filed an objection with the commission stating that Qwest's proposed 3 percent floor was too low. The companies also noted that the tariff revisions lacked any mechanism through which access customers may challenge the application of incorrect intrastate rates above the 3 percent PIU floor.

Qwest and AT&T reached agreement that the PIU floor would be set at 5 percent. Qwest filed replacement pages to its tariff to reflect the compromise. The replacement included language that states the mechanism by which customers may challenge the application of an intrastate rate. It reads as follows:

> In the event that the Company applies the intrastate terminating access rate to calls without sufficient call detail as provided in this tariff, the customer will have the opportunity to request backup documentation regarding the Company's basis for such application, and further request that the Company change the application of the intrastate access rate upon a showing of why the intrastate rate should not be applied.

Level 3 Communications, LLC (Level 3) filed an objection on November 21, 2008, which was later withdrawn after it determined that Qwest's proposed tariff revision would not have a significant adverse financial impact on Level 3.

On December 2, 2008, MCI Communications Services, Inc. d/b/a Verizon Business Services (Verizon Business) filed an objection to the proposed tariff revision stating that it would result in a higher percentage of traffic being billed at the intrastate rates, which are greater than interstate access charges. Verizon Business asserts the change would increase the amounts it is billed.

Verizon Business also asserts Qwest did not demonstrate the existence or nature of the problem the tariff revision purports to address or explain why its proposed solution would be appropriate. Verizon Business questions how the new jurisdictional reporting mechanism would be implemented and what mechanism would be in place to enable carriers to resolve questions of call originating information. The company maintains the language Qwest added did not provide specific detail for how disputes would be resolved.

We note that on September 28, 2007, Verizon Northwest Inc. (Verizon) filed a tariff revision that set a floor for its unidentified traffic at 7 percent (with a 2 percent grace threshold) for terminating minutes lacking originating numbers for all switched access customers. Receiving no complaints from access customers, the commission let the tariff change become effective date of October 28, 2007.

Qwest proposes to apply the PIU threshold to terminating FGD traffic by Local Access and Transport Area (LATA) trunk group. The original filing at the 3 percent threshold would have increased Qwest's access revenues by $255,000. The subsequent filing increasing the threshold to 5 percent reduces the anticipated revenue increase to approximately $89,000. Verizon Business asserts that a threshold of 5 percent will increase its cost to approximately $100,000 annually. The unidentified minutes of use (MOU) exceeding the 5 percent threshold is approximately .20 percent of the total MOU studied. The majority of IXCs will not exceed the threshold floor.

Due to the objections filed by IXCs, Qwest extended the effective date for the tariff revision filing from December 1, 2008, to December 15, 2008. The company subsequently requested an effective date for January 1, 2009. This allowed time to resolve issues with AT&T and Level 3. Qwest has been unable to reach agreement with Verizon Business.

Discussion

Qwest subsequently requested an effective date for March 1, 2009, as the company continues to negotiate with Verizon Business to reach agreement. In its replacement filing of January 26, 2009, Qwest revised its tariff to include language that further defines call detail. It reads as follows:

> To determine the jurisdiction of a call, the Company compares the originating number information with the terminating number information. If the originating number information lacks a valid Charge Number or Calling Party Number, the Company does not have sufficient call detail to determine the jurisdiction.

Staff agrees Qwest's tariff is appropriate. The record in the docket indicates that the practice of setting a traffic threshold is common in the industry, and the record indicates that Qwest's 5 percent falls within the range of thresholds set in other jurisdictions. The company has provided sufficient cost analysis that determines that the PIU floor of 5 percent is reasonable.

Of thirteen FGD interexchange carriers studied, five carriers have non-jurisdictional percentages higher than 5 percent. Quest has 38 Intrastate terminating FGD trunk groups in Washington and nine show percentages above the 5 percent floor. Verizon Business has seven of those 38 terminating FGD trunk groups. If Verizon Business placed orders with Qwest to consolidate its trunk groups, this company's terminating FGD traffic would be under the 5 percent threshold. Additionally, IXCs are encouraged to identify and send the originating number to Qwest for application of the appropriate access tariff for billing purposes.

Conclusion

Staff agrees that Qwest Corporation's proposed revision to its access tariff is reasonable and recommends that the commission take no action, thereby allowing Qwest Corporation's revision to Section 2 of its Access Service Tariff in Docket UT-081973 to become effective on March 1, 2009, by operation of law.

DRAFT

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER (Cont'd)

2.3.10 JURISDICTIONAL REPORTS REQUIREMENTS

A. Jurisdictional Determinant

Interstate usage is to be developed as though every call that enters a customer network at a point within the same state as that in which the called station (as designated by the called station number) is situated is an intrastate communication and every call for which the point of entry is in a state other than that where the called station (as designated by the called station number) is situated is an interstate communication.

To determine the jurisdiction of a call, the Company compares the originating number information with the terminating number information. Traffic without sufficient call detail shall be that traffic for which the originating number information lacks a valid Charge Party Number (ChPN) or Calling Party Number (CPN). (N)

(N)

For purposes of CCSAC ISUP Call Set-up requests, Percent Other Messages (POM) shall be established by dividing the customer CCSAC ISUP Call Set-up requests (originating and terminating) associated with local, EAS, intraMTA, the Local Exchange Company portion of jointly provided Switched Access and Company originated toll by the total number of CCSAC ISUP Call Set-up requests (originating and terminating) and expressing the result as a percentage in a whole number.

(M)
(D)

(D)

(M) Material moved to Sheet 17.1

DRAFT

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER

2.3.10 JURISDICTIONAL REPORTS REQUIREMENTS (Cont'd)

When mixed interstate and intrastate Access Service is provided on the same Access Service transmission path, all charges between interstate and intrastate are prorated as set forth in 2.3.11, following. (M)

A floor of 5% will be set for a switched access customer's Feature Group D terminating access minutes when they are lacking originating number information needed to determine jurisdiction. The 5% floor will be applied as follows: (N)

- When the percentage of terminating traffic without sufficient call detail to determine jurisdiction does not exceed the 5% floor, the Company will apply the PIU factor as set forth in B.2.c, following or
- When the percentage of terminating traffic without sufficient call detail to determine jurisdiction exceeds the 5% floor, the Company will assess rates from the state jurisdiction on all minutes exceeding the 5% floor. (N)

B. Jurisdictional Requirements (M)

The customer must indicate a projected Percent of Interstate Use (PIU) factor in a whole number (i.e., a number 0 - 100) when ordering Switched Access Service in a LATA, including EF and DTT Facilities. When a customer-provided PIU factor is required and the customer has previously submitted a Jurisdictional Report (i.e., Letter on File [LOF]) as set forth in C., following, the LOF PIU factor is required on each Access Service Request (ASR).

For CCSAC, customers who are third party signaling providers must develop their jurisdictional factors based upon the weighted average of the jurisdictional factors of their customers. (M)

(M) Material moved from Sheet 17.

DRAFT

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER

2.3.10 JURISDICTIONAL REPORTS REQUIREMENTS

B. Jurisdictional Requirements (Cont'd)

1. CSL, CST1, Feature Group A or Feature Group B

a. CSL or Feature Group A (FGA) to be Resold

Upon ordering CSL or FGA Service to be resold, the customer shall state in its initial order a projected PIU factor as set forth in B., preceding. The PIU factor is reported by LATA. When the customer reports a LATA-level PIU factor, the specified percentage applies to all end offices within the LATA.

The projected PIU factor is used by the Company to apportion the originating and terminating usage between interstate and intrastate until a revised report is received as set forth in C., following. The number of access minutes (either the measured minutes or the assumed minutes) is multiplied by the projected PIU factor to develop the interstate access minutes. The number of access minutes minus the developed interstate access minutes is the developed intrastate access minutes. This PIU factor is in addition to the PIU factor as set forth in 3., following. (T)

b. CSL or Feature Group A (FGA) Not to be Resold

For CSL or FGA Service not to be resold, the customer shall state in its initial order a projected PIU factor of one hundred percent (100%) by line-side termination or access service group.

c. CST1 or Feature Group B (FGB) Service

Upon ordering CST1 or FGB Service, the customer shall state in its initial order a projected PIU factor as set forth in B., preceding. The PIU factor is reported by LATA. When the customer reports a LATA-level PIU factor, the specified percentage applies to all end offices within the LATA.

The projected PIU factor for CST1 or FGB Service used by the Company to apportion the originating and terminating usage between interstate and intrastate is developed in the same manner as in a., preceding. This PIU factor is in addition to the PIU factor as set forth in 3., following.

DRAFT

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER
2.3.10 JURISDICTIONAL REPORTS REQUIREMENTS
B.2. (Cont'd)

c. Terminating CST3 or FGD Service

When a customer orders terminating FGD, if the Company has sufficient call details to determine the jurisdiction for the call, the Company will bill the call minutes of use according to that jurisdiction, **unless the parties agree on a more accurate methodology**. (C)

When terminating call details are insufficient to determine the jurisdiction for the call, see A, preceding, the customer may supply the projected PIU factor for a portion of the indeterminate jurisdiction by LATA[1]. The projected PIU factor will be used to apportion the terminating traffic which does not exceed the 5% floor.

When terminating call details are insufficient to determine the jurisdiction, and the customer does not supply a projected PIU factor by LATA, calls will be billed using a PIU of 50 (50% interstate – 50% intrastate). The PIU of 50 will be used to apportion the terminating traffic which does not exceed the 5% floor. (C)

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

[1] When the customer reports a LATA-level PIU factor, the specified percentage applies to all end offices within the LATA. (N)
(N)

CERTIFICATE OF SERVICE

UT 157

I hereby certify that on the 18th day of May, 2009, I served QWEST'S DIRECT TESTIMONY OF WILLIAM EASTON on the following persons via U.S. Mail, by mailing a correct copy to them in a sealed envelope, with postage prepaid, addressed to them at their regular office address shown below, and deposited in the U.S. post office at Portland, Oregon.

* Thomas F. Dixon
Verizon
707 – 17th Street
Suite 4000
Denver, Colorado 80202

Suzanne Smith
Public Utility Commission of Oregon
P. O. Box 2148
Salem, OR 97308-2148

Mark Reynolds
Qwest
1600 7th Ave, 3206
Seattle WA 98191-0000

James E. Green
Verizon
20575 NW Von Neumann Drive
Suite 150
Hillsboro, OR 97006

Richard A. Finnigan, Esq.
2112 Black Lake Blvd., SW
Olympia, WA 98512

* Has signed Protective Order No. 09-064

Dated: May 18, 2009.

QWEST CORPORATION

By______________________________
Alex M. Duarte
QWEST
421 SW Oak Street, Room 810
Portland, OR 97204
(503) 242-5623; (503) 242-8589 (facsimile)

Alex.Duarte@qwest.com

Attorney for Qwest Corporation