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COMMUNICATIONS COMMISSION
WASHINGTON, DC

EX PARTE OR LATE FILED

July 22, 1998

**WRITTEN
EX PARTE PRESENTATION**

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

Re: CCB/CPD 97-30

Dear Ms. Salas:

Please find attached a letter from the undersigned, counsel to ICG Communications, Inc., with regard to the above-referenced proceeding.

Please contact me if you have any questions.

Sincerely,



Albert H. Kramer

AHK/mjo
cc: Ms. Tamara Preiss ✓

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July 22, 1998

Tamara Preiss, Esq.
Local Competition Division
Common Carrier Bureau
Federal Communications Commission
1919 M Street NW; Room 531
Washington, DC 20554

Re: Record Evidence of Reciprocal Compensation Paid to ILECs for Calls to ISPs

Dear Ms. Preiss:

This letter is to follow up on the meeting you had recently with Cindy Z. Schonhaut, Senior Vice President for Government and External Affairs, and LaCharles Keesee, Director, Government Affairs, of ICG Communications, Inc. ("ICG"), as well as Richard Rindler of Swidler & Berlin, and the undersigned, counsel to ICG. In our meeting, we discussed reciprocal compensation payments for calls to information service providers ("ISPs") involving the exchange of traffic between two carriers within the same local calling area, pursuant to Section 251(b)(5) of the Act.

You inquired specifically whether competitive local exchange carriers ("CLECs") had ever paid incumbent local exchange carriers ("ILECs") for the termination of calls from end users of a CLEC to ISPs served by an ILEC within the same local calling area. In response to your question, I have attached record evidence of testimony given by Ameritech representatives in two individual state proceedings (Michigan and Illinois) that indicate clearly that Ameritech has been a recipient of reciprocal compensation from CLECs for Ameritech's termination of traffic to ISPs.

As we discussed in our meeting, reciprocal compensation, as its name indicates, flows both ways. Whenever any carrier terminates any traffic on behalf of another carrier within the same local calling area, the terminating carrier is entitled to reciprocal compensation from the originating carrier for the costs it incurs on behalf of the other carrier.

Please call me directly if you have any additional questions or concerns.

Sincerely,



Albert H. Kramer

AHK/mjo
Enclosures

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**Testimony of
S. Springsteen of Ameritech Illinois**

Dkt. Nos. 97-0404; 97-0519; 97-0525

III. C.C. Docket Nos. 97-0404, 97-0525, 97-0519
Ameritech Illinois Ex. 2.0, p. 12 (Springsteen)

A. As Exhibit I identifies, WorldCom owes Ameritech Illinois approximately 6.004 million dollars, TCG owes Ameritech Illinois approximately 2.894 million dollars, and MCI owes approximately 1.206 million dollars in current charges and past due balances.

Q. Has Ameritech Illinois met the terms of the Interconnection Agreement for disputed amounts?

A. Yes, Ameritech Illinois has notified WorldCom, TCG, and MCI pursuant to the dispute resolution procedures in the Interconnection Agreements. Ameritech Illinois has also established the necessary escrow accounts.

Q. Have any of these carriers exhausted the dispute resolution procedures for the amounts they owe under their Interconnection Agreements?

A. No, they have not. Even though each of these carriers owes a substantial amount of money to Ameritech Illinois, I am not aware of any letters of dispute per the Interconnection Agreement by any of these carriers to Ameritech Illinois. I am also not aware that any of these carriers has placed money in an escrow account per the Interconnection Agreement.

Q. Has Ameritech Illinois billed in error WorldCom, TCG, or MCI reciprocal compensation for any traffic destined for Internet ISPs?

Ill. C.C. Docket Nos. 97-0404, 97-0525, 97-0519
Ameritech Illinois Ex. 2.0, p. 13 (Springsteen)

A. Yes.

Q. Has Ameritech Illinois taken any action to correct this billing error?

A. Yes. When Ameritech Illinois performed the original study to determine if any traffic was destined for Internet ISPs, Ameritech Illinois also checked its invoices to each of the telecommunication carriers. When Ameritech Illinois identified any reciprocal compensation billing of Internet ISP calls which had been invoiced to WorldCom, TCG, or MCI, Ameritech Illinois credited that amount on the reciprocal compensation bill invoiced by Ameritech Illinois.

Q. Does this conclude your testimony?

A. Yes.

Transcript of Hearing
Before
Illinois Commerce Commission

November 21, 1997

Cross-Examination of
S. Springsteen of Ameritech Illinois by Mr. Moore

Dkt. Nos. 97-0404; 97-0519; 97-0525

1 sorry. Strike that question.

2 When did you first suspect that
3 they were Internet calls?

4 A When NYNEX actually sent out -- I think
5 it was a letter to some of the carriers, and then
6 they had an NOI of their -- about reciprocal
7 compensation, Internet calls. I said, Wow, I
8 wonder if that is what is going on here, if we are
9 being billed for those calls.

10 And that is when I first went and
11 started looking to see what those calls actually
12 were, and I went to our business unit and said,
13 You know, is there a problem with this? If this
14 is the case, what should we do? And Edwin said to
15 me, Sue, those calls are not local calls. Those
16 are switched exchange access calls. He said, That
17 is why we have a provision in the agreement to
18 prevent that. I said, Well, then I think we
19 better do something, and that is when we began our
20 study.

21 Q Who is the name of the person you spoke
22 to?

1 A Edwin.

2 Q Now, did he have any responsibility for
3 reviewing the bills that went out from Ameritech
4 to the CLECs?

5 A Not at all.

6 Q Was he aware that Ameritech was billing
7 CLECs for the ISP calls -- internet service
8 provider calls?

9 A Probably not. I can't say for certain.

10 Q When did you become aware of this NYNEX
11 proceeding?

12 A It was around April of '97, I believe.
13 I don't know the exact date.

14 Q When did you learn that Ameritech was
15 billing CLECs for Internet calls?

16 A When we did the study in June.

17 Q What did that study show you that led
18 you to believe that Ameritech was billing CLECs
19 for Internet calls?

20 A I asked the people that have the
21 Internet service provider telephone numbers to do
22 a study to see if we were actually billing recip

1 comp for those calls, and that is what it showed.

2 We gathered the Internet service
3 provider numbers and performed a study to show
4 what traffic originating from a CLEC was
5 terminating to those numbers.

6 Q And so it wasn't until June that you
7 realized that Ameritech was billing for that
8 traffic?

9 A Yes. Well, it was when the study was
10 completed, was in June.

11 Q Whose responsibility was it to make
12 certain that the bills that went out to CLECs did
13 not contain inappropriate, in your eyes, at least,
14 IXC calls?

15 A It was mine.

16 Q And it wasn't until June that you
17 realized that Ameritech was making the same, what
18 you characterize as errors, as the other carriers?

19 A Yes.

20 Q Now, you state on page 5, I began to
21 dispute the reciprocal compensation bills received
22 from telecommunications carriers for the

1 customers that terminate a lot of traffic like an
2 Internet provider, that may require them to order
3 and purchase additional trunks; is that correct?

4 A Correct.

5 Q Now, did you have any responsibilities
6 for reviewing the bills that went out from
7 Ameritech to competitive local exchange carriers
8 for transport and termination charges under the
9 interconnection agreement?

10 A For reciprocal compensation, yes.

11 Q So what was your role in regard to those
12 bills?

13 A My role in regard to those bills was
14 prior to the bills being sent out, we would
15 actually review them and make sure that they were
16 accurate. We would make sure that the rates were
17 put into the billing system to make sure that the
18 correct rate was being charged to the customer.

19 Q Now, it is my understanding that
20 Ameritech was billing competitive local exchange
21 carriers for calls terminated on Internet service
22 providers that Ameritech provided service to; is

1 that correct?

2 A Yes, they were, and, yes, we were.

3 Q And when did you begin to bill carriers
4 for those charges, and when did you end?

5 A I couldn't tell you exactly when we
6 began billing carriers for those charges, but we
7 ended when we realized that we were making the
8 same mistake that we were being billed for
9 Internet service provider traffic. So I then had
10 a study to find out how much we were billing those
11 carriers, and that was in June of this year, '97.

12 Q So when was the last bill that you sent
13 out to carriers for termination of traffic on
14 Internet providers that were Ameritech customers?

15 A We are still billing them in error, but
16 we are crediting them on a going backwards basis;
17 so this is a month in arrears. They would receive
18 a bill, we would then identify it, and we would
19 credit it.

20 Q When did you first begin giving them a
21 credit?

22 A In June of 1997 -- no. Actually, I

1 first identified it in June of 1997, but we
2 finally did ask of our service center to adjust
3 the bills until August of '97.

4 Q So in August of '97, carriers would have
5 received a credit for usage how far back?

6 A We went back to June of '97.

7 Q So any payments made prior to June were
8 kept?

9 A Yes. I have not identified those going
10 backwards any farther than June.

11 Q And were you also responsible for
12 reviewing bills that came in from carriers
13 pursuant to the interconnection agreement?

14 A Yes.

15 Q And so you were responsible for -- what
16 was your responsibility with regard to those
17 bills?

18 A Actually look at the bill, verify that
19 Ameritech originated the traffic, and then approve
20 the bill for payment as necessary. I also checked
21 for that the rates were accurate on the bills that
22 we received.

NOV 12 1997

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of request by TCG DETROIT for
clarification or interpretation of its Inter-
connection Agreement with Ameritech Michigan. /

Case No. U-11502

Complaint of MFS INTELENET OF
MICHIGAN, INC. against Michigan Bell
Telephone Company, d/b/a Ameritech Michigan
and request for immediate relief. /

Case No. U-11522

Complaint of BROOKS FIBER COMMUNICA-
TIONS OF MICHIGAN, INC. against Michigan
Bell Telephone Company, d/b/a Ameritech Michigan
and request for immediate relief. /

Case No. U-11553

In the matter of the application of MCI TELE-
COMMUNICATIONS CORPORATION for
arbitration to establish an interconnection
agreement with Ameritech Michigan.

Case No. U-11554

DIRECT TESTIMONY OF SUZANNE J. SPRINGSTEEN
ON BEHALF OF AMERITECH MICHIGAN

(Public Version)

Dated: November 10, 1997

1 A. Yes, Ameritech Michigan has notified Brooks, MFS, TCG, and MCI pursuant to
2 the dispute resolution procedures in the Interconnection Agreements. Ameritech
3 Michigan has also established the necessary escrow accounts.

4
5 **Q. Do any of these carriers (Brooks, MFS, TCG, MCI) owe Ameritech Michigan**
6 **any invoiced amounts?**

7 A. As Exhibit SJS-1 identifies, Brooks owes Ameritech Michigan approximately **
8 million dollars; MFS owes Ameritech Michigan approximately ** million dollars;
9 TCG owes Ameritech Michigan approximately ** million dollars; and MCI owes
10 approximately ** million dollars in current charges and past due balances.

11
12 **Q. Have any of these carriers exhausted the dispute resolution procedures for**
13 **the amounts they owe under their Interconnection Agreements?**

14
15 A. No, they have not. Even though each of these carriers owes a substantial amount
16 of money to Ameritech Michigan, I am not aware of any letters of dispute as
17 required by the Interconnection Agreements from any of these carriers to
18 Ameritech Michigan. I am also not aware that any of these carriers has placed
19 money in an escrow account per the Interconnection Agreement.

20
21 **Q. Has Ameritech Michigan billed in error Brooks, MFS, TCG, or MCI**
22 **reciprocal compensation for any traffic destined for Internet ISPs?**

1 A. Yes.

2

3 **Q. Has Ameritech Michigan taken any action to correct this billing error?**

4 A. Yes. When Ameritech Michigan performed the original study to determine if any
5 traffic was destined for Internet ISPs, Ameritech Michigan also checked its
6 invoices to each of the telecommunication carriers. When Ameritech Michigan
7 identified any reciprocal compensation billing of Internet ISP calls which had
8 been invoiced to Brooks, MFS, TCG, or MCI, Ameritech Michigan credited that
9 amount on the reciprocal compensation bill invoiced by Ameritech Michigan.

10

11 **Q. Does this conclude your testimony?**

12 A. Yes.

13 LANSING 34060-19 211278

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the request of
TCG DETROIT for clarification or
interpretation of its Interconnection
Agreement with Ameritech Michigan

Case No. U-11502

In the matter of the complaint of
MFS INTELENET OF MICHIGAN, INC.
against Michigan Bell Telephone Company,
d/b/a Ameritech Michigan, and request
for immediate relief

Case No. U-11522

In the matter of the complaint of
BROOKS FIBER COMMUNICATIONS OF MICHIGAN,
INC., against Michigan Bell Telephone
Company, d/b/a Ameritech Michigan, and
request for immediate Relief

Case No. U-11553

In the matter of the complaint of MCI
TELECOMMUNICATIONS CORPORATION for
arbitration to establish an inter-
connection agreement with Ameritech
Michigan

Case No. U-11554

Proceedings had in the above-entitled
matters before George Schankler, J.D., Chief
Administrative Law Judge, at the Michigan Public Service
Commission, 6545 Mercantile Way, Lansing, Michigan.

SESSION OF MONDAY, NOVEMBER 24, 1997

VOLUME 3

- - -

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SOUTHFIELD, MICHIGAN LANSING, MICHIGAN

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1 Ameritech end users to ISP customers of Brooks are
2 connected?

3 A No, I do not.

4 Q Were you present at the negotiations leading up to the
5 interconnection agreement with Brooks?

6 A Indirectly I was.

7 Q Were you directly present?

8 A I was not directly at the table but I was involved in
9 many of the conversations internally amongst the
10 negotiators, and then I was involved in preparing draft
11 language or reviewing draft language for the
12 interconnection agreements.

13 Q So you did staff work but did not directly participate
14 in the actual negotiations?

15 A Correct.

16 Q Turning to page 6 of your testimony, on that page 6 of
17 your testimony you indicate to your knowledge no one
18 notified Ameritech of intent to bill for the Internet
19 ISP calls. Do you see that testimony?

20 A Yes.

21 Q Did you or anyone else at Ameritech notify Brooks that
22 Ameritech would bill Brooks Fiber for internet ISP
23 calls?

24 A I did not, and I can't speak for anyone else.

25 Q So to your knowledge, you know of no one who so

1 notified Brooks Fiber?

2 A To my knowledge, no.

3 MR. RALLS: That's all I have, your
4 Honor.

5 JUDGE SCHANKLER: All right. Mr. Ernst.

6 MR. ERNST: It would be Jim Denniston
7 for MCI.

8 JUDGE SCHANKLER: Very well.

9 - - -

10 CROSS-EXAMINATION

11 BY MR. DENNISTON:

12 Q Hello, Ms. Springsteen.

13 Picking up where Mr. Ralls left off,
14 page 6 of the public version, lines 14 of 17, prior to
15 submitting your answer to that question, did you
16 consult with Mr. Panfil?

17 A No, I did not.

18 Q Go to page 4 of the public version, beginning at line
19 21, continuing over to page 5, the first line or so,
20 you reference that you searched the Internet. When you
21 searched the Internet did you search the Ameritech
22 Internet Yellow Page site?

23 A No, I did not.

24 Q In response to a prior question I believe you said --
25 and correct me if I'm wrong -- I believe you said that

1 it would be billed and make sure that the rates are in
2 there properly. But there are other people responsible
3 for the actual collection of the usage and placing it
4 on the record and sending the bills out.

5 Q In what various departments would those people work?

6 A Well, different various departments. Some would be
7 AIIIS, some would be Network Services, some would be
8 Corporate IT.

9 Q And from the outset of the interconnection arrangements
10 with at least with TCG, Ameritech billed and paid
11 reciprocal compensation for calls to Internet
12 providers?

13 A Correct.

14 Q And would all these people that you have described in
15 these various other areas have been involved in that
16 process as well?

17 A Yes.

18 Q So at the time Ameritech began billing TCG for
19 interconnection reciprocal compensation, none of those
20 people was sufficiently aware of the challenge to
21 Internet traffic that they brought this to your
22 attention?

23 A Correct.

24 Q You participated in the arbitration of the
25 interconnection agreement between Ameritech and TCG

1 Internet access provider numbers. The second set of
2 numbers, that study, those ISB numbers are not included in
3 this data.

4 Q So if you were to reproduce this exhibit using your
5 revised study data and accumulated it back again to
6 January of 1996, these numbers would increase even
7 further?

8 A They could.

9 Q Let's talk about the other side of the equation a little
10 bit. I take it you discovered that Ameritech was charging
11 competitive carriers for reciprocal compensation for calls
12 placed to Ameritech's ISP customers at the same time you
13 found out the reverse was true.

14 A Yes.

15 Q And what steps have you undertaken since that time to
16 accumulate the total minutes of use of calls placed to
17 Ameritech ISP customers from CLEC end users?

18 A We've identified the Internet Service Provider numbers
19 that someone would be terminating a call to and we've gone
20 back to June of 1997 to identify those calls that a
21 telecommunications carrier end user would have originated
22 and then terminated to an Internet Service Provider that
23 actually was served by Ameritech.

24 Q And how did you go about identifying those customers of
25 Ameritech Michigan, the actual telephone numbers which

1 provide Internet access?

2 A I asked our -- we have a marketing segment in our
3 organization that handles the Internet Service Providers,
4 and I asked them to identify those for me.

5 Q So they were able to produce those from company records at
6 your request?

7 A Yes.

8 Q And why has that credit study stopped in mid-1997 rather
9 than being carried back to January 1996?

10 A I haven't been able to retrieve the data from the billing
11 system to carry it back any farther, but they're still in
12 the process of looking for those to try to go back all the
13 way to January of 1996.

14 Q And on a going-forward basis, is it Ameritech Michigan's
15 position that it will refuse to pay a percentage of the
16 bill submitted by TCG Detroit based upon your second
17 study?

18 A Yes. It's not actually a percentage, it's based upon
19 actual data. Every month now whenever I get a report that
20 identifies to me how many minutes of use are originated by
21 Ameritech and terminated to a particular
22 telecommunications carrier, and then I get a second report
23 that identifies the total number of minutes of use
24 originated by Ameritech end users terminating to Internet
25 Service Providers served by that particular

1 A I can't answer that. I don't know.

2 Q I believe you were asked previously today about the
3 distinction between Internet Service Providers and the
4 information service providers. Is it a correct statement
5 that it's Ameritech Michigan's position that no reciprocal
6 compensation should be paid for any information service
7 provider traffic?

8 JUDGE SCHANKLER: That's asked and
9 answered.

10 MR. VIDETO: Thank you, your Honor.

11 Q (By Mr. Videto) What steps has Ameritech undertaken at
12 this point to identify any other information service
13 providers other than Internet providers?

14 A There have been none to my knowledge.

15 Q You state on page 11 in your testimony your contention
16 that Ameritech is disputing a minimum for these carriers
17 based upon your current studies. Do you have any idea for
18 how long Ameritech Michigan will continue to survey and
19 attempt to produce additional Internet provider numbers
20 and thereby modify its accumulated minutes of use for
21 billing objections?

22 A No, I do not.

23 Q On page 12 and 13 of your testimony you indicate that
24 Ameritech has billed competitive carriers. That process
25 began for TCG at the time interconnection started; is that

1 correct?

2 A Correct.

3 Q And is Ameritech Michigan today still billing TCG for that
4 traffic?

5 A We are billing them but we are also issuing credits.

6 Q Why is that?

7 A I haven't been able to have the billing system changed to
8 credit the amount prior to the bill being rendered out, so
9 the bill is sent to the carrier and then we have our study
10 that comes in to tell us how many minutes of use on that
11 bill were actually terminated to Internet Service
12 Providers, and then we make a credit based upon that
13 study.

14 Q And what kind of time lag is involved between the
15 generation of the bill and the application of the credit?

16 A The bill usually goes -- depending upon the billing cycle
17 for the carrier, I get the study about the 10th of every
18 month. So depending upon when the bill is rendered to the
19 carrier, it could even be prior to the carrier receiving
20 that bill in the mail or it could be after. But by the
21 10th of every month I have that study conducted.

22 Q Ms. Springsteen, in submitting testimony today you have
23 withdrawn a section of your prefiled testimony. Is there
24 any reason for that today?

25 MR. HOLMES: I'd object. It is not a

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SOUTHFIELD, MICHIGAN LANSING, MICHIGAN

1 service.

2 Q What was the URL that you found this at?

3 A I searched through Yahoo and then put in dial-in access
4 lines, Internet Service Providers, different search
5 criteria.

6 Q How long has Ameritech provided service to Internet
7 Service Providers?

8 A I couldn't tell you.

9 Q More than two years?

10 A Probably, but I don't know for sure.

11 Q You said that the billings system continues to treat calls
12 to Ameritech Internet Service Providers as local calls
13 for reciprocal compensation purposes?

14 A Correct.

15 Q When was the billing system first set up for this
16 reciprocal compensation?

17 A Back in June of 1994.

18 Q Does Ameritech offer all of its basic local exchange
19 services through tariffs?

20 MR. HOLMES: I'll object to the question
21 as beyond the scope of the direct testimony of this
22 witness.

23 MR. LeVASSEUR: She has testified that
24 this is jurisdictionally exchange access tariff; I
25 think I have a right to get into the distinction