Law Office of
Richard A. Finnigan
2112 Black Lake Blvd. SW
Olympia, Washington 98512
Fax (360) 753-6862

Richard A. Finnigan
(360) 956-7001
rickfinn@localaccess.com

Kathy McCrary, Paralegal
(360) 753-7012
kathym@localaccess.com

May 5, 2008

VIA ELECTRONIC MAIL AND FEDERAL EXPRESS

Filing Center
Oregon Public Utility Commission
550 CAPITOL ST NE STE 215
SALEM, OR 97301-2567

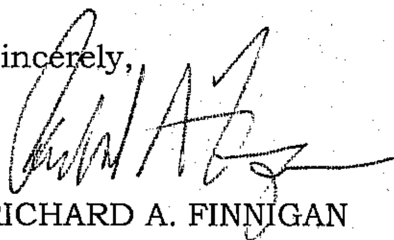
Re: ARB 830 – Testimony on Behalf of CenturyTel of Oregon, Inc.

Dear Sir/Madam:

Enclosed you will find the original and five copies of the Opening Testimony of Guy E. Miller, III, the Opening Testimony of Ted M. Hankins, the Opening Testimony of Steven E. Watkins and Certificate of Service.

Thank you for your attention to this matter.

Sincerely,



RICHARD A. FINNIGAN

RAF/km
Enclosures

cc: Service List (via e-mail and Federal Express, w/encl.)
Paul Schudel (via e-mail, w/encl.)
Tom Moorman (via e-mail, w/encl.)
James Overcash (via e-mail, w/encl.)
Clients (via e-mail, w/encl.)

1
2

CERTIFICATE OF SERVICE
ARB 830

3
4

I certify that I have this day sent the attached Opening Testimony of Guy E. Miller, III, Opening Testimony of Ted M. Hankins and Opening Testimony of Steven E. Watkins by electronic mail and Federal Express to the following:

5
6
7
8

FILING CENTER
PUBLIC UTILITY COMMISSION OF OREGON
550 CAPITOL ST NE STE 215
SALEM, OR 97301-2567
puc.filingcenter@state.or.us

9
10
11

I further certify that I have this day sent the attached Opening Testimony of Guy E. Miller, III, Opening Testimony of Ted M. Hankins and Opening Testimony of Steven E. Watkins to all parties of record in this proceeding by sending a copy properly addressed by Federal Express, and by electronic mail pursuant to OAR 860-013-0070, to the following parties or attorneys of parties:

12
13
14

JANETTE LUEHRING
6450 SPRINT PKWY
MAILSTOP: KSOPHN0304 – 3b653
OVERLAND PARK, KS 66251
janette.w.luehring@sprint.com

JUDITH ENDEJAN
2801 ALASKAN WAY
SUITE 300
SEATTLE, WA 98121
jendejan@grahamdunn.com

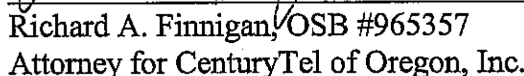
15
16
17

KRISTIN L. JACOBSON
201 MISSION ST STE 1400
SAN FRANCISCO, CA 94105
kristin.l.jacobson@sprint.com

18

Dated at Olympia, Washington, this 5th day of May, 2008.

19
20



21

Richard A. Finnigan, OSB #965357
Attorney for CenturyTel of Oregon, Inc.

22
23
24
25
26

Law Office of
Richard A. Finnigan
2112 Black Lake Blvd. SW
Olympia, WA 98512
(360) 956-7001

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

IN THE MATTER OF SPRINT COMMUNICATIONS COMPANY L.P.PETITION FOR ARBITRATION OF AN INTERCONNECTION AGREEMENT WITH CENTURYTEL OF OREGON, INC.	))))))	**ARB 830**

OPENING TESTIMONY OF

GUY E. MILLER, III

ON BEHALF OF CENTURYTEL OF OREGON, INC.

May 5, 2008

OPENING TESTIMONY OF
GUY E. MILLER, III
ON BEHALF OF CENTURYTEL OF OREGON, INC.[1]

Q. Please state your name and business address.

A. My name is Guy E. Miller, III. My business address is 100 CenturyTel Drive, Monroe, LA 71203.

Q. On whose behalf are you submitting this opening testimony?

A. I am submitting this opening testimony on behalf of CenturyTel of Oregon, Inc. ("CenturyTel"), one of the Oregon incumbent local exchange companies ("ILECs") of CenturyTel, Inc.

Q. By whom are you employed and what is your position?

A. I am currently employed by CenturyTel Service Group as Director- Carrier Relations Strategy and Policy. I have held this position since December 5, 2005.

Q. What are your responsibilities as Director-Carrier Relations Strategy and Policy?

A. I am responsible for evaluating, developing and implementing the policies and positions that govern the interactions between representatives of CenturyTel's regulated telephone companies and wholesale customers, including competitive carriers. In addition, I am responsible for evaluating, developing and implementing CenturyTel's regulatory positions on inter-carrier issues. For example, I have evaluated and recommended

[1] The Parties have continued to negotiate since the filing of the arbitration and the Parties' Disputed Points Lists (DPLs). If there are any discrepancies between this testimony and CenturyTel's DPL filed in this Docket on April 4, 2008, this testimony is controlling as it represents the most current state of negotiations and CenturyTel's position thereunder. CenturyTel plans to file an updated and current interconnection agreement and DPL prior to the hearing.

revisions to proposed elements of inter-carrier compensation reform. I also prepared policy and process recommendations for mitigating phantom traffic, and I served as the rural LEC lead negotiator for working out transiting issues with AT&T. I am also responsible for the development of CenturyTel's Interconnection templates and template terms and serve as an escalation resource to our field Carrier Relations team on interconnection issues, negotiations and dispute resolution.

Q. What position did you hold before becoming Director-Carrier Relations Strategy and Policy?

A. From September 10, 2002 to December 4, 2005, I was Director-Carrier Relations for CenturyTel Service Group.

Q. What were your responsibilities as Director-Carrier Relations?

A. I was responsible for overseeing all of CenturyTel's activity related to its obligations under Sections 251 and 252 of the 1996 revisions to the Communications Act of 1934, as amended (the "Act') (47 U.S.C. §§ 251 and 252), including ensuring compliance with those statutes. This also meant that I was responsible for oversight of all interconnection agreement negotiations and for all operations performed under those agreements.

Q. Please describe your experience in the telecommunications industry before becoming Director-Carrier Relations.

A. I have worked in the telecommunications industry in various capacities for approximately 30 years. I started in 1978 as a Customer Services Supervisor for Southwestern Bell Telephone Company. I was primarily responsible for managing the Business Customer

Service operations for a specified geographic area of Houston, Texas. In 1980, I became a Customer Services Manager in the Business Education and Analysis workgroup. I analyzed large business customer equipment configurations and telecommunications needs and made recommendations for improved efficiency and for resolving business needs. In 1981, I entered the Southwestern Bell sales organization, first as an Account Executive serving the Publishing and Media industries then as an Account Executive II serving national accounts in the petrochemical industry.

In 1984, I transferred to a start-up affiliated equipment sales company, Southwestern Bell Telecommunications, as a National Accounts Manager. I was responsible for telecommunications equipment sales to national petrochemical and engineering companies. This Company promoted me to Corporate Manager- Training Programs in 1985 and asked me to develop and deliver sales and management training as well as to direct all technical training efforts. In 1986, the responsibilities for developing and administering benefit programs and for specific staffing issues were added to my duties.

In 1987, I was recruited into another new affiliated company, Southwestern Bell Gateway Services, as the Regional Sales Director for Strategic and Plans and Methods. This Company was a pre-Internet information provider and I developed and implemented the plans for the marketing and advertising of the information services and for the development of services content to meet consumer needs and expectations. I also managed government and community relations and marketing and sales support issues.

In 1989, I returned to Southwestern Bell Telephone as the Market Manager for the competitive carrier market segment and eventually became the Market Planner for that

market segment. From 1989 until 1995, I developed strategic, tactical and business plans to provide service to the competitive local exchange carriers ("CLEC"), wireless carriers, Interexchange Carriers ("IXC"), Enhanced Service Provider/Internet Service Providers ("ISP") and the cable industry. I also developed new products for this market segment and established specialized customer service and sales support programs.

In 1995, I was recruited to MFS Telecom, a competitive telecommunications access provider, where I served as the Director- Marketing for MFS' private line and collocation services. For a short time in 1996, I worked on contract as the Vice President- Sales and Marketing for Quantum Software Solutions which was a start-up provider of call center software. Then, from late 1996 until September, 2002, I worked for Intermedia Communications, a CLEC. For most of this time, I was a Senior Director in product marketing. I managed and developed dedicated and switched transport and collocation products for the wholesale business segment, which included carriers, ISPs, large enterprise business and government. In 2001, Intermedia was purchased by WorldCom. At that time, I began serving in an interim dual role as the Intermedia executive in charge of Carrier and ISP Sales Support and also as Intermedia's Vice President for Industry Policy. In this latter role, I oversaw the integration of Intermedia's regulatory and carrier relations activities into the WorldCom business model. I left WorldCom in late 2002 and, as previously mentioned, joined CenturyTel in September of that year.

Q. **Have you previously testified before any state commission?**

A. Yes. In April 2008 and July 2007, I testified before the Missouri Commission regarding CLEC disputes over interpretations of Interconnection Agreement terms. In April 2006, I

testified before the Missouri Commission regarding an arbitration of interconnection agreement terms. In April, 2005, I testified before the Alabama Public Service Commission regarding a dispute with a CLEC concerning billing and collocation issues. I also testified before the Texas Public Utility Commission in 1992 on the matter of a national media company demanding an N11 code for its use in providing information to subscribers. Additionally in 2007, I testified in an American Arbitration Association arbitration in Wisconsin.

I have also been involved in the preparation and delivery of written testimony related to several FCC proposed rulemakings during the period of 2003 through 2007. These rulemakings have included wireless local number portability, virtual NXX, phantom traffic, intercarrier compensation reform and 911/E911 services for Voice over Internet Protocol (VOIP) providers.

Q. **Have you been involved in the negotiations that Sprint has had with CenturyTel regarding the interconnection agreement terms at issue in this case?**

A. Yes, on an indirect basis. I have served as an advisor to the CenturyTel negotiations team on a variety of issues and helped evaluate Sprint's positions and proposed interconnection agreement ("ICA") language. I also developed alternative language for the CenturyTel negotiations team to propose back to Sprint with regard to several issues.

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

A. The purpose of my testimony is to state the positions of CenturyTel regarding certain of the specific arbitration issues that remain unresolved between Sprint Communications

Company, L.P. ("Sprint") and CenturyTel. I will also provide rebuttal to assertions made in Sprint's Petition for Arbitration filed in this matter with the Oregon Public Utility Commission (the "Commission") on March 11, 2008.

Q. Have there been any changes to the Parties' positions since the filing of Sprint's petition and its DPL?

A. Yes. Some issues have been resolved or narrowed. I will identify when such is the case when I address each separate issue. Further, to the extent that there is any variation between the CenturyTel position or statements in our filed DPL, this testimony represents the most current position of CenturyTel based on the continuing negotiations between the Parties and should be regarded as superseding any contrary position in CenturyTel's DPL.

Issue# 1 Should the dispute resolution procedures, including commercial arbitration, be included in the Agreement? (Article III, Sections 20.1, 20.1.1, 20.1.2, 20.2, 20.3, 20.3.1 and 20.3.2)

Q. How would you summarize the essence of this issue?

A. The essence of this issue is whether CenturyTel and Sprint should be contractually obligated to advise the other Party of a dispute, work in good faith to resolve such dispute, and adhere to certain procedures if the dispute cannot be resolved through negotiations.

Q. Do you agree with how Sprint has characterized this issue in its DPL?

A. No. Sprint characterizes this as a choice between the Commission and commercial arbitration for ICA disputes. CenturyTel views this more properly as an issue of dispute resolution procedure that includes provisions for what happens if the Oregon Public

Utility Commission ("Commission") declines or decides it does not have jurisdiction. CenturyTel has changed the Disputed Points List Issue Description accordingly.[2]

Q. Can you explain CenturyTel's language to ensure that there is a clear understanding as to what the proposed language would accomplish?

A. Yes. CenturyTel's proposed language is designed to implement a framework for prompt resolution of escalated disputes. CenturyTel's proposed language also recognizes that the Commission may not have, or may decline to accept, jurisdiction over certain disputes that involve issues outside of the Commission's recognized areas of expertise. CenturyTel's language allows for this possibility by specifying a dispute resolution procedure--arbitration through the American Arbitration Association--in the event the Commission does not have or declines to accept jurisdiction of a dispute. But to be clear, our proposal--which is primarily procedural--accomplishes four objectives. First, a Party is required to advise the other Party of the existence of a dispute under the ICA. Second, a Party is obligated to make a good faith effort to resolve the dispute before invoking formal dispute resolution procedures. Third, a Party is required to submit any dispute, not resolved through negotiation, to the Commission for resolution. Fourth, a Party is required to adhere to reasonable guidelines when arbitration is used. Each of these objectives is designed to encourage the prompt, efficient and inexpensive resolution of any dispute that may arise under the ICA.

Q. Has Sprint agreed to the language proposed by CenturyTel?

A. Sprint has refused to agree to the language proposed by CenturyTel in the negotiation for this ICA, but Sprint has agreed to similar language, as subsections of the dispute

---

[2] Sprint's proposed Issue 1 was styled as "Should disputes under the Interconnection Agreement be submitted to the Commission or commercial arbitration? (Article III, Sections 20.3, 20.4 and 20.5)"

resolution section, in the ICA between Sprint and Windstream in the State of Arkansas. **(Exhibit CenturyTel/2** attached.) (Other than name references, the only difference between the CenturyTel language and that previously agreed to by Sprint consists of use of the word "shall" instead of "may" in two instances, as shown on **Exhibit CenturyTel/3** attached). CenturyTel knows of no rational reason as to why it should be held to a different standard by Sprint than that to which Sprint already agreed in another jurisdiction. Sprint has provided no such rationale.

Q. Does CenturyTel see any conflict between Sprint's stated position in its petition and its proposed language?

A. Yes. Sprint states in its arbitration petition that it wants ICA terms that require that a dispute be submitted to the Commission for resolution unless the Parties agree differently. Sprint's proposed language on this issue, however, is as follows:

> If negotiations do not resolve the dispute, then either party may proceed with *any remedy available* to it pursuant to law, equity, or agency mechanisms. Notwithstanding the above provisions, if the dispute arises from a service affecting issue, either Party may immediately seek *any available remedy*. [Emphasis added.]

Thus, the Sprint language contains no requirement that disputes be submitted to the Commission, and allows a Party to seek any remedy pursuant to law, equity or agency mechanisms. As such, Sprint's proposed language contains no requirement of deference to the Commission's expertise in connection with a dispute.

Q. Does CenturyTel's proposed language require that disputes be submitted to the Commission?

A. Yes. Section 20.3.1 of CenturyTel's proposed language provides as follows:

> The Parties agree that all unresolved disputes arising under this Agreement, including without limitation, whether the dispute in question is subject to arbitration, *shall be submitted to Commission for resolution* in accordance with its dispute resolution process and the outcome of such process will be binding on the Parties, subject to any right to appeal a decision reached by the Commission under applicable law. [Emphasis added.]

Q. Under CenturyTel's proposed language, what happens if the Commission does not have jurisdiction over a specific dispute, or declines to accept jurisdiction over such dispute?

A. Under CenturyTel's language, if the Commission does not have or declines to accept jurisdiction over a dispute, then the dispute is submitted to binding arbitration by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. CenturyTel's language also specifies procedures to ensure that such arbitration is conducted in an efficient and inexpensive manner.

Q. Why might commercial arbitration be used for dispute resolution?

A. Commercial arbitration is a common, industry standard method of dispute resolution. There are many reasons why commercial arbitration might be chosen over other methods of dispute resolution. When the subject matter of the dispute is highly technical, arbitrators with an appropriate degree of technical expertise can be appointed. Arbitration is generally regarded as requiring less time to resolve disputes than litigation, and therefore, is less expensive. Arbitral proceedings and awards are generally private. The arbitral process enjoys a greater degree of flexibility than litigation. There are

limited avenues for appeal of an arbitral award, which can mean swifter enforcement and less opportunity for a Party to delay final resolution of the dispute.

Q. Do the specifics of the CenturyTel / Sprint ICA relate to CenturyTel's proposed language on this issue?

A. Yes. Telecommunications-related disputes may not be the only issues that arise under the terms of the ICA, particularly in light of the business model described by Sprint during these ICA negotiations[3] (as well as numerous arbitration filings across the country) wherein Sprint has elected to pursue its apparent "wholesale" arrangement with cable television-based providers of voice services (or other unnamed third parties). These issues may very well include commercial terms and issues and general areas of business law with which the Commission may be unfamiliar or, for that matter, lacks subject matter jurisdiction. In these instances, the Commission should not be required to expend its time and resources on issues that are more appropriately addressed by an independent arbitrator, and CenturyTel should not be required to participate in expensive and time-consuming litigation when arbitration is available to resolve disputes in an efficient and inexpensive manner.

Q. Do you have any examples of disputes over which this Commission may decide it does not have or does not want jurisdiction?

A. There are likely many but let me give you a practical example. Sprint is seeking to enter into this ICA relationship as a wholesale telecommunications carrier providing service to one or more cable television-based providers that seek to offer voice products in competition with CenturyTel. Given that reality, I can readily foresee disputes arising in

[3] For example, see the proposed ICA filed by Sprint with its arbitration petition at "Preface and Recitals" where on page 1, Sprint acknowledges that it is "a wholesale provider of Local telephone exchange service" and in Article I on page 3, Sprint acknowledges that it will be providing local service jointly with a third party.

which the practices or procedures of Sprint's business partner are called into question, and therefore, the relationship between Sprint and its partner is at issue. Some of these disputes may go beyond the realm of either CenturyTel's or Sprint's obligations under the Telecommunications Act of 1996 ("Act") or an interpretation of the ICA terms under the Act. Thus, these issues may delve more into contract law and proper commercial practices. In such instances, the Commission might decide that an independent arbitrator would be better equipped to adjudicate disputes that need to be addressed under areas of the law outside of the Act. Billing and debt collection matters may likewise be more efficiently adjudicated through arbitration instead of through a Commission proceeding.

Q. What is CenturyTel's desired outcome for Issue 1?

A. CenturyTel's desired outcome for Issue 1 is to require similar provisions to those already agreed to by Sprint in another ICA. These provisions allow implementation of a commercially reasonable method for raising, addressing and resolving inter-company disputes, including procedures to advise the other Party of any dispute, to work in good faith to resolve such dispute, and to adhere to certain procedures if the dispute cannot be resolved through negotiations, all for the overall purpose of encouraging the prompt, efficient and inexpensive resolution of the dispute.

Issue #2 What are the appropriate terms for Indemnification? (Article III, Section 30.1)

Q. Did Sprint and CenturyTel reduce the scope of this issue subsequent to the filing of Sprint's DPL?

A. Yes.

Q. What is the current state of negotiations on this issue?

A. The only disputed language relating to this issue is in Section 30.1, first paragraph. Sprint's version requires indemnification for claims of defamation, libel or slander arising out of content transmitted by the Indemnifying Party's End Users or contractors. CenturyTel's version requires indemnification for the same types of claims, *plus* claims of interference with or misappropriation of proprietary or creative right, or any other injury to any person or property arising out of content transmitted by the Indemnifying Party's End Users or contractors.

Q. How would you summarize the essence of the current state of this issue?

A. The essence of this issue is whether each Party should be indemnified by the other Party for claims arising out of content transmitted by the other Party, its end users or the actual retail end users of a third party entity to which telecommunications services are provided on a wholesale basis (such as that being proposed by Sprint). CenturyTel has changed the Disputed Points List Issue Description to reflect the current state of this issue.[4]

Q. What is CenturyTel's position on this issue?

A. CenturyTel's position is that each Party should be required to indemnify the other Party for, among other things, claims for interference with or misappropriation of legal rights, or any other injury to person or property, arising out of content transmitted by the other Party's end users or the actual retail end users of a third party entity to which telecommunications services are provided on a wholesale basis (such as that being proposed by Sprint).

Q. Are you aware of situations in which Sprint has required a party that receives services from Sprint to agree to language similar to that proposed by CenturyTel?

---

[4] CenturyTel's Issue 2 formulation differs from Sprint in that it drops "and Limitation of Liability" because the Parties have agreed upon such limitation provisions.

A. Yes. Sprint includes language similar to that proposed by CenturyTel--and in some cases, even broader language relating to any content-related claim--in Sprint's tariffs, schedules and end user terms and conditions (*see* Sprint's Intrastate Schedule for Access Services, Section 2.1.3.(D); Sprint's Intrastate Schedule for Local Exchange Services, Section 2.2.1.M.; Sprint's Access Service Tariff F.C.C. No. 13, Section 2.1.3.(D); Sprint's Intrastate Schedule for Intercity Telecommunications Services, Section 3.15.1.1; and Sprint's Standard Terms and Conditions for Communications Services, Section 12.2 B). (**Exhibit CenturyTel/4** attached.) Thus, CenturyTel's proposed language - which applies to both Parties - is consistent with both Sprint's tariffs and Sprint's end user terms and conditions. And, I note, these terms and conditions address both end users and carriers alike. Therefore, Sprint has included similar language in the terms and conditions that it finds appropriate in both its intercarrier relationships as well as retail relationships.

Q. Is there anything else that you note regarding Sprint's tariffs and schedule?

A. Yes. Sprint includes provisions in its access tariff and schedule that require the access service customer to indemnify Sprint from any and all claims by any person relating to such customer's use of Sprint's services, and requires such indemnification notwithstanding any other indemnification provision of the tariff or schedule. As these provisions require carriers that use Sprint's access services to indemnify Sprint for *any* claim relating to such carrier's use of such services, presumably claims relating to content transmitted by the carrier's end users would be within their scope.

Q. Do you believe that the CenturyTel language is consistent with indemnification terms generally found in ICAs?

A. Yes. And as a further example of the consistency of CenturyTel's language, the Public Service Commission in Michigan has held that indemnification provisions should not be "overly broad and characteristic of a contract of adhesion." *Petition of McLeodUSA Telecommunications Services for arbitration of interconnection rates, terms, and conditions and related arrangements with Michigan Bell Telephone Company, d/b/a Ameritech Michigan, pursuant to Section 252(b) of the Telecommunications Act of 1996, MPSC Case U-13124, Opinion and Order, Jan. 22, 2006.* CenturyTel's proposed language regarding indemnification certainly is not in the nature of a contract of adhesion.

Q. Has Sprint agreed to ICA indemnification language with any other ILEC that is similar to the language proposed by CenturyTel?

A. Yes. Sprint's 13-State agreement with the AT&T affiliates includes an indemnity provision similar to the provision requested by CenturyTel. Specifically, Section 14.4.1 addresses libel, slander and intellectual property. For an example of this agreement language as approved by a state commission, see *In the matter of the application of Sprint Communications Company, L.P. and Southwestern Bell Telephone Company for approval of an interconnection agreement and related first amendment pursuant to Section 252(e) of the Telecommunications Act of 1996 (Arkansas Public Service Commission Docket: 02-247-U) §14.4.1– pages 65-70 of the General Terms and Conditions, Section 14*. (Full docket is available on Arkansas Public Service Commission Website. Pages 65 - 70 are attached as **Exhibit CenturyTel/5**.) CenturyTel knows of no rational reason as to why it should be held to a different standard by Sprint then that to

which Sprint already agreed with another ILEC in multiple states. Sprint has provided no such rationale.

Q. **Do you have an opinion with respect to Sprint's efforts to narrow its indemnification in this ICA?**

A. In my opinion, Sprint's refusal to accept CenturyTel's proposed ICA language regarding this issue relates to Sprint's business model in which it acts as a wholesaler of services to non-carrier telephony providers. The ICA provisions supported by Sprint represent an attempt to limit Sprint's responsibility for wrongful actions by end users because the end users will, in turn, be the customers of an entity purchasing Sprint's wholesale services (including Sprint's non-carrier business partners). However, CenturyTel's contractual relationship under this ICA is with Sprint, not with the entity that purchases Sprint's wholesale services. To the extent that Sprint has concerns as to the breadth of CenturyTel's indemnity provision, it can certainly negotiate a similar scope of indemnity from its third party business partners that utilize Sprint's wholesale services and thereby shift any risk to which Sprint objects. This is a critical consideration that CenturyTel wants to ensure that the Commission keeps in mind when evaluating this and other of the issues. To the extent that local service competition is provided through the business model involving Sprint and those entities that purchase Sprint's wholesale services (such as its non-carrier partners) and that the mutual indemnification obligations are between Sprint and CenturyTel, Sprint must be fully accountable for all end user actions involved with its business model, *i.e.*, *both* Sprint's end users and the end users of the entity purchasing Sprint's wholesale services. It is neither appropriate nor reasonable to allow

Sprint to compete with CenturyTel under this wholesale business model and then give Sprint a "pass" with regard to typical industry indemnification obligations.

Q. **Can you provide an example of an indemnified claim that would be excluded under Sprint's proposed language?**

A. Yes. The Sprint language in the subsection at issue may not include claims based on invasion of privacy or copyright infringement. Accordingly, under Sprint's proposed language for this subsection, Sprint would be obligated to indemnify CenturyTel if Sprint's end users or contractors transmitted defamatory content resulting in a claim against CenturyTel, but Sprint would have no such indemnification obligation if the claim resulted from transmission of content that infringed a copyright or invaded a person's privacy. From CenturyTel's standpoint as a party to an interconnection agreement, such a distinction is without a rational basis. CenturyTel has no more ability to prevent content that infringes a copyright from being transmitted by Sprint's end users and contractors than it does to prevent defamatory content from being so transmitted. Accordingly, CenturyTel has a legitimate interest in indemnification from Sprint whether the content that gives rise to the claim against CenturyTel is based on defamation, copyright infringement, invasion of privacy or any other injury to person or property.

Q. **Can you summarize the relative positions of Sprint vs. CenturyTel as regards the terms for indemnification?**

A. Sprint's proposal to delete certain language and narrow the scope of indemnification is at odds with both common industry practice and its own practices regarding indemnification language used in other jurisdictions by Sprint. CenturyTel's proposed terms are consistent with common industry practice and consistent with the language used by

Sprint in Sprint's own customer documentation. CenturyTel's language is also justified and necessary to cover indemnification needs due to Sprint's wholesale business model.

Q. What is CenturyTel's desired outcome for Issue 2?

A. CenturyTel requests that the Commission adopt language proposed by CenturyTel, which applies to both Parties and is consistent with Sprint's tariffs, schedules and end user terms and conditions, and which requires indemnification for claims based on the content transmitted by the other Party or its end users or contractors.

Issue#3 **How should the Bill and Keep arrangement be incorporated in the Agreement or should it accurately reflect what is agreed to in Section 4.4.2 and 4.2.3? (Article VII I.A)** [5]

Q. Did Sprint and CenturyTel resolve this issue subsequent to the filing of Sprint's DPL?

A. Yes. This issue has been resolved by the Parties as follows:

I. INTERCONNECTION PRICING

A. Reciprocal Compensation (Transport and Termination)

Transport and Termination for Local Traffic excluding Local Traffic that is also ISP-Bound Traffic

TBD (If invoked pursuant to Article IV, Section 4.4.2)

Local Traffic that is also ISP-Bound Traffic (pursuant to Article IV, Section 4.2.3)

Bill and Keep

Q. Is there a need for the Commission to give any further consideration to Sprint's position on Issue 3?

A. No.

---

[5] Prior to issue resolution, CenturyTel had changed Sprint's framing of Issue 3, "How should the bill and keep arrangement be incorporated in the agreement?" to that shown in this testimony.

Q. Is there a need for you to provide any explanation of CenturyTel's position on the same?

A. No. Again, the issue has been resolved by the Parties.

Issue #8 Should Sprint be required to enter into traffic exchange agreements with a third-party Telecommunications Carriers for traffic that transits through CenturyTel's network to reach a third-party Telecommunications Carrier? Should CenturyTel be indemnified by Sprint, if Sprint does not have a traffic exchange agreement with the third-party for any actions or complaints, including any attorney's fees and expenses, against CenturyTel concerning the non-payment of charges levied by such third-party Telecommunications Carrier for Sprint's traffic? (Article IV Sections 3.3.1.3 and 4.6.4.2)

Q. Does CenturyTel agree with the way Sprint has characterized Issue 8 in its arbitration filing?

A. No. In CenturyTel's view, the issue is not, as Sprint stated, whether CenturyTel is seeking to modify the FCC's Calling Party Network Pays ("CPNP") principle "such that CenturyTel as the transit provider would pay the terminating charges and then seek reimbursement from Sprint." *See,* Sprint Petition for Arbitration at p. 19. Rather, the issue is: "What are the financial consequences to CenturyTel, as the transit provider (and thus the only identifiable carrier), in terminating Sprint-originated traffic on a third party carrier's network?" CenturyTel should not be placed in the position of having any third party carrier seek compensation from CenturyTel for non-CenturyTel-originated traffic sent to a third party for termination. CenturyTel has changed the Disputed Points List Issue Description accordingly.[6]

Q. Does the Sprint-proposed language in the ICA that "the Parties agree that CenturyTel has no obligation to pay charges levied by such third-party

[6] Sprint's proposed wording of Issue 8 read as follows: "Should Sprint be required to reimburse CenturyTel when CenturyTel is acting as a transit provider if CenturyTel compensates third parties for the termination of Sprint-originated traffic?"

Telecommunications Carriers, including any termination charges related to such traffic" – address CenturyTel's concerns?

A. No. Based on my experience in dealing with contracts and contract disputes, a bilateral agreement between Sprint and CenturyTel that "CenturyTel has no obligation to pay charges levied by a third-party carrier" is meaningless from the perspective of a third party carrier which is not bound by such an agreement. If a third party carrier is due compensation for terminating Sprint-originated traffic, that third party carrier rightly will expect to receive that compensation. Moreover, if the traffic that is being delivered to a third party by CenturyTel for termination was originated by a Sprint end user or a Sprint wholesale customer, that traffic is Sprint's traffic as the FCC confirms.[7] CenturyTel is not responsible for any intercarrier compensation associated with the ultimate termination of that Sprint-originated traffic, nor is CenturyTel responsible for the terms and conditions between Sprint and the ultimate terminating third party carrier. Thus, if Sprint fails to meet its compensation responsibilities associated with the traffic its delivers to CenturyTel as a transit provider for termination on the network of a third party carrier (including agreement to the terms and conditions for making lawfully required payments to the terminating third party carrier with respect to the Sprint-identified traffic), there is no rational basis for placing CenturyTel in the middle of the intercarrier compensation dispute that would arise from Sprint's failure. Sprint's obligation to arrange for payment

---

[7] *See, In the Matter of Time Warner Cable Request for Declaratory Ruling that Competitive Local Exchange Carriers May Obtain Interconnection Under Section 251 of the Communications Act of 1934, as Amended, to Provide Wholesale Telecommunications Services to VoIP Providers, Memorandum Opinion and Order*, WC Docket No. 06-55, DA 07-709, released March 1, 2007 ("TWC Order"). In its TWC Order, the FCC recognized that payment to the incumbent LEC for the termination of traffic by the wholesale telecommunications carrier was an explicit obligation of the wholesale carrier. At paragraph 17 of its decision, the FCC stated that: "In the particular wholesale/retail provider relationship described by Time Warner in the instant petition, the wholesale telecommunications carriers have assumed responsibility for compensating the incumbent LEC for the termination of traffic under a section 251 arrangement between those two parties. We make such an arrangement an explicit condition to the section 251 rights provided herein."

of such compensation is clear under FCC determinations.[8] Consequently, it follows that Sprint is obligated to indemnify CenturyTel for any payments that CenturyTel is required to make as a consequence of Sprint's failure to properly compensate a carrier to which the Sprint-originated traffic is terminated. Sprint has itself pointed out on page 19 of its Petition for Arbitration that under the FCC's Calling Party Network Pays ("CPNP") regime the originating party is responsible for all costs associated with its originated telecommunications traffic. However, Sprint has refused to accept CenturyTel's proposed language of Article IV, Section 4.6.4.2 which would require Sprint to enter into a traffic exchange agreement with a carrier to which Sprint terminates traffic via a transit arrangement with CenturyTel.

Q. **Has Sprint also refused to accept CenturyTel's proposed language that would require Sprint to indemnify CenturyTel for claims that arise out of termination of Sprint-originated traffic to a third party carrier which transits CenturyTel's network?**

A. Yes. Similar to Sprint's attempt to limit its indemnification obligations as discussed in connection with Issue 2, above, Sprint opposes inclusion of language in the ICA that would indemnify CenturyTel against any failure by Sprint to properly arrange for compensation to third parties. By taking this position, Sprint effectively leaves CenturyTel "holding the bag" as the carrier from which a third party may seek compensation for terminating Sprint-originated traffic. Again, such third party carrier is going to be unimpressed by the terms that Sprint has proposed for inclusion in the ICA which only state that CenturyTel "has no obligation to pay charges levied by such third –

[8] *Id.*

party Telecommunications Carrier." *See,* Sprint's proposed wording of Article IV, Section 3.3.1.3. Sprint's statement does not, unfortunately for Sprint, make it so.

Q. **In your opinion, does Sprint's wholesale business model play any part in Sprint's position on this issue?**

A. Yes. In past disputes with CenturyTel, Sprint has attempted to deny responsibility for the actions of its wholesale business model partners. For example, when Sprint first entered into wholesale competition against a CenturyTel affiliate in Wisconsin in the fall of 2005, that affiliate determined that Sprint's cable partner was engaged in slamming end users, disparaging the CenturyTel affiliate to end users, and blaming the affiliate for porting delays caused by Sprint and the cable partners' failure to correctly process ports. When I contacted Sprint to resolve these issues, Sprint initially tried to claim no responsibility and told me that I needed to discuss the matters with the cable partner. This attempt to "pass-the-buck" was clearly inappropriate as the ICA relationship was between the CenturyTel affiliate and Sprint. The CenturyTel affiliate had no relationship with the cable partner and for all practical purposes did not even know that the cable partner existed. The port orders at issue in this situation were all submitted by Sprint pursuant to its ICA terms and those orders requested that the CenturyTel affiliate port the numbers to Sprint. Similar issues also arose between other CenturyTel affiliates and Sprint-cable partner activities in other states. Additionally, CenturyTel affiliates are currently trying to deal with the problem of two Sprint cable partners using CenturyTel-owned Network Interface Devices without permission, and damaging CenturyTel's facilities in the process. Sprint has refused to resolve these matters and instead referred CenturyTel to its third party cable providers for discussion of possible resolutions of the matters. Based on

this past experience, it is quite possible that Sprint may claim to a third party that this Sprint-originated traffic is not Sprint traffic; it is "Provider X" traffic. If this result was allowed to occur under the ICA (as would be the case under Sprint's proposal), Sprint would escape any obligation to negotiate termination arrangements and to pay appropriate termination charges for the traffic that it originated in partnership with "Provider X." "Provider X" is, of course, not a carrier so it has no obligation to negotiate termination terms with local exchange carriers. Under this scenario, the terminating carrier would receive no compensation for the use of its network and may try instead to seek recovery from CenturyTel as the only identifiable carrier involved in sending the traffic even though under the FCC's directive that allows this wholesale/retail provider relationship,[9] Sprint must stand up to the plate and address these matters. Thus, Sprint must be held accountable for its role in originating traffic and must fulfill its obligations to either make appropriate termination arrangements or reimburse CenturyTel as required if Sprint does not.

Q. **What should the ICA terms require if Sprint fails to enter into necessary network and traffic exchange arrangements with third party carriers that subtend CenturyTel's network?**

A. If Sprint decides for whatever reason that it does not want to enter arrangements with companies subtending CenturyTel and if CenturyTel is required by a state commission or another entity of competent jurisdiction to pay compensation to those subtending companies as a result of CenturyTel transiting Sprint-originated traffic, then Sprint should be financially responsible to (or as the contract states "indemnify, defend and hold harmless") CenturyTel for the termination of such traffic. If Sprint is concerned about

---

[9] *Id.*

the rate that the third party may charge to CenturyTel and that Sprint must then reimburse to CenturyTel, Sprint can ameliorate that concern by proactively entering into traffic exchange agreements with other carriers subtending CenturyTel's network.

Q. **Has Sprint agreed to ICA language with any other ILEC that requires Sprint to negotiate agreements for the termination of its transiting traffic to third parties and also indemnify the ILEC for any charges levied against it?**

A. Yes. Sprint's 13-State agreement with the AT&T affiliates succinctly requires Sprint to negotiate agreements for the termination of its traffic to third parties, and also to hold AT&T harmless for any charges levied against AT&T. For an example of this agreement language as approved by a state commission, see *In the matter of the application of Sprint Communications Company, L.P. and Southwestern Bell Telephone Company for approval of an interconnection agreement and related first amendment pursuant to Section 252(e) of the Telecommunications Act of 1996 (Arkansas Public Service Commission Docket: 02-247-U)* at p.9-10 of Appendix Reciprocal Compensation, Section 9.2. (Full docket is available on Arkansas Public Service Commission Website. Pages 9-10 are attached as **Exhibit CenturyTel/6**.) As another example, also see *In the matter of the request for commission approval of a traffic termination agreement between Sprint Communications Company, L.P. and SBC Ameritech Michigan,* Michigan Public Service Commission Case Number U-13766, Document No. 2 at p. 17, Section 7.8. (Full docket is available on Michigan Public Service Commission Website. Pages 16-17 are attached as **Exhibit CenturyTel/7**.) CenturyTel knows of no rational reason why it should be treated less favorably by Sprint than it treats another ILEC in several other states. Sprint has provided no justification for its discriminatory treatment.

Q. Is there any other consideration for this Commission to evaluate in deciding this issue?

A. Yes. I expect intercarrier compensation disputes submitted to the Commission for resolution will be reduced if Sprint is obligated to make arrangements with third party carriers for the termination of its traffic. I note, for example, the Michigan Public Service Commission's Case No. U-14905, where the Commission's resources were committed from the May 30, 2006 date when the Complaint was filed until January 29, 2008 when the Commission issued its order denying rehearing. This Complaint was filed by a group of small ILECs against Verizon for traffic delivered from a Verizon tandem to the small ILECs for termination. The small ILECs were seeking payment from Verizon for terminating traffic that Verizon claimed that it did not originate. This case clearly illustrates that intercarrier compensation disputes are likely and that they tend to be very litigious and protracted. CenturyTel's proposed ICA terms would help eliminate those disputes and, as a result, would also preserve the Commission's own resources.

Q. Is Sprint a Party to any ICA in Oregon that obligates Sprint's competitor to obtain agreements with third parties in order to transit traffic on Sprint's network?

A. Yes. In the *Master Interconnection Agreement* for the State of Oregon between Sprint Communications Company, LP and United Telephone Company of the Northwest, dated February 1, 2005 (Docket ARB 240), Section 43.2 requires the following:

> While the Parties agree that *it is the responsibility of CLEC to enter into arrangements with each third party carrier (ILECs or other CLECs) to deliver or receive transit traffic,* Sprint acknowledges that such arrangements may not currently be in place and an interim arrangement will facilitate traffic completion

on an interim basis. Accordingly, until the earlier of (i) the date on which either Party has entered into an arrangement with third-party carrier to exchange transit traffic to CLEC and (ii) the date transit traffic volumes exchanged by CLEC and third-party carrier exceed the volumes specified in Section 44.3.1.3, Sprint will provide CLEC with transit service. *CLEC agrees to use reasonable efforts to enter into agreements with third-party carriers as soon as possible after the Effective Date.* [Emphasis added.]

Q. How should the Commission resolve Issue 8?

A. CenturyTel's proposed ICA language is proper and rational and should be adopted. Sprint should be required to enter into traffic exchange agreements (or some other fundamental network arrangement) with the third parties for the termination of its traffic. If Sprint fails to do so, since it is the carrier responsible for the traffic that CenturyTel is delivering to the subtending carrier's network, Sprint should be required to indemnify CenturyTel for any payments that CenturyTel is required to make to such third party and for any attorneys' fees or costs incurred by CenturyTel in connection therewith.

Issue #9 Should the Interconnection Agreement permit the Parties to combine traffic subject to reciprocal compensation charges and traffic subject to access charges on the interconnection trunks? (Article IV Sections 3.2.5.6, 3.3.2.1, 3.3.2.8, 3.3.2.8.1, 3.3.2.8.3, 4.5.1.3, 4.5.2.2, and Article VII I.C.)

Q. Is it your understanding that Sprint wants the ICA's terms and conditions to allow the Parties to combine all traffic subject to reciprocal compensation charges and all traffic subject to access charges onto multi-jurisdictional interconnection trunks?

A. Yes.

Q. Is this an efficient arrangement as Sprint characterizes?

A. No. It may appear to be an efficient arrangement for network purposes but it is not an efficient arrangement for either switching or troubleshooting purposes and it is actually a type of interconnection that is not in use today because it is technically infeasible to properly identify and bill calls using this method. Sprint's proposal is not acceptable because CenturyTel cannot properly jurisdictionalize mixed local and access traffic (the latter being associated with IXC toll calls) on direct local interconnection trunks and Sprint has not demonstrated that it can do so either. CenturyTel also has switches that are not capable of routing toll calls over local trunks if trunk groups are set up properly to create terminating access records. If accurate, auditable billing records cannot be provided by either Party, and limitations exist on switching toll calls over local facilities, Sprint has no valid reason for attempting to obligate CenturyTel to these terms.

Q. What basis exists for your statement that billing for access traffic over direct local interconnection trunks is technically infeasible?

A. If Sprint-delivered IXC traffic is delivered over direct local interconnection trunks to a CenturyTel office, CenturyTel would not be able to develop the necessary Carrier Access Billing records required to bill the originating IXCs. All terminating access traffic would appear to be local traffic to the CenturyTel switch.

Q. Does a "superior form of interconnection" implication come into play here?

A. Yes, by requesting a form of interconnection of greater technical criteria and service standards than CenturyTel provides to itself, Sprint is, in essence, asking for a superior form of interconnection with this request. As CenturyTel witness Watkins testifies more completely, CenturyTel is not obligated to bear additional costs to support a form of interconnection that goes beyond what CenturyTel does today. Even if there were some

means of upgrading the switch capabilities to allow proper identification and billing of calls over multi-jurisdiction local trunks, Sprint has not offered to pay for these costs as it would be obligated to do even if CenturyTel were to consider a superior interconnection request on a voluntary basis.

Q. You testified that Sprint's proposal is not efficient for troubleshooting purposes?

A. Yes. Mixing local and access traffic over local interconnection trunks would significantly impair CenturyTel's ability to troubleshoot call delivery issues. Any impairment of that ability is not in the public interest.

Q. Would CenturyTel ever deliver IXC calls to Sprint over local interconnection trunks?

A. No. First, switching limitations exist that would need to be overcome; end offices today are required to designate an originating and terminating Feature Group (FG)-D tandem for toll call routing. Second, there would have to be an unlikely set of circumstances met-Sprint must hold an IXC certification, be the PIC'd carrier of record, no other dedicated toll trunks or tandem toll trunks would be available to properly route such traffic to Sprint, *and* Sprint would be willing to forgo the FG–D features that are commonly used by IXCs and that may not be available on local trunks.

Q. If CenturyTel is prevented from sending toll calls over local interconnection trunks, how would Sprint do so?

A. This issue does not contemplate Sprint *originating* toll calls from its local end users and sending such traffic to CenturyTel – which is the situation I have described in reverse as not possible due to switch limitations. My understanding is that Sprint would be *receiving* toll calls from *outside of the local area* (presumably from its VOIP partner or

from its wireless affiliate) and forwarding those toll calls on for termination to CenturyTel. This situation actually promotes the avoidance of legitimate access charges due to CenturyTel from the originating provider.

Q. Recognizing the unlikely nature of CenturyTel ever originating access traffic to Sprint over mixed jurisdiction trunking, what is a potential outcome of CenturyTel's delivery of Sprint-PIC'd IXC calls to Sprint over such trunking at some future date?

A. Sprint's inability to jurisdictionalize the calls may cause Sprint to inflate the number of minutes eligible for reciprocal compensation. Alternatively, if Sprint can determine how to identify a call as originating on a non-local basis, Sprint may seek to bill access charges to CenturyTel (believing the calls may be CenturyTel intraLATA traffic, for example) instead of billing the appropriate IXC.

Q. Is it common practice in the telecommunications industry to utilize multi-jurisdictional trunks to pass traffic between carriers?

A. No. It is not common practice within the industry to use multi-jurisdictional direct local interconnection trunks as proposed by Sprint.

Q. Would the use of mixed jurisdiction local interconnection trunks increase the likelihood of intercarrier disputes brought before the Commission?

A. In my opinion, yes. Separate trunking would certainly minimize the likelihood of the Commission having to use its scarce resources to resolve disputes over compensation issues that would not exist if FG-D trunks are used for all access traffic.

Q. Is Sprint's position on this issue consistent with its proposed language elsewhere in the ICA?

A. No. CenturyTel notes that Sprint's proposed language in 3.2.5.6, 3.3.2.1, 3.3.2.8, 3.3.2.8.1, 4.5.1.3, 4.5.2.2, and Article VII I. C is not consistent with the Parties agreed upon language in Section 3.3.2.8.3 (provided below with my emphasis), and acknowledges the technical difficulties that must be resolved before this arrangement is even viable.

> 3.3.2.8.3 ... *Initially, Sprint will not use this interconnection arrangement to exchange traffic subject to access charges.* If/When [this word is at dispute] Sprint intends to use this interconnection arrangement to exchange traffic subject to access, the Parties will work cooperatively to develop mutually agreed upon processes necessary to affect such exchange. Such processes shall address, but not be limited to, the identification and measurement of traffic that goes over each trunk, the use of factors, auditing provisions, the type of traffic, the jurisdiction of traffic, and the amount or volume of traffic. If the Parties are unable to agree upon such processes, the Dispute Resolution Procedures under Section 20 of Article III will be invoked.

Therefore, consistent with the language in Section 3.3.2.8.3, CenturyTel believes the practical realities demand that separate trunks be required for local and non-local traffic. Moreover, at such time that Sprint wants to initiate multi-jurisdictional trunks, the undisputed portion of Section 3.3.2.8.3 provides that "the Parties will work cooperatively to develop mutually agreed upon processes necessary to affect such exchange." Further, as stated in Section 3.3.2.8.3, if the Parties cannot agree to terms and processes, Dispute Resolution under the ICA may be invoked by either Party. Finally, CenturyTel notes that the proposed factor in Article VII – I. C. has nothing to do with multi-jurisdictional

trunking. This factor indicates that local traffic between the Parties is balanced as stated in 4.4.2; therefore, resulting in Bill and Keep until such time that local traffic is out of balance.

Q. **Has Sprint ever explained its insistence on its proposed terms over those proposed by CenturyTel despite the current technical and practical limitations?**

A. No. There has been no explanation from Sprint as to why the practical and technical issues do not support the common sense solution proposed by CenturyTel – *e.g.*, the issue should be addressed by the Parties at some future time when each Party is able to properly identify and switch the traffic types sent over mixed use/common trunks and to properly bill other carriers whose traffic may be carried over those mixed use/common trunks. Absent such a common sense approach, Sprint's proposal would be, at best, speculative, and more than likely counterproductive.

Q. **Given the technical and practical problems, can you identify any reason why a CLEC might want to mix local and access traffic on direct interconnection trunking?**

A. Yes. I believe this issue of mixed jurisdiction trunking is fairly one-sided; that the most likely scenario would be that only Sprint will avail itself of using mixed jurisdiction local interconnection trunking to terminate both local and toll calls. A CLEC whose sole business model is to act as a wholesale provider for other types of entities (such as VOIP providers) might find the mixing of access and local traffic over local interconnection trunks useful as a marketing tool for its wholesale service. For example, many VOIP providers have been quite bold in their efforts to incorrectly apply the Internet access exemption to voice telephony traffic that is transported via the Internet Protocol

transmission technology. Quite simply, these VOIP providers do not want to pay access (or any other regulated telephony charges) and can avoid such charges by camouflaging access traffic as "local" traffic. This access avoidance is not legal, of course, or appropriate from a public policy perspective (as no one should get a "free ride" on the Public Switched Telephone Network). It would be unwise to permit Sprint or any other party to knowingly participate in such a scheme or create any conditions that could aid any party in avoiding the payment of legitimate access charges.

Q. **Does Sprint's offer to provide PLUs/PIUs factors mitigate CenturyTel's concern?**

A. Absolutely not. It has been CenturyTel's experience in the past that PLU/PIU factors (Percent Local User/Percent IntraLATA Use)[10] are rarely accurate when the sending party is responsible for generating the factors. I make no assertions against Sprint in this regard; I note that the factors, or any traffic samples used to establish factors, are likely to be generated by an entity purchasing Sprint wholesale services. These third parties, however, are under no contractual obligations to CenturyTel to verify the accuracy of the information they provide to Sprint. For example, I am personally aware of four different situations that CenturyTel affiliates have recently uncovered where traffic terminated from CLEC- VOIP partnerships have improperly modified call records to permit termination of access traffic over local interconnection trunks in avoidance of legitimate access charges. And, of course, Sprint has elsewhere demonstrated through its proposed ICA language that it wants to restrict the application of the ICA terms and conditions with respect to these third parties. Where these third parties may claim to be VOIP providers, those same entities are the types of providers who unashamedly claim to not be carriers so that they can avoid regulation and regulatory costs. Additionally, a PIU does

[10] Factors that establish the percent of interstate use vs. the percent of intrastate use are characterized as PIIUs.

not distinguish between access traffic subject to interstate rates and access traffic subject to intrastate rates.[11] Finally, CenturyTel will be unable to generate factors of its own for Sprint's traffic since we are unable to distinguish between local and toll calls sent over local trunks except by making an individual call and identifying which of our facilities are used to terminate that call.

Q. Does any other state commission share CenturyTel's concern that PLUs/PIUs only create conditions that could aid a party in avoiding the payment of legitimate access charges?

A. Yes. For example, In The Matter Of Level 3 Communications, LLC'S Petition For Arbitration Pursuant To Section 252(b) of the Communications Act of 1934, As Amended By The Telecommunications Act Of 1996, And The Applicable State Laws For Rates, Terms and Conditions Of Interconnection With Qwest Corporation, Before the Public Utilities Commission of the State of Colorado, Docket 05B-210T, Decision No. C07-0184, Adopted February 22, 2007, at para. 36, that commission stated "We believe that the use of trunk groups that accurately record traffic, as opposed to the use of sampling and factors of traffic, is important in negating the problem of arbitrage. ..." In the same paragraph, the commission went on to say "...it is always preferable, when possible, to measure actual data rather than percentage-of-use factors from data sampling."

Q. Does CenturyTel exchange both LEC-to-LEC and intraLATA access traffic with Qwest ILEC over the same trunk group?

[11] Id.

A. CenturyTel does have common tandem trunks (carrying both FG-C and FG-D protocols) with Qwest ILEC. LEC-to-LEC traffic is routed in FG-C protocol over the common tandem trunk group. All access traffic is routed via FG-D protocol.

Q. Is Sprint proposing establishing tandem trunks to CenturyTel for the delivery of multi-jurisdictional traffic?

A. No, Sprint is not suggesting the use of common tandem trunk groups with both FG-C and FG-D protocol in this issue. Sprint is suggesting sending access traffic over direct end office local interconnection trunks - a very different animal altogether.

Q. How is the tandem trunk arrangement with Qwest different than the Sprint proposal?

A. There are three main differences between CenturyTel's arrangement with Qwest and that proposed by Sprint. First, CenturyTel and Qwest use *common trunks* that go to a *tandem*, not *direct local interconnection trunks* going to an *end office* switch. A tandem is set up with different capabilities than a local switch and unlike local trunks, both FG-C and FG-D traffic can be sent over the same common tandem trunk group. Second, CenturyTel bills terminating access to IXCs for access traffic sent over the common tandem trunks based upon call records sent to CenturyTel by Qwest as the tandem owner. Because the tandem owner also needs to bill for access transiting, it must create such records for all IXCs connected to the tandem and these same records permit the proper billing of originating and terminating access. Sprint will not be producing tandem records from its end office switch. Receipt and use of tandem call record detail is quite different than the use of less accurate PLUs/PIUs that are also more susceptible to inadvertent or deliberate manipulation. Finally, only a minimal amount of LEC-to-LEC

traffic is sent over a common trunk group. This is not an unrestricted pipe for local traffic. If the LEC-to-LEC traffic reaches an appropriate threshold, a separate trunk group would be established.

Q. **If Sprint did decide to use tandem trunks for interconnection, is there any CenturyTel tandem to which Sprint can connect to serve the exchange(s) identified by Sprint in its request for interconnection?**

A. No. CenturyTel does not own any tandem that serves the exchange(s) identified by Sprint for its intended wholesale competitive local services.

Q. **Given your explanation of the difference between common tandem trunks and end office local interconnection trunks, do you have any further reason why you believe that Sprint's offer to provide PLUs/PIUs is not an adequate resolution for your concerns?**

A. Yes. According to an electronic newsletter sent by Telecommunications Reports International, Inc., on April 10, 2008, in Kentucky, Sprint filed a complaint against an ILEC for "inappropriately and unlawfully" charging Sprint intrastate access rates for terminating what it claims is jurisdictionally interstate wireless traffic. The dispute centers on the accuracy of Sprint's percent of interstate use factor. The ILEC in this case, Brandenburg, has refused to apply the Sprint factor and has instead relied on the calling party number/called party number method that is more accurate for determining landline jurisdiction. Sprint argues that Brandenburg's method does not always accurately determine the jurisdiction of a wireless call.

Stipulating that both parties may have an arguable position in the Kentucky case, PLUs/PIUs are only meant to provide billing factors for LEC-to-LEC (extended area and intraLATA) traffic sent over common tandem trunks. The PLU/PIU concept was not really designed to distinguish between access traffic subject to interstate rates and access traffic subject to intrastate rates.[12] Setting aside the larger question of why wireless transiting traffic is being sent via Sprint and over end office local interconnection trunks in Kentucky instead of via the appropriate tandem common trunks, I can see that Sprint's proposal on this issue just sets up the conditions for a similar dispute in Oregon.

Q. Is Sprint a Party to any ICA in Oregon where Sprint obligates the other Party to similar terms for separating the jurisdiction of traffic as it seeks to deny CenturyTel in this issue?

A. Yes. In the *Master Interconnection Agreement* for the State of Oregon between Sprint Communications Company, LP and United Telephone Company of the Northwest, dated February 1, 2005 (Docket ARB 240), Section 37 contains the following [emphasis added]:

> 37.1.2. *Separate two-way trunks* will be made available for the exchange of equal access *InterLATA or IntraLATA interexchange traffic.*
>
> 37.3.1.1. Interconnection to Sprint Tandem Switch(es) will provide CLEC *local interconnection for local service* purposes to the Sprint end offices and NXXs

[12] Interstate and intrastate ratios are set by PIIUs where the calling/called party numbers and wireless Jurisdiction Information Parameter (JIP) detail cannot be ascertained.

which subtend that tandem(s), *where local trunking is provided*, and access to the toll network.

37.3.2.1. *Interconnection to Sprint End Office Switch* will provide CLEC *local interconnection for local service* purposes to the Sprint NXX codes served by that end office and any Sprint NXXs served by remotes that subtend those End Offices.

Additionally, in the Interconnection Agreement By And Between Pioneer Telephone Cooperative And Sprint Communications Company, L.P., ARB 833, Order 08-233, approved March, 2008, Sprint agreed in Section 26.3 that "Neither Party shall deliver interexchange traffic on the same trunks that the Party uses to deliver local traffic to the other Party."

Q. Has this issue been previously arbitrated before the Commission?

A. In the Matter of Level 3 Communications, LLC Petition for Arbitration of an Interconnection Agreement with Qwest Corporation, Pursuant to Section 252(b) of the Telecommunications Act, Order No. 07-098, ARB 665, dated March 14, 2007, the Commission made the following determinations at pp. 9-10 "[t]he Arbitrator rejected Level 3's proposed contract language that would have allowed it to combine all types of traffic, including switched access traffic, on local interconnection (LIS) trunks." "We agree with those conclusions, particularly the finding that the Commission should not permit all types of traffic to be combined on LIS trunks without a more comprehensive discussion of how other carriers and customers might be affected. We agree with the Arbitrator that such a discussion should take place in the context of an industry forum or

generic investigation, not in an arbitration where only the interests of the parties to the ICA are fully represented."

Q. Have other state commissions agreed with this Commission's determination that mixed jurisdiction traffic should not be exchanged over local interconnection trunks?

A. Yes. For example, see In The Matter Of Level 3 Communications, LLC'S Petition For Arbitration Pursuant To Section 252(b) of the Communications Act of 1934, As Amended By The Telecommunications Act Of 1996, And The Applicable State Laws For Rates, Terms and Conditions Of Interconnection With Qwest Corporation, Before the Public Utilities Commission of the State of Colorado, Docket 05B-210T, Decision No. C07-0184, Adopted February 22, 2007. In that case the Colorado Commission agreed that mixed jurisdiction traffic must not be exchanged over local trunks and further stated:

> 33. … We disagree, however, with Level 3's argument that statute and FCC rules require that Qwest allow Level 3 to use LIS trunks for the exchange of all types of traffic, and believe that the cases it cites are inapplicable. …

Q. How should the Commission resolve this issue of mixed jurisdiction interconnection trunking?

A. The issue of "mixed use" trunking as proposed by Sprint is not one of "efficiency" but one that fails to consider the technical capability and proper billing tests. As such, there is no basis for adopting Sprint's proposal as it is, today, technically infeasible. CenturyTel's proposed resolution of this issue by contrast is rational as it reflects the practical realities of the network in place today and the constraints imposed upon it for

proper billing and traffic identification. Until such time as these issues can properly be addressed, it is not appropriate to include terms allowing multi-jurisdictional trunks.

Issue #10 What terms for virtual NXX should be included in the Interconnection Agreement? (Article II section 2.135, Article IV sections 4.2.2.3, 4.2.2.4, and 4.2.2.5)

Q. What is Sprint's stated position on VNXX in Issue 10?

A. Sprint proposes eliminating CenturyTel's proposed language and including "placeholder" language for the treatment of virtual NXX (VNXX) in the event Sprint elects to use VNXX at some unknown future date.

Q. Despite seeking to eliminate VNXX terms in this ICA, did Sprint include any VNXX terms in any of its current Oregon ICAs?

A. Yes. There are VNXX terms in the *Master Interconnection Agreement* for the State of Oregon between Sprint Communications Company, LP and United Telephone Company of the Northwest, dated February 1, 2005 (Docket ARB 240). As an example of the VNXX terms in Sprint's ICA, Section 38.3 states:

> Calls terminated to end users physically located outside the local calling area in which their NPA/NXXs are homed (Virtual NXXs), are not local calls for purposes of intercarrier compensation and access charges shall apply.

Additionally, in the Interconnection Agreement By And Between Pioneer Telephone Cooperative And Sprint Communications Company, L.P., ARB 833, Order 08-233, approved March, 2008 Sprint agreed that VNXX is prohibited:

> 26. Prohibited Practices
>
> 26.1 The Parties agree that neither Party shall engage in the practice of virtual number assignment, which is sometimes known as VNXX. This practice allows a

customer End-User or other entity to appear to have a physical presence within a local calling area where that End User or other entity does not have such physical presence. An example would be to assign an End User who is not physically located in Eugene a Eugene number so that it appears that the End User is physically located in the Eugene calling area.

Q. Has this Commission previously addressed the VNXX issue?

A. Yes. This Commission has issued very clear direction and rulings with regard to treatment of VNXX traffic, see, e.g., ARB 665, Order No. 07-098. CenturyTel has recently submitted to Sprint proposed contract language that is designed to be consistent with those rulings. In Order No. 07-098 the Commission ruled that "VNXX traffic is not local traffic, but rather is interexchange traffic for which access charges would normally be applied under the current regulatory regime." (Order at page 5) However, the Commission did determine that it would be reasonable to allow the CLEC to assign VNXX numbers to ISP customers so long as the CLEC pays the applicable tariff rate for interexchange/interstate trunks used to transport VNXX-routed ISP-bound traffic from the Oregon local calling areas where ISP calls originate to the CLEC's media gateway. (Order at pages 5-6). CenturyTel proposes agreement language that is consistent with this ruling.

Q. Is Sprint's proposed VNXX placeholder language needed in your opinion?

A. No. Given that the Commission has provided clear guidance in this area, CenturyTel sees no need for placeholder language that would provide for additional negotiations in the event Sprint decides to begin offering VNXX service. Sprint and any other CLEC

choosing to opt into this agreement should be subject to the Commission's well established terms for VNXX traffic.

Q. What should the Commission decide on this issue?

A. CenturyTel's proposed VNXX language is consistent with the Commission's rulings on VNXX and should be adopted for use in the final ICA.

Issue #11 What are the appropriate terms for reciprocal compensation under the bill and keep arrangement agreed to by the Parties? (Article IV Sections 4.4.3.1, Article VII Sections I.A and I.B)

Q. Did Sprint and CenturyTel resolve this issue subsequent to the filing of Sprint's DPL?

A. Yes. This issue has been resolved by the Parties as follows:

4.4.3 Transport and Termination Rate

4.4.3.1 The Transport and Termination rate(s) apply to Local Traffic that is delivered to the other Party for termination. This includes direct-routed Local Traffic that terminates directly to the End Office as well as Local Traffic that has combined Tandem Office Switch, transport and End Office Switch functions.

Q. Is there a need for the Commission to given any further consideration to Sprint's position on Issue 11?

A. No.

Q. Is there a need for you to provide any explanation of CenturyTel's position on the same?

A. No. Again, the issue has been resolved by the Parties.

Issue 12 Should the Performance Review terms include language for refunds and dispute resolution if appropriate remedies are not agreed to when performance is not adequate? (Article VI, Section 5.0)

Q. What is Sprint proposing regarding Article VI, Section 5.0?

A. Sprint proposes that the Parties meet once a month to address performance issues and that one possible outcome of these meetings could be refunds for service that Sprint decides is inadequate, and that dispute resolution may be invoked if the Parties cannot resolve the disagreement.[13]

Q. Is Sprint's language problematic?

A. Yes. Terms that address dispute resolution and refunds are already contained in Article III, Sections 9 and 20.

> 9.4 Disputed Amounts.
>
> If any portion of an amount billed by a Party under this Agreement is subject to a good faith dispute between the Parties, the billed Party shall give written notice to the billing Party of the amounts it disputes ("Disputed Amounts") …Both Sprint and CenturyTel agree to expedite the investigation of any Disputed Amounts, promptly provide all documentation regarding the amount disputed that is reasonably requested by the other Party, and work in good faith in an effort to resolve and settle the dispute through informal means prior to initiating formal dispute resolution described in Section 20 of this Article III.
>
> > 9.4.1 If the billed Party disputes any charges and any portion of the dispute is resolved in favor of the billed Party, the Parties shall cooperate to ensure that (a) the billing Party shall credit the invoice of the billed Party for that portion of the Disputed Amount resolved in favor of the billed Party, together with any late payment charges assessed with respect thereto no later than the second Bill Due Date after the resolution of the billing dispute.
> >
> > 20.2 Negotiations. At the written request of a Party, each Party will appoint a knowledgeable, responsible representative to meet and negotiate in good faith to resolve any dispute arising out of or relating to this Agreement. …

[13] Sprint's proposed Issue 12 was styled "Should terms be included that provide for the opportunity of refunds and the ability to pursue dispute resolution if appropriate remedies are not agreed to when performance is not adequate?"

Setting different or duplicative terms in Article VI will only confuse the issue and may result in the diminution of either Party's dispute resolution rights since dissimilar terms might allow one Party to claim the application of terms most likely to advantage that Party's position. Further, by addressing disputes and refunds twice in the same ICA, Sprint sets up a condition whereby this Commission or another fact finder may have to resolve disputes relating to the applicable procedures for resolving the underlying substantive dispute.

Q. **In addition to setting up a condition for disputes over the proper dispute resolution process, could Sprint's proposed language create any additional unnecessary disputes?**

A. Yes. Sprint's proposed language is unclear, ambiguous, and could actually result in more disputes for the Parties and the Commission to resolve. Sprint's proposal would require refunds with no discussion, no review and no criteria to measure and determine if and when refunds would apply. Further, how is "inadequacy of service" defined? The problems created by Sprint's proposal clearly show why the existing Article III dispute resolution process is the proper forum to address credits.

Q. **Does CenturyTel contend that its proposed terms under Section 5.0 adequately resolve any performance-related issues?**

A. Yes. Article VI, Section 5.0, Performance Review, allows for, but does not require, a monthly forum so the Parties may meet to resolve any performance issues either encountered or anticipated by either Party. There is no requirement to have such a monthly meeting if there is no dispute, or prior to a Party seeking dispute resolution or refunds. The terms associated with disputes and refunds that I referenced in Article III

are not contingent upon the issues first being addressed pursuant to Article VI, Section 5.0. The review process therefore allows the Parties to meet, identify and eliminate problems but does not eliminate or restrict a Party's right to seek refunds or request dispute resolution as detailed in Article III, Sections 9 and 20.

Q. In the Sprint-United ICA that you previously referenced, does that ICA contain the type of Performance terms that Sprint proposes for Article 5.0?

A. Beyond the general dispute resolution terms, no, Sprint has no separate terms for inadequacy of service and refunds.

Q. How should the Commission decide Issue 12?

A. The Commission should find that there is no reason to add new language to Article 5.0 as the ability to dispute the inadequacy of service provided and to seek refunds it has already been addressed in the agreed upon terms in Article III.

Issue #15 If CenturyTel sells, assigns or otherwise transfers its territory, or a portion of its territory, should CenturyTel be required to assign the Agreement to the purchasing entity or permitted to terminate the Agreement in those areas? (Article III Section 2.7)

Q. Do you agree with Sprint's characterization of this issue in its petition?

A. No. Sprint is attempting to characterize this issue as one of termination of the Agreement terms and service arrangements in exchanges that are sold or otherwise transferred to a successor company. Sprint clearly misses the mark in relation to the impact of the language being proposed by CenturyTel. CenturyTel's terms only allow *CenturyTel* as the selling company to terminate *CenturyTel's* obligations under this ICA. CenturyTel's termination of the ICA *has nothing to do* with the acquiring carrier's prospective obligations to Sprint in the purchased exchanges. Given that explanation, the

Commission should conclude that Sprint's position is based upon a faulty premise and CenturyTel's language does in fact address the issue appropriately.

Q. Based upon Sprint's incorrect characterization of this issue, does CenturyTel agree with Sprint's wording of the issue in its DPL?

A. Absolutely not. Sprint's proposed "exception" addition to Article III, Section 2.7 amounts to nothing less than an attempt to nullify the undisputed provisions of such Section that proceed such addition. As I will further discuss below, in its 13-state interconnection agreement with AT&T, Sprint has previously accepted functionally equivalent language to the undisputed provisions of Section 2.7. The "exception" provides that if CenturyTel should "sell or trade substantially all of the assets in an exchange or group of exchanges" through which CenturyTel provides services under the interconnection agreement, then Century "will assign" the interconnection agreement to the purchaser. Sprint's back-handed attempt to nullify the agreed upon terms of Section 2.7 through the artifice of an "exception" should be rejected for the reasons discussed below.

Q. How does CenturyTel advocate that this issue should be worded?

A. CenturyTel proposes the following as the description of Issue 15: "If CenturyTel sells, assigns or otherwise transfers its territory, or a portion of its territory, should CenturyTel be required to assign the Agreement to the purchasing entity or permitted to terminate the Agreement in those areas?" [14]

Q. What is CenturyTel's position on this issue?

---

[14] Sprint's proposed wording of Issue 15 was as follows: "If CenturyTel sells, assigns or otherwise transfers its territory or certain exchanges, should CenturyTel be permitted to terminate the agreement in those areas?"

A. CenturyTel's position is that Sprint should not be allowed to impose a restraint on CenturyTel's ability to transfer its assets solely because Sprint is a Party to an ICA with CenturyTel.

Q. What do you believe is Sprint's basic concern?

A. Sprint appears to have a concern about service continuity for end users in the CenturyTel exchanges subject to transfer.

Q. Is the issue of service continuity a valid concern of Sprint?

A. Service continuity is a valid concern for Sprint, just as it is for CenturyTel. However, the language proposed by Sprint in Section 2.7 to address this issue is inappropriate.

Q. Do you have any reasons to support your view that Sprint's proposal is inappropriate?

A. There are at least six reasons why Sprint's additional language for Section 2.7 is inappropriate and should be rejected.

First, Sprint's language is overreaching in that it interferes with the right of CenturyTel to enter into market-based asset sales by requiring any transferee of CenturyTel's assets to assume the obligations of CenturyTel under the ICA. Sprint's language attempts to bind unidentified third parties, and inject issues — in a manner solely favorable to Sprint — into future asset purchase transactions that CenturyTel should be free to negotiate without including Sprint as a third party.

Second, Sprint's language is unworkable as it purports to require a third party to assume CenturyTel's obligations under a lengthy, detailed agreement that is the result of both

months of negotiations and this proceeding, and which contains many provisions specific to CenturyTel and Sprint's relationship with CenturyTel, some of which, such as the location of the point of interconnection, may not even be capable of being assumed by a transferee in any practical manner.

Third, the Sprint language materially devalues CenturyTel assets by encumbering any potential sale with the additional obligations of CenturyTel's ICA with Sprint. If a potential purchaser knows that its right to fashion intercarrier terms and conditions that it believes to be appropriate for its operations is already contractually constrained, that constraint will be used to argue for an adjustment to the purchase price to be paid to CenturyTel since the purchaser is being asked to give up on rights that it would otherwise have had.

Fourth, Sprint's additional language creates a potential conflict with other interconnection agreements. Article III, Section 48.0 provides that this ICA applies to the territory in Oregon in which CenturyTel operates as an ILEC. Under Sprint's language, if CenturyTel were to transfer the assets of some CenturyTel exchanges to another ILEC that had an interconnection agreement with Sprint that contained a provision similar to Section 48.0 (or was otherwise applicable to such ILEC's territory in Oregon), a conflict would exist as to which agreement would govern. Under Sprint's proposal, CenturyTel would be required to have the transferee agree to CenturyTel's interconnection agreement with Sprint, yet in the scenario described above, the transferee would already be required to have its existing interconnection agreement with Sprint apply to all interconnection

obligations within the State. Sprint's proposal does not answer this quandary. Sprint should not be allowed to benefit from such a scenario of its own creation, let alone to do so at the detriment of CenturyTel and its proposed transferee. Clearly, CenturyTel should not be required to agree to a provision that could result in such an unworkable situation that not only restricts CenturyTel's future rights as a business but also sets up a conflict that places both a future purchaser and this Commission in the position of being required to resolve a situation that would theoretically allow Sprint to permit to "pick and choose" which terms to apply in the sold exchanges.

Q. **Does Sprint have a right to "pick and choose" which ICA terms might apply to exchanges sold to a carrier with an already existing ICA in the State?**

A. No. My understanding of applicable law is that Sprint only has the right to choose to adopt the complete terms as they exist in a Commission-approved ICA when negotiating a new ICA or replacing a terminated ICA with that same LEC. I know of no right that Sprint has to choose between two different ICAs of ILECs involved in a purchase-sale transaction.

Q. **You said there are six reasons why Sprint's additional language for Section 2.7 is inappropriate and should be rejected. I believe you have covered four. What are the other two reasons?**

A. The fifth reason is that Sprint's additional language is unnecessary. Assuming that Sprint's interest with regard to this provision is to avoid disruption of its service arrangement with CenturyTel, Sprint's interest in a CenturyTel asset transfer to a third party would be fully protected in at least the following three ways:

(1) the proposed ICA terms already include provisions that allow Sprint to exercise its legal and administrative remedies if it believed that CenturyTel was acting contrary to law (*see* Article III, Sections 32.0 and 40.0);

(2) it is unclear why Sprint's interest is not already protected by Article III, Section 43.0, which provides that the Agreement is binding on each Party's successors and assigns particularly if, under applicable law, CenturyTel's transferee was deemed to be a successor with respect to the Agreement, Sprint's presumed interests would likewise be protected; and

(3) the purchasing carrier's obligation to comply with existing statutes and rules relating to either a) its certification as a regulated carrier in Oregon or b) if an existing Oregon carrier, its incorporation of new exchanges, such as application for ETC status in a new exchange, would amply afford Sprint the opportunity to use the approval process to protect its interest. Sprint's proposed additional language for Article III, Section 2.7 is therefore clearly unnecessary.

The sixth reason that Sprint's additional language is unnecessary is my understanding that in Oregon, the Commission can adequately safeguard the interests of end users and ensure service continuity by requiring the purchasing carrier to provide service continuity under interim arrangements (such as those provided for by 47 C.F.R. §51.715). These interim arrangements would continue pending the completion of negotiations and approval of a new ICA.

Q. You earlier said that the termination language only speaks to CenturyTel's obligations. What about the acquiring LEC's obligations?

A. Even without the Commission placing any obligations upon an acquiring LEC, as I just mentioned, pursuant to the requirements of 47 C.F.R. § 51.715, Sprint may obtain immediate transport and termination of telecommunications traffic under an interim arrangement with the acquiring LEC. Additionally, Sprint is afforded the opportunity to use the new carrier certification approval process or a variety of other regulatory contexts, such as an ETC approval filing, to protect its interests. It is proper for this Commission to decide how to affect a smooth and appropriate continuation of service, not for Sprint to dictate that result or to contractually restrict CenturyTel's rights and obligations.

Q. So are Sprint's concerns and interests adequately protected under CenturyTel's language and the normal regulatory approval process for a LEC sale of exchanges?

A. Yes.

Q. Has Sprint has agreed to similar ICA language with any other ILEC that requires that Sprint would establish a new ICA with the new entity that would own the ILEC territory?

A. Yes. Sprint's 13-State agreement with the AT&T affiliates includes a provision similar to the provision requested by CenturyTel. Specifically, Section 29.3 provides that upon a sale, Sprint acknowledged that the AT&T affiliates would have no further obligations and that Sprint must establish interconnection arrangements with the successor to the AT&T affiliate. For one state commission's approval of this agreement, see *In the matter of the application of Sprint Communications Company, L.P. and Southwestern Bell Telephone*

Company for approval of an interconnection agreement and related first amendment pursuant to Section 252(e) of the Telecommunications Act of 1996 (Docket: 02-247-U) §29.3 at pages. 84-85 of the General Terms and Conditions, Section 29.3. (Full docket is available on Arkansas Public Service Commission Website. Pages 80 - 81 are attached as **Exhibit CenturyTel/8.**) CenturyTel knows of no rational reason as to why it should be held to a different standard by Sprint then that which Sprint already agreed to with another ILEC in several states. I also note that Sprint has provided no such basis.

Q. **Is Sprint a Party to any ICA in Oregon that gives Sprint the same rights as it seeks to deny CenturyTel in this issue?**

A. Yes. In the *Master Interconnection Agreement for the State of Oregon* between Sprint Communications Company, LP and United Telephone Company of the Northwest, dated February 1, 2005 (Docket ARB 240), the termination terms read in part:

> 5.5. Notwithstanding the above, should Sprint sell or trade substantially all the assets in an exchange or group of exchanges that Sprint uses to provide Telecommunications Services, then Sprint may terminate this Agreement in whole or in part as to that particular exchange or group of exchanges upon sixty (60) Days prior written notice.

Q. **What is the appropriate outcome for Issue 15?**

A. CenturyTel believes that the correct outcome for Issue 15 is for the Commission to reject Sprint's overreaching, unworkable and unnecessary language, and reject Sprint's inappropriate attempt to bind unidentified third party transferees and to constrain CenturyTel's rights and the value of its assets and operations. The Commission has the authority necessary to protect the interests of end users and ensure service continuity in

the event of any transfer of CenturyTel assets. It is not necessary for Sprint's proposed language to be added into the ICA in order to protect these interests.

Q. Does this conclude your testimony?

A. Yes, it does.

SPRINT-WINDSTREAM ICA FOR STATE OF ARKANSAS

[Copy Attached]

CenturyTel/2
Miller/54
ARK. PUBLIC SERV. COMM.
2004 NOV 12 P 3: 33
FILED

BEFORE THE ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION OF ALLTEL ARKANSAS, INC. FOR APPROVAL OF INTERCONNECTION AGREEMENT WITH SPRINT COMMUNICATIONS COMPANY L.P.	)))))	**DOCKET NO.** 04-157-U

APPLICATION OF ALLTEL ARKANSAS, INC.
FOR APPROVAL OF INTERCONNECTION AGREEMENT

ALLTEL Arkansas, Inc. ("ALLTEL"), pursuant to Ark. Code Ann. § 23-17-409(i),and 47 U.S.C. § 252(e), and for its Application for Approval of Interconnection Agreement between ALLTEL Arkansas, Inc. and Sprint Communications Company L.P. ("Sprint"), states:

1. ALLTEL presents to this Commission for approval an interconnection agreement negotiated and executed by ALLTEL and Sprint pursuant to the terms of 47 U.S.C. § 252(a)(1) (the "Agreement").. All matters between the parties have been successfully negotiated. A copy of the Agreement is attached as Exhibit 1.

2. Pursuant to 47 U.S.C. § 252 (e) and Ark. Code Ann. § 23-17-409(i), Applicant requests the Commission enter an order granting approval of the Agreement. Applicant asserts that the Agreement does not discriminate against a telecommunications carrier not a party to the agreement, that implementation of the Agreement is consistent with the public interest, convenience and necessity, and that the Agreement meets the minimum requirements of 47 U.S.C. § 251.

WHEREFORE, ALLTEL Arkansas, Inc. respectfully requests the Commission to enter an Order approving the Agreement between ALLTEL and Sprint.

Respectfully submitted,

ALLTEL Arkansas, Inc.
One Allied Drive/B5F04-E
P.O. Box 2177 (72203-2177)
Little Rock, AR 72202
Telephone: (501) 905-6074

By: Kimberly K. Bennett
Kimberly K. Bennett
Staff Manager
State Government Affairs

INTERCONNECTION AGREEMENT

BETWEEN

ALLTEL ARKANSAS, INC.

&

SPRINT COMMUNICATIONS COMPANY L.P.

TABLE OF CONTENTS

GENERAL TERMS AND CONDITIONS 1

1.0 INTRODUCTION 1
2.0 EFFECTIVE DATE 1
3.0 INTERVENING LAW 1
4.0 TERM OF AGREEMENT 2
5.0 ASSIGNMENT 3
6.0 CONFIDENTIAL AND PROPRIETARY INFORMATION 3
7.0 LIABILITY AND INDEMNIFICATION 4
7.1 Limitation of Liabilities 4
7.2 No Consequential Damages 5
7.3 Obligation to Indemnify 5
7.4 Obligation to Defend; Notice; Cooperation 6
8.0 PAYMENT OF RATES AND LATE PAYMENT CHARGES 6
9.0 DISPUTE RESOLUTION 8
9.5 Conflicts 10
10.0 INTENTIONALLY LEFT BLANK 10
11.0 NOTICES 10
12.0 TAXES 11
13.0 FORCE MAJEURE 13
14.0 PUBLICITY 13
15.0 NETWORK MAINTENANCE AND MANAGEMENT 13
16.0 LAW ENFORCEMENT AND CIVIL PROCESS 14
16.1 Intercept Devices 14
16.2 Subpoenas 14
16.3 Law Enforcement Emergencies 14
17.0 CHANGES IN SUBSCRIBER CARRIER SELECTION 14
18.0 AMENDMENTS OR WAIVERS 14
19.0 AUTHORITY 16
20.0 BINDING EFFECT 16
21.0 CONSENT 16
22.0 EXPENSES 16
23.0 HEADINGS 16
24.0 RELATIONSHIP OF PARTIES 16
25.0 CONFLICT OF INTEREST 17
26.0 MULTIPLE COUNTERPARTS 17
27.0 THIRD PARTY BENEFICIARIES 17
28.0 REGULATORY APPROVAL 17
29.0 TRADEMARKS AND TRADE NAMES 17
30.0 REGULATORY AUTHORITY 18
31.0 VERIFICATION REVIEWS 18
32.0 COMPLETE TERMS 19
33.0 COOPERATION ON PREVENTING END USER FRAUD 19
34.0 NOTICE OF NETWORK CHANGES 19
35.0 MODIFICATION OF AGREEMENT 19
36.0 RESPONSIBILITY OF EACH PARTY 19
37.0 INTENTIONALLY LEFT BLANK 20
38.0 GOVERNMENTAL COMPLIANCE 20
39.0 RESPONSIBILITY FOR ENVIRONMENTAL CONTAMINATION 20
40.0 SUBCONTRACTING 21
41.0 REFERENCED DOCUMENTS 21

42.0 SEVERABILITY 21
43.0 SURVIVAL OF OBLIGATIONS 21
44.0 GOVERNING LAW 21
45.0 OTHER OBLIGATIONS OF SPRINT 22
46.0 CUSTOMER INQUIRIES 22
47.0 DISCLAIMER OF WARRANTIES 22
48.0 INTENTIONALLY LEFT BLANK 22
49.0 INTENTIONALLY LEFT BLANK 23
50.0 INTENTIONALLY LEFT BLANK 23
51.0 INTENTIONALLY LEFT BLANK 23
52.0 INTENTIONALLY LEFT BLANK 23
53.0 DEFINITIONS AND ACRONYMS 23
53.1 Definitions 23
53.2 Acronyms 23
54.0 INTENTIONALLY LEFT BLANK 23
55.0 INTENTIONALLY LEFT BLANK 23
56.0 INTENTIONALLY LEFT BLANK 23
58.0 OTHER REQUIREMENTS AND ATTACHMENTS 23

ATTACHMENT 1: INTENTIONALLY LEFT BLANK 26

ATTACHMENT 2: INTENTIONALLY LEFT BLANK 27

ATTACHMENT 3: INTENTIONALLY LEFT BLANK 28

ATTACHMENT 4: NETWORK INTERCONNECTION ARCHITECTURE 29

1.0 SCOPE 29
2.0 INTERCONNECTION 29
3.0 SIGNALING REQUIREMENTS 30
4.0 INTERCONNECTION AND TRUNKING REQUIREMENTS 31
4.1 Local Traffic and IntraLATA Toll Traffic 31
4.2 Trunking 32
5.0 NETWORK MANAGEMENT 32
5.1 Protective Protocols 32
5.2 Expansive Protocols 32
5.3 Mass Calling 33
6.0 FORECASTING/SERVICING RESPONSIBILITIES 33
7.0 TRUNK SERVICING 33

ATTACHMENT 5: INTENTIONALLY LEFT BLANK 35

ATTACHMENT 6: INTENTIONALLY LEFT BLANK 36

ATTACHMENT 7: INTENTIONALLY LEFT BLANK 37

ATTACHMENT 8: INTENTIONALLY LEFT BLANK 38

ATTACHMENT 9: DIRECTORIES 39

1.0 INTRODUCTION 39
2.0 SERVICE PROVIDED - RESALE 39
3.0 SERVICE PROVIDED - OTHER 40
4.0 LIMITATION OF LIABILITY AND INDEMNIFICATION 41
5.0 PRICING 42
EXHIBIT A: DIRECTORIES PRICE LIST 43

ATTACHMENT 10: INTENTIONALLY LEFT BLANK 46

ATTACHMENT 11: INTENTIONALLY LEFT BLANK 47

ATTACHMENT 12: COMPENSATION 48

1.0 INTRODUCTION 48
2.0 RESPONSIBILITIES OF THE PARTIES 48
3.0 RECIPROCAL COMPENSATION FOR TERMINATION OF LOCAL TRAFFIC 49
4.0 RECIPROCAL COMPENSATION FOR TERMINATION OF INTRALATA INTEREXCHANGE TRAFFIC 49
5.0 COMPENSATION FOR ORIGINATION AND TERMINATION OF SWITCHED ACCESS SERVICE TRAFFIC TO OR FROM AN IXC (MEET-POINT BILLING (MPB) ARRANGEMENTS) 49
6.0 BILLING ARRANGEMENTS FOR COMPENSATION FOR TERMINATION OF INTRALATA, LOCAL TRAFFIC 50
7.0 ALTERNATE BILLED TRAFFIC 51
8.0 ISSUANCE OF BILLS 51

ATTACHMENT 13: NUMBERING 52

1.0 NUMBERING 52
2.0 NXX MIGRATION 52

ATTACHMENT 14: NUMBER PORTABILITY 53

1.0 SERVICE PROVIDER NUMBER PORTABILITY (SPNP) 53
2.0 TERMS, CONDITIONS UNDER WHICH ALLTEL WILL PROVIDE SPNP 53
3.0 OBLIGATIONS 53
4.0 OBLIGATIONS OF BOTH PARTIES 54
5.0 LIMITATIONS OF SERVICE 54
6.0 SERVICE PROVIDER NUMBER PORTABILITY (SPNP) BONA FIDE REQUEST (BFR) PROCESS 54

ATTACHMENT 15: INTENTIONALLY LEFT BLANK 56

ATTACHMENT 16: INTENTIONALLY LEFT BLANK 57

ATTACHMENT 17: INTENTIONALLY LEFT BLANK 58

ATTACHMENT 18: PERFORMANCE MEASURES 59

1.0 GENERAL 59
2.0 INTERCONNECTION 59
2.1 Trunk Provisioning Intervals *59*
2.2 Trunking Grade of Service *59*
2.3 Trunk Service Restoration *60*
3.0 MAINTENANCE INTERVALS 60
4.0 LOCAL SERVICE PROVISIONING INTERVALS 60
4.1 Local Service Request (LSR) *60*
4.2 Local Service Request Confirmation (LSCN) *61*
4.3 Performance Expectation *61*

ATTACHMENT 19: BONA FIDE REQUEST (BFR) PROCESS 62

ATTACHMENT 20: DEFINITIONS 63

ATTACHMENT 21: ACRONYMS 67

APPENDIX A – BILLING DISPUTE FORM 69

GENERAL TERMS AND CONDITIONS

This Agreement ("Agreement") is between, SPRINT Communications Company L. P. ("SPRINT") a Delaware limited partnership, and ALLTEL Arkansas, Inc. ("ALLTEL") a Arkansas corporation (collectively the "Parties").

WHEREAS, pursuant to the Telecommunications Act of 1996 (the "Act"), the Parties wish to establish terms for the provision of certain services and Ancillary Functions as designated in the Attachments hereto for the purpose of determining the rates, terms, and conditions for the interconnection of the Parties' Telecommunications Networks within the State of Arkansas.

NOW, THEREFORE, in consideration of the premises and the mutual covenants of this Agreement, the Parties hereby agree as follows:

1.0 Introduction

1.1 This Agreement, in accordance with §251 and 252 of the Act, sets forth the terms, conditions and prices under which ALLTEL may provide (a) services for interconnection, and (b) Ancillary Functions to SPRINT. The specific services, functions, or facilities that ALLTEL agrees to provide are those specifically identified in appendixes attached to this Agreement, and executed simultaneously with this general terms and conditions. Further this Agreement sets forth the terms, conditions, and prices under which SPRINT will provide services to ALLTEL, where applicable.

1.2 This Agreement includes and incorporates herein the Attachments of this Agreement, and all accompanying Appendices, Addenda and Exhibits.

1.3 The Parties acknowledge and agree that by entering into and performing in accordance with this Agreement, the Parties have not waived or relinquished any applicable exemptions that are provided by or available under the Act, including but not limited to those described in §251(f) of the Act, or under state law.

1.4 SPRINT agrees to comply with Commission requirements related to certification as a local exchange carrier in the State of Arkansas.

2.0 Effective Date

2.1 The effective date of this Agreement will be the last signature date that both Parties have executed the Agreement. If this Agreement is not approved by the relevant state Commission the parties agree to work cooperatively to resolve all issues identified by the Commission. Furthermore, in this situation, the Agreement will become effective upon Commission approval instead of the last signature date.

3.0 Intervening Law

3.1 This Agreement is entered into as a result of private negotiations between the Parties, acting pursuant to the Telecommunications Act of 1996 (the "Act"), and/or other applicable state laws or Commission rulings. If the actions of state or federal legislative bodies, courts, or regulatory agencies of competent jurisdiction invalidate, modify, or stay the enforcement of any provisions of this Agreement, the affected provision will be invalidated, modified, or stayed as required by action of the legislative body, court, or regulatory agency. In such event, the Parties shall in good faith attempt to arrive at an agreement respecting the modifications to the Agreement required. If

negotiations fail, disputes between the Parties concerning the interpretation of the actions required or provisions affected by such governmental actions may be resolved pursuant to any process available to the Parties under law, provided that the Parties may mutually agree to use the dispute resolution process provided for in this Agreement.

4.0 Term of Agreement

4.1 The Parties agree to the provisions of this Agreement for an initial term of two (2) years from the Effective Date of this Agreement, and thereafter on a month to month basis, unless terminated or modified pursuant to the terms and conditions of this Agreement.

4.2 Either Party may request for this Agreement to be renegotiated upon the expiration of the initial two (2) year term or upon any termination of this Agreement. The Party desiring renegotiation shall provide written notice to the other Party. Not later than thirty (30) days from receipt of said notice, the receiving Party will acknowledge receipt of the written notice and the Parties will commence negotiation, which shall be conducted in good faith. Except in cases in which this Agreement has been terminated for Default pursuant to Section 4.5 or has been terminated for any reason not prohibited by law pursuant to Section 4.4.

4.3 If, within one hundred and thirty-five (135) days of commencing the negotiation referred to in Section 4.2 above, the Parties are unable to negotiate new terms, conditions and prices for a Subsequent Agreement, either Party may petition the Commission to establish appropriate terms, conditions and prices for the Subsequent Agreement pursuant to 47 U.S.C. 252. Should the PUC decline jurisdiction, either Party may petition the FCC under the Act.

4.4 After completion of the initial two (2) year term, this Agreement may be terminated by either Party for any reason not prohibited by law upon sixty (60) days written notice to the other Party. By mutual agreement, the Parties may amend this Agreement in writing to modify its terms.

4.5 In the event of Default, as defined in this §4.5, the non-defaulting Party may terminate this Agreement provided that the non-defaulting Party so advises the defaulting Party in writing ("Default Notice")of the event of the alleged Default and the defaulting Party does not cure the alleged Default with sixty (60) after receipt of the Default Notice thereof. Default is defined as:

4.5.1 Either Party's insolvency or initiation of bankruptcy or receivership proceedings by or against the Party;

4.5.2 A final non-appealable decision under §9.0, Dispute Resolution that a Party has materially breached any of the material terms or conditions hereof, including the failure to make any undisputed payment when due; or

4.5.3 A Party has notified the other Party in writing of the other Party's material breach of any of the material terms hereof, and the default remains uncured for sixty (60) days from receipt of such notice, and neither Party has commenced Formal Dispute Resolution as prescribed in §9.4 of this Agreement by the end of the cure period; provided, however, that if the alleged material breach involves a material interruption to, or a material degradation of, the E911 services provided under this Agreement, the cure period shall be five (5) days from receipt of such notice.

5.0 Assignment

5.1 Any assignment by either Party to any non-affiliated entity of any right, obligation or duty, or of any other interest hereunder, in whole or in part, without the prior written consent of the other Party shall be void. A Party may assign this Agreement in its entirety to an Affiliate of the Party without the consent of the other Party; provided, however, that the assigning Party shall notify the other Party in writing of such assignment thirty (30) days prior to the Effective Date thereof and, provided further, if the assignee is an assignee of SPRINT, the assignee must provide evidence of Commission requirements related to certification as a local exchange carrier. The Parties shall amend this Agreement to reflect such assignments and shall work cooperatively to implement any changes required due to such assignment. All obligations and duties of any Party under this Agreement shall be binding on all successors in interest and assigns of such Party. No assignment or delegation hereof shall relieve the assignor of its obligations under this Agreement in the event that the assignee fails to perform such obligations. Notwithstanding anything to the contrary in this Section, neither Party shall assign this Agreement to any Affiliate or non-affiliated entity unless either (1) the assignor pays all undisputed bills, past due and current, under this Agreement, or (2) the assignee expressly assumes liability for payment of such bills.

5.2 In the event that SPRINT makes any corporate name change (whether it involves a merger, consolidation, assignment or transfer, and including addition or deletion of a d/b/a), change in OCN/AECN, or makes or accepts a transfer or assignment of interconnection trunks or facilities (including leased facilities), or a change in any other CLEC identifier (collectively, a "CLEC Change"), SPRINT shall submit written notice to ALLTEL within thirty (30) days of the first action taken to implement such CLEC Change.

5.3 In the event of an assignment as described in Section 5.1 above, the Parties shall negotiate an implementation plan to effectuate any changes. In addition, SPRINT shall compensate ALLTEL for any service order charges as specified in ALLTEL's General Subscriber/Local or Access tariffs, associated with such CLEC Change.

6.0 Confidential and Proprietary Information

6.1 For the purposes of this Agreement, confidential information means confidential or proprietary technical, customer, end user, network, or business information disclosed by one Party (the "Discloser") to the other Party (the "Recipient"), which is disclosed by one Party to the other in connection with this Agreement, during negotiations or the term of this Agreement ("Confidential Information"). Such Confidential Information shall automatically be deemed proprietary to the Discloser and subject to this §6.0, unless otherwise confirmed in writing by the Discloser. All other information which is indicated and marked, as Confidential Information at the time of disclosure shall also be treated as Confidential Information under §6.0 of this Agreement. The Recipient agrees (i) to use Confidential Information only for the purpose of performing under this Agreement, (ii) to hold it in confidence and disclose it to no one other than its employees or agents having a need to know for the purpose of performing under this Agreement, and (iii) to safeguard it from unauthorized use or disclosure using at least the same degree of care with which the Recipient safeguards its own Confidential Information. If the Recipient wishes to disclose the Discloser's Confidential Information to a third-party agent or consultant, such disclosure must be agreed to in writing by the Discloser, and the agent or consultant must have executed a written agreement of nondisclosure and nonuse comparable to the terms of this Section.

6.2 The Recipient may make copies of Confidential Information only as reasonably necessary to perform its obligations under this Agreement. All such copies will be subject to the same restrictions and protections as the original and will bear the same copyright and proprietary rights notices as are contained on the original.

6.3 The Recipient agrees to return all Confidential Information to the Discloser in tangible form received from the Discloser, including any copies made by the Recipient within thirty (30) days after a written request is delivered to the Recipient, or to destroy all such Confidential Information if directed to do so by Discloser except for Confidential Information that the Recipient reasonably requires to perform its obligations under this Agreement. If either Party loses or makes an unauthorized disclosure of the other Party's Confidential Information, it will notify such other Party immediately and use reasonable efforts to retrieve the lost or wrongfully disclosed information.

6.4 The Recipient will have no obligation to safeguard Confidential Information: (i) which was in the possession of the Recipient free of restriction prior to its receipt from the Discloser; (ii) after it becomes publicly known or available through no breach of this Agreement by the Recipient, (iii) after it is rightfully acquired by the Recipient free of restrictions on its disclosure, or (iv) after it is independently developed by personnel of the Recipient to whom the Discloser's Confidential Information had not been previously disclosed. In addition, either Party will have the right to disclose Confidential Information to any mediator, arbitrator, state or federal regulatory body, or a court in the conduct of any mediation, arbitration or approval of this Agreement, as long as, in the absence of an applicable protective order, the Discloser has been previously notified by the Recipient in time sufficient for the Recipient to undertake lawful measures to avoid disclosing such information and for Discloser to have reasonable time to seek or negotiate a protective order before or with any applicable mediator, arbitrator, state or regulatory body or a court.

6.5 The Parties recognize that an individual end user may simultaneously seek to become or be a customer of both Parties. Nothing in this Agreement is intended to limit the ability of either Party to use customer specific information lawfully obtained from end users or sources other than the Discloser, subject to applicable rules governing use of Customer Propriety Network Information (CPNI).

6.6 Each Party's obligations to safeguard Confidential Information disclosed prior to expiration or termination of this Agreement will survive such expiration or termination.

6.7 Except as otherwise expressly provided elsewhere in this Agreement, no license is hereby granted with respect to any patent, trademark, or copyright, nor is any such license implied solely by virtue of the disclosure of any Confidential Information.

6.8 Each Party agrees that the Discloser may be irreparably injured by a disclosure in breach of this Agreement by the Recipient or its representatives and the Discloser will be entitled to seek equitable relief, including injunctive relief and specific performance, in the event of any breach or threatened breach of the confidentiality provisions of this Agreement. Such remedies will not be deemed to be the exclusive remedies for a breach of this Agreement, but will be in addition to all other remedies available at law or in equity.

7.0 <u>Liability and Indemnification</u>

7.1 Limitation of Liabilities

With respect to any claim or suit for damages arising out of mistakes, omissions, defects in transmission, interruptions, failures, delays or errors occurring in the course of furnishing any service hereunder, the liability of the Party furnishing the affected service, if any, shall be the greater of two hundred and fifty thousand dollars ($250,000) or the aggregate annual charges imposed to the other Party for the period of that particular service during which such mistakes, omissions, defects in transmission, interruptions, failures, delays or errors occurs and continues; provided, however, that any such mistakes, omissions, defects in transmission, interruptions,

failures, delays, or errors which are caused by the gross negligence or willful, wrongful act or omission of the complaining Party or which arise from the use of the complaining Party's facilities or equipment shall not result in the imposition of any liability whatsoever upon the other Party furnishing service.

7.2 No Consequential Damages

EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR SPECIAL DAMAGES SUFFERED BY SUCH OTHER PARTY (INCLUDING WITHOUT LIMITATION DAMAGES FOR HARM TO BUSINESS, LOST REVENUES, LOST SAVINGS, OR LOST PROFITS SUFFERED BY SUCH OTHER PARTY), REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, WARRANTY, STRICT LIABILITY, OR TORT, INCLUDING WITHOUT LIMITATION NEGLIGENCE OF ANY KIND WHETHER ACTIVE OR PASSIVE, AND REGARDLESS OF WHETHER THE PARTIES KNEW OF THE POSSIBILITY THAT SUCH DAMAGES COULD RESULT. EACH PARTY HEREBY RELEASES THE OTHER PARTY (AND SUCH OTHER PARTY'S SUBSIDIARIES AND AFFILIATES, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS) FROM ANY SUCH CLAIM. NOTHING CONTAINED IN THIS SECTION WILL LIMIT EITHER PARTY'S LIABILITY TO THE OTHER PARTY FOR (I) WILLFUL OR INTENTIONAL MISCONDUCT (INCLUDING GROSS NEGLIGENCE) OR (II) BODILY INJURY, DEATH, OR DAMAGE TO TANGIBLE REAL OR TANGIBLE PERSONAL PROPERTY.

7.3 Obligation to Indemnify

7.3.1 Each Party shall be indemnified and held harmless by the other Party against claims, losses, suits, demands, damages, costs, expenses, including reasonable attorneys' fees ("Claims"), asserted, suffered, or made by third parties arising from (i) any act or omission of the indemnifying Party in connection with its performance or non-performance under his Agreement; and (ii) provision of the indemnifying Party's services or equipment, including but not limited to claims arising from the provision of the indemnifying Party's services to its end users (e.g., claims for interruption of service, quality of service or billing disputes) unless such act or omission was caused by the negligence or willful misconduct of the indemnified Party. Each Party shall also be indemnified and held harmless by the other Party against claims and damages of persons for services furnished by the indemnifying Party or by any of its subcontractors, under worker's compensation laws or similar statutes.

7.3.2 Each Party, as an Indemnifying Party agrees to release, defend, indemnify, and hold harmless the other Party from any claims, demands or suits that asserts any infringement or invasion of privacy or confidentiality of any person or persons caused or claimed to be caused, directly or indirectly, by the Indemnifying Party's employees and equipment associated with the provision of any service herein. This provision includes but is not limited to suits arising from unauthorized disclosure of the end user's name, address or telephone number.

7.3.3 ALLTEL makes no warranties, express or implied, concerning SPRINT's (or any third party's) rights with respect to intellectual property (including without limitation, patent, copyright and trade secret rights) or contract rights associated with SPRINT's interconnection with ALLTEL's network use or receipt of ALLTEL services.

7.3.4 When the lines or services of other companies and carriers are used in establishing connections to and/or from points not reached by a Party's lines, neither Party shall be liable for any act or omission of the other companies or carriers.

7.4 Obligation to Defend; Notice; Cooperation

Whenever a claim arises for indemnification under this Section (the "Claim"), the relevant Indemnitee, as appropriate, will promptly notify the Indemnifying Party and request the Indemnifying Party to defend the same. Failure to so notify the Indemnifying Party will not relieve the Indemnifying Party of any liability that the Indemnifying Party might have, except to the extent that such failure prejudices the Indemnifying Party's ability to defend such Claim. The Indemnifying Party will have the right to defend against such Claim in which event the Indemnifying Party will give written notice to the Indemnitee of acceptance of the defense of such Claim and the identity of counsel selected by the Indemnifying Party. Except as set forth below, such notice to the relevant Indemnitee will give the Indemnifying Party full authority to defend, adjust, compromise, or settle such Claim with respect to which such notice has been given, except to the extent that any compromise or settlement might prejudice the Intellectual Property Rights of the relevant Indemnities. The Indemnifying Party will consult with the relevant Indemnitee prior to any compromise or settlement that would affect the Intellectual Property Rights or other rights of any Indemnitee, and the relevant Indemnitee will have the right to refuse such compromise or settlement and, at such Indemnitee's sole cost, to take over such defense of such Claim. Provided, however, that in such event the Indemnifying Party will not be responsible for, nor will it be obligated to indemnify the relevant Indemnitee against any damages, costs, expenses, or liabilities, including without limitation, attorneys' fees, in excess of such refused compromise or settlement. With respect to any defense accepted by the Indemnifying Party, the relevant Indemnitee will be entitled to participate with the Indemnifying Party in such defense if the Claim requests equitable relief or other relief that could affect the rights of the Indemnitee and also will be entitled to employ separate counsel for such defense at such Indemnitee's expense. In the event the Indemnifying Party does not accept the defense of any indemnified Claim as provided above, the relevant Indemnitee will have the right to employ counsel for such defense at the expense of the Indemnifying Party, and the Indemnifying Party shall be liable for all costs associated with Indemnitee's defense of such Claim including court costs, and any settlement or damages awarded the third party. Each Party agrees to cooperate and to cause its employees and agents to cooperate with the other Party in the defense of any such Claim.

8.0 <u>Payment of Rates and Late Payment Charges</u>

8.1 ALLTEL, at its discretion may require SPRINT to provide ALLTEL a security deposit to ensure payment of SPRINT's account. The security deposit must be an amount equal to three (3) months anticipated charges (including, but not limited to, recurring, non-recurring, termination charges and advance payments), as reasonably determined by ALLTEL, for the interconnection, resale services, network elements, collocation or any other functions, facilities, products or services to be furnished by ALLTEL under this Agreement.

8.1.1 Such security deposit shall be a cash deposit or other form of security acceptable to ALLTEL. Any such security deposit may be held during the continuance of the service as security for the payment of any and all amounts accruing for the service.

8.1.2 If a security deposit is required, such security deposit shall be made prior to the activation of service.

8.1.3 The fact that a security deposit has been provided in no way relieves SPRINT from complying with ALLTEL's regulations as to advance payments and the prompt payment of bills on presentation nor does it constitute a waiver or modification of the regular

practices of ALLTEL to limit services, refuse new services or discontinue existing service under this Agreement for non payment of any sums due ALLTEL.

8.1.4 ALLTEL reserves the right to increase the security deposit requirements when, in ALLTEL's reasonable judgement or changes in SPRINT's financial status so warrant and/or gross monthly billing has increased beyond the level initially used to determine the security deposit.

8.1.5 In the event that SPRINT is in breach of this Agreement, service to SPRINT may be terminated by ALLTEL; any security deposits applied to its account and ALLTEL may pursue any other remedies available at law or equity.

8.1.6 In the case of a cash deposit, interest at a rate as set forth in the appropriate ALLTEL tariff shall be paid to SPRINT during the possession of the security deposit by ALLTEL. Interest on a security deposit shall accrue annually and, if requested, shall be annually credited to SPRINT by the accrual date.

8.2 ALLTEL may, but is not obligated to, draw on the cash deposit, as applicable, upon the occurrence of any one of the following events.

8.2.1 SPRINT owes ALLTEL undisputed charges under this Agreement that are more than thirty (30) calender days past due; or

8.2.2 SPRINT admits its inability to pay its debts as such debts become due, has commenced a voluntary case (or has had an involuntary case commenced against it) under the U.S. Bankruptcy Code or any other law relating to insolvency, reorganization, wind-up, compostion or adjustment of debts or the like, has made an assignment for the benefit of creditors or, is subject to a receivership or similar proceeding; or

8.2.3 The expiration or termination of this Agreement.

8.3 Except as otherwise specifically provided elsewhere in this Agreement, the Parties will pay all rates and charges due and owing under this Agreement within thirty (30) days of the invoice date in immediately available funds. The Parties represent and covenant to each other that all invoices will be promptly processed and mailed in accordance with the Parties' regular procedures and billing systems.

8.3.1 If the payment due date falls on a Sunday or on a Holiday which is observed on a Monday, the payment due date shall be the first non-Holiday following such Sunday or Holiday. If the payment due date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday, Thursday, or Friday, the payment due date shall be the last non-Holiday preceding such Saturday or Holiday. If payment is not received by the payment due date, a late penalty, as set forth in §8.3 below, will be assessed.

8.4 If the amount billed is received by the billing Party after the payment due date or if any portion of the payment is received by the billing Party in funds which are not immediately available to the billing Party, then a late payment charge will apply to the unpaid balance.

8.5 Except as otherwise specifically provided in this Agreement interest on overdue invoices will apply at the lesser of the highest interest rate (in decimal value) which may be levied by law for commercial transactions, compounded daily and applied for each month or portion thereof that an outstanding balance remains, or shall not exceed 0.0004930% compounded daily and applied for each month or portion thereof that an outstanding balance remains.

9.0 Dispute Resolution

9.1 Notice of Disputes

Notice of a valid contractual dispute must be in writing, specifically documenting the nature of the dispute, and must include a detailed description of the underlying dispute (the "Dispute Notice").

9.1.1 Billing Disputes

The disputing Party must submit billing disputes ("Billing Disputes") to the billing Party prior to the due date on the disputed bill. The disputing Party will submit billing disputes on either the Billing Dispute Form contained in Appendix 1 or provide the same information required in Appendix 1 for the billable element in dispute to not delay the processing of the dispute. The billing dispute must be complete, with all the required information for the billable element in dispute. If the billing dispute is not complete with all information, the dispute will be rejected by the billing Party. After receipt of a completed dispute, the billing Party will review to determine the accuracy of the billing dispute. If the billing Party determines the dispute is valid, the billing Party will credit the disputing Party's bill by the next bill date. If the billing Party determines the billing dispute is not valid, the disputing Party may escalate the dispute as outlined in section 9.1.1.1. If escalation of the billing dispute does not occur within the 60 days as outlined below, the disputing Party must remit payment for the disputed charge, including late payment charges, to the billing Party by the next bill date. The Parties will endeavor to resolve all Billing Disputes within sixty (60) calendar days from receipt of the Dispute Form.

9.1.1.1 Resolution of the dispute is expected to occur at the first level of management, resulting in a recommendation for settlement of the dispute and closure of a specific billing period. If the issues are not resolved within the allotted time frame, the following resolution procedure will be implemented:

9.1.1.1.1 If the dispute is not resolved within thirty (30) calendar days of receipt of the Dispute Notice, the dispute will be escalated to the second level of management for each of the respective Parties for resolution. If the dispute is not resolved within sixty (60) calendar days of the notification date, the dispute will be escalated to the third level of management for each of the respective Parties for resolution.

9.1.1.1.2 If the dispute is not resolved within ninety (90) calendar days of the receipt of the Dispute Form, the dispute will be escalated to the fourth level of management for each of the respective Parties for resolution.

9.1.1.1.3 Each Party will provide to the other Party an escalation list. for resolving billing disputes The escalation list will contain the name, title, phone number, fax number and email address for each escalation point identified in this section 9.1.1.1.

9.1.1.1.4 If the dispute is not resolved within one hundred twenty (120) days of receipt of the Dispute Form or either Party is not operating in good faith to resolve the dispute, the Formal Dispute Resolution process, outlined in section 9.4, may be invoked.

9.1.1.2 If the disputing Party disputes a charge and does not pay such charge by the payment due date, such charges shall be subject to late payment charges as set forth in subsection 8.3 above. If the disputing Party disputes charges and the dispute is resolved in favor of the disputing Party, the billing Party shall credit the bill of the disputing Party for the amount of the disputed charges, along with

any late payment charges assessed, by the next billing cycle after the resolution of the dispute. Accordingly, if the disputing Party disputes charges and the dispute is resolved in favor of the billing Party, the disputing Party shall pay the billing Party the amount of the disputed charges and any associated late payment charges, by the next billing due date after the resolution of the dispute.

9.1.1.3 For purposes of this subsection 9.1.1, a billing dispute shall not include the refusal to pay other amounts owed to a Party pending resolution of the dispute. Claims by the disputing Party for damages of any kind will not be considered a Bona Fide Dispute for purposes of this subsection 9.1.1.

9.1.1.4 Once the billing dispute has been processed in accordance with this subsection 9.1.1, the disputing Party will make immediate payment on any of the disputed amount owed to the billing Party, or the billing Party shall have the right to pursue normal treatment procedures. Any credits due to the disputing Party resulting from the Dispute process will be applied to the disputing Party's account by the billing Party immediately upon resolution of the dispute.

9.1.1.5 Neither Party shall bill the other Party for charges incurred more than twelve (12) months after the service is provided to the non-billing Party.

9.1.2 **All Other Disputes**

All other disputes (*i.e.*, contractual disputes) shall be valid only if reasonable within the scope of this Agreement, and the applicable statute of limitations shall govern such disputes

9.2 **Alternative to Litigation**

9.2.1 The Parties desire to resolve disputes arising out of this Agreement without litigation. Accordingly, except for action seeking a temporary restraining order, an injunction, or similar relief from the PUC related to the purposes of this Agreement, or suit to compel compliance with this Dispute Resolution process, the Parties agree to use the following Dispute Resolution procedure with respect to any controversy or claim arising out of or relating to this Agreement or its breach.

9.2.2 Each Party agrees to promptly notify the other Party in writing of a dispute and may in the Dispute Notice invoke the informal dispute resolution process described in §9.4. The Parties will endeavor to resolve the dispute within thirty (30) days after the date of the Dispute Notice.

9.3 **Informal Resolution of Disputes**

In the case of any dispute and upon receipt of the Dispute Notice each Party will appoint a duly authorized representative knowledgeable in telecommunications matters, to meet and negotiate in good faith to resolve any dispute arising under this Agreement. The location, form, frequency, duration, and conclusion of these discussions will be left to the discretion of the representatives. Upon agreement, the representatives may, but are not obligated to, utilize other alternative dispute resolution procedures such as mediation to assist in the negotiations. Discussions and the correspondence among the representatives for purposes of settlement are exempt from discovery and production and will not be admissible in the arbitration described below or in any lawsuit without the concurrence of both Parties. Documents identified in or provided with such communications, which are not prepared for purposes of the negotiations, are not so exempted and, if otherwise admissible, may be admitted in evidence in the arbitration or lawsuit. Unless otherwise provided herein, or upon the Parties' agreement, either Party may invoke formal dispute

resolution procedures including arbitration or other procedures as appropriate, not earlier than thirty (30) days after the date of the Dispute Notice, provided the Party invoking the formal dispute resolution process has in good faith negotiated, or attempted to negotiate, with the other Party.

9.4 **Formal Dispute Resolution**

9.4.1 The Parties agree that all unresolved disputes arising under this Agreement, including without limitation, whether the dispute in question is subject to arbitration, may be submitted to PUC for resolution in accordance with its dispute resolution process and the outcome of such process will be binding on the Parties, subject to any right to appeal a decision reached by the PUC under applicable law.

9.4.2 If the PUC does not have or declines to accept jurisdiction over any dispute arising under this Agreement, the dispute may be submitted to binding arbitration by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. A Party may demand such arbitration in accordance with the procedures set out in those rules. Discovery shall be controlled by the arbitrator and shall be permitted to the extent set out in this section or upon approval or order of the arbitrator. Each Party may submit in writing to a Party, and that Party shall so respond, to a maximum of any combination of thirty-five (35) (none of which may have subparts) of the following: interrogatories; demands to produce documents; requests for admission. Additional discovery may be permitted upon mutual agreement of the Parties. The arbitration hearing shall be commenced within ninety (90) days of the demand for arbitration. The arbitration shall be held in Arkansas, unless otherwise agreed to by the Parties or required by the FCC. The arbitrator shall control the scheduling so as to process the matter expeditiously. The Parties shall submit written briefs five days before the hearing. The arbitrator shall rule on the dispute by issuing a written opinion within thirty (30) days after the close of hearings. The arbitrator has no authority to order punitive or consequential damages. The times specified in this section may be extended upon mutual agreement of the Parties or by the arbitrator upon a showing of good cause. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

9.4.3 Each Party shall bear its own costs of these procedures unless the Arkansas PUC or other presiding arbitrator, if any, rules otherwise. A Party seeking discovery shall reimburse the responding Party for the costs of production of documents (including search time and reproduction costs).

9.5 Conflicts

9.5.1 The Parties agree that the Dispute Resolution procedures set forth in this Agreement are not intended to conflict with applicable requirements of the Act or the state commission with regard to procedures for the resolution of disputes arising out of this Agreement and do not preclude a Party from seeking relief under applicable rules or procedures of the PUC.

10.0 INTENTIONALLY LEFT BLANK

11.0 Notices

11.1 Except as otherwise specifically provided in this Agreement, all notice, consents, approvals, modifications, or other communications to be given under this Agreement shall be in writing and sent postage prepaid by registered mail return receipt requested. Notice may also be effected by

personal delivery or by overnight courier. All notices will be effective upon receipt, and should be directed to the following:

If to SPRINT
SPRINT Communications Company L.P.
Legal and Regulatory
Mailstop: KSOPHT0101-Z2060
6391 SPRINT Parkway
Overland Park, KS 66251

Copy to:
SPRINT Communications Company L. P.
Wholesale & Interconnection Management
6450 SPRINT Parkway
Overland Park, KS 66251

If to ALLTEL:
Staff Manager – Wholesale Services
One Allied Drive, B5F04-D
Little Rock, Arkansas 72202

11.2 Either Party may unilaterally change its designated representative and/or address, telephone contact number or facsimile number for the receipt of notices by giving seven (7) days' prior written notice to the other Party in compliance with this Section.

12.0 Taxes

12.1 Each Party purchasing services hereunder shall pay or otherwise be responsible for all federal, state, or local sales, use, excise, gross receipts, transaction or similar taxes, fees or surcharges (hereinafter "Tax") levied against or upon such purchasing Party (or the providing Party when such providing Party is permitted to pass along to the purchasing Party such taxes, fees or surcharges), except for any tax on either Party's corporate existence, status or income. Whenever possible, these amounts shall be billed as a separate item on the invoice. Purchasing Party may be exempted from certain taxes if purchasing Party provides proper documentation, e.g., reseller certificate, from the appropriate taxing authority. Failure to timely provide said resale tax exemption certificate will result in no exemption being available to the purchasing Party until such time as the purchasing Party presents a valid certification.

12.2 With respect to any purchase of services, facilities or other arrangements, if any Tax is required or permitted by applicable law to be collected from the purchasing Party by the providing Party, then (i) the providing Party shall bill the purchasing Party for such Tax, (ii) the purchasing Party shall remit such Tax to the providing Party and (iii) the providing Party shall remit such collected Tax to the applicable taxing authority, except as otherwise indicated below.

12.3 The Parties agree that each Party shall generally be responsible for collecting and remitting to the appropriate city, any franchise fees or taxes for use of city rights of way, in accordance with the terms of that Party's franchise agreement. In the event a city attempts to require both Parties to pay franchise fees on the same revenues with respect to resold services or unbundled network elements then the Parties agree to cooperate in opposing such double taxation.

12.4 With respect to any purchase hereunder of services, facilities or arrangements that are resold to a third party, if any Tax is imposed by applicable law on the end user in connection with any such purchase, then (i) the purchasing Party shall be required to impose and/or collect such Tax from the end user and (ii) the purchasing Party shall remit such Tax to the applicable taxing authority. The purchasing Party agrees to indemnify and hold harmless the providing Party on an after-tax

basis for any costs incurred by the providing Party as a result of actions taken by the applicable taxing authority to collect the Tax from the providing Party due to the failure of the purchasing Party to pay or collect and remit such tax to such authority.

12.5 If the providing Party fails to collect any Tax as required herein, then, as between the providing Party and the purchasing Party, (i) the purchasing Party shall remain liable for such uncollected Tax and (ii) the providing Party shall be liable for any penalty and interest assessed with respect to such uncollected Tax by such authority. However, if the purchasing Party fails to pay any taxes properly billed, then, as between the providing Party and the purchasing Party, the purchasing Party will be solely responsible for payment of the taxes, penalty and interest.

12.6 If the purchasing Party fails to impose and/or collect any Tax from end users as required herein, then, as between the providing Party and the purchasing Party, the purchasing Party shall remain liable for such uncollected Tax and any interest and penalty assessed thereon with respect to the uncollected Tax by the applicable taxing authority. With respect to any Tax that the purchasing Party has agreed to pay or impose on and/or collect from end users, the purchasing Party agrees to indemnify and hold harmless the providing Party on an after-tax basis for any costs incurred by the providing Party as a result of actions taken by the applicable taxing authority to collect the Tax from the providing Party due to the failure of the purchasing Party to pay or collect and remit such Tax to such authority.

12.7 All notices, affidavits, exemption certificates or other communications required or permitted to be given by either Party to the other Party under this §12.0, shall be made in writing and sent postage prepaid by registered mail return receipt requested. All notices shall be effective upon receipt. All notices sent pursuant to this Section shall be directed to the following:

<u>To ALLTEL</u>:

Director State and Local Taxes
ALLTEL Communications, Inc.
One Allied Drive
Post Office Box 2177
Little Rock, AR 72203

<u>Copy to</u>:

Staff Manager - Wholesale Services
ALLTEL Communications, Inc.
One Allied Drive B5F04 -D
P.O. Box 2177
Little Rock, AR 72203

<u>To SPRINT</u>

SPRINT Communications Company L.P.
Legal and Regulatory
Mailstop: KSOPHT0101-Z2060
6391 SPRINT Parkway
Overland Park, KS 66251

<u>Copy to:</u>

SPRINT Communications Company L. P.
Wholesale & Interconnection Management
6450 SPRINT Parkway
Overland Park, KS 66251

12.8 Either Party may unilaterally change its designated representative and/or address, telephone contact number or facsimile number for the receipt of notices by giving seven (7) days' prior written notice to the other Party in compliance with this Section.

13.0 Force Majeure

13.1 Except as otherwise specifically provided in this Agreement, neither Party shall be liable for delays or failures in performance resulting from acts or occurrences beyond the reasonable control of such Party, regardless of whether such delays or failures in performance were foreseen or foreseeable as of the date of this Agreement, including, without limitation: fire, explosion, power failure, acts of God, war, revolution, civil commotion, or acts of public enemies; or labor unrest, including, without limitation strikes, slowdowns, picketing or boycotts or delays caused by the other Party or by other service or equipment vendors; or any other similar circumstances beyond the Party's reasonable control. In such event, the Party affected shall, upon giving prompt notice to the other Party, be excused from such performance on a day-to-day basis to the extent of such interference (and the other Party shall likewise be excused from performance of its obligations on a day-for-day basis to the extent such Party's obligations relate to the performance so interfered with). The affected Party shall use its reasonable commercial efforts to avoid or remove the cause of nonperformance and both Parties shall proceed to perform with dispatch once the causes are removed or cease.

14.0 Publicity

14.1 The Parties agree not to use in any advertising or sales promotion, press releases or other publicity matters, any endorsements, direct or indirect quotes or pictures implying endorsement by the other Party or any of its employees without such Party's prior written approval. The Parties will submit to each other for written approval, prior to publication, all such publicity endorsement matters that mention or display the other's name and/or marks or contain language from which a connection to said name and/or marks may be inferred or implied.

14.2 Neither Party will offer any services using the trademarks, service marks, trade names, brand names, logos, insignia, symbols or decorative designs of the other Party or its affiliates without the other Party's written authorization.

15.0 Network Maintenance and Management

15.1 The Parties will work cooperatively to implement this Agreement. The Parties will exchange appropriate information (e.g., maintenance contact numbers, network information, information required to comply with law enforcement and other security agencies of the Government, etc.) to achieve this desired reliability, subject to the confidentiality provisions herein.

15.2 Each Party will provide a 24-hour contact number for Network Traffic Management issues to the other's surveillance management center. A facsimile (FAX) number must also be provided to facilitate event notifications for planned mass calling events. Additionally, both Parties agree that they will work cooperatively to ensure that all such events will attempt to be conducted in such a manner as to avoid disruption or loss of service to other end users.

15.2.1 **24 Hour Network Management Contact:**

For ALLTEL:

Contact Number: 330-650-7900

Facsimile Number: 330-650-7918

For SPRINT:

Contact Number: 888-230-4404

Facsimile Number: N/A

15.3 Neither Party will use any service provided under this Agreement in a manner that impairs the quality of service to other carriers or to either Party's subscribers. Either Party will provide the other Party notice of said impairment at the earliest practicable time.

16.0 Law Enforcement and Civil Process

16.1 Intercept Devices

Local and federal law enforcement agencies periodically request information or assistance from local telephone service providers. When either Party receives a request associated with a customer of the other Party, the receiving Party will refer such request to the appropriate Party, unless the request directs the receiving Party to attach a pen register, trap-and-trace or form of intercept on the Party's own facilities, in which case that Party will comply with any valid requirement, to the extent the receiving Party is able to do so; if such compliance requires the assistance of the other Party such assistance will be provided.

16.2 Subpoenas

If a Party receives a subpoena for information concerning an end user the Party knows to be an end user of the other Party, the receiving Party will refer the subpoena to the requesting entity with an indication that the other Party is the responsible company.

16.3 Law Enforcement Emergencies

If a Party receives a request from a law enforcement agency to implement at its switch a temporary number change, temporary disconnect, or one-way denial of outbound calls for an end user of the other Party, the receiving Party will comply so long as it is a valid emergency request. Neither Party will be held liable for any claims or damages arising from compliance with such requests, and the Party serving the end user agrees to indemnify and hold the other Party harmless against any and all such claims.

16.4 The Parties will provide five (5) day a week 8:00 a.m. to 5:00 p.m. installation and information retrieval pertaining to lawful, manual traps and information retrieval on customer invoked CLASS services pertaining to non-emergency calls such as annoyance calls. The Parties will provide assistance twenty-four (24) hours per day for situations involving immediate threat of life or at the request of law enforcement officials. The Parties will provide a twenty-four (24) hour contact number to administer this process.

17.0 Changes in Subscriber Carrier Selection

17.1 A general Letter of Agency (LOA) initiated by SPRINT or ALLTEL will be required to process a PLC (Primary Local Carrier) or PIC change order. Providing the LOA, or a copy of the LOA, signed by the end user will not be required to process a PLC or PIC change ordered by SPRINT or

ALLTEL. SPRINT and ALLTEL agree that PLC and PIC change orders will be supported with appropriate documentation and verification as required by FCC and Commission rules. In the event of a subscriber complaint of an unauthorized PLC record change where the Party that ordered such change is unable to produce appropriate documentation and verification as required by FCC and Commission rules (or, if there are no rules applicable to PLC record changes, then such rules as are applicable to changes in long distance carriers of record), such Party shall be liable to pay and shall pay all nonrecurring and/or other charges associated with reestablishing the subscriber's local service with the original local carrier._

17.2 It is the responsibility of SPRINT to provide ALLTEL with a LOA (Letter of Authorization) when another party is involved and is working on their behalf.

17.3 For any SPRINT subscriber ALLTEL shall provide, subject to applicable rules, orders, and decisions, SPRINT with access CPNI without requiring SPRINT to produce a signed LOA, based on SPRINT's blanket representation that subscriber has authorized SPRINT to obtain such CPNI.

17.4 ALLTEL Express includes the provisioning of CPNI from ALLTEL to SPRINT. The Parties agree to execute a LOA agreement with the ALLTEL end user prior to requesting CPNI for that ALLTEL end user, and to request end user CPNI only when the end user has specifically given permission to receive CPNI. The Parties agree that they will conform to FCC and/or state regulations regarding the provisioning of CPNI between the parties, and regarding the use of that information by the requesting party.

17.5 The requesting Party will document end user permission obtained to receive CPNI, whether or not the end user has agreed to change local service providers. For end users changing service from one party to the other, specific end user LOAs may be requested by the Party receiving CPNI requests to investigate possible slamming incidents, and for other reasons agreed to by the Parties.

17.6 The receiving Party may also request documentation of an LOA if CPNI is requested and a subsequent service order for the change of local service is not received. On a schedule to be determined by ALLTEL, ALLTEL will perform a comparison of requests for CPNI to service orders received for the change of Local Service to SPRINT. ALLTEL will produce a report of unmatched requests for CPNI, and may require an LOA from SPRINT for each unmatched request. SPRINT agrees to provide evidence of end user permission for receipt of CPNI for all end users in the request by ALLTEL within three (3) Business Days of receipt of a request from ALLTEL. Should ALLTEL determine that there has been a substantial percentage of unmatched LOA requests, ALLTEL reserves the right to immediately disconnect SPRINTs access to ALLTEL Express.

17.7 If SPRINT is not able to provide the LOA for ninety-five percent (95%) of the end users requested by ALLTEL, or if ALLTEL determines that an LOA is inadequate, SPRINT will be considered in breach of the agreement. SPRINT can cure the breach by submitting to ALLTEL evidence of an LOA for each inadequate or omitted LOA within three (3) Business Days of notification of the breach.

17.8 Should SPRINT not be able to cure the breach in the timeframe noted above, ALLTEL will discontinue processing new service orders until, in ALLTEL's determination, SPRINT has corrected the problem that caused the breach.

17.9 ALLTEL will resume processing new service orders upon ALLTEL's timely review and acceptance of evidence provided by SPRINT to correct the problem that caused the breach.

17.10 If SPRINT and ALLTEL do not agree that SPRINT requested CPNI for a specific end user, or that ALLTEL has erred in not accepting proof of an LOA, the Parties may immediately request

dispute resolution in accordance with Section 9 of this Agreement. ALLTEL will not disconnect ALLTEL Express during the Dispute Resolution process.

18.0 Amendments or Waivers

18.1 Execution of this Agreement by either Party does not confirm or imply that the executing Party agrees with any decision(s) issued pursuant to the Telecommunications Act of 1996 and the consequences of those decisions on specific language in this Agreement. Neither Party waives its rights to appeal or otherwise challenge any such decision(s) and each Party reserves all of its rights to pursue any and all legal and/or equitable remedies, including appeals of any such decision(s).

18.2 ALLTEL certifies it is a 2% Rural Telephone Company and is entitled to all rights afforded 2% Rural Telephone Companies under the Act including, but not limited to, exemptions, suspensions, and modifications under 47 USC § 251(f). This Agreement does not affect, and ALLTEL does not waive, any rights including, but not limited to, the rights afforded ALLTEL under 47 USC § 251(f).

18.3 The Parties may mutually agree to amend this Agreement in writing. The Parties agree to work cooperatively and promptly to amend this Agreement and to implement any additions, changes, and/or corrections to this Agreement addressed by the mutually executed amendment

19.0 Authority

19.1 Each person whose signature appears below represents and warrants that they have the authority to bind the Party on whose behalf they executed this Agreement.

20.0 Binding Effect

20.1 This Agreement will be binding on and inure to the benefit of the respective successors and permitted assigns of the Parties.

21.0 Consent

21.1 Where consent, approval, or mutual agreement is required of a Party, it will not be unreasonably withheld or delayed.

22.0 Expenses

22.1 Except as specifically set out in this Agreement, each Party will be solely responsible for its own expenses involved in all activities related to the subject of this Agreement.

23.0 Headings

23.1 The headings in this Agreement are inserted for convenience and identification only and will not be considered in the interpretation of this Agreement.

24.0 Relationship of Parties

24.1 This Agreement will not establish, be interpreted as establishing, or be used by either Party to establish or to represent their relationship as any form of agency, partnership or joint venture. Neither Party will have any authority to bind the other Party, nor to act as an agent for the other Party unless written authority, separate from this Agreement, is provided. Nothing in the Agreement will be construed as providing for the sharing of profits or losses arising out of the efforts of either or both of the Parties. Nothing herein will be construed as making either Party responsible or liable for the obligations and undertakings of the other Party.

25.0 Conflict of Interest

25.1 The Parties represent that no employee or agent of either Party has been or will be employed, retained, paid a fee, or otherwise received or will receive any personal compensation or consideration from the other Party, or any of the other Party's employees or agents in connection with the arranging or negotiation of this Agreement or associated documents.

26.0 Multiple Counterparts

26.1 This Agreement may be executed in multiple counterparts, each of which will be deemed an original but all of which will together constitute but one, and the same document.

27.0 Third Party Beneficiaries

27.1 Except as may be specifically set forth in this Agreement, this Agreement does not provide and will not be construed to provide third parties with any remedy, claim, liability, reimbursement, cause of action, or other privilege.

28.0 Regulatory Approval

28.1 Each Party agrees to cooperate with the other Party and with any regulatory agency to obtain regulatory approval. During the term of this Agreement, each Party agrees to continue to cooperate with the other Party and any regulatory agency so that the benefits of this Agreement may be achieved.

28.2 Upon execution of this Agreement, it shall be filed with the appropriate state regulatory agency pursuant to the requirements of §252 of the Act. If the state regulatory agency imposes any filing(s) or public interest notice(s) regarding the filing or approval of the Agreement, the Parties shall mutually decide as to the responsibility in making such filings or notices and any costs associated with the aforementioned filing(s) or notice(s). SPRINT agrees to comply with Commission requirements related to certification as a local exchange carrier in STATE.

29.0 Trademarks and Trade Names

29.1 Each Party warrants that, to the best of its knowledge, the services provided under this Agreement do not or will not violate or infringe upon any patent, copyright, trademark, or trade secret rights of any other persons.

29.2 Except as specifically set out in this Agreement, nothing in this Agreement will grant, suggest, or imply any authority for one Party to use the name, trademarks, service marks, or trade names of the other Party for any purpose whatsoever, absent written consent of the other Party.

30.0 Regulatory Authority

30.1 Each Party will be responsible for obtaining and keeping in effect all Federal Communications Commission, state regulatory commission, franchise authority and other regulatory approvals that may be required in connection with the performance of its obligations under this Agreement. Each Party will reasonably cooperate with the other Party in obtaining and maintaining any required approvals necessary for fulfilling its obligations under this Agreement.

31.0 Verification Reviews

31.1 Subject to each Party's reasonable security requirements and except as may be otherwise specifically provided in this Agreement, either Party may audit the other Party's relevant books, records and other documents pertaining to services provided under this Agreement once in each Contract Year solely for the purpose of evaluating the accuracy of the other Party's billing and invoicing. Such audit will take place at a time and place agreed on by the Parties no later than sixty (60) days after notice thereof.

31.2 The review will consist of an examination and verification of data involving records, systems, procedures and other information related to the services performed by either Party as related to settlement charges or payments made in connection with this Agreement as determined by either Party to be reasonably required. Each Party shall maintain reasonable records for a minimum of twelve (12) months and provide the other Party with reasonable access to such information as is necessary to determine amounts receivable or payable under this Agreement.

31.3 Adjustments, credits, or payments shall be made and any corrective action shall commence within thirty (30) days from the Requesting Party's receipt of the final audit report to compensate for any errors or omissions which are disclosed by such audit and are agreed to by the Parties. Audit findings may be applied retroactively for no more than twelve (12) months from the date the audit began. Interest shall not exceed one and one-half (1 ½%) of the highest interest rate allowable by law for commercial transactions shall be assessed and shall be computed by compounding daily from the time of the overcharge, not to exceed twelve (12) months from the date the audit began to the day of payment or credit. Any disputes concerning audit results will be resolved pursuant to the Dispute Resolution procedures described in §9.0 of this Agreement.

31.4 Each Party will cooperate fully in any such audit, providing reasonable access to any and all appropriate employees and books, records and other documents reasonably necessary to assess the accuracy of the Party's bills.

31.5 Verification reviews will be limited in frequency to once per twelve (12) month period, with provision for staged reviews, as mutually agreed, so that all subject matters are not required to be reviewed at the same time. Verification reviews will be scheduled subject to the reasonable requirements and limitations of the audited Party and will be conducted in a manner that will not interfere with the audited Party's business operations.

31.6 The Party requesting a verification review shall fully bear its costs associated with conducting a review. The Party being reviewed will provide access to required information, as outlined in this Section, at no charge to the reviewing Party. Should the reviewing Party request information or assistance beyond that reasonably required to conduct such a review, the Party being reviewed

may, at its option, decline to comply with such request or may bill actual costs incurred in complying subsequent to the concurrence of the reviewing Party.

31.7 For purposes of conducting an audit pursuant to this Agreement, the Parties may employ other persons or firms for this purpose (so long as said Parties are bound by this Agreement). The Parties will bear their own reasonable expenses associated with the audit.

31.8 Information obtained or received by either Party in conducting the audit described in §31.0 shall be subject to the confidentiality provisions of §6.0 of this Agreement, whether or not marked as confidential.

32.0 Complete Terms

32.1 This Agreement sets forth the entire understanding and supersedes prior agreements between the Parties relating to the subject matter contained herein and merges all prior discussions between them, and neither Party shall be bound by any definition, condition, provision, representation, warranty, covenant or promise other than as expressly stated in this Agreement or as is contemporaneously or subsequently set forth in writing and executed by a duly authorized officer or representative of the Party to be bound thereby.

33.0 Cooperation on Preventing End User Fraud

33.1 The Parties agree to cooperate with one another to investigate, minimize, and take corrective action in cases of fraud. The Parties' fraud minimization procedures are to be cost-effective and implemented so as not to unduly burden or harm one Party as compared to the other Party.

33.2 In cases of suspected fraudulent activity by an end user, at a minimum, the cooperation referenced in the above paragraph will include providing to the other Party, upon request, information concerning end users who terminate services to that Party without paying all outstanding charges. The Party seeking such information is responsible for securing the end user's permission to obtain such information.

34.0 Notice of Network Changes

34.1 The Parties agree to provide each other with reasonable notice consistent with applicable FCC rules of changes in the information necessary for the transmission and routing of services using the other Party's facilities or networks, as well as other changes that affect the interoperability of those respective facilities and networks. Nothing in this Agreement is intended to limit either Party's ability to upgrade or modify its network, including without limitation, the incorporation of new equipment, new software or otherwise so long as such upgrades are not inconsistent with the Parties' obligations under this Agreement.

35.0 Modification of Agreement

35.1 If SPRINT changes its name or makes changes to its company structure or identity due to a merger, acquisition, transfer or any other reason, it is the responsibility of SPRINT to notify ALLTEL of said change.

36.0 Responsibility of Each Party

36.1 Each Party is an independent contractor, and has and hereby retains the right to exercise full control of and supervision over its own performance of its obligations under this Agreement and retains full control over the employment, direction, compensation and discharge of its employees assisting in the performance of such obligations. Each Party will be solely responsible for all matters relating to payment of such employees, including compliance with social security taxes, withholding taxes and all other regulations governing such matters. Each Party will be solely responsible for proper handling, storage, transport and disposal at its own expense of all (i) substances or materials that it or its contractors or agents bring to, create or assume control over at Work Locations or, (ii) waste resulting there from or otherwise generated in connection with its or its contractors' or agents' activities at the Work Locations. Subject to the limitations on liability and except as otherwise provided in this Agreement, each Party will be responsible for (i) its own acts and performance of all obligations imposed by applicable law in connection with its activities, legal status and property, real or personal and, (ii) the acts of its own affiliates, employees, agents and contractors during the performance of the Party's obligations hereunder.

37.0 INTENTIONALLY LEFT BLANK

38.0 Governmental Compliance

38.1 Each Party will comply at its own expense with all applicable law that relates to i) its obligations under or activities in connection with this Agreement; of ii) its activities undertaken at, in connection with or relating to Work Locations. The Parties agree to indemnify, defend, (at the other Party's request) and save harmless the other Party, each of its officers, directors and employees from and against any losses, damages, claims, demands, suits, liabilities, fines, penalties, and expenses (including reasonable attorneys' fees) that arise out of or result from i) its failure or the failure of its contractors or agents to so comply or ii) any activity, duty or status of it or its contractors or agents that triggers any legal obligation to investigate or remediate environmental contamination.

39.0 Responsibility for Environmental Contamination

39.1 SPRINT will in no event be liable to ALLTEL for any costs whatsoever resulting from the presence or release of any Environmental Hazard that SPRINT did not introduce to the affected work location. ALLTEL will indemnify, defend (at SPRINT's request) and hold harmless SPRINT, each of its officers, directors and employees from and against any losses, damages, claims, demands, suits, liabilities, fines, penalties and expenses (including reasonable attorneys' fees) that arise out of or result from (i) any Environmental Hazard that ALLTEL, its contractors or agents introduce to the Work Locations or (ii) the presence or release of any Environmental Hazard for which ALLTEL is responsible under applicable law.

39.2 ALLTEL will in no event be liable to SPRINT for any costs whatsoever resulting from the presence or release of any Environmental Hazard that ALLTEL did not introduce to the affected work location. SPRINT will indemnify, defend (at ALLTEL's request) and hold harmless ALLTEL, each of its officers, directors and employees from and against any losses, damages, claims, demands, suits, liabilities, fines, penalties and expenses (including reasonable attorneys' fees) that arise out of or result from i) any Environmental Hazard that SPRINT, its contractors or agents introduce to the Work Locations or ii) the presence or release of any Environmental Hazard for which SPRINT is responsible under applicable law.

40.0 Subcontracting

40.1 If a Party through a subcontractor performs any obligation under this Agreement, such Party will remain fully responsible for the performance of this Agreement in accordance with its terms, including any obligations either Party performs through subcontractors, and each Party will be solely responsible for payments due the Party's subcontractors. No subcontractor will be deemed a third party beneficiary for any purposes under this Agreement. Any subcontractor who gains access to Confidential Information covered by this Agreement will be required by the subcontracting Party to protect such Confidential Information to the same extent the subcontracting Party is required to protect the same under the terms of this Agreement.

41.0 Referenced Documents

41.1 Whenever any provision of this Agreement refers to a technical reference, technical publication, any publication of telecommunications industry administrative or technical standards, ALLTEL handbooks and manuals, or any other document specifically incorporated into this Agreement, it will be deemed to be a reference to the most recent version or edition (including any amendments, supplements, addenda, or successors) of each document that is in effect, and will include the most recent version or edition (including any amendments, supplements, addenda, or successors) of each document incorporated by reference in such a technical reference, technical publication, or publication of industry standards. However, if such reference material is substantially altered in a more recent version to significantly change the obligations of either Party as of the Effective Date of this Agreement and the Parties are not in agreement concerning such modifications, the Parties agree to negotiate in good faith to determine how such changes will impact performance of the Parties under this Agreement, if at all. Until such time as the Parties agree, the provisions of the last accepted and unchallenged version will remain in force.

42.0 Severability

42.1 If any term, condition or provision of this Agreement is held to be invalid or unenforceable for any reason, such invalidity or unenforceability will not invalidate the entire Agreement, unless such construction would be unreasonable. The Agreement will be construed as if it did not contain the invalid or unenforceable provision or provisions, and the rights and obligations of each Party will be construed and enforced accordingly; provided, however, that in the event such invalid or unenforceable provision or provisions are essential elements of this Agreement and substantially impair the rights or obligations of either Party, the Parties will promptly negotiate a replacement provision or provisions. If impasse is reached, the Parties will resolve said impasse under §9.0, Dispute Resolution.

43.0 Survival of Obligations

43.1 Any liabilities or obligations of a Party for acts or omissions prior to the cancellation or termination of this Agreement, any obligation of a Party under the provisions regarding indemnification, Confidential Information, limitations on liability, and any other provisions of this Agreement which, by their terms, are contemplated to survive (or to be performed after) termination of this Agreement, will survive cancellation or termination thereof.

44.0 Governing Law

44.1 This Agreement shall be governed by and construed in accordance with federal law, the Act, and the FCC's Rules and Regulations, except insofar as state law may control any aspect of this Agreement, in which case the domestic laws of Arkansas, without regard to its conflicts of laws principles, shall govern. The Parties submit to personal jurisdiction in Arkansas.

45.0 Other Obligations of SPRINT

45.1 To establish service and provide efficient and consolidated billing to SPRINT, SPRINT is required to provide a CLEC Profile, which includes its authorized and nationally recognized Operating Company Number ("OCN"), to establish SPRINT's billing account. SPRINT will be provided with a billing account number ("BAN") for each CLEC Profile submitted.

45.2 SPRINT shall use ALLTEL's electronic operations support system access platform (ALLTEL Express) to submit orders and requests for maintenance and repair of services, and to engage in other pre-ordering, ordering, provisioning, maintenance and repair transactions. If ALLTEL has not deployed an electronic capability, SPRINT shall use such other processes as ALLTEL has made available for performing such transaction (including, but not limited, to submission of orders by telephonic facsimile transmission and placing trouble reports by voice telephone transmission). If SPRINT chooses to submit orders manually, when ALLTEL's electronic operations support system access platform (ALLTEL Express) is available, SPRINT will pay a manual order charge as reflected in the applicable ALLTEL tariff.

45.3 SPRINT represents and covenants that it will only use ALLTEL Express pursuant to this Agreement for services covered by this Agreement, for which this Agreement contains explicit terms, conditions and rates.

46.0 Customer Inquiries

46.1 Each Party will refer all questions regarding the other Party's services or products directly to the other Party at a telephone number specified by that Party.

46.2 Each Party will ensure that all of their representatives who receive inquiries regarding the other Party's services or products: (i) provide the numbers described in §47.1; and (ii) do not in any way disparage or discriminate against the other Party or its services or products.

47.0 Disclaimer of Warranties

47.1 **EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS AGREEMENT, NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR INTENDED OR PARTICULAR PURPOSE WITH RESPECT TO SERVICES PROVIDED HEREUNDER. ADDITIONALLY, NEITHER PARTY ASSUMES ANY RESPONSIBILITY WITH REGARD TO THE CORRECTNESS OF DATA OR INFORMATION SUPPLIED BY THE OTHER PARTY WHEN THIS DATA OR INFORMATION IS ACCESSED AND USED BY A THIRD PARTY.**

48.0 INTENTIONALLY LEFT BLANK

49.0 INTENTIONALLY LEFT BLANK

50.0 INTENTIONALLY LEFT BLANK

51.0 INTENTIONALLY LEFT BLANK

52.0 INTENTIONALLY LEFT BLANK

53.0 Definitions and Acronyms

53.1 Definitions

For purposes of this Agreement, certain terms have been defined in Attachment 20: Definitions and elsewhere in this Agreement to encompass meanings that may differ from, or be in addition to, the normal connotation of the defined word. Unless the context clearly indicates otherwise, any term defined or used in the singular will include the plural. The words "will" and "shall" are used interchangeably throughout this Agreement and the use of either connotes a mandatory requirement. The use of one or the other will not mean a different degree of right or obligation for either Party. A defined word intended to convey its special meaning is capitalized when used.

53.2 Acronyms

Other terms that are capitalized and not defined in this Agreement will have the meaning in the Act. For convenience of reference only, Attachment 21: Acronyms provides a list of acronyms used throughout this Agreement.

54.0 INTENTIONALLY LEFT BLANK

55.0 INTENTIONALLY LEFT BLANK

56.0 INTENTIONALLY LEFT BLANK

58.0 Other Requirements and Attachments

58.1 This Agreement incorporates a number of listed Attachments, which, together with their associated Appendices, Exhibits, and Addenda, constitute the entire Agreement between the Parties.

58.1.1 Each Party agrees that if at anytime a discrepancy arises between the General Terms and Conditions and one of the Attachments, the Attachments will control.

58.1.2 Appended to this Agreement and incorporated herein are the Attachments. To the extent that any definitions, terms or conditions in any given Attachment differ from those contained in the main body of this Agreement, those definitions, terms or conditions will

supersede those contained in the main body of this Agreement, but only in regard to the services or activities listed in that particular Attachment. In particular, if an Attachment contains a term length that differs from the term length in the main body of this Agreement, the term length of that Attachment will control the length of time that services or activities are to occur under the Attachment, but will not affect the term length of other attachments.

Attachment 4: Network Interconnection Architecture
Attachment 9: Directories
Attachment 12: Compensation
Attachment 13: Numbering
Attachment 14: Number Portability
Attachment 18: Performance Measures
Attachment 19: Bona Fide Request (BFR) Process
Attachment 20: Definitions
Attachment 21: Acronyms

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION, WHICH MAY BE ENFORCED BY THE PARTIES.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement and Attachments to be executed as of the latter of the dates that the Parties executed the agreement.

SPRINT Communications Company L.P.

W. Richard Morris
Print Name

OCT - 5 2004
Sign Name: Date

Vice President External Affairs
Position/Title
SPRINT Communications Company L.P.

ALLTEL Arkansas, Inc.

Michael D. Rhoda
Print Name

Sign Name: Date
10/8/04

Vice President – Business Development
Position/Title
ALLTEL Arkansas, Inc.

ATTACHMENT 1: INTENTIONALLY LEFT BLANK

ATTACHMENT 2: INTENTIONALLY LEFT BLANK

ATTACHMENT 3: INTENTIONALLY LEFT BLANK

ATTACHMENT 4: NETWORK INTERCONNECTION ARCHITECTURE

1.0 Scope

1.1 This Attachment describes the arrangements that may be utilized by the Parties for interconnection of their respective networks for the transmission and routing of Telephone Exchange Service and Exchange Access Service pursuant to §251 of the Act. Direct Network Interconnection will be provided by the Parties at any technically feasible point within ALLTEL's interconnected network within a LATA. It is SPRINT's responsibility to establish a single point of interconnection within ALLTEL's interconnected network within each LATA where the Parties interconnect their networks. The Parties will utilize the interconnection methods as specified in Section 2 below unless otherwise mutually agreed to in writing by the Parties.

1.2 Each Party is responsible for the appropriate sizing, operation, and maintenance of the facilities on its side of each IP. Each IP must be located within ALLTEL's interconnected network in the LATA in which traffic is originating. An IP determines the point up to which the originating Party shall be responsible for providing at its own expense, the call transport with respect to its local traffic and intraLATA toll traffic.

1.3 An Interconnection Point ("IP"), as defined in §2.0 of this Attachment will be designated for each interconnection arrangement established pursuant to this Agreement.

1.4 This Attachment is based on the network configuration and capabilities of the Parties as they exist on the date of this Agreement. If those factors change (i.e., ALLTEL deploys a new tandem office or becomes an E-911 provider), the Parties will negotiate in good faith to modify this Agreement in order to accommodate the changes and to provide the services made possible by such additional capabilities to SPRINT.

2.0 Interconnection

There are two methods of interconnection available; direct interconnection and indirect interconnection.

2.1 Direct interconnection provides for network interconnection between the Parties at a technically feasible point on ALLTEL's interconnected network within a LATA as described in Section 2.1.1 and subject to Section 2.2. Direct interconnection shall be accomplished by, including but not limited to, one or more of the following methods: 1) lease arrangements, 2) jointly provisioned facilities arrangements 3) third party.

2.1.1 In order to gain direct connectivity, the IP is required at one of the following locations:

a) IP at the ALLTEL Access Tandem Office where available, or ;
b) IP at the ALLTEL End Office. Connectivity to this End Office may also provide access to an ALLTEL remote central office. ;or
c) Exchange boundary.

2.1.2 Lease arrangements will be governed by the applicable ALLTEL interstate, intrastate or local, special access or private line tariffs under which SPRINT orders service.

2.1.3 Each Party will be responsible for the engineering and construction of its own network facilities on its side of the IP, however, should ALLTEL be required to modify its network to accommodate the interconnection request made by SPRINT, SPRINT agrees to pay ALLTEL reasonable charges for such modifications.

2.1.4 If SPRINT uses a third party to reach the IP, SPRINT will bear 100% of all third party charges for facilities to reach the IP and associated traffic.

2.2 The Parties shall utilize direct end office trunk groups under any one of the following conditions:

2.2.1 Tandem Exhaust - If a tandem through which the Parties are interconnected is unable to, or is forecasted to be unable to support additional traffic loads for any period of time, the Parties will mutually agree on an end office trunking plan that will alleviate the tandem capacity shortage and ensure completion of traffic between SPRINT and ALLTEL.

2.2.2 Traffic Volume –To the extent either Party has the capability to measure the amount of traffic between SPRINT's switch and a ALLTEL end office and where such traffic exceeds or is forecasted to exceed a single DS1 of traffic per month, then the Parties shall install and retain direct end office trunking sufficient to handle such traffic volumes. Either Party will install additional capacity between such points when overflow traffic exceeds or is forecasted to exceed a single DS1 of traffic per month. In the case of one-way trunking, additional trunking shall only be required by the Party whose trunking has achieved the preceding usage threshold.

2.2.3 Mutual Agreement - The Parties may install direct end office trunking upon mutual agreement in the absence of conditions (2.2.1) or (2.2.2) above.

2.3 Except as set forth in Section 2.5 below, both Parties agree only to deliver traffic to the other pursuant to and consistent with the terms of this Agreement. Neither Party shall utilize a third party for the delivery of traffic to the other pursuant to this Agreement without the consent of all Parties and without the establishment of mutually agreeable terms and conditions among all Parties. This Agreement does not obligate either Party to utilize any intermediary or transit traffic functions of the other Party. Notwithstanding the foregoing, SPRINT may provide intermediary functions to its customers whose end user's traffic is local traffic.

2.4 Neither Party shall deliver: (i) traffic destined to terminate at the other Party's end office via another LEC's end office, or (ii) traffic destined to terminate at an end office subtending the other Party's access tandem via another LEC's access tandem.

2.5 Notwithstanding Section 2.3 above, indirect interconnection provides for network interconnection between the Parties through a third party tandem provider performing a transit function. If the traffic volumes between SPRINT and an ALLTEL End Office delivered by the third party tandem provider meet the Centum Call Seconds (CCS) equivalent of one DS-1 (i.e. 500 busy hour CCS), for three (3) consecutive months, SPRINT shall within forty-five (45) days establish direct End Office trunk groups.

3.0 Signaling Requirements

3.1 Signaling protocol. The Parties will interconnect their networks using SS7 signaling where technically feasible and available as defined in FR 905 Bellcore Standards including ISDN user part ("ISUP") for trunk signaling and Transaction Capabilities Application Part ("TCAP") for CCS-based features in the interconnection of their networks. All Network Interoperability Interface Forum (NIIF) adopted standards shall be adhered to.

3.2 Where available, CCS signaling shall be used by the Parties to set up calls between the Parties' Telephone Exchange Service networks. If CCS signaling is unavailable, the Parties shall use MF (Multi-Frequency) signaling.

3.3 The following list of publications describe the practices, procedures and specifications generally utilized by the industry for signaling purposes and are listed herein to assist the Parties in meeting their respective interconnection responsibilities related to signaling:

GR-000246-CORE, Bell Communications Research Specifications of Signaling System 7 ("SS7")

GR-000317-CORE, Switching System Requirements for Call Control Using the Integrated Services Digital Network User Part

GR-000394-CORE, Switching System Requirements for Interexchange Carrier Interconnection Using the Integrated Services Digital Network User Part

GR-000606-CORE, LATA Switching Systems Generic Requirements-Common Channel Signaling-§6.5

GR-000905-CORE, Common Channel Signaling Network Interface Specification Supporting Network Interconnection Message Transfer Part ("MTP") and Integrated Digital Services Network User Part ("ISDNUP")

3.4 The Parties will cooperate on the exchange of Transactional Capabilities Application Part (TCAP) messages to facilitate interoperability of CCS-based features between their respective networks, including all CLASS features and functions, to the extent each Party offers such features and functions to its end users. All CCS signaling parameters will be provided including, without limitation, Calling Party Number (CPN), Originating Line Information ("OLI"), calling party category and charge number.

3.5 Where available each Party shall cooperate to ensure that all of its trunk groups are configured utilizing the B8ZS ESF protocol for 64 kbps clear channel transmission to allow for ISDN interoperability between the Parties' respective networks.

3.6 The Parties shall jointly develop a grooming plan (the "Joint Grooming Plan") which shall define and detail, inter alia,

3.6.1 disaster recovery provisions and escalations;

3.6.2 direct/high usage trunk engineering guidelines; and

3.6.3 such other matters as the Parties may agree.

3.7 If a Party makes a change in its network, which it believes will materially affect the interoperability of its network with the other Party, the Party making the change shall provide thirty- (30) days advance written notice of such change to the other Party.

4.0 <u>Interconnection and Trunking Requirements</u>

4.1 Local Traffic and IntraLATA Toll Traffic

4.1.1 The Parties shall, pursuant to Sections 4.1.1.1 and 4.1.1.2 below, reciprocally terminate Local Traffic and IntraLATA toll calls, when either Party is the IntraLATA toll provider.

4.1.1.1 Where technically feasible, the Parties shall make available to each other two-way trunks for the reciprocal exchange of combined Local Traffic and IntraLATA toll traffic. In such case, each Party will provide to each other its Percentage of Local Use (PLU) for billing purposes. If either Party questions the accuracy of the other's PLU, that issue may be included in a verification review as provided in §32.0 of the General Terms and Conditions. If at any time during the term of this Agreement, the average monthly number of minutes of use (combined Local Traffic and IntraLATA toll traffic) terminated by either Party on the network of the other exceeds the generally accepted engineering practices as mutually agreed to by the Parties, the Party on whose network those minutes have been terminated may elect to require jurisdictionally separate trunks for Local Traffic and IntraLATA toll traffic.

4.1.1.2 Each Party's operator bureau shall accept BLV and BLVI inquiries from the operator bureau of the other Party in order to allow transparent provisioning of BLV/BLVI traffic between the Parties' networks. Each Party shall route BLV/BLVI inquiries between the Parties respective operator bureaus.

4.2 Trunking

4.2.1 Trunking will be established at the DS-1 level or DS-0 level, and facilities will be established at the DS-1 level, or higher, as agreed upon by the Parties. All trunking will be jointly engineered to an objective P.01 grade of service. The Parties may utilize additional end office trunking depending upon traffic volume.

4.2.2 Where ALLTEL is a 911 provider, separate trunks connecting SPRINT's switch to ALLTEL's E911 routers will be established by SPRINT. If SPRINT purchases such services from ALLTEL, they will be provided at applicable tariff rates. For all 911/E911 traffic originating from SPRINT, it is the responsibility of SPRINT and the appropriate state or local public safety-answering agency to negotiate the manner in which 911/E911 traffic from SPRINT will be processed.

4.2.3 SPRINT will not route traffic to ALLTEL's local end office switches to act as a tandem on SPRINT's behalf nor will ALLTEL route traffic to SPRINT's local end office switches to act as a tandem on ALLTEL's behalf.

4.2.4 This Agreement is applicable only to ALLTEL's serving areas. ALLTEL will not be responsible for interconnections or contracts relating to any of SPRINT's interconnection with any other Carrier.

5.0 Network Management

5.1 Protective Protocols

Either Party may use protective network traffic management controls such as 7-digit and 10-digit code gaps on traffic toward each others network, when required to protect the public switched network from congestion due to facility failures, switch congestion or failure or focused overload. The Parties will immediately notify each other of any protective control action planned or executed.

5.2 Expansive Protocols

Where the capability exists, originating or terminating traffic reroutes may be implemented by either Party to temporarily relieve network congestion due to facility failures or abnormal calling patterns. Reroutes will not be used to circumvent normal trunk servicing. Expansive controls will only be used when mutually agreed to by the Parties.

5.3 Mass Calling

The Parties shall cooperate and share pre-planning information, where available, regarding cross-network call-ins expected to generate large or focused temporary increases in call volumes, to prevent or mitigate the impact of these events on the public switched network.

6.0 Forecasting/Servicing Responsibilities

6.1 Both Parties agree to provide an initial forecast for establishing the initial interconnection facilities. Subsequent forecasts will be provided on a semi-annual basis.

6.2 ALLTEL shall be responsible for forecasting and servicing the trunk groups terminating to SPRINT. SPRINT shall be responsible for forecasting and servicing the trunk groups terminating to ALLTEL end users. Standard trunk traffic engineering methods will be used as described in Bell Communications Research, Inc. (Bellcore) document SR-TAP-000191, Trunk Traffic Engineering Concepts and Applications.

6.3 The Parties shall both be responsible for efficient planning and utilization of the network and employ all reasonable means of forecasting, monitoring and correcting for inefficient use of the network. The Parties will conduct facility planning meetings to determine initial and subsequent utilization standards subsequent to execution of this Agreement but prior to direct interconnection in accordance with §3.5 of this Appendix preceding.

6.4 Each Party shall provide a specified point of contact for planning, forecasting and trunk servicing purposes.

7.0 Trunk Servicing

7.1 Orders between the Parties to establish, add, change or disconnect trunks shall be processed by use of an Access Service Request ("ASR") or another industry standard method subsequently adopted by the Parties to replace the ASR for local trunk ordering.

7.2 The Parties shall jointly manage the capacity of local Interconnection Trunk Groups. Either Party may send the other Party an ASR to initiate changes to the Local Interconnection Trunk Groups that the ordering Party desires based on the ordering Party's capacity assessment.

7.3 Orders that comprise a major project (i.e., new switch deployment) shall be submitted in a timely fashion, and their implementation shall be jointly planned and coordinated.

7.4 Each Party shall be responsible for engineering its networks on its side of the IP.

7.5 Each Party will provide trained personnel with adequate and compatible test equipment to work with each other's technicians.

7.6 The Parties will coordinate and schedule testing activities of their own personnel, and others as applicable, to ensure its interconnection trunks/trunk groups are installed per the interconnection order, meet agreed-upon acceptance test requirements, and are placed in service by the due date.

7.7 Each Party will perform sectionalization to determine if a trouble is located in its facility or its portion of the interconnection trunks prior to referring the trouble to each other.

7.8 The Parties will advise each other's Control Office if there is an equipment failure, which may affect the interconnection trunks.

7.9 Each Party will provide to each other test-line numbers and access to test lines.

7.10 The Parties will cooperatively plan and implement coordinated repair procedures for the local interconnection trunks to ensure trouble reports are resolved in a timely and appropriate manner.

7.11 A blocking standard of one-half of one percent (.005) during the average busy hour for final trunk groups between an SPRINT end office and ALLTEL access tandem carrying meet point traffic shall be maintained. All other final trunk groups are to be engineered with a blocking standard of one percent (.01). ALLTEL will engineer all interconnection trunks between the Parties to a 6 db of digital pad configuration.

ATTACHMENT 5: INTENTIONALLY LEFT BLANK

ATTACHMENT 6: INTENTIONALLY LEFT BLANK

ATTACHMENT 7: INTENTIONALLY LEFT BLANK

ATTACHMENT 8: INTENTIONALLY LEFT BLANK

ATTACHMENT 9: DIRECTORIES

This Attachment 9: Directories sets forth terms and conditions with respect to the printing and distribution of White Pages directory in addition to the General Terms and Conditions.

1.0 Introduction

1.1 ALLTEL obtains the publication of White Pages and Yellow Pages directories (ALLTEL Directories) for geographic areas in which SPRINT may also provide local exchange telephone service, and SPRINT wishes to include listing information for its customers in the appropriate ALLTEL Directories.

1.2 ALLTEL will include SPRINT's customer listings in the appropriate ALLTEL White Pages directory in accordance with § 2.0 Resale and § 3.0 Other, as specified in this Attachment. The Parties agree that § 2.0 Resale shall be applicable to customers which SPRINT serves through a Resale Agreement, and § 3.0 Other relates to all other customers served by SPRINT.

1.3 Any references in this Attachment to ALLTEL procedures, practices, requirements, or words of similar meaning, shall also be construed to include those of ALLTEL's contractors that produce directories on its behalf.

2.0 Service Provided - Resale

2.1 ALLTEL will include in appropriate White Pages directories the primary alphabetical listings of all SPRINT customers (other than non-published or non-list Customers) located within the local directory area.

2.2 SPRINT will furnish to ALLTEL subscriber listing information pertaining to SPRINT customers located within the ALLTEL local directory area, along with such additional information as ALLTEL may require to prepare and print the alphabetical listings of said directory.

2.3 ALLTEL will include the listing information for SPRINT's customer for Resale Services in ALLTEL's White Pages directory database in the same manner as it includes listing information for ALLTEL's end user customers.

2.4 ALLTEL will provide SPRINT with format requirements and procedures for submitting directory listings and directory updates.

2.5 SPRINT may purchase Enhanced White Pages listings for residential customers on a per listing basis, and will pay ALLTEL amounts attributable to such Enhanced Listings used by its customers.

2.6 SPRINT's subscriber listings will be inter-filed (interspersed) with ALLTEL's and other local service provider's subscriber listings in the White Pages directory with no discernible differentiation in the listings to indicate to the reader that the listings are served by another local service provider.

2.7 ALLTEL will deliver White Pages directories to SPRINT customers. The timing of such delivery and the determination of which White Pages directories will be delivered (by customer address, NPA/NXX or other criteria), and the number of White Pages directories to be provided per customer, will be on the same terms that ALLTEL delivers White Pages directories to its own end users.

2.8 ALLTEL will distribute any subsequent directories in accordance with the same practices and procedures used by ALLTEL.

2.9 At its option, SPRINT may purchase information pages (Customer Guide Pages) in the informational section of the ALLTEL White Pages directory covering the geographic area(s) it is serving. These pages will be in alphabetical order with other local service providers and will be no different in style, size, color and format than ALLTEL information pages. Sixty (60) days prior to the directory close date, SPRINT will provide to ALLTEL the information page(s) in camera ready format. ALLTEL will have the right to approve or reject the format and content of such information page(s) and, with SPRINT's agreement, ALLTEL may, but is not required to, revise the format and content of such information page(s).

2.10 ALLTEL will include SPRINT specific information (i.e., business office, residence office, repair bureau, etc.) in the White Pages directory on an "index-type" information page, in alphabetical order along with other local service providers, at no charge. The space available to SPRINT on such page will be 1/8th page in size. In order to have such information published, SPRINT will provide ALLTEL, sixty (60) days prior to the directory close date, with its logo and information in the form of a camera ready copy, sized at 1/8th of a page. SPRINT will be limited to a maximum of 1/8th of a page in any single edition of an ALLTEL White Pages directory.

2.11 The Parties shall cooperate so that Yellow Page advertisements purchased by customers who switch to SPRINT as their local service provider (including customers utilizing SPRINT-assigned telephone numbers and SPRINT customers utilizing local number portability (LNP)) are provided in accordance with standard ALLTEL practices. Yellow Page services will be offered to SPRINT's customers on the same basis that they are offered to ALLTEL's customers. Such services will be provided through ALLTEL's yellow pages affiliate, its agent or assignee.

3.0 <u>Service Provided - Other</u>

3.1 ALLTEL will include in appropriate White Pages directories the primary alphabetical listings of all SPRINT end users located within the local directory scope.

3.2 At no charge to SPRINT, ALLTEL agrees to include one basic White Pages listing for each SPRINT customer located within the geographic scope of its White Page Directories, and a courtesy Yellow Page listing for each SPRINT business customer located within the geographical scope of its Yellow Page directories.

3.2.1 A basic White Page listing is defined as a customer name, address, and either the SPRINT assigned number for a customer or the number for which number portability is provided, but not both numbers. Basic White Pages listings of SPRINT customers will be inter-filed with listings of ALLTEL and other LEC customers.

3.3 ALLTEL agrees to provide SPRINT's customers secondary White Page listings at the rate listed in Exhibit A: Directories Price List.

3.4 SPRINT will furnish to ALLTEL subscriber listing information pertaining to SPRINT end users located within the local directory scope, along with such additional information as ALLTEL may require to prepare and print the alphabetical listings of said directory.

3.5 SPRINT will provide its subscriber listing information to ALLTEL, in a manner and format prescribed by ALLTEL, via FAX.

3.6 SPRINT will provide to ALLTEL a forecasted amount of the number of directories, which SPRINT will need, for its customers prior to directory publication.

3.7 ALLTEL makes no guarantee as to the availability of directories beyond the forecasted amount provided by SPRINT.

3.8 SPRINT agrees to pay ALLTEL per book, as indicated in Exhibit A: Directories Price List, after an Initial Book order.

3.9 If SPRINT desires subsequent directories after the initial distribution, ALLTEL, subject to the availability of such directories, agrees to provide subsequent directories at the YPPA rates in Exhibit A: Directories Price List.

3.10 ALLTEL will deliver White Pages directories to SPRINT customers. The timing of delivery and the determination of which White Pages directories will be delivered (by customer address, NPA/NXX or other criteria), and the number of White Pages directories to be provided per customer, will be provided under the same terms that ALLTEL delivers White Pages directories to its own end users.

3.11 ALLTEL will distribute any subsequent directories in accordance with the same practices and procedures used by ALLTEL.

3.12 At its option, SPRINT may purchase information pages (Customer Guide Pages) in the informational section of the ALLTEL White Pages directory covering the geographic area(s) it is serving. These pages will be in alphabetical order with other local service providers and will be no different in style, size, color and format than ALLTEL information pages. Sixty (60) days prior to the directory close date, SPRINT will provide to ALLTEL the information page(s) in camera ready format. ALLTEL will have the right to approve or reject the format and content of such information page(s), and, with SPRINT's agreement, ALLTEL may, but is not required to, revise the format and content of such information page(s).

3.13 ALLTEL will include SPRINT specific information (i.e., business office, residence office, repair bureau, etc.) in the White Pages directory on an "index-type" information page, in alphabetical order along with other local service providers, at no charge. The space available to SPRINT on such page will be $1/8^{th}$ page in size. In order to have such information published, SPRINT will provide ALLTEL with its logo and information in the form of a camera ready copy, sized at $1/8^{th}$ of a page. SPRINT will be limited to a maximum of $1/8^{th}$ of a page in any single edition of an ALLTEL White Pages directory.

3.14 The Parties shall cooperate so that Yellow Page advertisements purchased by customers who switch to SPRINT as their local service provider (including customers utilizing SPRINT-assigned telephone numbers and SPRINT customers utilizing LNP) are provided in accordance with standard ALLTEL practices. Yellow Page services will be offered to SPRINT's customers on the same basis that they are offered to ALLTEL's customers. Such services will be provided through ALLTEL's yellow pages affiliate, its agent or assignee.

4.0 Limitation of Liability and Indemnification

4.1 ALLTEL will not be liable to SPRINT for any losses or damages arising out of errors, interruptions, defects, failures, delays, or malfunctions of the White Pages services, including any and all associated equipment and data processing systems, unless said losses or damages result from ALLTEL's gross negligence or willful or wanton or intentional misconduct. Any losses or damages for which ALLTEL is held liable under this Agreement to SPRINT, shall in no event

exceed the amount of the charges billed to SPRINT for White Pages services with respect to the period beginning at the time notice of the error, interruption, defect, failure, or malfunction is received by ALLTEL to the time Service is restored.

4.2 SPRINT agrees to defend, indemnify, and hold harmless ALLTEL from any and all losses, damages, or other liability that ALLTEL may incur as a result of claims, demands, wrongful death actions, or other claims by any Party that arise out of SPRINT's end user customers' use of the White Pages services, or the negligence or wrongful act of SPRINT except to the extent any such losses, damages or other liability solely from ALLTEL's gross negligence or willful misconduct. SPRINT will defend ALLTEL against all customer claims just as if SPRINT had provided such service to its customer with SPRINT's own employees and will assert its contractual or tariff limitation of liability, if any, for the benefit of both ALLTEL and SPRINT.

4.3 SPRINT agrees to release, defend, indemnify, and hold harmless ALLTEL from any claims, demands, or suits with respect to any infringement or invasion of privacy or confidentiality of any person or persons caused or claimed to be caused, directly, or indirectly, by ALLTEL employees or equipment associated with provision of the White Pages services, except to the extent any such losses, damages or other liability is based on or results from ALLTEL's gross negligence or willful misconduct. This provision includes but is not limited to suits arising from disclosure of the telephone number, address, or name associated with the telephone called or the telephone used in connection with White Pages services.

5.0 Pricing

5.1 Prices for White Pages services are as contained on Exhibit A: Directories Price List, attached hereto and incorporated herein.

EXHIBIT A: DIRECTORIES PRICE LIST

Price Per Additional White Page listing: $3.00

Price Per Single Sided Informational Page:

6x9

1 additional information page	$475.00
2 additional information pages	$750.00

9x11

1 additional information page	$1,225.00
2 additional information pages	$1,440.00

Price Per Book Copy Ordered after Initial Order: (See Below)

ST	DIR CODE	DIRECTORY NAME	WHOLESALE PRICE	RETAIL PRICE	SUBCODE
AL	1364	Eclectic	10.95	16.43	623
AL	1634	Leeds	10.85	16.28	625
AR	4195	Crossett	9.25	13.88	101
AR	4267	Elaine	9.25	13.88	102
AR	4270	Elkins	12.65	18.98	103
AR	4313	Fordyce	9.25	13.88	104
AR	4221	Glenwood Regional	14.10	21.15	105
AR	4360	Greenbrier	10.70	16.05	106
AR	4382	Harrison Regional	14.25	21.38	107
AR	4658	Mulberry	9.25	13.88	108
AR	4725	Perryville	7.35	11.03	495
AR	4897	Tuckerman	9.25	13.88	109
FL	12365	Alachua	13.80	20.70	614
FL	12113	Callahan	11.00	16.50	611
FL	12142	Citra	12.70	19.05	612
FL	12342	Hastings	11.65	17.48	613
FL	12526	Live Oak	11.00	16.50	615
GA	13030	Adel	6.95	10.43	629
GA	13580	Canton	10.30	15.45	630
GA	14010	Dalton	9.70	14.55	632
GA	14070	Douglas	6.55	9.83	634
GA	14230	Fitzgerald	7.45	11.18	635
GA	14250	Folkston	6.40	9.60	713
GA	14320	Glennville	6.70	10.05	714
GA	13520	Grady	11.60	17.40	617
GA	13820	Greater Jackson	11.00	16.50	618
GA	13800	Greater Madison	15.10	22.65	624
GA	13710	Greater Rabun County	6.70	10.05	711
GA	15610	Greater Stephens	7.90	11.85	646
GA	13880	Habersham, White & Surr	20.90	31.35	386
GA	14560	Homerville	6.10	9.15	716
GA	14600	Jasper/Ellijay	6.35	9.53	636

GA	13350	Lower Chattahoochee Valley	18.45	27.68	480
GA	14880	Manchester	5.80	8.70	637
GA	14940	McRae	5.70	8.55	638
GA	14980	Milledgeville	6.70	10.05	639
GA	15030	Monroe	6.60	9.90	640
GA	15070	Moultrie	6.25	9.38	641
GA	14680	Northwest	7.75	11.63	717
GA	13510	Perry Regional	15.85	23.78	616
GA	15150	Quitman	5.90	8.85	643
GA	13940	Southwest Georgia	10.90	16.35	631
GA	15390	Springfield	6.85	10.28	720
GA	15430	Summerville	5.90	8.85	644
GA	15470	Sylvania	8.70	13.05	721
GA	15520	Thomas County	6.50	9.75	645
GA	15530	Thomaston	6.50	9.75	722
GA	15850	Winder	7.90	11.85	647
KY	29886	Shepherdsville	12.55	18.83	110
MS	39302	Florence	13.25	19.88	619
MO	40012	Albany/Gallatin	11.50	17.25	129
MO	40136	Bolivar	18.20	27.30	128
MO	40522	Dixon	8.95	13.43	111
MO	40538	Doniphan	9.25	13.88	112
MO	41055	Liberal	9.25	13.88	113
MO	41145	Madison	9.25	13.88	114
MO	41243	Milan/Mendon	9.25	13.88	115
MO	41564	Purdy	9.03	13.55	117
MO	41802	Silex/Vandalia	10.52	15.78	127
MO	41852	Stover	9.25	13.88	118
NY	52371	Fulton/Surburban Syracuse	15.15	22.73	701
NY	50734	Jamestown/Warren	11.65	17.48	702
NY	51282	Munnsville	12.15	18.23	703
NY	52140	Shortsville	11.45	17.18	704
NY	52652	West Winfield	13.10	19.65	705
NC	53002	Aberdeen/Pinebluff	10.20	15.30	607
NC	54746	Anson & Union Counties	10.10	15.15	609
NC	53315	Denton	14.65	21.98	601
NC	53526	Granite Quarry	12.95	19.43	602
NC	53802	Laurel Hill	12.95	19.43	603
NC	54024	Matthews	16.85	25.28	604
NC	54098	Mooresville	13.20	19.80	605
NC	54265	Norwood	11.60	17.40	606
NC	54945	Old Town	16.90	25.35	610
NC	54449	Sanford	15.60	23.40	628
NC	54727	Tryon	12.75	19.13	608
OH	56112	Ashtabula County	16.60	24.90	408
OH	56711	Coolville	10.75	16.13	410
OH	56753	Covington	9.75	14.63	401
OH	56854	Delta	9.75	14.63	402
OH	56938	Elyria	16.95	25.43	407
OH	56514	Geauga County & Vicinity	16.60	24.90	409

OH	57394	Hopedale	11.75	17.63	411
OH	57485	Kenton	8.35	12.53	403
OH	58044	Newark	14.55	21.83	404
OH	58265	Paulding	10.55	15.83	405
OH	58370	Quaker City	12.15	18.23	413
OH	58435	St. Paris	12.60	18.90	406
OH	57403	Western Reserve Area	20.30	30.45	412
OK	60481	Burns Flat	9.40	14.10	120
OK	59866	Kiowa	9.40	14.10	121
OK	60281	LeFlore County	10.35	15.53	125
OK	60514	Stilwell	9.40	14.10	126
OK	60646	Velma	9.40	14.10	122
PA	62010	Albion	10.15	15.23	801
PA	63335	Apollo/Leechburg	12.55	18.83	304
PA	62388	Brookville & Vicinity	9.35	14.03	802
PA	64120	Cameron & Elk	12.90	19.35	308
PA	62605	Coalport/Glasgow	10.15	15.23	302
PA	62926	Enon Valley	10.65	15.98	804
PA	63265	Jamestown /Westford	11.75	17.63	303
PA	62047	Kittanning	12.55	18.83	301
PA	63359	Knox & Vicinity	9.95	14.93	805
PA	63417	Lansford	10.25	15.38	305
PA	63620	Meadville	13.25	19.88	306
PA	63721	Muncy	13.00	19.50	307
PA	62981	Murrysville	13.80	20.70	818
PA	63777	New Bethlehem-Sligo	6.90	10.35	131
PA	64138	Rimersburg/Callensburg	9.90	14.85	808
PA	64267	Sheffield	10.15	15.23	809
PA	64591	Warriors Mark	11.85	17.78	810
PA	64637	Waynesburg	13.25	19.88	309
SC	66445	Inman	11.90	17.85	622
SC	66454	Kershaw	10.85	16.28	621
SC	66538	Lexington	15.55	23.33	620
SC	66730	St. Matthews	12.95	19.43	627
TX	69118	Anahuac	9.35	14.03	201
TX	69980	Coolidge	7.45	11.18	490
TX	70662	Garrison	6.65	9.98	868
TX	70820	Grandview	9.15	13.73	207
TX	72142	Nocona	9.35	14.03	124
TX	72436	Plains	9.35	14.03	209
TX	73192	Sweeny	6.20	9.30	864
TX	73164	West Suburban Houston	13.60	20.40	862

ATTACHMENT 10: INTENTIONALLY LEFT BLANK

ATTACHMENT 11: INTENTIONALLY LEFT BLANK

ATTACHMENT 12: COMPENSATION

1.0 Introduction

1.1 For purposes of compensation under this Agreement, the telecommunications traffic exchanged between the Parties will be classified as Local Traffic, IntraLATA Interexchange Traffic, or InterLATA Interexchange Traffic. The Parties agree that, notwithstanding the classification of traffic by SPRINT with respect to its end users, the classification of traffic provided in this Agreement shall control with respect to compensation between the Parties under the terms of this Agreement. The provisions of this Attachment shall not apply to services provisioned by ALLTEL to SPRINT as local Resale Services.

1.2 Calls originated by SPRINT end user's and terminated to ALLTEL end user's (or vice versa) will be classified as "Local Traffic" under this Agreement if: (i) the call originates and terminates in the same ALLTEL Exchange; or (ii) originates and terminates within different ALLTEL Exchanges that share a common mandatory local calling area, e.g., mandatory Extended Area Service (EAS), mandatory Extended Local Calling Service (ELCS), or other like types of mandatory expanded local calling scopes as specified or defined by ALLTEL tariffs. ISP Bound Traffic is not included in the compensation of local traffic.

1.3 The Parties agree to exchange ISP Bound Traffic in accordance with the Order on Remand by the Federal Communications Commission ("FCC") in CC Docket No. 96-98 on April 27, 2001. Specifically, ALLTEL has not offered or adopted the FCC's rate caps as set forth in that Order; pursuant to paragraph 81 of that Order, ALLTEL is required to pay interCarrier compensation for ISP Bound Traffic on a bill and keep basis. Further, the Parties acknowledge that because they did not exchange any ISP Bound Traffic pursuant to an interconnection agreement prior to the date of the above-referenced Order, all minutes of ISP Bound traffic are to be exchanged on a bill and keep basis between the Parties in accordance with paragraph 81 of the Order, such that neither Party owes the other Party any compensation for the origination, transport or termination of such traffic.

1.4 Traffic, other than ISP Bound Traffic and Local Traffic, shall be terminated to a Party subject to that Party's tariffed access charges.

1.5 A Party will notify the other of the date when its first commercial call is terminated to the other Party pursuant to this Attachment.

2.0 Responsibilities of the Parties

2.1 Each Party will be responsible for the accuracy and quality of the data it submits to the other Party.

2.2 Each Party will provide the other Party the originating Calling Party Number (CPN) with respect to each call terminated on the other Party's network to enable each Party to issue bills in a complete and timely fashion. All CCS signaling parameters will be provided including CPN.

2.3 Neither Party shall strip, modify or alter any of the data signaling or billing information provided to the other Party.

2.4 Each Party shall identify and make available to the other Party, at no additional charge, a contact person for the handling of any billing questions or problems that may arise during the implementation and performance of this Attachment.

2.5 All calls exchanged without CPN will be billed as IntraLATA Interexchange Traffic, if the failure to transmit CPN is not caused by technical malfunctions. In the event that technical malfunctions result in lack of transmission of CPN, the Parties will cooperate in attempting to resolve such technical malfunctions and the Parties will develop and utilize mutually agreeable surrogate methods for determining compensation that shall be utilized until the technical malfunctions are resolved.

3.0 Reciprocal Compensation for Termination of Local Traffic

3.1 Each Party will be compensated for the exchange of Local Traffic, as defined in §1.2 of this Attachment, in accordance with the provisions of §3.0.

3.2 The Parties agree to reciprocally exchange Local Traffic between their networks. Each Party shall bill its end-users for such traffic and will be entitled to retain all revenues from such traffic without payment of further compensation to the other Party.

3.3 Upon data submitted by one of the Parties, and agreed to by the other Party, supporting the level of traffic exchanged between the Parties is out of balance using a ratio of 60%/40% for three (3) consecutive months (one Party originates 60% or more of the traffic exchanged), the parties agree to a reciprocal compensation minute of use rate of $0.01.

3.4 Any interexchange telecommunications traffic utilizing the Public Switched Telephone Network, regardless of transport protocol method, where the originating and terminating points, end-to-end points, are in different LATAs, or in different local calling areas as defined by the originating Party and delivered to the terminating Party using switched access services shall be considered Switched Access Traffic. The traffic described herein shall not be considered local traffic. Irrespective of transport protocol method used, a call that originates in one LATA and terminates in another LATA (i.e. the end-to-end points of the call) shall not be compensated as local.

4.0 Reciprocal Compensation for Termination of IntraLATA Interexchange Traffic

4.1 Compensation for termination of intrastate intraLATA interexchange service traffic will be at the applicable terminating access rates for Message Telephone Service (MTS) and originating access rates for 800 Service, including the Carrier Common Line (CCL) charge, as set forth in the relevant Party's intrastate access service tariff or price list. Compensation for termination of interstate intraLATA traffic will be at the applicable terminating access rates for MTS and originating access rates for 800 Service including the CCL charge, as set forth in the relevant Party's interstate access service tariff.

4.2 In the event that SPRINT does not have a filed intraLATA Interexchange tariff for access service, SPRINT agrees to utilize rates that do not exceed ALLTEL's tariffed access rates.

5.0 Compensation for Origination and Termination of Switched Access Service Traffic to or from an IXC (Meet-Point Billing (MPB) Arrangements)

5.1 Compensation for termination of interstate interLATA traffic will be at access rates as set forth in the relevant Party's applicable interstate access tariffs.

5.2 In the event that SPRINT does not have a filed Intralata Interexchange tariff or price list for access service, SPRINT will utilize rates that do not exceed ALLTEL's tariffed access rates.

5.3 The Parties will each establish their respective MPB arrangements applicable to its provision of switched access services to Interexchange Carriers via its access tandem switch and such arrangements will be in accordance with the MPB guidelines adopted by and contained in the Ordering and Billing Forum's MECOD and MECAB documents. Except as modified herein, MPB arrangements will be determined during joint network planning.

5.4 Each Party will maintain provisions in its federal and state access tariffs, or provisions within the National Exchange Carrier Association (NECA) Tariff No. 4, or any successor tariff, sufficient to reflect the MPB arrangements, including MPB percentages, developed in accordance with this Agreement.

5.5 As detailed in the MECAB document, the Parties will exchange all information necessary to accurately, reliably and promptly bill third parties for Switched Access Services jointly handled by the Parties via the MPB arrangement. The Parties will exchange the information in Exchange Message Interface (EMI) format, on magnetic tape or via a mutually acceptable electronic file transfer protocol. The initial billing company (IBC) will provide the information to the subsequent billing company within ten (10) days of the IBC bill date. A Party that fails to deliver the billing data will be liable to the other for the amount of associated unbillable charges, if any.

5.6 If MPB data is not submitted to the other within ten (10) days of the IBC bill date or is not in the standard EMI format, and if as a result the other Party is delayed in billing the IXC for the appropriate charges it incurs, the delaying Party shall pay the other Party a late MPB data delivery charge which will be the total amount of the delayed charges times the highest interest rate (in decimal value) which may be levied by law for commercial transactions, compounded daily for the number of days from the date the MPB charges should have been received, to and including the date the MPB charge information is actually received. When the receiving Party has requested a delay in transmission of the records, a MPB data delivery charge will not be assessed.

5.7 ALLTEL and SPRINT will coordinate and exchange the billing account reference ("BAR") and billing account cross reference ("BACR") numbers for the MPB arrangements described in this Agreement. Each Party will notify the other if the level of billing or other BAR/BACR elements change and results in a new BAR/BACR number.

5.8 Billing to interexchange carriers for the switched access services jointly provided by the Parties via the MPB arrangement will be according to the multiple bill multiple tariff method. As described in the MECAB document, each Party will render a bill in accordance with its tariff for its portion of the service. Each Party will bill its own network access service rates to the IXC. The Party that provides the end office switching will be entitled to bill any residual interconnection charges ("RIC") and common carrier line ("CCL") charges associated with the traffic. In those MPB situations where one Party sub-tends the other Party's access tandem, only the Party providing the access tandem is entitled to bill the access tandem fee and any associated local transport charges. The Party that provides the end office switching is entitled to bill end office switching fees, local transport charges, RIC and CCL charges, as applicable.

5.9 MPB will also apply to all jointly provided traffic bearing the 900, 800 and 888 NPAs or any other non-geographical NPAs which may likewise be designated for such traffic where the responsible party is an IXC.

5.10 Each Party will provide the other a single point of contact to handle any MPB questions.

6.0 <u>Billing Arrangements for Compensation for Termination of IntraLATA, Local Traffic</u>

6.1 Measuring and billing procedures are specified in §§7.2-7.6 of this Attachment.

6.2 With respect to those Exchanges where SPRINT intends to provide Local Exchange Service, SPRINT will, at a minimum, obtain a separate NPA-NXX-X code for each Exchange or group of Exchanges that share a common Mandatory Local Calling Scope. At such time as both Parties have implemented billing and routing capabilities to determine traffic jurisdiction on a basis other than NXX-X codes separate NXX-X codes as specified in this paragraph will not be required. At such time as SPRINT requests ALLTEL to establish interconnection to enable SPRINT to provide Exchange Services, SPRINT will follow all industry standards.

6.3 Bills rendered by either Party to the other will be due and payable as specified in the General Terms and Conditions, §8.0.

7.0 Alternate Billed Traffic

7.1 All call types routed between the networks must be accounted for, and revenues settled among the Parties. Certain types of calls will require exchange of billing records between the Parties including intraLATA alternate billed calls (e.g. calling card, bill-to-third party, and collect records and LEC/CTU-provided Toll Free Service records). The Parties will utilize, where possible existing accounting and settlement systems to bill, exchange records and settle revenue.

7.1.1 The exchange of billing records for alternate billed calls (e.g., calling card, bill-to-third, and collect) will be through the existing CMDS processes, unless otherwise agreed to by the Parties in writing.

7.1.2 Inter-Company Settlements ("ICS") revenues will be settled through the Calling Card and Third Number Settlement System ("CATS"). Each Party will make its own arrangements with respect to participation in the CATS processes, through direct participation or a hosting arrangement with a direct participant.

7.1.3 Non-ICS revenue is defined as revenues associated with collect calls, calling card calls, and billed to third number calls which originate, terminate and are billed within the same Bellcore Client Company Territory. The Parties will negotiate and execute an agreement within 30 days of the execution of this Agreement for settlement of non-ICS revenue. This separate arrangement is necessary since existing CATS processes do not permit the use of CATS for non-ICS revenue. The Parties agree that the CMDS system can be used to transport the call records for this traffic.

7.1.4 Each Party will provide the appropriate call records to the other for toll free IntraLATA Interexchange Traffic, thus permitting the to bill its subscribers for the inbound Toll Free Service. Each Party may charge its tariffed rate for such record provision. No adjustments to data contained in tapes, disks or Network Data Mover will be made by a Party without the mutual agreement of the Parties.

8.0 Issuance of Bills

8.1 Each Party shall establish monthly billing dates and the bill date will be the same day each month. All bills will be delivered to the other Party no later than ten (10) calendar days from the bill date and at least twenty (20) calendar days prior to the payment due date (as described in this Attachment), whichever is earlier. If a Party fails to receive a billing within the time period specified in this Section, the corresponding payment due date will be extended by the number of days the bill is late in being delivered.

ATTACHMENT 13: NUMBERING

1.0 Numbering

1.1 Nothing in this Section will be construed to limit or otherwise adversely impact in any manner either Party's right to employ or to request and be assigned any NANP numbers including, but not limited to, central office (NXX) codes pursuant to the Central Office Code Assignment Guidelines, or to establish, by tariff or otherwise, Exchanges and Rating Points corresponding to such NXX codes. Each Party is responsible for administering the NXX codes assigned to it.

1.2 Each Party agrees to make available to the other, up-to-date listings of its own assigned NPA-NXX codes, along with associated Rating Points and Exchanges.

1.3 It will be the responsibility of each Party to program and update its own switches and network systems to recognize and route traffic to the other Party's assigned NXX codes at all times. Neither Party will impose fees or charges on the other Party for such required programming and updating activities.

1.4 It will be the responsibility of each Party to input required data into the Routing Data Base Systems (RDBS) and into the Bellcore Rating Administrative Data Systems (BRADS) or other appropriate system(s) necessary to update the Local Exchange Routing Guide (LERG).

1.5 Neither Party is responsible for notifying the other Parties' end users of any changes in dialing arrangements, including those due to NPA exhaust, unless otherwise ordered by the Commission, the FCC, or a court.

2.0 NXX Migration

2.1 Where a Party (first Party) has activated, dedicated or reserved an entire NXX for a single end user, if such end user chooses to receive service from the other Party (second Party), the first Party shall cooperate with the second Party to have the entire NXX reassigned in the LERG (and associated industry databases, routing tables, etc.) to an end office operated by the second Party. Such transfer will require development of a transition process to minimize impact on the network and on the end user(s) service and will be subject to appropriate industry lead-times for movements of NXXs from one switch to another.

ATTACHMENT 14: NUMBER PORTABILITY

1.0 Service Provider Number Portability (SPNP)

1.1 The FCC First Report and Order in CC Docket 95-116 requires " . . .all LECs to implement a long term service provider portability solution that meets our performance criteria in the 100 large Metropolitan Statistical Areas (MSA) no later than October 1, 1997, and to complete deployment in those MSAs by December 31, 1998." While the FCC declined " .to choose a particular technology for providing number portability", they did establish performance criteria for permanent number portability and aligned expectations with the statutory definition of the Telecommunication Act of 1996 ordering Service Provider Number Portability (SPNP). In a follow-up First Memorandum Opinion and Order on Reconsideration, the commission determined that the technology that meets the performance criteria is Location Routing Number (LRN). LRN is being used by the telecommunications industry to provide SPNP.

2.0 Terms, Conditions Under Which ALLTEL Will Provide SPNP

2.1 ALLTEL will not offer SPNP services for NXX codes 555, 976, 950.

2.2 Prior to commencement of any service porting or LRN query service, the Parties must have an approved interconnection agreement along with a conforming, functional network interconnection, pursuant to Attachment 4 *Network Interconnection Architecture,* between and among involved switches and exchanges.

2.3 ALLTEL will only provide SPNP services and facilities where technically feasible, subject to the availability of facilities, and only from properly equipped central offices. SPNP applies only when a customer with an active account wishes to change local Carriers while retaining the telephone number or numbers associated with the account.

2.4 An SPNP telephone number may be assigned by SPRINT only to SPRINT's customers located within ALLTEL's rate center, which is associated with the NXX of the ported number.

2.5 ALLTEL will deploy SPNP at a location within six (6) months after receipt of a Bona Fide Request from SPRINT as provided in §6.0, subject to the execution of an Interconnection Agreement by the Parties and completion of the network preparation specified herein.

2.6 SPRINT shall be charged a Service Order charge, pursuant to the Local Exchange Tariff, for each LSR submitted under this Attachment.

3.0 Obligations

3.1 Each Party must offer proof of its certification with applicable regional Number Portability Administration Center (NPAC).

3.2 Each Party must advise the NPAC of telephone numbers that it imports and the associated data identified in industry forums as is required for SPNP.

3.3 After the initial deployment of SPNP in an MSA, if SPRINT wants an ALLTEL switch to become LRN capable, SPRINT must submit a Bona Fide request as provided in §6.0. ALLTEL will make requested switch LRN capable within the time frame required by the FCC.

3.4 SPRINT will conform to NANC guidelines and LERG administration rules in requesting ALLTEL to open an NPA-NXX for portability in an LRN capable switch.

3.5 SPRINT is responsible to coordinate with the local E911 and Public Services Answering Point (PSAP) coordinators to insure a seamless transfer of end user emergency services.

3.6 SPRINT is required to conform to industry standard Local Service Request (LSR) format and guidelines in ordering and administration of individual service/number ports.

3.7 A service order processing charge (Service Order Charge) will be applied to each service order issued by ALLTEL to process a request for installation, disconnection, rearrangement, changes to or record orders persuant to this section.

4.0 Obligations of Both Parties

4.1 When a ported telephone number becomes vacant, e.g., the telephone number is no longer in service by the original end user; the ported telephone number will be released back to the Local Service Provider owning the switch in which the telephone number's NXX is native.

4.2 Either Party may block default routed calls from entering the public switched network when necessary to prevent network overload, congestion, or failure.

4.3 The Parties will conform to industry guidelines referenced herein in preparing their networks for SPNP and in porting numbers from one network to another.

4.4 The Parties will perform all standard SPNP certification and intra-company testing prior to scheduling intercompany testing between the Parties' interconnected networks.

4.5 Each Party will designate a single point of contact (SPOC) to schedule and perform required test. These tests will be performed during a mutually agreed time frame and must conform to industry portability testing and implementation criteria in force in the NPAC region.

5.0 Limitations of Service

5.1 Telephone numbers will be ported only within State Commission approved ALLTEL rate centers.

5.2 ALLTEL and SPRINT porting rate center areas must comprise identical geographic locations and have common boundaries.

5.3. Telephone numbers associated with ALLTEL Official Communications Services (OCS) NXXs will not be ported.

5.4 Telephone numbers in NXXs dedicated to choke networks will not be ported.

6.0 Service Provider Number Portability (SPNP) Bona Fide Request (BFR) Process

6.1 The Service Provider Number Portability (SPNP) Bona Fide Request (BFR) Process is the process for SPRINT to request that SPNP be deployed in ALLTEL exchanges that are not then capable of LRN query service.

6.2 SPRINT may request that SPNP be deployed by ALLTEL in is switches located in the MSAs. ALLTEL will enable SPNP in the requested switches within six (6) months of receipt of BFR, based on the beginning dates for each MSA and subject to the execution of an Interconnection Agreement by the Parties.

6.3 A BFR with respect to opening an ALLTEL switch for SPNP must be made in the form of a letter from SPRINT to:

ALLTEL
Attn: Interconnection Services
1 Allied Drive
Little Rock, AR 72202

6.4 The BFR must specify the following:

6.4.1 The MSA in which requested switch(es) are located.

6.4.2 ALLTEL switch(es), by CLLI codes, which are being requested to become SPNP capable.

6.4.3 Specific, resident NXX codes requested to open in each ALLTEL switch on the BFR.

6.4.4 The date when SPNP capability is requested for each ALLTEL switch on the BFR; however, the requested date must fall within the governing FCC schedules and interval guidelines..

6.4.5 CLLI and NXXs of SPRINT switches serving the exchanges associated with the relevant ALLTEL switches.

ATTACHMENT 15: INTENTIONALLY LEFT BLANK

ATTACHMENT 16: INTENTIONALLY LEFT BLANK

ATTACHMENT 17: INTENTIONALLY LEFT BLANK

ATTACHMENT 18: PERFORMANCE MEASURES

1.0 General

1.1 ALLTEL will use its best efforts to satisfy all service standards, intervals, measurements, specifications, performance requirements, technical requirements, and performance standards that are specified in this Agreement or are required by law or regulation. In addition, ALLTEL's performance under this Agreement shall be provided to SPRINT at parity with the performance ALLTEL provides itself for like service(s).

2.0 Interconnection

2.1 Trunk Provisioning Intervals

2.1.1 Access Service Request (ASR)

Positive acknowledgment of receipt of a non-valid ASR will be made within two business days, provided the ASR is received before 3PM Eastern Standard Time (1PM Mountain Standard Time.) The start time for determining the FOC interval will commence with receipt of a valid ASR. A non-valid ASR will not start the FOC interval.

2.1.2 Firm Order Confirmation (FOC)

An FOC confirming the due date will be sent within 2 business days (16 business hours) after receipt of a valid ASR subject to facility availability. Subject to availability of facilities service will be implemented (trunks in service) within 20 business days of receipt of a valid ASR.

2.1.3 Performance Expectation

Provided the conditions are met under 2.1.1 and 2.1.2 proceeding, ALLTEL's performance expectation is to provide 100% due dates met within reporting month. If service levels fall below 95% of the performance expectation within a reporting month, root cause analysis and joint problem resolution will be implemented within thirty (30) days.

2.2 Trunking Grade of Service

2.2.1 Exchange Access (IXC Toll Traffic)

For exchange access traffic routed via an access tandem blocking on each leg will be held to .005 (1/2% blockage).

2.2.2 All Other

All other final routed traffic will be held to .01 (1% blockage).

2.2.3 Performance Expectation

Provided the conditions are met under 2.2.1 and 2.2.2 preceding, ALLTEL's performance expectation is to provide traffic flow 100% of the time. If service levels fall

below the performance expectation within a reporting month, root cause analysis and joint problem resolution will be implemented within thirty (30) days.

2.3 Trunk Service Restoration

2.3.1 **Service Affecting**

Service affecting trunk service trouble will be responded to within one hour (1) of trouble notification. Service affecting trouble is defined as a condition or event affecting 20% or more of the total trunk group and overflows are experienced.

2.3.2 **Non Service Affecting**

Non service affecting trouble will be responded to within one hour (1) of trouble notification, and best efforts will be made to restore service within twenty-four (24) hours.

2.3.3 **Performance Expectation**

Zero loss of service due to downtime. If service levels fall below the Performance Expectation within a reporting month, root cause analysis and joint problem resolution will be implemented within thirty (30) days. Specific time-frames will be listed relative to performance.

3.0 Maintenance Intervals

3.1. **Service Affecting**

Service affecting maintenance trouble will be responded to within one hour (1) of trouble notification.

3.2 **Non Service Affecting**

Non service affecting trouble will be responded to within one hour (1) of trouble notification, and best efforts will be made to restore service within twenty-four (24) hours.

3.3 **Performance Expectation**

Zero loss of service due to downtime. If service levels fall below the Performance Expectation within a reporting month, root cause analysis and joint problem resolution will be implemented within thirty (30) days. Specific time-frames will be listed relative to performance.

4.0 Local Service Provisioning Intervals

4.1 Local Service Request (LSR)

Positive acknowledgement of receipt of a non-valid LSR will be made within two business days, provided the LSR is received before 3PM Eastern Standard Time (1PM Mountain Standard Time). The start time for determining the Local Service Request Confirmation (LSCN) interval will commence with receipt of a valid LSR. A non-valid LSR will not start the LSCN interval.

4.2 Local Service Request Confirmation (LSCN)

An LSCN confirming the due date will be sent within 2 business days (16 business hours) after receipt of a valid LSR subject to facility availability.

4.3 Performance Expectation

Provided the conditions are met under 4.1.1 and 4.1.2 proceeding, ALLTEL's performance expectation is to provide 100% due dates within the reporting month. If service levels fall below 95% of the performance expectation within a reporting month, root cause analysis and joint problem resolution will be implemented within thirty (30) days.

ATTACHMENT 19: BONA FIDE REQUEST (BFR) PROCESS

1.1 A Bona Fide Request (BFR) must be used when SPRINT requests a change to any Services and/or Elements provided hereunder, including features, capabilities, or functionality.

1.2 A BFR shall be submitted in writing by SPRINT and shall specifically identify the required service date, technical requirements, space requirements and/or such specifications that clearly define the request such that ALLTEL has sufficient information to analyze and prepare a response. Such a request also shall include SPRINT's designation of the request as being (i) pursuant to the Telecommunications Act of 1996 or (ii) pursuant to the needs of the business.

1.3 Although not expected to do so, SPRINT may cancel, without penalty, a BFR in writing at any time. ALLTEL will then cease analysis of the request.

1.4 Within two (2) business days of its receipt, ALLTEL shall acknowledge in writing, the receipt of the BFR and identify a single point of contact and any additional information needed to process the request.

1.5 Except under extraordinary circumstances, within twenty (20) days of its receipt of a BFR, ALLTEL shall provide to SPRINT a preliminary analysis of the BFR. The preliminary analysis will include ALLTEL's proposed price (plus or minus 25 percent) and state whether ALLTEL can meet SPRINT's requirements, the requested availability date, or, if ALLTEL cannot meet such date, provide an alternative proposed date together with a detailed explanation as to why ALLTEL is not able to meet SPRINT's requested availability date. ALLTEL also shall indicate in this analysis its agreement or disagreement with SPRINT's designation of the request as being pursuant to the Act or pursuant to the needs of the business. If ALLTEL does not agree with SPRINT's designation, it may utilize the Dispute Resolution Process described in the General Terms and Conditions §9.0. In no event, however, shall any such dispute delay ALLTEL's process of the request. If ALLTEL determines that it is not able to provide SPRINT with a preliminary analysis within twenty (20) days of ALLTEL's receipt of a Bona Fide Need request, ALLTEL will inform SPRINT as soon as practicable. The Parties will then determine a mutually agreeable date for receipt of the preliminary analysis.

1.6 As soon as possible, but in no event more than forty-five (45) days after receipt of the request, ALLTEL shall provide SPRINT with a BFR quote which will include, at a minimum, the firm availability date, the applicable rates and the installation intervals, and a price quote.

1.7 Unless SPRINT agrees otherwise, all proposed prices shall be the pricing principles of this Agreement, in accordance with the Act, and any applicable FCC and Commission rules and regulations. Payments for services purchased under a BFR will be made as specified in this Agreement, unless otherwise agreed to by SPRINT.

1.8 Within thirty (30) days after receiving the firm BFR quote from ALLTEL, SPRINT will notify ALLTEL in writing of its acceptance or rejection of ALLTEL's proposal. If at any time an agreement cannot be reached as to the terms and conditions or price of the request, or if ALLTEL responds that it cannot or will not offer the requested item in the BFR and SPRINT deems the item essential to its business operations, and deems ALLTEL's position to be inconsistent with the Act, FCC, or Commission regulations and/or the requirements of this Agreement, the Dispute Resolution Process set for in the General Terms and Conditions, §9.0 of the Agreement may be used by either Party to reach a resolution.

ATTACHMENT 20: DEFINITIONS

Definitions of the terms used in this Agreement are listed below. The Parties agree that certain terms may be defined elsewhere in this Agreement, as well as terms not defined shall be construed in accordance with their customary meaning in the telecommunications industry as of the Effective Date of this Agreement.

"Access Service Request" or **"ASR"** means the industry standard forms and supporting documentation used for ordering Access Services. The ASR may be used to order trunking and facilities between ALLTEL and SPRINT for local interconnection.

"Act" means the Communications Act of 1934 (47 U.S.C. §151 et seq.), as amended by the Telecommunications Act of 1996, as may be subsequently amended or, as from time to time interpreted in the duly authorized rules and regulations of the FCC or the Commission having authority to interpret the Act within its state of jurisdiction.

"ALLTEL" has the meaning set forth in the preamble.

"Ancillary Services" are services which support, but, are not required for interconnection of telecommunications networks between two or more parties, e.g., 911 (if applicable) and Directory Services.

"Automatic Location Identification" or **"ALI"** is a feature developed for E911 systems that provides for a visual display of the caller's telephone number, address, and the means of the emergency response agencies that are responsible for that address. The Competitive Local Exchange Company will provide ALI record information in the National Number Association (NENA) version #2 format.

"Automatic Location Identification/Data Management System" or **"ALI/DMS"** means the emergency service (E911/911) database containing subscriber location information (including name, address, telephone number, and sometimes special information from the local service provider) used to determine to which Public Safety Answering Point (PSAP) to route the call.

"Calling Party Number" or "CPN" is a feature of Signaling System 7 ("SS7") protocol whereby the 10-digit number of the calling party is forwarded from the end office.

"CLASS (Custom Local Area Signaling Service) and Custom Features" means a grouping of optional enhancements to basic local exchange service that offers special call handling features to residential and single-line business customers (e.g., call waiting, call forwarding and automatic redial).

"Commission" or "PUC" or "PSC" means the state administrative agency to which the United States Congress or state legislature has delegated authority to regulate the operations of Local Exchange Carriers ("LECs") as defined in the Act.

"Common Channel Signaling" or "CCS" means a special network, fully separate from the transmission path of the public switched network that digitally transmits call setup and network control data.

"Confidential Information" has the meaning set forth in §6.0 of the General Terms and Conditions.

"Contract Year" means a twelve (12) month period during the term of the contract commencing on the Effective Date and each anniversary thereof.

"Customer" means, whether or not capitalized, any business, residential or governmental customer of services covered by the Agreement, and includes the term "End User". More specific meanings of either of such terms are dependent upon the context in which they appear in the Agreement and the provisions of the Act.

"Customer Proprietary Network Information" or **"CPNI"** means information that relates to the quantity, technical configuration, type, destination, and amount of a Telecommunications Service subscribed to by any customer of a Telecommunications Carrier, and that is made available to the carrier by the customer solely by virtue

of the carrier customer relationship; and information contained in the bills pertaining to telephone exchange service or telephone toll service received by a customer of a carrier.

"Discloser" means that Party to this Agreement which has disclosed Confidential Information to the other Party.

"E911 Service" is a method of routing 911 calls to a PSAP that uses customer location data in the ALI/DMS to determine the PSAP to which a call should be routed.

"Effective Date" is the date indicated in the Preface on which the Agreement shall become effective.

"End Office" means a local ALLTEL switching point where ALLTEL end user customer station loops are terminated for purposes of interconnection to each other and to the network.

"End User" means, whether or not capitalized, any business, residential or governmental customer of services covered by the Agreement and includes the term "Customer". More specific meanings of either of such terms are dependent upon the context in which they appear in the Agreement and the provisions of the Act.

"Enhanced White Pages Listings" means optional features available for residential White Pages Directory Listings (e.g., bold, italics, lines of distinction).

"Exchange" is the geographic territory delineated as an exchange area for ALLTEL by official commission boundary maps.

"Exchange Access" is defined in the Act.

"Exchange Services" are two-way switched voice-grade telecommunications services with access to the public switched network with originate and terminate within an exchange.

"FCC" means the Federal Communications Commission.

"ICB" means individual case basis.

"Incumbent Local Exchange Carrier" or "ILEC" has the meaning given the term in the Act.

"Interconnection" has the meaning given the term in the Act and refers to the connection of separate pieces of equipment, facilities, or platforms between or within networks for the purpose of transmission and routing of Telephone Exchange Service traffic and Exchange Access traffic.

"Interconnection Agreement" means the agreement between the Parties entitled "Interconnection Agreement Under §§251 and 252 of the Telecommunications Act of 1996," dated July 16, 1996.

"Interexchange Carrier" or "IXC" means a telecommunications provider that provides long distance communications services between LATAs and authorized by the Commission to provide long distance communications services.

"InterLATA" has the meaning given the term in the Act.

"IntraLATA Toll Traffic" means all IntraLATA calls provided by a LEC other than traffic completed in the LECs local exchange boundary.

"Interconnection Point" or **"IP"** is the point of demarcation at a technically feasible point within ALLTEL's interconnected network within the LATA, as specified in *Attachment 4* Section 2.1.1, where the networks of ALLTEL and SPRINT interconnect for the exchange of traffic.
"ISP Bound Traffic" means traffic that is originated on the network of either of the Parties and is transmitted to, or returned from , the Internet at any point during the duration of the transmission.

"Local Access and Transport Area" or "LATA" has the meaning given to the term in the Act.

"Local Exchange Carrier" or "LEC" means the incumbent carrier that provides facility-based Exchange Services, which has universal-service and carrier-of-last-resort obligations.

"Local Service Provider" or "SPRINT" means a non-incumbent carrier licensed by the Commission with the appropriate certification (e.g., a Certificate of Authorization or Service Provider Certificate of Authorization) and authority necessary to provide Exchange Services.

"Local Service Request" or "LSR" means an industry standard form used by the Parties to add, establish, change or disconnect trunks, circuits and/or facilities associated with unbundled Network Elements.

"911 Service" means a universal telephone number, which gives the public direct access to the PSAP. Basic 911 service collects 911 calls from one or more local exchange switches that serve a geographic area. The calls are then sent to the correct authority designated to receive such calls.

"Operating Company Number" or "OCN" means nationally recognized company codes set forth in Bellcore's LERG that will be used as the official identification code for each company that provides local exchange telephone service.

"Parties," means ALLTEL and SPRINT collectively.

"Party" means either ALLTEL or SPRINT as applicable.

"P.01 Transmission Grade of Service" means a trunk facility provisioning standard with the statistical probability of no more than one call in 100 blocked on initial attempt during the average busy hour.

"Percent Interstate Local Usage" or **"PLU"** is a calculation which represents the ratio of the local minutes to the sum of local intraLATA toll minutes between exchange carriers sent over Local Interconnection Trunks. Directory assistance, BLV/BLVI, 900, 976, transiting calls from other exchange carriers and switched access calls are not included in the calculation of the PLU.

"Public Safety Answering Point" or **"PSAP"** is the public safety communications center where 911 calls placed by the public for a specific geographic area will be answered.

"Recipient" means the Party to this Agreement, which has received Confidential Information from the other Party.

"Signaling System 7" or "SS7" means a signaling protocol used by the CCS network.

"Telephone Exchange Service" means wireline exchange connections amongst LEC end users.

"Telecommunications" has the meanings given in the Act.

"Termination" means the switching of Local Traffic at the terminating carrier's end office switch, or equivalent facility, and delivery of such traffic to the called Party.

"Territory" means the incumbent local exchange areas within the states identified in Appendix A

"Undefined Terms" The Parties acknowledge that terms may appear in the Agreement that are not defined and agree that any such terms shall be construed in accordance with their end-user usage in the telecommunications industry as of the Effective Date of this Agreement.

"Work Locations" means any real estate that ALLTEL owns, leases or licenses or in which it holds easements or other rights to use, or does use, in connection with this Agreement.

ATTACHMENT 21: ACRONYMS

ALLTEL	ALLTEL
AMA	Automated Message Accounting
ASR	Access Service Request
BAN	Billing Account Number
BFR	Bona Fide Request
BRADS	Bellcore Rating Administrative Data Systems
CAP	Competitive Access Provider
CATS	Calling Card and Third Number Settlement System
CCL	Carrier Common Line
CCS	Common Channel Signaling
CLASS	Custom Local Area Signaling Service
CMDS	Centralized Message Distribution System
CPN	Calling Party Number
CPNI	Customer Propriety Network Information
EAS	Extended Area Service
ELCS	Extended Local Calling Service
EMI	Exchange Message Interface
EUCL	End User Common Line
FCC	Federal Communications Commission
FOC	Firm Order Commitment
ILEC	Incumbent Local Exchange Carrier
IP	Interconnection Point
ISDN	Integrated Digital Services Network
ISDNUP	Integrated Digital Services Network User Part
IXC	Interexchange Carrier
LATA	Local Access and Transport Area
LEC	Local Exchange Carrier
LERG	Local Exchange Routing Guide
LOA	Letter of Authority
LRN	Local Routing Number
LSCN	Local Service Request Confirmation
SPRINT	Local Service Provider
LSR	Local Service Request
MSA	Metropolitan Statistical Area
MTP	Message Transfer Part
MTS	Message Telephone Service
NEBS	Network Equipment Building System
NECA	National Exchange Carrier Association
NIIF	Network Interoperability Interface Forum
NPA	Numbering Plan Area
NPAC	Number Portability Administration Center
OCN	Operating Company Number
OLI	Originating Line Information
PIC	Primary Interexchange Carrier
PLU	Percent Local Usage
PON	Purchase Order Number
PSC	Public Service Commission
PUC	Public Utilities Commission
RDBS	Routing Data Base Systems
SLC	Subscriber Line Charge

SONET	Synchronous Optical Network
SPNP	Service Number Portability
SS7	Signaling System 7
STP	Signaling Transfer Point
TCAP	Transaction Capabilities Application Part

APPENDIX A – Billing Dispute Form

Billing Company Contact Information Section:

1. Billing Company Name:	2. Billing Contact Name:
3. Billing Contact Address:	4. Billing Contact Phone:
	5. Billing Contact Fax #:
	6. Billing Contact Email:

Disputing Company Contact Information Section:

7. Disputing Company Name:	8. Disputing Contact Name:
9. Disputing Contact Address:	10. Disputing Contact Phone:
	11. Disputing Contact Fax #:
	12. Disputing Contact Email:

General Dispute Section:

13. Date of Claim: (yyyy-mm-dd):	14. Status:	15. Claim/Audit Number:

16. Service Type:

17. ACNA:	18. OCN:	19. CIC:	20. BAN:	21. Invoice Number(s):

22. Bill Date: 23. Billed Amount: $________	24. Dispute Reason Code:	25. Dispute Desc:

26. Disputed Amount: $ 27. Disputed Amount Withheld: $ 28. Disputed Amount Paid: $	29. Dispute Bill Date From: Dispute Bill Date Thru:

Dispute Information Section:

30. Rate Element/USOC:	31. Rate: Billed Correct

Factor Information: 32. PIU: Billed Correct 33. PLU: Billed Correct 34. BIP: Billed Correct 35. Other Factors: Billed Correct	36: Jurisdiction ☐Non Jurisdictional ☐Inter/Interstate ☐Intra/Interstate ☐Intra/Intrastate ☐Inter/Intrastate ☐ Local	37. Mileage: Billed Correct 38. Contract Name/#: 39. Business/Residence Indicator: 40: State: 41: LATA:

Facilities/Dedicated Circuit Dispute Information Section:

42. PON: 43 SON: 44. EC Circuit ID: 45 Circuit Location: 46. IC Circuit ID: 47. CFA :	48. TN/All: 49. Point Code: 50. USOC Quantity: 51. Two-Six Code:
52. Facilities From Date: Thru Date:	

Usage Dispute Information Section:		
53. End Office CLLI:	54. TN/All:	
55. Usage Billed Units/Quantity:	56. Usage Billed Units/Quantity Disputed:	
57. Directionality: ☐ N/A ☐ Orig. ☐ Term. ☐ Combination	58. Query:	59. Query Type:
60. OC&C SON:	61 OC&C PON:	
62. Usage From Date: Thru Date:		
Information Section:		
63. Tax Dispute Amount:	64. Tax exemption form attached : ☐	
65. Invoice(s) LPC billed: 66. LPC paid, date of payment:		
OTHER		
67. Other remarks		
Resolution Information Section:		
68. Resolution Date:		
69. Resolution Amount: $	70. Resolution Reason:	
71. Adjustment Bill Date:	72. Adjustment Invoice Number:	
73. Adjustment Phrase Code(s):	74. Adjustment BAN/	75. Adjustment SON:
76. Disputed Amount: $	77. Amount Credited: $	
78. Bill Section Adjustment will appear on: OC&C_____ Adjustment_____		
79. Resolution remarks:		

COMPARISON OF THE CENTURYTEL DISPUTE RESOLUTION LANGUAGE AND THAT PREVIOUSLY AGREED TO BY SPRINT IN THE WINDSTREAM ICA

[Comparison Attached]

The following are Sections 9.4.1 and 9.4.2 from the ICA between Sprint and Windstream for Arkansas, which is attached as Exhibit CenturyTel/2. Changes to the following language reflected in CenturyTel's proposed Section 20.3.1 and 20.3.2 are shown in redline.

20.3~~9.4~~.1 The Parties agree that all unresolved disputes arising under this Agreement, including without limitation, whether the dispute in question is subject to arbitration, shall~~may~~ be submitted to Commission~~PUC~~ for resolution in accordance with its dispute resolution process and the outcome of such process will be binding on the Parties, subject to any right to appeal a decision reached by the Commission~~PUC~~ under applicable law.

20.3~~9.4~~.2 If the Commission~~PUC~~ does not have or declines to accept jurisdiction over any dispute arising under this Agreement, the dispute shall~~may~~ be submitted to binding arbitration by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. A Party may demand such arbitration in accordance with the procedures set out in those rules. Discovery shall be controlled by the arbitrator and shall be permitted to the extent set out in this section or upon approval or order of the arbitrator. Each Party may submit in writing to a Party, and that Party shall so respond, to a maximum of any combination of thirty-five (35) (none of which may have subparts) of the following: interrogatories; demands to produce documents; requests for admission. Additional discovery may be permitted upon mutual agreement of the Parties. The arbitration hearing shall be commenced within ninety (90) days of the demand for arbitration. The arbitration shall be held in Oregon~~Arkansas~~, unless otherwise agreed to by the Parties or required by the FCC. The arbitrator shall control the scheduling so as to process the matter expeditiously. The Parties shall submit written briefs five days before the hearing. The arbitrator shall rule on the dispute by issuing a written opinion within thirty (30) days after the close of hearings. The arbitrator has no authority to order punitive or consequential damages. The times specified in this section may be extended upon mutual agreement of the Parties or by the arbitrator upon a showing of good cause. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

SELECTED PROVISIONS FROM SPRINT TARIFFS AND STANDARD COMMERCIAL TERMS AND CONDITIONS

(Note- the Oregon tariff is the same as the pages attached shown as approved by the Michigan Public Service Commission)

[Copies Attached]

2. General Regulations (Continued)

2.2 Limitation of Company's Liability (Continued)

2.2.1 General (Continued)

J. Failure by the Company to assert its rights pursuant to one provision of this Tariff does not preclude the Company from asserting its rights under other provisions of this Tariff.

K. No license under patents (other than the limited license to use) is granted by the Company or shall be implied or arise by estoppel, with respect to any service offered under this tariff.

L. The Customer shall defend, indemnify and save harmless the Company from and against any suits, claims, losses or damages, including punitive damages, attorney fees and court costs by third persons arising out of the construction, installation, operation, maintenance, or removal of the Customer's circuits, facilities, or equipment connected to the Company's services provided under this tariff, including, without limitation, Workmen's Compensation claims, actions for unauthorized use of program material, libel and slander actions based on the content of communications transmitted over the Customer's circuits, facilities or equipment, and proceedings to recover taxes, fines, or penalties for failure of the Customer to obtain or maintain in effect any necessary certificates, permits, licenses, or other authority to acquire or operate the services provided under this tariff; provided, however, the foregoing indemnification shall not apply to suits, claims, and demands to recover damages for damage to property, death, or personal injury unless such suits, claims or demands are based on the tortious conduct of the customer, its officers, agents or employees.

M. The Customer shall defend, indemnify and save harmless the Company from and against any suits, claims, losses or damages, including punitive damages, attorney fees and court costs by the Customer or third parties arising out of any act or omission of the Customer in the course of using services provided under this tariff.

ACCESS SERVICE

2. General Regulations (Cont'd)

2.1 Undertaking of the Company (Cont'd)

2.1.3 Liability

(A) The Company's liability, if any, for its willful misconduct is not limited by this tariff. With respect to any other claim or suit, by a customer or by any others, for damages associated with the installation, provision, preemption, termination, maintenance, repair or restoration of service, and subject to the provisions of (B) through (I) following, the Company's liability, if any, shall not exceed an amount equal to the proportionate charge for the service for the period during which the service was affected.

(B) The Company shall not be liable for any act or omission of any other carrier or customer providing a portion of a service, nor shall the Company for its own act or omission hold liable any other carrier or customer providing a portion of a service.

(C) The Company is not liable for damages to the customer premises resulting from the furnishing of a service, including the installation and removal of equipment and associated wiring, unless the damage is caused by the Company's negligence.

(D) The Company shall be indemnified, defended and held harmless by the customer or customer's end user against any claim, loss or damage arising from the use of services offered under this tariff. This obligation to indemnify, defend and hold harmless shall attach to the customer or the End User separately, and each shall be responsible for its own acts and omissions, including:

(1) Claims for libel, slander, invasion of privacy, or infringement of copyright arising from the customer's own communication or customer's end user's own communications;

(2) Claims for patent infringement arising from combining or using the service furnished by the Company in connection with facilities or equipment furnished by the customer or customer's end user or;

(3) All other claims arising out of any act or omission of the customer or customer's end user in the course of using services provided pursuant to this tariff.

Notwithstanding the other provisions of this Section, the Company shall be indemnified, defended and held harmless by the Customer from any and all claims by any person relating to the Customer's use of services provided under this tariff.

2. General Regulations (Cont'd)

2.1 Undertaking of the Company (Cont'd)

2.1.3 Liability

(A) The Company's liability, if any, for its willful misconduct is not limited by this tariff. With respect to any other claim or suit, by a customer or by any others, for damages associated with the installation, provision, preemption, termination, maintenance, repair or restoration of service, and subject to the provisions of (B) through (I) following, the Company's liability, if any, shall not exceed an amount equal to the proportionate charge for the service for the period during which the service was affected.

(B) The Company shall not be liable for any act or omission of any other carrier or customer providing a portion of a service, nor shall the Company for its own act or omission hold liable any other carrier or customer providing a portion of a service.

(C) The Company is not liable for damages to the customer premises resulting from the furnishing of a service, including the installation and removal of equipment and associated wiring, unless the damage is caused by the Company's negligence.

(D) The Company shall be indemnified, defended and held harmless by the customer or customer's end user against any claim, loss or damage arising from the use of services offered under this tariff. This obligation to indemnify, defend and hold harmless shall attach to the customer or the End User separately, and each shall be responsible for its own acts and omissions, including:

(1) Claims for libel, slander, invasion of privacy, or infringement of copyright arising from the customer's own communication or customer's end user's own communications;

(2) Claims for patent infringement arising from combining or using the service furnished by the Company in connection with facilities or equipment furnished by the customer or customer's end user or;

(3) All other claims arising out of any act or omission of the customer or customer's end user in the course of using services provided pursuant to this tariff.

Notwithstanding the other provisions of this Section, the Company shall be indemnified, defendant and held harmless by the Customer from any and all claims by any person relating to the Customer's use of services provided under this tariff.

3. TERMS AND CONDITIONS (Continued)

.15 Obligations of the Subscriber

.1 PRIVATE LINE Service and VPN Premiere

.1 The Company shall be indemnified and saved harmless by the subscriber against claims of libel, slander, or the infringement of copyright, or for the unauthorized use of any trademark, trade name, or service mark, arising from the material transmitted over the channels, against claims for infringement of patents arising from combining with, or using in connection with, channels furnished by the Company or apparatus and systems of the subscriber; and against all other claims arising out of any act or omission of the subscriber in connection with the channels provided by the Company.

.2 The facilities provided hereunder by the Company may be terminated in subscriber-provided terminal equipment or subscriber-provided communications systems. When such terminations are made, the subscriber shall comply with the minimum protective criteria which shall be no less stringent than the criteria generally accepted in the telephone industry or other appropriate criteria as may be prescribed by the Company.

.3 The subscriber will be responsible for insuring that subscriber-provided signals will not result in interference with any of the services provided by the Company or interfere with others using services provided by the Company. Physical arrangements for protection of the Company's facilities serving the subscriber shall be employed if needed. The subscriber will be required to use only those devices found to be necessary to insure proper operation of the local distribution facility (LDF) and the intercity facility. The intent of this provision is to insure proper signal insertion so as to protect the entire network. All signals must be of the proper technical parameters so as not to damage the Company's equipment or degrade service to other subscribers. It shall also be the responsibility of the subscriber to provide adequate electrical power, wiring, and electrical outlets necessary for the proper operation of the Company's equipment on his premises.

LIMITED TO, LOST PROFITS, LOST REVENUES, AND LOSS OF BUSINESS OPPORTUNITY, WHETHER OR NOT THE OTHER PARTY WAS AWARE OR SHOULD HAVE BEEN AWARE OF THE POSSIBILITY OF THESE DAMAGES.

11.3 Unauthorized Access/Hacking. Sprint is not responsible for unauthorized third party access to, or alteration, theft or destruction of, Customer's data, programs or other information through accident, wrongful means or any other cause while such information is stored on or transmitted across Sprint network transmission facilities or Customer premise equipment.

11.4 Content. Sprint is not responsible or liable for the content of any information transmitted, accessed or received by Customer through Sprint's provision of the Products and Services, excluding content originating from Sprint.

12. INDEMNIFICATION

12.1 Mutual Indemnification for Personal Injury, Death or Damage to Personal Property. Each party will indemnify and defend the other party, its directors, officers, employees, agents and their successors against all third party claims for damages, losses, liabilities or expenses, including reasonable attorneys' fees, arising directly from the performance of the Agreement and relating to personal injury, death, or damage to tangible personal property that is alleged to have resulted, in whole or in part, from the negligence or willful misconduct of the indemnifying party or its subcontractors, directors, officers, employees or authorized agents.

12.2 Customer Indemnification. Customer will indemnify and defend Sprint, Sprint's directors, officers, employees, agents and their successors, against all third party claims for damages, losses, liabilities or expenses, including reasonable attorneys' fees, arising out of:

A. Customer's failure to obtain permits, licenses, or consents that Customer is required to obtain to enable Sprint to provide the Products or Services (e.g., landlord permissions or local construction licenses). This provision does not include permits, licenses, or consents related to Sprint's general qualification to conduct business;

B. Customer's transmission of, or transmissions by those authorized by Customer to use the Services of, information, data or messages over the Sprint network, including, but not limited to, claims: (A) for libel, slander, invasion of privacy, infringement of copyright, and invasion or alteration of private records or data; (B) for infringement of patents arising from the use of equipment, hardware or software not provided by Sprint; or (C) based on transmission and uploading of information that contains viruses, worms, or other destructive media or other unlawful content;

C. Customer's breach of the licensing requirements in the Software License section;

D. Customer's failure to comply with any provision of the Use of Products and Services section; or

E. Sprint's failure to pay any tax based on Customer's claim of a legitimate exemption under applicable law.

12.3 Sprint Indemnification. Sprint will indemnify and defend Customer, Customer's directors, officers, employees, agents and their successors against third party claims enforceable in the United States alleging that Services as provided infringe any third party United States patent or copyright or contain misappropriated third party trade secrets. Sprint's obligations under this section will not apply to the extent that the infringement or violation is caused by (i) functional or other specifications that were provided or requested by Customer, or (ii) Customer's continued use of infringing Services after Sprint provides reasonable notice to Customer of the infringement. For any third party claim that Sprint receives, or to minimize the potential for a claim, Sprint may, at its option and expense, either:

A. procure the right for Customer to continue using the Services;

B. replace or modify the Services with comparable Services; or

C. terminate the Services.

12.4 Rights of Indemnified Party. To be indemnified, the party seeking indemnification must (i) give the other party timely written notice of the claim (unless the other party already has notice of the claim), (ii) give the indemnifying party full and complete authority, information and assistance for the claim's defense and settlement, and (iii) not, by any act, admission or acknowledgement, materially prejudice the indemnifying party's ability to satisfactorily defend or settle the claim. The indemnifying party will retain the right, at its option, to settle or defend the claim, at its own expense and with its own counsel. The indemnified party will have the right, at its option, to participate in the settlement or defense of the claim, with its own counsel and at its own expense, but the indemnifying party will retain sole control of the claim's settlement or defense.

In the matter of the application of Sprint Communications Company, L.P. and Southwestern Bell Telephone Company for approval of an interconnection agreement and related first amendment pursuant to Section 252(e) of the Telecommunications Act of 1996

(Docket: 02-247-U) §14.4.1 – p. 65-70

[Copy Attached]

INTERCONNECTION AGREEMENT UNDER SECTIONS 251 AND 252 OF THE TELECOMMUNICATIONS ACT OF 1996

by and among

Illinois Bell Telephone Company, Indiana Bell Telephone Company Incorporated, Michigan Bell Telephone Company, Nevada Bell, The Ohio Bell Telephone Company, Pacific Bell Telephone Company, The Southern New England Telephone Company, Southwestern Bell Telephone Company, Wisconsin Bell, Inc. d/b/a Ameritech Wisconsin

and

Sprint Communications Company L.P.

13.6 **SPRINT** hereby releases **SBC-13STATE** from any and all liability for damages due to errors or omissions in **SPRINT**'s End User listing information as provided by **SPRINT** to **SBC-13STATE** under this Agreement, including any errors or omissions occurring in **SPRINT**'s End User listing information as it appears in the White Pages directory, including, but not limited to, special, indirect, Consequential, punitive or incidental damages.

13.7 **SBC-13 STATE** shall not be liable to **SPRINT**, its End User or any other Person for any Loss alleged to arise out of the provision of access to 911 service or any errors, interruptions, defects, failures or malfunctions of 911 service.

13.8 This Section 13 is not intended to exempt any Party from all liability under this Agreement, but only to set forth the scope of liability agreed to and the type of damages that are recoverable. It is **SBC-13STATE**'s position that it negotiated regarding alternate limitation of liability provisions but that such provisions would have altered the cost, and thus the price, of Interconnection, Resale Services, Network Elements, functions, facilities, products and services available hereunder, and no different pricing reflecting different costs and different limits of liability was agreed to.

14. INDEMNITY

14.1 Except as otherwise expressly provided herein or in specific appendices, each Party shall be responsible only for the Interconnection, Resale Services, Network Elements, functions, facilities, products and services which are provided by that Party, its authorized agents, subcontractors, or others retained by such Parties, and neither Party shall bear any responsibility for the Interconnection, Resale Services, Network Elements, functions, facilities, products and services provided by the other Party, its agents, subcontractors, or others retained by such Parties.

14.2 Except as otherwise expressly provided herein or in specific appendices, and to the extent not prohibited by Applicable Law and not otherwise controlled by tariff, each Party (the "Indemnifying Party") shall release, defend and indemnify the other Party (the "Indemnified Party") and hold such Indemnified Party harmless against any Loss to a Third Party arising out of the negligence or willful misconduct ("Fault") of such Indemnifying Party, its agents, its End Users, contractors, or others retained by such Parties, in connection with the Indemnifying Party's provision of Interconnection, Resale Services, Network Elements, functions, facilities, products and services under this Agreement; provided, however, that (i) with respect to employees or agents of the Indemnifying Party, such Fault occurs while performing within the scope of their employment, (ii) with respect to subcontractors of the Indemnifying Party, such Fault occurs in the course of performing duties of the subcontractor under its subcontract with the Indemnifying Party, and (iii) with respect to the Fault of

employees or agents of such subcontractor, such Fault occurs while performing within the scope of their employment by the subcontractor with respect to such duties of the subcontractor under the subcontract.

14.3 In the case of any Loss alleged or claimed by a End User of either Party, the Party whose End User alleged or claimed such Loss (the "Indemnifying Party") shall defend and indemnify the other Party (the "Indemnified Party") against any and all such Claims or Losses by its End User regardless of whether the underlying Interconnection, Resale Service, Network Element, function, facility, product or service giving rise to such Claim or Loss was provided or provisioned by the Indemnified Party, unless the Claim or Loss was caused by the **negligence,** gross negligence or willful misconduct of the Indemnified Party.

14.4 A Party (the "Indemnifying Party") shall defend, indemnify and hold harmless the other Party ("Indemnified Party") against any Claim or Loss arising from the Indemnifying Party's use of Interconnection, Resale Services, Network Elements, functions, facilities, products and services provided under this Agreement involving:

14.4.1 any Claim or Loss arising from such Indemnifying Party's use of Interconnection, Resale Services, Network Elements, functions, facilities, products and services offered under this Agreement, involving any Claim for libel, slander, invasion of privacy, or infringement of Intellectual Property rights arising from the Indemnifying Party's own communications or the communications of such Indemnifying Party's End Users.

14.4.1.1 The foregoing includes any Claims or Losses arising from disclosure of any End User-specific information associated with either the originating or terminating numbers used to provision Interconnection, Resale Services, Network Elements, functions, facilities, products or services provided hereunder and all other Claims arising out of any act or omission of the End User in the course of using any Interconnection, Resale Services, Network Elements, functions, facilities, products or services provided pursuant to this Agreement.

14.4.1.2 The foregoing includes any Losses arising from Claims for actual or alleged infringement of any Intellectual Property right of a Third Party to the extent that such Loss arises from an Indemnified Party's or an Indemnified Party's End User's use of Interconnection, Resale Services, Network Elements, functions, facilities, products or services provided under this Agreement; provided, however, that an Indemnifying Party's obligation to

defend and indemnify the Indemnified Party shall not apply in the case of:

14.4.1.2.1 any use by an Indemnified Party or its End User of an Interconnection, Resale Service, Network Element, function, facility, product or service in combination with an Interconnection, Resale Service, Network Element, function, facility, product or service supplied by the Indemnified Party or Persons other than the Indemnifying Party to the extent such use causes or contributes to cause the loss; or

14.4.1.2.2 where an Indemnified Party or its End User modifies or directs the Indemnifying Party to modify such Interconnection, Resale Services, Network Elements, functions, facilities, products or services; and

14.4.1.2.3 no infringement would have occurred without such combined use or modification.

14.4.2 any and all penalties imposed on either Party because of the Indemnifying Party's failure to comply with the Communications Assistance to Law Enforcement Act of 1994 (CALEA); provided that the Indemnifying Party shall also, at its sole cost and expense, pay any amounts necessary to modify or replace any equipment, facilities or services provided to the Indemnified Party under this Agreement to ensure that such equipment, facilities and services fully comply with CALEA.

14.5 **SPRINT** acknowledges that its right under this Agreement to Interconnect with **SBC-13STATE**'s network and to unbundle and/or combine **SBC-13STATE**'s Network Elements (including combining with **SPRINT**'s Network Elements) may be subject to or limited by Intellectual Property rights (including without limitation, patent, copyright, trade secret, trade mark, service mark, trade name and trade dress rights) and contract rights of Third Parties.

14.5.1 The Parties acknowledge that on April 27, 2000, the FCC released its Memorandum Opinion and Order in CC Docket No. 96-98 (File No. CCBPol.97-4), In the Matter of Petition of MCI for Declaratory Ruling. The Parties further acknowledge and agree that by executing this Agreement, neither Party waives any of its rights, remedies, or arguments with respect to such decision and any remand thereof, including its right to seek legal review or a stay pending appeal of such decision.

14.5.2 **SBC-13STATE** agrees to use its best efforts to obtain for **SPRINT**, under commercially reasonable terms, Intellectual Property rights to each unbundled network element necessary for **SPRINT** to use such unbundled network element in the same manner as **SBC-13STATE**.

14.5.3 **SBC-13STATE** shall have no obligations to attempt to obtain for **SPRINT** any Intellectual Property right(s) that would permit **SPRINT** to use any unbundled network element in a different manney than used by **SBC-13STATE**.

14.5.4 To the extent not prohibited by a contract with the vendor of the network element sought by **SPRINT** that contains Intellectual Property licenses, **SBC-13STATE** shall reveal to **SPRINT** the name of the vendor, the Intellectual Property rights licensed to **SBC-13STATE** under the vendor contract and the terms of the contract (excluding cost terms). **SBC-13STATE** shall, at **SPRINT**'s request, contact the vendor to attempt to obtain permission to reveal additional contract details to **SPRINT**.

14.5.5 All costs associated with the extension of Intellectual Property rights to **SPRINT** pursuant to Section 14.5.1.1, including the cost of the license extension itself and the costs associated with the effort to obtain the license, shall be part of the cost of providing the unbundled network element to which the Intellectual Property rights relate and apportioned to all requesting carriers using that unbundled network element including **SBC-13STATE**.

14.5.6 **SBC-13STATE** hereby conveys no licenses to use such Intellectual Property rights and makes no warranties, express or implied, concerning **SPRINT**'s (or any Third Parties') rights with respect to such Intellectual Property rights and contract rights, including whether such rights will be violated by such Interconnection or unbundling and/or combining of Network Elements (including combining with **SPRINT**'s use of other functions, facilities, products or services furnished under this Agreement. Any licenses or warranties for Intellectual Property rights associated with unbundled network elements are vendor licenses and warranties and are a part of the Intellectual Property rights **SBC-13STATE** agrees in Section 14.5.1.1 to use its best efforts to obtain.

14.6 **SPRINT** shall reimburse **SBC-13STATE** for damages to **SBC-13STATE**'s facilities utilized to provide Interconnection or unbundled Network Elements hereunder caused by the negligence or willful act of **SPRINT**, its agents or subcontractors or **SPRINT**'s End User or resulting from **SPRINT**'s improper use of **SBC-13STATE**'s facilities, or due to malfunction of any facilities, functions,

products, services or equipment provided by any person or entity other than **SBC-13STATE**. Upon reimbursement for damages, **SBC-13STATE** will cooperate with **SPRINT** in prosecuting a claim against the person causing such damage. **SPRINT** shall be subrogated to the right of recovery by **SBC-13STATE** for the damages to the extent of such payment.

14.7 Notwithstanding any other provision in this Agreement, each Party agrees that should it cause any non-standard digital subscriber line ("xDSL") technologies (as that term is defined in the applicable Appendix DSL and/or the applicable commission-ordered tariff, as appropriate) to be deployed or used in connection with or on **SBC-13STATE** facilities, that Party ("Indemnifying Party") will pay all costs associated with any damage, service interruption or other Telecommunications Service degradation, or damage to the other Party's ("Indemnitee's") facilities.

14.8 Indemnification Procedures

14.8.1 Whenever a claim shall arise for indemnification under this Section 14, the relevant Indemnified Party, as appropriate, shall promptly notify the Indemnifying Party and request in writing the Indemnifying Party to defend the same. Failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any liability that the Indemnifying Party might have, except to the extent that such failure prejudices the Indemnifying Party's ability to defend such claim.

14.8.2 The Indemnifying Party shall have the right to defend against such liability or assertion, in which event the Indemnifying Party shall give written notice to the Indemnified Party of acceptance of the defense of such claim and the identity of counsel selected by the Indemnifying Party.

14.8.3 Until such time as Indemnifying Party provides written notice of acceptance of the defense of such claim, the Indemnified Party shall defend such claim, at the expense of the Indemnifying Party, subject to any right of the Indemnifying Party to seek reimbursement for the costs of such defense in the event that it is determined that Indemnifying Party had no obligation to indemnify the Indemnified Party for such claim.

14.8.4 Upon accepting the defense, the Indemnifying Party shall have exclusive right to control and conduct the defense and settlement of any such claims, subject to consultation with the Indemnified Party. So long as the Indemnifying Party is controlling and conducting the defense, the Indemnifying Party shall not be liable for any settlement by the Indemnified Party unless such Indemnifying Party has approved such

settlement in advance and agrees to be bound by the agreement incorporating such settlement.

14.8.5 At any time, an Indemnified Party shall have the right to refuse a compromise or settlement, and, at such refusing Party's cost, to take over such defense; provided that, in such event the Indemnifying Party shall not be responsible for, nor shall it be obligated to indemnify the refusing Party against, any cost or liability in excess of such refused compromise or settlement.

14.8.6 With respect to any defense accepted by the Indemnifying Party, the Indemnified Party will be entitled to participate with the Indemnifying Party in such defense if the claim requests equitable relief or other relief that could affect the rights of the Indemnified Party, and shall also be entitled to employ separate counsel for such defense at such Indemnified Party's expense.

14.8.7 If the Indemnifying Party does not accept the defense of any indemnified claim as provided above, the Indemnified Party shall have the right to employ counsel for such defense at the expense of the Indemnifying Party.

14.8.8 In the event of a failure to assume the defense, the Indemnified Party may negotiate a settlement, which shall be presented to the Indemnifying Party. If the Indemnifying Party refuses to agree to the presented settlement, the Indemnifying Party may take over the defense. If the Indemnifying Party refuses to agree to the presented settlement and refuses to take over the defense, the Indemnifying Party shall be liable for any reasonable cash settlement not involving any admission of liability by the Indemnifying Party, though such settlement may have been made by the Indemnified Party without approval of the Indemnifying Party, it being the Parties' intent that no settlement involving a non-monetary concession by the Indemnifying Party, including an admission of liability by such Party, shall take effect without the written approval of the Indemnifying Party.

14.8.9 Each Party agrees to cooperate and to cause its employees and agents to cooperate with the other Party in the defense of any such claim and the relevant records of each Party shall be available to the other Party with respect to any such defense, subject to the restrictions and limitations set forth in Section 20.

15. PERFORMANCE MEASURES

15.1 Attachment Performance Measure provides monetary payments for failure to meet specified performance standards. The provisions of that Attachment constitute the

In the matter of the application of Sprint Communications Company, L.P. and Southwestern Bell Telephone Company for approval of an interconnection agreement and related first amendment pursuant to Section 252(e) of the Telecommunications Act of 1996

(Docket: 02-247-U) p.9-10 of Appendix Reciprocal Compensation, Section 9.2)

[Copy Attached]

8.1.2 Pursuant to the Missouri Public Service Commission Order in Case No. TO-99-483, MCA Traffic shall be exchanged on a bill-and-keep intercompany compensation basis meaning that the party originating a call defined as MCA Traffic shall not compensate the terminating party for terminating the call. Furthermore, the Transit Traffic rate element shall not apply to MCA Traffic (i.e., no transiting charges shall be assessed for MCA Traffic).

8.2 The parties agree to use the Local Exchange Routing Guide (LERG) to provision the appropriate MCA NXXs in their networks. The LERG should be updated at least 45 days in advance of opening a new code to allow the other party the ability to make the necessary network modifications. If the Commission orders the parties to use an alternative other than the LERG, the parties will comply with the Commission's final order.

8.3 If **SPRINT** provides service via resale or in conjunction with ported numbers in the MCA, the appropriate MCA NXXs will be updated by SWBT.

9. TRANSIT TRAFFIC COMPENSATION

9.1 Transiting Service allows one Party to send Local, Optional, intraLATA Toll Traffic, and 800 intraLATA Toll Traffic to a third party network through the other Party's tandem. A Transiting rate element applies to all MOUs between a Party and third party networks that transits an **SBC-13STATE** network. The originating Party is responsible for payment of the appropriate rates unless otherwise specified. The Transiting rate element is only applicable when calls do not originate with (or terminate to) the transit Party's End User. Pursuant to the Missouri Public Service Commission Order in Case No. TO-99-483, the Transit Traffic rate element shall not apply to MCA Traffic (i.e., no transiting charges shall be assessed for MCA Traffic) for **SWBT-MO**. The rates that **SBC-13STATE** shall charge for transiting **SPRINT** traffic are outlined in Appendix Pricing.

9.2 The Parties agree to enter into their own agreement with third party Telecommunications Carriers prior to delivering traffic for transiting to the third party. In the event one Party originates traffic that transits the second Party's network to reach a third party Telecommunications Carrier with whom the originating Party does not have a traffic Interexchange agreement, then originating Party will indemnify the second Party against any and all charges levied by such third party telecommunications carrier, including any termination charges related to such traffic and any attorneys fees and expenses. The terminating party and the tandem provider will bill their respective portions of the charges directly to the originating party, and neither the terminating party nor the tandem provider will be required to function as a billing intermediary, e.g. clearinghouse.

9.3 **SPRINT** shall not bill **SBC-13STATE** for terminating any Transit traffi identified or unidentified, i.e. whether **SBC-13STATE** is sent CPN or CPN by the originating company.

9.4 In those **SBC-13STATE's** where Primary Toll Carrier (PTC) arrange mandated, for intraLATA Toll Traffic which is subject to a PTC arrange where **SBC-13STATE** is the PTC, **SBC-13STATE** shall deliver such Toll Traffic to the terminating carrier in accordance with the terms an of such PTC arrangement. Upon receipt of verifiable Primary Toll reco **13STATE** shall reimburse the terminating carrier at **SBC-13STATE'** tariffed terminating switched access rates. When transport mileag determined, an average transit transport mileage shall be applied as se Appendix Pricing.

9.5 **SPRINT** will establish sufficient direct trunk groups between **SPRINT** Party's network when **SPRINT's** traffic volumes to said Third Party requ four (24) or more trunks.

10. OPTIONAL CALLING AREA TRANSIT TRAFFIC – SWBT-MO, SWBT-AR, SWBT-TX

10.1 In the states of Texas, Missouri, Kansas, and Arkansas, the Optional Traffic rate element applies when one End User is in a **SBC-SWBT** one way optional exchange and the other End User is within the **SWBT-KS**, S and/or **SWBT-TX** local or mandatory exchanges. The Parties agree Optional Area Transit rate to traffic terminating to third party Independ shares a common mandatory local calling area with all **SWBT-MO**, **SWBT-AR**, and **SWBT-TX** exchanges included in a specific metropolit area. The Optional Area Transit Traffic rates that will be billed are Appendix Pricing. The specific NXXs and associated calling scopes ca in the applicable state Local Exchange tariff.

11. INTRALATA 800 TRAFFIC

11.1 The Parties shall provide to each other intraLATA 800 Access Detail Us Customer billing and intraLATA 800 Copy Detail Usage Data for acc Exchange Message Interface (EMI) format. On a monthly basis the Pa provide this data to each other at no charge. In the event of errors, o inaccuracies in data received from either Party, the liability of the Pa such data shall be limited to the provision of corrected data only. If th Party does not send an End User billable record to the terminati originating Party will not bill the terminating Party any interconnecti this traffic.

In the matter of the request for commission approval of a traffic termination agreement between Sprint Communications Company, L.P. and SBC Ameritech Michigan,

Case Number U-13766, pp. 16-17

[Copy Attached]

TRAFFIC TERMINATION AGREEMENT

between one or more of

Illinois Bell Telephone Company,
Indiana Bell Telephone Company Incorporated d/b/a Ameritech Indiana,
Michigan Bell Telephone Company d/b/a Ameritech Michigan,
Nevada Bell Telephone Company d/b/a SBC Nevada Bell Telephone Company,
The Ohio Bell Telephone Company,
Pacific Bell Telephone Company d/b/a SBC Pacific Bell Telephone Company,
The Southern New England Telephone Company,
Southwestern Bell Telephone, L.P. d/b/a Southwestern Bell Telephone Company,
Wisconsin Bell, Inc. d/b/a Ameritech Wisconsin

and

Sprint Communications Company L.P.

Information Access pursuant to section 201 of the Act and FCC implementing orders, as opposed to sections 251 and 252 of the Act.

6.4.9 The Parties reserve the right to raise the appropriate treatment of Voice Over Internet Protocol (VOIP) or other Internet Telephony traffic under the Dispute Resolution provisions of this Agreement. The Parties further agree that this Agreement shall not be construed against either Party as a "meeting of the minds" that VOIP or Internet Telephony traffic is or is not a Local Call subject to reciprocal compensation. By entering into this Agreement, both Parties reserve the right to advocate their respective positions before state or federal commissions whether in bilateral complaint dockets, arbitrations under Sec. 252 of the Act, commission established rulemaking dockets, or in any legal challenges stemming from such proceedings.

7.0 TRANSITING TRAFFIC

7.1 Local EAS traffic which originates on one of the Parties networks and which is passed to the other Party, transits the other Party's facilities and does not terminate to an End User belonging to that Party, is classified as "Transiting Traffic" under this Agreement and will be subject to the transiting rate compensation as discussed below. Traffic must be considered and recognized as a Local EAS service offering, as described above, by both the originating and terminating companies to be eligible for Local EAS Transit rates. Transiting traffic will include, but not be limited to, traffic originating on a Party's network which transits the other Party's facilities and is delivered to a third party such as a Wireless Service Provider (WSP) or another Local Exchange Carrier.

7.2 The "In-Region" Area Transit Traffic rate element applies to Local traffic that originates on one Party's network, transits the other Party's facilities (the transiting party) and terminates to a Third Party located within the exchange area of the transiting party. The Parties' mandatory and optional EAS exchange areas for each calling scope are listed in their respective tariffs.

7.3 The Market Based ("Out of Region") Transit Rate applies to local traffic that originates on one Party's network, transits the other Party's facilities and terminates to a Third Party that is not located within the exchange area of the Party providing the transiting function. For this rate to apply, both the originating and terminating Parties must agree that the exchange of the traffic will be on a Local EAS basis. Although the Parties acknowledge that direct connections could be used for this traffic, the Parties agree to perform the transiting function for this traffic at the Market Based Transit Rate outlined below:

7.4

Type of Transit Traffic	Prices Per MOU
In-Region Transit Rate	$0.004
Market Based (Out of Region) Transit Rate	$0.006

7.5 All other traffic which transits a tandem shall be treated as non-local, non-EAS, toll traffic subject to Meet-Point Billing and will be subject to compensation as provided in each Party's applicable tariff, unless otherwise agreed.

7.6 When transit traffic through the Tandem from a Party to another Local Exchange Carrier, CLEC or WSP requires 24 or more trunks, that Party shall establish a direct End Office trunk group between itself and the other Local Exchange Carrier, CLEC or wireless carrier. When a transiting Party is requested by the tandem owner to establish direct trunking to other carriers, that Party shall establish and route their traffic over these facilities within 120 days of the request. Exceptions may be permitted if technological limitations or facility shortages exist. If the requested Party fails to establish or migrate their transiting traffic as requested, then the billing for such traffic will be in accordance with traffic trunk equivalent ("TTE") rates below.

7.7 The Parties agree that transiting traffic whose volumes exceed 74,330 MOUs per month in one direction to any single terminating CLLI (this is the equivalent of 12 trunks of originating traffic in a 24 two-way trunk group) will be billed for the transiting function on the basis of a trunk equivalent charge instead of the MOU rate. The rate for this usage will be based on a per trunk equivalent charge of $71.34 per month for each originating traffic trunk equivalent. The originating TTE is calculated by assuming that transit traffic destined to any single CLLI is moved into its own unique trunk group. That trunk group is then sized based on the monthly MOU destined to that single CLLI. The TTE will be the basis of compensation for the transiting function associated with traffic sent by the originating party to the specific CLLI until the transit traffic is removed from the tandem onto direct facilities of the originating Party. All other transiting traffic will be billed at the appropriate rates as described above.

7.8 The Parties agree to enter into their own agreement with Third Party Telecommunications Carriers prior to delivering traffic for transiting to the Third Party. In the event one Party originates traffic that transits the second Party's network to reach a third party Telecommunications Carrier with whom the originating Party does not have a traffic interexchange agreement, then the originating Party will indemnify the second Party against any and all charges levied by such Third Party Telecommunications Carrier, including any termination charges related to such traffic and any attorneys fees and expenses. The originating Party is responsible for payment of the appropriate rates unless otherwise specified. The terminating party and the tandem provider will bill their respective portions of the charges directly to the originating party, and neither the terminating party nor the tandem provider will be required to function as a billing intermediary, e.g. clearinghouse.

7.9 Neither Party shall bill the other Party for terminating any Transit traffic, whether identified or unidentified, i.e. whether CPN is sent or is not sent by the originating company.

8.0 INTRASTATE INTRALATA INTERCOMPANY TRAFFIC

8.1 Traffic which originates from one of the Party's End Users and terminates to the other Party's End User within the same LATA, is not associated with Wireless Service Providers and is not specifically identified as any other traffic classification will be considered Intrastate IntraLATA for purposes of this Agreement and is subject to the Intrastate IntraLATA rate compensation as discussed in Section 8.2 below.

8.2 For intrastate IntraLATA Toll Traffic between the Parties' respective End Users, compensation for termination of such traffic to End Users on the Parties' networks will be at each Party's terminating access rates for Message Telephone Service (MTS) and originating access rates for 800 Service or 800 like toll-free incoming service, as set forth in the applicable State's Intrastate Switched Access Tariff. The Parties agree that they will conform to existing Applicable State industry practices related to intrastate IntraLATA traffic as contained in the appropriate State-applicable Intrastate IntraLATA Compensation Plan which contains procedures for the recording, record exchange and billing of intrastate IntraLATA traffic. The Parties further agree these procedures will be utilized for purposes of inter-company settlements under this Section and that each Party will create and exchange the appropriate summary records (e.g., category "92 type").

9.0 MEET-POINT-BILLING (MPB) and SWITCHED ACCESS TRAFFIC COMPENSATION

9.1 Intercarrier compensation for Switched Access Traffic shall be on a MPB basis as described below.

9.2 The Parties will establish MPB arrangements in order to provide Switched Access Services to IXC and ESPs via the respective carrier's Tandem Office Switch switches in accordance with the MPB guidelines adopted by and either contained in, or upon approval to be added in future to the Ordering and Billing Forum's MECOD and MECAB documents.

9.3 Billing to IXCs and ESPs for the Switched Exchange Access Services jointly provided by the Parties via MPB arrangements shall be according to the multiple bill/single tariff method. As described in the MECAB document, each Party will render a bill in accordance with its own tariff for that portion of the service it

In the matter of the application of Sprint Communications Company, L.P. and Southwestern Bell Telephone Company for approval of an interconnection agreement and related first amendment pursuant to Section 252(e) of the Telecommunications Act of 1996

(Docket: 02-247-U) §29.3 - p. 84-85

[Copy Attached]

INTERCONNECTION AGREEMENT UNDER SECTIONS 251 AND 252 OF THE TELECOMMUNICATIONS ACT OF 1996

by and among

Illinois Bell Telephone Company, Indiana Bell Telephone Company Incorporated, Michigan Bell Telephone Company, Nevada Bell, The Ohio Bell Telephone Company, Pacific Bell Telephone Company, The Southern New England Telephone Company, Southwestern Bell Telephone Company, Wisconsin Bell, Inc. d/b/a Ameritech Wisconsin

and

Sprint Communications Company L.P.

27. RELATIONSHIP OF THE PARTIES/INDEPENDENT CONTRACTOR

27.1 Each Party is an independent contractor, and has and hereby retains the right to exercise full control of and supervision over its own performance of its obligations under this Agreement and retains full control over the employment, direction, compensation and discharge of its employees assisting in the performance of such obligations. Each Party and each Party's contractor(s) shall be solely responsible for all matters relating to payment of such employees, including the withholding or payment of all applicable federal, state and local income taxes, social security taxes and other payroll taxes with respect to its employees, as well as any taxes, contributions or other obligations imposed by applicable state unemployment or workers' compensation acts and all other regulations governing such matters. Each Party has sole authority and responsibility to hire, fire and otherwise control its employees.

27.2 Nothing contained herein shall constitute the Parties as joint venturers, partners, employees or agents of one another, and neither Party shall have the right or power to bind or obligate the other. Nothing herein will be construed as making either Party responsible or liable for the obligations and undertakings of the other Party. Except for provisions herein expressly authorizing a Party to act for another, nothing in this Agreement shall constitute a Party as a legal representative or agent of the other Party, nor shall a Party have the right or authority to assume, create or incur any liability or any obligation of any kind, express or implied, against or in the name or on behalf of the other Party unless otherwise expressly permitted by such other Party. Except as otherwise expressly provided in this Agreement, no Party undertakes to perform any obligation of the other Party, whether regulatory or contractual, or to assume any responsibility for the management of the other Party's business.

28. NO THIRD PARTY BENEFICIARIES; DISCLAIMER OF AGENCY

28.1 This Agreement is for the sole benefit of the Parties and their permitted assigns, and nothing herein expressed or implied shall create or be construed to create any Third Party beneficiary rights hereunder. This Agreement shall not provide any Person not a party hereto with any remedy, claim, liability, reimbursement, cause of action, or other right in excess of those existing without reference hereto.

29. ASSIGNMENT

29.1 **SPRINT** may not assign or transfer (whether by operation of law or otherwise) this Agreement (or any rights or obligations hereunder) to a third person without the prior written consent of **SBC-13STATE**; provided that **SPRINT** may assign or transfer this Agreement with notice, but without the prior written consent of **SBC-13 STATE**, to any entity that is certified as a Competitive Local Exchange Carrier

by Commission or is otherwise authorized by the Commission to provide local exchange services or to its Affiliate by providing ninety (90) calendar days' prior written notice to **SBC-13STATE** of such assignment or transfer; provided, further, that such assignment is not inconsistent with Applicable Law (including the Transferee's 's obligation to obtain proper Commission certification and approvals) or the terms and conditions of this Agreement.

29.2 SBC may not assign or transfer (whether by operation of law or otherwise) this Agreement (or any rights or obligations hereunder) to a third person without the prior written consent of **SPRINT**, provided that **SBC-13 STATE** may assign or transfer this Agreement with notice, but without the prior consent of **SPRINT**, to any entity provided that **SBC-13 STATE** and such assignee or transferee provide **SPRINT** in advance or any such assignment or transfer, a written warranty that such entity is and shall, for the remainder of the term of this Agreement, be a successor or assign of **SBC-13 STATE** pursuant to § 252(h)(ii) of the ACT, subject to all the same §§ 251 and 252 obligations as **SBC-13 STATE** is.

29.3 If during the Term, **SBC-13STATE** sells, assigns or otherwise transfers any ILEC Territory or ILEC Assets to a person other than an Affiliate or subsidiary, **SBC-13STATE** shall provide **SPRINT** not less than ninety (90) days prior written notice of such sale, assignment or transfer. Upon the consummation of such sale, assignment or transfer, **SPRINT** acknowledges that **SBC-13STATE** shall have no further obligations under this Agreement with respect to the ILEC Territories and/or ILEC Assets subject to such sale, assignment or transfer, and that **SPRINT** must establish its own Section 251 and 252 arrangement with the successor to such ILEC Territory and/or ILEC Assets.

30. DELEGATION TO AFFILIATE

30.1 Each Party may without the consent of the other Party fulfill its obligations under this Agreement by itself or may cause its Affiliate(s) to take some or all of such actions to fulfill such obligations. Upon such delegation, the Affiliate shall become a primary obligor hereunder with respect to the delegated matter, but such delegation shall not relieve the delegating Party of its obligations as co-obligor hereunder. Any Party which elects to perform its obligations through an Affiliate shall cause its Affiliate to take all action necessary for the performance of such Party's obligations hereunder. Each Party represents and warrants that if an obligation under this Agreement is to be performed by an Affiliate, such Party has the authority to cause such Affiliate to perform such obligation and such Affiliate will have the resources required to accomplish the delegated performance.

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

IN THE MATTER OF SPRINT COMMUNICATIONS COMPANY L.P.PETITION FOR ARBITRATION OF AN INTERCONNECTION AGREEMENT WITH CENTURYTEL OF OREGON, INC.	))))))	**ARB 830**

OPENING TESTIMONY OF

TED M. HANKINS

ON BEHALF OF CENTURYTEL OF OREGON, INC.

May 5, 2008

1 **OPENING TESTIMONY OF**
2 **TED M. HANKINS**
3 **ON BEHALF OF CENTURYTEL OF OREGON, INC.** [1]
4

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

6 A. My name is Ted M. Hankins. My business address is 100 CenturyTel Drive, Monroe,
7 LA 71203.

8 **Q. On whose behalf are you submitting opening testimony?**

9 A. I am submitting this opening testimony on behalf of CenturyTel of Oregon, Inc.
10 ("CenturyTel"), one of the Oregon incumbent local exchange companies ("ILECs") of
11 CenturyTel, Inc.

12 **Q. By whom are you employed and what is your position?**

13 A. I am currently employed by CenturyTel Service Group as Director- Economic Analysis.

14 **Q. What are your responsibilities as Director-Economic Analysis?**

15 A. I am responsible for the preparation and rate development for annual interstate access
16 tariff filings, intrastate alternative regulation filings and all regulated pricing activity
17 which includes: Regulated Products, Bundles, Expanded/Optional Calling Plans, Access
18 Reform, Disaggregation and USF analysis. I also assist the Regulatory team on both
19 Federal and State financial related request, as well as the Carrier Relations group on

[1] The Parties have continued to negotiate since the filing of the arbitration and the Parties' Disputed Points Lists (DPLs). If there are any discrepancies between this testimony and CenturyTel's Amended DPL, this testimony is controlling as it represents the most current state of negotiations and CenturyTel's position thereunder. CenturyTel plans to file an updated and current interconnection agreement and DPL prior to the hearing.

1 Interconnection Agreements related to pricing request.

2 **Q. What position did you hold before becoming Director-Economic Analysis?**

3 A. From July, 2001 to June, 2005, I was Director-State Government Relations for
4 CenturyTel Service Group.

5 **Q. What were your responsibilities as Director-State Government Relations?**

6 A. While serving as Director State Government Relations, my primary job responsibilities
7 included: staying current on all State Commission rules, policies and orders affecting the
8 State Operations and advise the appropriate departments as required; intervening,
9 providing comments or participating in open dockets as required in order to support the
10 CenturyTel position; ensuring that accurate and updated tariffs are filed and approved by
11 the appropriate commission; and ensuring that all required state reports and applications
12 are accurate and filed on a timely basis.

13 **Q. Please describe your experience in the telecommunications industry before**
14 **becoming Director-State Government Relations.**

15 A. I have worked in the telecommunications industry in various capacities for over 28 years.
16 I began my career in the telephone industry with CP National Corporation in February
17 1980, and worked there until March of 1988. In those eight years with CP National
18 Corporation, I held jobs ranging from Fixed Asset Accounting Assistant, Separations
19 Analyst, Toll Control Administrator to Carrier Access Billing Administrator, and had
20 varying responsibilities that included the completion of Cost Separation Studies, the
21 development of Carrier Access Billing rates, monthly Toll and Optional Call plan billing,

1 and monthly Carrier Access Billing. In March of 1988, I began my employment with
2 TDS Telecom in the Settlements and Regulatory area, where I worked until November
3 1995. While working in the Settlements and Regulatory area for TDS Telecom, my
4 primary responsibilities included assisting in the formulation and implementation of
5 company policy to ensure proper billing and recovery of toll and access revenues on an
6 intrastate basis, and promoting both the short and long run interest of the local TDS
7 Telecom operating companies before regulatory bodies, connecting companies and
8 other agencies on matters pertaining to earnings, separations and settlements, public
9 policy development, cost and pricing, and related financial and regulatory issues. I
10 then joined GVNW Inc., which is a telecommunications consulting firm that provides
11 services to smaller rural Local Exchange Carriers. I started as a Telecommunications
12 Consultant, and then, moved into the Operations Manager position for a Long Distance
13 Toll Consortium to which GVNW provided managerial oversight. In 1999, I joined CHR
14 Solutions as Assistant Director Regulatory Services. In that capacity, I was responsible
15 for representing clients on federal and state regulatory issues, I participated on a number
16 of various industry groups representing client positions, and I assisted clients in providing
17 information on regulatory reporting requirements and providing client updates on
18 regulatory issues.

1 **Q. Please summarize your educational experience.**

2 A. I received my Bachelor of Science Degree in Business Administration from the
3 California State University - Chico in December 1979. My undergraduate work included
4 among other areas of study course work in economics. I have also completed additional
5 course work toward a Master's of Business Degree as well as courses on industry topics.

6 **Q. Have you previously testified before any state commission?**

7 A. Yes. I have presented testimony before state commissions in Alabama, Arkansas,
8 Colorado, Indiana, Missouri, Michigan and Oklahoma relating to local rate development
9 associated with local rate cases, development of Non-Recurring rates, Access Reform,
10 Disaggregation, USF and ETC Certification proceedings, and Certification of a Toll
11 Reseller.

12 **Q. What is the purpose of your testimony?**

13 A. I am responding on CenturyTel's behalf to issue 14 that relates to rates for services
14 provided in the Interconnection Agreement.

15 **Issue# 14 What are the appropriate rates for services provided in the Agreement**
16 **including rates applicable to the processing of orders and number**
17 **portability?**

1 **Q. Please identify which rates are related to Issue # 14?**

2 **A.** They are as follows:

3 • Competitive Local Exchange Carrier ("CLEC") Account Establishment
4 • Customer Record Search
5 • Service Order Charge (Simple, Complex, Subsequent)

6 **Q. Please describe the nature of the identified rates?**

7 **A.** Each of the identified rates is a non-recurring charge associated with the implementation
8 of the agreement to be established through this proceeding and the various service order
9 activities that are anticipated to occur under the agreement. The charges are based on the
10 non-recurring costs associated with the function at issue.

11 **Q. What are non-recurring costs?**

12 A. Relative to this case, non-recurring costs are based on costs associated with resources
13 (human and otherwise) used to process various aspects of the services to be provided
14 under the agreement between the parties. These non-recurring costs are incurred on an
15 event-specific basis. For example, when a CLEC places an order under an
16 interconnection agreement ("ICA") for a requested service, CenturyTel is required to
17 perform certain tasks on a one-time basis to facilitate provisioning of the ordered service
18 to the CLEC. In such cases, CenturyTel proposes that each party be able to assess a non-
19 recurring charge ("NRC") to the other based the cost associated with these specific
20 events.

1 **Q: Has CenturyTel previously developed a cost-justified ICA rate for providing the**
2 **processing of orders and number portability services to CLECs?**
3 A: No. Until now, there has been no reason for CenturyTel to spend the time and resources
4 to develop such rates. Rather, all of the NRCs we previously included in an ICA were
5 negotiated rates based on the entirety of the agreement at issue. Furthermore, the
6 Commission has not previously required smaller carriers such as CenturyTel to develop
7 rates for such purposes.

8 **Q. Could you please explain the basis for the NRCs that CenturyTel is proposing?**
9 A. Recognizing that CLECs typically claim the need for rates on something other than
10 historical costs, CenturyTel was willing to use a forward-looking cost-based
11 methodology in this proceeding to develop the NRCs applicable to Sprint. Thus, the
12 NRCs proposed by CenturyTel employ a forward-looking cost-based methodology to
13 reflect the underlying costs representative of those necessary to be incurred to provide the
14 requested services and functions for the foreseeable future. Regardless of what
15 interconnection requirements and cost methodology that Sprint may believe is applicable,
16 this methodology satisfies any reasonable view of cost-based rates. I also note that I am
17 unaware of any pending pressures on our current resources systems or otherwise that
18 would warrant radical (and hypothetical) changes to the current CenturyTel environment.

1 **Q. Please describe the specific methodology CenturyTel utilized to perform its NRC**
2 **rate development?**
3 A. CenturyTel started with identifying the system cost and fully loaded labor cost utilized in
4 the performance of the specific requested task, estimated forward-looking order volumes
5 and developed the NRCs as a function of the total costs and estimated order volumes.

6 **Q. How did CenturyTel develop the system cost?**
7 A. CenturyTel's first step was to identify the various systems utilized in providing the
8 requested services. Once identified, the forward-looking costs of these system costs were
9 also identified and an annual carrying charge was applied to determine the annual,
10 forward-looking cost. This cost was then divided by the number of system transactions
11 to develop the specific NRC rate for each service referenced above. This cost was
12 determined to be forward looking based on the fact that these cost and transactions are
13 relatively current and, based on the existing CenturyTel systems, would be the same on a
14 forward-looking basis.

15 **Q. Please identify the various systems referenced above?**
16 A. The systems identified and their associated cost with the provisioning and supported
17 services includes the front end Graphic User Interface (GUI), Customer Service
18 Management GUI interface and the Ensemble billing system. These systems and their
19 cost are utilized in the provisioning of CLEC orders and billing of services to CLEC
20 accounts by CenturyTel.

1 **Q. Please describe the annual carrying charge and its development?**

2 A. The annual carrying charge is applied to an investment to recover its cost over the life of
3 the asset. The annual carrying charge is developed based on a return on investment,
4 expenses (depreciation and maintenance), and taxes. Each of these elements is consistent
5 with the development of the annual carrying charge and would be expected to be utilized
6 in the future. As a result, this charge recovers the expense, taxes, and return on the asset.

7 **Q. How did CenturyTel develop the "fully loaded labor cost"?**

8 A. CenturyTel's first step was to identify the various functions utilized in providing the
9 requested services. These functions included customer service activity to process orders
10 and technician activity to perform switch translations on specific orders. Once each of
11 these functions was identified, the individual function labor cost was identified for each
12 and multiplied by the time required to perform the actual function. The time was
13 developed based on a time in motion study which determined the time required to
14 complete each of the specific functions. These cost were determined to be forward-
15 looking based on the fact that these labor cost are current and would be the same on a
16 forward-looking basis.

17 **Q. How did CenturyTel develop the specific demand for each NRC?**

18 A. CenturyTel's first step was to review the billing for NRCs for the 12 months ending
19 2007. CenturyTel then forecasted the number of additions and disconnects on a basis for
20 the upcoming 12 months. CenturyTel's forecast was based on the reasonable assumption
21 that the current demand level would be the same in the next 12 months. CenturyTel is

1 making a reasonable estimate of order volume by service on a forward-looking basis.
2 This process is consistent with how demand would be determined for the other CLECs
3 that have interconnection arrangements with CenturyTel in Oregon.

4 **Q. Please identify the proposed NRC rates identified in Issue #14?**

5 **A.** The CenturyTel proposed NRC rates are identified in the Table 1 below.

Table 1

Non-Recurring Rate Element	Proposed Rate
CLEC Account Establishment	$254.68
Customer Record Search	$8.58
Service Order Charge - Simple	$13.76
Service Order Charge - Complex	$64.48
Service Order Charge - Subsequent	$13.76

6

7 **Q. Are these rates different than those provided by CenturyTel in its April 2, 2008**
8 **updated DPL filed in this proceeding?**

9 A. Yes, we updated the rates as part of the process used in developing this testimony.

10 **Q. Have these rates been provided to Sprint?**

11 A. Yes.

1 **Q. Please explain the CLEC Account Establishment rate?**

2 A. The CLEC Account Establishment Fee is a one-time charge applied the first time that a
3 CLEC orders any service from this Agreement. It includes the cost of implementing the
4 terms of the agreement, and consists primarily of introductory call(s), setting up
5 account(s), and establishing bill codes.

6 **Q. Are the CLEC Account Establishment costs the same for all wholesale services?**

7 A. No. The costs vary depending on the service. The price for this agreement considers the
8 cost of setting up accounts associated with requested services. The initial costs for
9 establishing resale or UNE accounts are different because those are more complex
10 services and require more effort to set up.

11 **Q. Please explain the Customer Record Search rate.**

12 A. The Customer Record Search rate is established to recover the cost associated with the
13 customer service activity related to an order received from a CLEC (in this case Sprint)
14 regarding account information.

15 **Q. Please explain the difference between a Simple and Complex Service Order Charge?**

16 A. The main difference between the two charges is based on the number of requests that are
17 addressed with one service request. For example, a complex local service request order
18 would be one that is in excess of 10 or more numbers versus a "simple" local service
19 request involves one number. Thus, the complex request (with more numbers) takes
20 more time to process than a simple order and thus the complex request has a higher cost
21 as represented by the Service Order Charge – Complex NRC rate identified in Table 1.

1 **Q. Are you providing any schedules with your testimony?**

2 **A.** Yes, the following Proprietary Schedules were developed under my supervision and are
3 being provided with my testimony. These schedules demonstrate how the NRCs
4 identified above are developed.

5 - Schedule TMH-1 [CenturyTel/10]: Account Establishment and Record Search Fees
6 - Schedule TMH-2 [CenturyTel/11]: Service Order Charge Simple and Complex

7 **Q. What should the Commission order regarding Issue # 14?**

8 **A.** The Commission should approve the CenturyTel proposed NRC rates in this proceeding.
9 CenturyTel is unquestionably allowed to recover its reasonable costs. The proposed rates
10 do just that and are indicative of CenturyTel's cost of providing Sprint the requested
11 services.

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

13 **A.** Yes, it does.

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

IN THE MATTER OF SPRINT COMMUNICATIONS COMPANY L.P. PETITION FOR ARBITRATION OF AN INTERCONNECTION AGREEMENT WITH CENTURYTEL OF OREGON, INC.	))))))	**ARB 830**

OPENING TESTIMONY OF

STEVEN E. WATKINS

ON BEHALF OF CENTURYTEL OF OREGON, INC.

May 5, 2008

1 **OPENING TESTIMONY OF**
2 **STEVEN E. WATKINS**
3 **ON BEHALF OF CENTURYTEL OF OREGON, INC.**[1]
4
5

6 **Q. Please state your name, business address, and telephone number.**

7 **A.** My name is Steven E. Watkins. My business address is 2154 Wisconsin Avenue, N.W.,
8 Suite 290, Washington, D.C., 20007. My business phone number is (202) 333-5276.

9 **Q. What is your current position?**

10 **A.** I am a self-employed telecommunications management consultant.

11 **Q. Please briefly describe your duties and work background.**

12 **A.** I provide management and regulatory analysis and assistance to smaller local exchange
13 carriers ("LECs") and other smaller firms providing telecommunications and related
14 services in rural and non-metropolitan areas. My work involves assisting client LECs
15 and related entities in their analysis of regulatory requirements and industry matters
16 requiring specialty expertise; negotiating, arranging and administering connecting carrier
17 arrangements; assisting clients in complying with the rules and regulations arising from
18 the passage of the 1996 revisions to the Communications Act of 1934, as amended (the
19 "Act"); and providing expert testimony on these matters within regulatory proceedings
20 before a variety of State Commissions such as the instant arbitration.

[1] The Parties have continued to negotiate since the filing of the arbitration and the Parties' Disputed Points Lists (DPLs). If there are any discrepancies between this testimony and CenturyTel's Amended DPL, this testimony is controlling as it represents the most current state of negotiations and CenturyTel's position thereunder. CenturyTel plans to file an updated and current interconnection agreement and DPL prior to the hearing.

1 Prior to the beginning of 2006, I worked for client companies in association with
2 the law firms of Kraskin, Lesse & Cosson, LLC and Kraskin, Moorman & Cosson, LLC.
3 Prior to my association with these law firms, I was the senior policy analyst for the
4 National Telephone Cooperative Association ("NTCA"), a trade association whose
5 membership consists of approximately 500 small and rural telephone companies. While
6 with NTCA, I was responsible for evaluating the then proposed revisions to the Act as
7 well as the proceedings of the Federal Communications Commission ("FCC")
8 implementing the 1996 revisions to the Act. I was also directly involved in NTCA's
9 efforts with respect to the advocacy of provisions and rules addressing the issues
10 specifically related to rural companies and their customers. Prior to my work at NTCA, I
11 worked for 8 years with the consulting firm of John Staurulakis, Inc. in Maryland doing
12 similar work for small LECs.
13 **Q. Have you prepared and attached further information regarding your background**
14 **and experience?**
15 **A.** Yes, this information is included as Exhibit CenturyTel/13 to this testimony.
16 **Q. On whose behalf are you testifying?**
17 **A.** I am testifying on behalf of CenturyTel of Oregon, Inc. (to be referred to as
18 "CenturyTel").
19 **Q. What is the purpose of your opening testimony?**
20 **A.** The purpose of my opening testimony is to set forth the positions of CenturyTel with
21 regard to specific arbitration issues that remain unresolved between Sprint

1 Communications Company, L.P. ("Sprint") and CenturyTel. On behalf of CenturyTel, I
2 will also respond to Sprint's Petition for Arbitration filed in this matter with the Public
3 Utility Commission of Oregon (the "Commission") on March 11, 2008 ("Sprint
4 Petition").
5 Some of the issues are related. Therefore, in some instances, I will combine
6 arbitration issues where there is commonality and a reasonable basis to do so. While
7 some aspects of these issues may also be addressed by other CenturyTel witnesses, I will
8 address the following unresolved issues:
9
10 **Issue # 4 -- What direct interconnection terms should be included in the Interconnection**
11 **Agreement?**
12 **Issue # 5 -- Should Sprint and CenturyTel share the costs of the interconnection facility**
13 **between their respective networks based on their respective percentages of**
14 **originated traffic?**
15 **Issue #6 -- What are the appropriate rates for direct interconnection facilities?**
16 **Issue # 7 -- Should the Interconnection Agreement contain provisions limiting indirect**
17 **interconnection?**
18 **Issue #13 -- What are the appropriate rates for transit service?**
19 **Issue # 14 -- What are the appropriate rates for services provided in the Agreement**
20 **including rates applicable to the processing of orders and number**
21 **portability?**

1 **Issue # 16 -- Do terms need to be included when Sprint utilizes indirect interconnection,**
2 **and CenturyTel is not provided detailed records, nor is CenturyTel able to**
3 **identify and bill calls based upon proper jurisdiction?**
4
5 **Q. Before we begin, are there any preliminary matters you would like to address?**
6 **A.** Yes. I believe it is necessary to discuss what I mean by the term "incumbent LECs" or
7 "ILECs" because many of my points in this testimony reference this status.
8 **Q. How is "incumbent LEC" defined in the Act?**
9 **A.** Section 251(h)(1) of the Act (47 U.S.C. § 251(h)) sets forth this definition:

10 For purposes of this [Section 251], the term "incumbent local exchange carrier"
11 means, *with respect to an area*, the local exchange carrier that---- (A) on the date
12 of enactment of the Telecommunications Act of 1996, provided telephone
13 exchange service *in such area*; and (B)(i) on such date of enactment, was deemed
14 to be a member of the exchange carrier association pursuant to section 69.601(b)
15 of the [FCC's] regulations . . . ; or (ii) is a person or entity that, on or after such
16 date of enactment, became a successor or assign of a member described in clause
17 (i). (emphasis added.)
18
19 An ILEC is defined, and its obligations arise, with respect to *the incumbent area it serves.*
20 **Q. Is CenturyTel an ILEC under this definition?**
21 **A.** Yes. CenturyTel has been operating well prior to 1996 and has been and continues to be
22 a member of the National Exchange Carrier Association for its operations in Oregon.

1 **Issue # 4 -- What direct interconnection terms should be included in the Interconnection**
2 **Agreement?**
3 **Q. How would you summarize the essence of this issue?**
4 A. This issue examines the question of where Sprint should establish interconnection within
5 CenturyTel's incumbent network for purposes of connecting Sprint's trunking facilities
6 with CenturyTel's trunking facilities so that local competitive traffic can be exchanged
7 between the parties. The question presented here is only in the context of so-called
8 dedicated (*i.e.*, direct) arrangements where Sprint establishes dedicated trunking facilities
9 with CenturyTel. While the question under review here appears to be narrowed within
10 the Sprint Petition, there are related concepts and issues that must be addressed in the
11 context of Issues Nos. 5, 7 and 16.
12 **Q. How would you summarize CenturyTel's position on this issue?**
13 A. Sprint's proposal that it be allowed to establish only a single Point of Interconnection
14 ("POI") literally at any point on CenturyTel's network within a Local Access and
15 Transport Area ("LATA") is inappropriate and otherwise would not be technically
16 feasible in many instances. The LATA concept, in the context of a single POI, has as its
17 basis the exchange of traffic with a regional Bell Operating Company ("BOC"). The
18 manner in which the interconnection requirements have been applied to the BOCs has
19 taken into consideration the settlement of the antitrust action against them. Moreover, the
20 BOC has a ubiquitous network within a LATA as compared to a non-BOC LEC that
21 serves more discrete areas (like CenturyTel) within that large area.

1 The Sprint POI concept as discussed in the Sprint Petition would not be
2 technically feasible in many instances. For example, if Sprint connected on CenturyTel's
3 network in one area of a LATA for the exchange of traffic that originates and terminates
4 in another area, there may be no existing CenturyTel network for the transport of the
5 local interconnection traffic between the two areas. Interconnection, under the
6 technically feasible and no more than equal requirements of Section 251(c) of the Act,
7 requires no more than for an ILEC to provide interconnection with its existing incumbent
8 network; it does not require the incumbent to build new network facilities or to provision
9 new trunking arrangements to satisfy an interconnection request of a competitor.
10 LATAs are a concept specifically designed in 1984 in the context of breaking
11 apart the BOCs from the then existing AT&T. LATAs were established to recognize
12 explicitly and to accommodate the ubiquitous, interconnected network architecture of the
13 specific BOC. LATAs do not have such significance or relevance to the existing
14 CenturyTel network. A concept designed for a BOC cannot be blindly applied to a non-
15 BOC, particularly a smaller ILEC like CenturyTel.
16 Furthermore, in many instances, CenturyTel's exchange areas and switches are
17 isolated from its service areas in other parts of the State, and there may be no local
18 connecting facilities. Moreover, the connecting facilities (*i.e.*, between a tandem and end
19 offices to the extent such arrangements are relevant here) have been engineered and sized
20 within CenturyTel's network for the origination and termination of access traffic and
21 other interoffice traffic. In many cases, these connecting facilities are not used for local

1 intraexchange traffic (*i.e.*, traffic that originates and terminates within a single exchange
2 where Sprint and CenturyTel may compete). Use of these types of connecting facilities
3 to include new volumes of traffic must be limited so as not to overburden these facilities
4 with unpredictable volumes of local traffic and thereby impair end users' ability to make
5 or receive toll calls or other calls for which the facilities were designed and engineered.
6 As CenturyTel has proposed, and no matter where Sprint may intend to connect with
7 CenturyTel's network, where there is significant local traffic between specific end offices
8 of CenturyTel and Sprint, it is only reasonable from a network management and service
9 quality perspective that the parties establish high-use trunks so as not to overburden the
10 other trunking arrangements.

11 Finally, the CenturyTel proposed language for potential fiber meet facilities must
12 remain. Fiber meets necessarily require some degree of new construction and the
13 establishment of technically feasible fiber junctions for such fiber meets to take place.
14 The process proposed by CenturyTel and the implementing language for the parties'
15 interconnection agreement simply recognize these facts.

16 **Q. Can you elaborate on your comment that an ILEC only has to provide**
17 **interconnection to its existing network?**

18 **A.** Yes. This conclusion derives from the court's review of the actions taken by the FCC to
19 implement Section 251(c)(2) of the Act. *See* 47 U.S.C. § 251(c)(2). In the context of my
20 testimony on Issue No. 5, I will discuss further the escalating sets of interconnection

1 obligations and the "at least equal" provision in the Act. Section 251(c)(2) of the Act
2 states:

3 (2) Interconnection.-- The duty to provide, for the facilities and equipment
4 of any requesting telecommunications carrier, interconnection with the
5 local exchange carrier's network-- (A) for the transmission and routing of
6 telephone exchange service and exchange access; (B) at any technically
7 feasible point within the carrier's network; (C) that is at least equal in
8 quality to that provided by the local exchange carrier to itself or to any
9 subsidiary, affiliate, or any other party to which the carrier provides
10 interconnection ....
11
12 **Q. Can you explain how the FCC addressed the non-discriminatory, "at least equal in**
13 **quality" requirement?**

14 **A.** Yes. The FCC addressed this issue in its *First Report and Order* in CC Docket Nos. 96-
15 98 and 95-185 issued on August 8, 1996. *See In the Matter of Implementation of the*
16 *Local Competition Provisions in the Telecommunications Act of 1996; Interconnection*
17 *between Local Exchange Carriers and Commercial Radio Service Providers, First*
18 *Report and Order*, CC Docket Nos. 96-98 and 95-185, 11 FCC Rcd 15499 (1996) ("*First*
19 *Report and Order*"). In this decision, and in response to competitive entrants' comments,
20 the FCC initially decided to require ILECs to provision interconnection arrangements for
21 requesting carriers that would be superior to (*i.e.*, more than "at least equal") to what the
22 incumbent does for itself or with other carriers, and the requesting carrier would be
23 responsible for compensating the ILEC for the extraordinary cost.

1 **Q. Did the courts agree with the FCC's approach?**

2 **A.** No. The Court of Appeals for the Eighth Circuit reversed the FCC on this matter. The
3 court ruled that ILECs, under Section 251(c)(2) of the Act, are not required to provision
4 superior arrangements at the request of competing carriers.

5 Specifically, on remand from the United States Supreme Court, the United States
6 Court of Appeals for the Eighth Circuit issued its opinion in *Iowa Utilities Board v.*
7 *Federal Communications Commission* ("*IUB II*") (219 F.3d 744 (8th Cir. 2000)). This
8 decision reaffirmed the court's earlier conclusion (which was not affected by the
9 Supreme Court's remand) that "the superior quality rules violate the plain language of the
10 Act." *Id.* at 758. The court also stated that the "at least equal in quality" does not mean
11 "superior quality" and "[n]othing in the statute requires the ILECs to provide superior
12 quality interconnection to its competitors." *Id.*

13 In reviewing the meaning of "at least equal in quality" and the provision of
14 interconnection on a non-discriminatory basis, the 8th Circuit court that addressed the
15 original appeal of the FCC's *First Report and Order* concluded that competitive carriers
16 requesting interconnection should have access "only to an incumbent LEC's *existing*
17 network -- not to a yet unbuilt superior one." *Iowa Utilities Bd. v. F.C.C.*, 120 F.3d 753
18 (8th Cir. 1997) ("*IUB I*") at 813 (emphasis in original) Additionally, in addressing the
19 meaning of nondiscrimination in the context of the Act this same court concluded that
20 this mandate "merely prevents an incumbent LEC from arbitrarily treating some of its

1 competing carriers differently than others; *it does not mandate that incumbent LECs cater*
2 *to every desire of every requesting carrier.*" *Id.* (emphasis added).

3 Following the *IUB II* court's rejection of the FCC's incorrect interpretation and
4 remand, the FCC eventually also recognized these conclusions in its *Report and Order*
5 *and Order on Remand and Further Notice of Proposed Rulemaking*, CC Docket Nos. 01-
6 338, 96-98, and 98-147 that was released by the FCC on August 21, 2003. In that
7 decision at para. 15, the FCC notes that the Court concluded that incumbents are not
8 required "to alter substantially their networks in order to provide superior quality
9 interconnection and unbundled access."

10 Finally, I want to emphasize that, even under the FCC's invalidated superior
11 quality rules, the FCC had nevertheless recognized (at para. 225 of its *First Report and*
12 *Order*) that if the LEC were to provision a superior interconnection arrangement in
13 response to an interconnection request from a competing carrier, the requesting
14 competing carrier would be responsible for any extraordinary costs caused by that
15 CLEC's request.

16 **Q. What relevance does this discussion have in relation to Issue No. 4?**

17 **A.** Sprint may seek to establish a POI at a location within the CenturyTel incumbent network
18 for which new and additional trunking would be required to exchange local competitive
19 traffic with Sprint. This may occur if Sprint is competing with CenturyTel in one
20 exchange area but seeks to connect to an end office in another exchange area served by
21 CenturyTel. Therefore, there is no requirement for CenturyTel to build or create new

1 trunking arrangements to, as the *IUB I* court stated, "cater to every desire" of Sprint so
2 that local interconnection traffic can be exchanged between the parties. Consequently, as
3 a threshold matter, POIs must be established on the incumbent network of CenturyTel
4 where there are existing arrangements in place to accomplish the anticipated traffic
5 exchange between the parties. This necessarily limits the POI to such locations.
6 CenturyTel serves in two LATAs in Oregon, therefore this same issue can arise in a
7 number of places where Sprint may attempt to connect.

8 The technical feasibility of locating a connection in order to provide for the
9 exchange of traffic in any other area in which the parties are competing depends on many
10 variables. Therefore, the CenturyTel proposed interconnection terms at, for example,
11 Sections 2.2.3 and 2.2.3 of Article IV recognize that the parties must review these
12 variables in arriving at a feasible interconnection arrangement.

13 Q. **What did you mean when you stated earlier that LATAs are a concept designed for**
14 **a BOC?**

15 A. LATAs originated in the Modified Final Judgment that broke up the former AT&T in the
16 early 1980's. When the former AT&T consented to the court decree that ended its
17 antitrust case, it agreed to be separated into local operating companies (the BOCs) and a
18 long distance service company (the then former AT&T). This break-up required division
19 of the then-existing assets of the former AT&T into the BOC components and AT&T, the
20 long distance service company. The result of this division also created the framework for

1 the line-of-business restrictions on the BOCs (*e.g.*, the BOCs were not allowed to provide
2 services that crossed from one LATA to another; those services were reserved to AT&T).
3 Each LATA was specifically chosen to reflect the BOCs' network design,
4 including recognition of the existing end office and tandem hierarchy and the existence of
5 ubiquitous network interconnection between the exchanges within the chosen LATA
6 structure. The LATA choice fit the BOC's network operations. As a result, each BOC
7 had (and has further developed) a ubiquitous network throughout the LATA with
8 switching and trunking that was designed for that LATA.
9 **Q. Did LATA boundaries take into account the network design of a non-BOC?**
10 **A.** No. Non-BOCs, like CenturyTel, do not have ubiquitous networks that cover LATAs,
11 and the LATA design is not derived from CenturyTel's operations in its service areas.
12 The non-BOCs' operations were and are scattered in and around BOC service areas. If
13 one examines the facts existing at the time of the former AT&T break-up, the non-BOC
14 LECs were considered in this process only for the purpose of determining with which
15 BOC LATA each independent telephone company would be "associated." This
16 association determined, again, the bounds of the BOC's line-of-business restrictions as
17 the consequence of the resolution of the antitrust case. While each LATA represents a
18 subset area of the nation that fit the operations and network design of a particular BOC,
19 there was no such design correlation to the operations of independent telephone
20 companies such as CenturyTel.

1 **Q. Do you agree with the Sprint Petition suggestion at pp. 13-14 that the rule is that**
2 **single POIs are established by LATA?**
3 **A.** No. That is an exaggeration of the actual development of this concept. A thorough
4 examination of the FCC's original *First Report and Order* reveals there is no discussion
5 whatsoever of the concept of POIs within LATAs. In fact, in the 700-page *Report and*
6 *Order* the word LATA only appears once in the context of choices for deaveraging of
7 network element rates.
8 I do note that Sprint is partially correct with respect to how the issue evolved, but
9 has not presented the full story. The issue evolved based on CLECs arbitrations with
10 *incumbent BOCs*. In such proceedings, the BOC pointed out that it was restricted from
11 providing services across LATAs, and that is how the LATA concept became associated
12 with the POI issue. However, the resolution of these issues (the point that Sprint does not
13 address) cannot be divorced from the context within which the issues were raised – the
14 antitrust action against the BOCs and the resulting line-of-business relief that the BOCs
15 wanted under Section 271 of the Act.
16 In fact, and as Sprint notes, the basis for the application of this concept has been
17 the pending Section 271 relief that the BOCs and the agreement to terms of
18 interconnection for the BOCs that were subject to the antitrust enforcement action. *See*
19 Sprint Petition at p. 13, note 9 regarding a Texas Section 271 proceeding.

1 **Q. Can Sprint rely (*see* Sprint Petition, p. 13, notes 9 and 11) on the FCC's pending**
2 **intercarrier compensation proceeding to support its position regarding a single POI**
3 **per LATA?**
4 **A.** No. The FCC's notice of proposed rulemaking is not controlling. The issuance of an
5 FCC notice of proposed rulemaking does not create rules. Rules result from action by the
6 FCC in a rulemaking, and no action on the issues being contested here has been taken by
7 the FCC within the cited rulemaking. In any event, the LATA POI concept was
8 developed for application to BOCs. The FCC has not determined that this concept must
9 be applied to non-BOC ILECs, and there has been no public policy examination by the
10 FCC to conclude that this BOC-developed policy is either rational, much less a
11 requirement, for non-BOCs such as CenturyTel.
12 In fact, the paragraphs in both of the proposed rulemaking notices referenced by
13 Sprint in its petition refer to Section 271 proceedings for BOCs as the related basis for the
14 single, LATA POI concept. As I am sure the Commission is aware, Section 271 of the
15 Act only applies to BOCs as it sets forth processes under which BOCs can seek removal
16 of the line-of-business restrictions arising from the break up of the former AT&T.
17 Finally, the issues are not settled in the FCC's proposed rulemaking, including
18 under what conditions additional POIs and trunking should be established between
19 competing carriers and whether the requesting carrier should pay for the facilities to
20 connect from its POI to the areas in which traffic is exchanged.

1 Sprint is attempting illogically and incorrectly to extend the LATA and POI
2 concept, as such concept has emerged for the BOCs in response to the break-up of the
3 former AT&T. The position taken by Sprint is based on the incorrect assumption that the
4 concept applies equally to non-BOCs. As I have explained, however, the facts
5 demonstrate otherwise.

6 **Q. Can Sprint rely (*see* Sprint Petition, p. 13, note 12) on the quote from the FCC's**
7 **Virginia Arbitration decision to support its position regarding a single POI per**
8 **LATA?**

9 **A.** No. In my testimony on Issue #5, I will discuss at length the facts in the Virginia
10 Arbitration matter with the BOC Verizon and how those facts do not parallel those in this
11 proceeding. *See Petitions of WorldCom, Inc., Cox Virginia Telcom, Inc., and AT&T*
12 *Communications of Virginia, Inc. Pursuant to Section 252(e)(5) of the Communications*
13 *Act for Preemption of the Jurisdiction of the Virginia State Corporation Commission*
14 *Regarding Interconnection Disputes with Verizon Virginia, Inc., Memorandum Opinion*
15 *and Order*, CC Docket Nos. 00-218, 00-249, and 00-251, FCC 02-1731 (released July
16 17, 2002)("*Verizon Arbitration Order*").

17 For now, however, I note that, in its petition, Sprint quotes two sentences from
18 that order. Sprint does not provide the citation to the specific paragraph (it is para. 52 of
19 the *Verizon Arbitration Order*) and fails to note that it omitted two footnotes that are
20 referenced by the FCC. Footnote 118 in the FCC's *Verizon Arbitration Order* (at para.

1 52) references, as the basis for the statement, the same notice of proposed rulemaking
2 order and the same Texas Section 271 Order as I have discussed above.

3 **Q. How does the CenturyTel proposed agreement address the technical considerations**
4 **that may arise in the provisioning of interconnection between the parties?**

5 A. The possibility exists that Sprint may seek to interconnect with CenturyTel at a location
6 which would, in turn, require CenturyTel to switch and transport local intra-exchange
7 traffic (from the end users of one party to the end users of the other party) to and from a
8 different exchange from the exchange area where Sprint connects. This switching and
9 transport would necessitate the inclusion of new intraexchange traffic over CenturyTel's
10 interoffice trunking -- traffic that such trunking was not designed to carry. As such, and
11 setting aside for now that Sprint should be required to pay for any new form of transport,
12 the sizing and engineering of trunks and switching architecture could be thrown into
13 disarray and overloaded if a large number of carriers were to demand novel, new trunking
14 arrangements in this way. The same would also be true if there is a large amount of local
15 traffic that begins to be switched and transported in this manner.

16 CenturyTel cannot be expected to add new network design capacity in an
17 unplanned manner based upon the elections of other carriers. If CenturyTel were to be
18 forced to add new trunking arrangements and capacity according to arbitrary elections by
19 other carriers, CenturyTel would be placed in the position of having to install network
20 facilities at extraordinary cost. This requirement would also be imposed without
21 constraints as to how and when other carriers made their choices. Without constraints,

1 CenturyTel could find itself strapped with unused facilities as other carriers make
2 alternate plans or exit the market.
3 To address all of these concerns, the interconnection agreement terms proposed
4 by CenturyTel would require the establishment of new interconnection points and trunk
5 groups between the parties where traffic volumes and other considerations go beyond a
6 level that is insignificant to CenturyTel's network design. For example, where there is
7 significant traffic between a Sprint and a CenturyTel switch, the CenturyTel proposed
8 language expects that high-use dedicated trunks will be established for this component of
9 traffic. There are a vast number of possible factors and variables to consider in evaluating
10 any particular possible arrangement including network availability, network impairment
11 considerations, and extraordinary costs. Therefore, the agreement language proposed by
12 CenturyTel applies an approach whereby these factors are examined to determine
13 reasonable POI requirements and the resulting trunking arrangements. *See, e.g.,* Sections
14 2.2.3, 2.2.4, and 3.3.2.1 of Article IV of the draft Agreement. The conditions that
15 determine the need to establish new interconnection points and trunk groups include,
16 among others, existing facility capacity (*e.g.*, connecting trunks), traffic volumes, relative
17 costs of different networking options, and projections of future capacity needs.
18 CenturyTel's proposed language recognizes that the evaluation of these factors must be
19 based on CenturyTel's existing network (*i.e.*, interconnection obligations only arise with
20 respect to CenturyTel's existing network), and also recognize that interconnection

1 arrangements may change if and when CenturyTel otherwise upgrades or changes its
2 network.

3 Q. **Has the Commission ever addressed technical network arrangements where a**
4 **CLEC chooses to interconnect with an ILEC in an area separated from the area in**
5 **which local traffic between the parties would be originated and terminated?**

6 A. In an arbitration order (Order No. 97-003, in Docket Nos. ARB 3 and ARB 6, entered on
7 January 6, 1997), the Commission considered a similar "single point of interconnection"
8 issue related to interconnection with US West Communications. In its disposition of
9 Issue 1a, the Commission concluded at page 4 that the issue was not ripe for decision
10 because there was no "indication that [the two CLECs] intend to establish network
11 interconnections in a manner that will result in the inefficient use of network facilities"
12 and presumed that the CLECs would "seek interconnection arrangements that enhance,
13 rather than compromise, network capabilities."

14 Q. **How is this decision relevant to the resolution of Issue #4?**

15 A. The Commission left the issue open for future resolution but shared some of the concerns
16 of US West that particular interconnection requests could impair existing network
17 facilities or cause US West to incur extraordinary costs. Ultimately, also on page 4 of
18 that order, the Commission decided to allow the parties to bring disputes regarding the
19 proper standards to the Commission for future resolution.

20 There are some similarities here. Sprint has not committed to an exact
21 interconnection plan, so CenturyTel cannot determine the factors that would need to be

1 considered in order to evaluate potential network impairment or extraordinary costs.
2 Accordingly, the language of the CenturyTel proposed agreement necessarily lists a
3 complete list of factors that must be considered in evaluating each potential
4 interconnection arrangement with respect to technical feasibility, network impairment,
5 and extraordinary costs. When Sprint commits to a specific proposal, then CenturyTel
6 could be more specific in its analysis. As with the Commission's 1997 arbitration
7 decision, the proposed agreement leaves open the determination of these factors based on
8 future, actual proposals.

9 I would also note that the *IUB II* decision that I have cited and discussed above
10 was decided in 2000 after this Commission arbitration order. *IUB II* provides further
11 guidance, not inconsistent with the Commission's stated concerns, about what is meant
12 by "at least equal in quality" and access being confined to an ILEC's existing network.
13 Together, these decisions fully support CenturyTel's position on this issue.

14 **Q. Finally, regarding a Fiber Meet Point interconnection arrangement, what has**
15 **CenturyTel proposed?**

16 **A.** CenturyTel is willing to establish fiber optic cable meet points with Sprint where the
17 parties mutually agree on such meet points and where such meet points are technically
18 feasible. A fiber meet necessarily involves both the modification to existing plant, and
19 installation of additional equipment, in both parties' existing networks in order for the
20 connection between the parties' fiber cables to occur. CenturyTel has proposed a bona
21 fide request process so that the parties can review and resolve any fiber meet consistent

1 with those existing networks and each carrier's plans. The submission of a bona fide
2 request will allow the parties to review available arrangements, the terms and conditions
3 that should apply to such arrangements, and the financial and operational responsibilities
4 with respect to such arrangements. Under CenturyTel's proposal, these evaluations
5 rationally occur *before* either party incurs the additional cost of building and installing
6 the facilities that would be necessary for such connection. It is CenturyTel's position that
7 this process is the standard, established process used in interconnection agreements.

1 **Issue # 5 -- Should Sprint and CenturyTel share the costs of the interconnection facility**
2 **between their respective networks based on their respective percentages of**
3 **originated traffic?**
4
5 **Q. How would you summarize the essence of this arbitration issue?**
6 A Sprint has proposed an interpretation of the Act's interconnection requirements that
7 simply cannot be supported. Taken literally, if the Commission adopted Sprint's
8 proposal, CenturyTel would be responsible for a portion of the facilities from the
9 interconnection point on its network within the CenturyTel service area to any network
10 termination location that Sprint may unilaterally designate. Sprint's proposal would
11 allow Sprint to shift its transport costs to CenturyTel and allow Sprint to receive duplicate
12 payment for transport and termination even though Sprint has agreed to symmetrical and
13 offsetting charges with CenturyTel.
14 **Q. Could you explain how Sprint's proposal could require CenturyTel to be**
15 **responsible for transport outside of CenturyTel's incumbent network?**
16 A. According to Sprint's view, Sprint could locate its switch in San Francisco or Kansas
17 City to serve its end users located in an exchange of CenturyTel in Oregon in which
18 Sprint intends to compete, and require CenturyTel to be responsible for 50 percent of the
19 facilities that Sprint provisions from Oregon to San Francisco or to Kansas City. I
20 recognize that Sprint has proposed at p. 15 of the Sprint Petition to limit the facilities at
21 issue (and thus the financial responsibility that it wants CenturyTel to assume) to include

1 only the facilities from the interconnection point with CenturyTel to what Sprint refers to
2 as its "Point of Presence" in the LATA. Nonetheless, Sprint's purported limitation of the
3 geographic scope of the facilities at issue does not negate the fundamental fallacy of
4 Sprint's position.

5 **Q. What is CenturyTel's position on this issue?**

6 **A.** The reciprocal compensation required pursuant to Section 251(b)(5) of the Act for
7 "transport and termination of telecommunications" already provides compensation for
8 transport of local competitive traffic from the POI into the other party's network for
9 termination. The POI is the demarcation point between CenturyTel's network and
10 Sprint's network which establishes this financial responsibility framework. Once the POI
11 is established and the parties have decided to pay the other party for transport and
12 termination, each party's financial responsibility for the facilities and equipment on its
13 side of the POI are set. (I note that Sprint has agreed to this form of meet point facility
14 arrangement with other ILECs.) Nonetheless, Sprint's proposed facility charge would be
15 on its side of the POI and thus duplicate the "transport" aspect of Section 251(b)(5)
16 transport and termination for which Sprint is already being compensated pursuant to
17 Section 251(b)(5). Rather than acquiescing in the appropriateness of double recovery of
18 transport costs as Sprint proposes, CenturyTel proposes that each party would provision
19 and be responsible for trunking facilities on its side of the POI, and each party would pay
20 the other party transport and termination as such terms are defined in the interconnection
21 rules. Thus, Sprint's interpretation conflicts with the defined concepts of transport and

1 termination and would require CenturyTel to incur additional costs based on Sprint's
2 network design election (*i.e.,* apparently relying on transport facilities with some form of
3 centralized switching versus an alternative arrangement). CenturyTel should not be
4 required to incur additional costs arising from Sprint's network deployment decision nor
5 should CenturyTel be required to do so based upon Sprint's misinterpretation of the
6 applicable rules and requirements.

7 **Q. When the parties establish a POI for the interconnection of their trunking facilities,**
8 **what traffic will be exchanged between the competing parties over those facilities?**

9 **A.** Sprint and its service provider partner (apparently a CATV provider with some form of
10 internet protocol-based, *i.e.*, "IP-based," voice service offering) expect to provide
11 competitive service in CenturyTel's service area. The traffic exchanged between
12 CenturyTel and its competitor will be local calling area traffic originated by one party's
13 end user that is terminated to the other party's end user located in the same local calling
14 area.

15 **Q. For the exchange of this traffic, where would CenturyTel intend the POI to be?**

16 **A.** Consistent with the applicable requirements, CenturyTel believes that the POI must be
17 located at a technically feasible point within its ILEC network that takes into account the
18 existing network availability, potential impairment, and potential extraordinary costs as
19 discussed in my testimony regarding Issue #4. Since the parties would be originating and
20 terminating local competitive traffic within a particular local calling area, and presumably
21 both parties would be providing local telephone service with their own facilities within

1 that local calling area, CenturyTel's proposal to meet at some reasonably central point in
2 that same area ensures a fair and just approach for CenturyTel and Sprint (which, in turn,
3 is acting on behalf of the other competing end user service provider). Based on that
4 reasonably situated POI, the payment of transport and termination (or the mutual
5 consideration such as here under which the payments for transport and termination are
6 equally offset for the parties) fully satisfies the rules.

7 Q. **How has the FCC defined "transport" in the context of the exchange of local**
8 **competitive traffic?**

9 A. The FCC has defined transport in the context of the rules to develop the rates for so-
10 called reciprocal compensation. Section 51.701 of Subpart H of the FCC rules sets forth
11 the definitions, and Section 51.701(e) defines "reciprocal compensation" as:

12 For purposes of this subpart, a reciprocal compensation arrangement
13 between two carriers is one in which each of the two carriers receives
14 compensation from the other carrier *for the transport and termination on*
15 *each carrier's network facilities* of telecommunications traffic that
16 originates on the network facilities of the other carrier. (emphasis added.)
17
18 Furthermore, "transport" is defined in Section 51.701(c) as:

19 For purposes of this subpart, transport is the transmission and any
20 necessary tandem switching of telecommunications traffic subject to
21 section 251(b)(5) of the Act *from the interconnection point between the*
22 *two carriers to the terminating carrier's end office switch* that directly
23 serves the called party, or equivalent facility provided by a carrier other
24 than an incumbent LEC. (emphasis added.)
25
26 Finally, to complete the compensation concept addressed by Subpart H,
27 termination is defined in Section 51.701(d) as:

1 ... the switching of telecommunications traffic at the terminating carrier's end
2 office switch, or equivalent facility, and delivery of such traffic to the called
3 party's premises.
4
5 Together, these rules completely address compensation for any transport and termination
6 that the terminating party may provide "from the interconnection point between the two
7 carriers to the terminating carrier's end office switch." Sprint's own proposed agreement
8 language sets forth that the "Transport and Termination" rates shall be based on a bill and
9 keep arrangement. *See* Draft Agreement, Article VII, Pricing, "Reciprocal
10 Compensation (Transport and Termination) ... Bill and Keep." Section 4.2.2 of Article
11 IV reflects the fact that reciprocal compensation includes transport and termination and
12 "the originating Party shall compensate the terminating Party for the transport and
13 termination of Local Traffic." The Bill and Keep arrangement to which the parties have
14 agreed is reciprocal compensation for transport *and* termination. Thus, Sprint's proposed
15 facility charge would be a duplication of the "transport" compensation already provided
16 for under reciprocal compensation. Such "double dipping" is not permitted under
17 telecommunications regulation.
18 For clarification, I should add that CenturyTel uses the terms "Interconnection
19 Point" and "Point of Interconnection" interchangeably in its agreements. Both terms are
20 intended to correspond to the discussion of the IP in the context of defining transport
21 "from the interconnection point between the two carriers . . . ." 47 C.F.R. §51.701(c).
22 **Q. Do network deployment decisions affect the relative switching costs and transport**
23 **costs of service providers?**

1 **A.** Yes. Based on Sprint's position on this issue within its petition, it is reasonable to
2 conclude that Sprint has made the decision to limit its investment in and around the
3 CenturyTel service area by not locating a switch within that area (it is not clear whether
4 Sprint will even deploy a switch in Oregon for this service). As a result, Sprint relies on
5 the use of transport within its network to and from a more distant located switch.
6 However, that network design is not the only one available. Rather, a service provider
7 (such as CenturyTel) may decide it is better for its operations to deploy more switching
8 investment and to deploy that switching investment closer to the population being served.
9 In this network design, there is less transport required between the local area served and
10 the switch serving that area, but the relative per-unit cost of switching may be higher.
11 Likewise, if a carrier (such as Sprint) deploys switches located at farther distances from
12 the area in which end users are served, there will be relatively more transport cost from
13 that area to the serving switch but a lower per-unit cost for switching by deploying a
14 lesser number of switches.
15 Sprint's obvious decision *not* to locate switching facilities in the area in which it
16 proposed to exchange competitive traffic with CenturyTel and then to rely upon the
17 transport of local traffic to distant locations for switching *represents a choice made by*
18 *Sprint*. Presumably, Sprint has determined that this network design is more efficient for
19 its operations even though such design results in relatively greater costs to transport
20 traffic to and from the more distant switch. The fewer, and otherwise larger, switches
21 mean that the per-unit cost of switching is less than if more switches were deployed in

1 locations closer to the actual service area. However Sprint evaluates these trade-offs for
2 its operation, Sprint must bear the responsibility and consequences of those trade-offs.
3 Sprint's network deployment decision should not affect CenturyTel and *vice versa*. As
4 such, Sprint's network design should not result in differing costs or other obligations for
5 CenturyTel. However, Sprint's misplaced position on this issue would do just that – if
6 the Commission was to adopt Sprint's position, that action would result in CenturyTel
7 financing the relatively greater transport cost to fewer distant switches arising from
8 Sprint's decision for the design of its network. Such action would also fail to recognize
9 the offsetting savings in per-unit switching costs. Moreover, such action would upset the
10 agreement between the parties on the use of a "bill and keep" framework for reciprocal
11 compensation.

12 Because Sprint has elected to agree with symmetrical reciprocal compensation
13 rates between it and CenturyTel *for combined transport and termination*, the parties'
14 agreement effectively removes any need to recognize the interplay between switching
15 costs (for termination) and transport costs in applying the financial obligations.

16 Moreover, Sprint's network design whereby it wants compensation for
17 extraordinary transport to a switch located at great distance from the area served fails to
18 take into account the FCC's rules that I have set forth above. The rules that define
19 reciprocal compensation in terms of "transport" and "termination" expect that the
20 terminating end office and presumed network architecture within this framework will be
21 comparable to that of the incumbent LEC when the rule states "or equivalent facility

1 provided by a carrier other than an incumbent LEC." A switch in San Francisco or
2 Kansas City, with the resulting transport to and from that switch, is hardly equivalent.
3 The bill and keep approach to which the parties have agreed presumes equal
4 provision of *total* transport and termination by each party from its side of the POI to the
5 switch serving the end user, thereby preserving the "equivalent" expectation. Sprint's
6 attempt to shift to CenturyTel the additional transport costs arising from Sprint's overall
7 network design plan is inconsistent with the parties' agreement for a "bill and keep"
8 arrangement in addition to constituting a double recovery of a portion of the transport
9 costs to reach the POI. Sprint chose the design of its network and it bears the
10 responsibility of that design and the consequences arising from it. Moreover, CenturyTel
11 should not be forced to pay for facilities arising from Sprint's decision regarding the
12 Sprint network design. In any event, Sprint's attempt to recover extra transport costs
13 while also agreeing to symmetrical "transport and termination" compensation fails to
14 recognize the lower cost of the termination (*i.e.*, switching) portion of the combined
15 functions, which as I have explained, are interchangeable and result in cost trade-offs.
16 In summary, there is no sound public policy conclusion that could require
17 CenturyTel and its end users to fund Sprint's network configuration decisions that create
18 greater transport costs. Sprint's position should, therefore, be rejected.
19 **Q. Do you agree with Sprint's reliance on Section 51.709(b) (*see* Sprint Petition at pp.**
20 **14-15) to support its notion about facility cost sharing?**

1 **A.** No. The cited rule is explicitly related to the development of the reciprocal compensation
2 rates for transport and termination as defined by the FCC. The discussion by the FCC in
3 its *First Report and Order* is in the context of setting reciprocal compensation rates for
4 "transport" and, in that context, clearly states that the proportional recovery of costs *for*
5 *transport rate* purposes shall be based on traffic directionality. *See First Report and*
6 *Order* at paras. 1061 and 1062. As I have already set forth, transport is defined as the
7 transmission from the POI (*i.e.*, the interconnection point between the two carriers'
8 respective networks) to the terminating carrier's switch. The FCC's discussion of
9 transport is limited to that discussion of Section 251(b)(5) "transport." The FCC does not
10 separately address other facilities that provide the same function. It is only through a
11 series of misinterpretations that carriers like Sprint have attempted to apply the rule to
12 some additional transport concept which is nonetheless identical, and in addition to,
13 *transport*.

14 In any case, the parties already have decided that the traffic directionality for
15 traffic subject to reciprocal compensation (transport and termination) is in balance (50/50
16 percent) and that they will apply symmetrical rates for "transport" plus "termination"
17 leading to equal offsets of charges. As such, CenturyTel has already complied with the
18 requirements of Section 51.709(b) rule as well as the requirement in Sprint's recitation of
19 this arbitration issue as set forth above. The rate that applies for *transport and*
20 *termination* of such traffic that is subject to reciprocal compensation includes a
21 component of the transport "*from the interconnection point between the two carriers to*

1 *the terminating carrier's end office switch"* as stated in Section 51.701(c) of the FCC's
2 rules, and in considering the cost of that transport to develop the symmetrical rate for
3 *transport and termination* from that point, CenturyTel has included only 50 percent of the
4 costs. Likewise, because of its reliance on symmetrical rates for reciprocal
5 compensation, Sprint has considered the cost of transport from the POI to its terminating
6 end office and has also only included 50 percent of those transport costs in determining
7 the effective transport and termination rate. Therefore, the parties have shared the costs
8 of the interconnection facilities between their respective networks based on the
9 percentage of originating traffic for the other party in full compliance with the Sprint
10 issue statement.

11 The rule cited by Sprint simply requires that, when a carrier is calculating a rate
12 for transport and termination, the carrier includes within its costs only the transport for
13 the portion of traffic that it will terminate *from* the other party. Section 51.709(b) does
14 not say (as Sprint's position suggests) that this method is to be applied to a separate and
15 additional transport function (*i.e.*, Sprint's additional facilities position), particularly not
16 when the parties have agreed to symmetrical rates fully for the defined transport function.

17 **Q. On page 20 of its petition, Sprint references Section 51.703(b) of the FCC rules**
18 **which states "a LEC may not assess charges on any other telecom carrier for the**
19 **telecom traffic that originated on the LEC's network" as supporting its notion of**
20 **facility sharing payments. Is CenturyTel proposing to charge Sprint for local traffic**
21 **that CenturyTel originates?**

1 **A.** No, and this rule does not even apply to this issue. CenturyTel is not proposing to charge
2 Sprint for CenturyTel's originating traffic. In fact, through equal offsetting reciprocal
3 compensation, CenturyTel is paying Sprint for transport and termination of CenturyTel's
4 originating traffic. The cited rule has no relevance to the issue under review here.

5 **Q.** **Is Sprint's proposal to limit the facility sharing only to that within the LATA**
6 **sufficient to address CenturyTel's concerns?**

7 **A.** No. Transporting local calling traffic to the LATA border that could be hundreds of
8 miles away would only change the magnitude of this inconsistency, *not the inconsistency*
9 *itself.* LATAs are large, and such facility responsibility potentially to the edge of a
10 LATA (as Sprint has proposed) would still be unreasonable. Sprint's arbitrary limit does
11 not change the fundamental problems I have explained in this testimony, including the
12 fact that LATAs are a creation applied to the BOCs and have no application to LECs such
13 as CenturyTel.

14 **Q.** **Does CenturyTel provision arrangements that involve the transport of local calls to**
15 **distant points (such as to San Francisco, to Kansas City, or to the edge of the**
16 **LATA)?**

17 **A.** No, not for itself or for interconnection with any other carriers. Even when ILECs
18 provision, for example, extended area service ("EAS") interconnection arrangements
19 with neighboring LECs, most often they are responsible for trunking and transport only to
20 a meet point with the neighboring carrier, and certainly no more than transport to the
21 immediate neighboring area where the originating and terminating end users are located.

CenturyTel is not responsible for the transport of local calling traffic to distant locations well beyond the local calling areas in which the local calls originate and terminate.

Q. Under the most burdensome requirements under the Act, is any incumbent LEC required to provision interconnection arrangements for the benefit of its competitors that are more than what it does for itself or what it does in interconnection with other carriers?

A. No. But that is what Sprint is attempting to obtain here.

The Act contains three sets of escalating interconnection obligations under Sections 251(a), (b) and (c). The most burdensome set of requirements are contained in Section 251(c). Of particular note, Section 251(c)(2) of the Act states:

> (2) Interconnection.-- The duty to provide, for the facilities and equipment of any requesting telecommunications carrier, interconnection with the local exchange carrier's network-- (A) for the transmission and routing of telephone exchange service and exchange access; (B) at any technically feasible point within the carrier's network; (C) *that is at least equal in quality to that provided by the local exchange carrier to itself or to any subsidiary, affiliate, or any other party to which the carrier provides interconnection* .... (emphasis added.)

This passage from the Act is also consistent with the FCC's rules at 47 C.F.R. § 51.305 and the FCC's discussion at para. 173 of the FCC's initial interconnection decision in its *First Report and Order*. For example, Section 51.305 (a)(3) of the FCC's rules states:

> (a) An incumbent LEC shall provide, for the facilities and equipment of any requesting telecommunications carrier, interconnection with the incumbent LEC's network: ...

1 (3) That is at a level of quality that is equal to that which the
2 incumbent LEC provides itself, a subsidiary, an affiliate, or any
3 other party. At a minimum, this requires an incumbent LEC to
4 design interconnection facilities to meet the same technical criteria
5 and service standards that are used within the incumbent LEC's
6 network. This obligation is not limited to a consideration of service
7 quality as perceived by end users, and includes, but is not limited
8 to, service quality as perceived by the requesting
9 telecommunications carrier. . . .
10
11 In paragraph 173 of the FCC's *First Report and Order* in CC Docket No. 96-98
12 and 95-185, the FCC recites the provisions of Section 251(c)(2) related to equal quality.
13 **Q. Has this "equal in quality" requirement been addressed and clarified?**
14 **A.** Yes. As I have discussed earlier (and which discussion I incorporate herein by
15 reference), the conclusion is that incumbent LECs are not required to provision superior
16 arrangements at the request of competing carriers. Sprint's proposal under which
17 CenturyTel would, at Sprint's election, provision some local calling service that would
18 involve transport to the edge of the LATA (or to San Francisco or to Kansas City) is a
19 perfect example of a requested superior arrangement. CenturyTel has no obligation to
20 provision such superior arrangements to accommodate Sprint's unique network design. If
21 CenturyTel was required to comply with this arrangement and provision network
22 required to meet it, any extra cost (*i.e.*, transporting local calling traffic to the edge of the
23 LATA) would be the responsibility of Sprint.
24 **Q. What conclusion must be reasonably drawn from the explicit words in Section**
25 **251(c)(2) of the Act?**

1 **A.** The inescapable conclusion is that, even under the strictest application of the rules and
2 the Act, the interconnection obligations of an ILEC apply only with respect to the area of
3 its own incumbent network. Moreover, as the quoted Section 251(c)(2) states, the
4 requirements, at most, *do not require* the ILEC to provision interconnection arrangements
5 with the requesting competing carrier that are more complex or more costly than the
6 arrangements that the ILEC provides for itself or with any other party.

7 In this proceeding, Sprint is asking for terms that would require CenturyTel *both*
8 to provision a new form of local service and to be responsible for transport for that new
9 local service to distant locations beyond that for any other local traffic for which
10 CenturyTel currently is responsible.

11 **Q. Is there any reason to believe that CenturyTel should be subject to obligations that**
12 **are greater than, or more burdensome than, those set forth in Section 251(c)(2)?**

13 **A.** No. CenturyTel *cannot* be subject to requirements that are *more* burdensome than those
14 that apply under Section 251(c)(2) of the Act. But that is what Sprint is proposing here.

15 **Q. Do you have any basis for this position?**

16 **A.** Yes. Subparagraphs (a), (b) and (c) of Section 251's interconnection requirements create
17 an escalating set of obligations, and it would be illogical to confer a broader meaning
18 than that required by the most burdensome parts of the statute. Thus, Section 251(a)
19 cannot reasonably be interpreted in a manner that is more burdensome that Section
20 251(b), and Section 251(a) and Section 251(b) obligations cannot be interpreted in a
21 manner that are more burdensome than Section 251(c).

1 **Q. Does the citation of the *Verizon Arbitration Order* on p. 15 of the Sprint Petition**
2 **support the claim that CenturyTel must pay for shared use of facilities to some**
3 **distant point beyond CenturyTel's incumbent network area in addition to its**
4 **agreement to bill and keep?**
5 **A:** No. The facts in the FCC's arbitration with Verizon in Virginia are distinct from the
6 facts in this case. Verizon's network in Virginia is not equivalent to CenturyTel's
7 network in Oregon. Furthermore, the proposals by Verizon that were under review are
8 not equivalent to those to which CenturyTel and Sprint have already agreed. The parties
9 have agreed here to a bill and keep approach for *transport and termination* while Verizon
10 had proposed to apply multiple transport and termination elements in lieu of bill and
11 keep.
12 Regardless of what was decided in the *Verizon Arbitration Order*, the FCC's
13 decision was determined based solely on the evidence, facts, and arguments presented by
14 the parties in that case. CenturyTel was not a party to that case; the evidence in that
15 proceeding does not correspond to the issues here; the evidence does not reflect
16 CenturyTel's operation in Oregon; and there was no consideration of the implications or
17 requirements that should apply to CenturyTel's operations and obligations in Oregon
18 where the parties have agreed to bill and keep.
19 Moreover, a thorough examination of the facts, evidence, and issues in the
20 Virginia arbitration reveals that the extent of the disagreement was confined to
21 interconnection points and transport totally within the incumbent service area of Verizon

1 because the CLECs in that proceeding operate switches within Verizon's incumbent area.
2 There is no mention or discussion of any possible interconnection obligation for Verizon
3 regarding interconnection points (or transport to distant points) where Verizon is not an
4 ILEC.

5 The particular arbitration issue in the case involved an unequal arrangement
6 proposed by Verizon whereby Verizon would charge the competitive LEC for facilities,
7 but Verizon would not be willing to pay for facilities. In this case, CenturyTel is willing
8 to establish a POI where each party would be responsible for the facilities on its
9 respective side of the POI, and the parties have already agreed to offsetting charges at
10 symmetrical rates by the terminating party for the *transport and termination* of the
11 originating party's traffic (a so-called "meet point arrangement").

12 Also relevant, I note that, in the end, the FCC recognized that the arrangements
13 with each of the three CLECs already provided protection for Verizon, and that the
14 concerns about which Verizon complained do not arise with those CLECs. *See, e.g.*,
15 *Virginia Arbitration Order* at para. 70 (regarding a mid-span meet point arrangement
16 which is akin to the arrangement CenturyTel would agree to with Sprint), and para. 71
17 (regarding the mitigating terms of multiple interconnection points and self-provisioning
18 of transport). Furthermore, at para. 59, the FCC recognizes that because Verizon is the
19 incumbent in the entire area in which the arbitration issues are under review, Verizon
20 rarely would need to lease facilities from any other carrier.

1 **Q. Can you summarize your conclusions regarding the *Virginia Arbitration Order*?**

2 **A.** The facts indicate that the interconnection arrangements under consideration in the
3 Virginia proceedings before the FCC were specific to the parties' proposals, and all of the
4 interconnection arrangements would take place within Verizon's incumbent service area.
5 So there is no logical extension of the facts related to the Verizon situation in Virginia to
6 those with respect to CenturyTel's network in Oregon. The facts in other arbitration
7 proceedings involving other Bell companies also do not parallel those for CenturyTel.
8 The manner in which parties propose, negotiate, and set forth in terms and conditions the
9 specifics of how charges for transport and termination may apply are specific to each
10 negotiation and set of carriers.

11 **Q. How would you summarize your testimony regarding this issue?**

12 **A.** Issue No. 5 is an attempt by Sprint to impose costs unfairly on CenturyTel by suggesting
13 that CenturyTel should be responsible for (and therefore must compensate Sprint for)
14 facilities that Sprint chooses to provision from the Sprint side of the POI to some point
15 distant from CenturyTel's service area. As explained above, there is no requirement for
16 CenturyTel to fund the cost of Sprint's choice of network design that relies on more
17 transport and less switches.

18 The result of Sprint's approach would be to assign a disproportionate amount of
19 facilities costs to CenturyTel simply to accommodate Sprint's network design. In
20 addition, Sprint's approach would provide to it a double recovery of those facilities
21 provisioned by Sprint on its side of the POI even though those facilities are part of the

1 transport costs Sprint incurs in fulfilling its Section 251(b)(5) transport and termination
2 obligation in this instance. As I have noted, however, the parties have already decided to
3 provide compensation for transport and termination under the recognition that traffic is
4 balanced and the rate for transport and termination is symmetrical. Thus, under this "bill
5 and keep" approach, the parties have agreed that such compensation for transport and
6 termination (and the costs associated with those functions) offset exactly.

7 Sprint has elected to deploy and arrange for a network design that it presumably
8 has determined is more efficient from its business perspective. This arrangement appears
9 to limit the deployment of switches and utilizes long haul transport facilities. That is
10 Sprint's election and the ramification of it should not be imposed upon CenturyTel,
11 particularly when CenturyTel's network and interconnection obligations are of limited
12 scope.

13 Hauling local exchange traffic to some distant point and back again, as Sprint
14 apparently wants to do to accommodate its network design, creates extraordinary
15 transport costs. These facts support the conclusion that the most efficient transport
16 arrangement could be no more in distance than to transport local calls across a local
17 calling area. Regardless, for the reasons I have provided, CenturyTel cannot be held
18 responsible for these extra distance costs and cannot be held responsible for any transport
19 arrangements for the exchange of traffic with Sprint beyond that which CenturyTel
20 provided today. CenturyTel has stated that it is willing to meet Sprint at reasonable
21 interconnection points within CenturyTel's incumbent network and that each party would

1 bear its own costs on its side of the POI. This is a truly fair arrangement between "co-
2 carriers" given that this interconnection would take place where: (1) each carrier intends
3 to provide service to end users (or in Sprint's business model through an arrangement
4 with an IP-based CLEC to provide end user services); (2) each carrier would need to
5 exchange traffic with the other party for the service each provides to its respective
6 customers; and (3) the parties have already agreed to an arrangement where
7 compensation for transport and termination is equal and offsetting. This arrangement is
8 also consistent with the arrangements that Sprint has agreed to with other smaller ILECs.

1 **Issue # 6 -- What are the appropriate rates for direct Interconnection Facilities?**

2

3 **Q. How would you summarize the essence of this issue?**

4 **A.** In establishing a POI between Sprint and CenturyTel, the proposed agreement allows the
5 option for either party to lease facilities from the other party. CenturyTel has proposed
6 that the prevailing tariffed rates under which CenturyTel makes facilities available to
7 customers and other carriers are the rates that should apply for such lease. Sprint, on the
8 other hand, argues that the rates for facilities should be based on an economic, forward-
9 looking cost estimation as is generally applied to network elements under the
10 interconnection requirements adopted by the FCC.

11 **Q. How would you summarize CenturyTel's position on this issue?**

12 **A.** The facilities that Sprint may need to lease from CenturyTel are facilities that would be
13 defined as "entrance facilities." In its *Triennial Review Remand Order*, the FCC ruled
14 that a CLEC can obtain entrance facilities at a low cost with no impairment to its ability
15 to compete, and that competing carriers are not entitled to use entrance facilities at
16 TELRIC-rates. *See, generally, In the Matter of Unbundled Access to Network Elements,*
17 *Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange*
18 *Carriers, Order on Remand*, WC Docket No. 04-313, CC Docket No. 01-338, FCC 04-
19 290, released February 4, 2005 at paras. 136-141. The FCC defines entrance facilities as
20 those that encompass the transmission facilities that connect a competitive LEC network
21 with the incumbent LEC network. *Id.* at para. 136. As such, the FCC removed entrance

1 facilities from the list of elements subject to interconnection and its interconnection form
2 of pricing (*i.e.*, forward-looking economic pricing methods).

3 **Q. If so-called entrance facilities are not available according to the terms of**
4 **interconnection requirements, how are they available to other carriers?**

5 **A.** Pursuant to the generally available terms under which carriers offer lease of facilities.
6 That would be tariffed terms and conditions. The rates contained in tariffs are the
7 lawfully established rates for such facility use as have been developed in Oregon.
8 Therefore, Sprint may obtain lease of facilities on the same terms that CenturyTel offers
9 and charges for those facilities pursuant to the terms of tariffs available to customers and
10 other carriers. That is exactly what CenturyTel has proposed to Sprint as it relates to
11 Issue #6. Moreover, application of the TELRIC pricing standard proposed by Sprint for
12 these facilities would be inconsistent with that found by the FCC for other CLECs using
13 entrance facilities within an interconnection context. Thus, adoption of the pricing
14 standard proposed by Sprint would impose a greater burden upon CenturyTel than other
15 carriers.

16 **Q. How should the Commission resolve Issue #6?**

17 **A.** The Commission should adopt CenturyTel's language which makes leased facilities
18 available pursuant to the terms of prevailing, generally available tariffs.

1 **Issue # 7 -- Should the Interconnection Agreement contain provisions limiting indirect**
2 **interconnection?**
3 **and**
4 **Issue # 16 -- Do terms need to be included when Sprint utilizes indirect interconnection,**
5 **and CenturyTel is not provided detailed records, nor is CenturyTel able to**
6 **identify and bill calls based upon proper jurisdiction?**
7
8 **Q. Are you addressing both of these issues together?**
9 A. Yes.
10 **Q. Do you have a basis for discussing these issues together?**
11 A. Yes. Both issues relate to the terms and conditions under which the parties may
12 exchange local competitive traffic via a third party tandem switch over common trunks
13 carrying traffic of different carriers and/or of different traffic types (*e.g.*, local, toll and
14 access). These third-party tandem-switched arrangements have been referred to as
15 "transit arrangements." Issue #7 addresses the fact that CenturyTel has offered a
16 reasonable compromise that utilizes a "transit arrangement" under specifically limited
17 circumstances. These limitations are entirely reasonable and should be adopted by the
18 Commission in that there are no requirements that allow Sprint to establish a POI at
19 another ILEC's tandem to exchange traffic with CenturyTel and demand that CenturyTel
20 be forced to obtain services from, and rely on, a third party carrier. Thus, CenturyTel has
21 offered very CLEC-friendly language which allows the exchange of traffic via a third

1 party transit arrangement for traffic volumes up to a DS1 level. CenturyTel's position is
2 an extremely accommodating offer given it would involve CenturyTel transporting traffic
3 to locations well beyond its incumbent network, although only for a small level of traffic.
4 Likewise, CenturyTel's proposal also includes threshold criteria that, once reached,
5 would require the parties to establish dedicated trunking between their networks for each
6 traffic type. However, the language also allows the parties, upon mutual agreement, to
7 utilize other interconnection methods that may be mutually beneficial, including
8 continuation of the transit arrangement in instances where that arrangement makes sense.
9 Issue #16 is necessary to address the terms that would apply if the parties are
10 utilizing such a transit arrangement under the compromise and limited traffic approach
11 suggested by CenturyTel. Issue #16 addresses the situation where the terminating party
12 does not have accurate and complete billing records available. These records are
13 necessary to establish the nature of traffic exchanged over such arrangements as well as
14 the potential compensation for such traffic.

15 **Q. Can you summarize CenturyTel's position?**

16 A. Yes. As I explained above in response to Issue #4 and Issue #5 (and which I also
17 incorporate herein by reference), the Part 51 -- Subpart H of the FCC's rules addresses
18 the terms and conditions under which competing LECs exchange traffic that is subject to
19 Section 251(b)(5) of the Act. The Act and those rules require no more than for the ILEC
20 to establish a POI(s) with a requesting competing carrier at a technically feasible point
21 within the ILEC's existing network subject to the condition that the interconnection

1 arrangement be "no more than equal" to what the ILEC does for itself or with other
2 carriers. There is no difference or distinction in the rules regarding the establishment of
3 proper POI(s) that depend on whether the carriers interconnect to that point directly or
4 indirectly.

5 Theoretically, Sprint could establish a POI with another neighboring ILEC for an
6 indirect interconnection. This proposal would result in both parties having to obtain
7 transit service from the third party tandem provider. CenturyTel should not, however, be
8 required to incur additional costs of transit in situations where the CLEC fails to establish
9 a proper POI with dedicated trunks on the incumbent network of CenturyTel for the
10 exchange of Section 251(b)(5) traffic. Nevertheless, CenturyTel has been willing to
11 exchange traffic with a CLEC via a third-party, tandem-switched trunking arrangement
12 where such arrangement would be technically feasible, regardless of the interconnection
13 point issue, provided that the additional costs to CenturyTel are limited to
14 inconsequential amounts. CenturyTel is willing to define that limitation based on an
15 amount of traffic that is no more than one DS1 level of traffic.

16 Moreover, since the transit arrangement is an inferior approach, its use should be
17 properly limited. Contrary to Sprint's suggestion at p. 18 of the Sprint Petition,
18 CenturyTel is not "dictating" interconnection methods to Sprint; CenturyTel is, in fact,
19 willing to compromise on the issue and agree to the use of a transit arrangement, even
20 though there is no requirement to do so, until traffic volumes reach more than
21 insignificant levels.

1 Despite this compromise and limited offer to exchange local traffic via a transit
2 arrangement, this arrangement does not change CenturyTel's position regarding where
3 the POI must be established for local interconnection traffic arrangements and should not
4 be construed to suggest obligations for CenturyTel beyond those that actually apply.
5 As already explained in response to Issue #5, the obligation of CenturyTel is only
6 to deliver its local interconnection traffic to points within its ILEC network. Any
7 delivery of traffic, or transport of it, to more distant points (*i.e.*, into a neighboring ILEC's
8 territory where Sprint connects with that ILEC) is Sprint's responsibility. That
9 responsibility includes any transit services provided by a third party, regardless of what
10 de minimus arrangements CenturyTel may be willing to accept here.

11 **Q. Do any Section 251 requirements alter your conclusions?**

12 **A.** No. As I have stated above (and which I incorporate herein by reference), Section
13 251(c)(2) establishes that the POI location must be within the ILEC's network and the
14 FCC's reciprocal compensation rules adopted to implement Section 251(b)(5) establish
15 the compensation arrangements on each carrier's side of the POI. The FCC further
16 described this framework at para. 1039 of its *First Report and Order*.

17 We define "transport," for purposes of section 251(b)(5), as the
18 transmission of terminating traffic that is subject to section 251(b)(5) from
19 the interconnection point between the two carriers to the terminating
20 carrier's end office switch that directly serves the called party (or
21 equivalent facility provided by an non-incumbent carrier).
22
23 The exchange of interconnection traffic should be as required by Section
24 251(c)(2) of the Act:

1 New entrants will request interconnection pursuant to section 251(c)(2) for
2 the purpose of exchanging traffic with incumbent LECs. In this situation,
3 the incumbent and the new entrant are co-carriers and each gains value
4 from the interconnection arrangement.
5
6 *First Report and Order* at para. 553.

7 Likewise, this analysis is consistent with the FCC's rules at Section 51.305 and
8 the FCC's discussion at para. 173 of its *First Report and Order*.

9 **Q. What conclusion must one draw from the explicit words in the Act and the FCC's**
10 **rules and rulemaking discussions?**

11 **A.** The inescapable conclusion is that, even under the strictest application of the rules and
12 the Act, the interconnection obligations of an ILEC apply only with respect to
13 interconnection at points *within its own incumbent network*, not with respect to POIs
14 located in the incumbent network of some other carrier or in areas where the LEC is not
15 an incumbent. Section 251(a) cannot change or modify these requirements. Regardless
16 of what facilities options that may be available to a requesting competitive carrier, the
17 incumbent's obligation is limited to an interconnection point *within* the ILEC's network.

18 Moreover, as the quoted Section 251(c)(2) states, the requirements, at most, do
19 not require the ILEC to provision interconnection or service arrangements with the
20 requesting competing carrier that are more than a level equal to what the ILEC provides
21 to itself or in interconnection arrangements with any other party. In this proceeding,
22 Sprint is asking for terms that would require CenturyTel to provision a new form of local
23 service and to be responsible for transport to distant locations beyond the points of
24 transport of any other local traffic.

1 **Q. Is there any reason to believe that CenturyTel should be subject to obligations that**
2 **are greater than, or more burdensome than, those set forth in Section 251(c)(2)?**
3 **A.** No.
4 **Q. Have interconnection requirements been applied to the BOCs that are either greater**
5 **than, or more burdensome than, those set forth in Section 251(c)(2)?**
6 **A.** Yes. In the context of examination of the removal of their line of business restrictions
7 under Section 271 of the Act, the BOCs have either agreed to terms or have been required
8 by regulators to commit to terms outside and beyond those ILEC interconnection
9 requirements in the Act. The misapplication arises when carriers, such as Sprint, attempt
10 incorrectly to apply these special BOC terms to non-BOC LECs.
11 **Q. Do the FCC's rules for the exchange of competitive interconnection traffic differ**
12 **depending on whether the parties are directly or indirectly interconnected?**
13 **A.** No. There is no distinction in the Subpart H rules with respect to whether the parties are
14 directly or indirectly interconnected. The FCC does not discuss so-called transit
15 arrangements as an interconnection option.
16 **Q. Does Section 251(a) of the Act create a right for Sprint to demand its form of**
17 **indirect interconnection with CenturyTel?**
18 **A.** No. First, Section 251(a) *does not* afford any carrier a "choice" with respect to another
19 carrier's fulfillment of the general obligations of Section 251(a) as suggested by Sprint's
20 position on this issue. Second, Section 251(a) of the Act *does not* create rights or
21 standards for interconnection. Rather, as reflected in the specific language that Congress

1 used, Section 251(a) only creates a general duty on telecommunications carriers to be
2 connected directly or indirectly with all other telecommunications carriers. Contrary to
3 any suggestion by Sprint, Section 251(a) also *does not* afford rights to one class of carrier
4 to demand of another class of carrier the manner in which a carrier fulfills this general
5 duty, and this section of the Act further *does not* set forth any particular standards under
6 which carriers must negotiate or arbitrate terms of either direct or indirect forms of
7 interconnection. Sprint is attempting to expand the scope and meaning of Section 251(a)
8 to afford Sprint with rights that simply do not exist. In fact, Section 251(a) is separate
9 and distinct from interconnection requirements related to the exchange of traffic.

10 **Q. Do you have any support for your conclusion that the general requirements of**
11 **Section 251(a) of the Act do not address the exchange of traffic?**

12 A. Yes. Section 251(a) of the Act establishes no standards or requirements for the exchange
13 of the traffic that is the subject of Section 251(b)(5) of the Act; it is the FCC's Subpart H
14 rules which solely establish those standards for the exchange of local interconnection
15 traffic. But one need not rely on the FCC's Part 51 rules alone. While the FCC has
16 stated these conclusions more than once, I will point to a few paragraphs in a
17 *Memorandum Opinion and Order* released by the FCC on March 13, 2001, in File No. E-
18 97-003 ("*Atlas Decision*") beginning at paragraph 23:

19 23. Complainants base their argument on an erroneous interpretation of
20 the term "interconnect" in section 251(a)(1). *We have previously held that*
21 *the term "interconnection" refers solely to the physical linking of two*
22 *networks, and not to the exchange of traffic between networks.* In the
23 *Local Competition Order*, we specifically drew a distinction between
24 "interconnection" and "transport and termination," and concluded that the

1 term "interconnection," as used in section 251(c)(2), does not include the
2 duty to transport and terminate traffic. Accordingly, section 51.5 of our
3 rules specifically defines "interconnection" as "the linking of two
4 networks for the mutual exchange of traffic," and states that this term
5 "does not include the transport and termination of traffic."
6
7 24. Complainants argue that the term "interconnection" has a different
8 meaning in section 251(a) than in section 251(c). According to
9 Complainants, section 251(a) blends the concepts of "interconnection" and
10 "transport and termination," and "the only way for AT&T and [Total] to
11 interconnect under Section 251(a)(1) is for AT&T to purchase [Total]'s
12 services at its tariffed rate."
13
14 25. *We find nothing in the statutory scheme to suggest that the term*
15 *"interconnection" has one meaning in section 251(a) and a different*
16 *meaning in section 251(c)(2).* The structure of section 251 supports this
17 conclusion. Section *251(a) imposes relatively limited obligations on all*
18 *telecommunications carriers;* section 251(b) imposes moderate duties on
19 local exchange carriers; and section 251(c) imposes more stringent
20 obligations on incumbent LECs. Thus, *section 251 of the Act "create[s] a*
21 *three-tiered hierarchy of escalating obligations based on the type of*
22 *carrier involved."* As explained above, section 251(c) does not require
23 incumbent LECs to transport and terminate traffic as part of their
24 obligation to interconnect. *Accordingly, it would not be logical to confer a*
25 *broader meaning to this term as it appears in the less-burdensome section*
26 *251(a).*
27
28 26. Furthermore, among the subparts of this provision, *section 251(b)(5)*
29 *establishes a duty for all local exchange carriers to "establish reciprocal*
30 *compensation arrangements for the transport and termination of*
31 *telecommunications."* Local exchange carriers, then, are subject to section
32 251(a)'s duty to interconnect *and* section 251(b)(5)'s duty to establish
33 arrangements for the transport and termination of traffic. *Thus, the term*
34 *interconnection, as used in section 251(a), cannot reasonably be*
35 *interpreted to encompass a general requirement to transport and*
36 *terminate traffic.* Otherwise, section 251(b)(5) would cease to have
37 independent meaning, violating a well-established principle of statutory
38 construction requiring that effect be given to every portion of a statute so
39 that no portion becomes inoperative or meaningless ....
40
41 *Id.* (footnotes omitted, emphasis added).

1 These excerpts are examples of decisions that support my conclusion that the
2 general requirements of Section 251(a) create no obligation for either an ILEC or a CLEC
3 (i) to originate or deliver traffic; (ii) to provision a particular local service for its end
4 users, or (iii) to provision some extraordinary form of service or interconnection
5 arrangement at the request of some other carrier. To the extent that Sprint suggests
6 requirements in this proceeding that go beyond the general and limited duty of being
7 "directly and indirectly" interconnected under Section 251(a) of the Act, its proposals
8 should be rejected. An arbitration cannot result in the imposition of interconnection
9 requirements that go beyond what the Act requires or go beyond the regulations
10 prescribed by the FCC as reflected in Section 252(c) of the Act.

11 **Q. Does Section 251(a) create rights for Sprint to demand that CenturyTel negotiate**
12 **and/or arbitrate specific standards for so-called "indirect" interconnection as**
13 **Sprint claims?**

14 **A.** No. Sprint suggests incorrectly that it has a right to arbitrate terms of interconnection
15 under some presumed standards set forth under Section 251(a). The compliance with the
16 general interconnection obligation of Section 251(a) is not achieved through the
17 implementation of negotiation or arbitration scheme of Section 252.

18 Section 251(c)(1) of the Act sets forth the obligation for ILECs "to negotiate in
19 good faith in accordance with section 252 the particular terms and conditions of
20 agreements to fulfill the duties described in paragraphs (1) through (5) of subsection
21 [251](b)] and this subsection [251(c)]." Accordingly, the only sections of the Act which

1 include "standards" for application under negotiation or arbitration are those contained in
2 Sections 251(b) and (c). The explicit terms of Section 252 do not require such
3 negotiation or arbitration with respect to Section 251(a). If Congress had intended that
4 there also be Section 251(a) standards which are implicated for negotiation or arbitration
5 purposes, then it would have also listed that section. Similarly, Section 252(a)(1) permits
6 ILECs to negotiate agreements "without regard to the standards set forth in subsections
7 (b) and (c) of section 251," but does not mention any standards in subsection 251(a)
8 because there are none. The reason is that the general duty of Section 251(a) is just that
9 -- without any specific standard for fulfillment. Although aspects of an FCC proceeding
10 were vacated by the courts on grounds that do not affect the FCC's fundamental analysis
11 and observations, the FCC came to similar conclusions about this interplay between
12 Sections 251(a), (b), and (c), and the standards under which negotiations and arbitrations
13 under Section 252 are applicable. *See In the Matter of CoreComm Communications, Inc.,*
14 *and Z-Tel Communications, Inc. v. SBC Communications, Inc. et al., Order on*
15 *Reconsideration,* File No. EB-01-MD-017, FCC 04-106, released by the FCC on May 4,
16 2004 at para. 18.

17 In summary, Section 251(a) creates no standards for negotiation or arbitration.
18 This section creates only general duties; there are no rights afforded other carriers to
19 demand (or choose) how another carrier fulfills its general duty to be directly or
20 indirectly connected to the public switched network.

1 **Q. Is CenturyTel in compliance with the general duty created by Section 251(a) of the**
2 **Act?**
3 **A.** Yes. CenturyTel has not refused to connect with any carrier, and in particular, Sprint.
4 However, CenturyTel is not required to provision: (1) Sprint's form of interconnection;
5 (2) arrangements beyond those actually required under the actual applicable standards set
6 forth in the other subsections of Section 251; and (3) arrangements with Sprint that are
7 superior or extraordinary to the form and level of arrangements it provisions for itself or
8 for interconnection with other carriers.
9 **Q. Are commingled traffic and third-party-tandem transit arrangements required**
10 **under the Act or under the FCC's interconnection rules?**
11 **A.** No. In over 700 pages of the FCC's *First Report and Order* and its implementing rules,
12 there is no discussion of commingled tandem-switched transit arrangements under which
13 a third party carrier would commingle interconnecting parties' traffic. In fact, the words
14 and/or concepts of "transit," "transit service," and "transit traffic" do not appear in that
15 document.
16 Moreover, in the *Verizon Arbitration Order* (at para. 117) that I discussed earlier
17 in this testimony, the FCC concluded that it had not had "occasion to determine whether
18 incumbent LECs have a duty to provide transit service under this [Section 251(c)(2)]
19 provision of the statute, *nor do we find clear Commission precedent or rules declaring*
20 *such a duty.*" (emphasis added) Consequently, there can be no presumption of a
21 requirement for CenturyTel to acquiesce to the unbridled use of a multi-carrier facility

1 traffic arrangement if there has been no finding that such arrangements are even a duty
2 under the interconnection obligations set forth in the Act.
3 Further, as a public policy matter, the rights of carriers like CenturyTel in a
4 competitive world to design its own network architecture without interference from other
5 carriers (for switching hierarchy and traffic management, identification, measurement,
6 and billing) would need to be fully addressed in any examination of some mandatory
7 trunking design under which CenturyTel would be forced involuntarily to use the transit
8 arrangements of its competitors. There is a long list of competitive issues regarding
9 carriers' rights to design and deploy their own network hierarchy which would also need
10 to be examined. Likewise, there would also need to be public policy review of the anti-
11 competitive implications associated with large carriers forcing smaller carriers to be
12 dependent on the large carrier's tandem switch. All of these unaddressed matters are
13 raised in this proceeding to the extent that Sprint wants to keep open the possibility of
14 connecting with a third party tandem provider and then demand that CenturyTel accept
15 that third party's and Sprint's network design that favors those carriers to the detriment of
16 CenturyTel.
17 Finally, as I have discussed above, the terms of a transit arrangement as proposed
18 by Sprint could not only require CenturyTel to pay for transport of local traffic to points
19 outside of CenturyTel's ILEC network but would also involve the provisioning of a
20 superior form of local traffic exchange interconnection that goes beyond that which
21 CenturyTel does for itself or with any other interconnecting carrier. Only where the

1 impact of such transit arrangement is limited to small levels of traffic is CenturyTel
2 willing to utilize the transit arrangement. The fact that such transit arrangements are
3 otherwise not required as an interconnection obligation demonstrates that CenturyTel's
4 position is entirely reasonable to accommodate initial traffic levels with Sprint.

5 **Q. Can you explain your statement earlier that CenturyTel is willing to utilize a third-**
6 **party transit arrangement with Sprint under conditions where there will be limited**
7 **amounts of traffic between the parties?**

8 A. Yes. In Sections 3.3.1 and 3.3.2 of the proposed agreement, CenturyTel has proposed
9 that the parties may utilize a transit traffic arrangement via a third party tandem with
10 commingled traffic, and tandem-switched trunking. However, recognizing that there is
11 no requirement for such transit arrangements, and that such commingled traffic
12 arrangements create concerns about network management and the proper identification of
13 traffic types and intercarrier compensation, CenturyTel's willingness to implement these
14 transit arrangements with Sprint is limited to small volumes of exchanged traffic.

15 In general, the common trunking arrangements that CenturyTel has with third
16 party tandem providers are often engineered as common trunks for purposes that do not
17 include the switching of local traffic that originates and terminates in some other
18 exchange area. These arrangements are not used or provisioned for transport of local
19 traffic to and from a third party tandem. Therefore, use of common trunking facilities for
20 this new purpose could overload facilities designed and used for other purposes, such as
21 those facilities and arrangements designed and used for completion of toll calls to and

1 from CenturyTel's end users. As such, the sizing and engineering of the trunks and the
2 third party's tandem switches could be thrown into disarray and overloaded if either a
3 large number of carriers were to use transit arrangement is this way or there is a large
4 amount of local traffic that begins to be switched and transported in this manner over
5 facilities that were not intended for this purpose.

6 Moreover, CenturyTel and third party tandem providers cannot be expected to add
7 network capacity for a new network design in an unplanned manner at the mercy of
8 unilateral elections by other carriers. If CenturyTel (and/or any tandem provider) were to
9 be forced to add capacity according to the arbitrary elections by other carriers, it may
10 have to install network facilities at extraordinary cost. Without constraints, CenturyTel
11 could find itself strapped with unused facilities as other carriers make alternate plans or
12 exit the market.

13 When switching and trunking facilities are provisioned by a third party transit
14 provider, neither Sprint nor CenturyTel have significant management control. With a
15 direct, dedicated set of trunks between them, Sprint and CenturyTel would no longer be
16 dependent on a third party access/toll connecting network and could directly ensure
17 quality of call completion by controlling their own trunking capacity.

18 The possibility exists, where CenturyTel operates its own tandem switch, that
19 Sprint could seek to connect with another carrier's tandem. This arrangement would
20 result in double tandem routing which is not a technically feasible, available arrangement.

1 Accordingly, CenturyTel has set forth various threshold criteria in the proposed
2 agreement to address all of these concerns and conditions directly. If any of the threshold
3 conditions are reached and presuming all other technical feasibility, the parties would be
4 required to establish a dedicated trunking arrangement for the exchange of traffic that
5 would remove this traffic from the common/tandem switched facilities. (Even under the
6 dedicated trunking arrangement, Sprint may establish the dedicated trunking to a POI on
7 the incumbent network of CenturyTel either by Sprint deploying its own facilities or by
8 Sprint leasing dedicated facilities from a third party carrier for Sprint's indirect
9 interconnection on its side of the POI.)

10 CenturyTel's proposed language is designed to set the threshold criteria at a DS1
11 level of traffic and to include specific terms in the agreement defining that threshold so as
12 to avoid unnecessary disputes between the parties. In this way, the potential burdens and
13 network concerns are mitigated to sufficiently insignificant levels.

14 **Q. Are carriers like CenturyTel concerned about being forced into commingled traffic**
15 **arrangements involving third party tandem providers such as BOCs?**

16 **A.** CenturyTel and other smaller LECs are rightfully concerned that they be able to
17 accurately and completely identify and measure other carriers' traffic without reliance on
18 an often non-cooperative intermediary such as a BOC.

1 **Q. Does CenturyTel want to be forced to rely on some other carrier for traffic**
2 **identification and measurement?**
3 **A.** No. In a competitive world and as a matter of rational public policy, a carrier should not
4 be forced to rely upon its competitor or potential competitor for performance of traffic
5 identification and measurement required to determine proper intercarrier compensation.
6 In order to avoid reliance on the tandem provider, many smaller LECs, including
7 CenturyTel, have made capital expenditures and investments in order to put in place a
8 network design that ensures the ability to identify, measure and record terminating traffic
9 of other carriers. However, in many instances, the insertion of a third party tandem
10 arrangement limits the use of the smaller carriers' network enhancements by undermining
11 the equipment's ability to perform identification and measurement as intended.
12 Therefore, in addition to the network management drawbacks, the third party transit
13 arrangements also increase the probability of unidentified traffic, missing traffic, and the
14 lack of proper traffic type measurement.
15 These further drawbacks, in turn, create billing uncertainties and increase the
16 likelihood for CenturyTel (and Sprint) of uncollected revenues. These considerations
17 give further weight to the need to limit traffic exchanged through the transit arrangement
18 to a DS1 threshold. By limiting the amount of traffic via a transit arrangement to a DS1
19 level, network integrity is assured between the parties; problems associated with
20 unidentified and unbilled traffic are minimized to manageable levels; the parties reduce
21 their exposure to unlawful arbitrage whereby traffic types may be misrepresented; the

1 parties are not forced into unreasonable reliance on a third party tandem operator, and
2 neither party is forced to pay transit charges to the intermediary.

3 Moreover, the recovery of network costs by carriers such as CenturyTel depends
4 critically on proper intercarrier compensation. Where intercarrier compensation is
5 avoided by other carriers because traffic identification and measurement is compromised
6 by less than optimal network arrangements, carriers such as CenturyTel must recover
7 these lost revenues from other sources. This result, in turn, upsets the underlying
8 regulatory policies that spread cost recovery over the available sources in the proper
9 proportion.

10 Accordingly, efforts by carriers like CenturyTel to properly identify, measure, and
11 bill for all traffic should not be circumvented, and they should not be forced to rely on
12 another carrier (a potential competitor), just because Sprint and a third party tandem
13 provider demand such a result. Absent such a result, one of the overarching objectives of
14 the 1996 revisions to the Act – the encouragement of facilities-based competition –
15 would be undermined.

16 **Q. Have carriers such as CenturyTel generally invested in their network in order to**
17 **avoid reliance on companies such as the BOCs for traffic measurement for**
18 **intercarrier compensation purposes?**

19 **A.** Yes. I have 32 years experience of working with LECs such as CenturyTel. Over the
20 last several decades, many smaller LECs have configured their networks and deployed
21 related measurement and recording facilities for the express purpose of removing

1 themselves from dependence on large LECs such as the BOCs for the necessary traffic
2 detail required for proper billing. Based on their experience with the large ILECs, these
3 smaller LECs remain concerned with inaccurate measurement, unidentified traffic,
4 missing settlements, and other less-than-acceptable methods and results with respect to
5 the large LECs' performance of these call detail record functions.

6 **Q. Can you cite a specific example of where regulators have recognized this issue?**

7 **A.** Yes. This migration away from dependence on the BOCs can be illustrated by an access
8 proceeding involving a small LEC and its relationship with BellSouth
9 Telecommunications, Inc. (now a part of AT&T). The FCC agreed with the Public
10 Service Telephone Company in Georgia ("PSTC") that it was allowed to reconfigure its
11 network for these very purposes:

12 Further, PSTC is upgrading its permanent network not only to
13 provide equal access and 800 number portability, but to decrease its
14 reliance on the facilities of a potential competitor with which PSTC has
15 already allegedly encountered measurement and reliability problems.
16
17 *In the Matter of Allnet Communications Services, Inc. v. Public Service Telephone*
18 *Company, Memorandum Opinion and Order,* File No. E-93-099, released October 8,
19 1996 at para. 17.

20 The FCC noted PSTC's reason "that when [PSTC] noticed measurement and
21 reliability problems with BellSouth's network, [PSTC] decided to reconfigure its own
22 network to reduce reliance on BellSouth." *Id.* at para. 9.

23 **Q: Has the FCC addressed the reliance on other carriers in any other context?**

1 **A.** Yes. The FCC, in its *TWC Order,* has recognized the responsibility of carriers in the
2 context of how Sprint is proposing to operate here in Oregon. Specifically, the FCC
3 stated that "the wholesale telecommunications carriers have assumed responsibility for
4 compensating the incumbent LEC for the termination of traffic under a section 251
5 arrangement between those two parties." *In the Matter of Time Warner Cable Request*
6 *for Declaratory Ruling that Competitive Local Exchange Carriers May Obtain*
7 *Interconnection Under Section 251 of the Communications Act of 1934, as Amended, to*
8 *Provide Wholesale Telecommunications Services to VoIP Providers, Memorandum*
9 *Opinion and* Order, WC Docket No. 06-55, DA 07-709, released March 1, 2007 ("*TWC*
10 *Order*") at para. 17. Under this directive, Sprint is fully responsible for the traffic of its
11 contract partners when it connects to CenturyTel and delivers traffic to CenturyTel's
12 network. However, in stark contrast to the *TWC Order,* the third party transit providers
13 (such as AT&T) contend that they have no compensation responsibilities for the traffic
14 they deliver to CenturyTel and have little, if any, other responsibilities to carriers like
15 CenturyTel in such arrangements.

16 **Q.** **How are the issues in this proceeding related to CenturyTel's right not to rely on a**
17 **third party tandem provider for traffic identification, measurement, and records?**

18 **A.** As stated above, CenturyTel's DS1 level trigger below which indirect interconnection
19 would be permitted affords Sprint a "start-up" opportunity confined to transit
20 arrangements where there is only a small amount of traffic. In this way, CenturyTel's
21 concerns about the identification of traffic type and potential compensation implications

1 between Sprint and CenturyTel are sufficiently limited; the financial ramifications
2 associated with the lack of actual traffic identification information are more manageable;
3 and the burdens and potential harm associated with these methods are hopefully held to
4 inconsequential levels.

5 **Q. How is CenturyTel's Issue No. 16 related to your testimony about Issue No. 7?**

6 **A.** As I have explained, even though there is no requirement for CenturyTel to provision an
7 indirect transit arrangement via a third party carrier, CenturyTel has proposed a more
8 than reasonable compromise for transit traffic exchange for de minimus volumes of
9 traffic. At any level, however, as I have explained, this network approach is inferior and
10 creates significant concerns about network management, traffic measurement, and proper
11 compensation. With this in mind, CenturyTel's Issue No. 16 addresses situations where
12 there are only de minimus amounts of traffic being exchanged between the parties
13 pursuant to the compromise transit approach, and full traffic identification and
14 measurement may not be available through the third party tandem operator. Thus, where
15 the threshold level of traffic has not been reached, and Sprint and CenturyTel are
16 exchanging small volumes of traffic via a transit arrangement with another carrier,
17 CenturyTel remains concerned that it may not be able to obtain accurate and complete
18 records for the traffic that the intermediary tandem provider "transits" to CenturyTel over
19 commingled trunks (or, for that matter, the nature of all of the commingled traffic and
20 quantities of each type). In this undesirable situation, if there were not explicit terms and
21 conditions in place between Sprint and CenturyTel, the parties may not have any

1 accepted method to identify, measure, and bill for components of traffic between them,
2 including traffic that may be subject to intercarrier compensation requirements. To avoid
3 an unnecessary future dispute, and where there is a lack of complete and accurate records
4 under this de minimus arrangement, CenturyTel proposes to include appropriate terms in
5 the agreement which would require the carrier that is sending traffic to the other party
6 through the third party transit provider to provide accurate factors based on call detail
7 records which can be verified that would be representative of the portion that is local
8 interconnection traffic and subject to the compensation terms under the interconnection
9 agreement. The remainder of the traffic may include jointly provided access service
10 traffic (under proposed section 3.3.1.4) or intrastate toll traffic that would be subject to
11 access charges between the parties (under proposed section 4.5.2.2). This mechanism
12 would allow the parties to identify, through call records, the portion of transited traffic
13 that may be subject to compensation responsibilities and the inclusion of the terms would
14 avoid a dispute later over how proper compensation may need to be determined between
15 the parties.

1 **Issue # 13 -- What are the appropriate rates for Transit service?**

2

3 **Q. How would you summarize the essence of this issue?**

4 **A.** Although CenturyTel has no obligation under the interconnection requirements,
5 CenturyTel has offered to provide so-called transit service to Sprint under which Sprint
6 can exchange specifically defined traffic with third party carriers that are connected to
7 CenturyTel's tandem switch (to the extent that Sprint connects to a CenturyTel tandem
8 switch). CenturyTel's willingness to provide transit service to Sprint is based on the
9 condition that such services would be available at the prevailing tariffed rates under
10 which these services would be available to other carriers. In contrast, Sprint wants this
11 service to be treated as an interconnection service and to be priced on a so-called
12 "TELRIC" basis (a method of estimating forward-looking, economic costs).

13 **Q. How would you summarize CenturyTel's position on this issue?**

14 **A.** As I have explained in the context of Issues #7 and #16, the FCC has confirmed explicitly
15 that it has not established whether transit service is an interconnection requirement under
16 the Act, and it found no clear indication that transit service should be an obligation under
17 the Act. Therefore, under whatever interconnection requirements that may apply to any
18 ILEC, those requirements do not include the duty to provide transit services and do not
19 include a requirement to provide transit under interconnection forms of TELRIC pricing.
20 Outside of the requirements of interconnection, however, CenturyTel has offered to
21 Sprint to provide transit, where it can be provided on a technically feasible basis, in order

1 to permit Sprint to use the CenturyTel network to exchange Sprint's traffic to and from
2 third party carriers that may be connected to that network. Because transit service is not
3 an interconnection service, CenturyTel will provide transit service pursuant to the rates
4 that CenturyTel provides these services to other carriers -- namely under the terms of its
5 intrastate tariffs.

6 CenturyTel knows of no rational basis (and Sprint has provided none) as to why
7 CenturyTel should not be able to apply its tariffed intrastate access rates for this service.
8 Thus, for this reason alone, the Commission should reject Sprint's position with respect
9 to the use of TELRIC pricing for transit services.

10 **Q. How should the Commission resolve Issue #13?**

11 **A.** CenturyTel's rates for the switching and transport elements associated with transit
12 functions, as set forth in intrastate access tariffs, are the generally available terms under
13 which CenturyTel offers and provides these services in Oregon, and these are the terms
14 that should apply. Sprint has provided no rationale for why transit should be treated as an
15 interconnection service and priced based on TELRIC methods. Sprint's position should
16 be rejected.

1 **Issue # 14 -- What are the appropriate rates for services provided in the Agreement**
2 **including rates applicable to the processing of orders and number**
3 **portability?**
4
5 **Q. What aspects of this arbitration issue will you address in your testimony?**
6 **A.** I will address some of the issues that Sprint outlines on p. 25 of its Petition. As explained
7 herein, it is appropriate for the parties to recover the cost of service order activity from
8 the other party when one party requests the processing of a number port, and it is
9 appropriate that there should be charges for all of the other service activities that
10 CenturyTel has proposed. Another CenturyTel witness will address the derivation of
11 rates for the activities and charge elements that are the subject of Issue #14.
12 **Q: What is CenturyTel's proposal for service order processing, including by way of**
13 **example, those for number porting requests?**
14 **A:** CenturyTel maintains that, when either party requests that the other party process an
15 order for a number port (or perform some other service order functions related to the
16 proposed charges), the party making such request should be required to pay a Service
17 Order Charge to the other party.
18 **Q: Can you explain the basis for this position?**
19 **A:** No one would argue that there is time incurred in processing any form of service order
20 and that time results in costs being incurred by the party fulfilling the order. By way of
21 example, time is required to process a porting request and costs are incurred by the

1 company porting out the number. As such, both parties should be required to provide
2 compensation to the other party for the typical service order activity processing costs
3 including, for example, when one party (the new service provider) requests that the other
4 Party (the former service provider) port a telephone number.

5 In my example, if each carrier were otherwise required to absorb Local Number
6 Portability ("LNP") service order processing costs, the entire body of users of the party
7 "porting out" the number would be subjected to the costs associated with the specific
8 porting customers. By charging the new service provider, the new service provider can
9 recover these costs from the end user that has *caused* the costs to be incurred, *i.e.*, from
10 the end user that has changed his or her service provider.

11 **Q: Are the costs of service order activity that CenturyTel has proposed as charges in**
12 **the context of Issue #14 already part of CenturyTel's operating costs?**

13 **A:** No. The types of activities associated with the proposed charge elements that are the
14 subject of this issue are activities that CenturyTel would not perform were it not
15 necessary to provide these services to a competitor. All of these activities would involve
16 costs that are new to CenturyTel. As I have stated above, because these activities benefit
17 the new service provider and the end user that is changing to this new service provider,
18 the charge elements should flow to the carrier that can recover them from the benefiting
19 end user.

20 **Q. Does this end your testimony?**

21 **A.** Yes.

SUMMARY OF WORK EXPERIENCE AND EDUCATION
Steven E. Watkins

May 2008

My entire 32-year career has been devoted to service to smaller, independent telecommunications firms that primarily serve the small-town and rural areas of the United States.

I am currently a Telecommunications Management Consultant working in conjunction with client companies and their telecommunications attorneys in several states. From June 1996 through the end of 2005, I was a consultant working with the firm of Kraskin, Moorman & Cosson, LLC. My consultant involvement with telecommunications law firms over the last 10 years has been to augment their practice in providing professional services to small telecommunications carriers. I have assisted smaller, rural, independent local exchange carriers ("LECs") and competitive local exchange carriers ("CLECs") in their analysis of a number of regulatory and industry issues, many of which arose with the passage of the Telecommunications Act of 1996 which revised the Communications Act of 1934, as amended (collectively the "Act"). I have been, and continue to be, involved in regulatory proceedings in several states and before the Federal Communications Commission on behalf of many small LECs. I am currently involved in the resolution of interconnection requirements, review and analysis of intercarrier relationships including intercarrier compensation policies, and Universal Service policy and rules.

I have over the last eleven years instructed smaller, independent LECs and CLECs on the specific details of the implementation of the Act including Universal Service mechanisms, interconnection requirements, and cost recovery. On behalf of clients in several states, I have drafted interconnection contracts, analyzed interconnection agreements, and conducted interconnection negotiations and arbitrations pursuant to the 1996 revisions to the Act. I have also represented groups of small LECs in several state proceedings regarding ongoing telecommunications policy and rules affecting the client companies.

From late 1984 to June of 1996, I held the position of Senior Industry Specialist with the Legal and Industry Division of the National Telephone Cooperative Association ("NTCA") in Washington, D.C. In my position at NTCA, I represented several hundred small and rural local exchange carrier member companies on a wide array of regulatory, economic, and operational issues. My work involved research, analysis, formulation of policy, and expert advice to member companies on industry issues affecting small and rural telephone companies.

My association work involved extensive evaluation of regulatory policy, analysis of the effects of policy on smaller LECs and their rural customers, preparation of formal written pleadings in response to FCC rulemakings and other proceedings, weekly contributions to association publications, representation of the membership on a large number of industry committees and task forces, and liaison with other telecom associations, regulators, other government agencies, and other industry members. I also attended, participated in, and presented seminars and workshops to the membership and other industry groups too numerous to list here.

For those not familiar with NTCA, it is a national trade association of approximately 500 small, locally-owned and operated rural telecommunications providers dedicated to improving the quality of life in rural communities through advanced telecommunications. The Association advocates the interests of the membership before legislative, regulatory, judicial, and other organizations and industry bodies.

Prior to my work at NTCA, I worked for over eight years with the consulting firm of John Staurulakis, Inc., located in Maryland. I reached a senior level position supervising a cost separations group providing an array of management and analytical services to over one hundred and fifty (150) small local exchange carrier clients. The firm was primarily involved in the preparation of jurisdictional cost studies, access rate development, access and exchange tariffs, traffic analysis, property records, regulatory research and educational seminars.

For over ten years during my career, I served on the National Exchange Carrier Association's ("NECA's") Industry Task Force charged with reviewing and making recommendations regarding the interstate average schedule cost settlements system. For about as many years, I also served in a similar role on NECA's Universal Service Fund industry task force.

I graduated from Western Maryland College (now known as McDaniel College) with a Bachelor of Arts degree in physics. I have also attended industry seminars too numerous to list on a myriad of industry subjects over the years.

During my career representing small telecommunications firms, I estimate that I have prepared formal written pleadings for submission to the Federal Communications Commission on behalf of NTCA member and client LECs in over 200 proceedings. I have also contributed written comments in many state proceedings on behalf of client LECs. I have provided testimony in proceedings before the state telecommunications regulatory commissions in Arkansas, Florida, Georgia, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Missouri, Mississippi, Montana, Nebraska, New Mexico, Pennsylvania, South Carolina, South Dakota, Tennessee and West Virginia. Finally, I have testified before the Federal-State Joint Board examining jurisdictional separations changes.