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**Direct Testimony of James R. Burt
On Behalf of Sprint Communications Company L.P.
May 5, 2008**

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I. MR. BURT'S PROFESSIONAL BACKGROUND

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11

Q. Please state your name, business address, employer and current position.

12
13
14

A. My name is James R. Burt. My business address is 6450 Sprint Parkway, Overland Park, KS 66251. I am employed as Director – Policy for Sprint Nextel.

15
16

Q. Please summarize your educational and professional background.

17
18
19

A. I received a Bachelor of Science degree in Electronics Engineering from the University of South Dakota – Springfield in 1980 and a Masters in Business Administration from Rockhurst College in 1989.

20

21 I became Director – Policy in February of 2001. I am responsible for
22 developing state and federal regulatory policy and legislative policy for
23 Sprint Nextel, including the coordination of regulatory and legislative
24 policies across the various Sprint business units and the advocacy of such
25 policies before regulatory and legislative bodies. In addition, I interpret
26 various orders, rules, or laws for implementation by Sprint Nextel.

27

28 From 1997 to February of 2001, I was Director-Local Market Planning. I
29 was responsible for policy and regulatory position development and
30 advocacy from a CLEC perspective. In addition, I supported
31 Interconnection Agreement negotiations and had responsibility for various
32 other regulatory issues pertaining to Sprint's CLEC efforts.

33

34 From 1996 to 1997, I was Local Market Director responsible for Sprint's
35 Interconnection Agreement negotiations with BellSouth.

36

37 I was Director – Carrier Markets for Sprint's Local Telecom Division from
38 1994 to 1996. My responsibilities included inter-exchange carrier account
39 management and management of one of Sprint's Inter-exchange Carrier
40 service centers.

41

42 From 1991 to 1994, I was General Manager of United Telephone Long
43 Distance, a long distance subsidiary of Sprint/United Telephone Company.
44 I had P&L, marketing and operations responsibilities.

45
46 From 1989 to 1991, I held the position of Network Sales Manager
47 responsible for sales of business data and network solutions within
48 Sprint's Local Telecom Division.

49
50 From 1988 to 1989, I functioned as the Product Manager for data and
51 network services also for Sprint's Local Telecom Division.

52
53 Prior to Sprint I worked for Ericsson Inc. for eight years with positions in
54 both engineering and marketing.

55

56 **Q. Have you testified before any regulatory commissions?**

57 **A.** Yes. I have testified in Florida, Georgia, Illinois, Indiana, Iowa, Louisiana,
58 Maryland, Nebraska, North Carolina, Ohio, Oklahoma, Pennsylvania,
59 Texas and Wisconsin and have supported the development of testimony
60 in many other states.

61

62 **Q. On whose behalf are you testifying?**

63 **A.** I'm testifying on behalf of Sprint Communications Company L.P. ("Sprint").

64

65 **II. DISCUSSION OF WHY SPRINT IS SEEKING TO ENTER INTO**
66 **INTERCONNECTION AGREEMENTS WITH CENTURYTEL.**

67

68 **Q. Why is Sprint seeking interconnection with CenturyTel in this**
69 **proceeding?**

70 **A.** Sprint is seeking interconnection with CenturyTel in this proceeding in
71 support of the facilities-based local voice telephone service that Sprint,
72 together with other competitive service providers such as Millennium
73 Digital Media ("Millennium"), intends to provide within the state of Oregon.
74 This will initially involve the CenturyTel rate center referred to as Depoe
75 Bay. Sprint will also utilize these interconnection agreements for any
76 future retail offering that Sprint may desire and is authorized to offer.

77

78 **Q. Briefly describe the facilities-based local voice telephone service**
79 **that Sprint, together with other competitive service providers such**
80 **as Millennium, intends to provide in Oregon.**

81 **A.** Sprint has chosen to combine and leverage resources, capabilities,
82 expertise, assets and market position with other competitive service
83 providers, including Millennium, to bring facilities-based competitive voice
84 services to customers in Oregon. These services are positioned to
85 compete directly with urban and rural RLEC services. The business
86 model is simple. Sprint provides switching; public switched telephone
87 network ("PSTN") interconnectivity including all inter-carrier compensation;

88 numbering resources, administration and porting; domestic and
89 international toll service; operator and directory assistance and numerous
90 back-office functions.¹ In this case, Millennium provides last-mile facilities
91 to the customer premise (commonly referred to as the loop), sales, billing,
92 customer service, and installation. This business model has proven to be
93 effective in providing over 3.5 million consumers a viable alternative to
94 their ILEC service in 39 states, including Oregon.² Sprint continues to look
95 for additional relationships with other companies, like Millennium, who
96 want to compete with ILECs to provide local exchange services.

97

98 **III. BRIEF REVIEW OF HOW THE PARTIES GOT TO THIS POINT IN THE**
99 **ARBITRATION.**

100

101 **Q. Briefly describe the events leading up to this arbitration proceeding**
102 **between Sprint and CenturyTel.**

103 **A.** I will not go into all the details of what has transpired for the sake of
104 limiting the length of my testimony. However, it is important to understand
105 and summarize what has transpired in this proceeding up to this point in
106 time.

¹ Sprint is responsible for all intercarrier compensation whether it is local or access traffic. This responsibility includes the routing of said traffic and any compensation paid or received.

² Sprint is providing these services under approved interconnection agreements in Alabama, Arkansas, Arizona, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Iowa, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Maryland, Michigan, Minnesota, Missouri, Mississippi, North Carolina, Nebraska, New Jersey, New Mexico, New York, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Washington, Wisconsin and West Virginia.

107

108

The negotiations between the Parties involve several states, and have

109

been ongoing since 2nd Quarter 2007. After red-lining one CenturyTel

110

template and returning it to CenturyTel on May 30, 2007, with the

111

understanding it was for the CenturyTel Arkansas companies, Sprint was

112

presented a new template to work from that CenturyTel indicated they

113

preferred for the other three states involved, including Oregon. Sprint

114

agreed to this change, as negotiated agreements applicable to all the

115

involved states was the goal. The second document was initially red-lined

116

and sent back on August 27, 2007. That template, Sprint understands,

117

was brand new and had not been used previously. That fact and the fact

118

the negotiation involved CenturyTel personnel from separate regions of

119

the company made the negotiations slower than usual. Sprint, faced with

120

a market entry schedule, found it necessary to seek arbitration for open

121

issues that Parties had not been able to resolve.

122

123

IV. IDENTIFICATION OF DISPUTED ISSUES WITH CENTURYTEL

124

125

Q. Please identify the disputed issues between Sprint and CenturyTel.

126

A. Sprint identified 15 issues in its Arbitration Petition. CenturyTel submitted

127

one additional issue in its response. The parties have resolved two issues

128

so there are 14 unresolved issues remaining in this arbitration. I have

129

identified the issues below, as set forth in the Disputed Points List

130 attached to the Petition, along with the related Interconnection Agreement
131 provisions. In addition, attached to Sprint's petition as Sprint Exhibit B is
132 the redlined interconnection agreement between Sprint and CenturyTel
133 which includes Sprint's proposed language and CenturyTel's proposed
134 language in the alternative. I will address each disputed issue
135 immediately following the list.

136

137 **Disputed Issues:**

138 **Issue No. 1**

139

140 Should disputes under the interconnection agreement be submitted to the
141 Commission or to commercial arbitration?

142

143 Related Agreement Provisions: Article III Sections 20.3, 20.4 and 20.5

144

145 **Issue No. 2:**

146 What are the appropriate terms for indemnification and limitation of
147 liability?

148

149 Related Agreement Provisions: Article III Section 30.1 and 30.3

150

151 **Issue No. 3: (Resolved)**

152

153 How should the bill and keep arrangement be incorporated in the
154 agreement?

155

156 Related Agreement Provisions: Article VII I.A

157

158 **Issue No. 4:**

159

160 What Direct Interconnection Terms should be included in the
161 Interconnection Agreement?

162

163 Related Agreement Provisions: Article IV Sections 2.2.2, 2.2.3, 2.2.4,
164 2.3.2.1, 2.3.2.4, 3.3.2.1, 3.3.2.2 and 3.4.2.1.1

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Issue No. 5:

Should Sprint and CenturyTel share the cost of the Interconnection Facility between their networks based on their respective percentages of originated traffic?

Related Agreement Provisions: Article II Section 2.59; Article IV Sections 2.2.2, 3.2.2, 3.2.5.1, 3.2.5.2, 3.2.5.3, 3.2.5.5 and Article VII I.C.

Issue No. 6:

What are the appropriate rates for direct interconnection facilities?

Related Agreement Provisions: Article IV Section 2.3.1.1, 3.2.5.4 and Article VII Section I.D. and I.E.

Issue No. 7:

Should the Interconnection Agreement contain provisions limiting indirect interconnection?

Related Agreement Provisions: Article IV Sections 3.3.1.1, 3.3.2.1, 3.3.2.2, 3.3.2.4, 3.3.2.5, and 3.3.2.6

Issue No. 8:

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?

Related Agreement Provisions: Article VI Sections 3.3.1.3 and 4.6.4.2

Issue No. 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?

Related Agreement Provisions: Article IV Sections 3.2.5.6, 3.3.1.4, 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.D.

Issue No. 10:

209 What terms for virtual NXX should be included in the Interconnection
210 Agreement?

211

212 Related Agreement Provisions: Article IV Section 4.2.2.3, 4.2.2.4, and
213 4.2.2.5

214

215 **Issue No. 11 (Resolved)**

216

217 What are the appropriate terms for reciprocal compensation under the bill
218 and keep arrangement agreed to by the Parties?

219

220 Related Agreement Provisions: Article IV Sections 4.4.3.1, Article VII
221 Sections I.A and I.B

222

223 **Issue No. 12:**

224

225 Should terms be included that provide for the opportunity of refunds and
226 the ability to pursue dispute resolution if appropriate remedies are not
227 agreed to when performance is not adequate?

228

229 Related Agreement Provisions: Article VI Section 5.0.

230

231 **Issue No. 13:**

232

233 What are the appropriate rates for transit service?

234

235 Related Agreement Provisions: Article VII Section I.B. and I.C

236

237 **Issue No. 14:**

238

239 What are the appropriate rates for services provided in the agreement,
240 including rates applicable to the processing of orders and number
241 portability?

242

243 Related Agreement Provisions: Article VII Section II

244

245 **Issue No. 15:**

246

247 If CenturyTel sells, assigns or otherwise transfers its territory or certain
248 exchanges should CenturyTel be permitted to terminate the agreement in
249 those areas?

250

251 Related Agreement Provisions: Article III Section 2.7

252

253

Issue No. 16:

254

255

Do terms need to be included when Sprint utilizes indirect interconnection and CenturyTel is not provided detailed records nor is CenturyTel able to identify and bill calls based upon their proper jurisdiction?

256

257

258

259

Related Agreement Provisions: Article IV, Sections 3.3.1.4 and 4.5.2.2
Article VII.C.

260

261

262

V. TESTIMONY ON DISPUTED ISSUES WITH CENTURYTEL

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264

Issue No. 1:

265

266

Whether disputes under the interconnection agreement should be submitted to the Commission or commercial arbitration.

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268

269

Q. Please describe Issue No. 1.

270

A. Initially Issue No. 1 related to whether the Parties to the Interconnection

271

Agreement that will result from this arbitration before the Oregon Public

272

Service Commission ("Commission") should come back to the

273

Commission to resolve disputed issues or enter into commercial

274

arbitration. CenturyTel has proposed new language from what was

275

included in Sprint's petition, DPL and proposed ICA. It appears that

276

CenturyTel has agreed that disputes that arise under the interconnection

277

agreement should be submitted to the Commission for resolution. The

278

remaining issue in dispute is whether commercial arbitration should be

279 mandatory or mutually agreeable if the Commission chooses not to
280 address disputes through its dispute resolution process.

281

282 **Q. Does CenturyTel's revised language address Sprint's original**
283 **concerns?**

284 A. No. However, Sprint is willing to accept some of the revised language
285 CenturyTel has proposed. Overall, CenturyTel has modified its original
286 position that proposed commercial arbitration as the primary dispute
287 resolution procedure to only require commercial arbitration in specific
288 situations.

289

290 **Q. Please address CenturyTel's revisions to its proposal.**

291 A. First, CenturyTel proposed a new section numbered 20.1.2. Sprint does
292 not oppose this new section. Second, CenturyTel proposed a revision to
293 the previously agreed to section 20.2. Sprint does not oppose this new
294 language, however, Sprint's proposed language that Sprint numbered 20.3
295 must also be accepted. CenturyTel's language in section 20.2 provides
296 that arbitration or other appropriate procedures cannot be invoked earlier
297 than thirty days after the dispute notice. Sprint's language in 20.3 includes
298 the ability to immediately seek a remedy if the dispute arises from a
299 service affecting issue. If there is a service affecting issue a delay of thirty

300 days may result in service quality issues or an interruption in end user
301 services. Third, CenturyTel deleted language it previously proposed
302 outlining a commercial arbitration process for resolving disputes that arise
303 under the interconnection agreement, including deletion of its previously
304 proposed 20.4. Sprint accepts these deletions. Fourth, CenturyTel
305 proposes new language it numbered 20.3.1 and 20.3.2 in a section entitled
306 "Formal Dispute Resolution." Sprint is willing to accept the new proposed
307 20.3.1 although the language indicates that some disputes may not be
308 subject to arbitration and it is my understanding that all issues included in
309 the Interconnection Agreement are subject to resolution by the
310 Commission. CenturyTel's proposed 20.3.2 proposes two situations that
311 would require commercial arbitration. CenturyTel suggests that the
312 Commission may not have jurisdiction over certain disputes arising under
313 the interconnection agreement, Sprint disagrees. CenturyTel also
314 proposes that if the Commission declines jurisdiction the parties would be
315 required to pursue commercial arbitration. However, under 252(e)(5), if
316 the Commission declines jurisdiction a party may seek resolution before
317 the FCC. Sprint is willing to include a provision that provides for
318 commercial arbitration only if the parties agree to that process for a
319 specific dispute. Sprint is opposed to a provision that requires commercial
320 arbitration in specific situations. Fifth, Sprint accepts CenturyTel's
321 proposed addition to 20.5.

322

323 **Q. What is Sprint's position on Issue No. 1?**

324 A. Sprint's position on Issue No. 1 is that the Parties to the Interconnection
325 Agreement resulting from this arbitration should return to the Commission
326 for resolution of disputed issues. If not the Commission, pursuant to
327 Section 252(e)(5), Sprint would prefer to take issues to the FCC or pursue
328 any other remedy available as stated in 20.3. Again, Sprint would accept
329 commercial arbitration so long as it is mutually agreeable between the
330 Parties. Generally, decisions rendered through the legal or regulatory
331 process are subject to appeal. Commercial arbitration, by its nature, is
332 not. Therefore, a party voluntarily entering into commercial arbitration
333 understands this in advance and, in effect, agrees to these terms. A party
334 should not be forced into a dispute resolution process that does not have
335 an appeals process, such as commercial arbitration, because it would be
336 forced to give up its right to appeal.

337

338 **Q. Why does Sprint think the Commission is best suited to resolve**
339 **disputed issues between Sprint and CenturyTel?**

340 A. The Commission is best suited to resolve disputed issues between Sprint
341 and CenturyTel because it is the "expert" agency that has been delegated
342 the responsibility by Congress. Section 252 of the Act gives state
343 commissions the responsibility to mediate, arbitrate and approve
344 agreements between incumbent local exchange carriers and requesting
345 carriers. This delegated authority has been further clarified to include

346 jurisdiction to address any disputes that arise under the interconnection
347 agreement.³ Furthermore, this Commission is familiar with the issues
348 contained in interconnection agreements and will be particularly familiar
349 with the Interconnection Agreement between Sprint and CenturyTel as a
350 result of this arbitration.

351

352 **Q. Is it possible for a third-party commercial arbitrator to misinterpret an**
353 **arbitration decision by this Commission and as a result render a**
354 **decision that is inconsistent with the intent of this Commission?**

355 A. Yes. A third-party commercial arbitrator could very easily misinterpret a
356 decision rendered by this Commission. The outcome of such a
357 misinterpretation would then be contrary to the intent of the Commission.

358

359 **Q. Is there a compelling reason for a commercial arbitrator to decide**
360 **disputes between Sprint and CenturyTel rather than the**
361 **Commission?**

362 A. I am not aware of any.

363

³ *Starpower Communications, LLC*, 15 FCC Rcd 11277 (“In applying Section 252(e)(5), we must first determine whether a dispute arising from interconnection agreements and seeking interpretation and enforcement of those agreements is within the states' "responsibility" under section 252. We conclude that it is. In reaching this conclusion, we find federal court precedent to be instructive. Specifically, at least two federal courts of appeal have held that inherent in state commissions' express authority to mediate, arbitrate, and approve interconnection agreements under section 252 is the authority to interpret and enforce previously approved agreements.”)

364 **Q. What happens if the Commission does not have jurisdiction over a**
365 **specific dispute or the Commission declines to take jurisdiction?**

366 A. It is unlikely that the Commission would not have jurisdiction over a
367 dispute arising under the interconnection agreement. As the FCC stated
368 in the Starpower case cited above, federal courts have found that states
369 have the authority to not only approve interconnection agreements under
370 section 252 of the Telecom Act but also to adjudicate disputes raised
371 under those interconnection agreements. Therefore, if the Commission
372 determines it does not have jurisdiction or declines to exercise jurisdiction
373 either party could pursue resolution at the FCC.⁴ However, in such
374 situations the parties could agree to submit the issue to commercial
375 arbitration for resolution.

376

377 **Q. What is Sprint's desired outcome for Issue No. 1?**

378 A. Sprint's desired outcome for Issue No. 1 is to ensure that the Commission
379 is determined to be the best and most appropriate place to resolve
380 disputes between the Parties. The Commission will have conducted the
381 arbitration proceeding and approved the final Interconnection Agreement.
382 Sprint also asks the Commission to make commercial arbitration the
383 venue for dispute resolution only when the Parties mutually agree. In
384 addition to what I have stated above, Sprint asks the Commission to adopt
385 Sprint's proposed language for Article III, Section 20.3 and reject

⁴ 47 USC 252(e)(5)

386 CenturyTel's proposed language for Article III, Sections 20.3. Sprint's
387 language is as follows.

388 20.3 Arbitration. If negotiations do not resolve the dispute, then
389 either party may proceed with any remedy available to it pursuant to
390 law, equity, or agency mechanisms. Notwithstanding the above
391 provisions, if the dispute arises from a service affecting issue, either
392 Party may immediately seek any available remedy.
393

394

395 **Issue No. 2:**

396

397 What are the appropriate terms for indemnification and limitation of liability?

398

399 **Q. Please describe Issue No. 2.**

400 A. Issue No. 2 involves a disagreement between the Parties regarding the
401 extent of issues to which the indemnification and limitation of liability
402 language should apply.

403

404 **Q. What is Sprint's position regarding Issue No. 2?**

405 A. CenturyTel has proposed indemnification terms that cover issues that may
406 arise in a commercial relationship but that are not relevant in an
407 interconnection agreement that addresses interconnection and the
408 exchange of traffic. The indemnification terms address when one party
409 indemnifies the other party for certain claims by third parties. Given the
410 limited scope of the agreement the indemnification terms do not need to
411 cover some types of third party claims proposed by CenturyTel.

412

413 **Q. Have the Parties resolved some of the disagreements regarding**
414 **Issue No. 2?**

415 A. Yes. The Parties have continued to negotiate this issue and have made
416 progress. Following is a current status of where the Parties are on this
417 issue.

418 Indemnification

419 **Q. Does the revised language proposed by CenturyTel address Sprint's**
420 **concerns?**

421 A. No, Sprint still disagrees with one portion of 30.1. The remaining language
422 proposed by CenturyTel in section 30.1 is acceptable, including the
423 paragraph addressing claims by End Users.

424

425 **Q. Do the changes CenturyTel made to Sprint's proposed language in**
426 **the DPL accurately reflect Sprint's position?**

427 A. No. The parties did engage in further negotiations to resolve additional
428 issues and revised language as proposed by CenturyTel's filing. However,
429 the parties were unable to reach agreement on modifications to the
430 language. Sprint does not agree that it should be required to indemnify
431 CenturyTel for libel, slander or defamation claims by third parties that arise
432 as a result of content transmitted by Sprint's end users. Such language is
433 sometimes included in tariffs or contract terms applicable to end user

434 customers where the customer controls the content transmitted over the
435 services. However, that is not the case in the context of an
436 interconnection agreement. In those cases the end user is the party
437 responsible for the content and should be held responsible for the content
438 he or she transmits over the services provided by Sprint. Although such
439 language may be appropriate in those instances, this situation is
440 significantly different. Sprint should not be held liable as to CenturyTel
441 (and CenturyTel as to Sprint) for what its end users transmit over the
442 provided services. In this case the service covered by the interconnection
443 agreement is only interconnection and limited related services. It appears
444 that the only unresolved language for this issue is the portion of section
445 30.1 that states "(ix) defamation, libel or slander interference with or
446 misappropriation of proprietary or creative rights or any other injury to any
447 person or property arising out of content transmitted by the Indemnifying
448 Party's End Users, and, with respect to Sprint as Indemnifying Party,
449 content transmitted by any Sprint Third Party Provider" as proposed by
450 CenturyTel is not acceptable to Sprint. Sprint's position is that 30.1(ix)
451 should be deleted.

452

453 Limitation of Liability

454 **Q. Have you reviewed CenturyTel's proposal for limitation of liability?**

455 A. Yes. It appears that CenturyTel has adopted Sprint's language for 30.3.1
456 and proposed a slight revision to 30.3.3.1. The language for limitation of
457 liability (section 30.3 and subsections) is acceptable to Sprint.

458

459 **Q. Please summarize where you think the Parties are on Issue 2 and**
460 **what Sprint's desired outcome is for Issue No. 2.**

461 A. The parties have resolved all issues related to Limitation of Liability. While
462 the Parties have made progress on Indemnification, there is still
463 disagreement on the language in Article III, Section 30.1(ix) as stated
464 above. Section 30.1(ix) should be deleted from CenturyTel's proposed
465 language.

466

467 **Issue No. 3:**

468

469 How should the bill and keep arrangement be incorporated in the Agreement?

470

471 **Q. Have the Parties continued to negotiate Issue No. 3 and has it been**
472 **resolved?**

473 A. Yes. Sprint and CenturyTel have continued negotiations and this issue
474 has been resolved.

475

476 **Issue No. 4**

477 What direct interconnection terms should be included in the Interconnection
478 Agreement?
479

480 **Q. Please describe Issue No. 4.**

481 A. Issue No. 4 asks which direct interconnection terms should be included in
482 the interconnection agreement. The primary disagreement relates to the
483 number of Points of Interconnection ("POI") Sprint must establish when it
484 chooses to directly interconnect with CenturyTel. The issue of whether
485 Sprint may choose indirect over direct interconnection is covered by Issue
486 No. 7. For direct interconnection, Sprint proposes that it establish one POI
487 per LATA within CenturyTel's network as supported by the FCC in its
488 orders discussing local interconnection. Conversely, CenturyTel proposes
489 terms and provisions that would require Sprint to establish a POI at each
490 of CenturyTel's end offices in certain instances.

491
492 It appears the Parties agree each is responsible for the facilities on its side
493 of the POI (although the Parties do disagree about financial responsibility
494 for the interconnection facilities, Issue No. 5), but there is disagreement
495 regarding the extent of the language that is necessary to adequately
496 address this aspect of the issue.

497

498 **Q. What is Sprint's position with respect to Issue No. 4?**

499 A. It is Sprint's position that when it chooses to utilize direct interconnection it
500 is only required to establish one POI per LATA and is not required to

501 establish direct end office trunks (“DEOTs”) to every CenturyTel end office.
502 All the language proposed by CenturyTel related to the triggers it suggests
503 to be used to require another POI should be rejected.

504 **Q. Has CenturyTel proposed new language since Sprint filed its**
505 **arbitration petition?**

506 A. Yes.

507

508 **Q. Have you reviewed CenturyTel’s revisions to the language for this**
509 **issue?**

510 A. Yes. CenturyTel has proposed revisions to its language in Article IV
511 section 2.3.2.1 and deleted the provisions shown in Sprint’s proposed ICA
512 as CenturyTel’s language in section 2.3.2.4.

513

514 **Q. Do the revisions address Sprint’s concerns?**

515 A. Sprint accepts CenturyTel’s proposed deletion of section 2.3.2.4 and its
516 subsections (2.3.2.4.1, 2.3.2.4.2, 2.3.2.4.3 and 2.3.2.4.4). Sprint responds
517 to CenturyTel’s modifications to section 2.3.2.1 as follows. Sprint accepts
518 the addition of the sentence “Sprint shall request a Fiber Meet Point of
519 Interconnection by submitting a BFR.” Sprint also accepts CenturyTel’s
520 deletion of the term “economically.” Sprint does not agree with

521 CenturyTel's term "mutually agreeable, and" in section 2.3.2.1. The only
522 threshold Sprint must meet in choosing where to interconnect with
523 CenturyTel is a determination of whether it is technically feasible. The FCC
524 has already determined that a meet point interconnection arrangement
525 constitutes a POI on the ILECs network.⁵

526

527 Q. Has the FCC defined technical feasibility in terms of economic
528 considerations?

529 A. Yes. The FCC's interpretation of the Act bars consideration of costs in
530 determining technical feasibility for points of interconnection.⁶

531

532 **Q. What is Sprint's obligation with respect to establishing a POI with**
533 **CenturyTel?**

534 A. The FCC has explicitly stated that the obligation of any interconnecting
535 telecommunications carrier is to establish one POI per LATA. The FCC
536 examined this issue in the "Verizon Virginia Arbitration" and determined
537 the following,

538 Under the Commission's rules, competitive LECs may request
539 interconnection at any technically feasible point. This includes the
540 right to request a single point of interconnection in a LATA.⁷

⁵ *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket No. 96-98, FCC 96-325, August 8, 1996, ¶ 553. ("In a meet point arrangement, the "point" of interconnection for purposes of sections 251(c)(2) and 251(c)(3) remains on "the local exchange carrier's network" (e.g., main distribution frame, trunk-side of the switch), and the limited build-out of facilities from that point may then constitute an accommodation of interconnection.")

⁶ *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket No. 96-98, FCC 96-325, August 8, 1996, ¶199.

541

542 The FCC later affirmed this finding,

543 Under section 251(c)(2)(B), an incumbent LEC must allow a
544 requesting telecommunications carrier to interconnect at any
545 technically feasible point. The Commission has interpreted this
546 provision to mean that competitive LECs have the option to
547 interconnect at a single point of interconnection (POI) per LATA.⁸
548

549 **Q. Have other state commissions ruled that Sprint can establish a single**
550 **POI per LATA?**

551 A. Yes. In an earlier arbitration between Sprint, Iowa Telecom and other
552 RLECs in Iowa, the Iowa Utilities Board ruled that Sprint was only required
553 to establish one POI per LATA and that Sprint was not required to
554 establish additional POIs at ILEC end offices.⁹ Further the Indiana

⁷ In the Matter of Petition of WorldCom, Inc., Cox Virginia Telcom, Inc. and AT&T Communications of Virginia Inc., Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia Corporation Commission Regarding Interconnection Disputes With Verizon Virginia Inc., Memorandum Opinion and Order CC Docket No. 00-218, CC Docket No. 00-249, CC Docket No. 00-251, DA 02-1731, Released July 17, 2002, par. 52 (footnotes omitted).

⁸ *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, Further Notice of Proposed Rulemaking, par. 87, released March 3, 2005.

⁹ In Re Arbitration of: Sprint Communications Company L.P., vs. Ace Communications Group, Clear Lake Independent Telephone Company, Farmers Mutual Cooperative Telephone Co. of Shelby, Farmers Telephone Company, Farmers Mutual Telephone Company, Grand River Mutual Telephone Corporation, Heart of Iowa Communications Cooperative, Heartland Telecommunications Company of Iowa d/b/a Hickorytech, Huxley Communications, Iowa Telecommunications Services, Inc., d/b/a Iowa Telecom f/k/a GTE Midwest, Kalona Cooperative Telephone, La Porte City Telephone Company, Lost Nation-Elwood Telephone Company, Minburn Telecommunications, Inc., Rockwell Cooperative Telephone Association, Sharon Telephone, Shell Rock Telephone Company d/b/a Bevcomm c/o Blue Earth Valley Telephone Company, South Central Communications, Inc., South Slope Cooperative Telephone Company, Swisher Telephone Company, Ventura Telephone Company, Inc., Villisca Farmers Telephone Company, Webster Calhoun Cooperative Telephone Association, Wellman Cooperative Telephone Association, and West Liberty Telephone Company d/b/a Liberty Communications; North English Cooperative Telephone Company and Winnebago Cooperative Telephone Association; Citizens Mutual Telephone Cooperative, Mabel Cooperative Telephone Company, Titonka Telephone Company, Lynnville Telephone company, and Sully Telephone Association, Docket Nos. ARB-05-2, ARB-05-5, ARB 05-6, Arbitration Order, March 24, 2006.

555 Commission adopted Sprint's proposal to establish one POI per LATA for
556 direct interconnection under 251(a).¹⁰

557

558 **Q. Is there any basis for distinguishing between a Bell Operating**
559 **Company and an independent ILEC in how these rules are**
560 **interpreted or applied?**

561 A. Not in the instant case. The only exception to how these rules would apply
562 to an independent ILEC such as CenturyTel would be through a
563 successful 251(f)(1) or 251(f)(2) showing by the ILEC. CenturyTel has
564 made no such claims in this proceeding. In addition, the Iowa and Indiana
565 proceedings I mentioned directly above did not involve a Bell Operating
566 Company.

567

568 **Q. What is Sprint's desired outcome on Issue 4?**

569 A. Sprint is asking the Commission to allow Sprint to choose only one POI
570 per LATA if Sprint chooses to directly interconnect with CenturyTel. This
571 is consistent with the intent of the FCC in interpreting the Act and
572 consistent with at least two other state commissions' decisions.

573 Specifically, Sprint asks the Commission to adopt Sprint's version of the
574 modified language for section 2.3.2.1 as follows.

¹⁰ In the Matter of Sprint Communications Company L.P.'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 Ligonier Telephone Company, Inc., Cause No. 43052-INT-01 (consolidated with 43053-INT-01 and 43055-INT-01), Order approved September 6, 2006.

575 2.3.2.1 Fiber Meet Interconnection between CenturyTel and
576 Sprint can occur at any technically feasible point(s)
577 between a CenturyTel End Office and Sprint's premises
578 with the local calling area. Sprint shall request a Fiber
579 Meet Point of Interconnection by submitting a BFR.
580

581 **Issue No. 5**

582 Should Sprint and CenturyTel share the costs of the Interconnection Facility
583 between their respective networks based on their respective percentages of
584 originated traffic?
585

586 **Q. Please describe Issue 5.**

587 A. This issue relates to how the Parties pay for the cost of a two-way direct
588 interconnection facility used to exchange traffic. Sprint's position is that
589 FCC rules clearly state that directly interconnected carriers are to share
590 the cost of a two-way direct interconnection facility based on their
591 respective percentage of originated traffic. CenturyTel disagrees and
592 seeks to require Sprint to bear the entire cost of the direct interconnection
593 facilities used to transport CenturyTel's originating traffic outside
594 CenturyTel's local exchange.

595

596 **Q. Should the cost of a two-way direct interconnection facility be shared**
597 **between the two carriers?**

598 A. Yes. Interconnection benefits the end user customers of both Sprint and
599 CenturyTel by allowing those end user customers to originate calls and to
600 have those calls ultimately terminated to other customers. The "Calling

601 Party's Network Pays" ("CPNP") principle requires the originating carrier to
602 be financially responsible for delivering that call to the terminating carrier.

603

604 **Q. Does the FCC address two-way direct interconnection facility cost**
605 **sharing between two carriers?**

606 A. Yes. The FCC rules explicitly contemplate that this cost should be shared
607 between the two carriers based on their respective proportionate use of
608 that facility. 47 C.F.R. § 51.709(b) states:

609 "The rate of a carrier providing transmission facilities dedicated to
610 the transmission of traffic between two carriers' networks shall
611 recover only the costs of the proportion of that trunk capacity used
612 by an interconnecting carrier to send traffic that will terminate on
613 the providing carrier's network."
614

615 Accordingly, the cost of the dedicated facility between the two networks is
616 apportioned between Sprint and CenturyTel based on their relative use of
617 the facility. For example, if 55% of the traffic flows from Sprint to
618 CenturyTel, Sprint would pay 55% of the cost of the facility and CenturyTel
619 would pay 45% of the cost of the facility.

620

621 **Q. Are one-way trunks an option?**

622 A. Yes. However, it is generally more efficient for two carriers to share the
623 cost of a single two-way facility than for two carriers to individually
624 provision two one-way facilities.

625

626 If either Sprint or CenturyTel chooses to utilize a one-way facility to deliver
627 its originating traffic to the other, then the CPNP principal and proportional
628 use rules require the originating carrier to pay one-hundred percent
629 (100%) of that facility cost. If Sprint and CenturyTel agree to utilize a two-
630 way direct interconnection facility, then the CPNP principal and
631 proportional use rule requires Sprint and CenturyTel to split the cost of the
632 two-way facility based on their percentage of originated traffic.

633

634 This also demonstrates the unreasonableness of requiring one carrier to
635 be solely financially responsible for a single two-way facility. Rather than
636 accept that financial burden, that carrier could simply provision a one-way
637 trunk for its originating traffic, requiring the other carrier to provision and
638 pay for its own one-way trunk.

639

640 **Q. Is there additional FCC support of Sprint's position that the**
641 **originating carrier pay for its originating traffic?**

642 A. Yes. 47 C.F.R. § 51.703(b) also supports Sprint's position that the
643 originating carrier pay for its originating traffic. It states:

644 "a LEC may not assess charges on any other telecom carrier for the
645 telecom traffic that originated on the LEC's network."
646

647 **Q. Has the FCC limited the distance over which an originating carrier is**
648 **required to pay for transport to deliver its originating traffic to the**
649 **terminating carrier's network?**

650 A. No. The FCC addressed this issue in the Verizon Virginia Arbitration

651 Order. The order states:

652 At paragraph 66 "We also will not prohibit distance-sensitive rates
653 when Verizon uses petitioners' facilities to transport traffic
654 originating on its network to petitioners' networks."

655
656 At paragraph 68 "recognizing that because the rules allow the
657 competing carrier to choose the POI between the two carriers
658 networks, the ILEC "cannot control the distance over which it may
659 be required to purchase transport."
660

661

662 **Q. Have other state commissions determined that the cost of**
663 **interconnection facilities between two connecting carriers be shared**
664 **based on the CPNP principal?**

665

666 A. Yes. In a previous Michigan Public Service Commission interconnection
667 agreement arbitration between Telnet Worldwide, Inc. and Verizon North
668 Inc. and Contel of the South, Inc. d/ba Verizon North Systems, this
669 Commission determined that the parties to an interconnection agreement
670 are responsible for its share of the facilities used to connect their networks
671 based on a proportional basis determined by the traffic each sends over
672 those facilities.¹¹

673

¹¹ *In the Matter of the application of Telnet Worldwide, Inc., for arbitration of interconnection rates, terms, and conditions, and related arrangements with Verizon North Inc. and Contel of the South, Inc., d/ba Verizon North Systems*, MPSC Case No. No. U-13931, Opinion and Order, Feb. 24, 2005.

674 **Q. Even though the previous cites suggest Sprint has significant**
675 **latitude in where it might require CenturyTel to transport its**
676 **originating traffic for termination to Sprint, does Sprint offer a**
677 **reasonable compromise?**

678 A. Yes. Sprint offers a very reasonable compromise that would limit
679 CenturyTel's financial obligation to a point within the LATA. Rather than
680 asking CenturyTel to transport its originating traffic to Sprint's switch that
681 may not be located within the LATA, Sprint will designate a point of
682 presence within the LATA and agree that CenturyTel's obligation to deliver
683 its traffic to Sprint is limited to that point. In fact, if Sprint chooses direct
684 interconnection it will designate its point of presence in Salem, Oregon.
685 Based on Sprint's understanding that the Depoe Bay exchange is served
686 by a remote switch connected to a CenturyTel host switch in Gleneden
687 Beach, Oregon the interconnection facility would be between Sprint's point
688 of presence in Salem and the CenturyTel host switch in Gleneden Beach.
689 Sprint's switch is actually located in Oroville, California which is north of
690 Sacramento, California.

691

692 **Q. Is Sprint requesting a superior form of interconnection?**

693 A. No. Sprint is simply requesting interconnection terms and conditions
694 consistent with FCC rules and orders. Whether CenturyTel has been
695 willing to provide interconnection in accordance with those requirements
696 does not mean Sprint is requesting a superior form of interconnection.

697 CenturyTel cannot use its previously provided forms of interconnection
698 that fall short of the rules as a benchmark to designate Sprint's request as
699 a superior form of interconnection.

700

701 **Q. What is Sprint's desired outcome on Issue 5?**

702 A. Sprint requests that the Board accept Sprint's language in Article II
703 Section 2.59 and Article IV Sections 2.2.2, 3.2.2, 3.2.5.1, 3.2.5.2,
704 3.2.5.3, 3.2.5.5 and Article VII I.C. thereby requiring CenturyTel to
705 follow the cost sharing rules which require directly interconnected
706 carriers to share the cost of a two-way direct interconnection facility
707 based on their respective percentage of originated traffic. The
708 initial percentage suggested by Sprint to represent the amount of
709 traffic originated by each Party is 50% based on the assumption
710 that the traffic will be balanced. This is captured in Article VII I.C.

711

712 **Issue No. 6**

713 What are the appropriate rates for direct interconnection facilities?

714

715 **Q. Please describe Issue 6.**

716 A. Issue 6 asks what the appropriate rates are for direct interconnection
717 facilities. Sprint states that prices should follow FCC guidelines and be
718 based on forward-looking casts. CenturyTel believes that Sprint should
719 pay CenturyTel's Intrastate Access Rates.

720

721 **Q. How should the rate for direct interconnection facilities be**
722 **determined?**

723 A. If Sprint chooses to lease direct interconnection facilities from CenturyTel,
724 the rates charged by CenturyTel should be based on forward-looking
725 economic costs, consistent with FCC rules.

726

727 **Q. What do the FCC rules say about the pricing of interconnection**
728 **facilities?**

729 A. In order to promote competition, the FCC established a framework which
730 would prevent ILECs from raising costs and rates for interconnection in
731 order to deter competitive entry. The FCC's Local Competition Order
732 explicitly requires that interconnection be priced "in a manner that reflects
733 the way they are incurred. Specifically, the FCC's Local Competition
734 Order states,

735 "We conclude, as a general rule, that incumbent LECs' rates for
736 interconnection and unbundled elements must recover costs in a
737 manner that reflects the way they are incurred. This will conform to
738 the 1996 Act's requirement that rates be cost-based, ensure
739 requesting carriers have the right incentives to construct and use
740 public network facilities efficiently, and prevent incumbent LECs
741 from inefficiently raising costs in order to deter entry. We note that
742 this conclusion should facilitate competition on a reasonable and
743 efficient basis by all firms in the industry by establishing prices for
744 interconnection and unbundled network elements based on costs
745 similar to those incurred by the incumbents,"¹²
746

¹² *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, First Report and Order, FCC 96-325, CC Docket No. 96-98, paragraph 743.

747 47 C.F.R § 51.501 explicitly sets the same forward-looking cost standard
748 (i.e. TELRIC) for both interconnection and unbundled network elements.

749 Specifically, 47 C.F.R § 51.501 states,

750 (a) The rules in this subpart apply to the pricing of network
751 elements, **interconnection**, and methods of obtaining access to
752 unbundled elements, including physical collocation and virtual
753 collocation.

754
755 (b) As used in this subpart, the term “element” includes network
756 elements, **interconnection**, and methods of obtaining access to
757 unbundled elements, including physical collocation and virtual
758 collocation. [Emphasis added.]
759

760 Therefore, the pricing standard described in 47 C.F.R § 51.505, generally
761 referred to as TELRIC, must apply to interconnection facilities.

762

763 **Q. Have other states addressed the cost methodology to be applied for**
764 **interconnection?**

765 A. Yes. Section 352 of the Michigan Act provides that “the rates of a provider
766 of basic local exchange service for interconnection shall be at the
767 provider’s total service long run incremental cost of providing the service.”
768 MCL 484.2352(1). This Michigan law supports Sprint’s position that
769 CenturyTel is required to price direct interconnection facilities based on the
770 forward looking costs of providing the service.

771

772 **Q. What is Sprint’s desired outcome on Issue 6?**

773 A. Sprint requests that the Commission accept Sprint's language in
774 Article IV Section 2.3.1.1, 3.2.5.4 and Article VII Section I.D. and
775 I.E. which support Sprint's position that CenturyTel is required to
776 price direct interconnection facilities based on the FCC's guidelines
777 of forward-looking costs.

778

779 **Issue No. 7**

780 Should the Interconnection Agreement contain provisions limiting indirect
781 interconnection?
782

783 **Q. Please describe Issue No. 7.**

784 A. Issue No. 7 deals with whether CenturyTel can dictate to Sprint that Sprint
785 directly interconnect with CenturyTel.

786

787 **Q. What is Sprint's position regarding whether CenturyTel can dictate to**
788 **Sprint that it must directly interconnect with CenturyTel?**

789 A. It is Sprint's position that CenturyTel cannot dictate that Sprint directly
790 interconnect with CenturyTel based on arbitrary traffic volume thresholds
791 or when transit charges reach a certain amount.

792

793 **Q. If Sprint chooses to indirectly interconnect with CenturyTel, how**
794 **would it do so?**

795 A. If Sprint chooses to indirectly interconnect with CenturyTel it would do so
796 through the Qwest tandem located in Portland. Sprint understands that

797 the CenturyTel host switch located in Gleneden Beach that serves the
798 CenturyTel remote in Depoe Bay (the exchange Sprint and Millennium
799 Digital Media intend to serve) subtends the Qwest tandem in Portland.

800

801 **Q. What factors does Sprint consider when determining whether to**
802 **directly or indirectly interconnect with another carrier for the**
803 **exchange of traffic?**

804 A. Sprint considers many factors when determining whether to directly or
805 indirectly interconnect with another carrier. The factors that most influence
806 Sprint's decision are economic in nature. By that, I mean Sprint looks at
807 the economic impacts of both direct and indirect interconnection in the
808 short and long term and determines to interconnect directly or indirectly
809 based on those economic considerations.

810

811 **Q. Do the economic factors support the notion that a predetermined**
812 **amount of traffic should determine whether direct or indirect**
813 **interconnection is appropriate?**

814 A. No. Whether direct or indirect interconnection is most appropriate is
815 influenced by factors such as the estimated volume of traffic, the distances
816 between Sprint's point of presence and the tandem, the distance between
817 Sprint's point of presence and the end office located in the rate center
818 being served, whether the ILEC in whose territory Sprint wishes to
819 compete has a tandem, host office or remote office, the availability of

820 facilities, the nonrecurring and recurring rates for facilities, the cost of
821 transiting through a tandem, etc. Due to the variety of factors, it is not
822 possible to simply identify a particular volume of traffic or some other
823 trigger to determine whether direct or indirect interconnection should be
824 used. Any single variable could tip the scale between direct and indirect
825 interconnection.

826

827 **Q. Does Section 251(a) of the Act support Sprint's position that it can**
828 **choose either direct or indirect interconnection?**

829 A. Yes. Section 251(a) establishes that all telecommunications carriers have
830 an obligation to interconnect directly or indirectly with other
831 telecommunications carriers. Neither 251(a) nor any FCC rules or orders
832 condition the right to use indirect interconnection on a volume threshold or
833 any other criteria.

834

835 **Q. Have other state commissions determined that CLECs have the right**
836 **to choose direct or indirect interconnection without predetermined**
837 **thresholds?**

838 A. Yes. Both the Illinois Commerce Commission and the Iowa Utilities Board
839 made the determination that CLECs have the right to choose either direct
840 or indirect interconnection.¹³

¹³ See *Arbitration Decision*, Illinois Commerce Commission Docket No. 05-0402, p. 28 (Nov. 8, 2005); *Arbitration Order*, Iowa Utilities Board Docket Nos. ARB-05-2, ARB-05-5, ARB-05-6, pp. 55-58 (Mar.

841

842 **Issue No. 8**

843 Should Sprint be required to reimburse CenturyTel when CenturyTel is acting as
844 a transit provider if CenturyTel compensates third parties for the termination of
845 Sprint-originated traffic?
846

847 **Q. Please describe Issue No. 8.**

848 A. Issue No. 8 involves a scenario in which CenturyTel is acting as a transit
849 provider between Sprint and another carrier. CenturyTel is suggesting that
850 if it compensates the third party for Sprint-originated traffic, Sprint should
851 reimburse CenturyTel.

852

853 **Q. What is Sprint's position on Issue No. 8?**

854 A. Sprint does not agree that it should be required to reimburse CenturyTel if
855 CenturyTel pays a third party carrier for traffic that is originated by Sprint.
856 Payment of termination charges is between the originator of the traffic and
857 the terminating carrier. CenturyTel or any other carrier cannot place itself
858 in the position of being an intermediate broker for such terminations
859 charges.

860

861 **Q. Why is it inappropriate for CenturyTel to establish itself as the**
862 **intermediate broker between Sprint and a third party to which Sprint**
863 **terminates traffic?**

24, 2006) (recognizing that imposing additional POIs at the host or end offices would be contrary to the right to establish only one POI per LATA).

864 A. Sprint indirectly interconnects to carriers on a regular basis. The traffic
865 exchanged between Sprint and these carriers is generally subject to a Bill
866 and Keep arrangement. In fact, Sprint and these other carriers do not
867 generally enter into agreements. CenturyTel, as a disinterested
868 intermediate broker, has no incentive to challenge the rates and accuracy
869 of the bills for such traffic termination since its intent is to seek
870 reimbursement from Sprint for such charges.

871

872 **Q. Does Sprint intend to bill CenturyTel for traffic originated by a third**
873 **party?**

874 A. No. Sprint does not intend to bill CenturyTel for traffic originated by a third
875 party. Sprint is required to seek compensation directly from any third party
876 that terminates traffic to Sprint.

877

878 **Q. What is the potential result if CenturyTel is allowed to seek**
879 **reimbursement of termination charges from Sprint for Sprint-**
880 **originated traffic terminated to a third party?**

881 A. The potential result is that Sprint may end up paying termination charges
882 that otherwise may be subject to Bill and Keep, i.e., no termination cost to
883 Sprint. Another result might be Sprint would end up paying a termination
884 rate that is not cost-based. Also, it could result in a compensation
885 arrangement that is not "reciprocal" -- if CenturyTel compensates a third

886 party for Sprint's originated traffic and Sprint does not receive
887 compensation for the third party's traffic that Sprint terminates.

888

889 **Q. Does Sprint's wholesale business model it is deploying with**
890 **Millennium Digital Media play a part in Sprint's position regarding**
891 **CenturyTel's position that Sprint is required to have agreements with**
892 **third parties regarding termination of transit traffic?**

893 A. No. The parties negotiated extensive language to address the wholesale
894 business model and each party's responsibilities. For example, Article I,
895 Sections 2 and 3 acknowledge that Sprint is a wholesale provider. The
896 definition of End User Customer at Section 2.41 includes individuals that
897 subscribe to services jointly provided by Sprint and a Sprint Third Party
898 Provider. Therefore, traffic from an End User Customer under the
899 wholesale business model is treated as Sprint traffic and Sprint is
900 responsible for the exchange of traffic and compensation for such traffic.

901

902 **Q. Does Sprint generally enter into agreements with third parties as**
903 **suggested by CenturyTel?**

904 A. No. Sprint generally does not enter into agreements with third parties as
905 CenturyTel is suggesting. The vast majority of this type of traffic is not
906 subject to an agreement and is, in effect, bill & keep. The idea of entering
907 into agreements with all third parties would increase the number of

908 interconnection agreements by a large number. This is a tremendous
909 increase in effort. 251(b)(5) simply requires the establishment of
910 reciprocal compensation arrangements and bill and keep is an acceptable
911 reciprocal compensation arrangement.

912

913 **Q. Will the existence of an agreement between Sprint and third parties**
914 **necessarily resolve CenturyTel's concern?**

915 A. If I understand CenturyTel's intent, no. I think CenturyTel is attempting to
916 force Sprint into agreements with third parties if those third parties charge
917 CenturyTel for traffic originated by Sprint. If you presume the third party
918 would charge CenturyTel because it isn't able to charge Sprint, then this is
919 the industry wide phantom traffic issue that is before the FCC. There are
920 two aspects of phantom traffic, not being able to identify the originating
921 carrier and not having adequate records to properly rate the traffic. It
922 would seem logical for the third party carrier to bill the originating carrier if
923 they knew who it was. And apparently in this situation, the third party
924 carrier does not know who the originating carrier is and that is why they
925 would attempt to bill CenturyTel. CenturyTel is concerned about getting
926 billed instead of the true originating carrier and if they know who the
927 originating carrier is, it seems like the solution would be for CenturyTel to
928 inform the third party carrier who the originator is so the third party can
929 deal with the originating carrier directly as they should. CenturyTel must
930 know who the originating carrier is otherwise they would not know which

931 carrier to seek reimbursement from. The success of the terminating
932 carrier getting compensated would be greater if they went to the
933 originating carrier directly, in part, because I can't imagine why CenturyTel
934 would ever pay the third party for traffic that originated from Sprint or any
935 other carrier and not from CenturyTel.

936

937 **Q. What is Sprint's desired outcome on Issue 8?**

938 A. Sprint is asking the Commission to not allow CenturyTel to place itself in
939 the middle of an issue that is really between Sprint and the third party to
940 whom Sprint terminates traffic. The terms and conditions for the
941 termination of traffic should be dictated by the arrangements between the
942 originating and the terminating party. To this point, Sprint asks the
943 Commission to adopt Sprint's proposed language for Article IV Sections
944 3.3.1.3 and 4.6.4.2. This language does include a statement that
945 CenturyTel has no obligation to pay charges levied by such third-party
946 carriers consistent with at least one state commission order, the Arkansas
947 Public Service Commission, that found that the transit service provider is
948 not obligated to pay terminating compensation for traffic it transits.¹⁴

949

950 **Issue No. 9**

951 Should the Interconnection Agreement permit the Parties to combine traffic
952 subject to reciprocal compensation charges and traffic subject to access charges
953 on the interconnection trunks?

¹⁴ *In the Matter of Telcove Investment, LLC's Petition for Arbitration*, Ark. Pub. Serv. Comm'n Docket No. 04-167-U, Order No. 10, p. 44 (Sept. 15, 2005).

954

955 **Q. Please describe Issue No. 9.**

956 A. Issue No. 9 relates to whether Sprint should be allowed to efficiently
957 exchange traffic with CenturyTel by combining traffic subject to reciprocal
958 compensation and traffic subject to access charges on the same
959 interconnection trunks. The combining of reciprocal compensation traffic
960 and switched access traffic on the same interconnection trunk is referred
961 to as multi-jurisdictional trunking. All traffic will be compensated for at the
962 correct rates. The benefit of multi-jurisdictional trunking is that it allows
963 carriers to combine traffic to use fewer interconnection trunks. Any
964 reduction in costs to a carrier can be viewed as a benefit to consumers.

965

966 **Q. What is Sprint's position on Issue No. 9?**

967 A. It is Sprint's position that there are no regulatory or legal reasons why it
968 should not be allowed to utilize the most efficient form of interconnection
969 possible. The alternative and less efficient form of interconnection is to
970 utilize separate trunks that in effect, run in parallel with one another
971 causing both parties to use additional switch ports. Sprint seeks optimal
972 network efficiency by combining reciprocal compensation and switched
973 access traffic on the same interconnection trunk. While not necessarily
974 required, Sprint is willing to limit its request for multi-jurisdictional trunking
975 to when Sprint chooses to directly interconnect with CenturyTel.

976

977 **Q. Have you reviewed CenturyTel's revised language proposed for this**
978 **issue?**

979 A. Yes. CenturyTel proposed revised language in section 3.3.2.8.3 and new
980 language in section 3.3.2.8.3. Each of these changes to the proposed
981 Interconnection Agreement language made by CenturyTel in its response
982 is acceptable to Sprint. In addition, Sprint added a phrase in sections
983 3.3.2.8.1 and 3.3.2.8.3 that Sprint agrees can be removed.

984 Section 3.3.2.8.1 would read as follows.

985

986 3.3.2.8.1 Each Party agrees to route traffic only
987 over the proper jurisdictional trunk.

988 Section 3.3.2.8.3 would read as follows:

989 3.3.2.8.3 Initially, Sprint will not use this interconnection
990 arrangement to exchange traffic subject to access charges. If
991 Sprint intends to use this interconnection arrangement to exchange
992 traffic subject to access, the Parties will work cooperatively to
993 develop mutually agreed upon processes and terms necessary to
994 affect such exchange. Such processes shall address, but not be
995 limited to, the identification and measurement of traffic that goes
996 over each trunk, the use of factors, auditing provisions, the type of
997 traffic, the jurisdiction of traffic, and the amount or volume of traffic.
998 If the Parties are unable to agree upon such terms and processes,
999 the Dispute Resolution Procedures under Section 20 of Article III
1000 will be invoked. Until such time, neither Party shall route Switched
1001 Access Service traffic over local connection trunks or Local
1002 Traffic over Switched Access Service trunks.
1003

1004 Sprint listed several sections related to percent local usage ("PLU") as
1005 under dispute for this Issue 9. CenturyTel has proposed a new issue 16 to
1006 address the disputed language related to PLU. Sprint will address Article

1007 IV, Sections 3.3.1.4 and 4.5.2.2 and Article VII.C. under Issue 16. Sprint's
1008 proposed language in Article IV, Sections 3.2.5.6, 3.3.2.1 and 4.5.1.3
1009 would also be deleted. I believe this resolves all open issues with respect
1010 to Issue No. 9.

1011

1012 **Q. What is Sprint's desired outcome on Issue 9?**

1013 A. Sprint requests the Commission approve the modified language as
1014 addressed above that permits Sprint to combine traffic onto a common
1015 trunk at some point during the term of the agreement.

1016

1017 **Issue No. 10**

1018 What terms for virtual NXX should be included in the Interconnection
1019 Agreement?
1020

1021 **Q. Please describe Issue No. 10.**

1022 A. The Parties recognize that Sprint will not be utilizing virtual NXX when it
1023 deploys service in CenturyTel's area. Sprint prefers to leave the remaining
1024 contract language open until such time as it becomes an issue.
1025 CenturyTel wishes to include a section to address the use of VNXX for ISP
1026 traffic. However, Sprint is not seeking to use VNXX for ISP traffic. Although
1027 CenturyTel was informed that Sprint will not be utilizing virtual NXX for
1028 ISP traffic, CenturyTel insists on including language addressing the rates
1029 applicable to virtual NXX ISP traffic.

1030

1031 **Q. What is Sprint proposing for VNXX or FX-type voice traffic?**

1032 A. Sprint proposes that the Commission require inclusion of placeholder
1033 language for VNXX or FX-type voice traffic if Sprint requests use of such
1034 traffic in the future. Sprint proposes the following language:

1035 Sprint is not currently using virtual NXX, when Sprint desires to use
1036 VNXX or FX-type service for voice traffic Sprint will contact
1037 CenturyTel and the parties will negotiate appropriate terms,
1038 including compensation. If the parties are unable to agree, either
1039 party may invoke the dispute resolution process in Section 20 of
1040 Article III.
1041

1042 **Q. Is Sprint aware of whether CenturyTel provides virtual NXX or FX-
1043 type service?**

1044 A. CenturyTel does have a Schedule 35 "Discontinued Services" tariff with an
1045 effective date of November 24, 2000 that addresses "Foreign Exchange
1046 Service" and limits the service to existing residential customers. It appears
1047 the service remains available to customers that had the service at that
1048 time. I have attached the relevant tariff pages to my testimony as Exhibit
1049 JRB-1.
1050

1051 **Q. How does Sprint want the Commission to rule on Issue No. 10.**

1052 A. Sprint asks the Commission to reject the language proposed by
1053 CenturyTel on two grounds. First, it is not necessary since Sprint does
1054 not intend to utilize virtual NXX traffic for ISP traffic. Second, Sprint's
1055 proposed placeholder language would allow the parties to negotiate terms
1056 for VNXX or FX-type voice traffic at some point in the future during the

1057 term of the agreement. Furthermore, if by some chance the Commission
1058 determines the CenturyTel language should be adopted, Sprint asks the
1059 Commission to ensure the final language takes into account either Party
1060 could utilize virtual NXX or FX-type service for voice traffic.

1061

1062 **Issue No. 11**

1063 What are the appropriate terms for reciprocal compensation under the bill and
1064 keep arrangement agreed to by the Parties?
1065

1066 **Q. Have the Parties resolved Issue No. 11 regarding reciprocal**
1067 **compensation under the bill and keep arrangement?**

1068 **A. Yes.**

1069

1070 **Issue No. 12**

1071 Should terms be included that provide for the opportunity of refunds and the
1072 ability to pursue dispute resolution if appropriate remedies are not agreed to
1073 when performance is not adequate?
1074

1075 **Q. Please describe Issue No. 12.**

1076 A. The Parties disagree on whether refunds should apply if a Party is not
1077 performing its responsibilities under the Interconnection Agreement
1078 adequately. In addition, the Parties disagree on whether such issues are
1079 cause for invoking the dispute resolution procedures. The Parties do
1080 agree to meet once per month, upon the request of either Party, to
1081 address performance issues.

1082

1083 **Q. What is Sprint's position with regards to refunds applying when a**
1084 **Party is not performing its responsibilities adequately?**

1085 A. Sprint has proposed as a part of the resolution of performance issues a
1086 refund should be provided to the offended Party for charges it has paid or
1087 is subject to paying for services that are not adequately provided. Simply
1088 stated, Sprint does not believe it should be charged a service order charge
1089 for ports that do not meet the established service levels. In this particular
1090 contract negotiation, those are indicated in Section 1.2 of Article VI.

1091 Frequently carriers miss such processing interval deadlines, which results
1092 in the CLEC missing the commitment to the customer. CLECs sometimes
1093 lose customers before service is ever established, due to performance by
1094 the ILEC. Sprint feels that one way to remedy this ongoing problem is to
1095 establish terms whereby the ILEC is not paid for substandard service. The
1096 specific terms Sprint recommends in this agreement, provide for a refund
1097 of those monies.

1098

1099 **Q. What is the intent of the proposed refunds?**

1100 A. The intent of Sprint's proposed refunds is to provide an incentive to the
1101 offending Party to take any necessary corrective action with respect to
1102 services that are not being provided adequately. Lacking such an
1103 incentive habitual poor performance is possible to the detriment of either
1104 Party or the End-Users of the Parties.

1105

1106 **Q. What is Sprint's position regarding taking an issue to dispute**
1107 **resolution if the Parties cannot agree to the specific steps to be taken**
1108 **for resolution of inadequate service?**

1109 A. Comparable to other areas of dispute, Sprint thinks it is necessary for
1110 either Party to have the dispute resolution process available in the event
1111 the Parties are not able to resolve issues between themselves. This
1112 approach can result in more timely and efficient resolution of inadequate
1113 service since without it the Parties would be resigned to a formal complaint
1114 process before the Commission or other legal action.

1115

1116 **Q. Does Sprint have a proposed change it would like CenturyTel to**
1117 **consider?**

1118 A. Yes. Sprint is willing to delete its proposed additional language in Article
1119 VI, Section 5.0 if clarifying language is added in Article III, 9.4 as follows in
1120 bold underline,

1121 Article III, 9.4 Disputed Amounts. If any portion of an amount billed by a
1122 Party under this Agreement is subject to a good faith dispute
1123 between the Parties, **including disputes related to**
1124 **ordering and provisioning activities that do not meet the**
1125 **intervals required in Sec. 1.2 of Article VI**, the billed Party
1126 shall give written notice to the billing Party of the amounts it
1127 disputes ("Disputed Amounts") and shall include in such
1128 notice the specific details and reasons for disputing each
1129 item.
1130

1131 **Q. For clarity, please provide Sprint's proposed additional language for**
1132 **Article VI, Section 5.0 that Sprint is willing to delete.**

1133 A. Sprint is willing to delete its proposed additional language shown in bold
1134 underline from Article VI, Section 5.0. (vi) as follows,

1135
1136 (vi) the specific steps taken or proposed to be taken to remedy such
1137 problem **including refunds of amounts paid pursuant to Article**
1138 **VII. If Parties cannot agree to the specific steps to be taken for**
1139 **resolution, as provided for in (vi) above, either party may**
1140 **invoke Dispute Resolution provisions found in Article III,**
1141 **Section 20.** In addition to the foregoing, the Parties may meet to
1142 discuss any matters that relate to the performance of this
1143 Agreement, as may be requested from time to time by either of the
1144 Parties. This meeting is in addition to the normal day-to-day
1145 business to business discussions, including those with the
1146 respective account teams.
1147

1148 **Q. What is Sprint's desired outcome on Issue No. 12?**

1149 A. Sprint asks the Commission to adopt its language for Article VI Section 5.0
1150 as a means to ensure the Parties provide adequate services to each other
1151 to the benefit of End-Users. As an alternative, Sprint is willing to accept
1152 the deletion of its language in Article VI, Section 5.0 as stated above so
1153 long as CenturyTel is willing to add the additional language to Article III,
1154 Section 9.4 as stated above.

1155

1156 **Issue No. 13**

1157 What are the appropriate rates for transit service?
1158

1159 **Q. Please describe Issue No. 13.**

1160 A. Sprint thinks that transit services provided by CenturyTel should be
1161 provided based on forward looking cost-based rates. CenturyTel wants to
1162 charge subsidy laden intrastate access rates for transit services.

1163

1164 **Q. Please describe transit service.**

1165 A. Transit service is necessary to facilitate indirect interconnection as
1166 contemplated in Section 251(a) of the Act. If carrier A originates traffic and
1167 terminates it to carrier C through its interconnection with carrier B, carrier
1168 B is providing a transit service to carrier A.

1169

1170 **Q. Have other state commissions determined that transit service is**
1171 **subject to cost-based or TELRIC rates?**

1172 A. Yes. Multiple state commissions have determined that transit services are
1173 subject to TELRIC rates. The Texas Public Utility Commission, the North
1174 Carolina Utilities Commission and the Arkansas Public Service
1175 Commission have all determined that transit services are subject to
1176 TELRIC rates.¹⁵ In addition, Section 352 of the Michigan Act requiring
1177 interconnection to be priced at TSLRIC is also applicable to transiting
1178 services as transit is a method of interconnection. A federal court upheld a

¹⁵ *Arbitration Award – Track I Issues*, TX PUC Docket No. 28821, p. 23 (Feb. 23, 2005); *In the Matter of Joint Petition of NewSouth Communications Corp., et al. for Arbitration with BellSouth Telecommunications, Inc.*, North Carolina Utilities Commission Docket Nos. P-772 sub 8; Docket No. jP-913 sub 5; Docket No. P-989 sub 3; Docket No. P-824 sub 6; Docket No. P-1202, sub 4, p. 131 (July 26, 2005) (as a §251 obligation, transit must be priced at TELRIC), *In the Matter of Telcove Investment, LLC's Petition for Arbitration*, Ark. Pub. Serv. Comm'n Docket No. 04-167-U, Order No. 10, p. 38 (Sept 15, 2005).

1179 Michigan Commission decision requiring transiting at cost based rates. In
1180 Michigan Bell Telephone v Chappelle, the federal district court held that
1181 because "federal law does not preclude mandatory transiting, under the
1182 [Federal Act's] savings clause [Section 261(c)], the [Michigan Public
1183 Service Commission] is allowed to impose additional pro-competitive
1184 requirements under state law."¹⁶ The Michigan Public Service
1185 Commission ("Michigan PSC") has imposed the requirement that ILECs
1186 provide tandem transit services to CLECs pursuant to Sections 251 and
1187 252.¹⁷

1188

1189 **Q. How would Sprint like the Commission to resolve this issue?**

1190 A. Sprint asks the Commission to adopt Sprint's position that the rates for
1191 CenturyTel transit service should be based on forward-looking costs
1192 rather than CenturyTel's intrastate access rates. Transit is one of the

¹⁶ *Mich Bell Tel. Co. v Chappelle*, 222 F. Supp. 2d 905, 917 (D. Mich 2002) (aff'd, *Mich. Bell Tel. Co. v Chappelle*, 93 Fed. Appx. 799 (6th Cir. 2004)).

¹⁷ *Petition of Level 3 Communications, LLC, 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 an interconnection agreement with Michigan Bell Telephone Company, d/b/a SBC Michigan*, Case No. U-14152, Decision of the Arbitration Panel (Mich. PSC Dec. 10, 2004) (after the arbitration panel decision was issued, parties negotiated interconnection agreement which was approved by Commission, see *Petition of Level 3 Communications, LLC, 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 an interconnection agreement with Michigan Bell Telephone Company, d/b/a SBC Michigan*, Case No. U-14152, Order Granting Joint Application (Mich. PSC Feb. 24, 2005) ("*Level 3 Michigan Petition*"); *Petition of Michigan Bell Telephone Company d/b/a SBC Michigan for arbitration of interconnection rates, terms, conditions, and related arrangements with MCIMetro Access Transmission Services, LLC, pursuant to Section 252b of the Telecommunications Act*, Case No. U-13758, Opinion and Order, (Mich. PSC Aug. 18, 2003) ("*Michigan Bell Petition*"); *Petition of AT&T Communications of Michigan, Inc., for arbitration to establish an Interconnection Agreement with Ameritech Michigan (Case No. U-1151)*, *Petition of Ameritech Michigan for arbitration to establish an Interconnection Agreement with AT&T Communications of Michigan, Inc. (Case No. U-1152)*, Order Approving Agreement Adopted by Arbitration (Mich. PSC Nov. 26, 1996) p. 14 ("*Petition of Ameritech*").

1193 several interconnection services it provides to requesting carriers.
1194 There's no basis for singling this service out and applying a cost
1195 structure that is not a forward-looking cost based rate.

1196

1197 **Issue No. 14**

1198 What are the appropriate rates for services provided in the agreement, including
1199 rates applicable to the processing of orders and number portability?
1200

1201 **Q. Please describe Issue 14.**

1202 A. Issue No. 14 discusses the appropriate rates that are to be applied to the
1203 processing of orders including number portability orders. It is Sprint's
1204 position that all charges should be subject to the scrutiny of a TELRIC cost
1205 study. In addition, Sprint does not think there should be a charge for the
1206 porting of telephone numbers between carriers. The charges in question
1207 are identified in CenturyTel's response to Sprint's Arbitration Petition,
1208 Article VII Section II as follows.

1209	Pre-ordering	
1210	CLEC Account Establishment per CLEC	\$159.47
1211		
1212	Customer Record Search	\$ 8.47
1213		
1214	"Service Order Charge" all for LSRs	\$ 13.65
1215	(including Number Portability LSRs)	
1216		
1217	Custom Handling:	
1218	Service Order Expedite:	\$143.02
1219		
1220		
1221		
1222		

1223 **Q. What is the basis for Sprint’s position that rates be subject to a**
1224 **TELRIC cost study?**

1225 A. Sprint is seeking interconnection with CenturyTel based on Section 251
1226 and 252 of the Act. Rates for Section 251-related services should be
1227 priced consistent with the pricing methodology set forth in 47 USC Section
1228 252(d) meaning they must be just and reasonable and based on the cost,
1229 nondiscriminatory, and may include a reasonable profit.

1230

1231 **Q. Has CenturyTel provided the forward-looking cost basis for its**
1232 **proposed rates?**

1233 A. No.

1234

1235 **Q. Should CenturyTel be required to identify the forward-looking cost**
1236 **basis for the rates in the Interconnection Agreement?**

1237 A. Yes. CenturyTel should certainly identify the forward-looking cost basis
1238 for the rates in the Interconnection Agreement. If CenturyTel has not
1239 performed such cost studies, then it should perform one for Commission
1240 approval.

1241

1242 **Q. What is Sprint’s position regarding CenturyTel’s position that it**
1243 **charge for Local Number Portability (“LNP”)?**

1244 A. It is Sprint’s position that LNP charges should not apply in any
1245 circumstance. Such charges are specifically anti-competitive for any new

1246 entrant because the vast majority of the costs, even if the charge is
1247 reciprocal, fall upon the new entrant. Many times ILECs attempt to
1248 support such charges because some of their processes are manual and
1249 they equate them to the service order charge they charge end-users that
1250 subscribe to the ILEC's service. This is problematic for a couple of
1251 reasons. First, if the ILEC is allowed to pass on these charges due to its
1252 lack of automation, it has no incentive to automate its process since it is
1253 allowed to pass on its inefficiencies to its competitor. This, in effect, gives
1254 the ILEC the license to intentionally increase the cost to those it is
1255 competing against. Second, if the comparison is made to the charges it
1256 applies to its end users, it does not charge end users when they
1257 disconnect since these costs, to the extent there are any, are recovered
1258 over the life of the customer in the form of nonrecurring and recurring
1259 charges. Since the porting-out of an ILEC subscriber is comparable to the
1260 disconnection of a subscriber, the ILEC has already recovered the cost
1261 and charging an LSR charge to a competing carrier results in double
1262 recovery of some or all of the costs associated with a disconnection.

1263

1264 **Q. In your opinion, is it consistent with the FCC's intent for carriers to**
1265 **charge each other for LNP?**

1266 **A.** No. In my opinion, it is not consistent with the FCC's intent for carriers to
1267 charge each other for LNP. Given the opportunity for abuse, such a

1268 practice is anti-competitive, a barrier to entry, not in the public interest and
1269 contrary to sound regulatory policy.

1270

1271 **Q. If there were a charge for LNP, what should that rate be?**

1272 A. If there were a charge for LNP, and Sprint does not agree there should be,
1273 Sprint would ask the Commission to consider two alternatives to the
1274 CenturyTel proposed rate. First, Sprint would ask the Commission to
1275 consider the FCC's proxy pricing for PIC change charges of \$5.50 for
1276 manually processed and \$1.25 for automated PIC changes.¹⁸ Second, if
1277 the Commission does not agree with the FCC's proxy pricing for PIC
1278 change charges, Sprint would urge the Commission to adopt the lowest
1279 rate charged by CenturyTel anywhere it has such a charge. To the extent
1280 the same employees or same processes are used for Oregon, the rate for
1281 Oregon should not be higher than the lowest rate CenturyTel charges.
1282 CenturyTel's proposed rate of \$13.65 is the least acceptable alternative to
1283 Sprint's position that there should be no charge to port a customer's
1284 telephone number.

1285 **Q. Does Sprint agree with the proposed rate for CLEC Account**
1286 **Establishment?**

1287 A. No. CenturyTel is suggesting that Sprint pay an unsupported rate of
1288 \$159.47 to establish an account with CenturyTel. Sprint does not agree it

¹⁸ In the Matter of Presubscribed Interexchange Carrier Charges, CC Docket No. 02-53, FCC 05-32, Report and Order, February 17, 2005.

1289 should be charged another account establishment charge since Sprint has
1290 previously ordered service from CenturyTel. That being said, if the
1291 Commission were to authorize such a charge it should be reciprocal since
1292 Sprint will also be "taking orders" from CenturyTel. CenturyTel will be
1293 presumably placing port orders with Sprint as it wins customers back or
1294 wins customers away from the Sprint/cable service. Since the charge is
1295 reciprocal, there is no point in even having it since each party will be
1296 charging and paying the other the same amount.

1297

1298 **Q. Does Sprint agree with the Customer Record Search rate of \$8.47?**

1299

1300 A. No. As previously stated, CenturyTel has not provided support for the rate
1301 and it has not gone through any scrutiny by Sprint or the Commission. For
1302 example, there isn't even an explanation of what the charge is for or how
1303 the Customer Record Search is performed.

1304

1305 **Q. What is Sprint's desired outcome on Issue 14?**

1306 A. Sprint requests that the Commission not accept any of the proposed
1307 CenturyTel prices without adequate cost support. In addition, Sprint asks
1308 the Commission to pay particular attention to the charge that CenturyTel is
1309 proposing for LNP. Sprint is seeking to eliminate this charge or in the
1310 alternative to adopt the FCC's proxy pricing for PIC change charges of
1311 \$5.50 for manually processed and \$1.25 for automated PIC changes as

1312 stated above. Placing the adequate amount of scrutiny on these charges
1313 would lessen the anti-competitive impact. To not scrutinize the charges as
1314 I've suggested would give CenturyTel an unwarranted anti-competitive tool
1315 by which then can create competitive entry barriers.

1316

1317 **Issue No. 15**

1318 If CenturyTel sells, assigns or otherwise transfers its territory or certain
1319 exchanges should CenturyTel be permitted to terminate the agreement in those
1320 areas?
1321

1322 **Q. Please describe Issue No. 15.**

1323 A. Issue No. 15 deals with whether or not competitive services can
1324 reasonably continue in a CenturyTel exchange if CenturyTel
1325 decides to sell, assign or transfer its territory or certain exchanges.
1326 In the event CenturyTel goes through with such a transaction,
1327 CenturyTel wants the right to terminate the Interconnection
1328 Agreement with Sprint upon 90 days notice. This has the potential
1329 of leaving Sprint in a very precarious position of trying to serve
1330 customers without an Interconnection Agreement.

1331

1332 **Q. What is Sprint's position on whether CenturyTel should be**
1333 **able to terminate its Interconnection Agreement if it decides to**
1334 **sell, assign or transfer some or all of its exchanges?**

1335 A. Sprint's position is that CenturyTel should not be allowed to

1336 terminate its Interconnection Agreement with Sprint. Instead,
1337 Sprint's proposed language would require CenturyTel to assign the
1338 Interconnection Agreement to a successor company.

1339

1340 **Q. Could the position being taken by CenturyTel on Issue No. 15**
1341 **leave Sprint without an interconnection agreement while still**
1342 **trying to serve customers?**

1343 A. Yes. There is considerable risk to Sprint being left without an
1344 interconnection agreement. There is no certainty of Sprint being
1345 able to implement a replacement interconnection agreement with a
1346 new company. Such a condition would place Sprint at a significant
1347 competitive disadvantage as it attempts to negotiate acceptable
1348 terms with the new company because of the fear of not having an
1349 agreement by which to exchange local traffic and otherwise
1350 perform the functions necessary to serve End-Users. Although it is
1351 likely that the transfer or assignment of the CenturyTel exchanges
1352 would be subject to Commission approval and in such a
1353 proceeding Sprint could request that services be continued by the
1354 purchasing party, Sprint requests that certainty of continued
1355 service for Sprint and its end users be established in the
1356 agreement.

1357

1358 **Q. Could the lack of an interconnection agreement prevent Sprint**

1359 **from providing service to End-Users?**

1360 A. Yes. The lack of an interconnection agreement could prevent
1361 Sprint from providing service to End-Users. The new carrier may
1362 not be willing to exchange traffic with Sprint lacking an agreement.
1363 There are numerous other issues addressed by an interconnection
1364 agreement that may result in a service interruption.

1365

1366 **Q. Do the risks of not having an interconnection agreement go**
1367 **beyond those between Sprint and the new company?**

1368 A. Yes. One of the things the North American Numbering Plan
1369 Administrator (NANPA) looks at when issuing telephone number
1370 resources is whether the requesting carrier has an interconnection
1371 agreement. The lack of an agreement could jeopardize Sprint's
1372 ability to acquire new numbers when necessary or its ability to
1373 keep the numbering resources it has already acquired.

1374

1375 **Q. Are the risks you've identified of not having an**
1376 **interconnection agreement exhaustive?**

1377 A. Not likely. I have only identified a small number of obvious risks.
1378 It's impossible for Sprint to know what other risks could result since
1379 Sprint has never been in a situation with the type of exposure
1380 CenturyTel is attempting to impose upon Sprint.

1381

1382 **Q. Is CenturyTel's proposal to expose Sprint and End-Users to**
1383 **such risks in the public interest?**

1384 A. No, quite the contrary. CenturyTel's proposal to expose Sprint and
1385 End-Users to the risks I have identified and countless additional
1386 risks is certainly not in the public interest.

1387

1388 **Q. How does Sprint propose the Commission address Issue No.**
1389 **15?**

1390 A. Sprint asks the Commission to adopt Sprint's proposed language
1391 for Article III Section 2.7. This will protect both Sprint and End-
1392 User interests.

1393

1394 **ISSUE NO. 16:**

1395 Do terms need to be included when Sprint utilizes indirect interconnection, and
1396 CenturyTel is not provided detailed records, nor is CenturyTel able to identify and
1397 bill calls based upon their proper jurisdiction?

1398

1399 **Q. Have you reviewed CenturyTel's new proposed issue 16?**

1400 A. Yes. CenturyTel proposed language that would require Sprint to submit a
1401 percent local usage ("PLU") factor for traffic delivered over an indirect
1402 interconnection arrangement where a third party provides transit service.
1403 CenturyTel claims that as a result of the arrangement it has with the third
1404 party it is unable to measure and bill Sprint-originated traffic. CenturyTel

1405 listed Article IV, Sections 3.3.1.4 and 4.5.2.2 as the disputed language for
1406 Issue 16. In addition, there is a related provision on the price sheet, Article
1407 VII.C that is part of this issue.

1408

1409 **Q. Should Sprint be responsible for providing CenturyTel A PLU for**
1410 **billing?**

1411 A. No. CenturyTel should be able to bill using SS7 records or otherwise do
1412 what is under its control to ensure it can identify and bill traffic terminated
1413 to it through a third party before shifting that burden to another carrier. The
1414 FCC recognized that “to implement transport and termination pursuant to
1415 section 251(b)(5), carriers, including small incumbent LECs and small
1416 entities, may be required to measure the exchange of traffic, but we
1417 believe that the cost of such measurement to these carriers is likely to be
1418 substantially outweighed by the benefits of these arrangements.”¹⁹ I am
1419 aware of at least one company by the name of Tekno Telecom L.L.C. that
1420 provides a service that utilizes SS7 records for intercarrier billing called
1421 NetQuest. See Exhibit JRB-2. An examination of this print-out indicates
1422 Tekno’s ability to utilize SS7 records (as Sprint is suggesting) to accurately
1423 bill for intercarrier compensation. The Tekno Telecom web site is
1424 <<http://www.teknotelecom.com>>.

¹⁹ *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket No. 96-98, FCC 96-325, August 8, 1996, ¶1045.

1425

1426 **Q. Can CenturyTel refuse to provide indirect interconnection based on**
1427 **its billing concerns?**

1428 A. No. The FCC stated in the First Report and Order that they did not
1429 “believe the term ‘technical,’ when interpreted in accordance with its
1430 ordinary meaning as referring to engineering and operational concerns in
1431 the context of sections 251(c)(2) and 251(c)(3),²⁰ includes consideration of
1432 accounting or billing restrictions.”²¹

1433

1434 **Q. Does this conclude your testimony?**

1435 A. Yes.

²⁰ See, Random House College Dictionary at 1349 (“6. pertaining to or connected with the mechanical or industrial arts and the applied sciences”).

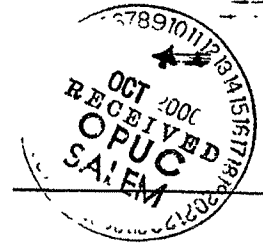
²¹ *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket No. 96-98, FCC 96-325, August 8, 1996, ¶201.

SPRINT EXHIBIT JRB-1

P.U.C. Or. No. 5

First Revised Sheet No. 35.1
Cancels
Original Sheet No. 35.1

CenturyTel



(T)

SCHEDULE 35

DISCONTINUED SERVICES

A. GENERAL

Discontinued services listed in this Schedule are services which no longer available to new customers but are provided to existing customers under conditions as specified for each service.

B. CONDITIONS

1. Discontinued services are furnished subject to all rules and regulations of this Tariff.
2. The Company will continue to provide and maintain any equipment or service only as long as replacement parts are available from embedded inventory.
3. The only remaining discontinued service in this Schedule is for Foreign Exchange Service for residential customers.

C. FOREIGN EXCHANGE SERVICE

1. Foreign Exchange Service is limited to existing residential customers until they disconnect the service. No supersedure of existing service will be permitted.

Advice No. 220

Issued: October 10, 2000

Issued By CenturyTel

By Pamela Donovan

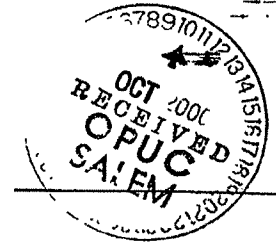
Effective: November 24, 2000

Title Supervisor, Tariffs

P.U.C. Or. No. 5

First Revised Sheet No. 35.1
Cancels
Original Sheet No. 35.1

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(T)

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Cancels
Original Sheet No. 35.3

CenturyTel



(T)

SCHEDULE 35

DISCONTINUED SERVICES

C. FOREIGN EXCHANGE SERVICE (Continued)

(Schedule I - CenturyTel of Oregon Service Area)

2. CONTIGUOUS EXCHANGES - Charbonneau and Aurora Exchanges with Foreign Exchange Service from Stafford.

a. The monthly rate for this service will be the sum of items (1) and (2)

(1) Each line or off-premises extension including mileage if applicable.

The rate of the serving exchange

(2) Foreign Exchange Access Charge

This charge includes all facilities in the local exchange necessary for Foreign Exchange Service.

Service Rate Per Code Month

a. Residence one-party line, each

LCRW \$25.00

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By Pamela Donovan

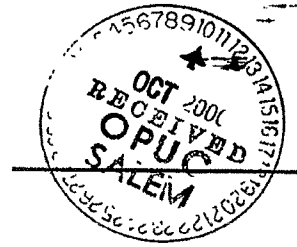
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P.U.C. Or. No. 5

First Revised Sheet No. 35.4
Cancels
Original Sheet No. 35.4

CenturyTel



SCHEDULE 35

DISCONTINUED SERVICES

C. FOREIGN EXCHANGE SERVICE (Continued)

Schedule II - Rose Valley Telephone Company Service Area

The rates specified for Schedule II apply in the Northwestern Telephone Systems, Inc. serving area for Foreign Exchange Service between exchanges of the Company and other connecting companies.

1. Intra-Company Foreign Exchange Service (Between Exchanges of the Company)

a. The monthly rate for Suburban Residential Exchange Service in contiguous Company exchanges will be the sum of items (1) and (2)

(1) The monthly rate for local service in the Foreign (serving) Exchange for suburban residential service.

(2) Mileage in the local exchange measured airline distance from the customer's primary station to the nearest point on the common boundary of the local and Foreign Exchange areas:	Service Code	Rate Per Month
	MGF6	\$1.00

Per 1/4 mile or fraction thereof

b. The monthly charge for One-Party, or One-Party Extension Station Service will be the sum of items (1), (2) and (3).

(1) Mileage in the local exchange measured
airline miles from the location of the
primary station to the nearest point on
the common boundary of the local and
Foreign Exchanges.

(a) Residence Service Per 1/4 mile or fraction thereof	MGF5	2.50
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MATERIAL APPEARED ON SHEET NO. 35.5 IN TARIFF P.U.C. OR. NO. 2

Advice No. 220

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By Pamela Donovan

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P.U.C. Or. No. 5

First Revised Sheet No. 35.5
Cancels
Original Sheet No. 35.5

CenturyTel



SCHEDULE 35

DISCONTINUED SERVICES

C. FOREIGN EXCHANGE SERVICE (Continued)

Schedule II - Rose Valley Telephone Company Service Area (Continued)

1. Intra-Company Foreign Exchange Service (Continued)

b. The monthly charge . . . (Continued)

Service Rate Per
Code Month

(2) The monthly rate of the Foreign (serving) exchange for the class, grade or type of service provided. (Not less than one-party service).

(3) Suburban mileage in the Foreign (serving) Exchange from the point on the common boundary measured airline distance to the nearest point of the base rate area of the serving exchange.

Per 1/4 mile or fraction thereof MGF6 \$1.00

2. Inter-Company Contiguous Exchanges-

a. Local Contiguous Exchanges - Customers in an exchange area of the Company receiving service from a contiguous exchange area of another company; the monthly charge will be the rate of the foreign (serving) exchange for the class and grade of service provided, plus the monthly charges indicated below for service in the local exchange area:

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SCHEDULE 35

DISCONTINUED SERVICES

C. FOREIGN EXCHANGE SERVICE (Continued)

Schedule II - Rose Valley Telephone Company Service Area (Continued)

2. Inter-Company Contiguous Exchanges (Continued)

a. Local Contiguous Exchanges (Continued)

	Service Code	Rate Per Month
(1) One-Party or One-Party Extension Service	LCR1	\$36.00
(2) Mileage in the local exchange measured airline distance from the customer's station to the nearest point on the common boundary of the local and foreign exchange.		
First 1/2 mile or fraction thereof	MGF1	3.75
Each additional 1/4 mile or fraction thereof	MGFA	1.75

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SCHEDULE 35

DISCONTINUED SERVICES

C. FOREIGN EXCHANGE SERVICE (Continued)

Schedule II - Rose Valley Telephone Company Service Area (Continued)

2. Inter-Company Contiguous Exchanges (Continued)

(a) Foreign (Serving) Contiguous Exchange Service-Customers in an exchange area (local exchange area) of another company receiving service from a contiguous exchange area of this Company; the monthly charge will be the rate for service in the local exchange plus the monthly charges indicated below for service in the foreign (serving) exchange of this Company.

(b) Suburban mileage in the foreign (serving) exchange measured airline distance from the point on the common boundary mentioned under Mileage in Local Exchange preceding to the nearest point on the base rate area of the foreign (serving) exchange.

Service Code	Rate Per Month
MGS6	\$3.75
MGFA	1.75

First 1/2 mile or fraction thereof
Each Additional 1/4 mile or fraction thereof

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SCHEDULE 35

DISCONTINUED SERVICES

C. FOREIGN EXCHANGE SERVICE (Continued)

Schedule II - Rose Valley Telephone Company Service Area (Continued)

3. Local Non-Contiguous Foreign Exchange Service

	Service Code	Rate Per Month
a. Suburban mileage in the local exchange (if applicable), measured airline distance from airline distance from the foreign exchange station to the nearest point on the base rate area boundary: Each 1/2 mile or fraction thereof	MGS5	\$2.50
b. Interexchange mileage; the V and H mileage between rate centers of the local and foreign (serving) exchanges, as determined for message toll telephone service: Each mile or fraction thereof	Refer to Schedule No. 33	

4. Suburban Residential, Contiguous Exchange Service

- a. The charges for customers in an exchange area of the Company receiving suburban residential Foreign Exchange Service from a contiguous exchange of another company will be the sum of(1) and (2).

(1) The monthly rate in the foreign (serving) exchange for suburban residential service.

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SCHEDULE 35

DISCONTINUED SERVICES

C. FOREIGN EXCHANGE SERVICE (Continued)

Schedule II - Rose Valley Telephone Company Service Area (Continued)

4. Suburban Residential, Contiguous Exchange Service (Continued)

	Service Code	Rate Per Month
(2) Mileage in the local exchange measured airline miles from the customer's primary station location to the nearest location to the nearest point on the point on the primary boundary of the local and foreign exchange areas:		
Each 1/4 mile or fraction thereof	MGFS	\$1.50
(3) The charge for each customer receiving suburban residential foreign exchange service from this Company in a contiguous exchange of another company will be the sum of (a) and (b).		
(a) The monthly rate for suburban residential local service the exchange from which the service is provided.		
(b) Mileage or other charges in the local exchange of the other Company.		

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SCHEDULE 35

DISCONTINUED SERVICES

C. FOREIGN EXCHANGE SERVICE (Continued)

Schedule III - Applicable to the TU Eastern Oregon Service Area

1. Contiguous and Non-Contiguous Exchanges - The rate for each foreign exchange line or off-premises extension will be the sum of the applicable rates in items a, b, c,

Service Rate Per
Code Month

a. Local Charge

(1) Residence one-party LCR1 \$10.00

b. Foreign Exchange Mileage

- (1) Contiguous exchanges - the airline distance from the customer's station location to the nearest point on the common boundary of the local and foreign exchanges.

(a) First 1/2 mile or fraction thereof MGF1 3.00

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DISCONTINUED SERVICES

C. FOREIGN EXCHANGE SERVICE (Continued)

Schedule IV - Applicable to the Rose Valley Service Area

1. Contiguous and non-Contiguous Exchanges

Service Rate Per
Code Month

d. Suburban mileage, if applicable -
non-contiguous exchanges

Each 1/4 mile or fraction thereof

MGS5 \$1.00

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SCHEDULE 35

DISCONTINUED SERVICES

C. FOREIGN EXCHANGE SERVICE (Continued)

1. CONDITIONS

- a. Foreign Exchange Service is service furnished from an exchange other than the one from which is would normally be furnished. The local exchange (local company) is the exchange in which the customer is located. The foreign exchange (serving company) is the exchange from which service is furnished.
- b. Foreign Exchange Service will be provided on the basis of an office-to-office routing of interexchange facilities. Across boundary routing of the facilities will be provided on a temporary, emergency basis only where local exchange facilities are available. The foreign exchange service, if still desired, must be re-routed office-to-office.
- c. The rate for foreign exchange off-premises extension applies when the primary service is located in the foreign exchange and the off-premises extension is located in the local exchange.
- d. The rates applicable for toll service will be those of the foreign exchange.
- e. Rates for directory service and similar services, will be those applicable under the Tariff of the local exchange. Other exchange services will be at the rates of the foreign exchange company.
- f. Terminal loops may be installed outside the building in which the primary station is located, but only on the same continuous property. Where applicable, terminal loop rates will apply as covered in Schedule 13.
- g. The installation charge for Foreign Exchange Service will be that of the local and foreign exchange for the same class and grade of service.

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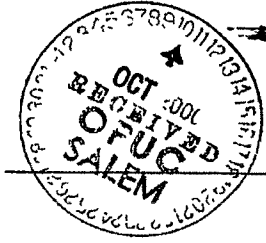
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SCHEDULE 35

DISCONTINUED SERVICES

C. FOREIGN EXCHANGE SERVICE (Continued)

1. CONDITIONS (Continued)

- h. Residence Foreign Exchange Service is furnished for the use of the customer and members of his household only.
- i. Joint user service cannot be used in conjunction with Foreign Exchange Service.
- j. Foreign exchange paystation service is not authorized.
- k. Foreign Exchange Service is not permitted between exchanges which are in the same extended area service (EAS) toll-free calling area.
- l. Customer billing for Foreign Exchange Service will be done in accordance with the practices and procedures as established by the Company.

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SPRINT EXHIBIT JRB-2

The diagram illustrates the NetQuest product suite. On the left, a vertical stack of product categories includes: NetQuest, Net(s)CCS, NetAnalyzer, Net(s)ight, NetScope, NetAlert, NetViewPoint, Wireless Apps (Clone Catcher, MIN ViewPoint, MOB BillBacker), and Wireline Apps (Fraud Finder, Bill ViewPoint). On the right, a central network diagram shows a core of SS7, IP, and ATM signaling networks. Various product icons are connected to this core: NetScope, NetAlert, NetViewPoint, Net(s)CCS, NetAnalyzer, and NetDeadc. The top navigation bar includes: Home, About Tekno, Solutions, Products, Links, Support & Training, Site Map, Contact Us, and Free Web Demo. The Tekno Telecom, L.L.C. logo is in the top right corner.

The NetQuest Advantage

Maximum profitability and quality of service are achieved through a comprehensive suite of advanced hardware and software applications composing NetQuest. It non-intrusively monitors wireline, wireless and next-generation telephony (SS7, IP and ATM) signaling networks to generate revenue-enhancing knowledge through total network analysis. NetQuest, a network management system, processes and correlates the data directly from the telephony networks to deliver extremely accurate reports, call detail records (CDRs), transaction detail records (TDRs), and network status information all in a "Real-Time" environment. NetQuest's applications make the information easily accessible to multiple internal departments within a carrier (operations, billing, engineering, revenue assurance, planning, fraud, marketing, etc.) for maximum benefit. NetQuest provides carriers with the knowledge of what is occurring within their own networks and how it affects their customers, vendors and inter-connected carriers.

Dramatic Return on Investment

NetQuest offers a converged revenue assurance and quantitative analysis approach to network management that provides an immediate return on investment and dramatically enhances a carrier's bottom line. Our customers have stated that the return on investment averages less than three months and continues to pay for itself many times over. Carriers that are focused on revenue and profitability maximization need to investigate "NetQuest."

NetQuest

The Problem

Carriers' have traditionally relied on switches (including AMA records) and other network elements and tools as their information and billing sources. Unfortunately, these information sources are not accurate enough and do not provide the "richness of data" that telephony network based (directly monitored SS7, IP, ATM) call detail records (CDRs) and transaction detail records (TDRs) provide. There also has not been a synergistic, cohesive and unified approach to network management of the different topologies within hybrid/converged (SS7, IP, ATM) networks. Fundamentally, carriers have not had true network knowledge and this is being compounded with the advent of the hybrid/converged networks. In the past carriers have had to use inaccurate data, scientific guesses, third party consultants, and costly human resources to resolve issues and provide data for expensive capital and billing decisions. These issues include billing verification, inter-carrier billing, problem isolation, capacity management, network optimization, business intelligence, marketing, and fraud, etc. Issues which exist throughout the networks lifecycle are implementation, commissioning, and production. Resultants in revenue leakages, unrealized profitability, poor network performance, dissatisfied customers, and incorrect business decision occur even more so with the new technologies.

The Solution

Tekno Telecom's NetQuest is at the forefront of "patented" accurate and scalable solutions for the wireline, wireless and next-generation carriers' networks. These solutions provide a synergistic, cohesive and unified approach to provide total network management with automated analysis. The easy-to-use interfaces make valuable information readily available to multiple internal departments within a carrier. Accuracy is the key design ingredient to the correlation of the SS7 messages, IP packets, ATM Cells into CDRs and TDRs, which can be processed by NetQuest's centralized server applications and 3rd party applications into intelligent and profitable knowledge. Ultimately, NetQuest addresses the need for a single and multi-topology network management system that delivers "accurate" solutions for network optimization, business intelligence, problem isolation, inter-carrier billing, billing, revenue assurance and profitability maximization.

Key Benefits

- Synergistic SS7, IP, ATM Network Management System Approach
- Unique Patented Solutions
- Accurate Billing Source
- Detailed Inter-Carrier Billing/Validation
- AMA Verification (SS7 vs. AMA/BAF)
- Actual Billing Source
- Quality of Service Measurements
- "Real-Time" Fraud Feed
- Total Network Surveillance
- Flexible OSS Integration
- Comprehensive Revenue Assurance
- Automated Troubleshooting
- Advanced Protocol Analysis
- "Real Data" Traffic Engineering
- Interpretive Data Mining
- Complete Capacity/Traffic Engineering Management
- Multi-User Environment
- Data Obtained Directly From Network (SS7/IP/ATM)
- Incredible Scalability
- Integrated Domestic and International Design

NetAnalyzer Process

Tekno Telecom's NetQuest orchestrates Net(s)CCS and NetAnalyzer, the front-end component utilizing patented hardware and software, which non-intrusively connects to multiple high-speed ATM, SS7 and Ethernet links to decode and correlate ATM cells, SS7 MSUs, IP packets, etc. This decoded and correlated information is then processed into filterable and formatable call detail records (CDRs) and transaction detail records (TDRs) with 100% accuracy in "Real-Time." Simultaneously, the Net(s) CCS and NetAnalyzer deliver statistical reports, the CDRs/TDRs and utilization information to NetQuest's downstream centralized server applications (NetScope, NetInsight, NetAlert and NetViewPoint), as well as 3rd party (Billing Systems, Fraud Management Systems, etc.) and host systems. The centralized servers collect the processed data from single or multiple Net(s)CCS's and NetAnalyzers and analyze the information with canned and user-defined reports to present this information to multiple internal departments within a carrier with security clearance.

Conclusion

NetQuest provides carriers with total network analysis and the resultant knowledge of what is occurring within their own networks and how it affects their customers, vendors and inter-connected carriers. It is uniquely designed to process the data directly from SS7, IP and ATM telephony networks with a unified and accurate network management approach. This knowledge is easily attainable by carriers with NetQuest to make accurate, informed decisions that will enhance revenue, profitability and overall customer satisfaction. Contact Tekno Telecom to see what NetQuest can do for you.



1250 Shore Road · Naperville, IL 60563
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CERTIFICATE OF SERVICE
ARB 830

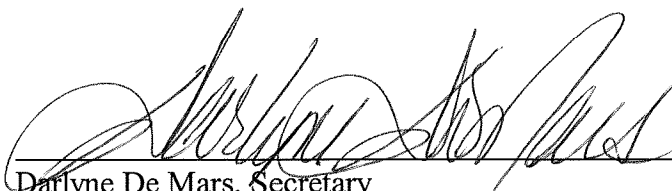
I certify that I have this 5th day of May 2008 sent the attached Direct Testimony of James R. Burt on Behalf of Sprint Communications Company, L.P. by electronic mail and Federal Express to the following:

Filing Center
Public Utility Commission of Oregon
550 Capital Street NE #215
Salem OR 97408-2148
puc.filingcenter@state.or.us

I further certify that I have this 5th day of May 2008 sent the above documents to all parties of record in this proceeding by First Class Mail and electronic mail pursuant to OAR 860-013-0070 to the following:

Richard A. Finnigan
Law Office of Richard A. Finnigan
2112 Black Lake Boulevard SW
Olympia, WA 98512
360.956.7001

DATED this 5th day of May, 2008.



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