

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

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In the Matter of the Petition of Sprint )  
Communications Company L.P. for ) DOCKET TC06-175  
Arbitration Pursuant to the )  
Telecommunication Act of 1996 to )  
Resolve Issues Relating to an )  
Interconnection Agreement with )  
**Interstate Telecommunications Coop.** )

**Direct Testimony of  
James R. Burt  
February 2, 2007**

1 **I. MR. BURT'S PROFESSIONAL BACKGROUND**

2  
3 **Q. Please state your name, business address, employer and current position.**

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

6  
7 **Q. Please summarize your educational and professional background.**

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

11  
12 I became Director – Policy in February of 2001. I am responsible for developing  
13 state and federal regulatory policy and legislative policy for Sprint Nextel,  
14 including the coordination of regulatory and legislative policies across the various  
15 Sprint business units and the advocacy of such policies before regulatory and  
16 legislative bodies. In addition, I interpret various orders, rules, or laws for  
17 implementation by Sprint Nextel.

18  
19 From 1997 to February of 2001, I was Director-Local Market Planning. I was  
20 responsible for policy and regulatory position development and advocacy from a  
21 CLEC perspective. In addition, I supported Interconnection Agreement  
22 negotiations and had responsibility for various other regulatory issues pertaining  
23 to Sprint's CLEC efforts.

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

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

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

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

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

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

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

2 **A.** Yes. I have testified in Florida, Georgia, Illinois, Indiana, Iowa, Louisiana,  
3 Maryland, Nebraska, Ohio, Pennsylvania and Texas and have supported the  
4 development of testimony in many other states.

5

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

7 **A.** I'm testifying on behalf of Sprint Communications Company L.P (hereafter  
8 referred to as "Sprint").

9

10 **II. PURPOSE AND SCOPE OF TESTIMONY**

11

12 **Q. What is the purpose and scope of your testimony?**

13 **A.** I will provide testimony on Sprint Arbitration Issues Nos. 1-3 and a portion of  
14 Issues 4 and 9. I will also describe the business model Sprint and MCC are  
15 attempting to deploy in Interstate Telecommunications Cooperative ("ITC")  
16 territory. In the course of addressing these issues, I will:

- 17 • Discuss Issue 1 and explain why Sprint is a telecommunications carrier and  
18 should be allowed to interconnect with ITC.
- 19 • Discuss Issue 2 and explain why Sprint should be allowed to combine wireline  
20 and wireless traffic over the same trunk group.
- 21 • Discuss Issue 3 and explain why Sprint should be allowed to combine local  
22 and access traffic on the same trunk group.

- 1           • Discuss Issue 9 and explain how the unresolved part of this issue can be  
2           resolved.

3

4   **Q.   How is the balance of your testimony structured?**

5   A.   I will first explain the business model Sprint and MCC are attempting to  
6       implement in South Dakota. Second, I will address the issues that are in dispute  
7       between Sprint and ITC.

8

9       An outline of the remainder of my testimony is as follows:

10      Section III:   Sprint/Cable Business Model

- 11                   A.    Sprint’s Business Model Proposes to Bring a New  
12                            Competitive Voice Service to ITC’s Serving Territory  
13                   B.    Sprint’s Business Model Utilizes the Combined Resources  
14                            of Two Service Providers  
15                   C.    Sprint’s Business Model is Wholly Consistent with the Pro-  
16                            Competitive Goals of the Act  
17                   D.    The Sprint Business Model Provides the Same Switching  
18                            and Interconnection Capabilities that it Provides for its  
19                            Other Voice Services While the Loop Connection is  
20                            Provided by Another Service Provider, Such as MCC  
21                   E.    Under Sprint’s Business Model, the Customer Receives a  
22                            Voice Service, not a Cable Modem Service or a Internet-  
23                            Based Voice Over Internet Protocol Service  
24                   F.    Current Regulatory Status of Interconnected VoIP Services  
25                            and its Relevance to this Proceeding  
26                   G.    Sprint Offers its Services Indiscriminately  
27

28      Section IV:   Disputed Issues.

29    

**SECTION III.       SPRINT/CABLE BUSINESS MODEL**

30    A.    **SPRINT’S BUSINESS MODEL PROPOSES TO BRING A NEW**  
31           **COMPETITIVE VOICE SERVICE TO ITC’S SERVING TERRITORY.**  
32  
33

1 **Q. Can you describe your understanding of the current competitive**  
2 **environment in ITC's serving territory?**

3 **A.** Setting aside the discussion of the proposed services that are at issue in this  
4 proceeding, currently there is little or no competition for facilities-based wireline  
5 local voice services in ITC's serving territory. ITC are serving most, if not all, of  
6 the customers of local voice services in their territory.

7  
8 **Q. How will Sprint's service help introduce competition into ITC's serving**  
9 **territory?**

10 **A.** The service resulting from Sprint's business model would be one of the first, if  
11 not the first, competitive landline telecommunications ventures into ITC's serving  
12 territory. In addition, the service does not require the customer to invest in a  
13 broadband connection and a computer, which the customer would have to  
14 purchase to utilize an Internet-based Voice over Internet Protocol ("VoIP")  
15 service. Sprint believes that there is a demand for local voice services provided  
16 by providers other than ITC.

17  
18 **B. SPRINT'S BUSINESS MODEL UTILIZES THE COMBINED**  
19 **RESOURCES OF TWO SERVICE PROVIDERS TO BRING COST-**  
20 **EFFECTIVE NEW VOICE SERVICES TO SOUTH DAKOTA**  
21 **CUSTOMERS SOONER THAN IF EITHER SERVICE PROVIDER**  
22 **ATTEMPTED TO PROVIDE THIS SERVICE ALONE.**

23  
24  
25 **Q. Please describe the business model that Sprint has chosen to bring local voice**  
26 **services to South Dakota consumers in ITC's serving territory.**

1 A. Sprint has chosen to combine and leverage resources, capabilities, expertise,  
2 assets and market position with other competitive service providers, including  
3 MCC, to bring facilities-based competitive voice services to consumers in South  
4 Dakota in ITC's serving territory. These services are positioned to compete  
5 directly with urban and rural Incumbent Local Exchange Carrier ("ILEC")  
6 services. The model is simple. Sprint provides:<sup>1</sup>

- 7 • end office switching;
- 8 • public switched telephone network ("PSTN") interconnectivity  
9 including all inter-carrier compensation;
- 10 • numbering resources, administration and porting;
- 11 • domestic and international toll service;
- 12 • operator and directory assistance; and
- 13 • numerous back-office functions.

14 In this case, MCC provides:

- 15 • last-mile facilities to the customer premise (commonly referred to as  
16 the loop);
- 17 • sales;
- 18 • billing;
- 19 • customer service; and
- 20 • installation.

21 This business model has proven to be effective in providing well over 1.5 million  
22 consumers a viable alternative to their ILEC service in 31 states with 12 different

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<sup>1</sup>Attachment (JRB-1) to this testimony provides a more complete list of services.

1 cable companies. Sprint is providing these services under approved  
2 interconnection agreements serving consumers in urban, suburban and rural  
3 markets in Alabama, Arkansas, Arizona, California, Delaware, Florida, Georgia,  
4 Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts,  
5 Michigan, Minnesota, Mississippi, Missouri, Nebraska, New York, New Jersey,  
6 North Carolina, Ohio, Oklahoma, Pennsylvania, South Dakota, Tennessee, Texas,  
7 Washington and Wisconsin. Sprint continues to look for additional relationships  
8 similar to those already established by it and competitors seeking to compete with  
9 ILECs to provide local exchange services.

10  
11 **Q. Please explain the relationships between Sprint and MCC in providing the**  
12 **proposed voice service to South Dakota customers.**

13 **A.** Sprint has entered into a contract with MCC to jointly provide facilities-based  
14 competitive local and long distance voice service within several markets already  
15 receiving cable TV and broadband services from MCC.

16  
17 **Q. As to the services proposed to be offered, are Sprint and MCC each the agent**  
18 **of the other party?**

19 **A.** No. As explained below, both Sprint and MCC have independent obligations  
20 under their contract to provide parts of their network and expertise to jointly  
21 provide the competitive local voice products to customers in ITC's serving  
22 territory. But as a regulated provider of toll services and local exchange services  
23 in South Dakota, Sprint would be required to abide by all relevant regulations,



1 orders, resolutions, and legal requirements established by the Commission and the  
2 Federal Communications Commission (“FCC”). In addition, the contracts  
3 between Sprint and MCC obligate Sprint to abide by all local, state, and federal  
4 laws and regulations and to obtain, file, and maintain all Regulatory Requirements  
5 (as that term is defined by the contract) as may be required by any governmental  
6 authority having jurisdiction over its business.

7  
8 **Q. Why have Sprint and MCC chosen this business model?**

9 **A.** While I do not speak for MCC, I believe that one of the more important reasons  
10 why Sprint and MCC have chosen this business model is because it capitalizes on  
11 the resources and capabilities of each company to allow for market entry far  
12 sooner than if either company were to attempt to enter the market alone.

13  
14 **Q. What resources does Sprint contribute to this business model?**

15 **A.** For its part, Sprint has switches capable of providing competitive local and long  
16 distance voice services, a nationwide long distance network consisting of  
17 transport facilities and switches, knowledge of CLEC services, experience in  
18 interconnection, number portability, dialing parity, inter-carrier compensation, an  
19 operator services platform, etc., but it does not have facilities directly to the  
20 customer premises in certain areas such as in ITC’s serving territory. It would be  
21 expensive for Sprint to duplicate the loop facilities maintained by ILECs such as  
22 ITC or the “loop like” facilities such as those maintained by MCC, and difficult to  
23 do so using unbundled network elements (“UNEs”). Accordingly, the synergies

1 of the Sprint/MCC business model are obvious. MCC has last-mile facilities  
2 consisting of its Hybrid Fiber Coax ("HFC") network and existing relationships  
3 with current video and high-speed Internet customers. Sprint has over a hundred  
4 years of experience in the voice telecommunications market, a robust long  
5 distance network, switches and other equipment with connections to the PSTN,  
6 and years of experience negotiating interconnection and provisioning facilities-  
7 based competitive voice service.

8  
9 **Q. Please describe in more detail the services and functions provided by Sprint.**

10 **A.** Sprint will provide local and toll service and all PSTN interconnection. Sprint  
11 will also be responsible for all inter-carrier compensation including exchange  
12 access and reciprocal compensation. In this regard, Sprint is the billing and billed  
13 party for all intercarrier compensation. Sprint will be responsible for all number  
14 assignment by using existing numbers or acquiring new numbers and will provide  
15 all number administration functions including the filing of number utilization  
16 reports ("NRUF") with the North American Numbering Plan Administrator  
17 ("NANPA"). Sprint will perform the porting function whether the port is from the  
18 "ILEC" or a "CLEC" to Sprint or vice versa. Sprint will be responsible for such  
19 direct end-user services as operator services, directory assistance, and directory  
20 assistance call completion. Sprint will also provision 911 circuits to the  
21 appropriate Public Safety Answering Points ("PSAP") through the ILEC selective  
22 routers, perform 911 database administration and will negotiate contracts with

1 PSAPs where necessary. Finally, Sprint will place directory listings on behalf of  
2 end-user customers in the ILEC or third-party directories.

3

4 **Q. What resources does MCC contribute to this business model?**

5 **A.** MCC has facilities to customer premises and existing relationships with  
6 customers. On the other hand, it is Sprint's understanding that MCC, in seeking  
7 to provide services that are comparable to Plain Old Telephone Service ("POTS"),  
8 desired to benefit from Sprint's capabilities with regard to end office switching,  
9 negotiated interconnection agreements with ILECs, nationwide long distance  
10 network, systems to bill reciprocal compensation or exchange access, and  
11 corresponding expertise regarding competitive local exchange carrier operations.

12

13 **Q. What customer benefits will result from implementation of the business  
14 model described above?**

15 **A.** Implementation of this business model permits South Dakota customers in ITC's  
16 serving area to have a meaningful alternative for voice services. The presence of  
17 that choice, alone, will produce competitive advantages to customers in the form  
18 of lower prices and better services as competitors respond to the new competition  
19 offered through this business model.

20

21 **C. SPRINT'S BUSINESS MODEL IS WHOLLY CONSISTENT WITH THE  
22 PRO-COMPETITION GOALS OF TELECOMMUNICATIONS ACT OF  
23 1996.**

24

25

1 **Q. Before discussing the specific Sprint/MCC arrangement, can you please**  
2 **describe the network elements or functions that a competitive entrant must**  
3 **obtain in order to provide local service.**

4 **A.** In its simplest form, a competitive entrant must obtain three network elements or  
5 functions in order to provide local service: (1) it must have access to a connection  
6 to the customer premise, *e.g.*, the last mile or the loop; (2) it must have access to  
7 an end office switching function; and (3) it must be able to interconnect to the  
8 PSTN which allows the calls to be routed to and from the called and calling  
9 parties.

10  
11 **Q. Does a competitive entrant have choices in how it obtains each of three**  
12 **network elements or functions you just described?**

13 **A.** Yes. The Act gives competitive entrants flexibility in how it obtains these three  
14 network elements or functions. It can provide them itself or it can outsource them  
15 to other telecommunications carriers or the ILEC. For example, to get to the  
16 customer premise, a competitive entrant can build and use its own loop, purchase  
17 the loop from an ILEC, or purchase it from another service provider. The same is  
18 true for switching and interconnection; the CLEC can self-provision these  
19 capabilities or purchase them from the ILEC or another service provider.

20  
21 **Q. Please provide an example of how a competitive voice provider is allowed**  
22 **under the Act to enter the market through the exclusive use of another**  
23 **entity's network.**

1    **A.**    There are two examples of how a competitive entrant can use the network  
2           elements or functions of another entity exclusively. The first is called the  
3           “Unbundled Network Element Platform,” commonly referred to as UNE-P. The  
4           second is resale. UNE-P is typically purchased from the ILEC. A competitive  
5           entrant purchases all the network elements and functions from the ILEC,  
6           combines them, brands the service as its own, and provides and bills the complete  
7           service at retail to its customers. The second example involves a CLEC which  
8           provides services through resale. There are two forms of resale: resale of an  
9           ILEC’s service or resale of a CLEC’s service. In both forms of resale, the  
10          competitive entrant purchases a complete service consisting of loop, switching,  
11          and interconnection, re-brands the service as its own, and provides it at retail to its  
12          customers.

13  
14    **Q.**    **Please expand on the resale example in which a competitive entrant**  
15          **purchases a complete service from a CLEC and re-brands the service in its**  
16          **own name for sale to its customers.**

17    **A.**    The Act requires all local exchange carriers, including CLECs, to resell their  
18          services. As a result of this requirement of the Act, a facilities-based CLEC  
19          owning its own switch and provisioning its own local interconnection trunks  
20          pursuant to a Section 251 interconnection agreement with an ILEC is required to  
21          resell its service, including the local interconnection function, to any other  
22          requesting carrier. In other words, assume CLEC ‘A’ is a facilities-based CLEC  
23          with its own switch interconnected to the ILEC pursuant to a section 251

1 interconnection agreement. CLEC 'B' has the right to resell the  
2 telecommunications services of CLEC 'A'. The resulting situation would be a  
3 retail customer served by CLEC 'B' using the switch and interconnection trunks  
4 of CLEC 'A'. This is comparable to what Sprint and MCC have agreed to do.  
5 Therefore, the business model being utilized by Sprint and MCC is consistent  
6 with the requirements of the Act.

7  
8 **Q. Please provide an example of the combined approach you mentioned above  
9 and compare it to the Sprint/MCC arrangement.**

10 **A.** There are two forms of the combined approach I would like to describe and  
11 compare to the Sprint/MCC arrangement.

12  
13 Example 1: In over 30 markets across the United States, Sprint, as the retail  
14 service provider, has purchased switching and interconnection from another  
15 CLEC and purchased its own loops from the ILEC. This is comparable to the  
16 Sprint/MCC arrangement in that Sprint is the retail provider (comparable to MCC  
17 in the current situation) purchasing switching and interconnection from another  
18 CLEC (comparable to Sprint's role in the current situation).

19  
20 Example 2: Sprint purchased unbundled network elements in the form of UNE-P  
21 from another CLEC who purchased them from the ILEC. Sprint provided retail  
22 service in this manner in over 30 states and the District of Columbia. This is  
23 comparable to the Sprint/MCC arrangement because, again, Sprint as the retail

1 service provider has purchased from another CLEC the network elements and  
2 functions necessary to provide a complete local service.

3

4 **Q. Is there an example of this wholesale/retail relationship that is commonplace**  
5 **in the long distance industry?**

6 A. Yes. It is commonplace for long distance providers to resell the services of other  
7 carriers. A significant portion of Sprint revenue is derived from selling long  
8 distance service to other carriers on a wholesale basis. In other words, Sprint as a  
9 carrier provides wholesale long distance service to another carrier who provides  
10 long distance service to end users on a retail basis. I am not aware of a single  
11 instance where Sprint's status as a carrier has been challenged when selling  
12 wholesale long distance service or where an ILEC has hesitated to charge Sprint  
13 access charges. In fact, I would assume ITC is purchasing long distance service  
14 on a wholesale basis from another carrier or carriers. Yet, when Sprint attempts to  
15 enter the local market using a wholesale model ITC claims Sprint is not  
16 authorized to do so. This seems grossly inconsistent and self-serving.

17

18 **Q. Is the provision of a retail service utilizing the combined networks of two**  
19 **service providers a form of local competition authorized by the Act?**

20 A. Yes. Regardless of the scenario selected, the Act established a framework to  
21 permit competitors to enter the market in a variety of ways to allow customers to  
22 receive the benefits of having more choices for their voice services. Second, the  
23 two examples being used by Sprint that I just explained are very similar to the

1 Sprint/MCC arrangement. In both instances one carrier, Sprint, is providing the  
2 retail service and another carrier is using its rights under the Act to acquire UNEs  
3 and/or local interconnection and providing it to Sprint. The Sprint/MCC  
4 arrangement is essentially the same but puts Sprint in the position of being the  
5 carrier attempting to exercise its rights to interconnect with ITC and provide  
6 Sprint's service to MCC, the retail provider. The Sprint/MCC arrangement may  
7 be the only model that will provide consumers in the ITC franchise territory an  
8 alternative provider of voice service.

9  
10 **Q. Why is it important to consider the various market entry models you just**  
11 **described?**

12 **A.** It is important to consider the various market entry models I previously described  
13 to illustrate the flexibility available to competitive service providers because the  
14 Sprint/MCC relationship is another example of a business model that is consistent  
15 with the flexibility provided by the Act. As I have previously stated, Congress  
16 and the FCC contemplated and anticipated creative forms of market entry to  
17 ensure the goals of the Act could be realized, *i.e.*, local competition.

18  
19 **Q. Why are the options or forms of market entry relevant to this proceeding?**

20 **A.** The various forms or options for market entry made available through the Act are  
21 important to this proceeding because the business model Sprint and the cable  
22 companies, in this case MCC, have chosen to utilize to provide competitive voice  
23 alternatives to ITC is characterized as inconsistent with the plain language and



1 intent of the Act. Nothing could be further from the truth. The business model  
2 whereby two entities combine resources to jointly provide competitive  
3 alternatives is exactly the type of innovative approach contemplated by the Act.  
4 The Act was structured in such a manner as to allow for innovation, creativity and  
5 flexibility. In fact, this very business model is probably the single largest  
6 contributor to competitive choice in rural markets today.

7  
8 **Q. If the business model as described in your testimony is the type of market**  
9 **entry approach contemplated by the Act, why is Sprint encountering**  
10 **resistance from ITC in this proceeding?**

11 **A.** I can only provide my opinion as to why ITC is resisting the competitive entry by  
12 Sprint and MCC. ITC, like many rural LECs (“RLECs”) in other states in which  
13 Sprint has encountered similar resistance, is seeing a competitive threat unlike it  
14 has ever seen before. I have to assume that the idea of a true facilities-based  
15 competitor is of great concern to ITC. For the most part ITC has been isolated  
16 from competition for the entirety of its existence. Even the passage of the Act in  
17 1996, which was intended to bring competitive choices to all Americans, did not  
18 result in real competition in these rural markets. RLECs are now faced with the  
19 realities of competition and they likely will take whatever means available to  
20 them to keep competition out of their markets. Failing that, they will delay  
21 competitive market entry as long as possible. Finally, there is no down side for  
22 ITC to challenge Sprint and MCC’s entry attempts.

23

1 **Q. Have the courts given any guidance relative to the current proceeding on**  
2 **how to interpret provisions of the Act?**

3 **A.** Yes. The United States Court of Appeals for the Eighth Circuit, in a ruling  
4 regarding disputed issues between a wireless company and an incumbent local  
5 exchange carrier, made it very clear that intent of the Act was to eliminate  
6 monopolies and foster competition. The Court also made it very clear that a  
7 potentially vague provision should be interpreted in a manner that reduces barriers  
8 to entry:

9 First, all else being equal, if a provision of the Act is vague we are inclined  
10 to interpret the provision in a manner that promotes competition. It is  
11 undisputed that Congress passed the Act with the intention of eliminating  
12 monopolies and fostering competition. We do not suggest that this general  
13 intent should be used to impose duties on incumbents beyond those created  
14 by Congress. We do, however, believe that this general intent should  
15 guide our consideration of competing interpretations of the Act. Such  
16 guidance suggests that we should be wary of interpretations that  
17 simultaneously expand costs for competitors (such as a requirement for  
18 direct connections) and limit burdens on incumbents (such as a limitation  
19 of dialing parity to local exchange boundaries). If a cost is imposed on a  
20 competitor, it becomes a barrier to entry and rewards the company who  
21 previously benefited from monopoly protection. Because Congress passed  
22 the Act with a clear intent to foster competition, we are more inclined to  
23 interpret a vague provision in a manner that reduces barriers to entry.<sup>2</sup>  
24

25  
26 **D. IN THE SPRINT BUSINESS MODEL, SPRINT PROVIDES THE SAME**  
27 **SWITCHING AND INTERCONNECTION CAPABILITIES THAT IT**  
28 **PROVIDES FOR ITS OTHER VOICE SERVICES, WHILE THE LOOP**  
29 **CONNECTION TO THE CUSTOMER IS PROVIDED BY ANOTHER**  
30 **SERVICE PROVIDER, SUCH AS MCC.**

31  
32 **Q. Under this business model, which company provides the three network**  
33 **elements or functions: the loop, switching and interconnection?**

---

<sup>2</sup> *WWC License v. Boyle*, 459 F3d 880, 891 (8<sup>th</sup> Cir. 2006).

1    **A.**    The business model can be explained in terms of these three elements or functions  
2            I described earlier. Sprint provides switching and interconnection, and MCC  
3            provides the loop connecting the customer premises to Sprint’s end office switch.

4  
5    **Q.**    **Please describe the network configuration being deployed by Sprint and**  
6            **MCC.**

7    **A.**    Following is a description of the network configuration being deployed by Sprint  
8            and MCC. Please refer to Attachment (JRB-2) which represents the Sprint/MCC  
9            network configuration for a functional diagram of what I am describing. MCC’s  
10           customers will have a device located in their home called an eMTA or embedded  
11           Multi-media Terminal Adapter. This device connects the customer’s telephones  
12           and the coaxial cable that enters the home. The coaxial cable exits the customer’s  
13           home and terminates in MCC’s head end. A head end is the originating point of  
14           the video signals in a cable television system. At the head end, television signals  
15           are separated out from the voice and data signals. The voice and data signals are  
16           routed to a device called a CMTS or Cable Modem Termination System. The  
17           CMTS aggregates customer voice traffic for transmission to Sprint’s end office  
18           switch. The CMTS routes the Internet traffic to the public Internet. The Sprint  
19           end office switch uses the calling party and called party information to route the  
20           traffic to the appropriate destinations. For example, if the calling party and called  
21           party are within the same local calling area the call will be routed to the  
22           interconnection trunks between Sprint and the ILEC for termination to the  
23           appropriate called party. If the customer dials 911, the call is routed over the

1 trunks Sprint has provisioned between the Sprint end office switch to the  
2 appropriate selective router based on the physical location of the customer dialing  
3 911. The eMTA, coaxial cable and CMTS are all provided by MCC. Sprint  
4 provides the end office switch. The transport between the CMTS and Sprint's end  
5 office switch can be provided by either Sprint or MCC. Sprint is responsible for  
6 all the interconnectivity to the PSTN for the termination of local, 911, toll,  
7 operator and directory calls. In this manner, MCC relies on Sprint's end office  
8 switch and interconnection functionality to permit their subscribers to complete  
9 telephone calls to the PSTN.

10  
11 **E. UNDER SPRINT'S BUSINESS MODEL, THE CUSTOMER RECEIVES A**  
12 **VOICE SERVICE, NOT A CABLE MODEM SERVICE OR AN**  
13 **INTERNET-BASED VOICE OVER INTERNET PROTOCOL ("VOIP")**  
14 **SERVICE.**

15 **Q. Is the proposed service a cable modem service?**

16 **A.** No. The proposed service is not cable modem service, and does not provide  
17 connection to the public Internet as is the case with cable modem service. Cable  
18 modem service provides customers with high speed access to the Internet, over  
19 the fixed cable network of the cable company. In contrast, the proposed services  
20 are voice services that are comparable to the Plain Old Telephone Service  
21 ("POTS") provided by ITC and other local exchange carriers. Customers can use  
22 the same type of telephones used by the ITC customers. The customers of the  
23 proposed service will only be able to originate and terminate calls from the  
24 customer's premises as ITC's customers currently do. The proposed services do  
25 not require the customer to subscribe to the cable company's cable modem service

1 or any other broadband service like DSL, and do not require a computer at either  
2 end of the voice call. The customer's "telephone number" is fixed to his or her  
3 physical location, and therefore, the proposed services are not "nomadic" or  
4 "mobile."

5  
6 **Q. Is the proposed service an Internet Telephony or Internet-based VoIP**  
7 **service?**

8 **A.** No. I am not speaking to the regulatory treatment of these services, but rather, the  
9 functionality of the proposed service and why it is not an Internet Telephony or  
10 Internet-based VoIP service as these terms are generally used in the industry. The  
11 terms Internet Telephony and/or Internet-based VoIP are used to describe voice  
12 services that utilize the public Internet. An example would be the service  
13 provided by Vonage. By contrast, the proposed service does not use the public  
14 Internet in any manner. Internet Telephony and Internet-based VoIP services are  
15 also nomadic services. In other words, customers of Internet Telephony and  
16 Internet-based VoIP services can use the service wherever they have a broadband  
17 Internet connection. The voice service provided by Sprint and MCC is not  
18 nomadic; the customers only use the service in their homes. Internet Telephony  
19 and Internet-based VoIP services have also struggled with providing 911 service  
20 consistent with customer or public safety official expectations. The voice service  
21 provided by Sprint and MCC provides reliable E-911 service.  
22

1 **Q. How could any observer confuse Internet Telephony or Internet-based VoIP**  
2 **services with the voice service being provided by Sprint and MCC?**

3 **A.** There is one factor that is sometimes used to attempt to create confusion between  
4 Internet Telephony and Internet-based VoIP service and the voice service being  
5 provided by Sprint and MCC. It is the fact that both services happen to use the  
6 Internet protocol.<sup>3</sup> Since both services use the Internet protocol, there is a  
7 tendency to claim the services are the same. The mere fact that there is one  
8 technical similarity, use of the Internet protocol, should not lead one to the  
9 conclusion that the services are the same.

10  
11 **F. CURRENT REGULATORY STATUS OF INTERCONNECTED VOIP**  
12 **SERVICES AND ITS RELEVANCE TO THIS PROCEEDING.**

13 **Q. Is the service being provided by the Sprint and MCC an interconnected VoIP**  
14 **service as defined by the FCC?**

15 **A.** Yes. The service provided by Sprint and MCC is an interconnected VoIP service  
16 as the FCC has defined it.<sup>4</sup>

17  
18 **Q. What is the current regulatory status of interconnected VoIP service?**

19 **A.** The FCC has not yet determined the regulatory classification of interconnected  
20 VoIP service. However, the FCC has recognized the proliferation of the service  
21 and the value it provides to subscribers. In so doing, the FCC has required

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<sup>3</sup> The Internet protocol is part of the TCP/IP family of protocols that establish the rules or protocol that must be followed by devices connected to one another utilizing the protocol.

<sup>4</sup> 47 C.F.R. 9.3 Interconnected VoIP service. An interconnected Voice over Internet protocol (VoIP) service is a service that: (1) Enables real-time, two-way voice communications; (2) Requires a broadband connection from the user's location; (3) Requires Internet protocol-compatible customer premises equipment (CPE); and (4) Permits users generally to receive calls that originate on the public switched telephone network and to terminate calls to the public switched telephone network.

1 providers of interconnected VoIP service to comply with certain regulations such  
2 as 911, CALEA and USF contributions.<sup>5</sup> In addition, the FCC has recognized that  
3 interconnected VoIP services interconnect with the PSTN. In fact, the FCC  
4 specifically recognizes that interconnected VoIP service providers interconnect  
5 with the PSTN through third parties.<sup>6</sup>

6  
7 **Q. Is the regulatory classification, or lack thereof, relevant to Sprint's right to**  
8 **interconnect with the PSTN via 251/252 interconnection with incumbent**  
9 **local exchange carriers ("ILECS")?**

10 A. No. Sprint is providing telecommunications services to the cable companies in  
11 the business model described. Moreover, Sprint is utilizing its current CLEC  
12 certification to provide identical services in other parts of South Dakota. With  
13 respect to interconnection, Sprint's right to interconnect is based on the fact that it  
14 is a telecommunications carrier under the Act, not the regulatory classification of  
15 the interconnected VoIP service. Second, Sprint is not seeking to interconnect  
16 VoIP traffic to the PSTN through an ILEC. Sprint is seeking traditional time  
17 division multiplex ("TDM") interconnection using SS7 signaling. This traditional  
18 type of interconnection is not affected by the fact that the Internet protocol is used  
19 at the customer premise. Third, as I stated previously, the FCC has recognized  
20 the necessity of PSTN interconnectivity and that sometimes that will be done

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<sup>5</sup> FCC WC Docket No. 05-196, FCC 05-116 E911 Requirements for IP-Enabled Service Providers; FCC WC Docket No. FCC ET Docket No. 04-295 RM-10865 FCC 04-187 Communications Assistance for Law Enforcement Act and Broadband Access and Services; FCC WC Docket No. 06-122, FCC 06-94 Universal Service Contribution Methodology.

<sup>6</sup> FCC WC Docket No. 06-122, FCC 06-94 Universal Service Contribution Methodology Released June 27, 2006, p. 41.

1 through third parties. PSTN interconnection is inherent in the term the FCC has  
2 chosen for this service and is part of the definition used by the FCC.

3  
4 **Q. Is the traffic that Sprint will route to ITC in this proceeding different from**  
5 **any other voice traffic?**

6 A. No. The traffic that Sprint will be routing to ITC in this proceeding is no different  
7 than any other voice traffic exchanged with ITC. Sprint will utilize standard  
8 interconnection trunks with standard SS7 signaling just as it has in the 31 other  
9 states, including South Dakota, in which it is providing competitive voice service  
10 in conjunction with several different cable companies.

11  
12 **G. SPRINT OFFERS ITS SERVICES INDISCRIMINATELY.**

13 **Q. When did Sprint begin discussions with cable companies such as MCC?**

14 A. Although I do not work in the department that developed the strategy of creating  
15 relationships with cable companies and other similarly situated companies, I  
16 provide regulatory support for this effort. I first got involved in this work in early  
17 2003.

18  
19 **Q. How did Sprint approach this new business opportunity you have previously**  
20 **described as jointly provided service?**

21 A. Sprint identified cable companies as natural partners for a jointly provided  
22 competitive voice service offering. Sprint identified potential “business partners”  
23 through various means including trade associations such as the National Cable



1 Television Cooperative (“NCTC”), a buying consortium that represents over  
2 1,000 independent cable operators, including many smaller operators; attendance  
3 at trade shows; etc. Sprint attended one trade show in 2003, four trade shows in  
4 2004, three trade shows in 2005, numerous trade shows in 2006 and will attend  
5 multiple trade shows in 2007. The purpose of attending these trade shows and  
6 meeting with the NCTC was to convey to as many cable companies as possible  
7 that Sprint was interested in forming relationships to provide competitive voice  
8 services.

9 **Q. Are cable companies divided into categories and has Sprint offered its**  
10 **services to each of them?**

11 **A.** Yes, the cable industry is divided into categories labeled Tier 1, Tier 2 and Tier  
12 3.<sup>7</sup> Tier 1 consists of the top 10 companies, Tier 2 consists of numbers 11-44 and  
13 Tier 3 are number 45 and above. Sprint has approached virtually all cable  
14 companies through the various means I mentioned above. Sprint has held  
15 discussions with all of the Tier 1 companies, a majority of the Tier 2 companies  
16 and several of the Tier 3 companies. Sprint’s offering is generally described in  
17 the brochure attached to my testimony. See Attachment JRB-3.

18  
19 **Q. Briefly describe Sprint’s results working with cable companies.**

20 **A.** Sprint has seen considerable success to date in working with cable companies.  
21 Sprint has entered into agreements with twelve different cable companies,  
22 including, MCC, Time Warner Cable, SuddenLink, Wide Open West, Wave  
23 Broadband and Blue Ridge Communications, currently serving in 31 states with

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<sup>7</sup> Ranking of cable companies is from the 2004 Kagan Broadband Cable Financial Databook.

1 over 30 million households passed. Sprint's agreements cover cable companies of  
2 all sizes bringing customers a choice of voice services in large, small, urban and  
3 rural communities across the United States.

4  
5 **Q. Does Sprint offer its interconnection services to all parties within a class**  
6 **similarly situated to MCC, on a non-discriminatory basis?**

7 **A.** Yes. Sprint offers its interconnection services, including those services  
8 previously listed, to all entities that are similarly situated to MCC. That means  
9 Sprint intends to provide the interconnection services to all entities who desire to  
10 take them and who have "last mile" facilities comparable to the cable companies.

11  
12 **Q. Does the policy to offer the interconnection services to all within a class**  
13 **substantially similar to MCC mean that the network configuration will be**  
14 **identical for each provider?**

15 **A.** No. Sprint will offer the same services to all within the class similar to MCC to  
16 allow those services effectively to be offered to the public; however, the network  
17 configurations will not be identical for each entity that intends to use Sprint's  
18 services. Further, the amount of services purchased will also differ. Some cable  
19 companies for example will require different switching capabilities from other  
20 cable companies, but all will be offered the opportunity indiscriminately to  
21 purchase use of Sprint's end office switch. In addition, the actual interconnection  
22 costs incurred by Sprint with different ILECs will be different which may impact  
23 Sprint's relationship with "last-mile" providers. Because the Sprint/last-mile

1 provider relationship is a business relationship, some aspects of the final  
2 agreement will, of necessity, reflect business differences. The presence of such  
3 differences, however, does not mean that Sprint will discriminate between  
4 members in the class; just as a carrier offering a tariffed service is not  
5 discriminating when it is permitted to price the product differently depending  
6 upon the minimum commitment level purchased or the length of a particular  
7 circuit as is the case with ILEC special access services. As in the tariff example,  
8 as long as the tariffing carrier offers the same conditions to entities within each  
9 class to which it is offered, no discrimination occurs. To be clear, Sprint offers  
10 the services previously identified to all within the class of entities who desire the  
11 services and who have comparable “last mile” facilities to the cable companies.  
12 In fact, should the Commission require Sprint to file a tariff or informational  
13 filing for this offering, it will make the offering available pursuant to such  
14 requirement.

15  
16 **Q. Does Sprint alter the content of end-user communications?**

17 **A.** No. Sprint does not alter the content of the voice communications between end-  
18 users. While different technologies or protocols may be required as the voice  
19 communications traverses the network from one source to its destination, the fact  
20 remains that the message/voice that is spoken on the one end is the message/voice  
21 that is heard on the other end.

22  
23 **IV. DISPUTED ISSUES**

1  
2  
3  
4  
5  
6  
7

**ARBITRATION ISSUE NO. 1: SHOULD THE DEFINITION OF END USER IN THIS AGREEMENT INCLUDE END USERS OF A SERVICE PROVIDER FOR WHICH SPRINT PROVIDES INTERCONNECTION, TELECOMMUNICATIONS SERVICES OR OTHER TELEPHONE EXCHANGE SERVICES?**

8 **Q. Please describe Arbitration Issue No. 1.**

9 A. Arbitration Issue No. 1 is unique in that an unfavorable ruling will keep Sprint  
10 and MCC's from entering the market leaving the subscribers within the ITC  
11 territory with little choice as to who provides their voice service. I refer to Issue  
12 No. 1 as a "threshold issues."

13

14 **Q. Please explain how you think the Commission can address Arbitration Issue**  
15 **No. 1.**

16 A. As I mentioned above, Arbitration Issue No. 1 can have the effect of keeping  
17 Sprint and MCC out of the market entirely. ITC takes the position that the  
18 business model that I have described above is invalid. ITC is stating that Sprint,  
19 in the performance of its responsibilities as outlined in the agreement between  
20 Sprint and MCC, does not have the right to interconnect with ITC. In other  
21 words, ITC is claiming that Sprint is not a telecommunications carrier. There will  
22 be an enormous amount of testimony, cross examination and briefing on this  
23 issue, some of which I provided above in Section III of my Direct Testimony.  
24 Sprint will make numerous arguments as to why it is a telecommunications carrier  
25 and ITC will make numerous arguments as to why it thinks Sprint is not a  
26 telecommunications carrier. I think the Commission can decide this issue without

1 analyzing the enormous amount of evidence that will be produced by stepping  
2 back and looking at this issue from the perspective of the intent of the Act and  
3 what is good telecommunications policy from the perspective of competitive  
4 choice for end users. The question for the Commission is whether the business  
5 model is consistent with the Act. The facts and the applicable rules and  
6 regulations will demonstrate that the answer to this question is yes. However, in  
7 an attempt to prevent or at a minimum delay market entry of a competitor, ILECs  
8 that have resisted Sprint's attempts to enter the market, have made very tortured  
9 arguments. They suggest the Act does not contemplate or allow this business  
10 model even though there are numerous examples where wholesale services are  
11 provided by carriers some of which I explained previously in my Direct  
12 Testimony. It appears that ITC's goal is maintain the status quo thus ensuring  
13 that their customers do not have an alternative voice service provider.

14  
15 **Q. What will ITC say in response to your position that this is a simple issue for**  
16 **the Commission to decide?**

17 A. While I cannot speak specifically for ITC. I'm assuming they will say it is only  
18 through the very thorough analysis on the numerous points they will raise can it  
19 be possible for the Commission to decide this issue. What ITC is really doing is  
20 attempting to shift the focus away from what is obvious in terms of good  
21 telecommunications policy in all other contexts by raising issues that are merely a  
22 distraction from the bigger picture.

23

1 **Q. Why is Sprint's definition of End User important as it relates to the business**  
2 **model being deployed by Sprint and MCC?**

3 A. Sprint's definition of End User reflects the business model being deployed by  
4 Sprint and MCC as described in my testimony. This business model is consistent  
5 with the intent of the Act. The Act cannot be interpreted so narrowly as to  
6 exclude the business model

7

8 **Q. Is there any basis for suggesting Sprint cannot use its interconnection with**  
9 **ITC to support the Sprint/MCC business model?**

10 A. No. There is nothing that prevents Sprint from using its interconnection with ITC  
11 in support of the business model. It is Sprint's network and Sprint's end office  
12 switch that originates and terminates all the traffic that will be exchanged between  
13 Sprint and ITC. Therefore, it is Sprint's traffic that is being exchanged and it is  
14 appropriately covered by the interconnection agreement Sprint is seeking with  
15 ITC.

16

17 **Q. What is the intent of Sprint's End User definition?**

18 A. The intent of Sprint's End User definition is to openly recognize the relationship  
19 with MCC. Sprint is enabling a Sprint/MCC jointly provided service via a  
20 business model that is consistent with the Act.

21

22 **Q. How should the Commission resolve Issue No. 1?**

1 A. The Commission should rule that Sprint is a carrier with all the rights afforded a  
2 carrier under the Act, including the right to interconnect with ITC. In doing so,  
3 the Commission should order the parties to adopt the language proposed by Sprint  
4 as follows:

- 5 • Scope of the Agreement, Section 1.1 and 1.2,
- 6 • Definition of End User, Section 2.5 and as the term is used throughout the  
7 document, and
- 8 • Interconnection, Section 3.5.

9

10 **ARBITRATION ISSUE 2: SHOULD THE INTERCONNECTION AGREEMENT**  
11 **PERMIT THE PARTIES TO COMBINE WIRELESS AND WIRELINE TRAFFIC**  
12 **ON INTERCONNECTION TRUNKS?**  
13

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

15 A. Sprint is simply requesting that the interconnection agreement permit the parties  
16 to gain network efficiencies by combining different “types” of traffic, i.e.,  
17 wireless intraMTA and wireline local, onto the same trunks. Sprint refers to this  
18 arrangement as “multi-use” trunking. Generally, Sprint has three separate  
19 network interconnections to ILECs. These include a wireline local  
20 interconnection, a wireless local interconnection for intraMTA traffic and an  
21 access interconnection for toll traffic. Sprint seeks to establish a more efficient  
22 network interconnection by combining all of its traffic onto a common trunk. Just  
23 to be clear, Issue No. 2 pertains to what Sprint calls multi-use trunking which  
24 addresses two of the three types of traffic Sprint wishes to combine, i.e.,

1 combining wireless intraMTA and wireline local traffic. Placing the third type,  
2 access or toll traffic, onto local interconnection trunks is referred to as multi-  
3 jurisdictional trunking and is covered by Sprint Issue No. 3. Issue No. 3 is  
4 discussed later in my testimony.

5  
6 **Q. Why is this issue important to Sprint?**

7 A. Multi-use trunking permits more efficient trunking. By combining Sprint's traffic  
8 onto a single PSTN interconnection, Sprint will improve its network efficiency,  
9 reduce network costs, expand coverage for all services, and support integrated or  
10 converged services such as converged VoIP services. There have been  
11 advancements in switching technology that enable Sprint to combine its different  
12 types of traffic onto a common switching platform and Sprint is in the process of  
13 doing just that. However, it would be highly inefficient for Sprint to combine the  
14 different traffic types onto a common switching platform on a single network but  
15 then have to segregate that traffic onto separate trunks where it interfaces with the  
16 ILEC. Rather, Sprint seeks a single interconnection with ITC by combining all of  
17 its traffic on a single trunk group. A term used by Sprint and the industry to  
18 describe the consolidation of network platforms and service offerings is called  
19 convergence. Sprint is merely "keeping up with the times" by utilizing the latest  
20 technology has to offer and responding to customer demands to provide  
21 converged or integrated services. It only follows that the form of interconnection  
22 for these converged platforms and services be supported through efficient PSTN  
23 interconnections.



1

2 **Q. Are you aware of any technical reasons that would prohibit combining**  
3 **wireless and wireline traffic on the same trunks?**

4 A. No. I am not aware of any technical reasons that would prohibit combining  
5 wireless and wireline traffic on the same trunks. Sprint has raised this issue with  
6 other ILECs and it is apparent that the concern centers on the ability to render an  
7 accurate invoice for traffic on mixed trunks. As I will discuss later in my  
8 testimony, Sprint has a solution to that concern. In addition, I will also discuss  
9 later in my testimony that carriers pass wireless and wireline traffic between them  
10 today on the same trunks.

11

12 **Q. What are ITC's claimed concerns regarding multi-use Trunking?**

13 A. Sprint believes that ITC is concerned that it will not be paid the correct amount of  
14 revenue for each type of traffic that is carried over the multi-use trunk. ITC does  
15 not want the agreement to include CMRS traffic or traffic subject to access  
16 charges. In addition, ITC expressed concern regarding whose wireless traffic  
17 Sprint would be terminating.

18

19 **Q. What is Sprint's response to ITC?**

20 A. Sprint wants the interconnection agreement to include CMRS traffic (Sprint refers  
21 to this as intraMTA wireless traffic) and traffic subject to access charges. Sprint  
22 wants this interconnection agreement to include intraMTA wireless traffic and  
23 traffic subject to access charges so that Sprint can combine this traffic with its

1 local traffic in order to more efficiently terminate traffic to ITC. ITC may be  
2 opposing Sprint's inclusion of intraMTA wireless traffic and traffic subject to  
3 access charges for fears that it will not be correctly compensated for terminating  
4 that traffic. As I will discuss shortly my testimony, Sprint will clearly identify all  
5 traffic (intraMTA wireless, local wireline and access) using industry standard SS7  
6 signaling provide so that ITC can properly identify the traffic and render an  
7 invoice to Sprint.<sup>8</sup> Alternatively, Sprint has proposed to develop auditable billing  
8 factors that ITC can use to render an invoice to Sprint. Sprint's intention is to  
9 provide ITC the information it needs to render a correct invoice and be fully  
10 compensated for the various types of traffic that it terminates for Sprint. Just to be  
11 clear, it is not Sprint's intent to modify the existing intercarrier compensation  
12 schemes relative to the various forms of traffic Sprint wants to include on the  
13 interconnection trunks. Further, Sprint will not combine traffic until it has the  
14 processes in place to correctly identify the traffic.

15  
16 In regards to ITC's concern about whose wireless traffic Sprint will be  
17 terminating, Sprint is a wireless provider itself and will be terminating its own  
18 intraMTA wireless traffic.

19  
20 **Q. Why is it important for Sprint to have this language now?**

---

<sup>8</sup> The local wireline traffic that Sprint is referring to is the local traffic that will be exchanged between Sprint and ITC for the service being jointly provided by Sprint and MCC. This traffic does utilize the IP protocol at the customer premise, but is converted to standard TDM traffic before it is placed on the interconnection trunks that will be provisioned pursuant to the terms and conditions of this agreement.

1 A. Sprint will incur significant costs to develop the capability to identify the various  
2 traffic types correctly. Therefore, Sprint needs assurance that it can implement  
3 the proposed solution as described below.

4

5 **Q. Please describe in more detail Sprint's proposal to ensure accurate**  
6 **intercarrier compensation is applied to the different traffic types.**

7 A. Sprint's proposed solution is quite simple. First, the traffic must be segregated  
8 between wireline and wireless. Then the jurisdiction for each type must be  
9 determined. Sprint will populate the following fields in the SS7 signaling  
10 information.

- 11 • Originating Line Information Parameter (OLIP) – this field will be  
12 populated using standard traffic designations that will differentiate  
13 wireline from local traffic
- 14 • Calling Party Number (CPN) – The calling party number is used to  
15 determine the originating location of the call.
- 16 • Called Party Number (CLD) – The called party number is used to  
17 determine where the call is terminated.

18

19 ITC can utilize this information to properly invoice Sprint for the different traffic  
20 types. If ITC does not have the ability or does not want to use this information to  
21 invoice Sprint, Sprint will utilize the information to develop factors for the  
22 various types of traffic that ITC can use to invoice Sprint. Sprint will provide ITC  
23 the ability to audit the information Sprint used to develop the factors if it chooses  
24 to do so. Sprint is open to discussing alternative methods of identifying the  
25 traffic.

26

27 **Q. What benefits accrue to Sprint by virtue of multi-use trunking?**

1     **A.**     Sprint's network is converging onto a single switching platform. Historically,  
2             there were separate networks, including separate switches, for intraMTA wireless  
3             traffic, wireline local traffic and access traffic. There have been advancements in  
4             switching technology that enable Sprint to combine different types of traffic onto  
5             a common switching platform. Additionally, new services that customers are  
6             demanding are also pushing Sprint to a common switching platform. In fact, the  
7             very nature of some of the services being provided within the industry today and  
8             being developed by Sprint will require the combining of the different traffic types.  
9             For example, there are services available that allow a user to have a single  
10            telephone number assigned to both a mobile and desk telephone. This creates the  
11            situation where it where it may not be known whether a particular call is a  
12            wireline call or wireless call until the user answers either his wireline telephone or  
13            his wireless telephone because the two telephones are effectively integrated into a  
14            single service with a single telephone number. This reality creates the situation  
15            where carriers exchanging traffic over segregated trunks will not know which  
16            trunk to place the call on because its true nature is not known until the call is  
17            answered. Many services are no longer viewed as wireless or wireline, but rather  
18            are viewed as integrated or converged services.

19

20            Multi-use trunking also permits better trunk utilization by combining different  
21            traffic types which may peak at different times allowing more overall traffic to be  
22            placed on fewer trunks. With multi-use trunks this traffic can be distributed  
23            across fewer trunks. Fewer trunks mean fewer trunk ports on both the ILEC and

1 Sprint switches. Fewer trunks and trunk ports also mean less trunk orders  
2 required to be processed. And fewer trunks also means that the capacity of the  
3 interconnection facility carrying these trunks may be less than if required to  
4 segregate the traffic onto separate trunks.

5  
6 **Q. Should ITC have any concerns regarding intercarrier compensation for local**  
7 **traffic carried on multi-use trunks?**

8 A. No. First, Sprint has repeatedly stated that it will be responsible for 100% of the  
9 traffic that Sprint terminates to ITC over the multi-use trunks. Thus, there is no  
10 “phantom” traffic. ITC will be paid for every minute of traffic it terminates from  
11 Sprint. Second, the types of traffic Sprint proposes the parties be permitted to  
12 combine on multi-use trunks, i.e., intraMTA wireless traffic and wireline local  
13 traffic are all subject to reciprocal compensation governed by sections 251(b)(5)  
14 and 252(d)(2) of the Act. There is no difference in the compensation rates for  
15 these forms of local traffic. Sprint has proposed a bill and keep arrangement for  
16 251(b)(5) traffic so that both parties can exchange this traffic without incurring  
17 unnecessary transaction costs.

18  
19 **Q. Do subtending ILECs, such as ITC, already receive wireline and wireless**  
20 **local traffic from a tandem provider that has been combined onto a single**  
21 **multi-use trunk group today?**

22 A. Yes. ILECs, such as ITC, often subtend another carrier’s tandem, (the ILEC  
23 owning the tandem is often referred to as the tandem provider) in order to

1 indirectly interconnect with other ILECs, wireless carriers (CMRS),  
2 interexchange carriers (IXCs), and CLECs. These various carriers (ILECs,  
3 CMRS providers, IXCs, and CLECs) interconnect with the PSTN at one of the  
4 tandem provider's tandems and can pass their traffic from their networks  
5 indirectly to the subtending ILECs network via this tandem connection (this is  
6 referred to as indirect interconnection). The subtending ILEC will install  
7 common trunks between its switch and the tandem provider's tandem. The  
8 tandem provider will combine its own local and toll traffic with local and toll  
9 traffic from other ILECs, CMRS providers, IXCs, and CLECs onto these common  
10 trunks and pass it to the subtending ILEC. In addition, the tandem provider will  
11 typically pass along billing information to the subtending ILEC so that the  
12 subtending ILEC knows the type of traffic (local wireline, wireless, or access), the  
13 Minutes of Use (MOUs) for each traffic type, and the carrier that originated the  
14 traffic it is receiving, so that the ILEC can render a correct invoice to each carrier  
15 from whom it receives traffic. Given that ITC likely receives combined, multi-  
16 use traffic today, it is puzzling why ITC is opposed to Sprint handing it combined,  
17 multi-use traffic.<sup>9</sup>

18  
19 **Q. Have other state commissions addressed the issue of combining different**  
20 **types of local traffic on interconnection trunks?**

---

<sup>9</sup> It must be noted that subtending carriers do not always get the information they need to bill the originating carrier. This is the situation that may result in what is referred to as phantom traffic. As stated in my testimony, phantom traffic is not an issue in this proceeding because Sprint is taking full responsibility for all traffic it terminates to ITC. It must also be noted that the issue of phantom traffic is before the FCC and the proposal being most looked at does not require the segregation of traffic, but instead focuses on better identification of the traffic. It must also be noted that these common trunk groups are currently being used throughout the industry and to suggest they not be used would have tremendous consequences across the entire telecommunications industry.

1 A. Yes. The Indiana Utility Regulatory Commission (“IURC”) has ruled in at least  
2 two arbitrations, Sprint’s and Level 3’s, that multi-use can be combined on the  
3 same trunk group. In the recent Sprint Arbitration, the IURC stated that,

4 “Sprint’s arguments on the general issue of whether the  
5 Interconnection Agreement permits the combination of differing  
6 types of traffic on the same multi-use interconnection trunks are  
7 persuasive. No technical reasons have been raised by the RTCs  
8 why Sprint’s proposal here should not be adopted.... We agree  
9 that the combination of wireline, wireless, and IP-PSTN traffic as  
10 the parties have defined it in the proposed interconnection  
11 agreement would create network efficiencies for both parties.”

12  
13 “We further agree with Sprint that the intercarrier compensation  
14 aspects do not pose roadblocks to combining the different types of  
15 traffic on the same trunks.”

16  
17 In an earlier Indiana arbitration order addressing interconnection between Level 3  
18 and SBC Indiana, the IURC decided that interconnection trunks could be used for  
19 all forms of traffic.<sup>10</sup> The IURC quoted an FCC order as part of its justification  
20 for allowing multi-use trunking. Specifically, the Commission found as follows:

21  
22 The FCC provides guidance for us in the appropriate manner in which to  
23 address the issue of whether Level 3 can carry all types of traffic over its  
24 interconnection trunk groups. For instance, in the *Virginia Arbitration*  
25 *Order*, Verizon had attempted to impose on WorldCom the obligation to  
26 create trunk group facilities distinct from WorldCom’s existing trunk  
27 groups solely for the purpose of routing non-local exchange traffic.  
28 WorldCom objected because it imposed a disproportionate expense on

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<sup>10</sup> *Arbitration Order, In the Matter of Level 3 Communications, LLC’s Petition for Arbitration Pursuant to Section 252(b) of the Communications Act of 1934, as amended by the Telecommunications Act of 1996, and the Applicable State Laws for Rates, Terms, and Conditions of Interconnection with Indiana Bell Telephone Company d/b/a SBC Indiana, Cause No. 42663 INT-01, at 10-11, (December 22, 2004) (“Level 3 Order”).*

Sprint is aware that this Order was vacated by the Commission on March 10, 2005, in response to a joint motion to vacate the decision by Level 3 and SBC Indiana, when those parties reached a 13 state agreement after the IURC issued its Arbitration Order, but before the parties filed a conforming agreement. However, Sprint has no reason to believe that the Commission would rule any differently in this proceeding than it previously ruled in the Level 3 proceeding on the identical substantive issue.

1 WorldCom to create these additional trunk groups. Verizon contended  
2 that the separate trunk groups were necessary to ensure that it was  
3 receiving accurate compensation from WorldCom. The FCC Bureau,  
4 however, rejected the ILEC's argument:  
5

6 We also find that establishing separate trunks for these  
7 calls, as Verizon proposes, would impose costs on  
8 WorldCom that are disproportionate to the problem sought  
9 to be solved. [FN608] Carriers typically establish separate  
10 trunks when traffic levels are sufficient to make separate  
11 trunks cost-effective. Establishing separate trunks to carry  
12 only minimal volumes of calls would impose  
13 disproportionate costs on WorldCom compared to the  
14 benefits of Verizon's proposed solution. [FN609]

15 \* \* \*

16 We believe, however, that measures less costly than  
17 establishing separate trunking may be available to ensure  
18 that Verizon receives appropriate payment.<sup>11</sup>

19 We also note that other state commissions have previously addressed the  
20 issue of whether a CLEC can use its interconnection trunks to carry all of  
21 its traffic. As far back as 1997, the Michigan Public Service Commission  
22 has found the proper policy to be one of allowing all types of traffic over  
23 the interconnection trunk groups. The Michigan Commission has held  
24 that, consistent with the FCC's *Local Competition Order*:  
25

26 It appears to the Commission that economic entry into the  
27 market requires that Sprint be permitted to use its existing  
28 trunks for all traffic whenever feasible. Sprint has  
29 committed to provide accurate, auditable billing records.  
30 Moreover, there are ways around the connection problems,  
31 as reflected by Suzanne Springsteen's admission that  
32 Ameritech Michigan can put local and non-local on the  
33 same trunk. The problems for Ameritech Michigan appear  
34 to be billing and measurement problems, which can be  
35 reasonably resolved through establishing percentage of use  
36 factors.<sup>12</sup>

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<sup>11</sup> *Memorandum Opinion and Order, Petition of WorldCom, Inc. Pursuant to Section 252(e)(5) of the Communications Act for Preemption of Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon Virginia Inc., and for Expedited Arbitration*, 17 FCC Rcd 27039 (2002), ¶ 180-182, ("Virginia Arbitration Order").

<sup>12</sup> *Order Approving Arbitration Agreement with Modifications, In the matter of the application of Sprint Communications Company, L.P. for arbitration to establish an interconnection agreement with Ameritech Michigan*, Case No. U-11203, pp. 4-5 (1997) ("Sprint Arbitration Order").



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And finally, in Sprint’s recent arbitration with several rural ILECs in Iowa last year, the Iowa Utilities Board approved Sprint’s proposal to combine various types of local traffic on the same trunk groups. The Board stated,

“Because Sprint has indicated that it is technically possible to perform the measurement of traffic, but that it simply has not yet implemented those procedures, the Board will approve provisions related to commingling various types of traffic on individual trunks.”<sup>13</sup>

11 **Q. How should the South Dakota Commission rule on Sprint Issue No. 2?**

12 A. The Commission should adopt the language proposed by Sprint, as identified as  
13 Issue No. 2 in the DPL, that it will permit both parties to combine wireline and  
14 wireless traffic on interconnection trunks. The lower costs that can be realized  
15 from the network efficiencies will benefit both parties and their customers.

16

17 **ARBITRATION ISSUE NO. 3: SHOULD THE INTERCONNECTION**  
18 **AGREEMENT PERMIT THE PARTIES TO COMBINE TRAFFIC SUBJECT TO**  
19 **RECIPROCAL COMPENSATION CHARGES AND TRAFFIC SUBJECT TO**  
20 **ACCESS CHARGES ONTO THE INTERCONNECTION TRUNKS?**

21  
22 **Q. Please describe Sprint Issue No. 3.**

23 A. As discussed in Sprint Issue No. 2 above, Sprint wants this interconnection  
24 agreement to include local wireline, intraMTA wireless traffic and traffic subject  
25 to access charges. Multi-jurisdictional trunking refers to the ability to combine  
26 traffic of different jurisdictions; i.e., traffic that is subject to access charges with

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<sup>13</sup> See *In the Arbitration of Sprint Communications Company L.P. Petitioning Party, vs. Ace Communications Group., et. al. Responding Parties*, Before the Iowa Utilities Board, in Docket Nos. Arb-05-2, Arb-05-5, and Arb-05-6; at p. 15; March 24, 2006.

1 traffic that is subject to reciprocal compensation on the same trunk group. ITC  
2 opposes Sprint combining these different types of traffic; and thus, opposes the  
3 interconnection agreement including wireless traffic and traffic subject to access  
4 charges.

5  
6 As stated in the previous issue, Sprint is seeking to establish efficient network  
7 interconnection. The combination of traffic on interconnection trunks, regardless  
8 of what regulatory jurisdiction the traffic falls under or the type of compensation  
9 that applies to the traffic, provides network efficiencies that the parties will not  
10 realize if required to segregate the traffic onto separate trunks. In addition to  
11 multi-use trunks in the previous issue, Sprint is requesting that the interconnection  
12 agreement permit the parties to realize the network efficiencies of combining  
13 different “types” of traffic. In this case, traffic that is subject to access charges  
14 and traffic that is subject to reciprocal compensation.

15  
16 As I have previously discussed in my testimony and as Sprint has shown in its  
17 petition, Sprint will clearly identify all traffic (wireless, wireline and access) using  
18 industry standard SS7 signaling provide so that ITC can properly identify the  
19 traffic and render an accurate invoice. Alternatively, Sprint has proposed to  
20 develop auditable billing factors that ITC can use to render an invoice to Sprint.  
21 Sprint’s intention is to provide ITC the information it needs to render a correct  
22 invoice and be fully compensated for the various types of traffic that it terminates  
23 for Sprint.

1

2 **Q. What network efficiencies are derived with multi-jurisdictional trunking?**

3 A. Multi-jurisdictional trunking permits the same trunk utilization efficiencies  
4 described in the previous issue that are not possible when traffic is segregated  
5 onto separate trunks. As with multi-use trunking, multi-jurisdictional trunking  
6 can reduce the number of trunks required, reduce the number of trunk ports on  
7 each party's switch, and reduce trunk order processing. In addition, reduced trunk  
8 requirements can reduce the capacity of the interconnection facility on which the  
9 trunks ride, e.g., the parties may be able to provision a single DS1 (24 trunks)  
10 between their switches instead of multiple DS1s or a DS3 (672 trunks) if they  
11 require fewer interconnection trunks.

12

13 **Q. Are you aware of any technical reasons that would prohibit combining traffic**  
14 **subject to reciprocal compensation and traffic subject to access charges on**  
15 **the same trunks?**

16 A. No. I am not aware of any technical reasons that would prohibit combining traffic  
17 subject to reciprocal compensation and traffic subject to access charges on the  
18 same trunks. Sprint has raised this issue with other ILECs and it is apparent that  
19 the concern centers on the ability to render an accurate invoice for traffic on  
20 mixed trunks. As I will discuss later in my testimony, Sprint has a solution to that  
21 concern. In addition, I will also discuss later in my testimony that carriers pass  
22 wireless and wireline traffic between them today on the same trunks.

23

1 **Q. Why is this issue in dispute?**

2 A. With this issue, it appears that the ITC's primary objection to multi-jurisdictional  
3 trunking is based on their position that access should be governed by its access  
4 tariffs. I would also assume, although ITC did not say so directly, it has concerns  
5 about the separate intercarrier compensation regimes that apply for traffic subject  
6 to access charges and that which apply to reciprocal compensation traffic. While  
7 Sprint acknowledges that different compensation applies to the types of traffic  
8 that will ride on multi-jurisdictional trunks, Sprint has proposed language that  
9 would ensure proper compensation for the section 251(b)(5) traffic and the access  
10 traffic on the trunks. Differences in compensation for different types of traffic do  
11 not necessitate inefficient segregation of traffic onto different trunks. Sprint's  
12 proposal simply implements the current industry solution that is in widespread use  
13 today. That is, Sprint will provide ITC with the ability to identify the traffic  
14 appropriately and invoice Sprint accordingly or if ITC does not desire to invoice  
15 Sprint directly from this information, Sprint will develop factors that will  
16 accomplish the same thing. It should be noted that the use of factors for  
17 identifying and billing traffic is well established in the telecommunications  
18 industry and is the standard procedure for identifying and billing traffic. Percent  
19 interstate use ("PIU") has been used for 20+ years since the establishment of  
20 access charges while percent local use ("PLU") has been used for the past 10+  
21 years since the passing of the Federal Telecommunications Act of 1996 which  
22 allowed local competition. Since Sprint is the first facilities-based local  
23 competitor ITC has seen or one of the first, ITC has likely not seen PLU factors

1 and may be unfamiliar with their widespread acceptance in the industry. In fact,  
2 ITC itself uses PIU because it complies with the NECA and LECA tariff which  
3 use the PIU factor.<sup>14</sup> Additionally, ITC is also accustomed to using factors to  
4 determine the percentage of wireless traffic that is interMTA as is evidenced by  
5 the use of an interMTA factor in ITC's interconnection agreement with Western  
6 Wireless.<sup>15</sup> ITC's use of a factor to calculate the amount of interMTA wireless  
7 traffic would be similar to using a PLU factor to calculate the amount of local  
8 traffic that is carried in the MOUs from a combined multi-use, multi-jurisdictional  
9 trunk group.

10  
11 **Q. How does Sprint's proposal ensure proper intercarrier compensation for the**  
12 **different types of traffic riding multi-jurisdictional trunks?**

13 A. Sprint's solution for multi-use trunking described above will also work for multi-  
14 jurisdiction trunking.

15  
16 **Q. Have other state commissions addressed the issue of combining local and**  
17 **access traffic on interconnection trunks?**

18 A. Yes. Indiana, Iowa, Wisconsin and Florida have both approved multi-use  
19 trunking. In Sprint's arbitration order in Indiana, the Commission found that:

20  

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<sup>14</sup> See National Exchange Carrier Association, Inc. ("NECA") Tariff F.C.C. No. 5 Access Service, Section 2.3.11(C)(1) Percentage of Interstate Use (PIU) and see also Local Exchange Carrier Association, Inc. ("LECA") Tariff No. 1, Access Service Section 5.2.1(A) Access Ordering Requirements – Switched Access Service.

<sup>15</sup> See Interstate Telecommunications Cooperative Inc. Response to Sprint's Discovery Requests in Docket No. TC06-175; response to request 26, Reciprocal Interconnection, Transport, and Termination Agreement between Interstate Telecommunications Cooperative, Inc. and WWC License L.L.C. (CMRS provider) in section 7.2.3 – Billing.

1                   “..we find no reason why Sprint should not be allowed to combine  
2 different types of traffic on the same interconnection trunks. It  
3 makes no difference whether the traffic is all subject to section  
4 215(b)(5) as in Issue 2 or is section 251(b)(5) traffic combined with  
5 access traffic as is the issue here. We find that there are no  
6 technical impediments to implementing a clearly more efficient  
7 network solution.”<sup>16</sup>  
8

9                   In Sprint’s arbitration with BellSouth in Florida, the FPSC found that,

10                   “Upon consideration, we find that the parties’ agreement shall  
11 contain language providing Sprint with the ability to transport  
12 multi-jurisdictional traffic over a single trunk group, including an  
13 access trunk group.”<sup>17</sup>  
14

15                   In a recent Wisconsin PSC Order investigating the treatment of transiting traffic  
16 and whether local, toll, and access traffic could be mixed on the same trunk  
17 groups, the WPSC found that,

18                   “... the Commission finds that joint use of FGC trunks by AT&T  
19 and other tandem transit providers is not prohibited and, therefore,  
20 lawful.”<sup>18</sup>  
21

22                   And finally, in Sprint’s recent arbitration with several rural ILECs in Iowa last  
23 year, the Iowa Utilities Board approved Sprint’s proposal to combine local traffic  
24 and traffic subject to access charges on the same trunk groups. The Board stated,  
25

26                   “Because Sprint has indicated that it is technically possible to  
27 perform the measurement of traffic, but that it simply has not yet  
28 implemented those procedures, the Board will approve provisions

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<sup>16</sup> *Arbitration Order, In the Matter of Sprint Communications, 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, at 22, (September 6, 2006) (“*Sprint Indiana Arbitration Order*”).

<sup>17</sup> *Arbitration Order, In the Matter of Sprint Communications Company Limited Partnership for arbitration of certain unresolved terms and conditions of a proposed renewal of current interconnection agreement with BellSouth Telecommunications, Inc.*, Docket No. 000828-TP; Order No. PSC-01-1095-FOF-TP, at 37 - 38, (May 8, 2001) (“*Sprint Florida Arbitration Order*”).

<sup>18</sup> See *Investigation on the Commission’s Own Motion Into the Treatment of Transiting Traffic Before the Public Service Commission of Wisconsin*, Order No. 5-TI-1068 Phase 1; at p. 15 (November 8, 2006).

1 related to commingling various types of traffic on individual  
2 trunks.”<sup>19</sup>  
3  
4

5 **Q. How should the Commission rule on Sprint Issue No. 3?**

6 A. The Commission should adopt the language proposed by Sprint that will permit  
7 both parties to combine reciprocal compensation traffic and traffic subject to  
8 access charges on interconnection trunks. There is no basis for prohibiting  
9 combining of 251(b)(5) and access traffic onto the same trunks and the lower  
10 costs realized from the network efficiencies will benefit both parties and their  
11 customers.  
12

13 **ARBITRATION ISSUE NO 4: SHOULD THE INTERCONNECTION**  
14 **AGREEMENT CONTAIN PROVISIONS FOR INDIRECT INTERCONNECTION**  
15 **CONSISTENT WITH SECTION 251(a) OF THE ACT?**  
16

17 **Q. What aspect of Arbitration Issue No. 4 are you going to address?**

18 A. I am going to address Section 9.1 of the agreement which has been identified as  
19 one of the sections implicated by Sprint and ITC’s disagreement on indirect  
20 interconnection. Sprint’s witness Mr. Farrar will address the balance of issues  
21 pertaining to Arbitration Issue No. 4. Section 9.1 as it relates to dialing parity.  
22

23 **Q. What is the disagreement between Sprint and Interstate with respect to**  
24 **Section 9.1?**

25 A. Sprint’s proposed language is as follows.

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<sup>19</sup> See *In the Arbitration of Sprint Communications Company L.P. Petitioning Party, vs. Ace Communications Group., et. al. Responding Parties*, Before the Iowa Utilities Board, in Docket Nos. Arb-05-2, Arb-05-5, and Arb-05-6; at p. 15; March 24, 2006.

1           9.1    Regardless of the type of Interconnection with ILEC's network,  
2           ILEC shall permit its End Users within a given Rate Center to dial the  
3           same number of digits to call a Sprint NPA-NXX in the same Rate Center  
4           that would be required of the same End User to call a landline end-user in  
5           the same Rate Center as the Sprint NPA-NXX.  
6

7           With the exception of the definition of End User which is addressed by  
8           Arbitration Issue No. 1, Interstate does not agree with the underlined portion of  
9           the language.

10  
11   **Q.    How does Sprint suggest the Commission resolve the dispute regarding**  
12   **Section 9.1?**

13   A.    The Commission should rule that Sprint's proposed language for Section 9.1 is  
14   appropriate because it is consistent with the requirements placed on all local  
15   exchange carriers, i.e., all local exchange carriers are required to provide dialing  
16   parity.<sup>20</sup> This requirement does not depend on the type of interconnect between  
17   the parties. Not including Sprint's language might suggest ITC is not required to  
18   comply with this obligation.

19  
20   **ARBITRATION ISSUE NO. 9: WHAT IS THE APPROPRIATE RECIPROCAL**  
21   **COMPENSATION RATE FOR THE TERMINATION OF**  
22   **TELECOMMUNICATIONS TRAFFIC, AS DEFINED BY SPRINT IN THE**  
23   **AGREEMENT?**  
24

25   **Q.    What is the status of Arbitration Issue No. 9?**

26   A.    Sprint and Interstate have resolved Arbitration Issue No. 9 with respect to the  
27   treatment of wireline traffic subject to section 251(b)(5) reciprocal compensation.  
28   The resolution reached by the parties does not cover CMRS (wireless) traffic.

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<sup>20</sup> §251(b)(3) of the Act.



1 Final resolution of whether wireless traffic will be included in the agreement will  
2 be determined the Commission's resolution of Arbitration Issue No. 2. If the  
3 issue is resolved in Sprint's favor, consistent with Mr. Farrar's testimony, CMRS  
4 (wireless) traffic subject to section 251(b)(5) would be treated the same as  
5 wireline traffic. It would be subject to bill-and-keep unless: 1) the traffic becomes  
6 significantly out of balance, 2) the traffic volumes are significant and 3) ITC  
7 provides a forward-looking cost-based rate to Sprint and the Commission and 4)  
8 the Commission approves the rate.

9  
10 **Q. Does this conclude your testimony?**

11 **A.** Yes it does.

12