

Exhibit No:
Issues: IC-2, IC-4, ITR-18, ITR-19,
SS7-1
Witness: Jeannie Harris
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Sponsoring Party: Southwestern Bell
Telephone, L.P., d/b/a/
SBC Missouri
Case No: TO-2005-0166

SOUTHWESTERN BELL TELEPHONE, L.P.,
d/b/a SBC MISSOURI

CASE NO. TO-2005-0166

REBUTTAL TESTIMONY
OF
JEANNIE HARRIS

Dallas, Texas
February 7, 2005

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) Case No. TO-2005-0166
Applicable State Laws for Rates, Terms and)
Conditions of the Interconnection with Southwestern)
Bell Telephone Company, L.P., d/b/a SBC Missouri)

STATE OF TEXAS)
COUNTY OF DALLAS)

1. My name is Jeannie E. Harris. I am presently Area Manager-Emerging Technologies for SBC Operations, Inc.
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

Jeannie E. Harris



Subscribed and sworn to before me this 7 day of February, 2005.

Notary Public

My Commission Expires: 01-31-2006

TABLE OF CONTENTS

	<u>Page</u>
I. Introduction.....	1
II. IP-PSTN and PSTN-IP-PSTN Issues.....	1
III. SS7 Issue.....	6

I. INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Jeannie Harris. My business address is Three SBC Plaza, 308 South Akard,
3 Room 720, Dallas, Texas 75202.

4 **Q. ARE YOU THE SAME JEANNIE HARRIS WHO FILED DIRECT TESTIMONY**
5 **IN THIS CASE?**

6 A. Yes.

7 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

8 A. My Rebuttal Testimony addresses portions of the Level 3 Direct Testimony provided by
9 Mr. Wilson, Dr. Cabe and Mr. Hunt relating to (a) certain Internet Protocol (“IP”)-related
10 aspects of the Intercarrier Compensation (“IC”) and Interconnection Trunking
11 Requirements (“ITR”) issues presented in this arbitration proceeding and (b) the single
12 SS7 issue. Although my Direct Testimony was directed in part to issues denominated as
13 IC-2, IC-4, ITR-18 and ITR-19, these gentlemen did not appear to categorize their
14 testimony in a similar fashion. Nonetheless, my Rebuttal Testimony identifies and rebuts
15 certain arguments made by their testimony which relate to the issues on which I earlier
16 provided testimony.

II. IP-PSTN & PSTN-IP-PSTN ISSUES

17
18 **Q. LEVEL 3 PROPOSES “THAT THE ARBITRATOR NOT EVEN SET A RATE**
19 **OF COMPENSATION FOR IP-ENABLED TRAFFIC, AND INSTEAD DEFER**
20 **THAT ISSUE TO THE FCC.” (CABE DIRECT, AT P. 9). HAS SBC ASKED**
21 **EITHER THE ARBITRATOR OR THE COMMISSION TO SET A**
22 **COMPENSATION RATE FOR IP-ENABLED TRAFFIC?**

23 A. No. Level 3 either misunderstands, or has mischaracterized, SBC Missouri’s position.
24 SBC Missouri is not asking either the Arbitrator or this Commission to set any
25 compensation rate for IP-based traffic.

1 **Q. WHAT HAS SBC MISSOURI ACTUALLY PROPOSED?**

2 A. As I described in my Direct Testimony, “[i]nterexchange traffic that originates and
3 terminates on the PSTN and that is routed or transported in whole or in part using IP
4 technology is a telecommunications service subject to applicable intrastate (and
5 interstate) switched access charges.” (Harris Direct, at p. 5). I also testified that “[u]nder
6 existing FCC precedent and rules, providers of IP-PSTN services, like all users of access
7 services, are subject to the obligation to pay intrastate and interstate access charges when
8 they send traffic to the PSTN, unless specifically exempted from doing so.” (*Id.*, at p. 7).
9 On the other hand, Level 3 has improperly suggested that all IP-PSTN traffic be treated
10 as if it were Section 251(b)(5) traffic, and proposed that the FCC’s rate for Section
11 251(b)(5) traffic be applied. Notwithstanding Level 3’s assertion, SBC Missouri’s
12 proposed contract language does not purport to set any new rates. To the contrary, it
13 merely seeks to “preserve the regulatory *status quo* for intercarrier compensation until the
14 FCC completes its *IP-Enabled Services NPRM*.” (*Id.*, at p. 8).

15 **Q. ACCORDING TO LEVEL 3, SBC MISSOURI’S PROPOSED CONTRACT**
16 **LANGUAGE “WOULD ULTIMATELY MAKE IP-ENABLED SERVICES MORE**
17 **EXPENSIVE, MAKE BUSINESS APPLICATIONS LESS EFFICIENT, REDUCE**
18 **JOBS AND MAKE THE INTERNET LESS VALUABLE.” (CABE DIRECT, AT P.**
19 **8). HOW DO YOU RESPOND?**

20 A. I am unaware of any facts demonstrating any of these things. Moreover, Dr. Cabe
21 overlooks several very important considerations. Interexchange IP-PSTN and PSTN-IP-
22 PSTN calls are currently subject to access charges, albeit at one-half the level of
23 traditional PSTN-PSTN interexchange calls. Interexchange IP-PSTN and PSTN-IP-
24 PSTN calls are subject to access charges only at the PSTN end of the call, not both ends
25 of the call as traditional interexchange PSTN traffic is. Additionally, if interexchange IP-
26 PSTN and PSTN-IP-PSTN traffic is more efficient than other transmission technologies,

1 it should not require artificial economic incentives or advantages, as Level 3 seeks, in
2 order to succeed. Stated differently, why should there be any reason to tilt the regulatory
3 playing field in favor of IP-enabled services as compared to other technologies? Many
4 service providers are excited about the potential for IP-enabled services, however this
5 does not allow them to avoid paying access charges and thus circumvent the existing
6 intercarrier compensation rules regime.

7 **Q. LEVEL 3 CLAIMS THAT IP-BASED SERVICES ARE PROPERLY**
8 **CLASSIFIED AS INTERSTATE INFORMATION SERVICES AND THAT**
9 **“ACCESS CHARGES OR OTHER NON-COST-BASED INTERCARRIER**
10 **COMPENSATION SCHEMES SHOULD NOT APPLY TO SUCH SERVICES.**
11 **(CABE DIRECT, AT P. 7). HOW DO YOU RESPOND?**

12 A. Level 3 is conflating two separate issues. Whether, as a jurisdictional matter, IP-enabled
13 services are interstate information services, is one issue. Whether interexchange IP-
14 PSTN traffic and PSTN-IP-PSTN traffic are subject to access charges is a separate and
15 distinct issue. Although it is possible that, on the latter issue, the FCC may revise its
16 rules at some point in the future to adopt the position that Level 3 advocates here, it has
17 simply not done so to date. All carriers, including carriers providing IP-enabled services,
18 such as Level 3, are required to pay access charges for interexchange calls they terminate
19 to the PSTN. As I explained in my Direct Testimony, the ESP exemption is not as broad
20 as Level 3 asserts and does not exempt a provider of interexchange IP-enabled services
21 from paying access charges on the PSTN side of a call. Moreover, the more relevant
22 issue for purposes of this arbitration is an issue that Level 3 does not addresses. That
23 issue is whether, assuming that VoIP services are classified as interstate information
24 services, the reciprocal compensation provisions of Section 251(b)(5) would apply to
25 such traffic. The correct answer is that those provisions clearly could not, and do not,
26 apply to such traffic.

1 **Q. LEVEL 3 FURTHER CONTENDS THAT SECTION 251(G) AND THE D.C.**
2 **CIRCUIT’S DECISION IN *WORLDCOM* PRECLUDES APPLICATION OF**
3 **INTERSTATE ACCESS CHARGES TO THE EXCHANGE OF IP-ENABLED**
4 **SERVICES TRAFFIC BETWEEN SBC MISSOURI AND LEVEL 3. (HUNT**
5 **DIRECT, AT PP. 70-71). HOW DO YOU RESPOND?**

6 A. Level 3’s reliance on *WorldCom* is thoroughly misplaced. In *WorldCom*, the D.C.
7 Circuit Court of Appeals held that Section 251(g) did not exempt ISP-bound traffic from
8 Section 251(b)(5) because it found that there were no rules governing the intercarrier
9 compensation for that traffic when the 1996 Act was enacted.¹ But regardless of whether
10 there were rules governing intercarrier compensation for ISP-bound traffic in place prior
11 to 1996, there clearly *were* FCC rules in place governing the payment of access charges
12 for PSTN-originated and PSTN-terminated interexchange traffic.² Indeed, those rules
13 have been in place since 1983. Thus, contrary to the claims of Level 3, the true *status*
14 *quo* under the FCC’s *existing rules* is that access charges apply to IP-PSTN voice
15 services, unless and until the FCC changes those rules in the future.

16 **Q. LEVEL 3 CLAIMS THAT SBC MISSOURI’S POSITION WOULD**
17 **“IMPROPERLY BENEFIT” SBC MISSOURI’S OWN AFFILIATED ISP. (CABE**
18 **DIRECT, AT P. 10). HOW DO YOU RESPOND?**

19 A. Level 3 offers no proof to back-up its baseless assertion, and its assertion is flatly wrong
20 in any case. SBC Missouri requires that all ISPs, including its affiliates, operate on a
21 parity basis. All ISPs purchase SBC Missouri’s products through the appropriate tariffs,
22 which provide equal treatment to all purchasers.

23 **Q. LEVEL 3 ALLEGES THAT “SBC WOULD REQUIRE LEVEL 3 TO CREATE**
24 **SEPARATE INTERCONNECTION FACILITIES SOLELY FOR THE PURPOSE**
25 **OF EXCHANGING IP-ENABLED TRAFFIC WITH SBC.” (CABE DIRECT, AT**
26 **P. 35). HOW DO YOU RESPOND?**

¹ *WorldCom v. FCC*, 288 F. 3d 429, 433-34 (D.C. Cir. 2002).

² 47 C.F.R. § 69.5(b).

1 A. Assuming that Level 3 already has separate trunk groups for both access traffic and local
2 traffic, as currently required by the contract language of Section 5.4.1 in the ITR
3 Appendix,³ SBC Missouri would in no way require an additional trunk group for IP-
4 based traffic. SBC Missouri simply requires that Level 3's interexchange IP-based traffic
5 ride the same trunk groups as Level 3's other access traffic. Similarly, assuming Level 3
6 has local interconnection trunks, SBC Missouri would allow Level 3 to terminate their
7 local IP-based traffic (i.e., IP-based traffic that originates and terminates in the same local
8 calling area) over Level 3's existing local interconnection trunks, pending a decision to
9 the contrary from the FCC in its *IP-Enabled Services* proceeding. Further, if Level 3 did
10 not already have interconnection facilities in place for the exchange of interexchange
11 traffic (i.e., access traffic), Level 3 could enter into arrangements with SBC Missouri or
12 other carriers to make use of those carriers' existing facilities for the exchange of such
13 traffic.

14 **Q. LEVEL 3 ALSO CONTENDS THAT A VOIP CALL IS “COMPLETELY**
15 **DIFFERENT” FROM A PSTN TOLL CALL. (CABE DIRECT, AT P. 35). IS**
16 **THIS CORRECT?**

17 A. No. The functionality and the use of the PSTN are identical once a call is handed off to
18 the PSTN without regard to whether the call was originated in IP format or not.

19 **III. SS7 ISSUE**

³ The language of Section 5.4.1 of Appendix ITR, is as follows: “Meet Point Trunk Groups will be established for the transmission and routing of traffic between LEVEL 3'S End Users and Interexchange Carriers via SBC-13STATE Access or Local/Access Tandem Switches. Traffic sent to or from Interexchange Carriers shall be transported between LEVEL 3 and the SBC-13STATE Access Tandem Switch or Local/Access Tandem Switch over a Meet Point Trunk Group.”

1 **Q. WHAT IS LEVEL 3'S POSITION ON THIS ISSUE?**

2 A. Level 3's position as reflected in its proposed language is that it should be permitted to
3 use SS7 Quad Links for both local and toll traffic, and that neither party would bill the
4 other party for any traffic as all messages sent over the quad links would be subject to bill
5 and keep. The testimony offered by Mr. Wilson contradicts Level 3's DPL language.
6 Instead, Mr. Wilson suggests that SBC Missouri and Level 3 "distinguish between
7 messages relating to local calls and messages relating to toll traffic" (Wilson Direct, at p.
8 43). In other words, Level 3 believes it should be able to exchange local and interLATA
9 traffic over local access facilities, and that the parties can bill accordingly.

10 **Q. DOES SBC AGREE WITH LEVEL 3'S POSITION?**

11
12 A. No, SBC Missouri does not agree for two reasons. First, as I explained in my Direct
13 Testimony, it is inappropriate for Level 3 to attempt to impose its IXC language upon
14 SBC Missouri in a Section 251/252 interconnection agreement, for local traffic. (*Id.*, at
15 pp. 17-18). While my Direct Testimony states SBC Missouri's position in some detail,
16 (Harris Direct, at pp. 15-19), the key point is that only those Level 3 calls that constitute
17 CLEC calls (i.e., local calls) can use the SS7 quad links referenced in Section 2.1.1 of the
18 Appendix SS7. Stated another way, Level 3 (and SBC too, for that matter) cannot use
19 these quad links for calls that are subject to traditional LD IXC to LEC access
20 compensation. (Harris Direct, at pp. 16-17). Second, even if this Commission were to
21 consider whether to do so, it should still reject Level 3's position because SBC Missouri
22 cannot effectively bill for the different local and access traffic that would be exchanged
23 over a common set of quad links.

1 **Q. CAN SBC MISSOURI DISTINGUISH BETWEEN MESSAGES RELATED TO**
2 **LOCAL CALLS AND MESSAGES RELATING TO TOLL TRAFFIC?**

3 A. No. Level 3's language would require SBC Missouri's billing systems to segregate the
4 SS7 messaging of Level 3's CLEC calls from the SS7 messaging of Level 3's IXC calls,
5 so that SBC Missouri can charge a percentage of the total SS7 messaging calls at the rates
6 that apply to CLEC compensation under this interconnection agreement, and charge the
7 remaining percentage at access rates. SBC Missouri's billing systems simply cannot do
8 that. Level 3 does not dispute SBC Missouri's inability to properly charge for both local
9 and toll traffic over a common set of quad links, rather Level 3 proposes to solve this by
10 utilizing a PLU. SBC Missouri's witness Ms. Douglas discusses why using a PLU is an
11 unsatisfactory approach.

12 **Q. SETTING SBC MISSOURI'S POSITIONS ASIDE, CAN THE SS7 NETWORK BE**
13 **USED IN "MIRROR" FASHION AS MR. WILSON SUGGESTS? (WILSON**
14 **DIRECT, AT P. 43).**

15 A. No. Even if Level 3 were able to commingle IXC and local traffic over a single set of its
16 own quad links, SBC Missouri could not mirror that arrangement. SBC Missouri could
17 only use those quad links to exchange local traffic with Level 3. IXC traffic would be
18 sent to the IXC carrier of the originating calling party, and therefore both the traffic and
19 the SS7 signaling would be sent to that IXC as well, not directly to Level 3 as Mr. Wilson
20 wrongly stated.

21 **Q. DO YOU AGREE WITH MR. WILSON'S ALLEGATION THAT SBC MISSOURI**
22 **HAS STATED THAT "SS7 QUAD LINKS THAT ARE USED FOR LOCAL**
23 **TRAFFIC CANNOT BE USED FOR IP TRAFFIC" (WILSON DIRECT, AT P. 43-**
24 **44)?**

25 A. No. IP-PSTN and PSTN-IP-PSTN traffic that originates and terminates in the same
26 calling scope is local traffic and is therefore appropriately terminated over local

1 interconnection trunks and local SS7 quad links. Interexchange IP-PSTN and PSTN-IP-
2 PSTN traffic is properly terminated over access trunks and interexchange SS7 quad links.

3 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

4 A. Yes, this concludes my Rebuttal Testimony.