

Exhibit No. _____
Issues: General Terms and
Conditions, Issues 1, 2, 6; Appendix
Direct Issue 1; Interconnection
Trunking, Issue 1b; Intercarrier
Compensation, Issues 1a, 1b, 10
Witness: James R. Burt
Type of Exhibit: Direct Testimony
Party: Sprint Communications
Company, L.P.
Case No. TO-2005-0336

BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

**Southwestern Bell Telephone, L.P., d/b/a)
SBC Missouri's Petition for Compulsory)
Arbitration of Unresolved Issues for a)
Successor Interconnection Agreement to)
the Missouri 271 Agreement ("M2A"))**

Case No. TO-2005-0336

DIRECT TESTIMONY

OF

JAMES R. BURT

**ON BEHALF OF
SPRINT COMMUNICATIONS COMPANY, L.P.**

MAY 9, 2005

SECTION I -- INTRODUCTION

1 **Q. Please state your name, title and business address.**

2 **A. My name is James R. Burt. I am Director – Regulatory Policy, for Sprint**
3 **Corporation. My business address is 6450 Sprint Parkway, Overland Park, KS,**
4 **66251.**

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

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

11 I became Director – Regulatory Policy in February of 2001. I am responsible for
12 developing state and federal regulatory policy and legislative policy for Sprint
13 Corporation, including the coordination of regulatory and legislative policies
14 across the various Sprint business units and the advocacy of such policies before
15 regulatory and legislative bodies.

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

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

3
4 I was Director – Carrier Markets for Sprint's Local Telecom Division from 1994
5 to 1996. My responsibilities included inter-exchange carrier account management
6 and management of one of Sprint's Inter-exchange Carrier service centers.

7
8 From 1991 to 1994, I was General Manager of United Telephone Long Distance,
9 a long distance subsidiary of Sprint/United Telephone Company. I had P&L,
10 marketing and operations responsibilities.

11
12 From 1989 to 1991, I held the position of Network Sales Manager responsible for
13 sales of business data and network solutions within Sprint's Local Telecom
14 Division.

15
16 From 1988 to 1989, I functioned as the Product Manager for data and network
17 services also for Sprint's Local Telecom Division.

18
19 Prior to Sprint I worked for Ericsson Inc. for eight years with positions in both
20 engineering and marketing.

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

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

5
6 **Q. On whose behalf are you testifying?**

7 **A. I am testifying on behalf of Sprint Communications Company, L.P (hereafter**
8 referred to as “Sprint”).

9
10 **Q. What is the purpose of your Direct Testimony?**

11 **A. The purpose of my Direct Testimony is to provide Sprint’s positions regarding the**
12 list of outstanding issues below. Items (a) through (g) center on whether Sprint
13 can include the traffic of another service provider such as a cable company on its
14 interconnection trunks with SBC. Issue (h) relates to the routing and intercarrier
15 compensation for PSTN to IP or IP to PSTN traffic, sometimes referred to as
16 Voice over Internet Protocol or VoIP traffic.

17 (a) DPL #1 - General Terms and Conditions, Issue Number 1, Do Section 251
18 interconnection rights allow for one carrier to interconnect to the ILEC on
19 behalf of another carrier that is serving end users?

20 (b) DPL #1 – General Terms and Conditions, Issue Number 2, Should the phrase
21 “End User” be explicitly defined in this ICA such that it includes the end users
22 of entities with which Sprint has entered into a business relationship to
23 provide certain telecommunications services?

1 (c) DPL #1 – General Terms and Conditions, Issue Number 6, Should the ICA
2 contain a specific definition for Section 251(b)(5) traffic such that it includes
3 traffic for entities with which Sprint has entered into agreements to provide
4 telecommunications services including interconnection for the purposes of
5 exchanging traffic?

6 (d) DPL #4 - Appendix Direct – Direct Access Agreement, Issue Number 1,
7 Should the phrase "End User" be explicitly defined in this ICA?

8 (e) DPL #5 – Interconnection Trunking Requirements, Issue Number 1b, Should
9 SBC be permitted to deny Sprint's right as a telecommunications service
10 provider to exchange traffic with SBC for calls between SBC end users and
11 the end users of Sprint's customers?

12 (f) DPL #8 – Appendix Intercarrier Compensation, Issue 1a, Who do the
13 provisions of the Intercarrier Compensation Attachment apply to?

14 (g) DPL #8 – Appendix Intercarrier Compensation, Issue 1b, For the purposes of
15 Intercarrier Compensation, do the provisions of this Appendix address the
16 transport and termination of telecommunications traffic originated by either
17 Party?

18 (h) DPL #8 – Appendix Intercarrier Compensation, Issue 10, What is the
19 appropriate compensation and routing of PSTN-IP and IP-PSTN traffic.

1 **SECTION II – UNRESOLVED ISSUE DISCUSSION**

2 **Q. Please describe the first unresolved issue between Sprint and SBC.**

3 **A.** The first unresolved issue I'd like to describe is that Sprint and SBC have a
4 dispute related to whether Sprint has the right to place local traffic of a service
5 provider Sprint has entered into a business relationship with on Sprint's
6 interconnection trunks with SBC. This dispute appears to be more complicated
7 than it really is due to the complexity of the interconnection agreement. As a
8 result of this complexity this one dispute surfaces in numerous places in the
9 interconnection agreement as demonstrated by items (a) through (g) above.
10 However, a Commission decision favorable to Sprint on the single threshold issue
11 will support a competitive market entry model by which one entity, in this case
12 Sprint, provides interconnection for itself or for another service provider, e.g., a
13 cable company.

14
15 **Q. What is Sprint's desired outcome for the first issue you described and**
16 **identified as items (a) through (g) above?**

17 **A.** First and foremost, Sprint seeks Commission affirmation on the single threshold
18 issue: that Sprint has the right throughout this entire contract to include local
19 traffic originating from and terminating to end users of Sprint's cable partners.
20 Once the Commission addresses this threshold issue, SBC and Sprint should be
21 ordered by the Commission to incorporate this decision throughout the entire
22 agreement as part of final interconnection process.

1 **Q. Please explain the competitive market entry model you mentioned in more**
2 **detail.**

3 **A. Sprint has operated as a nationwide CLEC since the passage of the Telecom Act**
4 in 1996. Since then, the industry has seen considerable change. Some of these
5 changes are the result of actual changes in the rules, e.g., elimination of the
6 unbundled local switching element. Others are related to new or different
7 competitors entering the market utilizing new market entry models. Sprint is
8 involved in a form of the latter resulting from advances in technology that has
9 given cable companies the ability to utilize their hybrid fiber coax networks to
10 provide competitive local and long distance voice service. The cable companies
11 are likely to become very formidable competitors to incumbent local exchange
12 carriers because of their ability to offer attractive bundles of service and the
13 ability to leverage existing relationship with consumers. One challenge the cable
14 companies face that Sprint is addressing is the ability and experience needed to
15 interconnect the cable network with the public switched telephone network
16 (PSTN) for the exchange of voice traffic. Since Sprint is already a CLEC with
17 interconnection contracts and interconnection facilities, it is a natural “partner”
18 for the cable companies whereby the assets and capabilities of both companies
19 provide a viable alternative to consumers for voice services.¹

¹ Sprint and the cable companies are not partners in the legal sense.

1 **Q. Briefly describe the service being offered by the cable companies.**

2 **A.** Although each of the cable company service offerings could be different, each of
3 the companies Sprint has contracted with to date are or will be offering a bundle
4 of local and long distance service. This bundle is typically combined with other
5 cable services such as high-speed data or cable television service, CATV. To
6 date, the local and long distance service provided by the cable company carries
7 the cable company brand.

8

9 **Q. Please describe the functions performed by the cable companies and the**
10 **functions performed by Sprint.**

11 **A.** The cable companies provide the last mile facilities that include their hybrid fiber
12 coax network that connects their CATV subscribers to the cable company head
13 end which is the point in their network where all subscriber connections
14 terminate. It is similar in function to the ILEC's loop. The cable companies also
15 provide all marketing, sales and customer service. In effect, the cable companies
16 provide the customer interface.

17

18 In comparison, Sprint provides the industry facing interface including, but not
19 limited to the following functions.

20 ➤ Sprint uses its CLEC status and interconnection contracts and facilities
21 combined with switching, transmission and transport facilities to allow a
22 subscriber to originate and terminate voice calls to the PSTN.

- 1 ➤ Number administration including number assignment, acquisition of
- 2 numbering resources from the North American Numbering Plan Administrator
- 3 (NANPA), and local number portability functions whether it's to or from a
- 4 cable company customer.
- 5 ➤ Inter-carrier compensation, including the billing and payment of both
- 6 reciprocal compensation and exchange access.
- 7 ➤ 911 connectivity including MSAG acquisition and validation and connectivity
- 8 to the public safety answering points (PSAP).
- 9 ➤ Operator services, directory assistance, directory assistance call completion.
- 10 ➤ Placement of directory listings in ILEC directories.

11

12 **Q. Is the market entry model you're describing working anywhere today?**

13 **A.** Yes. Sprint has business relationships with multiple cable companies including,
14 but not limited to, Time Warner Cable, Mediacom, Blue Ridge Communications,
15 Massillon Cable, Wide Open West and Wave Broadband. To date, this business
16 model is successfully being utilized in the states of Missouri, Kansas, Minnesota,
17 Texas, Ohio, Michigan, Nebraska, Wisconsin, Louisiana, Mississippi, New York
18 and New Jersey serving approximately 300,000 subscribers. Sprint is utilizing its
19 interconnection agreements with multiple incumbent local exchange carriers,
20 including SBC, to serve these customers.

1 **Q.** You stated that you are currently using this new market entry model
2 whereby the cable company provides the customer-facing functions and
3 Sprint provides the industry-facing functions in Missouri today with existing
4 interconnection contracts. Who is the incumbent local exchange carrier?

5 **A.** SBC.

6

7 **Q.** Is SBC aware of your relationship with the cable companies and that you're
8 exchanging local exchange traffic with them for cable company voice
9 subscribers?

10 **A.** It is my understanding that they are aware of this fact because it has been
11 discussed in the context of these contract negotiations.

12

13 **Q.** Has SBC raised any concerns with the fact that you're using current local
14 interconnection contracts and local interconnection trunks for the exchange
15 of cable company voice traffic?

16 **A.** Sprint has been exchanging cable company voice traffic with SBC over its local
17 interconnection trunks with SBC for well over a year and to my knowledge, SBC
18 has not raised any concerns.

19

20 **Q.** What is the basis for SBC refusing to accept Sprint's proposed contract
21 language?

22 **A.** SBC seems to suggest in their DPL that Section 251 restricts the interconnection
23 trunks between Sprint and SBC to only carry SBC and Sprint end user traffic.

1 They further confuse the issue by claiming they are not obligated to be a “transit”
2 provider whereby they serve as the point of interconnection for traffic being
3 exchanged between different service providers.

4

5 **Q. Do you agree with SBC’s interpretation of Section 251?**

6 **A.** No. Section 251(a) allows for direct or indirect interconnection.² Indirect
7 interconnection is in widespread use today because it is an efficient way for
8 service providers to exchange traffic when volumes are relatively low. It would
9 be inefficient to require every service provider to directly interconnect with every
10 other service provider. I also think the transit provider argument is misplaced
11 based on Sprint’s intended purpose of the end user definition. Sprint is not trying
12 to place SBC in the position of being a transit provider, quite the opposite. Sprint
13 witness Pete Sywenki addresses the indirect interconnection issue more
14 thoroughly in his testimony.

15

16 **Q. Has SBC agreed to language with any other CLECs that is comparable to**
17 **what Sprint is requesting or provides a similar result of allowing for the**
18 **interconnection of a service provider’s end user traffic that is not a party to**
19 **the interconnection agreement?**

20 **A.** Yes, SBC and Level 3 have language in a recently negotiated amendment to their
21 interconnection agreements that addresses the issue of whether Level 3 can utilize
22 its interconnection contract and interconnection trunks to exchange with SBC a

1 service provider's end user traffic even though that service provider is not a party
2 to the interconnection agreement. Although I was not a party to the discussions,
3 the language in Section 7.6 of an amendment SBC and Level 3 have negotiated
4 appears to allow Level 3 to place traffic from service providers not a party to their
5 interconnection agreement with SBC over the Level 3 interconnection trunks.³ I
6 have included the amendment to my testimony as Attachment 1. Section 7.6 of
7 the amendment includes the phrase "If SBC determines that any traffic terminated
8 to SBC by Level 3 that is not originated by Level 3 or its customer is
9 classified...." Since there is no definition of the term customer, the phrase "its
10 customer" could be interpreted to mean another service provider that Level 3 has
11 entered into an agreement with who is actually serving the end user. According to
12 Level 3 press releases, it appears that Level 3 has relationships with service
13 providers comparable to Sprint.⁴ Therefore, the language in the SBC/Level 3
14 amendment is consistent in intent to what Sprint is asking.
15

16 **Q. Does the fact that SBC and Level 3 has language that, as you suggest,**
17 **supports the ability for Level 3 to exchange traffic for service provider that**
18 **are not a party to the interconnection agreement suggest this is a legal form**
19 **of interconnection?**

² Section 251(a)(1) of the Telecom Act states that each telecommunications carrier has the duty to interconnect directly or indirectly.

³ SBC and Level 3 entered into a 13-state agreement on or about February 10, 2005. This agreement is titled "First Amendment Superseding Certain Inter-carrier Compensation Interconnection and Trunking Provisions"

⁴ Level 3's web site contains several press releases regarding agreements Level 3 has reached with service providers including Adelphia Communications, America Online and deltathree. <http://www.level3.com/802.html>

1 **A.** Although I am not an attorney, it is my understanding that it would be
2 discriminatory for SBC to allow Level 3 to exchange traffic for service providers
3 that are not a party to an interconnection agreement and not also allow Sprint to
4 do the same thing since Sprint and Level 3 compete against one another for the
5 business of these same service providers.⁵

6
7 **Q.** **Is it in the public interest to allow for one entity to exchange the traffic of**
8 **another entity on its interconnection trunks?**

9 **A.** It is my opinion that it is in the public interest to allow one entity to exchange the
10 traffic of another entity on its interconnection trunks. The competitive market
11 entry model being utilized by Sprint and the cable companies relies on Sprint's
12 ability to place cable company subscriber voice traffic on Sprint's interconnection
13 trunks. This market entry model is consistent with what was intended by
14 Congress and the Federal Communications Commission (FCC). The FCC has
15 consistently established policies that promote competition in all segments of the
16 telecommunications market, and has encouraged the deployment of new
17 technologies. From a policy perspective, there is no reason why the telecom
18 industry shouldn't utilize an outsourcing model like the one I've described if that
19 is what a competitive local service provider like a cable company wants to utilize.
20 It is highly likely that the cable companies will become very formidable
21 competitors in the local and long distance market given their network assets and

⁵ Section 252(e)(2)(A)(i) of the Telecom Act states that a State commission may reject a negotiated agreement if "the agreement (or portion thereof) discriminates against a telecommunications carrier not a party to the agreement;"

1 existing customer relationships and to deny them the ability to implement their
2 service in the manner proposed would be to the detriment of consumers.

3

4 **Q. Did the Telecom Act contemplate an outsourcing model?**

5 A. Yes. The Telecom Act gives telecommunications carriers the ability to outsource
6 certain portions of their network. Telecommunications carriers are allowed to
7 purchase services or network functionality from the ILEC.⁶ This concept is taken
8 one step further in that telecommunications carriers can also purchase
9 telecommunications services from CLECs.⁷ In essence, Sprint is reselling
10 telecommunications services to the cable companies.

11

12 **Q. Has the FCC addressed an interconnection model where one entity carries**
13 **the traffic of another entity on its interconnection trunks in the same manner**
14 **in which you are proposing with SBC?**

15 A. Yes. As I stated above the FCC has interpreted existing law and established
16 policies that encourage innovative ways to bring facilities-based competition to
17 the local market. One example is in the Vonage Order, where the FCC notes that
18 “this Order clears the way for increased investment and innovation in services like
19 Vonage’s to the benefit of American consumers.”⁸ The FCC also recognizes and

⁶ Section 251(c)(3) of the Telecom Act obligates the ILEC to sell certain unbundled network elements to requesting telecommunications carriers. Section 251(c)(4) obligates the ILEC to resell at wholesale rates any telecommunications service the ILEC provides at retail.

⁷ Section 251(b)(1) of the Telecom Act obligates all local exchange carriers to resell their networks to other telecommunications carriers.

⁸ In the Matter of Vonage Holdings Corporation Petition for Declaratory Ruling Concerning an Order of the Minnesota Public Utilities Commission, WC Docket No. 03-211, FCC 04-267, rel. November 12, 2004, Para. 2.

1 goes so far as to legitimize the interconnection through an entity that does not
2 directly serve the end user. In the Vonage Order, the FCC stated as follows:

3 “In any case, the subscriber’s outgoing calls originate on the Internet and
4 are routed over the Internet to Vonage’s servers. If the destination is
5 another Vonage customer or a user on a peered service, the server routes
6 the packets to the called party over the Internet and the communication
7 also terminates via the Internet. If the destination is a telephone attached
8 to the PSTN, the server converts the IP packets into appropriate digital
9 audio signals and connects them to the PSTN *using the services of*
10 *telecommunications carriers interconnected to the PSTN*. If a PSTN user
11 originates a call to a Vonage customer, the call is connected, *using the*
12 *services of telecommunications carriers interconnected to the PSTN*, to
13 the Vonage server, which then converts the audio signals into IP packets
14 and routes them to the Vonage user over the Internet.”⁹
15

16 The Vonage example states that Vonage has the right to interconnect via a third
17 party telecommunications carrier even though it has not been determined whether
18 Vonage is a telecommunications carrier itself.
19

20 **Q. Is there another example of where the FCC has supported the idea that**
21 **innovative forms of competition are in the public interest?**

22 **A.** Yes. Another example of the FCC’s support of innovative competition is the
23 Administration of the North American Numbering Plan Order, in which the FCC
24 granted a waiver to SBC Internet Services, Inc. (SBCIS) of §52.15(g)(2)(i) of the
25 Commission’s rules. The waiver allowed SBCIS, an information services
26 provider, to obtain numbering resources directly from the North American
27 Numbering Plan Administrator (NANPA) and/or the Pooling Administrator (PA)
28 for use in deploying IP-enabled services, including Voice over Internet Protocol

⁹ WC Docket No. 03-211, FCC 04-267 at Para. 8 (italics added).

1 (VoIP) services, on a commercial basis to residential and business customers.¹⁰ In
2 its Order, the FCC stated as follows:

3 “We find that special circumstances exist such that granting SBCIS’s
4 petition for waiver is in the public interest. Thus, we find that good cause
5 exists to grant SBCIS a waiver of section 52.15(g)(2)(i) of the
6 Commission’s rules until the Commission adopts numbering rules
7 regarding IP-enabled services. Absent this waiver, SBCIS would have to
8 partner with a local exchange carrier (LEC) to obtain North American
9 Numbering Plan (NANP) telephone numbers. Allowing SBCIS to directly
10 obtain numbers from the NANPA and the PA, subject to the conditions
11 imposed in this order, *will help expedite the implementation of new IP-*
12 *enabled services that interconnect to the PSTN; and enable SBCIS to*
13 *deploy innovative new services and encourage the rapid deployment of*
14 *new technologies and advanced services that benefit American consumers.*
15 *Both of these results are in the public interest.”*¹¹
16

17 This Order also supports the idea of interconnection by SBCIS with incumbent
18 LECs:

19 “Among the numbering requirements that we impose on SBCIS is the
20 “facilities readiness” requirement set forth in §52.15(g)(2)(ii). A number
21 of parties have raised concerns about how SCBIS will demonstrate that it
22 complies with this requirement. In general, SBCIS should be able to
23 satisfy this requirement using the same type of information submitted by
24 other carriers. As noted by SBCIS, however, one piece of evidence
25 typically provided by carriers is an interconnection agreement with the
26 incumbent LEC that serves the geographic area in which the carrier
27 proposes to operate. For purposes of demonstrating compliance with
28 §52.15(g)(2)(ii), if SBCIS is unable to provide a copy of an
29 interconnection agreement approved by a state commission, we require
30 that it submit evidence that it has ordered an interconnection service
31 pursuant to a tariff that is generally available to other providers of other
32 IP-enabled voice services.”¹²
33

34 The FCC’s actions in these two proceedings demonstrate the importance of
35 interpreting telecommunications law broadly to honor the overarching goals of the

¹⁰ In the Matter of Administration of the North American Numbering Plan, CC Docket No. 99-200, FCC 05-20, Order, *rel.* February 1, 2005, citations omitted.

¹¹ CC Docket No. 99-200, FCC 05-20, February 1, 2005, Para. 6, citations omitted.

¹² CC Docket 99-200, FCC 05-20, Para. 10, citations omitted (*italics added*).

1 Telecommunications Act. A narrow interpretation could effectively thwart a
2 legitimate and formidable form of facilities-based local competition.

3

4 **Q. Is the service being provided by Sprint and the cable companies with which**
5 **Sprint has entered into a business relationship like the Vonage service?**

6 **A.** No. The service Sprint and the cable companies are providing is not like the
7 Vonage service. Vonage provides what is typically referred to as Internet
8 telephony service. Subscribers who have broadband access to the Internet can
9 subscribe to the Vonage service (or from any of the numerous Internet telephony
10 providers). The voice traffic is routed from the customer premise over the
11 broadband Internet connection to the Internet and through a gateway device at the
12 terminating end before getting terminated over the PSTN. The service being
13 provided by Sprint and the cable companies is never routed over the public
14 Internet. It routed entirely over a private network from customer premise to the
15 point where Sprint would terminate the traffic to the PSTN over local
16 interconnection facilities or access facilities. In addition, the service provided by
17 Sprint and the cable companies provides enhanced 911 service.

18

19 **Q. Please state your second unresolved issue.**

20 **A.** **A.** The second unresolved issue I'd like to describe deals with the intercarrier
21 compensation that applies to IP to PSTN and PSTN to IP traffic that is
22 jurisdictionally toll traffic. This issue is identified as item (h) above.

1 **Q. What is Sprint's desired outcome for the IP to PSTN and PSTN to IP**
2 **intercarrier compensation issue identified by issue (h) above?**

3 **A.**Sprint would like this Commission to ensure there is competitive neutrality on
4 issues as significant as the intercarrier compensation issue for VoIP traffic.
5 SBC's position is that switched access charges should apply to this type traffic
6 when the calls are jurisdictionally toll calls. Sprint is asking SBC to provide
7 Sprint the same rates that it has agreed to with Level 3 which are lower than
8 switched access charges. Sprint is asking this Commission to order SBC to not
9 discriminate against Sprint relative to Level 3 by providing Sprint the same rates
10 that it has negotiated with Level 3 for VoIP traffic.

11
12 **Q. Please describe characteristics of IP to PSTN or PSTN to IP traffic in general**
13 **terms.**

14 **A.**IP to PSTN or PSTN to IP traffic sometimes referred to as VoIP traffic takes
15 different forms. The form that is subject to this dispute is that which is IP
16 protocol on one customer premise and TDM protocol on the other customer
17 premise. This type of traffic is typically referred to as VoIP traffic that has a net
18 change in protocol. The net change results from the fact that one protocol is used
19 on one end and another protocol is used on the other end of a voice call.

1 **Q. Please describe the intercarrier compensation issue related to the VoIP**
2 **traffic you described.**

3 **A.**The dispute that carriers normally get into relative to the appropriate intercarrier
4 compensation that applies to VoIP traffic is whether switched access charges
5 apply to this traffic on toll calls. The ILEC party to the debate typically says
6 switched access applies and the other party typically says reciprocal compensation
7 or some other rate applies.

8

9 **Q. Why is the issue of whether switched access rates or reciprocal compensation**
10 **or some other rate applies so important?**

11 **A.**Whether switched access rates or reciprocal compensation or some other rate
12 applies to VoIP traffic is a result of the considerable difference between switched
13 access rates and reciprocal compensation rates. The switched access rates can
14 range from a few pennies per minute of use (MOU) to several pennies per MOU.
15 Reciprocal compensation rates are typically hundredths of a penny. This
16 difference can amount to considerable sums of money if traffic volumes are high.

17

18 **Q. Can the fact that one carrier in a market has one cost of terminating VoIP**
19 **traffic and another carrier has a higher cost result in a competitive**
20 **advantage for the carrier with the lower cost?**

21 **A.**Yes. If one carrier has costs lower than a competing carrier it can result in a
22 competitive advantage to the carrier with the lower costs. The lower costs

1 structure can result in a carrier being able to charge lower prices to its customers
2 or will provide greater margins, both of which is a competitive advantage.

3

4 **Q. Is Sprint asking this Commission to determine whether switched access rates**
5 **or reciprocal compensation rates should apply to VoIP traffic?**

6 **A.** No. Sprint is not asking this Commission to determine whether switched access
7 rates or reciprocal compensation rates should apply to VoIP traffic. Sprint is
8 asking this Commission to require SBC to provide Sprint the same rates for VoIP
9 traffic that it negotiated with Level 3. In other words, Sprint is asking this
10 Commission to not allow SBC to place Sprint at a competitive disadvantage
11 relative to Level 3 by refusing to offer Sprint the same rates it has negotiated with
12 Level 3.

13

14 **SECTION III – CONCLUSION**

15 **Q. Please summarize your Direct Testimony.**

16 **A.** Sprint and SBC have a dispute related to whether Sprint has the right to place
17 local traffic of a service provider Sprint has entered into a business relationship
18 with on Sprint's interconnection trunks with SBC. In other words, does Sprint
19 have the right to place local traffic originated by a Time Warner cable customer
20 onto the interconnection facilities connecting Sprint with SBC? Sprint has
21 entered into partnerships with several cable operators, including Time Warner
22 Cable and Mediacom in Missouri, where Sprint provides the behind-the-scenes
23 connection to the public switched network, including connection with the ILEC.

1 Giving Sprint the right to include the traffic of another service provider on its
2 interconnection trunks will allow the cable companies to enter the market and
3 provide a facilities based competitive alternative. An innovative facilities based
4 market entry model of this type is consistent with good telecom policy and is in
5 the public interest.

6

7 With respect to the VoIP intercarrier compensation issue, Sprint wants to avoid a
8 situation whereby Sprint is disadvantaged relative to other carriers. If a
9 competitor of Sprint's has the ability to terminate VoIP traffic at a particular rate
10 based on a negotiated agreement, Sprint wants those same rates. SBC and Level 3
11 have negotiated a rate for VoIP traffic. Therefore, Sprint is asking SBC to agree
12 to offer the same rates to Sprint.

13

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

15 A. Yes.

