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Interconnection and Intercarrier

Compensation, Issue 13

Witness: R. Wayne Davis

Type of Exhibit: Rebuttal Testimony

Sponsoring Party: CenturyTel of Missouri,

LLC and Spectra Communications Group,

LLC d/b/a CenturyTel

Case No.: TO-2006-0299

Date Testimony Prepared: April 6, 2006

REBUTTAL TESTIMONY

OF

WAYNE DAVIS

ON BEHALF OF

**CENTURYTEL OF MISSOURI, LLC AND SPECTRA
COMMUNICATIONS GROUP, LLC d/b/a CENTURYTEL**

CASE NO. TO-2006-0299

Exhibit No. X
Case No(s). TO-2006-0299
Date 4-11-06 **Rptr** KC

OF THE STATE OF MISSOURI

PETITION OF SOCKET TELECOM, LLC)
FOR COMPULSORY ARBITRATION OF)
INTERCONNECTION AGREEMENTS)
WITH CENTURYTEL OF MISSOURI, LLC)
AND SPECTRA COMMUNICATIONS, LLC)
PURSUANT TO SECTION 252(b)(1) OF)
THE TELECOMMUNICATIONS ACT OF)
1996)

CASE NO. TO-2006-0299

STATE OF LOUISIANA

PARISH OF OUACHITA

AFFIDAVIT OF R. WAYNE DAVIS

I, R. Wayne Davis, of lawful age and being duly sworn, state:

1. My name is R. Wayne Davis. I am retired, but prior to my retirement, I was employed as Vice President Strategic Planning by CenturyTel Service Group LLC.
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.

R Wayne Davis
R. Wayne Davis

Subscribed and sworn to before this 5th day of April, 2006.

Pauline A. Doyle
37342 Notary Public

My Commission expires: at Death

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1 **REBUTTAL TESTIMONY OF**
2 **R. WAYNE DAVIS**

3 **ON BEHALF OF CENTURYTEL OF MISSOURI, LLC AND SPECTRA**
4 **COMMUNICATIONS GROUP, LLC d/b/a CENTURYTEL**

5 **Q. PLEASE STATE YOUR NAME.**

6 **A. My name is R. Wayne Davis.**

7 **Q. ARE YOU THE SAME R. WAYNE DAVIS WHO FILED DIRECT TESTIMONY IN**
8 **THIS PROCEEDING?**

9 **A. Yes.**

10 **I.**
11 **PURPOSE OF TESTIMONY**

12 **Q. WHAT ISSUES DO YOU ADDRESS IN YOUR TESTIMONY?**

13 **A. In my direct testimony, I explained the engineering design and network assumptions**
14 **underlying CenturyTel's recurring DS1 and DS3 UNE loop cost studies, demonstrating that**
15 **the underlying data and assumptions are reasonable, forward-looking, and TELRIC-**
16 **compliant. Because Socket did not address those issues in its direct case, I will only briefly**
17 **discuss network engineering and design issues relating to those recurring cost studies. After**
18 **doing so, I will turn my attention to rebutting certain inaccurate direct testimony by Socket**
19 **on network-related issues concerning CenturyTel's purchase of interoffice transport from**
20 **LightCore and the use of one-way versus two-way trunking in the parties' interconnection**
21 **arrangements. In each case, I will demonstrate, from a network perspective, why**
22 **CenturyTel's position is reasonable and should be adopted by the Commission.**

II.
CENTURYTEL'S NETWORK DESIGN AND ASSUMPTIONS
UNDERLYING ITS RECURRING DS1 AND DS3 UNE LOOP RATE
COSTS STUDIES ARE REASONABLE AND FORWARD-LOOKING

Q. DID YOU ADDRESS NETWORK DESIGN AND ASSUMPTIONS IN YOUR DIRECT TESTIMONY?

A. Yes, I did. In my direct testimony, I described the network design and assumptions underlying CenturyTel's recurring DS1 and DS3 UNE loop cost studies, explained the methodology utilized to derive those recurring rates, and concluded that CenturyTel's cost studies model an efficient, forward-looking network consistent with TELRIC methodology (Davis Direct at 6-23).

Q. HAVE YOU REVIEWED SOCKET'S DIRECT TESTIMONY?

A. Yes, I have reviewed the direct testimony of Socket witnesses R. Matthew Kohly and Steven E. Turner.

Q. DID EITHER OF THOSE WITNESSES ADDRESS THE NETWORK DESIGN OR ASSUMPTIONS UNDERLYING CENTURYTEL'S RECURRING RATE COST STUDIES?

A. No. Although Mr. Turner briefly mentions factors that are used to derive UNE rates (*e.g.*, cost of equity, cost of debt, tax rates, etc.) in his testimony (Turner Direct at 53-54), he does not dispute the propriety of CenturyTel's network design, loop length, cable size, fill factors or any of the other inputs, designs or assumptions contained in the DS1 and DS3 recurring rate cost studies produced by CenturyTel in this proceeding.

1 Q. DOES IT SURPRISE YOU THAT SOCKET FAILS TO ADDRESS THE
2 UNDERLYING INPUTS, DESIGNS AND ASSUMPTIONS USED IN
3 CENTURYTEL'S COST STUDIES?

4 A. Somewhat. Admittedly, CenturyTel was not in a position to produce the recurring DS1 and
5 DS3 UNE loop rate cost studies until approximately one week before direct testimony was
6 due, and thereafter supplemented its cost study production. But that, at least in my mind,
7 does not excuse the failure to address or challenge these underlying data points and
8 assumptions. I would certainly have expected Socket to provide testimony on such issues
9 like forward-looking network design, loop length, cost modeling, and fill factors. Socket
10 has, at this point, failed to put on a direct case contesting the validity of these aspects of
11 CenturyTel's cost studies.

12 Q. AFTER REVIEWING SOCKET'S DIRECT TESTIMONY DO YOU STILL
13 BELIEVE THAT CENTURYTEL'S ENGINEERING GUIDELINES ARE BASED ON
14 REASONABLE AND FORWARD-LOOKING DESIGNS AND ASSUMPTIONS?

15 A. Yes, I do. CenturyTel adopted the Rural Utility Service(RUS) Engineering and Construction
16 Guidelines in 1983 and conformed to them until 1992, when it began to develop
17 enhancements specific to its operations. CenturyTel's existing engineering guidelines still
18 basically follow the RUS Guidelines, with additions or enhancements for specific network
19 situations or technology not addressed in the RUS Guidelines or to address specific
20 CenturyTel service needs. The CenturyTel System Practices (CSPs), its engineering
21 guidelines, are updated frequently, and are placed into practice throughout the company to
22 keep up with technology, and have always been forward looking in the design of loop plant.
23 For example, CSP200.009.063, Plant Design Guidelines Issue 2 Sept. 2005, incorporates

1 Fiber To The Premise (FTTP) technology into the design consideration for local loops.
2 CenturyTel originally issued this practice in 1992 as an enhancement to the standard RUS
3 guidelines and contained design criteria for fiber fed serving area designs with short loops.
4 This practice addresses minimum cable sizes for copper distribution (25 pair) and fiber
5 feeder (8 fiber for serving areas greater than 96 lines), and the copper fill factors are based on
6 actual 5-year line forecast with the use of RUS fill factors applied to determine the optimum
7 cable size. The guidelines established in this practice for Fiber to the Node (FTTN) and
8 copper distribution have been in place and in practice since 1992 and have been implemented
9 in each of CenturyTel's acquisitions of local exchange service areas since that time.

10 **Q. DO YOU BELIEVE THAT CENTURYTEL'S COST FOR EQUIPMENT AND**
11 **FACILITIES USED IN THE COST MODELS ARE REASONABLE?**

12 **A.** Yes, I do. As I explained in my direct testimony concerning cable facility and equipment
13 cost, CenturyTel's engineering cost for facilities was the in-place cost for 2005. This should
14 be a fair representation of facilities cost today and on a going forward basis since it is based
15 on either the most current in-place cost of cable facilities or the current equipment vendor
16 purchase agreements. Cable facilities cost is far less impacted by technology than equipment
17 and is more apt to increase with time due to increases in labor and delivery cost at both the
18 manufacturing end and the placement end of the installation cycle. The equipment costs that
19 CenturyTel used in its cost studies are based on actual purchase cost from Volume Purchase
20 Agreements (VPAs) with the various equipment suppliers for each of the required network
21 elements in the network (switching, multiplexers, digital loop carriers, etc.). Those contract-

1 based actual costs represent reasonable, forward-looking estimates of equipment costs going
2 forward.

3 **Q. DO YOU STILL BELIEVE, AFTER REVIEWING SOCKET'S TESTIMONY, THAT**
4 **CENTURYTEL'S DS1 AND DS3 UNE LOOP COST STUDIES ARE BASED ON**
5 **REASONABLE AND FORWARD-LOOKING DESIGNS AND ASSUMPTIONS?**

6 A. Yes, I do. Nothing in Socket's direct testimony leads me to change my mind on this point.

7 **Q. DO YOU HAVE ANY ADVICE FOR THE COMMISSION REGARDING THE**
8 **UNDERLYING NETWORK DESIGN AND ASSUMPTIONS UTILIZED IN**
9 **CENTURYTEL'S COST STUDIES?**

10 A. Yes. Although Socket had somewhat limited time to review the cost studies, it should have
11 addressed any disputes with the underlying network design and assumptions in its direct
12 testimony. Mr. Turner, after all, has been testifying on these matters all over the country for
13 the last six years. To that end, the Commission should carefully scrutinize any Socket
14 testimony on these matters in rebuttal. Socket's challenges, if any, should have been
15 presented in its direct case, not left for rebuttal when CenturyTel is not in a position to
16 adequately respond.

III.
THE INTERCONNECTION AGREEMENT
SHOULD NOT INCLUDE CENTURYTEL AFFILIATES

ARTICLE II, ISSUE 6: Should the parties' ICA extend obligations to CenturyTel affiliates?

SOCKET ISSUE STATEMENT: Can CenturyTel avoid its obligation to provide currently available services at parity by shifting the ability to provide those services to an affiliate?

Q. WHAT IS YOUR UNDERSTANDING OF THE PARTIES' DISPUTE?

A. Based on my review, this dispute relates to Socket's effort to define "currently available" to include facilities not only currently owned by CenturyTel, but also those facilities owned by all affiliates, regulated or not, of CenturyTel without any limitation. Based on my review of direct testimony (Kohly Direct 22-27), it appears that Socket's primary stated concern at this point is with interoffice facilities owned by LightCore, some of which CenturyTel leases for its use.

Q. WHAT IS SOCKET'S CONCERN WITH CENTURYTEL'S LEASE OF INTEROFFICE FACILITIES FROM LIGHTCORE?

A. Quite simply, Socket seems to accuse CenturyTel of anti-competitive conduct by asserting that it leases LightCore facilities, rather than constructing its own interoffice facilities, in an effort to stifle competition by preventing CLEC access. This accusation is false.

Q. CAN CLECS ACQUIRE INTEROFFICE FACILITIES FROM LIGHTCORE?

A. As far as I know, yes.

Q. DO YOU HAVE ANY RESPONSE TO SOCKET'S ACCUSATIONS?

A. Yes, I do. Initially, it is worth observing that CenturyTel follows a straightforward, reasonable approach to its decision-making as to inter-office facilities. When deciding how

1 to approach a business need for additional inter-office facilities, CenturyTel universally
2 evaluates three options: (a) whether to provide those facilities itself, (b) whether to lease
3 those facilities from LightCore, and (c) whether to lease those facilities from another third-
4 party provider. CenturyTel evaluates each of these three options and selects the approach
5 that is best under the circumstances for capacity needs and time requirements.

6 Further, legitimate business reasons support CenturyTel's use of LightCore
7 interoffice facilities. When CenturyTel of Missouri, LLC and Spectra Communications
8 Group, LLC purchased the properties from GTE/Verizon, the existing trunking for many of
9 the GTE/Verizon exchanges was provided by Genuity, an Inter-exchange Carrier (IXC); and
10 was not owned trunking facilities of the local telephone company. At some point after the
11 acquisition of the GTE/Verizon exchanges, Level 3 purchased the Genuity inter-exchange
12 assets in the Midwest extending from Central Arkansas through Missouri to Northern
13 Illinois. Thereafter, in 2003 CenturyTel, Inc. purchased LightCore and LightCore
14 subsequently purchased inter-exchange assets comprising approximately 1400 route miles of
15 fiber facilities with more than 100 inter-exchange POPs across a four-state area from Level 3
16 Midwest Fiber Optic Network. Included in these purchases were the inter-exchange facilities
17 connecting several of the GTE/Verizon local exchanges purchased earlier by CenturyTel.
18 These are in some instances the only inter-exchange facilities connecting some of these
19 exchanges in Missouri.

20 CenturyTel of Missouri, LLC's and Spectra Communications Group, LLC's business
21 focus is to provide quality local loop access and switching for voice, broadband and other

1 enhanced services to the end user within its service areas, not to provide inter-exchange
2 facilities and access connecting multiple exchanges within the state. CenturyTel depends on
3 providers such as LightCore and other Inter-exchange Carriers (IXCs) whose business focus
4 is providing inter-exchange access to multiple Local Exchange Carriers (LECs) such as
5 CenturyTel and Competitive Local Exchange Carriers (CLECs) such as Socket for this inter-
6 exchange access and connection.

7 **Q. PRIOR TO CENTURYTEL, INC.'S PURCHASE OF LIGHTCORE IN 2003, AND**
8 **LIGHTCORE'S SUBSEQUENT PURCHASES OF OTHER INTEREXCHANGE**
9 **FACILITIES IN MISSOURI, DID CENTURYTEL PURCHASE INTEROFFICE**
10 **FACILITIES FROM LIGHTCORE OR OTHER IXCS?**

11 A. Yes. Prior to LightCore purchasing the inter-exchanges facilities connecting some of the old
12 GTE/Verizon exchanges, CenturyTel purchased the same interoffice facilities from the non-
13 affiliated previous owner. The acquisition by LightCore and the subsequent purchase of
14 other inter-exchange facilities by LightCore was a transition of ownership of those facilities,
15 but not a change in the services provided.

16 **Q. DOES CENTURYTEL PRACTICE A "JUST IN TIME" INVENTORY PRACTICE**
17 **WITH RESPECT TO ITS INTEROFFICE NETWORK?**

18 A. Yes. Socket's apparent criticism of this type of inventory practice (Kohly Direct at 23) is
19 misplaced and, instructively, is devoid of evidentiary or analytical support. CenturyTel is a
20 local service provider that focuses on providing quality local service to its customers.
21 CenturyTel is not primarily focused on building an inter-exchange network. As such,
22 CenturyTel purchases inter-exchange services from Inter-exchange Carriers (IXCs) on a

1 competitive basis where available. This allows CenturyTel to follow a "just in time"
2 inventory approach to inter-exchange facility purchases, helping control cost.

3 **Q. BASED ON YOUR SUBSTANTIAL EXPERIENCE, IS IT IMPORTANT FROM A**
4 **NETWORK PERSPECTIVE FOR CENTURYTEL TO RECEIVE TRAFFIC OR**
5 **DEMAND FORECASTS FROM CLECS?**

6 **A.** Yes it is. While CenturyTel engineers can with a certain degree of reliability, based on
7 internal empirical data, forecast facility requirements this is most reliable for CenturyTel's
8 own forecasted service demands. CenturyTel must rely upon the demand forecasts from
9 CLECs to properly forecast and provision facilities at any given point or along a specific
10 route. Only the CLEC knows its market and sales forecast of customers and services for a
11 given period of time and at a specific location. Especially as CLEC order volumes increase,
12 it becomes critically important that CLECs provide demand forecasts so CenturyTel can
13 manage its network and deploy facilities in a manner that will best serve all users of that
14 network. Failing to do so may result in network-oriented problems satisfying demands of the
15 CLEC community and end users (e.g., call blockage, lack of capacity, lack of facilities, etc.).

16 **Q. RELATING TO THESE FACILITIES QUESTIONS, SOCKET ASSERTS THAT**
17 **CENTURYTEL IS RESERVING CAPACITY FOR ITS OWN USE. (KOHLY**
18 **DIRECT AT 102). DOES THAT CLAIM HAVE ANY MERIT?**

19 **A.** Not to my knowledge. While Ms. Scott is addressing current CenturyTel practice in this
20 regard in her rebuttal testimony, I know that during my tenure as VP of Engineering and
21 Operations with CenturyTel, it was not a practice to reserve capacity only for CenturyTel's
22 use. CenturyTel only reserved facilities for pending service orders.

1 Q. IS CENTURYTEL ADOPTING THIS PRACTICE IN AN EFFORT TO AVOID
2 FULFILLING ITS INTERCONNECTION AND UNBUNDLING OBLIGATIONS?

3 A. No. Contrary to Socket's suggestions, CenturyTel purchases inter-exchange facilities on a
4 service need basis, not in an effort to circumvent or avoid its obligations.

5 Q. IS LIGHTCORE THE ONLY COMPANY FROM WHICH CENTURYTEL
6 PURCHASES INTER-EXCHANGE FACILITIES?

7 A. No, it is not. CenturyTel purchases inter-exchange facilities from multiple Inter-exchange
8 Carriers (IXCs), depending on availability and service requirements. Purchasing these
9 facilities from a variety of providers, whether LightCore or one of the other Inter-exchange
10 Carriers (IXCs), allows CenturyTel more options and greater flexibility in providing the
11 requested services to meet its end users' requirements.

12 Q. SOCKET HAS EXPRESSED ITS INTEREST IN PURCHASING EXTENDED
13 ENHANCED LOOPS (EELS) FROM CENTURYTEL. SOCKET CONTENDS THAT
14 CENTURYTEL MIGHT DENY SOCKET THESE EELS ON THE GROUNDS THAT
15 IT LACKS FACILITIES, YET COULD PURCHASE SAME FACILITIES FOR ITS
16 OWN USE FROM LIGHTCORE. WOULD YOU CARE TO COMMENT?

17 A. Yes, I would. If CenturyTel has the requested EEL facilities available, it will provide them
18 to Socket upon request. If it does not have such facilities, however, it cannot provide them to
19 Socket. In that case, Socket, like CenturyTel or any other competitive service provider, may
20 purchase services from the multiple Inter-exchange Carriers (IXCs) that serve CenturyTel's
21 exchanges. In other words, where CenturyTel does not have the requested EEL facilities
22 available, Socket is in the same position as CenturyTel; that is, either company—Socket or
23 CenturyTel—desiring to provide that service to the end user at issue would need to acquire

1 the inter-exchange facilities from a third-party that provides these facilities to that
2 exchange(s).

3 **Q. DOES LIGHTCORE MANAGE CENTURYTEL'S INTEROFFICE NETWORK?**

4 A. Absolutely not. While Socket implies that CenturyTel inter-office facilities are managed by
5 LightCore to mischaracterize the situation, it is not accurate. (Kohly Direct at 25).
6 LightCore no more manages CenturyTel's interoffice network than any third-party from
7 whom elements or materials are purchased manages the buyer's facilities. Is CenturyTel,
8 then, managing Socket's network? Just as CenturyTel manages its own facilities so does
9 LightCore manage its own facilities. The management and maintenance of the owned
10 facilities is by each company independent of the other.

11 **Q. DOES CENTURYTEL (CENTURYTEL OF MISSOURI AND SPECTRA**
12 **COLLECTIVELY) RELY EXCLUSIVELY ON LIGHTCORE TO PROVIDE**
13 **INTEROFFICE NETWORKING?**

14 A. No. As discussed above, CenturyTel purchase inter-exchange facilities from a number of
15 different carriers, depending on which and how many Inter-exchange Carriers provide
16 services to the local exchange(s). This necessarily varies by exchange with inter-exchange
17 services being provided by multiple carriers in some exchanges.

18 **Q. IS IT A GOOD BUSINESS PRACTICE TO UTILIZE LIGHTCORE'S NETWORK?**

19 A. Yes. LightCore provides competitive inter-exchange services across a multi-state operation
20 and CenturyTel purchases inter-exchange services on a competitive basis from all Inter-
21 exchange Carriers.

1 Q. ARE OTHER ILECS OR CLECS UTILIZING LIGHTCORE'S FACILITIES?

2 A. As far as I know, yes. As stated above, LightCore provides competitive inter-exchange
3 services across a multi-state operation and provides inter-exchange services on a competitive
4 basis to local and Inter-exchange Carriers. Like CenturyTel, Socket can purchase the same
5 inter-exchange facilities to serve its end user customers.

6 IV.

7 ONE-WAY AND TWO-WAY TRUNKING

8 ARTICLE V, ISSUE 13: Where available, should there be a preference for two-way
9 trunks?

10 Q. WHAT IS YOUR UNDERSTANDING OF THE PARTIES' DISPUTE?

11 A. As far as I understand it, the parties agree generally the two-way trunking is preferable,
12 where available, but Socket attempts to unilaterally impose overly broad obligations that fail
13 to take into consideration the fact that two-way trunking is not always appropriate, even
14 where available. (Miller Direct at 38-43) This concern is emphasized by Mr. Turner's
15 comment that Socket's proposed language "explicitly note[s] that if two-way trunking is
16 available, it will be used." (Turner Direct at 44-45). This universal obligation affords no
17 exception or limitation; two-way trunking will always apply if it is available under Socket's
18 proposal. That is unreasonable. CenturyTel, therefore, proposes contract language
19 recognizing the general preferability of two-way trunking, but affording necessary flexibility
20 for those instances in which two-way trunking is not appropriate.

1 **Q. DOES SOCKET ADDRESS THIS ISSUE IN ITS TESTIMONY?**

2 A. Yes. Mr. Turner complains that CenturyTel “wants to restrict access to two-way trunking to
3 where it says two-way trunking will be available” and that “this form of trunking should not
4 be held hostage by CenturyTel’s willingness to make it available or not.” (Turner Direct at
5 44-45). In making these allegations, and unnecessarily escalating the level of rhetoric, Mr.
6 Turner is mistaken in his mischaracterization of CenturyTel’s position. While the
7 provisioning of voice trunks as one-way or two-way is predominantly a function of
8 provisioning in the switch, there are also business and service issues to consider when
9 determining the type of trunk. Any determination of trunk types, for example, is necessarily
10 a result of traffic calculations and network planning that takes into consideration each service
11 provider’s current network and combined service requirements. A local service provider
12 typically uses two-way trunks for local traffic only (*i.e.*, EAS, or for intra-exchange traffic),
13 intended for local exchange originated and terminated traffic. Any traffic that originates or
14 terminates outside the local exchange, or is transiting the local switch, is typically transported
15 on a different trunk group because the traffic does not and should not be switched the same
16 by the local service provider’s Class 5 end office switch. Switching of this traffic is handled
17 differently by the local service provider and typically on separate trunk groups. In addition to
18 the problems jurisdictionalizing traffic, which Mr. Miller addresses, grouping and mixing of
19 all traffic types (local with inter-exchange) on the same trunks could potentially cause service
20 issues with the delivery of local traffic.

1 Q. WHY SHOULD LOCAL TRUNKS BE LIMITED TO DELIVERING LOCAL
2 TRAFFIC?

3 A. Network concerns, in addition to other reasons, dictate that only local traffic be transported
4 on local trunks. By definition, Local Interconnection Trunks, those used to interconnect two
5 local service provider switches, are designed and used for local voice traffic only. Any
6 trunks that are designed or intended to handle or may be used by others to handle or pass
7 inter-exchange, inter-LATA or interstate traffic are typically, but not limited to, one-way SS7
8 trunks. This determination as to the appropriate type of trunking to deploy is a matter of
9 network planning and takes into consideration a multitude of requirements, both operational
10 and business. In today's environment, for example, the facility provider needs to know,
11 capture and record all traffic originating, terminating or transiting its network in order to
12 assign the proper jurisdiction and rating. A local service provider's inter-state, inter-LATA
13 or non-local generated traffic is the responsibility of the individual service provider and if
14 access is provided through the incumbent local service provider as part of the interconnection
15 agreement, it should not be transported over the same trunk group as "local traffic."

16 Q. HOW SHOULD THE COMMISSION RESOLVE THIS DISPUTE?

17 A. Recognizing that two-way trunks, even where available, are not universally appropriate, the
18 Commission should adopt CenturyTel's proposed contract language.

19 V.
20 CONCLUSION

21 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

22 A. Yes, it does.