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Issue(s): Article II: Definitions Issues 6, 14-16; Article V: Interconnection and Intercarrier Compensation Issues 7, 9, 10, 15, 17, 32-34 Witness: Calvin Simshaw 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

CALVIN SIMSHAW

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

CASE NO. TO-2006-0299

_Exhibit No `ase No(s).10 2060 10-11-01 Rotr

OF THE STATE OF MISSOURI

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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 WASHINGTON

COUNTY OF CLARK

AFFIDAVIT OF CALVIN K. SIMSHAW

I, Calvin K. Simshaw, of lawful age and being duly swom, state:

- 1. My name is Calvin K. Simshaw. I am presently Vice President, Associate General Counsel – Regulatory of 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.

Certifus Simshaw

Subscribed and sworn to before this 64 day of April, 2006. Notary Public My Commission expires: Oct 8, 2008 079.00010:957729.02 VASH tri matanta

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1 2		REBUTTAL TESTIMONY OF CALVIN SIMSHAW
3 4		ON BEHALF OF CENTURYTEL OF MISSOURI, LLC AND SPECTRA COMMUNICATIONS GROUP, LLC d/b/a CENTURYTEL
5	Q.	PLEASE STATE YOUR NAME.
6	A.	Calvin Simshaw.
7 8	Q.	ARE YOU THE SAME CALVIN SIMSHAW WHO FILED DIRECT TESTIMONY IN THIS PROCEEDING?
9	А.	Yes.
10 11		I. PURPOSE OF REBUTTAL TESTIMONY
12	Q.	WHAT ISSUES DO YOU ADDRESS IN YOUR REBUTTAL TESTIMONY?
13 [.]	A.	My rebuttal testimony will primarily address disputes between the parties arising in Article
14		II: Definitions and Article V: Interconnection and Intercarrier Compensation, responding to
15		the direct testimony submitted by Socket witnesses Steven E. Turner and R. Matthew Kohly
16		on these issues. In an effort to help the Commission correlate my rebuttal testimony with my
17		direct testimony, I have addressed the issues in the order I addressed them in my direct
18		testimony.
19	Q.	WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?
20	А.	Similar to my direct testimony, I discuss several issues that bear directly on how the parties
21		share the costs associated with exchanging traffic between their networks. In my rebuttal
22		testimony, I will explain why the proper allocation of responsibility requires rejection of
23		Socket's attempt to create undue regulatory arbitrage opportunities and its attempt to shift its

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1		costs of doing business to CenturyTel. As will become readily apparent in examining the
2		issues, Socket's positions and proposed contract language attempt to erect a foundation upon
3		which it can minimize the deployment of its own facilities, impose costs on CenturyTel to
4		transport substantial one-way traffic over long distances to Socket, and charge CenturyTel for
5		that traffic. The Commission should closely scrutinize the nature of Socket's interconnection
6		and intercarrier compensation demands and, perhaps more importantly, the impact of those
7		demands. Doing so leaves no doubt that those demands lack merit and should be denied.
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8		II. BOINTE OF INTERCONNECTION (40010)
9		POINT OF INTERCONNECTION ("POI")
10 11 12 13		ARTICLE V, ISSUE NO. 7: Which party's contract language should be adopted regarding network interconnection provisions, including but not limited to point of interconnection ("POI") requirements, methods of interconnection, and use of the third party facilities?
10		
14 15		ARTICLE V, ISSUE NO. 15: Should the parties be required to mutually agree on one POI in each CenturyTel local calling area?
16 17		CenturyTel Alternative Issue Statement: Should Socket establish a POI in a local calling area when it has 24 DS0s worth of traffic in that local calling area?
18	Q.	WHAT IS A POINT OF INTERCONNECTION?
19	A.	The Point of Interconnection, referred to as a POI, is the physical location where the CLEC
20		and ILEC, here Socket and CenturyTel, will exchange traffic with each other and where each
21		party's responsibility for facilities ends.
22	Q.	WHAT IS THE PARTIES' DISPUTE WITH REGARD TO THE POI?
23	A.	The crux of the dispute between the parties has to do with the number and location of POIs
24		that should be established. Socket has taken the position that, virtually regardless of traffic

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1	volume and the level of imbalance in the direction of the exchanged traffic, Socket need
2	establish only a single POI in each LATA in perpetuity. (Turner Direct at 38-41)
3	CenturyTel, on the other hand, agrees that a single POI in a LATA is appropriate as an entry
4	vehicle during the initial period of CLEC entry into a LATA, but that when traffic grows
5	beyond a DS-1 level, Socket should establish a POI in the local calling area. (Simshaw
6	Direct at 5-35)

WHY IS THE POI ISSUE IMPORTANT? 7 0.

8 As I note in my direct testimony, the number and location of the POIs will determine the Α. 9 allocation of transport costs between the parties. This is critical, particularly given that the 10 bulk of the traffic exchanged by the parties is likely to continue to be Socket's VNXX dial-up 11 ISP traffic. As I describe in my direct testimony (Simshaw Direct at 5-13, 26-35), this traffic 12 tends to be quite voluminous and travels in only one direction (*i.e.*, large volumes of minutes 13 primarily terminating to Socket). That means, of course, that resolution of this issue critically impacts Socket's ability to shift its costs to CenturyTel. 14

WHICH SOCKET WITNESS ADDRESSES THE PARTIES' DISPUTE WITH 15 Q. 16 **REGARD TO POIS?**

- 17 A. Socket witness Steven E. Turner addresses the POI issue in his direct testimony filed in this
- 18 matter. (Turner Direct at 37-41)

19 BASED ON YOUR REVIEW OF THE DIRECT TESTIMONY, WHAT IS YOUR Q. **UNDERSTANDING OF SOCKET'S POSITION?** 20

21 Α. Consistent with my discussion in direct testimony (Simshaw Direct at 13-35), Socket 22 continues to insist on its ability to select a single POI per LATA in perpetuity, virtually

1		regardless of traffic volume or disproportional directionality of traffic. In briefly discussing
2		the single POI issue in his direct testimony, Mr. Turner basically argues that this result is
3		proper because (a) it appears in the AT&T Missouri interconnection agreement (Turner
4		Direct at 38-39) and (b) the FCC has noted that new entrants may interconnect at any
5		technically feasible point (Turner Direct at 39-40). Each argument fails.
6 7		A. CENTURYTEL IS NOT AT&T AND SHOULD NOT BE SUBJECT TO THE IDENTICAL POI OBLIGATION.
8 9 10 11	Q.	SOCKET ASSERTS THAT ITS LANGUAGE IS TAKEN FROM THE M2A SUCCESSOR AGREEMENT AND THAT THE COMMISSION SHOULD MERELY ADOPT THE SAME LANGUAGE. (TURNER DIRECT AT 39, 41) WOULD THIS BE APPROPRIATE?
12	A.	No, it would not. First, it is worth noting that Mr. Turner offers no analysis supporting his
13		assertion. As Dr. Avera and Mr. Miller explained in direct (Avera Direct at 4-13; Miller
14		Direct at 76-79) and again in rebuttal, just because a particular result or ruling was rendered
15		as to AT&T does not mean the same result should hold for a rural-focused ILEC like
16		CenturyTel. To say that the same language should apply without engaging in any reasoned
17		analysis is disingenuous. Second, independent of Socket's failure to present any analysis
18		supporting the assertion, its underlying assumption is in error. In support of his
19		recommendation, Mr. Turner makes the following faulty assumption:
20 21 22 23		There is no reason to believe for interconnection that the terms and conditions for the Point of Interconnection would be materially different between Socket Telecom's network interfacing with CenturyTel's network rather than SBC's network.

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1	(Turner Direct at 41) There are many reasons why Mr. Turner's assumption in this regard is
2	wrong. CenturyTel witnesses Dr. Avera and Guy Miller, for example, described numerous
3	differences between AT&T (f/k/a SBC) and CenturyTel in their direct testimony (Avera
4	Direct at 4-13; Miller Direct at 76-79) and explain further in rebuttal, demonstrating that
5	CenturyTel should not be pigeon-holed into an AT&T model. Moreover, I noted in my direct
6	testimony that CenturyTel operates only access tandems, while AT&T operates both local
7	and access tandems. (Simshaw Direct at 32-33) As I described, this difference is critical to
8	the Single POI issue, and shows that CenturyTel should not be treated the same as AT&T in
9	this context.

In addition to the distinction in tandem usage, I also described how the difference in 10 AT&T and CenturyTel service territories is relevant to this issue, such that CenturyTel 11 would be adversely impacted by an unrestricted single POI to a larger extent than AT&T. 12 (Simshaw Direct at 33) AT&T serves much more densely populated urbanized local 13 exchanges. This means that the connections between those exchanges and any single POI 14 would likely entail fairly high traffic volume routes. The addition of Socket's VNXX dial-up 15 16 ISP traffic may not significantly impact the manageability and cost of those routes since they may already have flat-rated local traffic on them. Conversely, as Mr. Miller demonstrates 17 (Miller Rebuttal and Schedules GEM-1 and GEM-2 thereto), CenturyTel's local exchanges 18 are much less densely populated and more spread out. This means that the connections 19 between CenturyTel's end offices and any single POI will entail relatively low traffic volume 20 routes over long distances. The impact of a single POI per LATA on AT&T is, accordingly, 21

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1		much different than the impact on CenturyTel. Therefore, terms that might result in a
2		reasonable allocation of costs with regard to AT&T and its network will not necessarily
3		result in a reasonable allocation of costs with regard to CenturyTel and its network.
4	Q.	IS SOCKET'S RELIANCE ON AT&T CONTRACT LANGUAGE PERTINENT?
5	А.	No. Fundamental and critical differences between AT&T and CenturyTel network
6		operations and service areas demonstrate that an unrestricted single POI per LATA has a far
7		different impact on CenturyTel, requiring a different result. Socket's reliance on AT&T-
8		oriented language on this issue, consequently, is misplaced and should not guide the
9		Commission's determination.
10		B. FCC GUIDANCE DOES NOT SUPPORT SOCKET'S DEMAND.
11 12	Q.	DOES MR. TURNER CITE ANY AUTHORITY IN SUPPORT OF SOCKET'S POSITION?
13	Α.	Yes. Mr. Turner quotes the FCC's First Report and Order implementing the local
14		competition provisions in the Telecommunications Act of 1996 in his testimony in an effort
15		to support Socket's unrestricted single POI demand. (Turner Direct at 32, 39) A review of
16		the language at issue, however, plainly reveals that Socket's reliance is misplaced.
17 18	Q.	DOES THE FIRST REPORT AND ORDER SUPPORT SOCKET'S DEMAND FOR AN UNRESTRICTED SINGLE POI IN PERPETUITY?
19	А.	Not at all. First, in the context of the parties' dispute as to methods of interconnection, Mr.
20		Turner includes the following quote from the First Report and Order:
21 22		In this situation, the incumbent and the new entrant are co-carriers and each gain value from the interconnection arrangement. Under these circumstances,

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it is reasonable to require each party to bear a reasonable portion of the economic costs of the arrangement.

(Turner Direct at 32) CenturyTel has no quarrel with the proposition that each party should 3 bear a reasonable portion of the costs of the interconnection arrangement in those instances 4 5 where both parties gain value from that arrangement. When the FCC used the qualifier 6 "under these circumstances," of course, it was referring to those instances in which both 7 parties gain value from the arrangement. As I describe in my direct testimony, however, 8 CenturyTel gains no value from the arrangement envisioned by Socket. (Simshaw Direct at 9 26-28) VNXX dial-up ISP traffic flows in only one direction and Socket derives 100 percent 10 of the retail revenue from such traffic. Moreover, application of the Single POI per LATA 11 approach would require Century Tel to bear the cost of adding trunking facilities on the routes 12 between the CenturyTel end offices and the single POI in order to accommodate Socket's 13 VNXX dial-up ISP traffic. As such, Century Tel would incur the costs but would generate no 14 revenues from such an arrangement. This is not a situation in which both parties gain value 15 from such an arrangement. Application of the Single POI approach under these 16 circumstances would not result in each party bearing a reasonable portion of the costs of the 17 arrangement. Instead, Socket would shift costs from its VNXX dial-up ISP service onto 18 CenturyTel. Properly allocating responsibility indicates that Socket's demand should be 19 rejected.

1Q.SOCKET ALSO RELIES ON OTHER PARTS OF THE FIRST REPORT AND2ORDER. (TURNER DIRECT AT 39) DO THOSE SECTIONS SUPPORT ITS3DEMAND?

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No. After quoting the FCC's discussion of interconnection at a "technically feasible point,"

5 Mr. Turner offers the following:

Section 251(c)(2) gives competing carriers the right to deliver traffic terminating on an incumbent LEC's network at any technically feasible point on that network, rather than obligating such carriers to transport traffic to less convenient or efficient interconnection points. Section 251(c)(2) lowers barriers to competitive entry for carriers that have not deployed ubiquitous networks by permitting them to select the points in an incumbent LEC's network at which they wish to deliver traffic.

- 13 (Turner Direct at 39) These quotes, however, do not support Socket's demand for an
- 14 unrestricted single POI per LATA in perpetuity. Initially, it is worth observing that Socket
- 15 itself recognizes that the focus is on a "new entrant." (Turner Direct at 32, 39, 40) The FCC
- 16 spoke in terms of barriers to entry. This is consistent with CenturyTel's position that the
- 17 Single POI per LATA approach is an entry vehicle and not something to be applied
- 18 indefinitely regardless of growing traffic volumes. (Simshaw Direct at 14-16, 25, 30-32)
- 19 The FCC's expectation is that the CLEC will establish additional POIs once traffic volumes
- 20 grow. For example, in the FCC's Further Notice of Proposed Rulemaking in its intercarrier
- 21 compensation reform docket, the FCC observed that:
- 22 Competitive LECs emphasize that they are willing to establish additional
 23 POIs when traffic levels warrant them.

NPRM, CC DOCKET NO. 01-92, RELEASED MARCH 3, 2005, AT ¶ 89. SOCKET'S POSITION IN THIS PROCEEDING RUNS COUNTER TO THE FCC'S EXPECTATION THAT ADDITIONAL POIS WILL BE ADDED AS TRAFFIC GROWS.

5 Q. ARE THERE OTHER CONCERNS WITH THE QUOTATION UPON WHICH 6 SOCKET RELIES?

- 7 A. Yes, the FCC language that Mr. Turner relies upon addresses traffic going in the wrong
- 8 direction for Mr. Turner's purposes. That is, it addresses traffic the CLEC terminates to the
- 9 ILEC, not, as is the case here, traffic originating on the ILEC's network:

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10Section 251(c)(2) gives competing carriers the right to deliver traffic11terminating on an incumbent LEC's network at any technically feasible12point on that network, rather than obligating such carriers to transport traffic13to less convenient or efficient interconnection points. Section 251(c)(2)14lowers barriers to competitive entry for carriers that have not deployed15ubiquitous networks by permitting them to select the points in an16incumbent LEC's network at which they wish to deliver traffic.

- 17 (Turner Direct at 39 (emphasis added)) That is irrelevant here. The dispute between Socket
- 18 and CenturyTel has to do with the physical location to which Socket expects Centurytel to
- 19 deliver traffic to Socket to be terminated on Socket's network. This is because the great bulk
- 20 of the traffic exchanged between the parties has been, and likely will continue to be Socket's
- 21 VNXX dial-up ISP traffic, which only goes in one direction. It is traffic delivered by
- 22 CenturyTel to Socket, not traffic delivered by Socket to CenturyTel.

Q. IS THERE OTHER FCC LANGUAGE THAT IS MORE ON POINT WITH REGARD TO TRAFFIC THAT IS OUT OF BALANCE?

- 25 A. Yes, there is. In the first NPRM in its intercarrier compensation docket, the FCC commented
- 26 specifically on the interplay between ISP-bound traffic and the single POI approach:

1 2 3 4 5 6		In such situations, the originating carrier bears the cost of interconnection to the single POI selected by the competitive LEC in addition to paying reciprocal compensation for the termination of traffic. Because ISP customers rarely, if ever, originate traffic, there is little traffic flow in the opposite direction, and the originating carrier bears the majority of the interconnection costs between the two carriers.
7		Intercarrier compensation NPRM, 16 FCC Rcd at 9616 at \P 11. Similarly, in its subsequent
8		FNPRM in that same docket, the FCC stated:
9 10 11 12 13 14		When traffic is out of balance, the cost of interconnection is borne primarily by the originating carrier, and the terminating carrier may lack the incentive to minimize the transport costs associated with connecting the two networks. For instance, competitive LECs appear to have targeted customers that primarily or solely receive traffic, such as ISPs, in order to become net recipients of traffic.
15		Intercarrier Compensation FNPRM, CC Docket No. 01-92 (rel. March 3, 2005) at ¶91
16		(footnotes omitted). By advocating an unrestricted single POI in perpetuity, Socket is
17		confirming the FCC's concern that it has no incentive to minimize transport costs. As the
18		FCC notes, this would result in CenturyTel bearing the majority of the transport costs. Given
19		that Socket will derive all of the revenues from this traffic, this hardly results in both sides
20		bearing "a reasonable portion of the economic costs of the arrangement" as Mr. Turner
21		testifies should be the desired outcome.
22 23	Q.	SHOULD THE COMMISSION ADOPT SOCKET'S UNRESTRICTED SINGLE POI PROPOSAL?
24	A.	Absolutely not. It is not supported by FCC proclamations or expectations, it would
25		disproportionately impact CenturyTel, and it does not represent a reasonable and fair
26		allocation of responsibility between the parties. Single POI per LATA is available—as it was

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intended-for new entrants to enter a market. But once traffic levels sufficiently increase,

the CLEC should establish additional POIs in the LATA.

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C.

SOCKET SHOULD ESTABLISH AN ADDITIONAL POI IN A LOCAL CALLING AREA ONCE ITS TRAFFIC WITH THAT LOCAL CALLING AREA RISES TO THE DS-1 LEVEL.

6 Q. IS CENTURYTEL PROPOSING THAT SOCKET ESTABLISH A POI IN EACH 7 LOCAL CALLING AREA. IN EVERY INSTANCE?

8 No, it is not. As I explained in my direct testimony (Simshaw Direct at 30-32), consistent A. 9 with the FCC's expectation that a Single POI per LATA be available as an entry vehicle, 10 CenturyTel's proposal permits Socket to initially establish a single POI per LATA upon 11 Socket's entry into a new local calling area. When its traffic levels increase sufficiently to justify an additional POI, however, Socket would be required to establish such additional 12 13 POI in the appropriate local calling area. (Article V, Sections 4.2 and 11.1.3.1) More 14 specifically, CenturyTel's proposal would only require Socket to establish a POI in a local 15 calling area when Socket's traffic with that specific local calling area exceeds a 24 DS-0 16 level. In other words, not until traffic grows to a point where there are at least 24 17 simultaneous calls between CenturyTel and Socket customers in that particular local calling 18 area on a consistent basis would a POI in that local calling area be required. Obviously if 19 Socket never gets beyond a handful of customers in the local calling area, it need not be 20 concerned about establishing a POI in that local calling area.

1Q.DOES SOCKET'S PROPOSED CONTRACT LANGUAGE PROVIDE FOR2ADDITIONAL POIS AS TRAFFIC INCREASES?

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Not in any meaningful way. At sections 4.3.1.1 and 4.3.1.2 of Article V, Socket has 3 Α. 4 proposed language that would require an additional POI only when traffic reaches an OC-12 level. Unlike AT&T, an OC-12 level of traffic is such a large volume of traffic as to be a 5 meaningless threshold in CenturyTel's service territory. An OC-12 is the equivalent of 8.064 6 DSOs or 336 DS-1s. In my direct testimony (Simshaw Direct at 31-32), I pointed out that 7 even if every single customer in 18 identified CenturyTel exchanges simultaneously placed 8 calls to Socket's customers (something that would never happen), this still would not be 9 10 enough traffic to trigger Socket's OC-12 threshold for establishing an additional POI in that LATA. Interestingly, although Socket acknowledges that 24 DSOs is sufficient traffic to 11 justify dedicated trunking, it will not consider an additional POI until the traffic reaches a 12 13 level 336 times that high. Socket's proposed OC-12 threshold would effectively allow 14 Socket to maintain a single POI in the LATA in perpetuity. This position is out of step with 15 FCC expectations.

16 Q. BUT SOCKET SUGGESTS THAT IT IS TAKING RESPONSIBILITY FOR THE 17 "VAST MAJORITY" OF THE COSTS OF THE INTERCONNECTION. (TURNER 18 DIRECT AT 32) DO YOU AGREE?

A. No, I do not. This especially would not be the case with application of the unrestricted
Single POI per LATA in perpetuity approach. As the FCC noted in the passages I quoted
above, it is the originating carrier (in this case CenturyTel) that bears the majority of the costs
when the CLEC serves primarily ISPs and the traffic is out of balance. I also addressed this

1 precise issue at length in my direct testimony, showing that whereas Socket would incur 2 relatively lower costs associated with limited, high-capacity facilities, CenturyTel will incur 3 the relatively higher costs associated with many lower-capacity facilities necessary to gather 4 and take Socket's traffic to the single POI. (Simshaw Direct at 5-35) More concretely, 5 Socket will bear only the costs of maintaining a single high capacity facility between its 6 switch in St. Louis and the location of the single POI. This would effectively limit Socket's 7 costs to three high capacity links to Columbia, Wentzville and Branson (the most likely 8 location for each of the single POIs in the Westphalia, St. Louis, and Springfield LATAs). 9 As I note in my direct testimony, capacity on these high volume routes is relatively low cost. 10 Century Tel, on the other hand, would be responsible for adding capacity on potentially 100 11 plus low volume routes between its end offices and these single POIs. Capacity on these low 12 volume routes is relatively high cost. Application of a Single POI per LATA approach 13 clearly would result in CenturyTel, not Socket, bearing the majority of the cost of the 14 interconnection. Again, this does not represent a reasonable or fair allocation of cost 15 responsibility, particularly when Socket will derive all of the retail revenue from this traffic. 16 Q. PLEASE SUMMARIZE YOUR RESPONSE TO SOCKET'S TESTIMONY ON THE SINGLE POI ISSUE. 17 18 A. Mr. Turner approaches the issue with the improper expectation that traffic between the 19 parties would be in balance and that both parties would gain value from the arrangement. 20 However, as I describe in my direct testimony the bulk of the traffic exchanged by the parties

21 is likely to continue to be Socket's VNXX dial-up ISP traffic. Consequently, the traffic will

1		not be in balance and only Socket will gain value from the arrangement. Under the
2		circumstances, application of an unrestricted single POI would not result in each party
3		bearing a reasonable portion of the costs of the arrangement. Socket will gain all of the value
4		and therefore should bear most of the cost of the interconnection arrangement. Only by
5		requiring additional POIs as traffic grows can a reasonable allocation of the costs be attained.
6		Therefore, the Commission should adopt CenturyTel's proposed language on this issue.
7 8		III. ADDITIONAL ARTICLE II AND ARTICLE V DISPUTES
9 10 11		ARTICLE V. – ISSUE NO. 9: Should interconnection facilities compensation be based on each party taking responsibility for bringing its facilities to the POI?
12	Q.	DID SOCKET ADDRESS THIS ISSUE IN ITS DIRECT TESTIMONY?
13	A.	Yes, Mr. Kohly notes that the parties have agreed to section 8.1 regarding each party
14		remaining responsible for facilities on its side of the POI, but objecting to CenturyTel's
15		proposed sections 8.2 and 8.3 as "unnecessary" and "add[ing] nothing more than confusion"
16		in "an attempt to muddy the water on this issue." (Kohly Direct at 63-65)
17	Q.	DO YOU HAVE ANY RESPONSE TO SOCKET'S ASSERTIONS?
18	А.	Yes, I do. Precisely to the contrary of Socket's assertions, CenturyTel's proposed language is
19		an effort to minimize ambiguity and preclude Socket from utilizing the POI and facility
20		responsibility agreements as a mechanism for arbitrage. (Simshaw Direct at 35-36) To that
21		end, CenturyTel's proposed language in sections 8.2 and 8.3 merely ensures that section 8.1
22		is not somehow construed to exempt Socket from the terms of Article XVII: Collocation or

1		any applicable access tariffs. That the parties agree to remain responsible for facilities and
2		trunks on their side of the POI does nothing to alter collocation or access tariff applicability,
3		and the agreement should specifically say so in order to prevent possible future disputes.
4		Socket's arguments, therefore, are in error and the Commission should adopt CenturyTel's
5		proposed language.
6 7		ARTICLE V. – ISSUE NO. 10: What language should the ICA include regarding intercarrier compensation for transport and termination of traffic?
8 9	Q.	WHAT IS THE PARTIES' DISPUTE WITH REGARD TO INTERCARRIER COMPENSATION FOR TRANSPORT AND TERMINATION OF TRAFFIC?
10	A.	Compensation for transport and termination of traffic in the context of a local
11		interconnection agreement is often referred to as "reciprocal compensation." The bulk of
12		traffic exchanged between the parties has been and likely will continue to be Socket's VNXX
13		dial-up ISP traffic. Therefore, the meat of the issue with regard to reciprocal compensation
14		once again has to do with treatment of that VNXX dial-up ISP traffic.
15	Q.	WHAT POSITION DOES SOCKET TAKE WITH REGARD TO THIS ISSUE?
16	A.	Socket states that "Socket is proposing bill and keep for Section 251(b)(5) traffic, ISP traffic,
17		and FX traffic." (Kohly Direct at 66) On its face, this statement would make it appear that
18		Socket would also subject VNXX dial-up ISP traffic to bill and keep because Socket
19		inappropriately includes VNXX dial-up ISP traffic within its definition of "ISP-bound
20		traffic," thereby making it subject to reciprocal compensation. However, Socket's statement
21		that it is seeking bill and keep terms for such traffic is disingenuous.

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Q. WHY DO YOU SAY THAT?

A. It may be true that Socket originally sought bill and keep terms when it presented contract
language with its petition for arbitration. However, as Mr. Kohly points out (Kohly Direct at
66), Socket has since amended that proposed language. A review of the amended language
reveals that Socket is no longer seeking bill and keep terms for its VNXX dial-up ISP traffic.

6 Q. WHAT IS SOCKET SEEKING IN PLACE OF BILL AND KEEP?

7 Socket is now seeking to charge CenturyTel a per minute reciprocal compensation charge for А. 8 each minute of traffic generated by Socket's VNXX dial-up ISP service (or "Wholesale Dialup" as it is described in Socket's marketing materials). Section 9.4.2 of Socket's amended 9 language provides that if a traffic study indicates that either party is terminating more than 60 10 percent of the minutes exchanged between the parties, mutual compensation will commence. 11 12 Given the one-way nature of Socket's VNXX dial-up ISP traffic, the "either party" 13 referenced in the language will obviously end up being Socket. Due to its VNXX dial-up ISP service. Socket has, and likely will continue to terminate close to 100 percent of the traffic 14 "exchanged" between the parties. If adopted, consequently, there is no question that Socket 15 16 would be in a position to immediately invoke section 9.4.2 and begin assessing per minute 17 charges upon CenturyTel for Socket's VNXX dial-up ISP traffic.

18Q.THE LANGUAGE IN SOCKET'S PROPOSED SECTION 9.4.2 STATES THAT19"MUTUAL COMPENSATION WILL COMMENCE" UPON REACHING THE 6020PERCENT THRESHOLD. IS THIS IN FACT WHAT WOULD HAPPEN?

A. No, the language in section 9.4.2 is misleading if the context is ignored. Because of the one way nature of Socket's VNXX dial-up ISP traffic, there would be no "mutual" compensation.

1		CenturyTel would pay Socket, but Socket would not pay CenturyTel. There would, in other
2		words, be nothing "reciprocal" about the reciprocal compensation imposed under this
3		provision
4 5 6	Q.	MR. KOHLY CITES TO THE FCC'S <i>ISP REMAND ORDER</i> AS DICTATING THE TREATMENT OF VNXX DIAL-UP ISP TRAFFIC. IS HIS INTERPRETATION OF THAT ORDER CORRECT?
7	А.	No, it is not. As I described in my direct testimony (Simshaw Direct at 39-41), the FCC's
8		ISP Remand Order does not apply to VNXX dial-up ISP traffic. I will elaborate on this point
9		in my discussion of the dispute over the proper definition of ISP traffic.
10 11 12 13	Q.	MR. KOHLY STATES THAT "SOCKET'S NEW PROPOSED LANGUAGE CREATES A SIMILAR COMPENSATION SCENARIO THAT SOCKET CURRENTLY OPERATES UNDER WITH BOTH SPRINT AND SBC." (KOHLY DIRECT AT 66) DO YOU AGREE WITH THIS CHARACTERIZATION?
14	A.	No, I do not understand how Mr. Kohly reaches that conclusion. Under Socket's new
15		proposed language, CenturyTel would inevitably end up paying per minute reciprocal
16		compensation charges to Socket for VNXX dial-up ISP traffic. Conversely, in the M2A
17		successor proceeding the Commission adopted language that effectively would not apply any
18		reciprocal compensation charges to VNXX dial-up ISP traffic, Therefore, it does not appear
19		that the treatment would be similar with regard to SBC.
20	Q.	HOW SHOULD THE COMMISSION RESOLVE THIS ISSUE?
21	A.	Socket's proposed language should be rejected. Much like the issue with regard to POIs,
22		Socket's proposal for reciprocal compensation would allow it to arbitrage the interconnection
23		process to achieve an inequitable and unreasonable result. Reciprocal compensation for

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1		VNXX dial-up ISP traffic would flow only from CenturyTel to Socket, even though only
2		Socket would realize retail revenue from such traffic and CenturyTel would incur substantial
3		costs. Instead, the Commission should adopt CenturyTel's language, which, true to the
4		actual nature of the traffic at issue, makes such VNXX traffic subject to access charges. In
5		the alternative, and consistent with the MCImetro/CenturyTel and CD Telecom/CenturyTel
6		agreements mentioned in my direct tetstimony (Simshaw Direct at 38-39), Bill and Keep
7		could be applied to such traffic conditioned upon POIs being established in each local calling
8		area where Socket chooses to assign VNXX telephone numbers.
9 10		ARTICLE II – ISSUE NO. 14: How should the ICA define "Information Access" and "Information Access Traffic?"
11 12		ARTICLE II – ISSUE NO. 15: Should the definition of "ISP Traffic" follow the way the term is defined in the FCC's ISP Remand Order?
	Q.	
12 13	Q. A.	way the term is defined in the FCC's ISP Remand Order? WHAT IS THE ISSUE WITH REGARD TO THE DEFINITION OF THE TERMS
12 13 14	_	way the term is defined in the FCC's ISP Remand Order? WHAT IS THE ISSUE WITH REGARD TO THE DEFINITION OF THE TERMS "INFORMATION ACCESS TRAFFIC" AND "ISP TRAFFIC?"
12 13 14 15	_	way the term is defined in the FCC's ISP Remand Order? WHAT IS THE ISSUE WITH REGARD TO THE DEFINITION OF THE TERMS "INFORMATION ACCESS TRAFFIC" AND "ISP TRAFFIC?" The definition of these terms is critical to achieving a fair and equitable interconnection
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12 13 14 15 16 17 18	_	way the term is defined in the FCC's ISP Remand Order? WHAT IS THE ISSUE WITH REGARD TO THE DEFINITION OF THE TERMS "INFORMATION ACCESS TRAFFIC" AND "ISP TRAFFIC?" The definition of these terms is critical to achieving a fair and equitable interconnection agreement. These definitions will determine the treatment of the all-important VNXX dial- up ISP traffic. Socket manipulates these definitions to achieve non-access treatment of VNXX dial-up ISP traffic. This backdoor attempt to establish the proper intercarrier

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1		whereas CenturyTel properly defines the terms at issue consistent with governing law, it is
2		Socket that uses definitions to alter the treatment of VNXX dial-up ISP traffic.
3 4	Q.	WHAT IS THE CONNECTION BETWEEN THESE DEFINITIONS AND NON- ACCESS TREATMENT OF VNXX DIAL-UP ISP TRAFFIC?
5	А.	Socket attempts to define these terms so broadly that they would include VNXX dial-up ISP
6		traffic. Socket then slips these terms into the body of the agreement in a manner that would
7		inappropriately apply non-access treatment to VNXX dial-up ISP traffic.
8 9 10	Q.	WHAT BASIS DOES SOCKET USE TO SUPPORT THE PROPOSITION THAT VNXX DIAL-UP ISP TRAFFIC SHOULD BE INCLUDED IN THESE DEFINITIONS AND THEREFORE BE TREATED AS NON-ACCESS TRAFFIC?
11	А.	Obviously the hurdle that Socket must overcome is the fact that VNXX dial-up ISP traffic
12		involves calls between a calling party and an ISP not located in the same local calling area,
13		which naturally makes it interexchange traffic that should be subject to access charges.
14		Socket therefore attempts to define the terms in a manner that ignores the physical location of
15		the ISP customer. In an attempt to support such an approach, Socket argues that the FCC's
16		ISP Remand Order somehow applies to all calls placed to an ISP regardless of whether the
17		ISP is located in the same local calling area or not (Kohly Direct at 30). As I mentioned
18		earlier, and discuss in my direct testimony (Simshaw Direct at 39-41), this is an incorrect
19		interpretation of that order.
20	Q.	DOES SOCKET CITE ANY AUTHORITY TO SUPPORT ITS INTERPRETATION?
21	A.	Purportedly so, but not any authority that is on point. Socket cites two passages from the ISP
22		Remand Order, but neither of these citations is persuasive. (Kohly Direct at 29-30) In the

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first (ISP Remand Order at ¶ 14; Kohly Direct at 29), the FCC was merely referring back to
what it had said in a prior order regarding its ability to assert federal jurisdiction over the
traffic at issue. It does not, contrary to Socket's assumption, suggest that the FCC
definitively addressed the treatment of all traffic to ISPs in the ISP Remand Order. In the
second (ISP Remand Order at ¶ 53; Kohly Direct at 30), the FCC was commenting on a court
review of an earlier FCC order. Obviously the more persuasive authority in interpreting the
ISP Remand Order would be a court review of that actual order itself.

8 Q. WAS THERE A COURT REVIEW OF THE ISP REMAND ORDER?

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9 Yes, there was. As I pointed out in my direct testimony (Simshaw Direct at 41), the D.C. A. 10 Circuit Court of Appeals reviewed the ISP Remand Order. The Court determined that the FCC in its ISP Remand Order was making a carve-out from section 251(b)(5) traffic and was 11 12 not removing anything from the access category. The Court also confirmed that the FCC was 13 addressing traffic to ISPs only where the ISP is located in the same local calling area as the 14 originating party. After all, that is the only traffic to ISPs that would arguably have been 15 included within section 251(b)(5) traffic to begin with. The Court specifically stated: 16 In the order before us the Federal Communications Commission held that under section 251(g) of the Act it was authorized to 'carve out' from section 17 251(b)(5) calls made to internet service providers ('ISPs') located within the 18 caller's local calling area. (emphasis added) 19 Worldcom v. FCC, 288 F. 3d 429, 430 (D.C. cir. 2002). 20

It is the reviewing Court's interpretation, and not Socket's, that should inform this
 Commission's deliberations in this arbitration proceeding. Despite Socket's wishful

1		thinking, the ISP Remand Order did not somehow convert VNXX dial-up ISP traffic into
2		non-access traffic. VNXX dial-up ISP traffic is traffic between local calling areas and
3		therefore has always been and continues to be access traffic. It could not be carved out of
4		251(b)(5) traffic in the ISP Remand Order because it was never in that category to begin
5		with.
6	Q.	HOW SHOULD THE COMMISSION RESOLVE THIS ISSUE?
7	A.	The Commission should reject Socket's definitions. Socket should not be allowed to carve-
8		out VNXX dial-up ISP traffic from the access category on the false premise that the FCC had
9		earlier done so. CenturyTel's definitions, on the other hand, appropriately recognize that
10		VNXX dial-up ISP traffic has always been and continues to be access traffic. The
11		Commission should, therefore, adopt CenturyTel's definitions.
12 13		ARTICLE V – ISSUE NO. 32: What definition, if any should be included in the ICA for the term "Foreign Exchange" or "FX?"
14 15		ARTICLE V – ISSUE NO. 33: How should the ICA define "Local Interconnection Traffic?"
16 17		ARTICLE V – ISSUE NO. 34: What Party's definition of "Virtual NXX Traffic" is most appropriate for the ICA?
18	Q.	WHAT IS THE ISSUE WITH REGARD TO THESE DEFINITIONS?
19	A.	Once again Socket is attempting to use overly broad definitions as a mechanism to
20		improperly treat VNXX dial-up ISP traffic as non-access traffic. For example Mr. Kohly
21		makes the statement that "Virtual NXX service is considered one means of providing Foreign
22		Exchange Service." (Kohly Direct at 88) Consistent with the previous discussion, there is a

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clear pattern here: (a) First Socket attempts to wedge VNXX dial-up ISP traffic into a defined term, and (b) Socket then uses that defined term in the body of the agreement in a manner that will result in non-access treatment. Socket's strategy is perhaps nowhere more clearly revealed than in its candid concession that "[i]f the Arbitrator determines that Socket's proposed definition of Foreign Exchange Service is appropriate, Socket does not believe the term 'VNXX Traffic' even needs to be contained in this Agreement." (Kohly Direct at 88-89) Just so. Socket's effort in that regard must fail.

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IS VNXX DIAL-UP ISP SERVICE AN FX SERVICE?

9 A. No, VNXX dial-up ISP service is not a legitimate FX service. As I discussed in my direct
10 testimony (Simshaw Direct at 11, 42), true FX service involves payment for a dedicated
11 facility connecting to the distant local calling area. Socket, however, seeks to deploy VNXX
12 dial-up ISP service in a manner whereby neither Socket nor its ISP customer would bear the
13 cost of a dedicated facility connecting to the distant local calling area. Instead, Socket
14 intends to shift this cost to CenturyTel by arbitraging this and other interconnection
15 agreement language.

16Q.WHAT IS THE PROBLEM WITH SOCKET'S PROPOSED DEFINITION OF17"LOCAL INTERCONNECTION TRAFFIC?"

A. The problem is that Socket's language would include in the definition the terms "ISP
Traffic" and "FX traffic" as each of those terms is interpreted by Socket. Socket's testimony
shows that it has tried to wedge VNXX dial-up ISP traffic into the definitions of both "ISP
traffic" and "FX traffic." (Kohly Direct at 86-88) Socket does this despite the fact that

1 VNXX dial-up ISP traffic is by no means "local" traffic. (Simshaw Direct at 42-43) The 2 calls simply do not originate and terminate in the same local calling area. Therefore, it is 3 rather disingenuous of Socket to create a term labeled "Local Interconnection Traffic" when 4 almost all of the traffic "exchanged" under that label would be non-local. 5 HOW SHOULD THE COMMISSION RESOLVE THESE ISSUES? Q. 6 Α. The Commission should not adopt Socket's definitions because they are once again an 7 attempt to improperly bestow non-access treatment upon VNXX dial-up ISP traffic. ARTICLE II - ISSUE NO. 16: Should the ICA include a definition of 8 "IntraLATA Toll Traffic?" 9 WHAT IS THE ISSUE WITH REGARD TO THE DEFINITION OF "INTRALATA 10 0. **TOLL TRAFFIC?"** 11 12 Α. In my view, Socket mischaracterizes the issue as involving matters of retail pricing. (Kohly 13 Direct at 32-34). In the context of this interconnection agreement the issue really has to do 14 with how traffic is categorized for purposes of compensation between the parties and does 15 not bring into play compensation from the retail customer. The issue has to do with whether 16 the traffic is access or non-access and has nothing to do with whether one party or the other 17 happens to assess its end user a separate retail charge. Therefore, it is inappropriate to add 18 Socket's proposed condition "where the IntraLATA toll provider assesses a separate retail 19 charge for originating this type of traffic." In fact, Socket's definition would inappropriately 20 exclude intraLATA "800" traffic.

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1	Q.	IS THERE ANOTHER PROBLEM WITH SOCKET'S PROPOSED DEFINITION?
2	A.	Yes, Socket is once again proposing definitional language designed to gain non-access
3		treatment of its VNXX dial-up ISP service. Such traffic clearly leaves the local calling area.
4		However, Socket is positioning itself to argue that it is not intraLATA toll traffic (because
5		there is no separate retail charge for originating the calls) and it therefore must be "local"
6		traffic.
7 8 9 10	Q.	SOCKET CLAIMS THAT ITS PROPOSED DEFINITION IS CONSISTENT WITH THE DEFINITION OF TELEPHONE TOLL SERVICE CONTAINED IN THE FEDERAL TELECOMMUNICATIONS ACT. (KOHLY DIRECT AT 32 – 33) IS THIS ACCURATE?
11	A.	No, Mr. Kohly's statement is somewhat misleading. The language in the Federal Act does
12		mention a separate retail charge. However, it does not specify that the charge has to be on
13		the originating caller as Socket's language does. This is a significant departure from the
14		federal language. With its VNXX dial-up ISP service Socket likely does assess an additional
15		retail charge to its ISP customers for receiving calls from another calling area. However,
16		Socket has cleverly crafted its definitional language to mention only charges on customers
17		that originate calls. This is once again consistent with Socket's repeated attempts to arbitrage
18		the agreement to improperly gain non-access treatment for its VNXX dial-up ISP service.
19		Socket's proposed definition here, as well as all other proposed definitions that fit this
20		pattern, should be rejected.
21 22		ARTICLE II – ISSUE No. 6: Should the parties' ICA extend obligations to CenturyTel affiliates?
23	Q.	WHAT IS SOCKET ATTEMPTING TO DO WITH REGARD TO CENTURYTEL

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1 AFFILIATES?

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A. With its proposed language in the definition of "Currently Available," Socket is attempting
to make CenturyTel non-ILEC affiliates subject to obligations under section 251 of the
Federal Act. As I stated in my direct testimony there is absolutely no justification or legal
basis to do this. (Simshaw Direct at 44-47).

6 Q. WHAT SEEMS TO BE SOCKET'S CONCERN IN THIS AREA?

A. Based upon a review of Socket's direct testimony, the concern seems to be directed at
CenturyTel's LightCore affiliate and its ownership of certain interoffice facilities. That
concern seems to be further based upon the mistaken impression that assets have been
transferred from CenturyTel ILECs in Missouri to LightCore for the specific purpose of the
ILECs avoiding responsibilities under section 251.

12 Q. WHY IS SOCKET'S IMPRESSION MISTAKEN?

A. CenturyTel has not transferred interoffice facilities from its ILECs to LightCore. The
 interoffice facilities that LightCore owns and operates were acquired from entities outside of
 the CenturyTel family of companies. Those assets were acquired from Level 3 or Digital
 Teleport, Inc.

Q. SOCKET ASSERTS THAT THE CENTURYTEL ILECS' RELIANCE ON LIGHTCORE FOR SOME OF THEIR INTEROFFICE TRANSPORT NEEDS IS A RATHER UNIQUE ARRANGEMENT. (KOHLY DIRECT AT 23 – 24) DO YOU HAVE ANY COMMENT?

- 21 A. Yes, I do. If the arrangement is unique (and I doubt that it is), that uniqueness is a creation of
- 22 GTE/Verizon and not of CenturyTel.

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1 Q. PLEASE EXPLAIN WHAT YOU MEAN BY THIS? 2 А. As Wayne Davis also discusses in his rebuttal testimony, prior to CenturyTel acquiring the GTE/Verizon ILEC assets in Missouri, GTE had transferred the interoffice facilities in 3 question from the GTE ILECs to an affiliate known as Genuity. When Century Tel acquired 4 5 the GTE/Verizon ILEC assets it did not acquire the interoffice facilities held by Genuity. 6 Therefore, the fact that these interoffice facilities were separated from the ILEC operation 7 was a result of GTE's actions and not CenturyTel's. 8 Q. HOW DID THE INTEROFFICE FACILITIES END UP AT LIGHTCORE? 9 The Genuity assets were later picked up by Level 3. LightCore eventually acquired the assets А. 10 from Level 3, but this was after the CenturyTel ILECs had already been operating in 11 Missouri. Q. SOCKET ALSO CLAIMS THAT THERE IS LEGAL PRECEDENT IN MISSOURI 12 FOR MAKING LIGHTCORE AND ITS ASSETS SUBJECT TO THE 13 INTERCONNECTION AGREEMENT. (KOHLY DIRECT AT 27) DO YOU 14 AGREE? 15 16 No, I do not. Socket cites the Commission's decision in Case No. TO-97-269, and claims Α. 17 that it is right on point. (Kohly Direct at 27) However, Socket is mistaken. As Mr. Kohly 18 notes, that case was not an interconnection agreement arbitration case. More importantly, in 19 that case the non-ILEC affiliate (Sprint Communication Company LP) was a party to the 20 proceeding. In fact, it appears that it was the applicant. In the case at hand, to the contrary, 21 LightCore is not a party to this proceeding. The Commission cannot (except perhaps in a 22 rulemaking context) impose obligations on an entity that is not a party to the case.

Furthermore, in Case No. TO-97-269, the ILEC (Sprint Missouri, Inc.) agreed to make UNEs 1 and resale available utilizing its affiliate's facilities. Here, however, the ILECs are not in a 2 3 position to do so and have not agreed to treat affiliate facilities as their own. Case No. TO-4 97-269 is not on point with the matter at hand and cannot be stretched to support Socket's position. Socket cites no other authority that would allow the Commision to grant its request 5 in this regard and its proposed language should be rejected. 6 7 V. CONCLUSION 8 Q. 9 **DOES THIS CONCLUDE YOUR TESTIMONY?**

10 A. Yes, it does.

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