

**ARTICLE V – INTERCONNECTION AND TRANSPORT AND TERMINATION OF TRAFFIC**

Issue Statement	Issue No.	Sec. Nos.	Socket Language	Socket Preliminary Position	CenturyTel Language	CenturyTel Preliminary Position
				<p>with the FCC’s rules regarding interconnection. In an effort to avoid future disputes between the Parties, Socket objects to unnecessary reference to Article XVII – Collocation.</p> <p>Section 8.3 references an addendum to Socket’s current ICA with CenturyTel and apparently seeks to bring those terms and conditions into this Agreement and also apply access charges rates to “non-incidental” local traffic. Socket does not agree to include the terms of the temporary amendment in this Interconnection Agreement.</p> <p>CenturyTel even seeks to modify the amendment by applying access charges (presumably special access charges) to “incidental non-local traffic,” which CenturyTel does not define. The Interconnection Facilities Compensation language should make it clear that each Party is responsible for bringing its facilities and trunks to the POI and the other Party is responsible for facilities and trunks on its side of the POI.</p> <p>Kohly Direct at 63-66. Kohly Rebuttal.</p>		<p>applicable access tariffs. Simshaw Direct at 35-36; Simshaw Rebuttal.</p> <p>CenturyTel’s proposed language attempts to minimize ambiguity and preclude Socket from utilizing the POI and the parties’ agreement to be responsible for facilities on their side of the POI as a mechanism for arbitrage. To that end, CenturyTel’s proposed language ensures that section 8.1 is not somehow construed to exempt Socket from the terms of Article XVII: Collocation or any applicable access tariffs. That the parties agree to remain responsible for facilities and trunks on their side of the POI does nothing to alter collocation or access tariff applicability, and the agreement should specifically say so in order to prevent possible future disputes. Therefore, the Commission should adopt CenturyTel’s proposed language. Rather than imposing any new or substantive requirements, the language merely incorporates the terms and provisions of the otherwise applicable access tariffs. Simshaw Direct at 35-36; Simshaw Rebuttal.</p>
What language should the ICA include regarding intercarrier compensation for	10	9.0 – 9.6	<p><b>9.0 INTERCARRIER COMPENSATION FOR LOCAL INTERCONNECTION TRAFFIC</b></p> <p><b>9.1 This section addresses</b></p>	Socket proposes language that follows the MCA Plan and it proposes Bill and Keep for Non-MCA Traffic, including Section 251(b)(5) Traffic, ISP Traffic, and FX Traffic, including VNXX	<p>9.0 <u>Transport and Termination of Traffic</u></p> <p>9.1 <u>Traffic to be Exchanged.</u></p>	Properly allocating responsibility and costs, the Commission should not allow Socket to game the system by erecting an intercarrier compensation mechanism that allows it to shift costs

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**FINAL DPL: CASE NO. TO-2006-0299**

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transport and termination of traffic?			<p><b>Intercarrier Compensation for the exchange of Local Interconnection Traffic.</b></p> <p><b>9.2 MCA Traffic is traffic originated by a party providing a local calling scope pursuant to the Case No. TO-92-306 and Case No. TO-99-483 (MCA Orders) and routed as a local traffic based on the calling scope of the originating party pursuant to the MCA Orders.</b></p> <p><b>9.2.1 Compensation for MCA Traffic will be consistent with the Commission’s decisions in Case No. TO-92-306 and Case No. TO-99-483.</b></p> <p><b>9.2.2 The parties agree to use the Local Exchange Routing Guide (LERG) to provision the appropriate MCA NXXs in their networks. The LERG should be updated in accordance with industry standards for opening a new code to allow the other party the ability to make the necessary network modifications. If the Commission orders the parties to use an alternative other than the LERG, the parties will comply with the Commission’s final order.</b></p> <p><b>9.3 Non-MCA Traffic is all Section 251(b) (5) Traffic, ISP Traffic, Foreign Exchange Traffic including VNXX Traffic, and Transit Traffic that is not defined as MCA</b></p>	<p>Traffic.</p> <p>The original Socket proposal provided for Bill and Keep but included a means to change to an alternative method of handling reciprocal compensation. In its direct testimony, CenturyTel expressed concern about this aspect of Socket’s proposal and Socket’s possible ability to exit the bill and keep arrangement. To address CenturyTel’s concerns, Socket makes a final offer that it will accept Bill and Keep for Non-MCA Traffic traffic, including Section 251(b)(5) Traffic, ISP Traffic, and FX Traffic, including VNXX Traffic. Socket proposes to retain a provision that allows the parties to mutually agree to negotiate a new compensation agreement and amend the ICA at a later time.</p> <p>CenturyTel’s proposed language denies compensation for categories of traffic that the FCC has held are subject to intercarrier compensation, most notably ISP Traffic. The <i>ISP Remand Order</i> requires ILECs that choose <i>not</i> to adopt the ISP Remand Order rate to exchange ISP traffic at the state-approved reciprocal compensation rates reflected in their contracts.</p> <p>CenturyTel also fails to address how non-VNXX-FX traffic will be exchanged, but does agree to exchange that traffic on a bill and keep basis if Socket agrees to maintain a previous</p>	<p><u>The Parties shall reciprocally terminate Local Traffic including MCA traffic, (or other traffic the Parties agree to exchange) originating on each other’s networks utilizing either Direct or Indirect Network Interconnections as provided in Sections 4, 5 and 6 herein. To this end, the Parties agree that there will be interoperability between their networks. In addition, the Parties will notify each other of any reasonably anticipated material change in traffic to be exchanged, in terms of e.g., traffic type, volume.</u></p> <p><u>9.2 Compensation For Exchange of Local Traffic.</u></p> <p><u>9.2.1 Local Mutual Compensation. The Parties shall compensate each other for the exchange of Local Traffic originated by or terminating to the Parties’ end-user customers in accordance with Section 3.2.2 of this Article, subject to any applicable regulatory conditions, such as a State exempt factor, if any. The Charges for the transport and termination of optional EAS, intraLATA toll and interexchange traffic shall be in accordance with the Parties’ respective intrastate or interstate access tariffs, as appropriate.</u></p> <p><u>9.2.2 Bill and Keep. Either Party may initiate a traffic study no more frequently than once a quarter. Such traffic study shall examine all Local</u></p>	<p>to CenturyTel, avoid incurring costs itself, and unduly profiting at the same time be obtaining reciprocal compensation for VNXX Dial-up ISP traffic. Socket’s assertion that it is sponsoring bill and keep is misleading and disregards that most of the traffic the parties will “exchange” is likely to be one-way VNXX dial-up ISP traffic. Instead of bill and keep, Socket will end up reaping a windfall by shifting substantial costs to CenturyTel, receiving compensation from ISPs, and receiving reciprocal compensation from CenturyTel when Socket terminates more than 60% of the traffic between the parties, as it undoubtedly will. Simshaw Direct at 36-39; Simshaw Rebuttal.</p> <p><b>Socket’s proposed contract language would create an undue arbitrage opportunity.</b></p> <p>As noted above (see position statement for issue 7), the bulk of the traffic to be “exchanged” between the parties going-forward will likely be Socket’s primarily one-way VNXX dial-up ISP traffic. Since Socket will almost certainly terminate more than 60 percent of the traffic “exchanged” between the parties immediately, its contract language would certainly trigger the reciprocal compensation mechanism, allowing Socket to move from bill and keep to a reciprocal compensation windfall. That</p>

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			<p><b>Traffic.</b></p> <p><b>9.4 Compensation for Non-MCA Section 251(b) (5) Traffic, Non-MCA ISP Traffic and Non-MCA Foreign Exchange Traffic including VNXX Traffic.</b></p> <p><b>9.4.1 All non-MCA Traffic, including Non-MCA Section 251 (b)(5) Traffic, Non-MCA ISP Traffic, Non-MCA Foreign Exchange Traffic including VNXX Traffic shall be exchanged on a Bill and Keep basis.</b></p> <p><b>9.4.2 “Bill and Keep” refers to an arrangement in which neither of two interconnecting parties charges the other for terminating FX traffic that originates on the other party’s network.</b></p> <p><b>9.5 The Parties may mutually agree to another compensation arrangement. In the event the Parties do mutually agree to another Intercarrier Compensation arrangement, the Parties will make the necessary amendment to the Interconnection Agreement to include that arrangement in the Agreement.</b></p> <p><b>9.6 Compensation for Termination of Non-PIC’d IntraLATA Interexchange Toll</b></p>	<p>addendum to its ICA. Socket does not agree to operate under the terms of the previous amendment or to agree to CenturyTel’s additional proposal that Socket establish a POI at each CenturyTel central office.</p> <p>In addition, CenturyTel erroneously seeks to apply intrastate access charges to FX traffic (even in MCA areas where the Commission has held that bill-and-keep applies).</p> <p>Kohly Direct at 66-69. Kohly Rebuttal.</p>	<p><u>Traffic excluding Local Traffic that is also Information Access Traffic. Should such traffic study indicate, in the aggregate, that either Party is terminating more than sixty percent (60%) of the Parties’ total terminated minutes for Local Traffic, excluding Local Traffic that is also Information Access Traffic, either Party may notify the other that mutual compensation will commence pursuant to the rates set forth in Appendix A of this Agreement and following such notice it shall begin and continue for the duration of the Term of this Agreement unless otherwise agreed. Local Traffic that is also Information Access Traffic will remain subject to Bill-and-Keep.</u></p> <p><u>9.2.3 VNXX Traffic. If Socket assigns NPA/NXXs to a customer physically located outside of the CenturyTel Local Calling Area containing the rate center with which the NPA/NXX is associated, traffic originating from CenturyTel customers within that CenturyTel Local Calling Area to Socket customer physically located outside of the CenturyTel Local Calling Area, shall not be deemed Local Traffic but shall be at bill and keep (provided that Socket agreed to maintain the terms of the recent addendum agreement between CenturyTel and Socket whereby Socket agreed to place a POI at every CenturyTel end office and where all</u></p>	<p>arrangement is fundamentally unreasonable and is inconsistent with economic and regulatory policy, especially since Socket is the cost causer and is the only party generating revenue from the VNXX dial-up ISP traffic and Socket would shift the vast majority of costs to CenturyTel under its unrestricted single POI per LATA in perpetuity proposal. Simshaw Direct at 36-39; Simshaw Rebuttal; Issue 7 Position Statement.</p> <p>Socket’s proposal is also inconsistent with the FTA. The statute, of course, refers to reciprocal compensation as the “mutual and reciprocal” recovery of costs. There is nothing mutual or reciprocal about Socket’s position. In crafting the FTA, Congress anticipated a mutual exchange of traffic with both parties benefiting from the arrangement. The Act anticipated that reciprocal compensation would flow both directions. Socket, however, is attempting to arbitrage the system such that 100 percent of the traffic terminates on its network, so that it receives 100 percent of the end-user revenues, and it receives 100 percent of the reciprocal compensation payments, all the while shifting most of the costs to CenturyTel. That demand is inconsistent with the statute, inconsistent with sound economic and regulatory principles, and does not represent a reasonable or fair allocation of costs and responsibilities. Simshaw</p>

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			<p><b>Traffic.</b></p> <p><b>9.6.1 IntraLATA Interexchange Traffic that is carried on jointly provided LEC-to-LEC network is considered as IntraLATA Toll Traffic and is subject to tariffed access charges. Billing arrangements are outlined in Section 10 – Recording and Billing of this Article.</b></p> <p><b>9.6.2 Compensation for the termination of this traffic will be at terminating access rates for Message Telephone Service (MTS) and originating access rates for 800 Service, including Carrier Common Line (CCL) charge, as set forth in each Party's intrastate access tariff(s).</b></p> <p><b>9.6.3 For interstate IntraLATA service compensation for terminating of Intercompany traffic will be at terminating access rates for Message Telephone Service (MTS) and originating access rates for 800 Service, including the Carrier Common Line (CCL) charge, as set forth in each Party's interstate access service tariffs or interstate price sheet.</b></p>		<p>ISP-bound traffic is at bill and keep. Should Socket not agree to abide by its recent addendum terms, CenturyTel reserves the right to revert to its advocacy position on this issue which is that access charges do apply to all ISP-bound traffic that terminates to a physical ISP location outside of the local calling area.)</p> <p>9.2.X MCA Transit Traffic. Neither party shall assess transit charges on any MCA transit traffic.</p> <p>9.2.XX FX Traffic. (CenturyTel anticipated providing compromise language shortly.)</p> <p>(CenturyTel proposes inserting the following in Article II- Definitions-</p> <p>MCA Traffic- Traffic originated by a party providing a local calling scope pursuant to the Case No. TO-92-306 and Case No. TO-99-483 (MCA Orders) and routed as a local traffic based on the calling scope of the originating party pursuant to the MCA Orders. )</p>	<p>Direct at 38-39; Simshaw Rebuttal; Issue 7 Position Statement.</p> <p>It is also notable that, notwithstanding its general professed reliance on provisions from SBC's successor agreement to the M2A, Socket's proposed language here is inconsistent with the language adopted by the Commission on this point in that proceeding. Simshaw Direct at 38.</p> <p><b>CenturyTel's proposal is reasonable and fairly apportions responsibility between the parties.</b></p> <p>CenturyTel's language, which subjects Socket's VNXX dial-up ISP traffic to access charges is consistent with the existing access regime, minimizes the opportunity for arbitrage, is consistent with sound economic and regulatory principles, and fairly allocates costs and responsibilities between the parties. Moreover, it recognizes the true nature of the traffic at issue. In the alternative, and consistent with the MCImetro/CenturyTel and CD Telecom/CenturyTel agreements, Bill and Keep could be applied to such traffic conditioned upon POIs being established in each local calling area where Socket chooses to assign VNXX telephone numbers. Simshaw Direct at 38-39; Simshaw Rebuttal.</p> <p>On this issue, like the resolution of Issue 7 above, the Commission should</p>

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						refrain from allowing Socket to generate a windfall and shift its costs by erecting an arbitrage situation that is inconsistent with the FTA's key goals. Simshaw Direct at 36-39; Simshaw Rebuttal; Issue 7 Position Statement.
What are the appropriate rates, terms and conditions for compensation for transit traffic?	11	10.0	<p><b>10.0 TRANSIT TRAFFIC</b></p> <p><b>10.1 Compensation for MCA Transit Traffic</b></p> <p>10.1.1 Consistent with the Commission's decision in Case No. TO-92-306 and Case No. TO-99-483 and notwithstanding any other provision of the agreement to the contrary, neither party shall assess transit charges on any MCA transit traffic.</p> <p><b>10.2 Compensation for Non-MCA Transit Traffic.</b></p> <p><b>10.2.1 The Transit Rate is charged by the Transit Provider to the originating Party on a MOU basis. The Transit Rate element is only applicable when calls do not terminate to the Transit Provider's End User.</b></p> <p><b>10.2.2 The Transit Rate is based upon the tandem switching and common transport rates set forth in Article VII, Schedule of Pricing.</b></p>	<p>Socket's proposed language on Transit Traffic is consistent with prior Commission precedent, as reflected most recently in Docket No. TO-2005-0336, the arbitration of the successor agreement to the M2A. The Commission has previously decided that ILECs are obligated to provide transit service as part of their Section 251 obligations. Socket's proposal correctly recognizes that transit compensation is not required if the traffic involved constitutes MCA traffic.</p> <p>Moreover, the Socket language includes important provisions left out of the CenturyTel proposals (including a mutual commitment to pass Calling Party Number information to the other party, which will increase the transiting carrier's ability to bill for the traffic it transits). CenturyTel's proposed language also limits transit traffic to a amount of traffic below a DS1 level of calls. CenturyTel is not permitted to impose restrictions on when it will provide transit service. CenturyTel also would require Socket to pay, without</p>	<p>10.0 <u>The Parties will provide Tandem Switching for Local Traffic between the Parties' end offices subtending each other's access Tandem, as follows:</u></p> <p>10.1 <u>The originating Party will compensate the Tandem Party for each minute of non-MCA originated Tandem switched traffic which terminates to a third party (e.g., other Socket, ILEC, or wireless service provider). The applicable rate for this charge is the Tandem Transiting charge identified in Appendix A.</u></p> <p>10.2 <u>The originating Party also assumes responsibility for compensation to the company that terminates the call. Compensation to third parties terminating traffic on either Party's behalf shall be covered by specific arrangements between the originating Party and the terminating third party.</u></p> <p>10.3 <u>Each Party shall deliver Tandem traffic to CenturyTel with CCS and the appropriate Transactional</u></p>	<p>Recognizing the fair and reasonable apportionment of responsibility, the Commission should adopt CenturyTel's proposed contract language, which is consistent with industry standard regarding the billing mechanism for transit traffic and attempts to prevent arbitrage. Miller Direct at 31-36; Miller Rebuttal.</p> <p><b>Consistent with industry standards, CenturyTel would have the terminating carrier bill the originating carrier for transit traffic.</b></p> <p>CenturyTel, unlike Socket, provides for a reasonable, industry standard method compensation scheme for transit traffic. To appreciate the reasonable allocation of responsibility, it is necessary first to understand the traffic at issue. Transit traffic is telecommunications traffic between originating and terminating carriers that is transported between the originating and terminating carriers over the network of a third party carrier; it is neither originated nor terminated on the third party carrier's network. Miller Direct at 31. Whereas</p>

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