

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF LEVEL 3 COMMUNICATIONS,)	
LLC FOR ARBITRATION WITH BELLSOUTH)	
TELECOMMUNICATIONS, INC. PURSUANT TO)	CASE NO.
SECTION 252(B) OF THE COMMUNICATIONS)	2000-404
ACT OF 1934, AS AMENDED BY THE)	
TELECOMMUNICATIONS ACT OF 1996)	

**BELLSOUTH TELECOMMUNICATIONS, INC.'S
SUBMISSION OF AGREED-UPON PORTIONS OF INTERCONNECTION AGREEMENT
AND BEST AND FINAL OFFER**

Pursuant to Paragraphs 6 and 7 of the Order entered by the Commission in this Docket on November 2, 2000, BellSouth Telecommunications, Inc. ("BellSouth") respectfully submits the attached document. This document, entitled "Attachment 3 Network Interconnection," reflects both the agreed-upon portions of the parties' contract that have not already been filed and BellSouth best and final offer, in contract form, on each of the issues that remains in dispute in this docket.

Attachment B to Level 3's Petition for Arbitration is a draft interconnection agreement reflecting the parties' negotiations as of the date the Petition was filed. See Petition, ¶7. The only disputed language in Attachment B to the Petition appears in Attachment 3, which is entitled "Network

Interconnection." All other language in the Attachment B was - and still is - agreed-upon by the parties.

Since Level 3 filed its Petition, the parties have resolved Issues No. 4, 5, and 8. See Letter of November 20, 2000 from Level 3's Counsel to the Executive Director. The unshaded language in the attached document reflects the language to which the parties have agreed in the resolution of those issues. The shaded language in the attached document reflects BellSouth's best and final offer on each of the issues that remain in dispute in this docket.

Respectfully submitted,

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Attachment 3
Network Interconnection

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The Parties shall provide interconnection with each other's networks for the transmission and routing of telephone exchange service (local) and exchange access (intraLATA toll and switched access) on the following terms:

1. Network Interconnection

All negotiated rates, terms and conditions set forth in this Attachment pertain only to the provision of network interconnection where Level 3 owns and provides its switch(es).

1.1 Network Interconnection for call transport and termination will be provided by BellSouth at any technically feasible point. Requests to BellSouth for interconnection at points other than as set forth in this Attachment may be made through the Bona Fide Request/New Business Request process set out in General Terms and Conditions.

1.1.1 An Interconnection Point (IP) is the physical telecommunications equipment interface that performs the interconnection function for BellSouth and Level 3. Each Party is financially and operationally responsible for providing the network on its side of the IP. Furthermore, the IP must be located within the LATA in which Local Traffic is originating. The IP determines the point at which the originating Party shall pay the terminating Party for the call transport and termination of that traffic.

1.1.1.1 Pursuant to the provisions of this Attachment, each Party as an originating Party, may establish Interconnection Point(s) for the delivery of its originated local and intraLATA toll traffic to the other Party for call transport and termination by the terminating Party; except when the Parties mutually agree to utilize two-way interconnection trunk groups for the exchange of local and intraLATA toll traffic between each other, the Parties shall mutually agree to the location of Interconnection Point(s). **(BST Proposed Language)**

1.2 Interconnection via Leased Dedicated Transport Facilities

1.2.1 The originating Party may purchase Local Channel facilities from the terminating Party, at the cost-based prices identified in Exhibit A to this Attachment, from the Interconnection Point to the originating Party's serving wire center. The portion of Local Channel facilities utilized for Local Traffic shall be determined based upon the application of the Percent Local Facility (PLF) Factor as defined in this Attachment. Additionally, the charges applied to the portion of the Local Channel used for Local Traffic as determined by the PLF are as set forth in Exhibit A to this Attachment. This factor shall be reported in addition to the switched dedicated transport jurisdictional factors specified in the BellSouth intrastate and interstate switched access tariffs.

- 1.2.2 Additionally, either Party may purchase, at the cost-based prices identified in Exhibit A to this Attachment, Dedicated Interoffice Transport facilities from its designated serving wire center to the other Party's first point of switching. The portion of Dedicated Interoffice Transport facilities utilized for Local Traffic shall be determined based upon the application of the Percent Local Facility (PLF) Factor as defined in this Attachment. Additionally, the charges applied to the portion of the Dedicated Interoffice Transport used for Local Traffic as determined by the PLF are as set forth in Exhibit A to this Attachment. This factor shall be reported in addition to the switched dedicated transport jurisdictional factors specified in the BellSouth intrastate and interstate switched access tariffs.
- 1.2.3 For the purposes of this Attachment, **Local Channel** is defined as a switch transport facility between the Interconnection Point and the originating Party's serving wire center.
- 1.2.4 For the purposes of this Attachment, **Serving Wire Center** is defined as the wire center owned by one Party from which the other Party would normally obtain dial tone for its Interconnection Point.
- 1.2.5 For the purposes of this Attachment, **Dedicated Interoffice Transport** is defined as a switch transport facility between a Party's serving wire center and the first point of switching on the other Party's common (shared) network.
- 1.3 **Fiber Meet**
- 1.3.1 **Fiber Meet** is an interconnection arrangement whereby the Parties physically interconnect their networks via an optical fiber interface (as opposed to an electrical interface) at which one Party's facilities, provisioning, and maintenance responsibility begins and the other Party's responsibility ends (i.e. Interconnection Point).
- 1.3.2 If Level 3 elects to interconnect with BellSouth pursuant to a Fiber Meet, Level 3 and BellSouth shall jointly engineer and operate a Synchronous Optical Network ("SONET") transmission system by which they shall interconnect their transmission and routing of local traffic via a Local Channel facility at either the DS0, DS1, or DS3 level. The Parties shall work jointly to determine the specific transmission system. However, Level 3's SONET transmission must be compatible with BellSouth's equipment in the BellSouth Interconnection Wire Center. The same vendor's equipment and software version must be used, and the Data Communications Channel (DCC) must be turned off.
- 1.3.3 BellSouth shall, wholly at its own expense, procure, install and maintain the agreed upon SONET equipment in the BellSouth Interconnection Wire Center ("BIWC").
- 1.3.4 Level 3 shall, wholly at its own expense, procure, install and maintain the agreed upon SONET equipment in the Level 3 Interconnection Wire Center ("Level 3 Wire Center").

- 1.3.5 The Parties shall mutually designate an IP outside the BIWC as a Fiber Meet point and BellSouth shall make all necessary preparations to receive, and to allow and enable Level 3 to deliver, fiber optic facilities into the Interconnection Point with sufficient spare length to reach the fusion splice point at the Interconnection Point. BellSouth shall, wholly at its own expense, procure, install, and maintain the fusion splicing point in the Interconnection Point. A Common Language Location Identification ("CLLI") code will be established for each Interconnection Point. The code established must be a building type code. All orders shall originate from the Interconnection Point (i.e., Interconnection Point to Level 3, Interconnection Point to BellSouth).
- 1.3.6 Level 3 shall deliver and maintain such strands wholly at its own expense. Upon verbal request by Level 3, BellSouth shall allow Level 3 access to the Fiber Meet entry point for maintenance purposes as promptly as possible.
- 1.3.7 The Parties shall jointly coordinate and undertake maintenance of the SONET transmission system. Each Party shall be responsible for maintaining the components of their own SONET transmission system.
- 1.3.8 Each Party will be responsible for (i) providing its own transport facilities to the Fiber Meet, and (ii) the cost to build-out its facilities to such Fiber Meet.
- 1.3.9 Neither Party shall charge the other for its portion of the Fiber Meet facility used exclusively for non-transit local traffic (i.e. the Local Channel). Charges incurred for other services including dedicated transport facilities will apply. Charges for Switched and Special Access Services shall be billed in accordance with the applicable Access Service tariff (i.e. the BellSouth Interstate or Intrastate Access Services Tariff).
2. **Interconnection Trunk Group Architectures**
- 2.1 BellSouth and Level 3 shall establish interconnecting trunk groups and trunk group configurations between networks including the establishment of one-way or two-way trunks in accordance with the following provisions set forth in this Agreement. For trunking purposes, traffic will be routed based on the digits dialed by the originating end user and in accordance with the Local Exchange Routing Guide (LERG).
- 2.2 Level 3 shall establish an interconnection trunk group(s) to at least one BellSouth access tandem within the LATA for the delivery of Level 3's originated local and intraLATA toll traffic and for the receipt and delivery of Transit Traffic. To the extent Level 3 desires to terminate local and intraLATA toll traffic to BellSouth and Transit Traffic to third parties subtending other BellSouth access tandems within the LATA, other than the one Level 3 has established interconnection trunk groups to, Level 3 shall order Multiple Tandem Access, as described in this Attachment, to such other BellSouth access tandems or order interconnection trunk groups to such other BellSouth access tandems.
- 2.2.1 Notwithstanding the forgoing, Level 3 shall establish an interconnection trunk group(s) to all BellSouth access and local tandems in the LATA where Level 3 has homed (i.e. assigned)

- its NPA/NXXs. Level 3 shall home its NPA/NXXs on the BellSouth tandems that serve the Exchange Rate Center Areas to which the NPA/NXXs are assigned. The specified association between BellSouth tandems and Exchange Rate Centers is defined in the national Local Exchange Routing Guide (LERG). Level 3 shall enter its NPA/NXX access and/or local tandem homing arrangement into the LERG.
- 2.3 Switched Access traffic will be delivered to and by Interexchange Carriers (IXCs) based on Level 3's NXX Access Tandem homing arrangement as specified by Level 3 in the Local Exchange Routing Guide (LERG).
- 2.4 Any Level 3 interconnection request that deviates from the interconnection trunk group architectures as described in this Agreement that affects traffic delivered to Level 3 from a BellSouth switch that requires special BellSouth switch translations and other network modifications will require Level 3 to submit a Bona Fide Request/New Business Request via the Bona Fide Request/New Business Request Process set forth in General Terms and Conditions.
- 2.5 Charges, both non-recurring and recurring, associated with interconnecting trunk groups between BellSouth and Level 3 are set forth in Exhibit A. To the extent a rate associated with the interconnecting trunk group is not set forth in Exhibit A, the interim rate shall be as set forth in the appropriate BellSouth tariff for Switched Access services. Once a cost based rate is established by BellSouth, the interim tariff rate shall be trued up and the cost based rate will be applied retroactively to the effective date of this agreement. **(BST Proposed Language)**
- 2.6 For two-way trunk groups that carry both Parties' local and IntraLATA Toll traffic only, excluding trunk groups that carry Transit Traffic, the Parties shall be compensated for the nonrecurring and recurring charges for dedicated transport trunks and facilities at 50% of the applicable contractual or tariff rates for the services provided by each Party. Level 3 shall be responsible for ordering and paying for any two-way trunks carrying Transit Traffic. **(BST Proposed Language)**
- 2.7 All trunk groups will be provisioned as Signaling System 7 (SS7) capable where technically feasible. If SS7 is not technically feasible multi-frequency (MF) protocol signaling shall be used.
- 2.8 In cases where Level 3 is also an IXC, the IXC's Feature Group D (FG D) trunk group(s) must remain separate from the local interconnection trunk group(s).
- 2.9 Unless in response to a blocking situation or for a project, when either Party orders interconnection trunk group augmentations, a Firm Order Confirmation (FOC) shall be returned to the ordering Party within four (4) business days from receipt of a valid error free ASR. For local interconnection trunks, the party receiving an ASR will review each ASR for pre-order errors within two (2) business days of receipt. If an ASR contains an error, the Party receiving the ASR will notify the ordering Party of errors within two (2) business days of receipt. In order for the receiving Party to notify the ordering Party within the

above specified timeframe, the ASR must be submitted to the correct ordering center. Furthermore, each Party has the obligation to ensure that the ordering system interfaces being used to receive rejected ASRs if functioning. Upon receipt of a request for clarification, each Party will submit a supplemental ASR within 48 hours to correct the specified errors. Each time a request for clarification is sent, the interval stops and does not restart until the specified error is resolved. A project is defined as a new trunk group or the request of 96 or more trunks on a single or multiple trunk group(s) in a given local calling area. Blocking situations and projects shall be managed through the BellSouth Interconnection Trunking Project Management group and Level 3's equivalent trunking group.

- 2.10 BellSouth will agree to turn up orders for augmentation orders of ninety-six trunks or less within forty-five (45) calendar days of receipt of the order. The turn up dates for all other orders must be negotiated with BellSouth's Local Interconnection Switching Center (LISC) Project Management Group.

2.11 **Interconnection Trunk Groups for Exchange of Local, IntraLATA Toll and Transit Traffic**

- 2.11.1 If the Parties' originated local and/or intraLATA toll traffic is utilizing the same two-way trunk group, the Parties shall mutually agree to use this type of two-way interconnection trunk group with the quantity of trunks being mutually determined and the provisioning being jointly coordinated. Furthermore, the Interconnection Point(s) for two-way interconnection trunk groups transporting both Parties local and/or intraLATA toll shall be mutually agreed upon. Level 3 shall order such two-way trunks via the Access Service Request (ASR) process in place for Local Interconnection upon determination by the Parties, in a joint planning meeting, that such trunk groups shall be utilized. BellSouth will use the Trunk Group Service Request (TGSR) to request changes in trunking. Both Parties reserve the right to issue ASRs, if so required, in the normal course of business. Furthermore, the Parties shall jointly review such trunk performance and forecasts on a periodic basis. The Parties use of two-way interconnection trunk groups for the transport of local and/or intraLATA toll traffic between the Parties does not preclude either Party from establishing additional one-way interconnection trunks for the delivery of its originated local and/or intraLATA toll traffic to the other Party.

2.11.2 **BellSouth Access Tandem Interconnection Architectures**

BellSouth Access Tandem Interconnection provides intratandem access to subtending end offices. BellSouth Multiple Tandem Access (MTA), described later in this Agreement, may be ordered using any of the following access tandem architectures.

2.11.2.1 **Basic Architecture**

- 2.11.2.1.1 In this architecture, Level 3's originating Local and IntraLATA Toll and originating and terminating Transit Traffic is transported on a single two-way trunk group between Level 3 and BellSouth access tandem(s) within a LATA. This group carries

intratandem Transit Traffic between Level 3 and Independent Companies, Interexchange Carriers, other CLECs and other network providers with which Level 3 desires interconnection and has the proper contractual arrangements as may be required with the third party. This group also carries Level 3 originated intertandem traffic transiting a single BellSouth access tandem destined to third party tandems such as an Independent Company tandem or other CLEC tandem. BellSouth originated Local and IntraLATA Toll traffic is transported on a single one-way trunk group terminating to Level 3. Other trunk groups for operator services, directory assistance, emergency services and intercept may be established if required. The LERG should be referenced for current routing and tandem serving arrangements. The Basic Architecture is illustrated in Exhibit B.

2.11.2.1 One-Way Trunk Group Architecture

2.11.2.1.1 In this architecture, the Parties interconnect using two one-way trunk groups. One one-way trunk group carries Level 3-originated local and intraLATA toll traffic destined for BellSouth end-users. The other one-way trunk group carries BellSouth-originated local and intraLATA toll traffic destined for Level 3 end-users. A third two-way trunk group is established for Level 3's originating and terminating Transit Traffic. This group carries intratandem Transit Traffic between Level 3 and Independent Companies, Interexchange Carriers, other CLECs and other network providers with which Level 3 desires interconnection and has the proper contractual arrangements as may be required with the third party. This group also carries Level 3 originated intertandem traffic transiting a single BellSouth access tandem destined to third party tandems such as an Independent Company tandem or other CLEC tandem. Other trunk groups for operator services, directory assistance, emergency services and intercept may be established if required. The LERG should be referenced for current routing and tandem serving arrangements. The One-Way Trunk Group Architecture is illustrated in Exhibit C.

2.11.2.2 Two-Way Trunk Group Architecture

2.11.2.2.1.1 The Two-Way Trunk Group Architecture establishes one two-way trunk group to carry local and intraLATA toll traffic between Level 3 and BellSouth. In addition, a two-way transit trunk group must be established for Level 3's originating and terminating Transit Traffic. This group carries intratandem Transit Traffic between Level 3 and Independent Companies, Interexchange Carriers, other CLECs and other network providers with which Level 3 desires interconnection and has the proper contractual arrangements as may be required with the third party. This group also carries Level 3 originated intertandem traffic transiting a single BellSouth access tandem destined to third party tandems such as an Independent Company tandem or other CLEC tandem. Other trunk groups for operator services, directory assistance, emergency services and intercept may be established if required. The LERG should be referenced for current routing and tandem serving arrangements. The Two-Way Trunk Group Architecture is illustrated in Exhibit D.

2.11.2.3 Supergroup Architecture

2.11.2.3.1 In the Supergroup Architecture, the Parties Local and IntraLATA Toll and Level 3's Transit Traffic are exchanged on a single two-way trunk group between Level 3 and BellSouth. This group carries intratandem Transit Traffic between Level 3 and Independent Companies, Interexchange Carriers, other CLECs and other network providers with which Level 3 desires interconnection and has the proper contractual arrangements as may be required with the third party. This group also carries Level 3 originated intertandem traffic transiting a single BellSouth access tandem destined to third party tandems such as an Independent Company tandem or other CLEC tandem. Other trunk groups for operator services, directory assistance, emergency services and intercept may be established if required. The LERG should be referenced for current routing and tandem serving arrangements. The Supergroup Architecture is illustrated in Exhibit E.

2.11.3 Multiple Tandem Access Service

2.11.3.1 BellSouth **Multiple Tandem Access (MTA)** provides for LATA wide BellSouth transport and termination of Level 3-originated intraLATA toll and local traffic, that is transported by BellSouth, by establishing an interconnection trunk group(s) at a BellSouth access tandem with routing through multiple BellSouth access tandems as required. However, Level 3 must still establish an interconnection trunk group(s) at all BellSouth access tandems where Level 3 NXXs are "homed". If Level 3 does not have NXXs homed at a BellSouth access tandem within a LATA and elects not to establish an interconnection trunk group(s) at such BellSouth access tandem, Level 3 can order MTA in each BellSouth access tandem within the LATA where it does have an interconnection trunk group(s) and BellSouth will terminate traffic to end-users served through those BellSouth access tandems where Level 3 does not have an interconnection trunk group(s). MTA shall be provisioned in accordance with BellSouth's Ordering Guidelines.

2.11.3.2 MTA does not include switched access traffic that transits the BellSouth network to an Interexchange Carrier (IXC). Switched Access traffic will be delivered to and by IXCs based on Level 3's NXX Access Tandem homing arrangement as specified by Level 3 in the national Local Exchange Routing Guide (LERG).

2.11.3.3 For Level 3-originated local and intraLATA toll traffic that BellSouth transports but is destined for termination by a third Party network (Transit Traffic), BellSouth MTA is required if multiple BellSouth access tandems are necessary to deliver the call to the third Party network.

2.11.3.4 When Level 3 purchases MTA, the Parties agree that compensation for the BellSouth transport and/or termination of Level 3's local and intraLATA toll traffic will be billed on a statewide basis at the applicable rates specified in Exhibit A to this Attachment for local traffic and at the BellSouth intrastate switched access tariff rates for intraLATA toll traffic (in the case of intraLATA toll transit traffic).

- 2.11.3.5 To the extent Level 3 does not purchase MTA in a calling area that has multiple access tandems serving the calling area as defined by BellSouth, Level 3 must establish an interconnection trunk group(s) to every access tandem in the calling area in order to serve the entire calling area. To the extent Level 3 does not purchase MTA and provides intraLATA toll service to its customers, it may be necessary for it to establish an interconnection trunk group(s) to additional BellSouth access tandems that serve end offices outside the local calling area. To the extent Level 3 routes its traffic in such a way that utilizes BellSouth's MTA service without properly ordering MTA service, Level 3 agrees to pay BellSouth the associated transport and termination charges.

2.11.4 Local Tandem Interconnection

- 2.11.4.1 Local Tandem Interconnection arrangement allows Level 3 to establish an interconnection trunk group(s) at BellSouth local tandems for: (1) the delivery of Level 3-originated local traffic transported and terminated by BellSouth to BellSouth end offices within the local calling area as defined in BellSouth's General Subscriber Services Tariff (GSST), section A3 served by those BellSouth local tandems, and (2) for local Transit Traffic transported by BellSouth for third party network providers who have also established an interconnection trunk group(s) at those BellSouth local tandems.
- 2.11.4.2 When a specified local calling area is served by more than one BellSouth local tandem, Level 3 must designate a "home" local tandem for each of its assigned NPA/NXXs and establish trunk connections to such local tandems. Additionally, Level 3 may choose to establish an interconnection trunk group(s) at the BellSouth local tandems where it has no codes homing but is not required to do so. Level 3 may deliver local traffic to a "home" BellSouth local tandem that is destined for other BellSouth or third party network provider end offices subtending other BellSouth local tandems in the same local calling area where Level 3 does not choose to establish an interconnection trunk group(s). It is Level 3's responsibility to enter its own NPA/NXX local tandem homing arrangements into the Local Exchange Routing Guide (LERG) either directly or via a vendor in order for other third party network providers to determine appropriate traffic routing to Level 3's codes. Likewise, Level 3 shall obtain its routing information from the LERG.
- 2.11.4.3 Notwithstanding establishing an interconnection trunk group(s) to BellSouth's local tandems, Level 3 must also establish an interconnection trunk group(s) to BellSouth access tandems within the LATA on which Level 3 has NPA/NXXs homed for the delivery of Interexchange Carrier Switched Access (SWA) and toll traffic, and traffic to Type 2A CMRS connections located at the access tandems. BellSouth shall not switch SWA traffic through more than one BellSouth access tandem. SWA, Type 2A CMRS or toll traffic routed to the local tandem in error will not be backhauled to the BellSouth access tandem for completion. (Type 2A CMRS interconnection is defined in BellSouth's A35 General Subscriber Services Tariff).

- 2.11.4.4 BellSouth's provisioning of local tandem interconnection assumes that Level 3 has local interconnection agreements, where they may be required, with the other third party network providers subtending those local tandems as required by the Act.

2.11.5 Direct End Office-to-End Office Interconnection

- 2.11.5.1 Direct End Office-to-End Office one-way or two-way interconnection trunk groups allow for the delivery of a Party's originating local or intraLATA toll traffic to the terminating Party on a direct end office-to-end office basis.

- 2.11.5.2 The Parties shall utilize direct end office-to-end office trunk groups under the following conditions:

- 2.11.5.2.1 Tandem Exhaust - If a tandem through which the Parties are interconnected is unable to, or is forecasted to be unable to support additional traffic loads for any period of time, the Parties will mutually agree on an end office trunking plan that will alleviate the tandem capacity shortage and ensure completion of traffic between Level 3 and BellSouth's subscribers.

- 2.11.5.2.2 Traffic Volume –To the extent either Party has the capability to measure the amount of traffic between a Level 3 switching center and a BellSouth end office, either Party shall install and retain direct end office trunking sufficient to handle actual or reasonably forecasted traffic volumes, whichever is greater, between a Level 3 switching center and a BellSouth end office where the traffic exceeds or is forecasted to exceed a single DS1 of local traffic during the time consistent busy hour (as measured utilizing the day-to-day variation and peakedness) per month over a period of three (3) consecutive months. Either Party will install additional capacity between such points when overflow traffic between Level 3's switching center and BellSouth's end office exceeds or is forecasted to exceed a single DS1 of local traffic during the time consistent busy hour (measured utilizing the day-to-day variation and peakedness) per month. In the case of one way trunking, additional trunking shall only be required by the Party whose trunking has achieved the preceding usage threshold.

- 2.11.5.2.3 Mutual Agreement - The Parties may install direct end office trunking upon mutual agreement in the absence of conditions (1) or (2) above and agreement will not unreasonably be withheld.

2.11.6 Transit Traffic Trunk Group

- 2.11.6.1 Transit Traffic trunks can either be two-way trunks or two one-way trunks ordered by Level 3 to deliver and receive local and intraLATA toll Transit Traffic from third parties, such as Independent Companies and other CLECs, via BellSouth access tandems (or BellSouth local tandems for local traffic), and Switched Access traffic to and from Interexchange Carriers via BellSouth access tandems pursuant to the Transit Traffic section of this Attachment. Establishing Transit Traffic trunks at BellSouth access and

local tandems provides intratandem access to the third parties also interconnected at those tandems.

2.11.6.2 Toll Free Traffic

2.11.6.2.1 If Level 3 chooses BellSouth to handle Toll Free database queries from its switches, all Level 3 originating Toll Free traffic will be routed over the Transit Traffic Trunk Group.

2.11.6.2.2 All originating Toll Free Service (Toll Free) calls for which Level 3 requests that BellSouth perform the Service Switching Point (“SSP”) function (i.e., perform the database query) shall be delivered using GR-394 format over the Transit Traffic Trunk Group. Carrier Code “0110” and Circuit Code (to be determined for each LATA) shall be used for all such calls.

2.11.6.2.3 Level 3 may handle its own Toll Free database queries from its switch. If so, Level 3 will determine the nature (local/intraLATA/interLATA) of the Toll Free call based on the response from the database. If the query determines that the call is a BellSouth local or intraLATA Toll Free number, Level 3 will route the post-query local or IntraLATA converted ten-digit local number to BellSouth over the local or intraLATA trunk group. If the query determines that the call is a third party (ICO or other CLEC) local or intraLATA Toll Free number, Level 3 will route the post-query local or intraLATA converted ten-digit local number to BellSouth over the Transit Traffic Trunk Group. In such case, Level 3 is to provide a Toll Free billing record when appropriate. If the query reveals the call is an interLATA Toll Free number, Level 3 will route the post-query interLATA call (Toll Free number) directly from its switch for carriers interconnected with its network or over the Transit Traffic Trunk Group to carriers not directly connected to its network but are connected to BellSouth’s access tandem. Calls will be routed to BellSouth over the local/intraLATA and Transit Traffic Trunk Groups within the LATA in which the calls originate.

2.11.6.2.4 All post-query Toll Free Service (Toll Free) calls for which Level 3 performs the SSP function, if delivered to BellSouth, shall be delivered using GR-394 format for calls destined to IXCs, and GR-317 format for calls destined to end offices that directly subtend the BellSouth access tandem.

3. Network Design And Management For Interconnection

3.1 Network Management and Changes. Both Parties will work cooperatively with each other to install and maintain the most effective and reliable interconnected telecommunications networks, including but not limited to, the exchange of toll-free maintenance contact numbers and escalation procedures. Both Parties agree to provide public notice of changes in the information necessary for the transmission and routing of services using its local exchange facilities or networks, as well as of any other changes that would affect the interoperability of those facilities and networks. Notice of such changes shall be provided in accordance with FCC or Commission rules or industry standards, as applicable. For

changes which impact service to end users, BellSouth will work cooperatively with Level 3 to address such changes.

- 3.2 Interconnection Technical Standards. The interconnection of all networks will be based upon accepted industry/national guidelines for transmission standards and traffic blocking criteria. Interconnecting facilities shall conform, at a minimum, to the telecommunications industry standard of DS-1 pursuant to Bellcore Standard No. TR-NWT-00499. Signal transfer point, Signaling System 7 (“SS7”) connectivity is required at each interconnection point. BellSouth will provide out-of-band signaling using Common Channel Signaling Access Capability where technically and economically feasible, in accordance with the technical specifications set forth in the BellSouth Guidelines to Technical Publication, TR-TSV-000905. Facilities of each Party shall provide the necessary on-hook, off-hook answer and disconnect supervision and shall hand off calling number ID (Calling Party Number) when technically feasible.
- 3.3 Quality of Interconnection. The local interconnection for the transmission and routing of telephone exchange service and exchange access that each Party provides to each other will be at least equal in quality to what it provides to itself and any subsidiary or affiliate, where technically feasible, or to any other Party to which each Party provides local interconnection.
- 3.4 Network Management Controls. Both Parties will work cooperatively with each other to apply sound network management principles by invoking appropriate network management controls (e.g., call gapping) to alleviate or prevent network congestion.
- 3.5 Common Channel Signaling. Both Parties will provide LEC-to-LEC Common Channel Signaling (“CCS”) to each other, where available, in conjunction with all traffic in order to enable full interoperability of CLASS features and functions except for call return. All CCS signaling parameters will be provided, including automatic number identification (“ANI”), originating line information (“OLI”) calling company category, charge number, etc. All privacy indicators will be honored, and each Party will cooperate with each other on the exchange of Transactional Capabilities Application Part (“TCAP”) messages to facilitate full interoperability of CCS-based features between the respective networks. Neither Party shall alter the CCS parameters, or be a party to altering such parameters, or knowingly pass CCS parameters that have been altered in order to circumvent appropriate interconnection charges.
- 3.6 Signaling Call Information. BellSouth and Level 3 will send and receive 10 digits for local traffic. Additionally, BellSouth and Level 3 will exchange the proper call information, i.e. originated call company number and destination call company number, CIC, and OZZ, including all proper translations for routing between networks and any information necessary for billing.
- 3.7 **Non-binding Forecasting for Trunk Provisioning**

- 3.7.1 Within six (6) months after execution of this agreement, and each quarter thereafter, Level 3 shall provide an interconnection trunk group forecast for each LATA that it shall provide service within BellSouth's region. Upon receipt of Level 3's forecast, the Parties shall schedule and participate in a joint planning meeting to develop a joint interconnection trunk group forecast. Each forecast provided under this Section shall be deemed "Confidential Information" under the General Terms and Conditions – Part A of this Agreement.
- 3.7.1.1 At a minimum, the forecast shall include the projected quantity of Transit Trunks, Level 3-to-BellSouth one-way trunks ("Level 3 Trunks"), BellSouth-to-Level 3 one-way trunks ("Reciprocal Trunks") and/or two-way interconnection trunks, if the Parties have agreed to interconnect using two-way trunking to transport the Parties' local and intraLATA toll. The quantities shall be projected for a minimum of six months in advance and shall include the current year plus next two years total forecasted quantities. Considering Level 3's provided forecast, the Parties shall mutually develop Reciprocal Trunk and/or two-way interconnection trunk forecast quantities for the time periods listed and to be included within the initial forecast.
- 3.7.1.2 Additionally all forecasts shall include, at a minimum, Access Carrier Terminal Location ("ACTL"), trunk group type (local/intraLATA toll, Transit, Operator Services, 911, etc.), A location/Z location (CLLI codes for Level 3 location and BellSouth location where the trunks shall terminate), interface type (e.g., DS1), Direction of Signaling, Trunk Group Number, if known, (commonly referred to as the 2-6 code) and forecasted trunks in service each year (cumulative).
- 3.7.1.3 At Level 3's specific written or electronic mail request to provide the information identified in this section, BellSouth shall provide Level 3 written confirmation that it has received Level 3's forecasts and included such information in its own network planning. As part of this confirmation, BellSouth shall also provide Level 3 with a description of major network projects anticipated within the following six (6) months that could affect its ability to respond to Level 3's forecasts. Major network projects include trunking or network rearrangements, anticipated tandem exhaust, anticipated end office exhaust, or other activities that are reflected by a significant increase or decrease in trunking demand over that six (6) month period. BellSouth will also provide, as part of this confirmation, notice of any network expansions, software and hardware upgrades, and other network changes that are likely to preclude BellSouth from completing trunk orders submitted by Level 3 during that six (6) month period.
- 3.7.2 Each Party shall exercise its best efforts to provide the quantity of interconnection trunks mutually forecasted. However, the provision of the forecasted quantity of interconnection trunks is subject to trunk terminations and facility capacity existing at the time the trunk order is submitted. Furthermore, the receipt and development of trunk forecasts does not imply any liability for failure to perform if capacity (trunk terminations or facilities) is not available for use at the forecasted time.

- 3.7.3 The submitting and development of interconnection trunk forecasts shall not replace the ordering process in place for local interconnection trunks.
- 3.7.4 Once initial interconnection trunk forecasts have been developed, Level 3 shall continue to provide interconnection trunk forecasts on a quarterly basis or at otherwise mutually agreeable intervals. Level 3 shall use its best efforts to make the forecasts as accurate as possible based on reasonable engineering criteria. Interconnection trunk forecasts shall be updated and provided to BellSouth on an as needed basis, but no less frequently than quarterly and no more frequently than monthly. Upon receipt of Level 3's forecast, including forecast updates, the Parties shall confer to mutually develop BellSouth Reciprocal Trunk and/or two-way interconnection trunk forecasted quantities for the listed time periods within such subsequent forecasts.

3.8 Trunk Utilization

- 3.8.1 During the first month of each calendar quarter, Level 3 shall provide a forecast pursuant to Section 3.7 which sets forth in good faith Level 3's trunking requirements for the quarter following the quarter during which the forecast is provided. Each forecast will set forth with specificity, in accordance with the requirements of Section 3.7.1.2, the forecast for each LATA within BellSouth's territory within which Level 3 provides service, or plans to provide service. Subject to Section 3.7.2, where such forecasts are provided as specified in this Section, BellSouth shall use its best efforts to order, or to provide based upon Level 3's orders, the designated number of trunks at locations identified by Level 3 within the time frames specified by Level 3. Nothing in this Section shall be construed as a guarantee on the part of BellSouth that trunks will be made available pursuant to Level 3's forecasts.
- 3.8.2 BellSouth and Level 3 shall monitor traffic on each interconnection trunk group that is installed pursuant to the initial interconnection trunk requirements and subsequent quarterly forecasts. At any time after the end of a calendar quarter, based on a review of the capacity utilization during such quarter for installed Reciprocal Trunk groups and/or two-way interconnection trunk groups, subject to the provisions of this Section 3.8, after fifteen (15) business days advance written notice to Level 3, BellSouth may disconnect any Underutilized Reciprocal Trunk(s) and/or request Level 3 to disconnect any Underutilized two-way interconnection trunk(s) if BellSouth has determined that the trunk group is not being utilized at eighty-five percent (85%) during the time consistent busy hour utilization level over a three (3) month period (utilizing the day-to-day variation and peakedness), provided that the Parties have not otherwise agreed. Underutilized trunks are defined as the trunks not being utilized as a result of a time consistent busy hour utilization of less than 85% (using the day-to-day variation and peakedness on the given trunk group).
- 3.8.3 To the extent that BellSouth has not ordered or provided, as applicable, trunks in the amount specified by Level 3 in each quarterly forecast within the time frame specified in that forecast within a given LATA, the utilization requirements set forth in Section 3.8.2 for determining whether a trunk group is Underutilized shall not apply to trunks ordered or provided pursuant to that quarterly forecast until such time as all trunks (or equivalent capacity at the tandem

subtended by the end office in which the shortfall in trunks has occurred) are ordered or provided by BellSouth, as applicable, pursuant to that quarter's Level 3 forecast. If, however, BellSouth's failure to order or provide, as applicable, the forecasted amount of trunks in a LATA in a given quarter is caused by Level 3's inability to accept such trunks, Level 3 shall be held to the utilization requirements set forth in Section 3.8.2 for the trunk groups in that LATA ordered or provided pursuant to that quarterly forecast. In the event that BellSouth fails to order or provide, as applicable, trunks in the amount specified by Level 3 in its quarterly forecast within the time frames specified in that forecast within a given LATA, and Level 3 is also unable to accept the trunks specified in its quarterly forecast during that quarter, the utilization requirements set forth in Section 3.8.2 for determining whether a trunk group is Underutilized shall not apply to trunk groups in that LATA ordered or provided pursuant to that quarterly forecast until such time as all trunks (or equivalent capacity at the tandem subtended by the end office in which the shortfall in trunks has occurred) are ordered or provided by BellSouth, as applicable, pursuant to that quarter's Level 3 forecast.

- 3.8.4 Each quarter's forecasted amount of trunks shall be measured independently for purposes of identifying Underutilized trunks pursuant to Section 3.8.2. Level 3's ability to forecast and obtain trunks in each quarter shall be independent of any utilization requirements applied to trunks ordered or provided during prior quarters or trunks ordered or provided additional to the quarterly forecasted amounts. To the extent that Level 3 asks BellSouth to order or provide additional trunks (other than those specified in each quarter's forecasts as provided by Level 3), BellSouth shall measure such additional trunks independently of any quarterly forecasts to determine whether such additional trunks are Underutilized pursuant to the terms of Section 3.8.2. The provisions of Section 3.8.3 shall not apply to such additional trunks that are not specified in the Level 3 quarterly forecast.
- 3.8.5 Within ten (10) business days following the disconnection notice prescribed in Section 3.8.2 above, Level 3 may request that BellSouth not disconnect or not request disconnection for some or all of the Underutilized Trunks, in which event BellSouth shall keep the trunks in service and may invoice Level 3 for, and Level 3 shall pay, all applicable recurring and nonrecurring trunk and facility unbundled network element charges for the Underutilized Trunks. The charges shall be applied from the date of the disconnection notice and continue until such trunks are disconnected, or to the extent Level 3 requests that such trunks remain in service, until the trunk group reaches an eighty-five percent (85%) time-consistent busy hour utilization level (using the day-to-day variation and peakedness on the given trunk group). In addition, Level 3 shall reimburse BellSouth for any nonrecurring and/or recurring charges BellSouth may have paid to Level 3 for the Underutilized Trunks and for any trunk installation expense BellSouth incurred. This expense shall equal the nonrecurring installation charge for trunks in Exhibit A. Furthermore, the Level 3 forecasts for each subsequent forecast period shall be automatically reduced by the number of Reciprocal Trunks and/or two-way interconnection trunks that have been determined to be subject to disconnection pursuant to the foregoing procedures.

4. **Local Dialing Parity**

- 4.1 BellSouth and Level 3 shall provide local and toll dialing parity to each other with no unreasonable dialing delays. Dialing parity shall be provided for all originating telecommunications services that require dialing to route a call. BellSouth and Level 3 shall permit similarly situated telephone exchange service end users to dial the same number of digits to make a local telephone call notwithstanding the identity of the end user's or the called party's telecommunications service provider.

5. **Interconnection Compensation**

5.1 **Compensation for Call Transportation and Termination for Local Traffic**

- 5.1.1 For reciprocal compensation between the Parties pursuant to this Attachment, Local Traffic is defined as any telephone call that originates in one exchange and terminates in either the same exchange, or other local calling area associated with the originating exchange as defined and specified in Section A3 of BellSouth's General Subscriber Service Tariff. Nothing in this Agreement shall be construed to limit either Party's ability to designate the areas within which the Party's customers may make calls which that Party rates as "local" in its customer tariffs.

- 5.1.1.1 As clarification of this definition and for reciprocal transport and termination compensation, Local Traffic does not include traffic that originates from or is directed to or through an enhanced service provider or information service provider. **(BST Proposed Language)**

- 5.1.1.2 Local Traffic does not include, and the Parties shall not bill or pay reciprocal compensation for, calls where a Party willfully sets up a call, or colludes with a third party to set up a call, to the other Party's network for the primary purpose of receiving reciprocal compensation, and not for the purpose of providing a telecommunications service to an End User in good faith.

- 5.1.2. The Parties shall provide for the mutual and reciprocal recovery of the costs for the elemental functions performed in transporting and terminating local traffic on each other's network. The Parties agree that charges for transport and termination of calls on their respective networks are as set forth in Exhibit A to this Attachment.

- 5.1.3. For the purposes of this Attachment, **Common (Shared) Transport** is defined as the transport of the originating Party's traffic by the terminating Party over the terminating Party's common (shared) facilities between the terminating Party's tandem switch and end office switch and/or between the terminating Party's tandem switches.

- 5.1.4. For the purposes of this Attachment, **Tandem Switching** is defined as the function that establishes a communications path between two switching offices through a third switching office (the Tandem switch). For purposes of Interconnection Compensation, Level 3's switch shall be considered a Tandem Switch if the Parties agree that Level 3's switch meets the criteria as set forth in the FCC's rules. To the extent the parties do not agree upon this

determination, either Party may seek dispute resolution pursuant to the provisions of this Agreement.

- 5.1.5. For the purposes of this Attachment, **End Office Switching** is defined as the function that establishes a communications path between the trunk side and line side of the End Office switch.
- 5.1.6. If Level 3 utilizes a switch outside the LATA and BellSouth chooses to purchase dedicated or common (shared) transport from Level 3 for transport and termination of BellSouth originated traffic, BellSouth will pay Level 3 no more than the airline miles between the V & H coordinates of the Interconnection Point within the LATA where Level 3 receives the BellSouth-originated traffic and the V & H coordinates of the BellSouth Exchange Rate Center Area that the Level 3 terminating NPA/NXX is associated in the same LATA. For these situations, BellSouth will compensate Level 3 at either dedicated or common (shared) transport rates specified in Exhibit A and based upon the functions provided by Level 3 as defined in this Attachment.
- 5.1.7. Neither Party shall represent Switched Access Traffic as Local Traffic for purposes of payment of reciprocal compensation.
- 5.1.8. Pursuant to the definition of Local Traffic in this Attachment, and for the purpose of delivery of BellSouth originating traffic to Level 3, BellSouth shall pay to Level 3 reciprocal compensation for Local Traffic delivered to Level 3 end users physically located within the local calling area in which the call originated and within which the Level 3 end user's NPA/NXX is assigned. If Level 3 assigns NPA/NXXs to specific BellSouth rate centers within the local calling area and assigns numbers from those NPA/NXXs to Level 3 end users physically located outside of that local calling area, BellSouth traffic originating from within the local calling area where the NPA/NXXs are assigned and delivered to a Level 3 customer physically located outside of such local calling area, shall not be deemed Local Traffic, and no compensation from BellSouth to Level 3 shall be due therefor. Further, Level 3 agrees to identify such traffic to BellSouth and to compensate BellSouth for originating and transporting such interLATA traffic to Level 3 at BellSouth's switched access tariff rates. **(BST Proposed Language)**
- 5.1.9. If Level 3 does not identify such traffic to BellSouth, to the best of BellSouth's ability BellSouth will determine which whole Level 3 NPA/NXXs on which to charge the applicable rates for originating network access service as reflected in BellSouth's Access Service Tariff. BellSouth shall make appropriate billing adjustments if Level 3 can provide sufficient information for BellSouth to determine whether or not said traffic is Local Traffic. **(BST Proposed Language)**
- 5.2. **Percent Local Use.** Each Party shall report to the other a Percent Local Usage ("PLU"). The application of the PLU will determine the amount of local minutes to be billed to the other Party. For purposes of developing the PLU, each Party shall consider every local call and every long distance call, excluding Transit Traffic. Each Party shall update its PLU on

the first of January, April, July and October of the year and shall send it to the other Party to be received no later than 30 calendar days after the first of each such month based on local usage for the past three months ending the last day of December, March, June and September, respectively. Requirements associated with PLU calculation and reporting shall be as set forth in BellSouth's Percent Local Use Reporting Guidebook, as it is amended from time to time. Notwithstanding the foregoing, where the terminating Party has message recording technology that identifies the jurisdiction of traffic terminated as defined in this Agreement, such information, in lieu of the PLU factor, shall at the terminating Party's option be utilized to determine the appropriate local usage compensation to be paid.

- 5.3 **Percent Local Facility.** Each Party shall report to the other a Percent Local Facility ("PLF"). The application of the PLF will determine the portion of switched dedicated transport to be billed per the local jurisdiction rates. The PLF shall be applied to multiplexing, local channel and interoffice channel switched dedicated transport utilized in the provision of local interconnection trunks. Each Party shall update its PLF on the first of January, April, July and October of the year and shall send it to the other Party to be received no later than 30 calendar days after the first of each such month to be effective the first bill period the following month, respectively. Requirements associated with PLU and PLF calculation and reporting shall be as set forth in BellSouth's Percent Local Use/Percent Local Facility Reporting Guidebook, as it is amended from time to time.
- 5.4 **Percent Interstate Usage.** Each Party shall report to the other the projected Percent Interstate Usage ("PIU"). All jurisdictional report requirements, rules and regulations for Interexchange Carriers specified in BellSouth's Intrastate Access Services Tariff will apply to Level 3. After interstate and intrastate traffic percentages have been determined by use of PIU procedures, the PLU and PLF factors will be used for application and billing of local interconnection. Each Party shall update its PIUs on the first of January, April, July and October of the year and shall send it to the other Party to be received no later than 30 calendar days after the first of each such month, for all services showing the percentages of use (PIUs, PLU, and PLF) for the past three months ending the last day of December, March, June and September.
- 5.5 **Audits.** On thirty (30) days written notice, each Party must provide the other the ability and opportunity to conduct an annual audit to ensure the proper billing of traffic. BellSouth and Level 3 shall retain records of call detail for a minimum of nine months from which a PLU, PLF and/or PIU can be ascertained. The audit shall be accomplished during normal business hours at an office designated by the Party being audited. Audit requests shall not be submitted more frequently than one (1) time per calendar year. Audits shall be performed by a mutually acceptable independent auditor paid for by the Party requesting the audit, and be conducted pursuant to the confidentiality provisions of this Agreement. The PLU and/or PIU shall be adjusted based upon the audit results and shall apply to the usage for the quarter the audit was completed, to the usage for the quarter prior to the completion of the audit, and to the usage for the two quarters following the completion of the audit. If, as a result of an audit, either Party is found to have overstated the PLU and/or

PIU by twenty percentage points (20%) or more, that Party shall reimburse the auditing Party for the cost of the audit.

5.6 **Rate True-up**

This section applies only to Tennessee and other rates that are interim or expressly subject to true-up under this attachment.

- 5.6.1 The interim prices for Unbundled Network Elements and Other Services and Local Interconnection shall be subject to true-up according to the following procedures:
- 5.6.2 The interim prices shall be trued-up, either up or down, based on final prices determined either by further agreement between the Parties, or by a final order (including any appeals) of the Commission which final order meets the criteria of (3) below. The Parties shall implement the true-up by comparing the actual volumes and demand for each item, together with interim prices for each item, with the final prices determined for each item. Each Party shall keep its own records upon which the true-up can be based, and any final payment from one Party to the other shall be in an amount agreed upon by the Parties based on such records. In the event of any disagreement as between the records or the Parties regarding the amount of such true-up, the Parties agree that the body having jurisdiction over the matter shall be called upon to resolve such differences, or the Parties may mutually agree to submit the matter to the Dispute Resolution process in accordance with the provisions of Section 12 of the General Terms and Conditions and Attachment 1 of the Agreement.
- 5.6.3 The Parties may continue to negotiate toward final prices, but in the event that no such agreement is reached within nine (9) months, either Party may petition the Commission to resolve such disputes and to determine final prices for each item. Alternatively, upon mutual agreement, the Parties may submit the matter to the Dispute Resolution Process set forth in the General Terms and Conditions of the Agreement, so long as they file the resulting Agreement with the Commission as a “negotiated agreement” under Section 252(e) of the Act.
- 5.6.4 A final order of this Commission that forms the basis of a true-up shall be the final order as to prices based on appropriate cost studies, or potentially may be a final order in any other Commission proceeding which meets the following criteria:
- (a) BellSouth and CLEC are entitled to be full Parties to the proceeding; and
 - (b) It shall apply the provisions of the federal Telecommunications Act of 1996, including but not limited to Section 252(d)(1) (which contains pricing standards) and all then-effective implementing rules and regulations.

5.7 **Compensation for IntraLATA Toll and 8XX Traffic**

- 5.7.1 IntraLATA Toll Traffic. IntraLATA Toll Traffic is defined as any telephone call that is not local or switched access per this Agreement.
- 5.7.2 Compensation for intraLATA toll traffic. For terminating its intraLATA toll traffic on the other company's network, the originating Party will pay the terminating Party that party's current and effective Commission- or FCC-filed intrastate or interstate, whichever is appropriate, terminating switched access tariff rates as set forth in BellSouth's or Level 3's Intrastate or Interstate Access Services Tariff. The appropriate charges will be determined by the routing of the call. If Level 3 is the BellSouth end user's presubscribed interexchange carrier or if the BellSouth end user uses Level 3 as an interexchange carrier on a 101XXXX basis, BellSouth will charge Level 3 the appropriate BellSouth tariff charges for originating switched access services.
- 5.7.3 Compensation for 8XX Traffic. Each Party shall compensate the other pursuant to the appropriate switched access charges, including the database query charge as set forth in the BellSouth intrastate or interstate switched access tariffs.
- 5.7.4 Records for 8XX Billing. Each Party will provide to the other the appropriate records necessary for billing intraLATA 8XX customers. The records provided will be in a standard EMI format.
- 5.7.5 8XX Access Screening. BellSouth's provision of 8XX TFD to Level 3 requires interconnection from Level 3 to BellSouth 8XX SCP. Such interconnections shall be established pursuant to BellSouth's Common Channel Signaling Interconnection Guidelines and Bellcore's CCS Network Interface Specification document, TR-TSV-000905. Level 3 shall establish CCS7 interconnection at the BellSouth Local Signal Transfer Points serving the BellSouth 8XX SCPs that Level 3 desires to query. The terms and conditions for 8XX TFD are set out in BellSouth's Intrastate Access Services Tariff as amended.

5.8 Mutual Provision of Switched Access Service

- 5.8.1 Switched Access Traffic. Switched Access Traffic is defined as telephone calls requiring local transmission or switching services for the purpose of the origination or termination of Telephone Toll Service. Switched Access Traffic includes the following types of traffic: Feature Group A, Feature Group B, Feature Group C, Feature Group D, toll free access (e.g., 800/877/888), 900 access, and their successors or similar Switched Exchange Access Services. The Parties have been unable to agree as to whether "Voice-Over-Internet Protocol" transmissions ("VOIP") which cross LATA boundaries constitute Switched Access Traffic. Notwithstanding the foregoing, and without waiving any rights with respect to either Party's position as to the jurisdictional nature of VOIP, the Parties agree to abide by any effective and applicable FCC rules and orders regarding the nature of such traffic and the compensation payable by the Parties for such traffic, if any.
- 5.8.2 When Level 3's end office switch, subtending the BellSouth Access Tandem switch for receipt or delivery of switched access traffic, provides an access service connection to or

- from an interexchange carrier (“IXC”) by either a direct trunk group to the IXC utilizing BellSouth facilities, or via BellSouth’s tandem switch, each Party will provide its own access services to the IXC and bill on a multi-bill, multi-tariff meet-point basis. Each Party will bill its own access services rates to the IXC with the exception of the interconnection charge. The interconnection charge, if applicable, will be billed by the Party providing the end office function. Each party will use the Multiple Exchange Carrier Access Billing (MECAB) guidelines to establish meet point billing for all applicable traffic. Thirty (30)-day billing periods will be employed for these arrangements. For tandem routed traffic, the tandem company agrees to provide to the Initial Billing Company as defined in MECAB, at no charge, all the switched access detail usage data, recorded at the access tandem, within no more than sixty (60) days after the recording date. The Initial Billing Company will provide the switched access summary usage data, for all originating and terminating traffic, to all Subsequent Billing Companies as defined in MECAB within 10 days of rendering the initial bill to the IXC. Each Party will notify the other when it is not feasible to meet these requirements so that the customers may be notified for any necessary revenue accrual associated with the significantly delayed recording or billing. As business requirements change data reporting requirements may be modified as necessary.
- 5.8.3 In the event that either Party fails to provide switched access detailed usage data to the other Party within 90 days after the recording date and the receiving Party is unable to bill and/or collect access revenues due to the sending Party's failure to provide such data within said time period, then the Party failing to send the data as specified herein shall be liable to the other Party in an amount equal to the unbillable or uncollectible revenues. Each company will provide complete documentation to the other to substantiate any claim of unbillable access revenues and a negotiated settlement will be agreed upon between the Parties.
- 5.8.4 Each Party will retain for a minimum period of sixty (60) days, access message detail sufficient to recreate any data which is lost or damaged by their company or any third party involved in processing or transporting data.
- 5.8.5 Each Party agrees to recreate the lost or damaged data within forty-eight (48) hours of notification by the other or by an authorized third party handling the data.
- 5.8.6 Each Party also agrees to process the recreated data within forty-eight (48) hours of receipt at its data processing center.
- 5.8.7 All claims should be filed with the other Party within 120 days of the receipt of the date of the unbillable usage.
- 5.8.8 The Initial Billing Company shall keep records of its billing activities relating to jointly-provided Intrastate and Interstate access services in sufficient detail to permit the Subsequent Billing Party to, by formal or informal review or audit, to verify the accuracy and reasonableness of the jointly-provided access billing data provided by the Initial billing Party. Each Party agrees to cooperate in such formal or informal reviews or audits and

further agrees to jointly review the findings of such reviews or audits in order to resolve any differences concerning the findings thereof.

- 5.8.9 Level 3 agrees not to deliver switched access traffic to BellSouth for termination except over Level 3 ordered switched access trunks and facilities.

5.9 **Transit Traffic Service**

- 5.9.1 BellSouth shall provide tandem switching and transport services for Level 3's Transit Traffic. Transit traffic is traffic originating on Level 3's network that is switched and/or transported by BellSouth and delivered to a third party's network, or traffic originating on a third Party's network that is switched and/or transported by BellSouth and delivered to Level 3's network. Rates for local Transit Traffic shall be the applicable call transport and termination charges as set forth in Exhibit A to this Attachment. Rates for intraLATA toll and Switched Access Transit Traffic shall be the applicable call transport and termination charges as set forth in BellSouth's or Level 3's Commission or FCC-filed and effective Interstate or Intrastate Switched Access tariffs. Switched Access Transit Traffic presumes that Level 3's end office is subtending the BellSouth Access Tandem for switched access traffic to and from Level 3's end users utilizing BellSouth facilities, either by direct trunks with the IXC, or via the BellSouth Access Tandem. Billing associated with all Transit Traffic shall be pursuant to Multiple Exchange Carrier Access Billing (MECAB) guidelines. Pursuant to these guidelines, the Initial Billing Company shall provide summary usage data, for all originating and terminating Transit Traffic, to all Subsequent Billing Companies. Traffic between Level 3 and Wireless Type 1 third parties shall not be treated as Transit Traffic from a routing or billing perspective. Traffic between Level 3 and Wireless Type 2A or UNE-CLEC third parties shall not be treated as Transit Traffic from a routing or billing perspective until BellSouth and the Wireless carrier or UNE-CLEC third party have the capability to properly meet-point-bill in accordance with MECAB guidelines.
- 5.9.2 The delivery of traffic which transits the BellSouth network and is transported to another carrier's network is excluded from any BellSouth billing guarantees and will be delivered at the rates stipulated in this Agreement to a terminating carrier. BellSouth agrees to deliver this traffic to the terminating carrier; provided, however, that Level 3 is solely responsible for negotiating and executing any appropriate contractual agreements, where required with the third party, with the terminating carrier for the receipt of this traffic through the BellSouth network. BellSouth will not be liable for any compensation to the terminating carrier or to Level 3. Level 3 agrees to compensate BellSouth for any charges or costs for the delivery of Transit Traffic to a connecting carrier on behalf of Level 3. Additionally, the Parties agree that any billing to a third party or other telecommunications carrier under this section shall be pursuant to MECAB procedures.

6. **Frame Relay Service Interconnection**

- 6.1 In addition to the Local Interconnection services set forth above, BellSouth will offer a network to network Interconnection arrangement between BellSouth's and Level 3's frame

relay switches as set forth below. The following provisions will apply only to Frame Relay Service and Exchange Access Frame Relay Service in those states in which Level 3 is certified and providing Frame Relay Service as a Local Exchange Carrier and where traffic is being exchanged between Level 3 and BellSouth Frame Relay Switches in the same LATA.

- 6.2 The Parties agree to establish two-way Frame Relay facilities between their respective Frame Relay Switches to the mutually agreed upon Frame Relay Service point(s) of interconnection ("POI(s)") within the LATA. All POIs shall be within the same Frame Relay Network Serving Areas as defined in Section A40 of BellSouth's General Subscriber Service Tariff except as set forth in this Attachment.
- 6.3 Upon the request of either Party, such interconnection will be established where BellSouth and Level 3 have Frame Relay Switches in the same LATA. Where there are multiple Frame Relay switches in one central office, an interconnection with any one of the switches will be considered an interconnection with all of the switches at that central office for purposes of routing packet traffic.
- 6.4 The Parties agree to provision local and IntraLATA Frame Relay Service and Exchange Access Frame Relay Service (both intrastate and interstate) over Frame Relay interconnection facilities between the respective Frame Relay switches and the POIs.
- 6.5 The Parties agree to assess each other reciprocal charges for the facilities that each provides to the other according to the Percent Local Circuit Use Factor (PLCU), determined as follows:
 - 6.5.1 If the data packets originate and terminate in locations in the same LATA, and consistent with the local definitions of the Agreement, the traffic is considered local. Frame Relay framed packet data is transported within Virtual Circuits (VC). For the purposes of this Agreement, if all the data packets transported within a VC remain within the LATA, then consistent with the local definitions in this Agreement, the traffic on that VC is local ("Local VC").
 - 6.5.2 If the originating and terminating locations of the two way packet data traffic are not in the same LATA, the traffic on that VC is interLATA ("InterLATA VC").
 - 6.5.3 The PLCU is determined by dividing the total number of Local VCs, by the total number of VCs on each Frame Relay facility. To facilitate implementation, Level 3 may determine its PLCU in aggregate, by dividing the total number of Local VCs in a given LATA by the total number VCs in that LATA. The Parties agree to renegotiate the method for determining PLCU, at BellSouth's request, and within 90 days, if BellSouth notifies Level 3 that it has found that this method does not adequately represent the PLCU.
 - 6.5.4 If there are no VCs on a facility when it is billed, the PLCU will be zero.

- 6.5.5 BellSouth will provide the circuit between the Parties' respective Frame Relay Switches. The Parties will be compensated as follows: BellSouth will invoice, and Level 3 will pay, the total non-recurring and recurring charges for the circuit based upon the rates set forth in BellSouth's Interstate Access Tariff, FCC No. 1. Level 3 will then invoice, and BellSouth will pay, an amount calculated by multiplying the BellSouth billed charges for the circuit by one-half of Level 3's PLCU.
- 6.6 The Parties agree to compensate each other for Frame Relay network-to-network interface (NNI) ports based upon the NNI rates set forth in BellSouth's Interstate Access Tariff, FCC No. 1. Compensation for each pair of NNI ports will be calculated as follows: BellSouth will invoice, and Level 3 will pay, the total non-recurring and recurring charges for the NNI port. Level 3 will then invoice, and BellSouth will pay, an amount calculated by multiplying the BellSouth billed non-recurring and recurring charges for the NNI port by Level 3's PLCU.
- 6.7 Each Party agrees that there will be no charges to the other Party for its own subscriber's Permanent Virtual Circuit (PVC) rate elements for the local PVC segment from its Frame Relay switch to its own subscriber's premises. PVC rate elements include the Data Link Connection Identifier (DLCI) and Committed Information Rate (CIR).
- 6.8 For the PVC segment between the Level 3 and BellSouth Frame Relay switches, compensation for the PVC charges is based upon the rates in BellSouth's Interstate Access Tariff, FCC No. 1.
- 6.9 Compensation for PVC rate elements will be calculated as follows:
- 6.9.1 If Level 3 orders a VC connection between a BellSouth subscriber's PVC segment and a PVC segment from the BellSouth Frame Relay switch to the Level 3 Frame Relay switch, BellSouth will invoice, and Level 3 will pay, the total non-recurring and recurring PVC charges for the PVC segment between the BellSouth and Level 3 Frame Relay switches. If the VC is a Local VC, Level 3 will then invoice and BellSouth will pay, the total nonrecurring and recurring PVC charges billed for that segment. If the VC is not local, no compensation will be paid to Level 3 for the PVC segment.
- 6.9.2 If BellSouth orders a Local VC connection between a Level 3 subscriber's PVC segment and a PVC segment from the Level 3 Frame Relay switch to the BellSouth Frame Relay switch, BellSouth will invoice, and Level 3 will pay, the total non-recurring and recurring PVC and CIR charges for the PVC segment between the BellSouth and Level 3 Frame Relay switches. If the VC is a Local VC, Level 3 will then invoice and BellSouth will pay the total non-recurring and recurring PVC and CIR charges billed for that segment. If the VC is not local, no compensation will be paid to Level 3 for the PVC segment.
- 6.9.3 The Parties agree to compensate each other for requests to change a PVC segment or PVC service order record, according to the Feature Change charge as set forth in the BellSouth access tariff BellSouth Tariff FCC No. 1.

- 6.9.4 If Level 3 requests a change, BellSouth will invoice and Level 3 will pay a Feature Change charge for each affected PVC segment.
- 6.9.4.1 If BellSouth requests a change to a Local VC, Level 3 will invoice and BellSouth will pay a Feature Change charge for each affected PVC segment.
- 6.9.5 The Parties agree to limit the sum of the CIR for the VCs on a DS1 NNI port to not more than three times the port speed, or not more than six times the port speed on a DS3 NNI port.
- 6.9.6 Except as expressly provided herein, this Agreement does not address or alter in any way either Party's provision of Exchange Access Frame Relay Service or interLATA Frame Relay Service. All charges by each Party to the other for carriage of Exchange Access Frame Relay Service or interLATA Frame Relay Service are included in the BellSouth access tariff BellSouth Tariff FCC No. 1.
- 6.10 Level 3 will identify and report quarterly to BellSouth the PLCU of the Frame Relay facilities it uses, per section 8.5.3 above.
- 6.11 Either Party may request a review or audit of the various service components, consistent with the provisions of section E2 of the BellSouth State Access Services tariffs or Section 2 of the BellSouth FCC No.1 Tariff.
- 6.12 If during the term of this Agreement, BellSouth obtains authority to provide interLATA Frame Relay in any State, the Parties agree to renegotiate this arrangement for the exchange of Frame Relay Service Traffic within one hundred eighty (180) days of the date BellSouth receives interLATA authority. In the event the Parties fail to renegotiate this Section 8 within the one hundred eighty day period, they will submit this matter to the appropriate State commission(s) for resolution.
7. **Operational Support Systems (OSS)**
The terms, conditions and rates for OSS are as set forth in Section 2.14 of Attachment 2.

Exhibit B

Basic Architecture

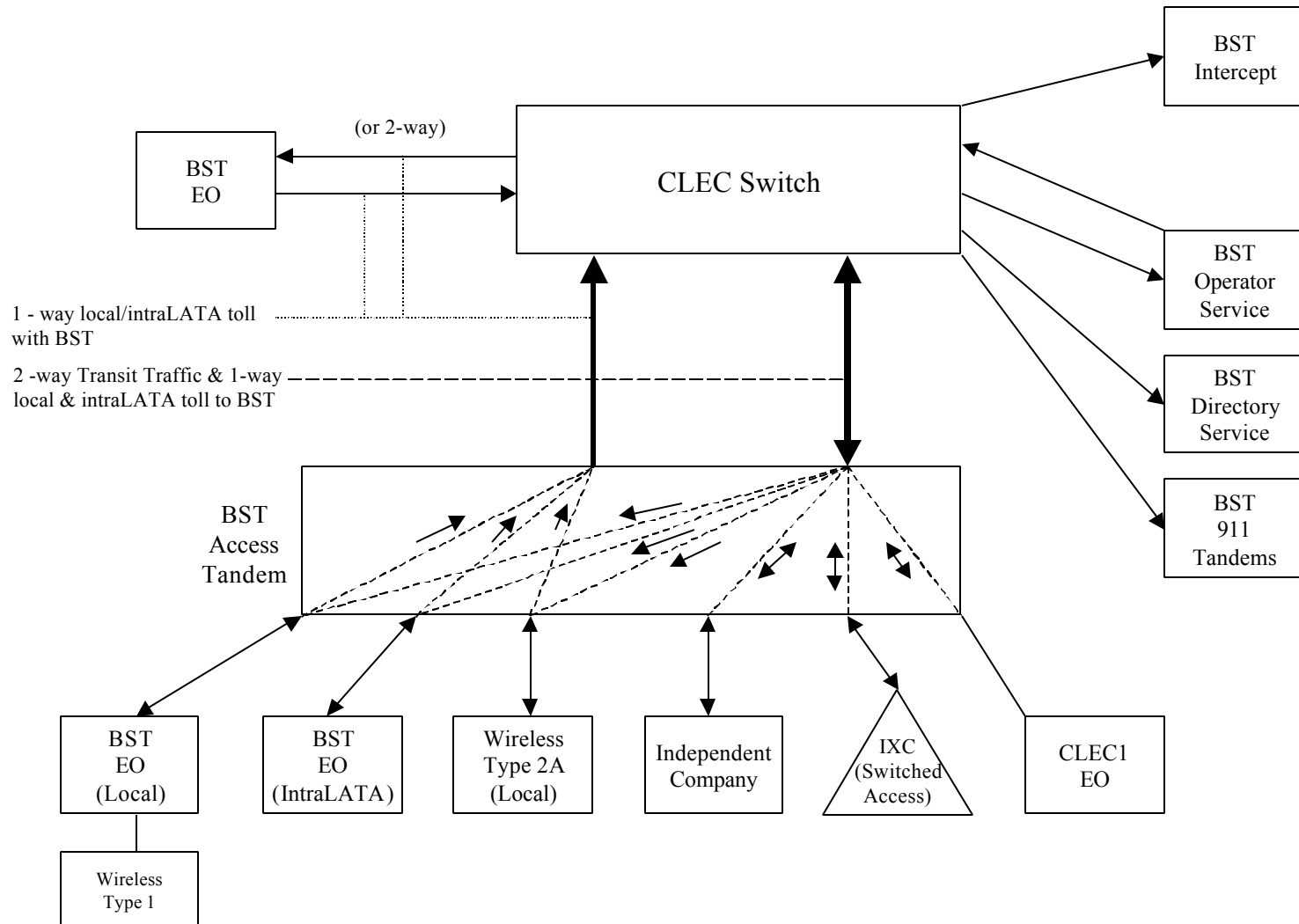
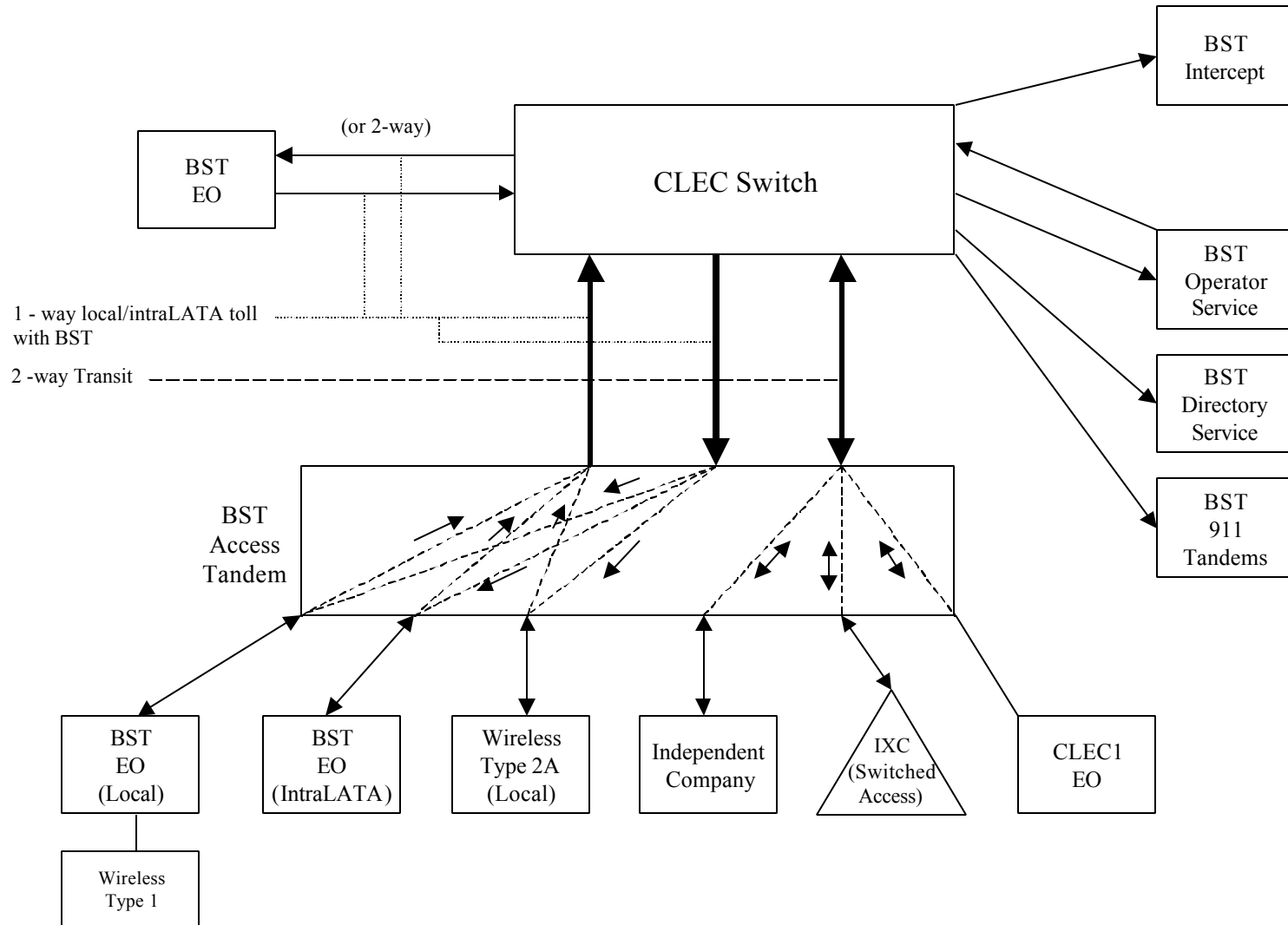


Exhibit C

One-Way Architecture



Two-Way Architecture

Exhibit D

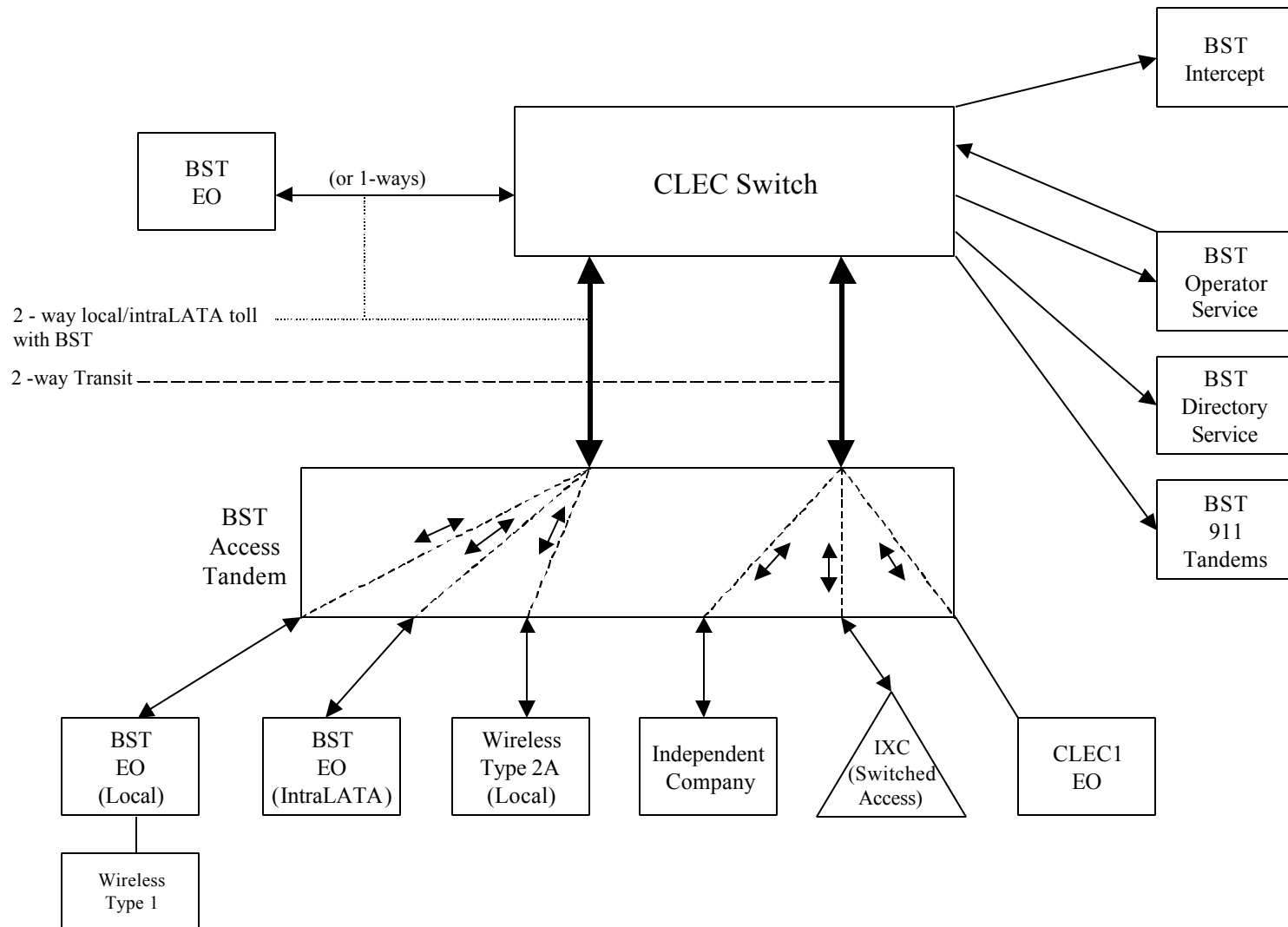
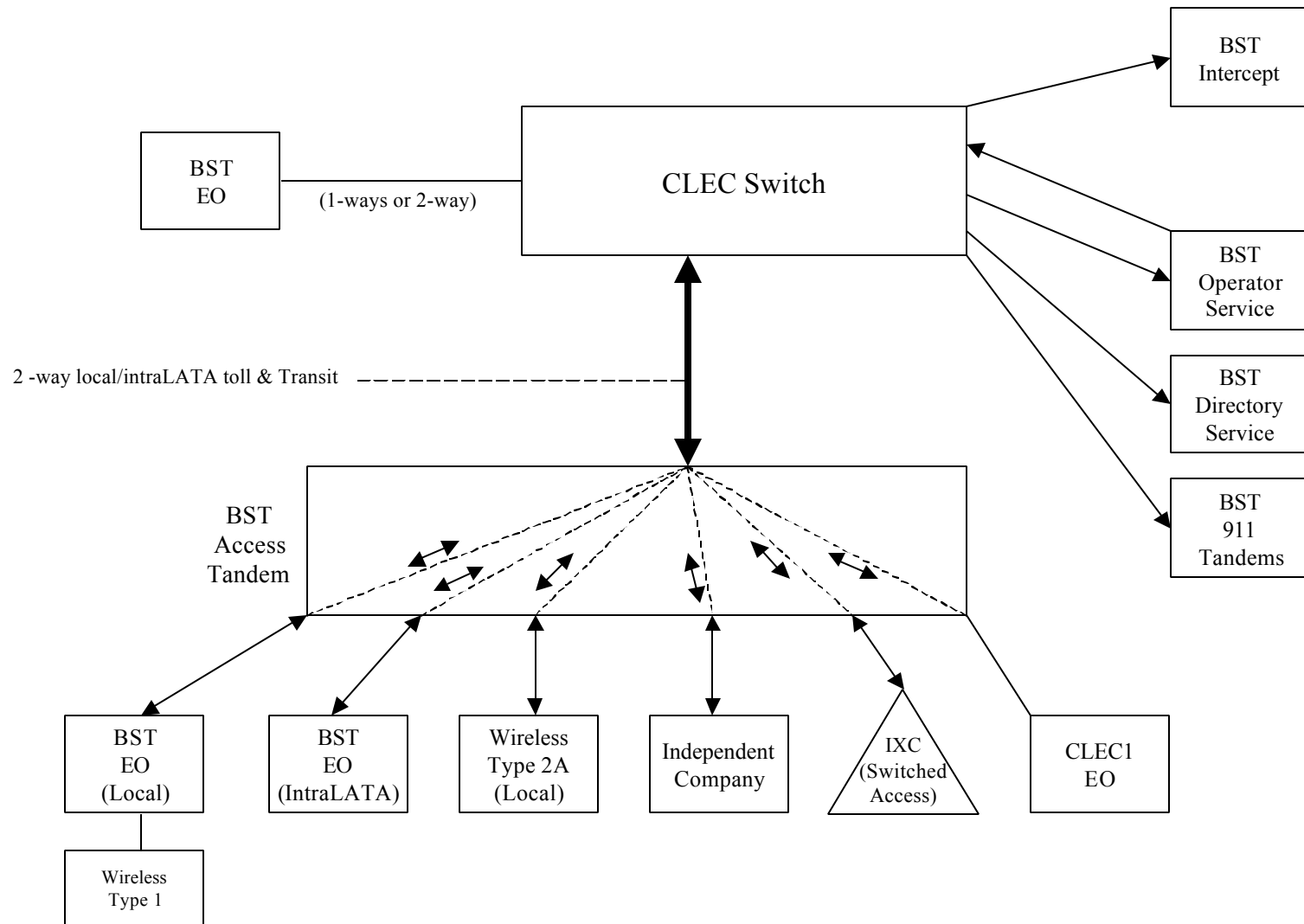


Exhibit E

Supergroup Architecture



1 BELL SOUTH TELECOMMUNICATIONS, INC.

2 TESTIMONY OF CYNTHIA K. COX

3 BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

4 CASE NO. 2000-404

5 DECEMBER 21, 2000

6
7 Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH BELL SOUTH
8 TELECOMMUNICATIONS, INC. ("BELL SOUTH") AND YOUR BUSINESS
9 ADDRESS.

10
11 A. My name is Cynthia K. Cox. I am employed by BellSouth as Senior Director for
12 State Regulatory for the nine-state BellSouth region. My business address is 675
13 West Peachtree Street, Atlanta, Georgia 30375.

14
15 Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR BACKGROUND
16 AND EXPERIENCE.

17
18 A. I graduated from the University of Cincinnati in 1981 with a Bachelor of Business
19 Administration degree in Finance. I graduated from the Georgia Institute of
20 Technology in 1984 with a Master of Science degree in Quantitative Economics.
21 I immediately joined Southern Bell in the Rates and Tariffs organization with the
22 responsibility for demand analysis. In 1985 my responsibilities expanded to
23 include administration of selected rates and tariffs including preparation of tariff
24 filings. In 1989, I accepted an assignment in the North Carolina regulatory office
25 where I was BellSouth's primary liaison with the North Carolina Utilities

1 Commission Staff and the Public Staff. In 1993, I accepted an assignment in the
2 Governmental Affairs department in Washington D.C. While in this office, I
3 worked with national organizations of state and local legislators, NARUC, the
4 FCC and selected House delegations from the BellSouth region. In February
5 2000, I was appointed Senior Director of State Regulatory.

6

7 Q. WHAT IS THE PURPOSE OF THE TESTIMONY THAT YOU ARE FILING
8 TODAY?

9

10 A. The purpose of my testimony is to present BellSouth's position on the unresolved
11 issues in the negotiations between BellSouth and Level 3 Communications, LLC
12 ("Level 3"). BellSouth and Level 3 have negotiated in good faith and have
13 resolved the vast majority of the issues raised during the negotiations. There are,
14 however, 5 issues about which the companies have been unable to reach an
15 agreement. My testimony today supports BellSouth's case on those issues (Issues
16 No. 1-3, 6 and 7).

17

18 ***Issue 1: (Attachment 3, Sections 1.1.1.1 and 1.1.1.2)***

19 ***How should the parties designate the Interconnection Points ("IPs") for their***
20 ***networks?***

21

22 ***Issue 3: (Attachment 3, Section 2.5 and 2.6)***

23 ***Should each party be required to pay for the use of interconnection trunks on the other***
24 ***party's network? If so, what rates should apply?***

25

1 Q. PLEASE DESCRIBE THE TERM INTERCONNECTION POINT, AS
2 REFERRED TO IN THE LEVEL 3 PETITION.
3

4 A. The Interconnection Point is also referred to as the Point of Interconnection
5 (“POI”) by the FCC. I will use the term POI in this issue and throughout my
6 testimony. The POI describes the point(s) where BellSouth’s and Level 3’s
7 networks physically connect. In its First Report and Order, at paragraph 176, the
8 FCC defined the term “interconnection” by stating that:

9
10 *We conclude that the term “interconnection” under section 251(c)(2)*
11 *refers only to the physical linking of two networks for the mutual exchange*
12 *of traffic.*
13

14 Therefore, the term “Point of Interconnection” is simply the place, or places, on
15 the parties’ networks where that physical linking of Level 3’s and BellSouth’s
16 networks takes place. The POI is the place where Level 3 facilities connect to
17 facilities built by BellSouth.
18

19 Q. WHY ARE YOU JOINTLY ADDRESSING ISSUE NOS. 1 AND 3 IN YOUR
20 TESTIMONY?
21

22 A. Both Issue No. 1 and No. 3 are financial issues and are interrelated. Put simply,
23 the financial question is who should pay the costs BellSouth incurs when it
24 delivers a local call from the local calling area within which it originates to a
25 Point of Interconnection located in a different local calling area.

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Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF ISSUES NO. 1 AND NO. 3.

A. Exhibit CKC-1, Diagram 1, to my testimony shows the Louisville and Frankfort local calling areas in the Louisville LATA. Both BellSouth Customer No. 1 and BellSouth Customer No. 2 are located in Frankfort. When Customer No. 1 calls Customer No. 2, the call is transported over Customer No. 1's local loop to a local switch, where it will then be terminated to Customer No. 2's local loop. The call never leaves Frankfort. The only cost, therefore, that BellSouth incurs for transporting and terminating the call is end office switching in Frankfort.

Exhibit CKC-1, Diagram 2, shows the same LATA and the same local calling areas as Diagram 1. This time, both a BellSouth customer and a Level 3 customer are located in Frankfort, and the POI is located in Louisville. When the BellSouth customer calls the Level 3 customer, the call must be hauled outside of the Frankfort local calling area to Level 3's POI in the Louisville local calling area. Level 3 will then pick up the call at the POI and haul it back to Frankfort to terminate it.

Level 3 wants BellSouth to bear the costs of hauling that local call from the Frankfort local calling area to the POI in the Louisville local calling area so that Level 3 can haul it back to the local calling area from which it originated. BellSouth believes that Level 3, which has chosen its own network design, must bear the financial responsibility for the additional facilities (costs) for hauling the

1 call outside of the local calling area in which it originated. Level 3 does not have
2 to build the facilities. It does not have to own the facilities. Level 3 just has to
3 pay for them.
4

5 Q. DO BELLSOUTH'S LOCAL RATES COVER THE ADDITIONAL COSTS
6 THAT BELLSOUTH WOULD INCUR IN HAULING A CALL THAT
7 ORIGINATES AND TERMINATES IN FRANKFORT TO THE POINT OF
8 INTERCONNECTION IN LOUISVILLE?
9

10 A. No. Although in theory, BellSouth is compensated by the local exchange rates
11 charged to BellSouth's local customers for hauling local calls within the same
12 local calling area, there has always been a dispute over whether local exchange
13 rates actually cover the costs of local service. Certainly, there can be no dispute
14 that the local exchange rates that BellSouth's customers pay are not intended to
15 cover and, indeed, do not cover the cost of hauling a local call from one customer
16 in Frankfort to another customer in Frankfort, by way of a POI in Louisville.
17

18 Q. DOES BELLSOUTH RECOVER ITS COSTS FOR INTERCONNECTION
19 TRUNKS THROUGH RECIPROCAL COMPENSATION CHARGES?
20

21 A. No. The facilities discussed in this issue provide interconnection between the
22 parties' networks. Their costs are not covered in the reciprocal compensation
23 charges for transport and termination. Paragraph 176 of FCC Order No. 96-325
24 clearly states that interconnection does not include transport and termination:
25 "Including the transport and termination of traffic within the meaning of section

1 251(c)(2) would result in reading out of the statute the duty of all LECs to
2 establish 'reciprocal compensation arrangements for the transport and termination
3 of telecommunications' under section 251(b)(5)". Reciprocal compensation
4 charges apply only to facilities used for transporting and terminating local traffic,
5 not for interconnection of the parties' networks.

6
7 Utilizing the previous example, under Level 3's proposal, Level 3 would pay
8 reciprocal compensation for calls originated by Level 3 customers in Frankfort
9 and terminated to BellSouth customers in Frankfort. BellSouth, however, does
10 not receive reciprocal compensation for calls that originate from BellSouth
11 customers and terminate to Level 3 customers. Therefore, BellSouth would
12 receive no reciprocal compensation to cover the cost of hauling such calls to
13 Level 3's POI.

14
15 Q. IF THIS COMMISSION ADOPTS BELLSOUTH'S POSITION ON THESE
16 ISSUES, WILL LEVEL 3 BE FORCED TO BUILD A NETWORK TO, OR
17 OTHERWISE HAVE A POINT OF INTERCONNECTION WITH,
18 BELLSOUTH'S LOCAL NETWORK IN EVERY LOCAL CALLING AREA?

19
20 A. No. Level 3 will not be required to build or lease facilities in any local calling
21 area in which it has no customers. With regard to local calling areas in which
22 Level 3 does have customers, it can build out its network if it chooses, but it is not
23 required to do so. It can lease facilities from BellSouth or any other provider to
24 bridge the gap between its network (that is, where it designates its POI and each

1 BellSouth local calling area where Level 3 has customers of its own that
2 BellSouth customers will need to reach.
3

4 Q. IF BELLSOUTH WILL ALLOW LEVEL 3 TO INTERCONNECT WITH
5 BELLSOUTH'S NETWORK AT ANY TECHNICALLY FEASIBLE POINT,
6 WHY DOES ISSUE NO. 1 EXIST?
7

8 A. Recall that what we are talking about is interconnection with "local networks,"
9 and BellSouth's overall network is actually a grouping of several distinct
10 networks. For example, in the Louisville LATA, BellSouth has local calling areas
11 in Louisville, Shelbyville, Frankfort, and other surrounding areas. Customers
12 who want local service in a particular local calling area must be connected to the
13 local network that serves that local calling area. Therefore, a customer who
14 connects to the Louisville local network will not also receive local service in the
15 Frankfort local calling area because Frankfort is not in the Louisville local calling
16 area. Likewise, a CLEC that wants to connect with BellSouth to provide local
17 service in Frankfort has to be connected to the local network that serves the
18 Frankfort local calling area. These local calling areas to which I am referring
19 have been defined over the years by this Commission.
20

21 Q. HOW HAS THE FCC ADDRESSED THE ISSUE OF WHO ESTABLISHES
22 THE POINT OF INTERCONNECTION?
23

24 A. BellSouth believes that each party may determine the POI for its own originating
25 traffic. The FCC addresses the Point Of Interconnection in its First Report &

1 Order in CC Docket No. 96-98, dated August 1, 1996, in Section IV -
2 Interconnection. In that section, the FCC determined that the originating
3 company may determine its POI. The FCC states in Subsection F, Technically
4 Feasible Points Of Interconnection, ¶ 209:

5 *We conclude that we should identify a minimum list of technically feasible*
6 *points of interconnection that are critical to facilitating entry by*
7 *competing local service providers. Section 251(c)(2) gives competing*
8 *carriers the right to deliver traffic terminating on an incumbent LEC's*
9 *network at any technically feasible point on that network, rather than*
10 *obligating such carriers to transport traffic to less convenient or efficient*
11 *interconnection points. Section 251(c)(2) lowers barriers to competitive*
12 *entry for carriers that have not deployed ubiquitous networks by*
13 *permitting them to select the points in an incumbent LEC's network at*
14 *which they wish to deliver traffic. Moreover, because competing carriers*
15 *must usually compensate incumbent LECs for the additional costs*
16 *incurred by providing interconnection, competitors have an incentive to*
17 *make economically efficient decisions about where to interconnect.*

18
19 The ruling only specifies that Level 3 must establish a POI on BellSouth's
20 network for traffic originated by Level 3. It does not obligate BellSouth to
21 specify a POI on Level 3's network for traffic originated by BellSouth.
22 BellSouth's position is that nothing in the Telecommunications Act of 1996 (the
23 "Act") limits BellSouth's ability to designate a POI for traffic it originates to
24 Level 3.
25

1 Q. HOW HAS THE FCC ADDRESSED AN ILEC'S ABILITY TO DESIGNATE A
2 POINT OF INTERCONNECTION FOR ITS ORIGINATING TRAFFIC?

3
4 A. The FCC has determined that issues regarding the location of POIs should be
5 determined through the negotiation and arbitration process. In the First Report
6 and Order, the FCC rejected MCI's suggestion that the ILEC should be required
7 to specify a single POI on a CLEC's network for traffic originated by the ILEC's
8 end user. In paragraph 214 of that Order, the FCC states:

9 *MCI also urges the Commission to require incumbents and competitors to*
10 *select one point of interconnection (POI) on the other carrier's network at*
11 *which to exchange traffic. MCI further requests that this POI be the*
12 *location where the costs and responsibilities of the transporting carrier*
13 *ends and the terminating carrier begin. [Emphasis added.]*

14
15 In paragraph 220, the FCC rejected MCI's request, stating that:

16 *We also conclude that MCI's POI proposal, permitting interconnecting*
17 *carriers, both competitors and incumbent LECs, to designate points of*
18 *interconnection on each other's networks, is at this time best addressed in*
19 *negotiations and arbitrations between parties.*

20
21 Consistent with the FCC's Order, Level 3 does not have the right to establish the
22 POI for BellSouth originated traffic.

23
24 Q. IS WHAT LEVEL 3 IS PROPOSING AN EFFICIENT MANNER OF DOING
25 BUSINESS?

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A. No. To measure efficiency, the cost to each carrier involved must be considered. Level 3 could construct facilities, lease facilities from another carrier, or pay BellSouth, whichever is most efficient, but it cannot avoid the cost by shifting it to BellSouth.

Q. HOW DOES THE FCC ADDRESS THE ISSUE OF ADDITIONAL COSTS CAUSED BY A CLEC’S CHOSEN FORM OF INTERCONNECTION?

A. In its First Report and Order in Docket No. 96-98, the FCC states that the CLEC must bear those costs. Paragraph 199 of the Order states:

a requesting carrier that wishes a ‘technically feasible’ but expensive interconnection would, pursuant to section 252(d)(1), be required to bear the cost of the that interconnection, including a reasonable profit.
(Emphasis added.)

Further, at paragraph 209:

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. Moreover, because competing carriers must usually compensate incumbent LECs for the additional costs incurred by providing interconnection, competitors have an incentive to make economically efficient decisions about where to interconnect. (Emphasis added.)

1 Clearly, the FCC expects CLECs to pay whatever additional costs they cause
2 ILECs to incur due to their interconnection. If Level 3 is permitted to shift its
3 costs to BellSouth, Level 3 has less incentive to make economically efficient
4 decisions about where to interconnect.

5

6 Q. WOULD LEVEL 3'S ABILITY TO COMPETE BE HAMPERED BY LEVEL
7 3'S INABILITY TO OBTAIN FREE FACILITIES FROM BELL SOUTH?

8

9 A. No. Level 3 can build facilities to a single point in each LATA and purchase
10 whatever facilities it needs from BellSouth, or from another carrier, to reach
11 individual local calling areas that Level 3 wants to serve. Level 3 does not have to
12 build or purchase interconnection facilities to areas where Level 3 does not plan
13 to serve customers. Moreover, if Level 3 does not intend to serve any customers
14 in a particular area, its ability to compete cannot be hampered.

15

16 Q. WHY SHOULD LEVEL 3 BE FINANCIALLY RESPONSIBLE FOR THE
17 TRANSPORT OF THESE CALLS FROM LOCAL CALLING AREAS THAT
18 ARE DISTANT FROM THE POINT WHERE LEVEL 3 HAS CHOSEN TO
19 INTERCONNECT ITS NETWORK TO BELL SOUTH'S?

20

21 A. This is the only approach that makes economic sense. The Act provides that each
22 party should pay for the use of interconnection trunks on the other carrier's
23 network. Specifically, 47 U.S.C. § 251(c)(2)(D) states:

24

25 (2) INTERCONNECTION.—The duty to provide, for the facilities and

1 *equipment of any requesting telecommunications carrier,*
2 *interconnection with the local exchange carrier’s network—*
3 *(D) on rates, terms, and conditions that are just, reasonable, and*
4 *nondiscriminatory, in accordance with the terms and conditions*
5 *(E) of the agreement and the requirements of this section and section*
6 *252.”*

7
8 Further, §252(d) addresses pricing standards. Section 252(d)(1) specifically
9 addresses the pricing for *Interconnection*, and §252(d)(2) specifically addresses
10 pricing for *Charges for Transport and Termination of Traffic*. It hardly seems
11 logical that Congress and the FCC would separately and expressly address both
12 interconnection and reciprocal compensation for transport and termination of
13 traffic if they thought compensation for each function was not appropriate.

14
15 Moreover, the United States Court of Appeals, Eighth Circuit recently confirmed
16 that CLECs are entitled to interconnect with the ILEC’s “existing network”:

17
18 *The Act requires an ILEC to (1) permit requesting new entrants*
19 *(competitors) in the ILEC’s local market to interconnect with the ILEC’s*
20 *existing local network and, thereby, use that network to compete in*
21 *providing local telephone service (interconnection).... (Eighth Circuit*
22 *Court Order dated July 18, 2000, page 2) [Emphasis added.]*

23
24 When Level 3 interconnects with BellSouth’s local network in Louisville, it is not
25 interconnecting with BellSouth’s local network in Frankfort. It is only

1 interconnecting with the Louisville local network. The fact that it is entitled to
2 physically interconnect with BellSouth at a single point cannot overcome the fact
3 that the single POI cannot, by itself, constitute an interconnection with every other
4 local calling area in the LATA.

5

6 Q. DOES BELLSOUTH OBJECT TO LEVEL 3 ESTABLISHING A SINGLE
7 POINT OF INTERCONNECTION IN EACH LATA?

8

9 A. No. BellSouth is not attempting to force Level 3 to build facilities throughout the
10 LATA, to create a “hub-and-spoke, switch-intensive architecture” as Level 3 has
11 suggested in several of its previous filings. BellSouth offers all of the services
12 necessary to permit Level 3 to have a single POI in the LATA. BellSouth simply
13 objects to bearing the costs of hauling its local traffic to a point outside the local
14 calling area in which it originated.

15

16 Q. HAS BELLSOUTH INSISTED ON A POINT OF INTERCONNECTION AT
17 EVERY END OFFICE, AS LEVEL 3 SEEMS TO SUGGEST IN ITS
18 PETITION?

19

20 A. No. As far as I am aware, BellSouth has never suggested this in any negotiations
21 with Level 3. In fact, BellSouth has stated that it will deliver its originating traffic
22 to any single point within the local calling area in which the traffic originated.

23

24 Q. HAS BELLSOUTH AGREED TO A SINGLE POINT OF
25 INTERCONNECTION WITH LEVEL 3 IN OTHER STATES?

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A. Yes. In Florida and Georgia where Level 3 adopted an older MCI agreement, BellSouth agreed to a single point of interconnection with Level 3. That agreement, however, has expired, is in the process of being renegotiated, and is also the subject of arbitration. The position on this issue taken by BellSouth in the MCI negotiations and the arbitration is consistent with the BellSouth position in the Level 3 negotiations and in this, and all other Level 3, arbitrations.

It is important to note that the BellSouth agreement mentioned above is an older contract. Much has been learned since our original negotiations, and much has changed. Renegotiations are appropriate to add, delete, and/or otherwise revise interconnection agreements according to what has worked, what has not worked, and what needs to be adjusted. The financial issue of whether a company should bear the costs created by its network design, or is able to shift those costs to another carrier, is certainly appropriate to consider at this time.

Q. WHY DOES BELLSOUTH DISAGREE WITH THE TWO ALTERNATIVES FOR APPLYING “SOUND ENGINEERING PRINCIPLES TO THE ESTABLISHMENT OF ADDITIONAL IPs,” OFFERED BY LEVEL 3 ON PAGES 7 AND 8 OF THE PETITION?

A. Because regardless of the volume of traffic involved, BellSouth should not be required to bear the costs of hauling traffic outside the local calling area in which the traffic originates.

1 Q. ON PAGE 11 OF THE PETITION, LEVEL 3 INCLUDES A QUOTE FROM
2 THE *TSR ORDER* THAT MAKES REFERENCE TO “‘RULES OF THE ROAD’
3 UNDER WHICH ALL CARRIERS OPERATE”. PLEASE COMMENT AS TO
4 WHETHER THIS QUOTE IS RELATIVE TO THE ISSUE AT HAND.
5

6 A. The *TSR Order* cited by Level 3 refers to the June 21, 2000 Order in the TSR
7 Wireless Complaint against US West. In the TSR Order, the FCC determined a
8 couple of things. First, the FCC identified the Major Trading Area (“MTA”) as
9 the local calling area for telecommunications traffic between a LEC and a CMRS
10 provider as defined in Section 51.701(b)(2). That really is not in dispute and was
11 not in dispute in the TSR case. The MTA has been defined, for CMRS purposes,
12 as a local calling area. Second, the FCC determined that this rule, when read in
13 conjunction with 51.703(b), requires LECs to deliver, without charge, traffic to
14 CMRS providers anywhere within the local calling area, or MTA, in which the
15 call originated. This point is significant and the FCC order deserves further
16 quoting. At page 22, the FCC said that local exchange carriers are required “to
17 deliver, without charge, traffic to CMRS providers anywhere within the MTA in
18 which the call originated, with the exception of RBOC...” (Emphasis added).
19 The FCC did not say that local exchange carriers were required to deliver calls to
20 CMRS providers to points outside the MTA in which the call originated, but
21 rather only had to deliver such traffic at no charge within the MTA where the call
22 originated.
23

24 With regard to traffic that originates on the ILEC’s network, the relevant area in
25 which the traffic has to be delivered free of charge is defined in Section

1 51.701(b)(1) as the “local service area established by the state commission.” To
2 clarify, Section 51.701(b) provides as follows:

3
4 *(b) Local telecommunications traffic. For purposes of this subpart, local*
5 *telecommunications traffic means:*

- 6 *(1) telecommunications traffic between a LEC and a*
7 *telecommunications carrier other than a CMRS provider that*
8 *originates and terminates within a local service area*
9 *established by the state commission; or*
10 *(2) telecommunications traffic between a LEC and a CMRS*
11 *provider that, at the beginning of the call originates and*
12 *terminates within the same Major Trading Area, as defined in §*
13 *24.202(a) of this chapter.”*
14

15 Applying the result of the TSR order to the issue in this proceeding, BellSouth
16 should not be required, without appropriate compensation, to deliver traffic to
17 Level 3 at any point outside of BellSouth’s “local service area” established by the
18 State Commission.

19
20 In addition, even within the local service area, BellSouth should not be required to
21 provide, without appropriate compensation, all trunks and facilities on its side of
22 the POI for traffic other than what BellSouth originates.
23

24 Q. WHAT IS BELL SOUTH ASKING OF THIS COMMISSION?
25

1 A. BellSouth requests that this Commission require Level 3 to bear the costs that
2 BellSouth incurs (including the costs of interconnection of trunks and facilities)
3 for delivering a call to a POI that is located outside of the of the local calling area
4 in which the call originated.
5

6 ***Issue 2: (Attachment 3, Section 1.2.6)***

7 ***Should the definition of Serving Wire Center preclude Level 3 from receiving***
8 ***symmetrical compensation from BellSouth for leased facility interconnection?***
9

10 Q. ARE ANY OF THE DEFINITIONS THAT ARE RELEVANT TO THIS ISSUE
11 IN DISPUTE?
12

13 A. No. The definitions of “Local Channel,” “Serving Wire Center,” and “Dedicated
14 Interoffice Transport” appear in Sections 1.2.3, 1.2.4 and 1.2.5 of Attachment 3 of
15 the proposed interconnection agreement attached to Level 3’s Petition. The text
16 of these definitions is neither underlined nor stricken through. In fact, on page 10
17 of its Petition, Level 3 states “Level 3 has proposed not to change the definitions. .
18 .” As Level 3 acknowledges, this means that these definitions are not in dispute.
19 Moreover, in other proceedings, Level 3 has acknowledged that when these
20 undisputed definitions are applied to the network Level 3 has decided to build,
21 there is no Dedicated Interoffice Transport facility on Level 3’s side of the POI.
22 Instead, there is only a Local Channel facility on Level 3’s side of the POI.
23 BellSouth agrees that it should pay Level 3 the same rate for that Local Channel
24 facility as Level 3 pays BellSouth for a Local Channel facility.
25

1 Q. DOES LEVEL 3 AGREE TO CHARGE BELLSOUTH THE SAME RATE FOR
2 A LOCAL CHANNEL FACILITY AS BELLSOUTH CHARGES LEVEL 3
3 FOR A LOCAL CHANNEL FACILITY?
4

5 A. No. Level 3 claims that BellSouth should pay Level 3 more for a Local Channel
6 facility than Level 3 pays BellSouth for a Local Channel facility. Level 3's
7 position is contrary to the language of 47 CFR §51.711(a), which provides that
8 "[r]ates for the transport and termination of local telecommunications traffic shall
9 be symmetrical." Subsection (a)(1) of this rule explains that "symmetrical"
10 means that the rates Level 3 charges BellSouth for transport and termination of
11 local telecommunications traffic must be equal to the rates BellSouth charges
12 Level 3 for the same services.
13

14 Q. IS THERE ANY WAY FOR LEVEL 3 TO CHARGE BELLSOUTH MORE
15 FOR A LOCAL CHANNEL FACILITY THAN BELLSOUTH CHARGES
16 LEVEL 3 FOR A LOCAL CHANNEL FACILITY?
17

18 A. Yes. If Level 3 wants to charge BellSouth different rates, 47 CFR §51.711(b)
19 requires Level 3 to prove, on the basis of a cost study, that the forward-looking
20 costs for a network efficiently configured and operated by Level 3 exceed the
21 costs incurred by BellSouth, and, consequently, a higher rate is justified.
22

23 Q. HAS LEVEL 3 MADE SUCH A SHOWING IN THIS ARBITRATION?
24

1 A. No. Because Level 3 has made no such showing in this arbitration, it is not
2 entitled to charge BellSouth more for a Local Channel facility than BellSouth
3 charges Level 3 for a Local Channel facility.
4

5 Q. IS THERE ANYTHING UNUSUAL ABOUT THE AGREED-UPON
6 DEFINITION OF “SERVING WIRE CENTER?”
7

8 A. No. The agreed-upon definition of “serving wire center” that appears in the
9 proposed interconnection agreement is consistent with the definitions in
10 BellSouth’s Tariff FCC No. 1, BellSouth’s Kentucky State Access Tariffs, and
11 Newton’s Telecom Dictionary.
12

13 Q. WHAT RATE STRUCTURE IS BELL SOUTH PROPOSING FOR THE
14 PURCHASE OF DEDICATED INTEROFFICE TRANSPORT FROM ONE
15 PARTY’S “‘SERVING WIRE CENTER’ TO THE OTHER PARTY’S ‘FIRST
16 POINT OF SWITCHING’”?
17

18 A. The rate structure being proposed by BellSouth is the same rate structure
19 approved by this Commission and the same rate structure included in all of
20 BellSouth’s Interconnection Agreements.
21

22 Q. WILL LEVEL 3 BE DISADVANTAGED IF BELL SOUTH DESIGNATES POIs
23 AT END OFFICES SOME DISTANCE FROM LEVEL 3’S POP, DUE TO THE
24 DEFINITION OF SERVING WIRE CENTER IN THE INTERCONNECTION
25 AGREEMENT?

1

2 A. No. BellSouth does not agree that Level 3, or any other CLEC is, or will be,
3 disadvantaged by BellSouth's placement of POIs. The issue here is not whether
4 or not Level 3 will be disadvantaged through a proposed definition of serving
5 wire center. Level 3 plainly seeks to receive Dedicated Interoffice Transport rates
6 for facilities that, according to the undisputed definitions in the proposed
7 interconnection agreement, are not Dedicated Interoffice Transport facilities.
8 Dedicated Interoffice Transport is charged for transport between two BellSouth
9 wire centers or two Level 3 wire centers. If Level 3 has only one wire center and,
10 therefore, is not providing interoffice transport, it is not entitled to Dedicated
11 Interoffice Transport. BellSouth, however, has two wire centers, and is entitled to
12 charge for the interoffice transport when it provides this function.

13

14 Q. HOW ARE BELL SOUTH'S RATES DEVELOPED?

15

16 A. Although I am not a cost expert, I do know that BellSouth's rates are developed
17 based on BellSouth's existing network configuration. The point here is that
18 BellSouth's proposed rates have been developed based on the investment in each
19 rate element. Therefore, the rates for Dedicated Interoffice Transport are based
20 on one portion of investment, whereas rates for a Local Channel would be based
21 on another portion of investment.

22

23 Q. WHAT IS BELL SOUTH ASKING THIS COMMISSION TO DECIDE ON
24 THIS ISSUE?

25

1 A. BellSouth is asking the Commission to decide that BellSouth must pay Level 3
2 the same rates for a Local Channel Facility (or any other facility) as Level 3 pays
3 BellSouth for the same facility.
4

5 ***Issue 6: (Attachment 3, Section 5.1.1.1)***

6 ***Should the parties be required to pay reciprocal compensation on traffic originating***
7 ***from or terminating to an enhanced service provider, including an Internet***
8 ***Service Provider (“ISP”)?***
9

10 Q. WHAT IS BELLSOUTH’S POSITION ON THIS ISSUE?
11

12 A. BellSouth’s position on this issue is that ISP-bound traffic is not local traffic
13 eligible for reciprocal compensation. Based on the 1996 Act and the FCC’s Local
14 Competition Order, reciprocal compensation obligations under Section 251(b)(5)
15 only apply to local traffic. ISP-bound traffic constitutes access service, which is
16 clearly subject to interstate jurisdiction and is not local traffic. BellSouth
17 recognizes that the Commission has already ruled against BellSouth’s position on
18 this issue. As a result, BellSouth will agree to apply to this case, as an interim
19 measure, the Commission’s Order in the ICG arbitration, Case No. 99-218, and
20 the decision resulting from BellSouth’s pending appeal of that Order. In doing so,
21 BellSouth is simply seeking to conserve the Commission’s and the Company’s
22 resources but BellSouth does not waive its right to seek judicial review on this
23 issue.
24

1 ***Issue 7: (Attachment 3, Section 5.1.8 and 5.1.9)***
2 ***Should BellSouth be permitted to define its obligation to pay reciprocal***
3 ***compensation to Level 3 based upon the physical location of Level 3's***
4 ***customers? Should BellSouth be able to charge originating access to Level 3***
5 ***on all calls going to a particular NXX code based upon the location of any one***
6 ***customer?***

7
8 Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

9
10 A. As I understand it, Level 3 wants to assign a telephone number that is associated
11 with one local calling area (i.e. Frankfort) to a Level 3 customer who is located in
12 a different local calling area (i.e. Louisville). Level 3 then claims that because a
13 BellSouth customer in Frankfort dials a "local" number to reach the Level 3
14 customer in Louisville, the call is somehow a "local" call. Level 3's position is
15 wrong because it ignores the fact that regardless of the telephone number Level 3
16 assigns to its customer; the call I have just discussed originates in one local
17 calling area and terminates in a different local calling area. The call, therefore, is
18 not a local call, and BellSouth should not be required to pay reciprocal
19 compensation for the call.

20
21 Q. IS LEVEL 3 RESTRICTED TO GIVING NUMBERS ASSIGNED TO A
22 PARTICULAR RATE CENTER, TO CUSTOMERS WHO ARE PHYSICALLY
23 LOCATED IN THAT SAME RATE CENTER?

24

1 A. No. When Level 3, or any other carrier, is given an NPA/NXX code by the North
2 American Numbering Plan Administrator, the carrier must assign that NPA/NXX
3 code to a rate center. All other carriers use this assignment information to
4 determine whether calls originated by its customers to numbers in that NPA/NXX
5 code are billed as local or long distance calls. For example, assume that the
6 administrator assigns the 502/336 NPA/NXX to Level 3. Level 3 would tell the
7 administrator where 502/336 is assigned. Let's say Level 3 assigns the 502/336
8 code to the Frankfort rate center. When a local carrier's customer calls a number
9 in the 502/336 code, the local carrier bills its customer based on whether a call
10 from the location where the call originates to the Frankfort rate center is a local
11 call or a long distance call. If a BellSouth customer in the Frankfort local calling
12 area calls a number in the 502/336 code in this example, BellSouth treats the call
13 as a local call for purposes of billing its Frankfort customer. Likewise, if a
14 BellSouth customer in Louisville calls a number in the 502/336 code, BellSouth
15 would bill the customer for a long distance call.

16
17 In the example above, Level 3 is not restricted to giving numbers in the 502/336
18 code only to customers that are physically located in the Frankfort rate center.
19 Level 3 is permitted to assign a number in the 502/336 code to any of its
20 customers regardless of where they are physically located. Again, BellSouth is
21 not attempting to restrict Level 3's ability to do this.

22
23 Continuing with the hypothetical example, let's see what happens if Level 3
24 disassociates the physical location of a customer with a particular telephone
25 number from the rate center where that NPA/NXX code is assigned. Assume that

1 Level 3 gives the number 502-336-3000 to one of its customers in Louisville. If a
2 BellSouth customer in Frankfort calls 502-336-3000, BellSouth will bill its
3 customer in Frankfort as if the customer made a local call. BellSouth, however,
4 would hand off the call to Level 3 at a BellSouth designated POI, and Level 3
5 would then carry the call from that point to its end user in Louisville. Because the
6 end points of the call are in Frankfort and Louisville, the call is a long distance
7 call. To use a more extreme example, Level 3 could elect to assign another
8 number, say 502-336-4000, to one of its customers who is physically located in
9 New York. A BellSouth customer in Frankfort who calls 502-336-4000 would be
10 billed as if he made a local call, but the call would actually terminate in New
11 York, which plainly would be a long distance call. Under Level 3's proposal,
12 however, BellSouth would pay reciprocal compensation on those calls from
13 Frankfort to Louisville or Frankfort to New York, even though these are not local
14 calls and are not subject to reciprocal compensation.

15

16 Q. IS TRAFFIC JURISDICTION ALWAYS DETERMINED BY THE RATE
17 CENTERS WHERE THE ORIGINATING AND TERMINATING NPA/NXXs
18 ARE ASSIGNED, AS INDICATED IN LEVEL 3's PETITION?

19

20 A. No. Traffic jurisdiction based on rate center assignment is used for retail end user
21 billing, but not for inter-company compensation purposes. The FCC has made it
22 clear that traffic jurisdiction is determined based upon the originating and
23 terminating end points of a call, not the NPA/NXXs of the calling or called
24 number. One example of this is originating Feature Group A access service.
25 Even though the originating end user dials a number that appears local to him or

1 her, no one disputes that originating FGA traffic is switched access traffic with
2 respect to jurisdiction and compensation between the involved companies. As the
3 Commission is aware, FGA access is not a local service.

4
5 Another example of this is Foreign Exchange (FX) service. Here again, it appears
6 to the originating customer that a local call is being made when, in fact, the
7 terminating location is outside the local calling area (long distance). Further,
8 because the call to the FX number appears local and the calling and called
9 NPA/NXXs are assigned to the same rate center, the originating end user is not
10 billed for a toll call. Despite the fact that the calls appear to be local to the
11 originating caller, FX service is clearly a long distance service. Additionally, as I
12 explain below, the FX subscriber compensates BellSouth for hauling the call
13 outside the local calling area in which it originated.

14
15 Q. WHEN LEVEL 3 ASSIGNS NUMBERS IN THE MANNER BELL SOUTH IS
16 DESCRIBING, IS LEVEL 3 ATTEMPTING TO DEFINE ITS OWN LOCAL
17 CALLING AREA?

18
19 A. No. When Level 3 assigns numbers in the manner described, Level 3 is not
20 necessarily attempting to define, or offer, a different local calling area for its
21 customers than the local calling area offered by BellSouth. In fact, in the previous
22 hypothetical example of the 502/336 code that Level 3 assigns to Frankfort, Level
23 3 does not need to have any customers who are physically located in the Frankfort
24 local calling area. What Level 3 is doing is offering free interexchange calling to
25 customers of other LECs (i.e. BellSouth). Level 3 is offering a service that allows

1 BellSouth's local service customers to make calls that appear to be local to
2 selected customers of Level 3 who are physically located in a different local
3 calling area. At best, in this example, Level 3 is attempting to redefine the local
4 calling area of BellSouth's customers in Frankfort.

5
6 Level 3 is only permitted to define the local calling area for its customers. If, in
7 the example, Level 3 had any of its own local service customers in Frankfort, and
8 offered those customers the ability to call Louisville without long distance
9 charges, then it could be said that Level 3 was offering a local calling area in
10 Frankfort that was different from BellSouth's. The local calling area, however,
11 would be defined that way only for those customers to whom Level 3 provided
12 local service. Level 3 is free to delineate whatever local calling area it wants for
13 its customers. Level 3, however, cannot determine the local calling area for
14 BellSouth customers. Specifically, Level 3 cannot offer interexchange service to
15 BellSouth's local service customers and call that service local, even if it is
16 provided on a toll-free basis.

17
18 Q. HAVE ANY STATE COMMISSIONS IN THE BELL SOUTH REGION
19 ADDRESSED THIS ISSUE?

20
21 A. Yes, both the Florida and Georgia Commissions have ruled in BellSouth's favor
22 on this issue.

23
24 Q. COULD YOU BRIEFLY DESCRIBE THE FLORIDA DECISION ON THIS
25 ISSUE?

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A. Yes. This issue was recently addressed by the Florida Commission in the arbitration proceeding between BellSouth and Intermedia (Order No. PSC-00-1519-FOF-TP, Docket No. 991854-TP, dated August 22, 2000). In that proceeding, the Florida Commission determined that until Intermedia could provide information to permit proper billing, Intermedia could not give numbers to customers who are physically located outside the rate center where the NPA/NXX code is assigned. Specifically, the Florida Commission ruled at page 43 of its Order:

If Intermedia intends to assign numbers outside of the areas with which they are traditionally associated, Intermedia must provide information to other carriers that will enable them to properly rate calls to those numbers. We find no evidence in the record indicating that this can be accomplished.

Based on the foregoing, we find it appropriate that the parties be allowed to establish their own local calling areas. Nevertheless, the parties shall be required to assign numbers within the areas to which they are traditionally associated, until such time when information necessary for the proper rating of calls to numbers assigned outside of those areas can be provided.

Since the time of the Intermedia arbitration, BellSouth has identified a means to handle the rating issue the Florida Commission recognized. BellSouth would propose not to charge its end user for a long distance call, even though a long

1 distance call had been made. This treatment is similar to the rating of calls from
2 BellSouth end users to 800 numbers. The reason for this approach is that, like
3 800 service, Level 3 is incurring the long distance costs in this case and, if it
4 chooses to do so, it may recover these costs from the end user that subscribes to
5 the Level 3 service. Of course, like 800 service, this is a long distance service.

6

7 Q. COULD YOU BRIEFLY DESCRIBE THE GEORGIA DECISION ON THIS
8 ISSUE?

9

10 A. Yes. On July 5, 2000, in Docket No. 11644-U (Intermedia arbitration), the
11 Georgia Commission ordered that Intermedia be allowed to assign its NPA/NXXs
12 in accordance with the establishment of its local calling areas, provided that it
13 furnish the necessary information to BellSouth and all other telecommunication
14 carriers that they may identify local and toll traffic and provide for the proper
15 routing and billing of those calls.

16

17 Q. BESIDES FLORIDA AND GEORGIA, ARE YOU AWARE OF ANY OTHER
18 COMMISSIONS THAT HAVE ADDRESSED WHETHER THE SERVICE
19 DESCRIBED IN THIS ISSUE IS LOCAL OR INTEREXCHANGE?

20

21 A. Yes. The Maine, Texas and Illinois Commissions have determined that this is not
22 local service. Texas and Illinois have further stated that reciprocal compensation
23 should not apply in Virtual FX/Virtual NXX situations.

24

25 Q. BRIEFLY DESCRIBE THE MAINE COMMISSION'S ORDER THAT YOU

1 REFERRED TO ABOVE.

2

3 A. The Maine Commission's Order was issued on June 30, 2000 in Docket Nos. 98-
4 758 and 99-593. The service at issue in that order is the same type of service
5 described in this issue. (Order at p. 4). Brooks Fiber ("Brooks" – a subsidiary of
6 MCI WorldCom) had been assigned 54 NPA/NXX codes that it had subsequently
7 assigned to various exchanges that are outside the Portland, Maine local calling
8 area. Brooks then assigned numbers from those codes to its customers who were
9 physically located in Portland. The Maine Commission was trying to determine
10 whether Brooks was entitled to retain the NPA/NXX codes used for the service.
11 If the service was local, Brooks was entitled to the codes; if the service was
12 interexchange, Brooks Fiber had to relinquish the codes. The Maine Commission
13 concluded that the service was interexchange. Since Brooks did not have any
14 customers at all in the rate centers where 45 of the codes were assigned, the
15 Maine Commission ordered the Numbering Plan Administrator to reclaim those
16 codes (Order at p. 29)

17

18 Now, there is a potential misunderstanding that could arise when reading the
19 Maine Order. There are several references to ISP in the Maine Order, but that is
20 because Brooks Fiber had only given numbers in the NPA/NXX code to ISPs.
21 Significantly, the Maine Order does not address the ISP reciprocal compensation
22 issue that this Commission has previously addressed. Neither the Maine
23 Commission findings on the nature of this traffic nor BellSouth's position on this
24 issue depend on whether the number is given to an ISP. The same findings and
25 the same position apply regardless of the type of customer who has been given the

1 number. It is just a fact in the Maine case that Brooks Fiber had only given
2 numbers to ISPs; therefore, there are references to ISPs in the Order.

3

4 Q. WHAT DO THE ILLINOIS AND TEXAS COMMISSIONS' ORDERS SAY
5 ABOUT THIS ISSUE?

6

7 A In the Illinois Commerce Commission's Order in Docket 00-0332, Level 3
8 Communications, Inc. Arbitration case, dated August 30, 2000, the Commission
9 states at pages 9-10:

10

11 *(b) The reciprocal compensation portion of the issue is straightforward.*
12 *The FCC's regulations require reciprocal compensation only for the*
13 *transport and termination of "local telecommunications traffic," which is*
14 *defined as traffic "that originates and terminates within a local service*
15 *area established by the state commission." 47 C.F.R. 51.701 (a)-(b)(1).*
16 *FX traffic does not originate and terminate in the same local rate center*
17 *and therefore, as a matter of law, cannot be subject to reciprocal*
18 *compensation. Whether designated as "virtual NXX," which Level 3 uses,*
19 *or as "FX," which AI [Ameritech Illinois] prefers, this service works a*
20 *fiction. It allows a caller to believe that he is making a local call and to*
21 *be billed accordingly when, in reality, such call is traveling to a distant*
22 *point that, absent this device, would make the call a toll call. The virtual*
23 *NXX or FX call is local only from the caller's perspective and not from*
24 *any other standpoint. There is no reasonable basis to suggest that calls*
25 *under this fiction can or should be considered local for purposes of*

1 imposing reciprocal compensation. Moreover, we are not alone in this
2 view. The Public Utility Commission of Texas recently determined that, to
3 the extent that FX-type calls do not terminate within a mandatory local
4 calling area, they are not eligible for reciprocal compensation. See,
5 Docket No. 21982, July 13, 2000. On the basis of the record, the
6 agreement should make clear that if an NXX or FX call would not be local
7 but for this designation, no reciprocal compensation attaches. [Emphasis
8 added.]

9
10 Q. HOW DOES BELL SOUTH'S POSITION COMPARE TO THE MAINE,
11 ILLINOIS AND TEXAS COMMISSIONS' ORDERS?

12
13 A. BellSouth's position is completely consistent with these three orders. Most
14 importantly, the Maine Commission found that the service was interexchange.
15 (Order at pps. 4, 8-12, 18). The Maine Commission concluded that this service
16 and FX service have some parallels but the closest parallel is 800 service. (Order
17 at pps. 11-12) The Maine Commission found that Brooks is not attempting to
18 define its local calling area with this service. (Order at p 14) Finally, the Maine
19 Commission concluded that this service has no impact on the degree of local
20 competition. (Order at p. 13) The Illinois and Texas Commissions' Orders went
21 a step further, specifying that Virtual FX or NXX calls that do not terminate
22 within a mandatory local calling area are not eligible for reciprocal compensation.
23 Again, none of these findings depend on whether the number is given to an ISP or
24 another type of customer.

1 Q. PLEASE COMPARE THE VIRTUAL NPA/NXX ADDRESSED IN THIS
2 ISSUE WITH BELL SOUTH'S FOREIGN EXCHANGE ("FX SERVICE").
3

4 A. Although similar, these services are not exactly the same. In the case of the FX
5 service, a customer dials a number that appears to be a local number. The call is
6 transported to the customer's serving wire center. The switch looks at the number
7 and based on the translations for the number it sends the call to the "foreign
8 exchange" where the customer being called resides. BellSouth's costs are
9 recovered from BellSouth's customers; the originating customer pays for the local
10 portion of the call, and the FX customer pays BellSouth to terminate the call in a
11 different local calling area.
12

13 Q. LEVEL 3 ALLEGES THAT BELL SOUTH DOES NOT INCUR ANY
14 ADDITIONAL COSTS IN DELIVERING TRAFFIC TO LEVEL 3'S SWITCH
15 BASED ON THE LOCATION OF LEVEL 3'S CUSTOMERS. PLEASE
16 COMMENT.
17

18 A. Level 3 is missing the point. Reciprocal compensation is to cover the cost of
19 transporting and terminating local calls. It is the terminating carrier that incurs
20 these costs, and, therefore, collects the money. Second, the end points of a call
21 determine whether or not a call is local. Clearly, when a BellSouth customer calls
22 a Level 3 customer in a different local calling area, it is not a local call, regardless
23 of where Level 3's switch is located, and what cost BellSouth incurs to get the
24 call to that switch. Level 3 is not entitled to reciprocal compensation for these
25 calls.

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Q. HOW IS LEVEL 3’S DEPICTION OF THIS ISSUE DIFFERENT THAN
BELLSOUTH’S?

A. Level 3 depicts BellSouth’s position on this issue as a desire to restrict Level 3’s
assignment and use of telephone numbers. That is simply not the case.
BellSouth’s position on this issue would allow Level 3 to give telephone numbers
from a NPA/NXX assigned to Frankfort, for example, to a customer in Louisville
or even in New York. BellSouth simply believes that when Level 3 makes such
an assignment, BellSouth should not be required to pay reciprocal compensation
on calls from Frankfort subscribers to these numbers. BellSouth also believes that
Level 3 should provide BellSouth with the information necessary for BellSouth to
recognize that calls from Frankfort to these numbers are not local calls.

DOES BELLSOUTH’S POSITION IMACT LEVEL 3’S ABILITY TO SERVE
ISPs?

No, BellSouth’s position has no impact on Level 3’s ability to serve ISPs. Level
3 is free to target and select customers, and assign telephone numbers as it
chooses. BellSouth is only saying calls that originate and terminate with
customers in different local calling areas are not local and, therefore, are not
subject to reciprocal compensation.

1 Q. DOES REFERRING TO A CUSTOMER’S PHYSICAL LOCATION GIVE
2 BELLSOUTH THE ABILITY TO RE-CLASSIFY LOCAL CALLS AS TOLL
3 CALLS?
4

5 A. No. As I explained above, Level 3 is the party attempting to reclassify the nature
6 of the call, from toll to local.
7

8 Q. IS LEVEL 3’S POSITION ON THIS ISSUE CONSISTENT WITH THE
9 ARGUMENTS THAT CLECS HAVE USED AS RATIONALE THAT ISP-
10 BOUND CALLS ARE LOCAL?
11

12 A. No. The argument by CLECs that ISP-bound calls are local has been that there
13 are really two calls. CLECs have argued that the first call terminates at the ISP
14 server, which was portrayed as a local call. The second call then leaves the ISP
15 server in the local calling area and goes to the Internet. While BellSouth still
16 strongly disagrees with this argument, it is important to note that in the context of
17 this issue, the “first” call as described by the CLECs is not even a local call, and
18 by their own argument, would not be entitled to reciprocal compensation.
19

20 Q. ON PAGE 19 OF THE PETITION, LEVEL 3 SUGGESTS THAT COSTS
21 ASSOCIATED WITH ACCESSING THE INTERNET WOULD INCREASE IF
22 BELLSOUTH RESTRICTS CLECS’ USE OF NXX CODES. PLEASE
23 COMMENT.
24

1 A. First let me reiterate, BellSouth is not attempting to restrict Level 3's use of NXX
2 codes. When Level 3 assigns telephone numbers to a customer in a way that
3 allows other parties to make a long distance call to that customer but not be
4 charged for a long distance call, Level 3 may either recover the costs associated
5 with such an arrangement from its who is benefiting from the arrangement, or
6 Level 3 itself may absorb those costs. Level 3, however, cannot recover those
7 costs from BellSouth.

8

9 Q. WHAT IS BELL SOUTH REQUESTING OF THIS COMMISSION?

10

11 A. BellSouth is asking the Commission to follow the lead of the Commission rulings
12 described above. BellSouth is not asking the Commission to restrict Level 3's
13 ability to allocate numbers out of its assigned NPA/NXX codes in whatever
14 manner it sees fit. BellSouth simply requests the Commission to determine that if
15 Level 3 assigns telephone numbers to customers that are physically located in a
16 different local calling area than the local calling where the NPA/NXX is assigned,
17 calls originated by BellSouth end users in the local calling area where the
18 NPA/NXX is assigned to those numbers are not local calls. Such calls are not
19 considered local traffic under the agreement and, therefore, no reciprocal
20 compensation should apply. Furthermore, this Commission should find that if
21 Level 3 assigns NPA/NXX numbers outside the assigned local calling area, Level
22 3 must provide the necessary information to BellSouth so that BellSouth can rate
23 the calls appropriately.

24

25 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

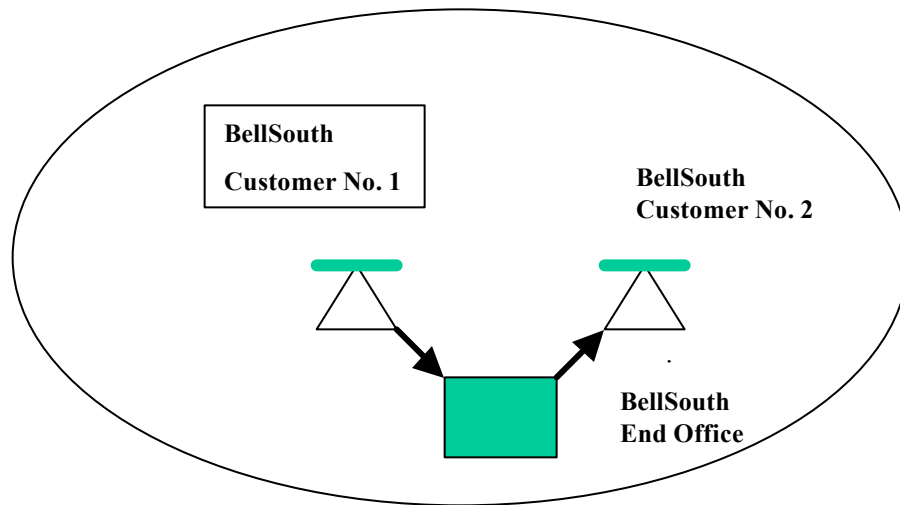
1

2 A. Yes.

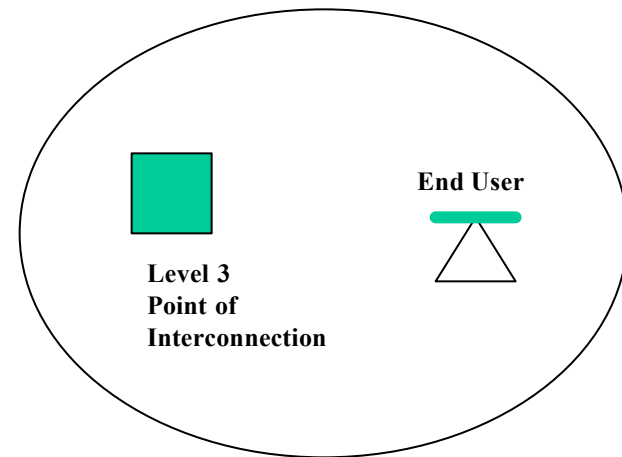
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5 PCDOCS #240537



**Frankfort
Local Calling Area
502/336**



**Louisville
Local Calling Area
502/XXX**

LOUISVILLE LATA

