Exhibit No. _____
Issues: General Terms and Conditions, Issue 3 and 7; Intercarrier Compensation Issue 1(c),1(d) 7, 9; Network Interconnect Issues 1, 2, 3, 4; ITR Issues 1a, 3(a), 3(b), 3(c), 3(d), 5, 6
Witness: Peter Sywenki
Type of Exhibit: Direct Testimony
Party: Sprint Communication Company, L.P.
Case No. TO-2005-0336

**BEFORE THE PUBLIC SERVICE COMMISSION**
**STATE OF MISSOURI**

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| **Southwestern Bell Telephone, L.P., d/b/a SBC Missouri's Petition for Compulsory Arbitration of Unresolved Issues for a Successor Interconnection Agreement to the Missouri 271 Agreement ("M2A")** | **)** **)** **)** **)** **)** | **Case No. TO-2005-0336** |

# DIRECT TESTIMONY

# OF

# PETER SYWENKI

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

**MAY 9, 2005**

## SECTION I -- INTRODUCTION

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

**A.** My name is Peter Sywenki. I am Director – Regulatory Policy, for Sprint Corporation. My business address is 6450 Sprint Parkway, Overland Park, Kansas 66251.

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

**A.** I hold Bachelor of Science degrees in Marketing and Finance from Elizabethtown College. I have worked in telecommunications industry for nearly 18 years. I started my career at United Telephone Company in Carlisle, Pennsylvania and have held various positions within Sprint with a wide array of responsibilities, including carrier settlements, cost separations and allocation, regulatory reporting, access rate development, interconnection agreement negotiation and arbitration, and public policy development and advocacy. In my current position, I am responsible for coordinating regulatory and legislative public policy on behalf of Sprint's wireless, incumbent LEC, competitive LEC, and Long Distance interests.

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

**A.** Yes. I have provided testimony before the state commissions in Maryland, Nebraska, New York, Pennsylvania, Virginia, and Wyoming. In addition, I have appeared in NARUC and FCC proceedings.

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

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

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

**A.** The purpose of my Direct Testimony is to provide Sprint's positions regarding the following 5 outstanding issues: (1) transit, (2) indirect interconnection, (3) interconnection facility cost, (4) multi-jurisdictional traffic, and (5) reciprocal compensation. These issues encompass the following appendices and DPL issue numbers:

1) Transit – General Terms and Conditions Issue #7; Intercarrier Compensation Issue #7; and Interconnection Trunking Requirements Issue #1(a)
2) Indirect Interconnection – Network Interconnection Methods Issues #1 and #2; Interconnection Trunking Requirements Issue #5
3) Interconnection Facility Cost – Network Interconnection Methods Issues #4 and #5; Interconnection Trunking Requirements Issues #3(c), #3(d), and #6.
4) Multi-jurisdictional Traffic Trunks – General Terms and Conditions Issue #3; Intercarrier Compensation Issues #1(c), #1(d) and #9; Network Interconnection Methods Issues #3; Interconnection Trunking Requirements Issues #3(a) and #3(b);
5) Bill and Keep Compensation – Intercarrier Compensation Issues #2, #3, and #5.

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

**A.** In my Direct Testimony, I will explain why transit is a fundamental and necessary component of efficient interconnection that should be included in this Section 251/252 interconnection agreement. I will also explain why indirect interconnection is a reasonable, standard form of interconnection for the exchange of small volumes of traffic. I will address the appropriate cost responsibilities of the parties for the cost of facilities that interconnect the SBC and Sprint networks. I will explain the desirability of combining multiple traffic "types" on interconnection trunks. Finally, I will address the appropriate compensation mechanism for the exchange of local traffic.

**Q. What is Sprint's main goal in this proceeding?**

**A.** Sprint is seeking an interconnection agreement with SBC that will allow both parties to effectively compete and efficiently exchange traffic.

## SECTION II – UNRESOLVED ISSUE DISCUSSION

**Q. Please state your first unresolved issue.**

**A.** My first unresolved issue regards the transiting of traffic. Specifically, Sprint and SBC disagree about whether transit should continue to be included as a component of this Section 251/252 interconnection agreement.

**Q. What is Sprint's desired outcome for this issue?**

**A.** Sprint desires that transit terms, conditions, and TELRIC prices continue to be included in this successor interconnection agreement.

**Q. What is "Transit"?**

**A.** Transit is a form of network interconnection for carriers that are not directly connected to each other but connected to a common carrier at the same location. That's a mouthful, so let me try to break it down. Carrier A wants to interconnect with Carrier B but Carrier A does not have a direct connection with Carrier B. Both Carrier A and Carrier B have a direct connection to Carrier C. Transit provides for the interconnection of Carrier A and Carrier B through Carrier C. In the context of this proceeding, Sprint wishes to continue to use its interconnection with SBC to transit the SBC network to reach other carriers that are connected to SBC when traffic volumes do not justify establishing a direct interconnection with the other carriers.

**Q. Is SBC refusing to continue to provide transit?**

**A.** SBC is refusing to continue to provide transit under a Section 251/252 agreement and insisting that Sprint acquire transit through a "commercial" agreement, instead.

**Q. Should SBC be required to continue to provide transit interconnection pursuant to a Section 251/252 interconnection agreement?**

**A.** Yes. Section 251(a)(1) of the Telecom Act explicitly provides for two basic forms of interconnection by imposing a duty on telecommunications carriers to interconnect directly ***or indirectly*** with the facilities and equipment of other carriers. Transit is the means by which carriers indirectly interconnect. Removal of an obligation of SBC to provide transit would eliminate an efficient way for carriers that are interconnected to SBC to exchange traffic with each other when they don't have enough traffic to justify a direct interconnection with each other.

**Q. What is the pricing standard that applies to SBC transit?**

**A.** Transit is a form of Section 251 interconnection and Section 251 interconnection is subject to Section 252(d)(1) "Pricing Standards-Interconnection and Network Element Charges". Pursuant to Section 252(d)(1), the FCC established (and the U.S. Supreme Court has upheld) the Total Element Long Run Incremental Cost (TELRIC) standard and the Commission has implemented TELRIC pricing. The TELRIC pricing standard both ensures SBC is fully compensated for performing the transit interconnection function and ensures competing carriers of cost-based non-discriminatory pricing.

**Q. Why should SBC continue to provide transit at TELRIC rates?**

**A.** As a practical matter, carriers entering SBC markets must interconnect with SBC because SBC has the most customers with which to exchange traffic. New entrants however, may exchange very little if any traffic with other new entrants for the simple reason that they have far fewer local customers. When these

carriers interconnect with SBC, they typically interconnect at an SBC tandem switch location because SBC tandem switches are traffic aggregation point for traffic from SBC end offices that subtend the SBC tandem. And, because other carriers are interconnected at SBC tandems, they have quite naturally become hubs for carriers not only to exchange traffic with SBC but to also exchange traffic with other carriers. Because the SBC tandems serve as an efficient location for carriers to interconnect, SBC has become the de facto dominant (if not monopoly) provider of transit services in its local markets. As such, SBC wields significant market power over competing carriers. Cost based rates, specifically the TELRIC price standard established by the FCC and implemented by the Commission pursuant to the Telecom Act, are necessary to ensure competing carriers are not harmed in obtaining transit, an essential interconnection input cost. Absent the application of the TELRIC price standard, SBC would have the opportunity and the incentive to raise the input costs of its rivals which rely on SBC to meet their interconnection requirements. So long as SBC remains the dominant provider of transit, SBC should continue to be required to provide transit interconnection services at TELRIC rates.

**Q. Have other jurisdictions recently addressed the transit issue? Yes. The Texas PUC recently found that "SBC Texas shall provide transit services at TELRIC rates." <u>Arbitration of Non-Costing Issues for Successor Interconnection Agreements to the Texas 271 Agreement,</u> Texas P.U.C. Docket No. 28821 (Arbitration Award-Track 1 Issues February 22, 2005), p.**

**23. In reaching its conclusion, the Texas PUC found that there has been no change in law or FCC policy that would dictate moving transit from Section 251/252 interconnection agreements to commercial agreements. In addition, the Texas Commission stated as follows:**

> "Given SBC Texas's ubiquitous network in Texas and the evidence regarding absence of alternative competitive transit providers in Texas, the Commission concludes that requiring SBC Texas to provide transit services at cost-based rates will promote interconnection of all telecommunications networks. In the absence of alternative transit providers in Texas, the Commission finds that SBC Texas's proposal to negotiate transit services separately outside the scope of an FTA Section 251/252 negotiation may result in cost-prohibitive rates for transit service." Id.

The same conditions that led to the Texas PUC decision exist in Missouri. There has been no change in law, the SBC Missouri network is ubiquitous, and there is no evidence of alternative competitive transit providers. In addition to the Texas Commission, and for similar reasons, the Indiana Commission decided in an arbitration order that SBC has a duty pursuant to the Act to provide transit service finding that "sound pro-competitive policy dictates that SBC, as the incumbent provider and the only provider with ubiquitous facilities in its service territory, be required to provide transiting service as it has historically provided." In the Matter of Level 3 Communications, LLC's Petition for Arbitration Pursuant to Section 252(b) of the Communications Act of 1934, as Amended by the

Telecommunications Act of 1996, and the Applicable State Laws for Rates, Terms, and Conditions of Interconnection with Indiana Bell Telephone Company d/b/a SBC Indiana, 2004 Ind. PUC LEXIS 465 (Indiana Utility Regulatory Commission Cause No. 42663 INT-01, Dec. 22, 2004), p.*28. In addition to the Texas and Indiana Commissions, an Administrative Law Judge presiding over arbitration between Level 3 and SBC in California rejected the SBC position that transit is not a Section 251/252 requirement.[1] Petition of Level 3 Communications, LLC (U-5941-C) for Arbitration Pursuant to Section 252(b) of the Communications Act of 1934, as amended by the Telecommunications Act of 1996, and Applicable State Laws for Rates, Terms, and Conditions of Interconnection with SBC Bell Telephone Company d/b/a SBC California and SBC Communications, Public Utilities Commission of the State of California Application 04-06-004, (Final Arbitrator's Report, February 8, 2005), pp. 40-43. And in response to a Petition for Declaratory Ruling, the North Carolina Utilities Commission found that transit is an interconnection obligation of Verizon, concluding:

> "After careful consideration, the Commission concludes that good cause exists to find that Verizon is obligated to provide transit service as a matter of law for the reasons as generally set forth by the Proponents…As a practical consequence, adoption of the Opponents' view would immoderately multiply the number of interconnection agreements--and economic costs relating to entering into them--because . . . in order to fully

[1] This case was stayed by agreement of Level 3 and SBC on February 22, 2005, and the Final Arbitrator's

effectuate rights and obligations, everyone must have an interconnection agreement with everybody else, even if the amount of traffic exchanged is minimal. The overall impact would be a tendency to stifle competition by the imposition of uneconomic costs as, for example, by the construction of redundant facilities. If there were no obligation to provide transit service, the ubiquity of the telecommunications network would be impaired…The fact of the matter is that transit traffic is not a new thing. It has been around since "ancient" times in telecommunications terms….It strains credulity to believe that Congress in TA96 intended, in effect, to impair this ancient practice and make it merely a matter of grace on the part of ILECs, when doing so would inevitably have a tendency to thwart the very purpose that TA96 was designed to allow and encourage."

In the Matter of Petition of Verizon South, Inc., for Declaratory Ruling that Verizon is Not Required to Transit InterLATA EAS Traffic between Third Party Carriers and Request for Order Requiring Carolina Telephone and Telegraph Company to Adopt Alternative Transport Method, North Carolina Utilities Commission Docket No. P-19, Sub 454, Sept. 22, 2003, pp. 5-7.

Contrary to SBC's position, these state decisions and rulings found that transit is an ILEC interconnection obligation, not a voluntary offer.

Report was not adopted by the full Commission.

**Q. How do SBC "commercial" transit rates compare to the current contract rates?**

A. The rates SBC offer as commercial rates are as much as 52% greater than existing contract rates.[2]

**Q. Please summarize Sprint's position on the transit issue?**

**A.** Transit is an interconnection service that SBC is required to continue to provide under a Section 251/252 interconnection agreement. Sprint is willing to replace SBC transit service with a direct connection to another carrier when traffic volumes exchanged by Sprint and the other carrier justify a direct connection.

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

**A.** My second unresolved issue regards indirect interconnection. Specifically, Sprint and SBC disagree as to whether Sprint may indirectly interconnect with an SBC end office that subtends another carrier's tandem.

**Q. What is Sprint's desired outcome for this issue?**

**A.** Sprint wishes to have the right to utilize indirect interconnection to interconnect with SBC end offices that subtend another carriers' tandem switch when traffic volumes do not justify a direct end office interconnection.

[2] The "commercial" rate for greater than thirteen million minutes is $0.0025467 per minute compared to $0.001679 per minute for zone 4 under the current contract.

**Q. What is indirect interconnection?**

**A.** Indirect interconnection allows parties to interconnect through transit provided by a third party.

**Q. How is the indirect interconnection issue different from the transit issue?**

**A.** The issues are related. Transit allows Sprint to interconnect with other carriers that subtend an SBC tandem. Indirect interconnection allows Sprint to interconnect with an SBC end office when that SBC end office subtends another carrier's tandem.

**Q. Is SBC refusing to allow Sprint to interconnect indirectly with SBC?**

**A.** Yes. Sprint proposed contract language that would permit the parties to indirectly interconnect in the limited instances where an SBC end office subtends another carrier's tandem and the traffic volumes are small. SBC is refusing to permit indirect interconnection and instead is insisting that Sprint establish a direct connection to each of its end offices that subtend other carrier's tandems regardless of the amount of traffic exchanged with that particular end office.

**Q. Does Sprint have the right to interconnect indirectly with SBC?**

**A.** Yes. Section 251(a)(1) of the Act clearly and explicitly states that telecommunications carriers have a duty "to interconnect directly or indirectly with the facilities and equipment of other telecommunications carriers". As discussed in the transit issue, indirect interconnection is a standard, efficient form

of interconnection when traffic volumes do not justify a direct interconnection. In those limited instances where an SBC end office subtends the tandem of another carrier, Sprint is merely seeking to assert its right under Section 251(a) to interconnect indirectly with SBC.

**Q. Please state your third unresolved issue.**

**A.** My third unresolved issue regards Interconnection Facility Costs. Specifically, Sprint and SBC disagree as to the establishment of interconnection points and the cost responsibilities for transmission facilities that interconnect the Sprint and SBC networks.

**Q. What is Sprint's desired outcome for this issue?**

**A.** The Commission should allow Sprint to establish a minimum of one point of interconnection per LATA with SBC and should require SBC to share the cost responsibility for the facilities that interconnect the Sprint and SBC networks.

**Q. Is SBC refusing to permit Sprint to establish a single point of interconnection per LATA?**

**A.** Yes. SBC would require Sprint to establish multiple points of interconnection within a LATA, including interconnection at each tandem or in each local exchange area where an SBC end office does not subtend an SBC tandem. And SBC would require Sprint to shoulder 100% of the interconnection costs of

delivering traffic to and receiving traffic from each of these points of interconnection.

**Q. Are there any rulings that support the right of a CLEC to establish a single point of interconnection per LATA with an RBOC?**

**A.** Yes. FCC and court decisions have consistently stated that CLECs have the right to establish a single point of interconnection per LATA with an RBOC. For example, the FCC stated that "Under the Commission's rules, competitive LECs may request interconnection at any technically feasible point. This includes a single point of interconnection in a LATA." In the Matter of the Petition of Worldcom, Inc. Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon Virginia Inc., and for Expedited Arbitration; In the Matter of Petition of Cox Virginia Telcom, Inc. Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon-Virginia, Inc. and for Arbitration; In the Matter of Petition of AT&T Communications of Virginia Inc., Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia Corporation Commission Regarding Interconnection Disputes With Verizon Virginia Inc., CC Docket Nos. 00-218, 00-249, 00-251, Memorandum Opinion and Order, DA 02-1731 (July 17, 2002), ¶ 52. The Fifth Circuit Court of Appeals similarly concluded that a CLEC is permitted to choose to interconnect

with SBC at any technically feasible point, including a single-LATA-POI. Southwestern Bell Tele. Co. v. Public Utilities Comm. of Texas, et al., 348 F.3d 482, 485 (5th Cir. 2003).

**Q. Once the number and location of interconnection points is established, how should the interconnection cost responsibilities be determined?**

**A.** The FCC defines Section 251 interconnection as "the physical linking of two networks for the mutual exchange of traffic". In the Matter of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket Nos. 96-98. 95-185, First Report and Order, FCC 96-325 (August 8, 1996), ¶ 176. The transmission facility that physically links the two networks is the interconnection facility and it is a shared-cost responsibility of the two interconnected networks.

**Q. Please provide support for Sprint's position that the interconnection facility is a shared cost responsibility.**

**A.** The FCC interconnection rules clearly establish that the cost of the transmission facility is a shared-cost responsibility of the two carriers whose networks are being interconnected. First, 47CFR51.709(b) states "the rate of a carrier providing transmission facilities dedicated to the transmission of traffic between two carriers' networks shall recover only the costs of the proportion of the trunk capacity used by an interconnecting carrier to send traffic that will terminate on the providing carrier's network." Second, 47 CFR 51.703(b) states that "a LEC may not assess charges on any other telecom carrier for telecom traffic that

originates on the LEC's network." Together, these rules dictate that both carriers bear a cost responsibility for the interconnection facility because each party is using the interconnection facility to deliver traffic to the other party.

**Q. Is SBC refusing to acknowledge a shared-cost responsibility for the interconnection facility?**

**A.** Yes. SBC would require Sprint to shoulder 100% of the cost of the interconnection facility.

**Q. What is the appropriate price for the interconnection facility if Sprint leases it from SBC?**

**A.** The pricing standard for Section 251 interconnection is established under Section 252(d)(1) Pricing Standards-Interconnection and Network Element Charges. The FCC established (and the U.S. Supreme Court upheld) TELRIC as the 252(d)(1) pricing methodology for interconnection and unbundled network elements. Earlier this year, the FCC reconfirmed the appropriate price standard for interconnection facilities, stating:

> "We note in addition that our finding of non-impairment with respect to entrance facilities does not alter the right of competitive LECs to obtain interconnection facilities pursuant to section 251(c)(2) for the transmission and routing of telephone exchange and exchange access service. Thus competitive LECs will have access to these facilities at cost-based rates to the extent that they require them to interconnect with the incumbent

LEC's network." Unbundled Access to Network Elements; Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, CC Docket No. 01-338, Order on Remand, (Feb. 4, 2005), ¶140. The FCC, while declaring an entrance facility is not required as an unbundled network element, made clear that CLECs are entitled to lease interconnection facilities from SBC at TELRIC rates.

**Q. Is SBC's position denying interconnection facility cost sharing consistent with other existing SBC interconnection agreements?**

**A.** No. For example, Sprint Spectrum LP. d/b/a Sprint PCS ("Sprint PCS") and SBC have an interconnection agreement for exchange of Sprint's wireless traffic in which Sprint PCS and SBC share the cost of the interconnection facility in accordance with the FCC rules based on each party's proportionate use of the interconnection facility. Specifically, the Pricing Appendix of the SBC/Sprint PCS Missouri interconnection agreement contains an explicit "Shared Facility Factor" designed to recognize the proportionate use of the interconnection facility. Interconnection Agreement by and between Sprint Spectrum L.P. and Southwestern Bell Telephone, L.P. d/b/a SBC Missouri, TK-2004-0180, December 5, 2003 (as subsequently amended on November 2, 2004). It would be inconsistent and discriminatory for SBC to share interconnection facilities costs for the exchange of wireless traffic but to refuse to share the interconnection facility costs for the exchange of wireline traffic. Additionally, SBC's wireless affiliate Cingular has the right to shared interconnection facilities costs with

Sprint's ILEC in interconnection agreements that span 12 states.[3] Cingular/Sprint Interconnection Agreement dated August 6, 2003.

Moreover, SBC shares interconnection facilities costs with its affiliate. Section 6.0 of the Pricing appendix of the SBC Missouri interconnection agreement with Southwestern Bell Wireless/Cingular contains the following provision: "For purposes of allocating SWBT nonrecurring and recurring facilities charges, the presumed traffic split, subject to semiannual review and possible adjustment shall be 80% mobile to land and 20% land to mobile. These factors represent the percentage of the facility rates each party will pay for each shared Interconnection Facility." Missouri Agreement for Interconnection and Reciprocal Compensation by and between Southwestern Bell Wireless Inc and Southwestern Bell Telephone Company, filed with Missouri Public Service Commission, June 3, 1999. It is clearly inconsistent for SBC to assume only a portion of the interconnection facility costs when it interconnects with an ILEC but to impose 100% of the interconnection facility cost on the other carrier when it is the ILEC.

**Q. Please state your fourth unresolved issue.**

**A.** My fourth unresolved issue regards Multi-jurisdictional trunks. Specifically, Sprint and SBC disagree as to the whether Sprint should be allowed to combine

[3] The agreements covers Indiana, Kansas, Missouri, Nevada, New Jersey, North Carolina, Ohio, South Carolina, Tennessee, Texas, Virginia, and Washington and includes multiple Cingular entities and the Sprint local operating companies for reach state.

traffic with different regulatory classifications for delivery to SBC on a single interconnection trunk or on the same interconnection facility.

**Q. What is Sprint's desired outcome for this issue?**

**A.** The Commission should allow Sprint to deliver traffic to SBC efficiently through the use of multi-jurisdiction trunks and facilities.

**Q. Please describe this issue.**

**A.** Sprint exchanges multiple "types" of traffic with SBC, i.e., wireless, wireline, local, and long distance. Although the inter-carrier compensation rules differ depending on regulatory classifications, the network functions (switching and transport) are basically the same. Sprint is requesting that it be allowed to combine the various traffic "types" onto existing established trunks and facilities, regardless of whether they were initially established as "access" or "local", to avoid the inefficiencies of traffic segregation. In essence, Sprint is trying to avoid having to maintain multiple, separate interconnection networks with SBC. Sprint is NOT proposing this as a means to avoid paying the appropriate inter-carrier compensation. Rather, it is seeking to avoid inefficient duplicative network interconnections.

**Q. What is SBC's objection to establishing multi-jurisdictional trunks and facilities?**

**A.** SBC is concerned about ensuring proper inter-carrier compensation for each of the types of traffic and apparently believes segregating traffic is the only means for accomplishing that.

**Q. What is your response to SBC's objection?**

**A.** Sprint understands and shares SBC's concern about the vulnerability of inter-carrier compensation revenue in the current environment. That is why Sprint (along with SBC and many other carriers) is a strong advocate for reforming inter-carrier compensation to eliminate uneconomic regulatory distinctions. The current "system" causes a tremendous drain on the industry due to endless disputes and litigation as well as causing the network inefficiencies specifically at issue here. While inter-carrier compensation has not yet been made uniform, the FCC opened a proceeding earlier this year, see In the matter of Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92 (Further Notice of Proposed Rulemaking FCC 05-33), March 3, 2005, with the goal of creating a uniform compensation system that would eliminate any perceived need to segregate traffic. In the meantime, Sprint does not want to be precluded in this interconnection agreement from establishing and maintaining more efficient network interconnection arrangements with SBC. As stated above, Sprint is not proposing multi-jurisdictional trunks and facilities to bypass the existing compensation regimes. Sprint firmly supports the need for carriers to properly compensate each other in accordance with the current various rules until such

time as the rules are reformed, but traffic segregation should not be considered the only means for carriers to secure proper compensation.

**Q. How does Sprint propose to secure proper inter-carrier compensation if it is permitted to establish multi-jurisdictional trunks and facilities?**

**A.** Sprint proposed language that would obligate Sprint to measure and accurately identify the different traffic types to SBC and compensate for each traffic type accordingly. In instances where traffic measurement is not possible, Sprint proposed alternatives to either have both parties use best effort to apportion the traffic among the various jurisdictions or have Sprint provide jurisdictional use factors to apportion the traffic. To assist in jurisdictionalization of traffic, Sprint has agreed to provide Calling Party Number (CPN) information, See Intercarrier Compensation Appendix Section 3.1). Finally, Sprint proposed audit procedures to allow SBC to examine Sprint's actual usage and the development of jurisdictional usage factors.

**Q. Has the issue of multi-jurisdictional interconnection been addressed by other regulatory bodies?**

**A.** Yes. For example, the Indiana Commission in deciding arbitration between SBC and Level 3 squarely addressed the issue of combining traffic. Excerpts from the Indiana Commission's lengthy discussion on this matter below are helpful to gain an understanding of this issue:

"The issue facing the Commission is actually quite simple: Is there any technical justification in network engineering or design that should preclude Level 3 from exchanging all forms of telecommunications traffic over a single trunk group? The evidence shows that it is always preferable to combine as much traffic as possible onto a single trunk group. When a large trunk group is split into two trunk groups half their size (as SBC would have happen), the total carrying capacity of the two smaller trunks is smaller than the original trunk larger group. Thus, SBC's proposal to split the existing trunk group into multiple trunk groups to carry the various types of traffic actually results in a far less efficient network, with related increases in costs of providing additional trunk groups. Moreover, SBC's proposal increases the burden on both parties' networks, requiring duplicative trunk groups connecting each and every switching facility to Level 3's POI – one for local and intraLATA toll traffic, one for non-local access traffic and IP enabled (including ISP-Bound traffic) and yet another for transit traffic. SBC witness Oyer not only acknowledges that SBC's approach increases Level 3's costs, but further that it imposes "almost no cost to SBC Indiana." Yet, what the evidence does not show is any technical or operational rationale for this inefficient engineering demand that SBC admits will drive up Level 3s costs of providing service. The reason for that evidentiary vacuum is simple – there is no technical or operational rationale for the proposal. Rather, SBC's concern is one of money. SBC wants to force Level 3 into this unnecessary and expensive

network configuration in order to allow SBC to properly track and bill its access charges. In comparison, under Level 3's proposal, each party is entitled to receive the rate of compensation that properly applies to each type of call, but this compensation does not come at the sacrifice of network efficiencies. Level 3's language continues the current interconnection structure whereby Level 3 can efficiently use its trunks for multiple types of traffic, while still making appropriate intercarrier compensation payment to SBC based on industry-standard Percent of Interstate Use ("PIU") and Percent of Local Use ("PLU") allocators." In the Matter of Level 3 Communications, LLC's Petition for Arbitration Pursuant to Section 252(b) of the Communications Act of 1934, as Amended by the Telecommunications Act of 1996, and the Applicable State Laws for Rates, Terms, and Conditions of Interconnection with Indiana Bell Telephone Company d/b/a SBC Indiana, 2004 Ind. PUC LEXIS 465 (Indiana Utility Regulatory Commission Cause No. 42663 INT-01, Dec. 22, 2004), pp. *62-64..

In addition to Indiana, the Michigan PSC addressed the issue of multi-jurisdictional interconnection in an SBC/Sprint arbitration:

It appears to the Commission that economic entry into the market requires that Sprint be permitted to use its existing trunks for all traffic whenever feasible. In the matter of the Application of Sprint Communications Company, L.P. for arbitration to establish an interconnection agreement with Ameritech Michigan, 1997 Mich. PSC LEXIS 8 (Michigan Public

Service Commission Case No. U-11203, Order Approving Agreement with Modifications, Jan. 15, 1997), pp. *6-7.

And the FCC in a Verizon/WorldCom arbitration stated:

> We also find that establishing separate trunks for these calls, as Verizon proposes, would impose costs on WorldCom that are disproportionate to the problem sought to be solved…We believe, however, that measures less costly than establishing separate trunking may be available to ensure Verizon receives appropriate payment. In the Matter of the Petition of Worldcom, Inc. Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon Virginia Inc., and for Expedited Arbitration; In the Matter of Petition of Cox Virginia Telcom, Inc. Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon-Virginia, Inc. and for Arbitration; In the Matter of Petition of AT&T Communications of Virginia Inc., Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia Corporation Commission Regarding Interconnection Disputes With Verizon Virginia Inc., CC Docket Nos. 00-218, 00-249, 00-251, Order, DA 02-1731 (July 17, 2002), ¶¶ 182 & 183.

Clearly, these decisions found that multi-jurisdictional trunking is technically feasible and efficient and that there are alternatives to traffic segregation to ensure the payment of appropriate intercarrier compensation.

**Q. Is the combination of multi-jurisdictional traffic a novel concept?**

**A.** No. The combination of mutli-jurisdictional traffic on trunks is commonplace in the industry. For example, intrastate and interstate access traffic is routinely combined and appropriate compensation is rendered (through the use of percent-interstate-use factors) despite the fact that the interstate and intrastate rates often vary significantly. Also, wireless carriers, including SBC's affiliate Cingular, routinely combine interMTA and intraMTA wireless traffic and render appropriate compensation (through the use of interMTA factors) despite the fact that interMTA and intraMTA rates can vary significantly. What Sprint is proposing is to have the flexibility to combine all forms of traffic onto existing interconnection trunks that were previously established separately for wireless, wireline, local, and long distance traffic.

**Q. Please state your fifth unresolved issue.**

**A.** My fifth issue regards a Bill and Keep billing arrangement. Specifically, Sprint and SBC disagree with respect to the parameters for applying Bill and Keep for reciprocal compensation.

**Q. What is Sprint's desired outcome for this issue?**

**A.** The Commission should allow the parties to utilize bill and keep when traffic is roughly balanced (i.e., +/-5%). For out-of-balance traffic, a reciprocal rate of $0.0007 per minute should apply.

**Q. What is SBC's main objection?**

**A.** It appears SBC's main objection was with Sprint's originally proposed traffic ratio range of +/-10% to indicate when traffic was roughly in balance and therefore subject to Bill and Keep. In attempt to resolve this issue, Sprint is willing to narrow the range to +/-5%.

## SECTION III – CONCLUSION

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

**A.** Sprint seeks an interconnection agreement that will allow both parties to interconnect and exchange traffic as economically and efficiently as possible. In my direct testimony, I have described Sprint's position on transit, indirect interconnection, cost-sharing of interconnection facilities, multi-jurisdictional trunking and facilities, and reciprocal compensation. Specifically, the Commission should: 1) require that transit rates, terms, and conditions continue to be incorporated into this 251/252 agreement and continue to be priced at TELRIC rates; 2) permit Sprint to indirectly interconnect with those SBC end offices that subtend another carrier's tandem; 3) require SBC to share the cost of the interconnection facility that connects the SBC and Sprint networks; 4) permit

Sprint to combine multi-jurisdictional traffic types on interconnection trunks and facilities; and 5) permit Sprint and SBC to utilize bill and keep for traffic that is roughly balanced, within a range of +/-5%.

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

A. Yes.

**BEFORE THE PUBLIC SERVICE COMMISSION**
**STATE OF MISSOURI**

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| Southwestern Bell Telephone, L.P., d/b/a SBC Missouri's Petition for Compulsory Arbitration of Unresolved Issues for a Successor Interconnection Agreement to the Missouri 271 Agreement ("M2A") | ) ) ) ) ) | Case No. TO-2005-0336 |

**AFFIDAVIT OF PETER N. SYWENKI**

STATE OF KANSAS )
) ss:
COUNTY OF JOHNSON )

I, Peter N. Sywenki, being of lawful age and duly sworn, state the following:

1. I am currently Director – Regulatory Policy for Sprint Communications Company L.P.

2. I have participated in the preparation of the attached Direct Testimony in question and answer form to be presented in the above entitled case;

3. The answers in the attached Direct Testimony were given by me; and,

4. I have knowledge of the matters set forth in such answers and that such matters are true and correct to the best of my knowledge and belief.

Peter N. Sywenki

Subscribed and sworn to before me on this 9th day of May, 2005.

Notary Public

My Appointment Expires:

March 9, 2005

NOTARY PUBLIC – State of Kansas
MARY K. JOSHI
My Appt. Exp. 3-9-2005