

1 SAN FRANCISCO, CALIFORNIA, OCTOBER 25, 2004 - 9:03 A.M.

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3 ADMINISTRATIVE LAW JUDGE YACKNIN: We will be on
4 the record.

5 This is the time and place for the hearing in
6 A.04-06-004, the petition of Level 3 Communications for
7 arbitration pursuant to the Telecommunications Act of
8 1996 for conditions of interconnection with Pacific Bell
9 Telephone Company doing business as SBC California.

10 I'm Hallie Yacknin the Administrative Law
11 Judge in this proceeding, I'll be arbitrating the
12 matter. Commissioner Brown is the assigned
13 Commissioner.

14 I have some preliminary matters just to
15 address some housekeeping first. Number one, we will be
16 running from 9:00 until 3:30, that is my expectation for
17 this week. We will be taking a one-hour break for lunch
18 and having a morning and afternoon recess.

19 Also, just for my housekeeping, I want to
20 dispose of pending motions just for the record. For the
21 record, we have a motion dated August 18th, 2004, by
22 Level 3 and Pacific Bell for acceptance of the joint
23 matrix of disputed issues, that motion is accepted, is
24 granted.

25 We also have a September 2nd, 2004, motion by
26 Level 3 Communications to substitute testimony for
27 testimony filed with the petition for arbitration, that
28 motion is granted.

1 A No, we do originate in IP traffic.

2 Q You do?

3 A Yes.

4 Q For your wholesale customers?

5 A For our customers, yes.

6 Q Now, I understand that we have a debate here
7 over whether the IP to phone network and phone network
8 to IP traffic is subject to the access charge regime,
9 right?

10 A I think it is fair to say that SBC doesn't
11 agree with Level 3 on that.

12 Q We have a debate on that. I'm going to defer
13 that subject matter to my cocounsel who is much more
14 knowledgeable than I am. He will ask you questions
15 about that.

16 A Sure.

17 Q I guess what I'm trying to understand here is
18 you say when you are acting as an interexchange carrier
19 you will of course pay access charges.

20 A That is correct.

21 Q So there is a situation that you envision
22 where you are an interexchange carrier for interLATA
23 traffic where you pay originating and terminating access
24 to us?

25 A It is not a large part of the business plan or
26 where we would go forward. Where it might be is we have
27 a product called 3 Voice Termination, and that is where
28 we hand traffic off, we aggregate traffic for carriers

1 such as MCI, maybe SBC Long Distance, I don't quite know
2 who all the carriers that we have that we provide
3 traffic to. We transport the traffic to an IP across
4 the country. We don't have a Feature Group D network,
5 so we have to hand the traffic off to somebody else to
6 terminate that traffic.

7 If we bought a Feature Group D trunk and
8 established an interexchange relationship with SBC and
9 brought the traffic to that trunk group, then we would
10 pay the terminating access. And, again, maybe it is
11 helpful if I walk through and draw some call flows,
12 because a lot of this depends upon the number you dial
13 and how the traffic gets routed in the network. I think
14 if you see that you can see the distinctions.

15 ALJ YACKNIN: I'll leave that to SBC's counsel if
16 they want to pursue that.

17 MR. LIVINGSTON: It might be more instructive when
18 you get into the debate on the difference between what
19 we are talking about --

20 A I think, Mr. Livingston, if Level 3 purchases
21 switched access services from SBC out of its tariff
22 provisions to Feature Group D, then we are paying the
23 access charges.

24 Q Now, am I correct from what you just said that
25 in order to deliver an interexchange call from SBC for
26 termination to one of its local customers, if you were
27 acting as a traditional interexchange carrier you would
28 have to deliver that on a Feature Group D trunk, is that