

Level 3's Recent Originating and Transit Tariff Filings

History

In the early 1980's antitrust concerns around AT&T's position in the marketplace caused Judge Harold Greene to issue what has become known as the Modified Final Judgment (MFJ). In this decision the marketplace was divided into Local Exchange Carriers (LECs), who provided local services, and an InterExchange Carrier (IXC) AT&T that provided Long Distance Services. The LECs were allowed to recover the cost of the use of their network by users making long distance calls from the IXC through a mechanism of publicly filed tariffs for what is known as Switched Access Services. Switched Access Services are the collection of Telecom Switches and transport that the LEC provides in the long distance call path and can be divided into three major areas:

- Transport
- Switching Functions
- Carrier Common Line

Transport includes the transmission facilities that connect carrier Points-of-Presence to the end offices that serve end users. This category includes both direct end routed transport and access tandem routed transport.

Switching Functions includes the rates for facility termination and switching functionality provided at end-offices and access tandems.

Carrier Common Line is the rate structure for recovering the costs incurred by local service providers in providing telephone lines (often referred to as the "local loop") used in part for making and receiving long distance calls.

LECs will file tariffs for services they provide to initiate long distance calls known as "Originating Access" and if they provide services to complete a long distance call as "Terminating Access". Calls that begin and end inside an individual states boundaries are know as Intrastate and those tariffs will be on file with that state's Public Utilities Commission as Intrastate Originating and Terminating Switched Access. For calls that begin and end in different states the tariff will be on file with the FCC as Interstate Originating and Terminating Switched Access. In addition to the functions provided on the Originating part of a call a LEC may also perform database functions to lookup which long distance carrier supports a particular Toll Free (8XX) number an end user may dial. These elements will be filed in the originating access section of the tariff.

The Telecom Act of 1996 allowed for competition in the Local Services arena by creating a new class of providers known as Competitive Local Exchange Carriers (CLEC). CLECs are governed in some of the same ways as LECs in that they have to file tariffs that govern the use of their networks by IXCs for long distance calls.

The Alliance for Telecommunications Industry Solutions (ATIS) provides guidelines for the exchange of bills and records between carriers through its Multiple Exchange Carrier Access Billing (MECAB) Guidelines.

Level 3 is a CLEC who has historically been known as a provider of Internet Services and Long Haul Transport. Recent market changes are allowing Level 3 to expand its portfolio of products into the traditional voice area. Until recently Level 3's Voice business was of a size where it was more practical for them to contract with other carriers to provide the originating functionality that its users needed to generate long distance calls. As that business has grown Level 3 is now in the position where it will provide services to IXCs as other LECs do and has filed and gained approval in many states for the services ([Appendix A](#)). To facilitate this change Level 3 has filed tariffs that will represent the Switched Access Services it will provide in two primary areas:

- Originating Access
- Toll Free Inter-Exchange Delivery Service

Both of these services will allow calls to pass to IXCs by the method of the IXCs choosing; Direct Connect or Tandem Connect

Direct Connect

It is our recommendation that establishing Direct Connects to the Level 3 network is done on an ICB basis as Level 3 has found that synergies can be gained on both sides when IXCs allow for the aggregation of traffic to central points. However should an IXC wish to directly connect to the Level 3 Switches as a tariff based service, the standard rates for Entrance Facilities and Direct Trunk Transport are provided.

Tandem Connect

Through the Tandem Connection architecture Level 3 will pass any Originating or Toll Free Inter-Exchange Delivery Service traffic to the Incumbent LEC's Access Tandem in the access tandem serving area where the traffic originates. No orders are required to Level 3 from the IXC as this is default configuration for traffic delivery.

Level 3's Originating Access Service

Level 3's Originating Access Service will provide a service to IXCs that will allow users on Level 3's network to reach the 8XX numbers supported by those IXCs. In addition to the three major elements of switched access, Local Transport, Local End Office Switching Functions, and Carrier Common Line, Level 3 will also provide the database functionality to lookup up the correct IXC for the call. Calls will be either completed indirectly to the IXC via the Incumbent LECs Access Tandem ([Appendix B](#)) or directly to the IXC via Entrance Facility that the IXC buys from Level 3 ([Appendix C](#)). This service is provided no

differently than LECs have been providing it for the last 20+ years. Specifically Level 3 will provide this service per the MECAB default guidelines for Multiple Bill, Multiple Tariff for calls delivered indirectly and Single Bill, Single Tariff for calls delivered directly. Where Level 3 performs the query to determine the CIC of the IXC supporting the 8XX call it will provide a billing record per MECAB guidelines to the Access Tandem Provider. The elements of Tandem Switching and Tandem Termination would not apply to a bill from Level 3 in an originating access calls as Level 3 does not perform these functions.

Level 3's Toll Free Inter-Exchange Delivery Service

Level 3's Toll Free Inter-Exchange Delivery Service will provide a service to IXCs that will allow users on other LEC's networks to reach to reach the 8XX numbers supported by those IXCs via the Level 3 Network. Level 3 had previously chosen the name "Transit" as that name was used by other carriers that are performing the same service in creating a means for calls to travel across their networks to reach IXCs. However, the name choice has caused confusion as "Transit" is more commonly associated with local calls between LECS and not calls to IXCs. Level 3 concedes that "Tandem Function Service" or "Intermediate Carrier Service" would have better classified the service that Level 3 provides as detailed by the FCC in FCC 04-110.

"Accordingly, we clarify that the competing incumbent LEC switching rate is the end office switching rate when a competitive LEC originates or terminates calls to end-users and the tandem switching rate when a competitive LEC passes calls between two other carriers. Competitive LECs also have, and always had, the ability to charge for common transport when they provide it, including when they subsume an incumbent LEC tandem switch. Competitive LECs that impose such charges should calculate the rate in a manner that reasonably approximates the competing incumbent LEC rate."

Given the confusion for any Tariff that has not been approved Level 3 will change the name from "Toll Free Transit Traffic Service" to "Toll Free Inter-Exchange Delivery Service"

Following the FCC rule for calls that are indirectly connected by Level 3 to IXCs ([Appendix D](#)) or directly connected ([Appendix E](#)) Level 3 will only charge for the network elements that it provides in the call path. Specifically:

For Indirect Connections

- 8XX Database Service
- Tandem Switching
- Tandem Termination
- Switched Transport

For Direct Connections

- 8XX Database Service
- Tandem Switching
- Entrance Facility

Tandem Switching provides the switching necessary to connect the 3rd party LECs network to the correct transport facility and will apply to both direct and indirectly routed calls.

Tandem Termination provides for the trunk side arrangements that terminate the Switched Tandem Transport facilities on the Level 3 switch for calls that are indirectly routed.

Switched Transport provides transport between the Level 3 Switch and the Access Tandem when using indirect routing. Switched Transport is composed of common ("shared") transport from the access tandem to the Level 3 switch that subtends the access tandem. These elements are usage and distance sensitive. Switch Transport is assessed on a per mile/Minute of Use basis. The mileage band rate will be applied based on V & H coordinates of the Level 3 Serving Wire Center and the incumbent LEC Access Tandem.

Entrance Facilities provide a dedicated switched transport facility from carrier's POP to Level 3's Serving Wire Center (SWC) at a fixed monthly rate based on the facility provided

In a Toll Free Inter-Exchange Delivery Service call Level 3 will not charge Carrier Common Line, Local End Office Switching, or End Office Port charge as none of these functions or elements are used on the Level 3 network. Should the carrier that originates the traffic have a tariff that supports these functions or elements they may bill the IXC directly for them.

Payphone Compensation

There has been confusion on when and how Payphone Compensation charges will apply to 8XX calls delivered by Level 3. It is Level 3's intent to offer this as an optional service to IXC's where they would have the ability to contract specifically with Level 3 to have Level 3 act as the Completing IXC and compensate the Pay Phone Provider on the IXC's behalf. The rates listed in the Tariff apply to this optional service. In states where the tariff approval is still pending Level 3 will modify the language to make this more clear.

Frequently Asked Questions

1. Are the charges for Toll Free Inter-Exchange Delivery Service in Level 3's Proposed Tariff applicable to interexchange traffic, intraexchange traffic or both?

Inter Exchange Traffic Only

2. If the charges will apply to interexchange traffic isn't Level 3's proposed Toll Free Inter-Exchange Delivery Service really originating jointly provided access?

Yes, the service Level 3 will provide is commonly referred to as Jointly Provided Switched Access (JPSA)

3. How does Level 3 intend to insure that such jointly provided access is properly detailed and billed, both with respect to other carriers who jointly provide such access in conjunction with Level 3, and in terms of interexchange carriers who receive such jointly provided access services?

Level 3 will provide a billing record to the originating LECs if they request one for calls that use Level 3's Toll Free Inter-Exchange Delivery Service to reach an IXC per the MECAB guidelines

4. Will the charges for Toll Free Inter-Exchange Delivery Service in Level 3's Proposed Tariff apply in addition to, or instead of originating switched access services?

Level 3 will only charge for the services it provides in the Toll Free Inter-Exchange Delivery Service Call. Originating Access charges may be due to the 3rd party LEC who provides the end office functionality under that LEC's Originating Access Tariff

5. Under the Proposed Tariff, will Level 3 assess originating switched access charge on calls when Level 3 does not perform end office switching and carrier common line function?

No

6. With respect to 8YY traffic, does Level 3 intend to charge the rates in its Proposed Tariff only for 8YY traffic that originates in the state, or does it intend to aggregate traffic that may originate in other jurisdictions, hand such traffic to interexchange carriers in the state with whom Level 3 is interconnected, and charge such interexchange carriers the rates set forth in Level 3's Proposed Tariff?

Only traffic that originates in a particular tandem serving area will be sent to that particular tandem for traffic delivered indirectly by Level 3 through the IXC. Traffic delivered directly to an IXC will be aggregated as jointly agreed to by Level 3 and the IXC

7. How does Level 3 intend to determine the jurisdiction of 8XX calls for purposes of determining intercarrier compensation generally and application of its Proposed Tariff specifically?

The IXC will be responsible for filing a Percent Interstate Usage (PIU) Factor to determine the jurisdiction of calls

8. Will the proposed Toll Free Inter-Exchange Delivery Service apply to calls that are placed by end users using wireless service or is the tariff limited to calls that originate on traditional wireline telephone service?

The proposed tariff applies to calls that are delivered to IXCs. Those calls could originate through any number of technologies

9. Will this Proposed Tariff apply to calls that are placed by end user using VoIP service or is the tariff limited to calls that originate on traditional wireline telephone service?

The proposed tariff applies to calls that are delivered to IXCs. Those calls could originate through any number of technologies

10. Does Level 3 currently provide or is it planning to provide pay telephone service to end users?

No

11. Is the "Pay Telephone Compensation" charge being applied to only 8XX calls (a/k/a 1-800 calls) that originate on a pay telephone or for any interexchange calls that originate on a pay telephone?

The Pay Telephone Compensation charge would only apply to IXCs that specifically contract with Level 3 to act as the Completing IXC on the call and compensate to Pay Phone Providers on the IXC's behalf. Without this specific agreement between the Level 3 and the IXC, Level 3 will not apply any phone compensation charges

12. Does Level 3 have an interstate tariff on file (or to be filed) that corresponds to this tariff regarding Toll Free Data Base Service?

Yes, Level 3 plans on making the changes to all State and Federal Tariffs

13. How will Level 3 jurisdictionalize and bill 8XX traffic, which is traditionally interstate? Which rate elements will apply?

Level 3 will jurisdictionalize the call based upon the PIU factor provided by the IXC. Calls allocated as Interstate will be billed under Level 3's Federal Tariff, Intrastate under Level 3's State Tariff

14. Which rate elements will apply to which call types (e.g. VoIP, wireless, and wireline)?

All calls delivered to IXCs regardless of the technology used to originate them will be charges based upon the elements of the Level 3 network used to in the call path, being either Originating Access or Toll Free Inter-Exchange Delivery Service.

15. Has Level 3 entered into Meet Point Billing agreements with all the carriers with whom it will exchange traffic to ensure the IXCs are accurately billed?

Yes, Level 3 has Meet Point Billing (MPB) agreements with all incumbent providers that it is interconnected with for traffic that it delivers indirectly to IXCs. Level 3 will have MPB arrangements with any LEC using it's Toll Free Inter-Exchange Delivery Service

16. Is Level 3 prepared to provide all Access Usage Records to all carriers involved in meet point billing?

Level 3 will follow the MECAB guidelines that call for the exchange of records between LECs in a MPB call flow

Appendix A

List of States that have approved Level 3's Originating and Toll Free Inter-Exchange Delivery Service Language

- Arkansas
- Delaware
- Florida
- Idaho
- Illinois
- Indiana
- Kansas
- Louisiana
- Michigan
- New Hampshire
- New Jersey
- New Mexico
- North Dakota
- Rhode Island
- Texas
- Utah
- Wisconsin
- Wyoming

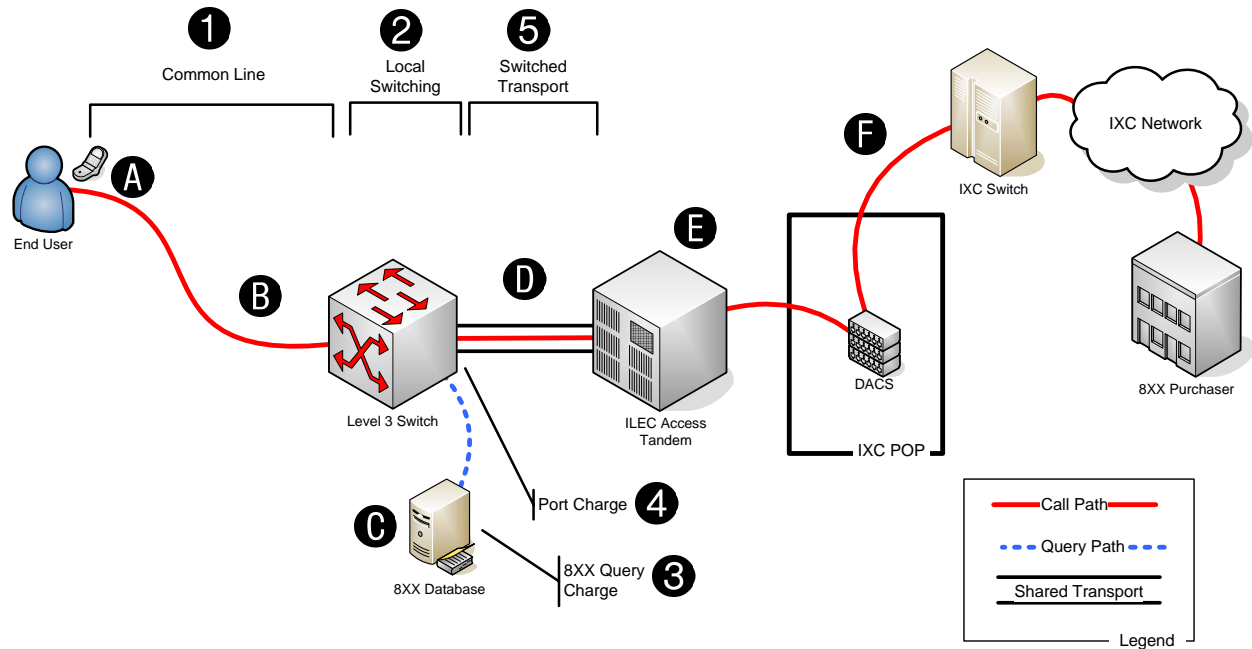
States without a Tariff requirement were Level 3 will offer the services

- District of Columbia
- Iowa
- Montana
- Nevada
- North Carolina
- Oregon
- South Dakota
- Vermont
- Washington

Appendix B

Originating Access Service

Calls completed indirectly to the IXC via the Incumbent LEC Access Tandem



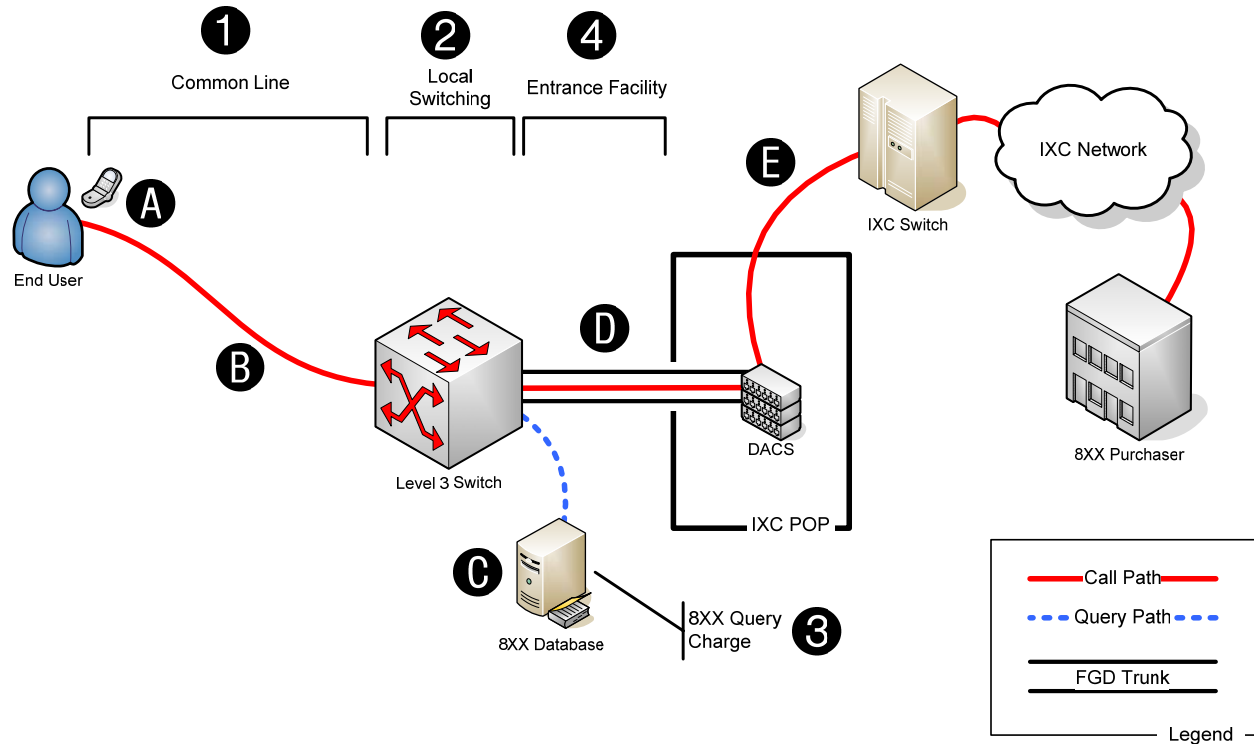
- A. End User dials 8XX number
- B. Call Routes to Level 3 Switch
- C. Level 3 Switch looks up IXC that should receive the call
- D. Call is routed across Shared Transport to Incumbent LEC's Access Tandem
- E. ILEC routes call to IXC Feature Group D Trunk
- F. Call is routed to IXC Switch which routes call across IXC network to customer that purchased the 8XX service

- Level 3 charges Carrier Common Line (1), Local Switching (2), 8XX Query Charge (3), Port Charge (4), and Switched Transport (5) per its tariff
- The Tandem Carrier may bill the IXC for services that they perform on the call path

Appendix C

Originating Access Service

Calls completed directly to the IXC

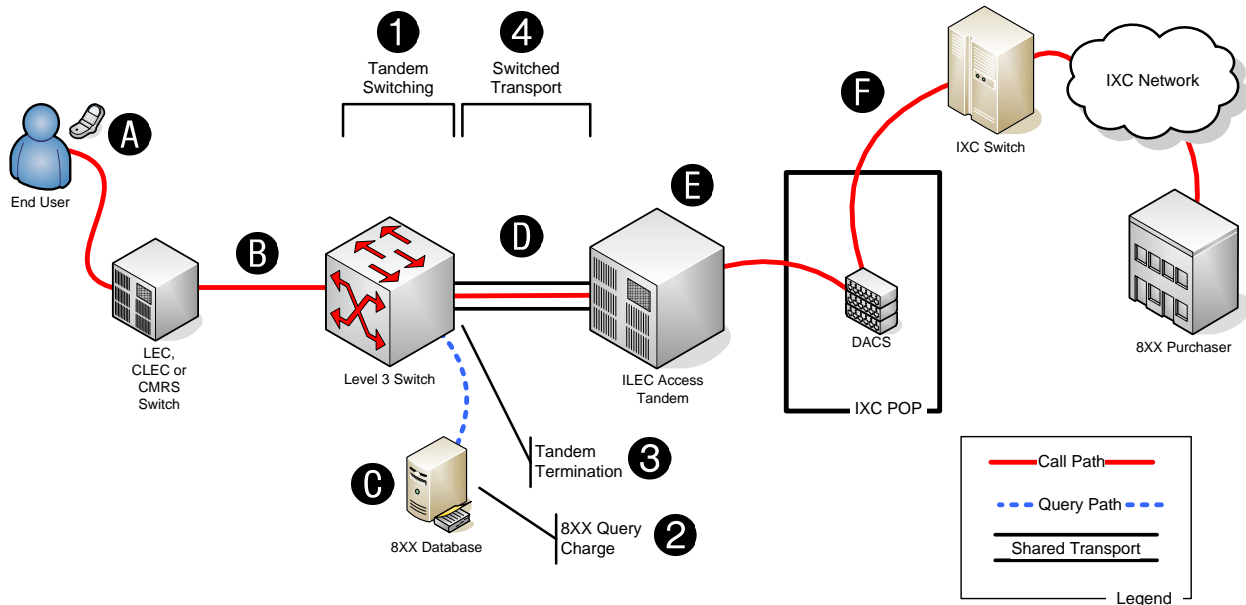


- End User dials 8XX number
 - Call Routes to Level 3 End Office
 - Level 3 Switch looks up IXC that should receive the call
 - Call is routed across FGD Trunks to Digital Cross Connect System in IXC POP
 - Call is routed to IXC Switch which routes call across IXC network to customer that purchased the 8XX service
- Level 3 charges Carrier Common Line (1), Local Switching (2), 8XX Query Charge (3), and Entrance Facility (4) per its tariff

Appendix D

Toll Free Inter-Exchange Delivery Service

Calls completed indirectly to the IXC via the Incumbent LECs Access Tandem



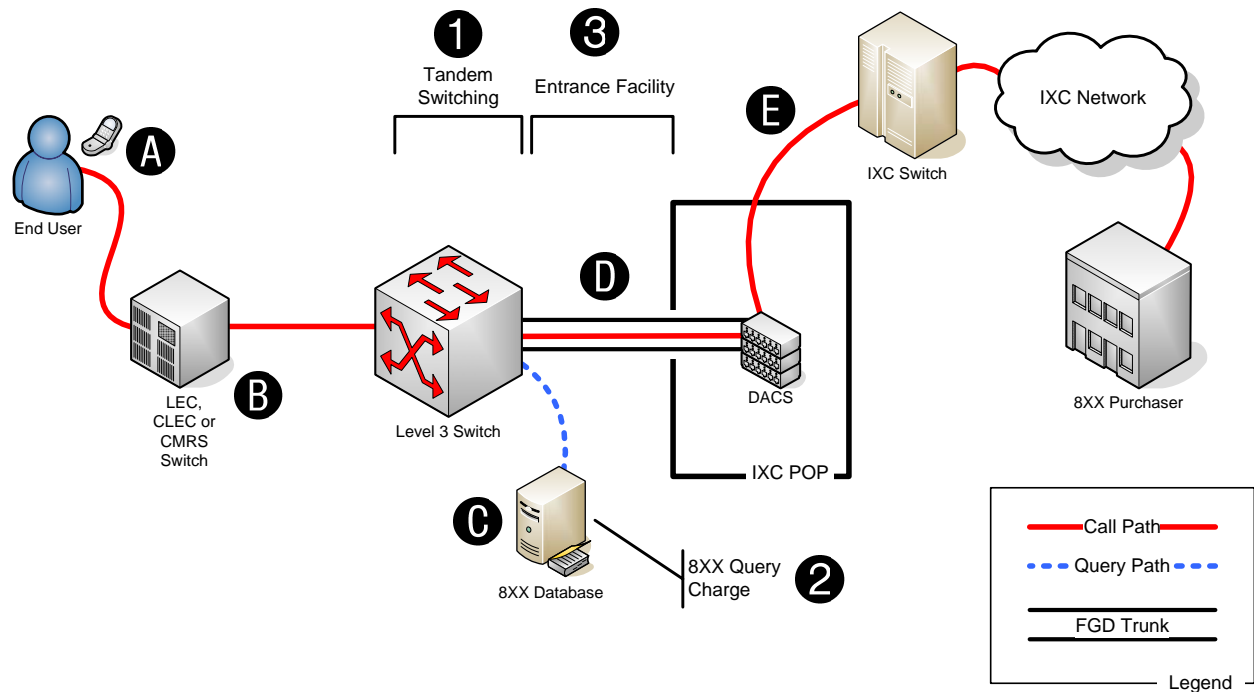
- A. End User dials 8XX number
- B. LEC, CLEC, or CRMS carrier has agreement with Level 3 to deliver 8XX Traffic to IXCs
- C. Level 3 Switch looks up IXC that should receive the call
- D. Call is routed across Shared Transport to Incumbent LEC's Access Tandem
- E. Incumbent LEC routes call to IXC Feature Group D Trunk
- F. Call is routed to IXC Switch which routes call across IXC network to customer that purchased the 8XX service

- Level 3 charges IXC Tandem Switching (①), 8XX Query Charge (②), Tandem Termination (③) and Switched Transport (④) per its tariff
- The Originating and Incumbent Tandem Carriers may bill the IXC for services that they perform on the call path

Appendix E

Toll Free Inter-Exchange Delivery Service

Calls completed directly to the IXC



- A. End User dials 8XX number
- B. LEC, CLEC, or CRMS carrier has agreement with Level 3 to deliver 8XX Traffic to IXCs
- C. Level 3 Switch looks up IXC that should receive the call
- D. Call is routed across FGD Trunks to Digital Cross Connect System in IXC POP
- E. Call is routed to IXC Switch which routes call across IXC network to customer that purchased the 8XX service

- Level 3 charges IXC Tandem Switching (1), 8XX Query Charge (2) and Entrance Facility(3) per its tariff
- The Originating Carrier may bill the IXC for services that they perform on the call path