

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

In the Matter of the Petition of Sprint)
Communications Company L.P. for) DOCKET TC06-175
Arbitration Pursuant to the)
Telecommunication Act of 1996 to)
Resolve Issues Relating to an)
Interconnection Agreement with)
Interstate Telecommunications Coop.)

**Rebuttal Testimony of RANDY G. FARRAR
On behalf of Sprint Communications Company L.P.
February 16, 2007**

1 **REBUTTAL TESTIMONY**

2 **Randy G. Farrar**

3

4 **I. PURPOSE AND SCOPE OF TESTIMONY**

5

6 **Q. Please state your name, occupation, and business address.**

7 A. My name is Randy G. Farrar. My title is Senior Manager – Interconnection
8 Support for Sprint Nextel. My business address is 6450 Sprint Parkway,
9 Overland Park, Kansas, 66251.

10

11 **Q. Did you provide Direct Testimony in this proceeding?**

12 A. Yes, I did.

13

14 **Q. What is the purpose of your Rebuttal Testimony?**

15 A. I provide Rebuttal Testimony to the Direct Testimonies of Dan Davis, Jerry
16 Heiberger, and Larry Thompson.

17

18 **II. Rebuttal of Mr. Dan Davis**

19

20 **A) Issue No. 4 – Indirect Interconnection**

21

22 **Q. On page 32, line 10, Mr. Davis states, “Section 251(a) addresses the**
23 **options regarding how a telecommunications carrier will physically**

1 **interconnect to another carrier. That connection point is the POI.”**

2 **Please comment.**

3 A. Interstate wishes to impose its definition of POI. The Telecom Act of 1996
4 (“the Act”) never defines a POI. Neither do the FCC Rules. POI is a
5 generic term defining a demarcation between two parts of a network.
6

7 **Q. What is Sprint position on this issue?**

8 A. Sprint will agree to establish a single POI located on Interstate’s network,
9 consistent with 47 C.F.R. § 51.305. Should Interstate agree to share a two-
10 way facility, the cost of that facility should be shared between Sprint and
11 Interstate based on each party’s proportionate use of that facility, consistent
12 with 47 C.F.R. § 51.709(b). Sprint believes this would be the most efficient
13 manner for both Sprint and Interstate to interconnect with each other’s
14 network.
15

16 Alternately, Sprint will agree to establish a one-way interconnection facility
17 with Interstate, again at a single POI on Interstate’s network. Sprint will be
18 financially responsible for 100% of this facility, consistent with 47 C.F.R. §
19 51.703(b). In order to fulfill its 251(a) obligation, Interstate would then
20 establish a one-way interconnection facility with Sprint. Interstate would be
21 financially responsible for 100% of that one-way facility.
22

1 **Q. On page 33, line 15, Mr. Davis states, “First, Section 251(a) does not**
2 **require an RLEC such as ITC to interconnect at a location outside of**
3 **the rate centers in which it provides local exchange service. Thus**
4 **ITC’s obligation is to provide Sprint with a point of interconnection**
5 **that may be reached directly or indirectly by Sprint, and such**
6 **connection should be within each of ITC’s host/remote complexes.”**
7 **Do you agree?**

8 A. No. First, 251(a) requires each carrier to interconnect with the other.
9 However, 251(a) does not address such interconnection specifics of where
10 interconnection occurs, as Mr. Davis suggests. That is the purpose of the
11 FCC Rules.

12
13 Second, while 251(a) does obligate Sprint to interconnect with Interstate’s
14 network, that obligation is not one way as Mr. Davis suggests. The
15 interconnection obligation applies to both carriers, i.e. Sprint has an
16 obligation to interconnect with Interstate’s network, and Interstate has an
17 obligation to interconnect with Sprint’s network.

18
19 Third, contrary to Mr. Davis’ assertions, there is nothing in 251(a) that even
20 suggests that interconnection should be at each of Interstate’s host/remote
21 complexes.

1 **Q. What do the Telecommunications Act of 1996, FCC Rules, and FCC**
2 **Orders say about interconnection?**

3 A. As discussed throughout my Direct Testimony, the Act and FCC Rules and
4 Orders establish the rules for interconnection between carriers.

- 5 • § 251(a)(1) of the Act establishes the obligation of each carrier to
6 interconnect directly or indirectly with the other carrier;
- 7 • 47 C.F.R. § 51.703(b) establishes the concept that the originating party
8 is responsible for its own costs and may not assess charges on other
9 carriers for its originating traffic;
- 10 • 47 C.F.R. § 51.709(b) establishes the concept that the cost of shared
11 interconnection facilities should be shared between the two carriers on
12 a proportionate use basis;
- 13 • Both the Virginia Arbitration Order¹ and the FNPR in CC Docket No.
14 01-92² establish the concept that competitive LECs have the option of
15 interconnecting at a single point per LATA; and
- 16 • 47 C.F.R. § 51.501 establishes that interconnection should be priced at
17 forward-looking rates.

18

¹ *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*, et. al., FCC, CC Docket No. 00-218, et. al., Released July 17, 2002, paragraph 218.

² *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, Further Notice of Proposed Rulemaking, par. 87, released March 3, 2005.

1 **B) Issue No. 5 – Indirect Interconnection Transit Charges**

2

3 **Q. On page 35, line 2, Mr. Davis states, “As the FCC has stated, an**

4 **“indirect connection” relates to the physical connection of the two**

5 **networks, and has *nothing* to do with the exchange of traffic.” Is this**

6 **correct?**

7 **A. No. Mr. Davis has taken a quote out-of-context and incorrectly equates the**

8 **term “exchange of traffic” with “transport and termination.”**

9

10 **Q. How does the FCC define “interconnection.”**

11 **A. 47 C.F.R. § 51.5 defines interconnection as follows,**

12 *Interconnection.* *Interconnection* is the linking of two networks **for the**

13 **mutual exchange of traffic.** This term does not include the transport

14 and termination of traffic. [Emphasis added.]

15

16 This is contrary to Mr. Davis’ assertion that interconnection “has *nothing* to

17 do with the exchange of traffic.” The FCC’s definition clearly recognizes that

18 two carriers interconnect their two networks explicitly “for the mutual

19 exchange of traffic.”

20

21 **Q. On page 35, line 6 of his Direct Testimony, Mr. Davis quotes from an**

22 **FCC Order to support his position that “interconnection has *nothing* to**

23 **do with the exchange of traffic.” Please comment.**

1 A. He has taken one sentence out-of-context from the Order. In that FCC
2 Order,³ paragraph 23 reads, in its entirety,

3 We have previously held that the term “interconnection” refers solely to
4 the physical linking of two networks, and *not* to the exchange of traffic
5 between networks. In the Local Competition Order, we specifically
6 drew a distinction between “interconnection” and “transport and
7 termination,” and concluded that the term “interconnection,” as used in
8 section 251(c)(2), does not include the duty to transport and terminate
9 traffic. Accordingly, section 51.5 of our rules specifically defines
10 “interconnection” as “the linking of two networks **for the mutual**
11 **exchange of traffic**,” and states that this term “does not include the
12 transport and termination of traffic. [Emphasis added.]
13

14 Thus, read in its entirety, this paragraph supports Sprint’s position that
15 interconnection is intended for the mutual exchange of traffic. It does not
16 support Mr. Davis’ position.
17

18 **Q. Please differentiate the “mutual exchange of traffic” and the “transport**
19 **and termination of traffic.”**

20 A. The FCC does not equate the “transport and termination of traffic” with the
21 “mutual exchange of traffic” as Mr. Davis suggests.
22

23 47 C.F.R. § 701 defines the following terms.

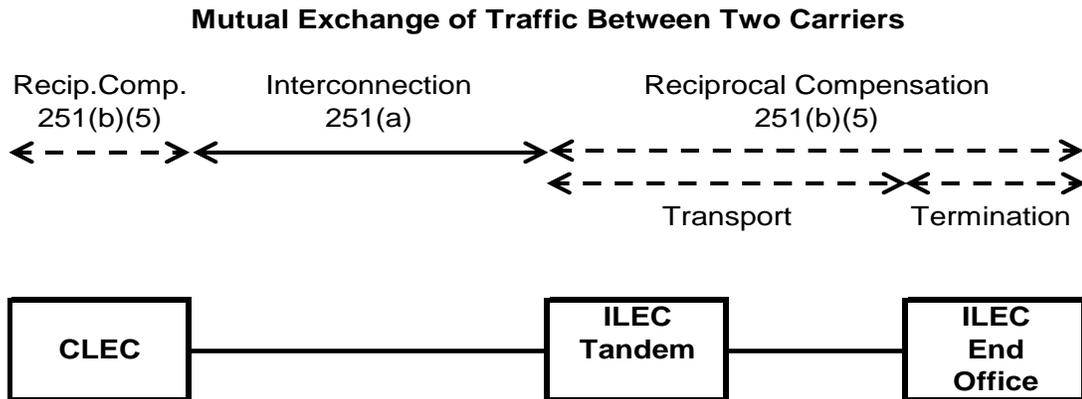
24 (c) *Transport*. For purposes of this subpart, transport is the
25 transmission and any necessary tandem switching of
26 telecommunications traffic subject to section 251(b)(5) of the Act
27 from the interconnection point between the two carriers to the
28 terminating carrier's end office switch that directly serves the called
29 party, or equivalent facility provided by a carrier other than an
30 incumbent LEC.

³ *Total Telecommunications Services, Inc. and Atlas Telephone Company, Inc., Complainants, v. AT&T Corporation, Defendant*, FCC Memorandum Opinion and Order, Released March 13, 2001.

1
2 (d) *Termination*. For purposes of this subpart, termination is the
3 switching of telecommunications traffic at the terminating carrier's
4 end office switch, or equivalent facility, and delivery of such traffic
5 to the called party's premises.
6

7 (e) *Reciprocal compensation*. For purposes of this subpart, a
8 reciprocal compensation arrangement between two carriers is one
9 in which each of the two carriers receives compensation from the
10 other carrier for the **transport and termination** on each carrier's
11 network facilities of telecommunications traffic that originates on the
12 network facilities of the other carrier. [Emphasis added.]
13

14 Thus, the FCC has defined reciprocal compensation as the sum of transport
15 and termination. Thus the mutual exchange of traffic between two carriers
16 encompasses both interconnection facilities between the two carriers and
17 reciprocal compensation (transport and termination) for both carriers, as
18 illustrated in the following diagram.
19



20
21
22 **Q. Also on page 35, line 6 of his Direct Testimony, Mr. Davis, referring to**
23 **the same FCC Order, states that “The FCC has also concluded at**
24 **paragraphs 26 and 27 of that decision that Section 251(a) creates no**

1 **requirement for a carrier to deliver traffic to another carrier.” Please**
2 **comment.**

3 A. The two paragraphs Mr. Davis mentions simply do not conclude that carriers
4 have no requirement to deliver traffic. Paragraph 26 simply distinguishes
5 the difference between 251(a) interconnection and 251(b)(5) transport and
6 termination. Specifically, the Order states,

7 Local exchange carriers, then, are subject to section 251(a)'s duty to
8 interconnect *and* section 251(b)'s duty to establish arrangements for
9 the transport and termination of traffic.

10
11 Paragraph 27 simply states that 251(a) does not encompass terminating
12 access services.

13
14 **Q. On page 36, line 11, Mr. Davis states, “... Sprint should not impose**
15 **upon ITC the cost arising from Sprint’s decision as to how to deploy**
16 **its network.” Is Sprint imposing any costs on Interstate?**

17 A. No. § 251(a) of The Telecommunications Act requires each
18 telecommunications carrier to interconnect either directly or indirectly to the
19 other carrier. There is nothing that mandates each carrier select the same
20 method.

21
22 As I mentioned on page 9, line 5 of my Direct Testimony, Sprint could
23 choose to interconnect indirectly with Interstate and Interstate could choose
24 to interconnect with Sprint directly. Sprint’s choice of interconnection does
25 not in any way dictate how Interstate fulfills its obligation to interconnect with

1 Sprint's network. Sprint is financially responsible for the cost of the
2 interconnection method it chooses. If it chooses indirect interconnection
3 through a third-party transit provider, Sprint is financially responsible for
4 those costs for its originating traffic.

5
6 Sprint expects Interstate to be financially responsible for its choice of
7 interconnection method, an interconnection it is obligated to under § 251(a)
8 of the Act. Thus if Interstate chooses to interconnect indirectly, it is
9 financially responsible for all costs of its originating traffic including
10 transiting. If Interstate chooses to interconnect directly, it is responsible for
11 either the cost of a one-way facility, or its proportionate share of a two-way
12 facility.

13
14 The problem is that Interstate expects Sprint to pay for the costs of both
15 Sprint's and Interstate's interconnection obligation.

16
17 **Q. On page 37, line 11, Mr. Davis states, "ITC is bearing the cost of such**
18 **delivery such traffic [sic] to the POI because, as Section 51.703(b)**
19 **states, this is where the "LEC's network" ends." Please comment.**

20 A. Mr. Davis misconstrues the FCC Rules. 47 C.F.R. § 51.703(b) specifically
21 states,

22 A LEC may not assess charges on any other telecommunications
23 carrier for telecommunications traffic that **originates** on its network.
24 [Emphasis added.]
25

1 The Rule clearly states that the ILEC may not assess charges for traffic that
2 originates on the ILEC's network. It does not say anything about limiting the
3 ILEC's financial obligations to "where the LEC's network ends," as Mr. Davis
4 asserts. Under 47 C.F.R. § 51.703(b), the originating carrier is
5 responsible for all the costs of delivering its traffic to the terminating
6 carrier's network.

7
8 **C) Issue No. 6 – Direct Interconnection**

9
10 **Q. On page 39, line 6 of his Direct Testimony, Mr. Davis states, "... ITC**
11 **believes that the Commission should require that Sprint establish a**
12 **POI within each ITC host/remote complex" Is this consistent with**
13 **FCC Orders?**

14 A. No. Interstate expects Sprint to interconnect at three separate points within
15 its network. As I discussed on page 17, line 15 of my Direct Testimony, the
16 FCC requires the incumbent LEC to allow the requesting carrier to
17 interconnect at a single POI per LATA.⁴ Sprint has the right to interconnect
18 at one POI per LATA within Interstate's network. Interstate has no right to
19 demand that Sprint interconnect at multiple POIs within its network.

20
21 **Q. On page 39, line 10, Mr. Davis states that, "... ITC's proposal reflects**
22 **the fact that there [sic] both Sprint and ITC will have facilities within**

⁴ *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, Further Notice of Proposed Rulemaking, par. 87, released March 3, 2005.

1 **the area where Sprint and ITC will compete for end users” Is this**
2 **statement correct?**

3 A. No. Sprint will interconnect with Interstate’s network, and Interstate will
4 interconnect with Sprint’s network. Sprint has no facilities within Interstate’s
5 local serving territory capable of interconnecting with Interstate’s network.
6 As discussed on page 18, line 1 of my Direct Testimony, Sprint has a POP
7 in Sioux Falls within the LATA where Interstate is located.

8
9 **D) Issue No. 7 – Rates for Direct Interconnection Facilities**

10
11 **Q. On page 40, line 11 of his Direct Testimony, Mr. Davis states that there**
12 **is no need to establish pricing for direct interconnection facilities.**
13 **Please comment.**

14 A. This comment reflects Interstate’s position in Issue No. 8 that Sprint should
15 be financially responsible for 100% of the interconnection facility between
16 Interstate and Sprint that is carrying both carriers’ traffic. As I discussed
17 beginning on page 22, line 27 of my Direct Testimony, Interstate’s position
18 is inconsistent with FCC Rules.⁵

19
20 **Q. On page 40, line 16, Mr. Davis states that the forward-looking pricing**
21 **standards only apply to § 251(c) interconnection. Is this correct?**

⁵ 47 C.F.R. § 51.709(b)

1 A. No. The FCC Rules do not limit the TELRIC pricing of interconnection
2 facilities to 251(c) interconnection. As I stated on page 21, line 9 of my
3 Direct Testimony, Paragraph 743 of the Local Competition Order and 47
4 C.F.R. § 51.501, which establish forward-looking prices for interconnection
5 facilities, are applicable to all interconnection facilities.

6

7 If the Commission believes the FCC Rules do not apply in this proceeding,
8 then the Commission appears to have three choices for pricing
9 interconnection facilities, either access prices, forward-looking cost based
10 rates, or create something unique. For the same reasons that the Act and
11 the FCC require forward-looking cost based rates for interconnection under
12 251(c), the Commission should adopt the same cost standard in this
13 proceeding. The purpose of the Telecommunications Act of 1996 and the
14 subsequent FCC Rules is to promote competition. Special access rates are
15 set well above forward-looking costs. Requiring competitors to lease
16 interconnection facilities at rates well above the ILEC's forward-looking
17 costs places the competitor at a competitive disadvantage when compared
18 to the incumbent LEC.

19

20 **Q. What would the monthly cost be for this facility?**

21 A. This facility would require a DS1 meet-point facility jointly provisioned by
22 both Qwest and Interstate. Based upon a combination of Qwest cost-based
23 rates and Interstate special access rates, Sprint estimates this facility would

1 cost approximately \$838 per month. Using Qwest cost-based rates for the
2 entire facility, this facility would cost approximately \$171. If traffic was
3 balanced, Interstate’s share of this facility would be only \$419 or \$86 per
4 month, respectively.

5
6 **E) Issue No. 8 – Shared Cost of Direct Interconnection Facilities**

7
8 **Q. On page 41, line 16, Mr. Davis states that there are no network costs to**
9 **be shared, and that each carrier is responsible for its network. Please**
10 **comment.**

11 A. Again, this comment reflects Interstate’s position that Sprint should be 100%
12 financially responsible for the direct interconnection facility between
13 Interstate and Sprint, which ignores FCC Rules.⁶

14
15 **Q. On page 42, line 7, Mr. Davis states that Sprint’s citations to the FCC**
16 **Rules are “misplaced.” Specifically, he states, “With regard to 47 CFR**
17 **§ 51.703(b), it is a fact that ITC will not charge Sprint for facilities**
18 **outside ITC’s network.” Please comment.**

19 A. It is Mr. Davis who misconstrues the FCC Rules, not Sprint. 47 C.F.R. §
20 51.703(b) specifically states,

21 A LEC may not assess charges on any other telecommunications
22 carrier for telecommunications traffic that **originates** on its network.
23 [Emphasis added.]
24

⁶ 47 C.F.R. § 51.703(b)

1 The Rule clearly states that the ILEC may not assess charges for traffic that
2 originates on the ILEC's network. It does not say anything about facilities
3 outside the ILEC's network, as Mr. Davis argues. In fact, the Rule supports
4 Sprint's position that Interstate is responsible for delivering its originating
5 traffic to Sprint's network.

6
7 **Q. Mr. Davis then states, "With regard to 47 CFR § 51.709(b), it is a fact**
8 **that ITC is not providing transmission facilities outside of its network**
9 **... ." Please comment.**

10 A. Again, it is Mr. Davis who misconstrues the FCC Rules, not Sprint. 47
11 C.F.R. § 51.709(b) specifically states,

12 The rate of a carrier providing transmission facilities dedicated to the
13 transmission of traffic **between** two carriers' networks shall recover
14 only the costs of the proportion of that trunk capacity used by the
15 interconnecting carrier to send traffic that will terminate on the
16 providing carrier's network. Such proportions may be measured during
17 peak periods. [Emphasis added.]
18

19 The Rule clearly states that the cost of the facility between the two networks
20 will be recovered on a proportionate basis. It does not say anything about
21 facilities outside the ILEC's network, as Mr. Davis argues. In fact, the Rule
22 supports Sprint's position that Interstate is financially responsible for its
23 portion of the shared interconnection facility.

24
25 **Q. On page 43, line 3, Mr. Davis states, "... the only cost to be shared**
26 **would be confined to facilities within ITC's own network and not**

1 **between the ITC network and to Sprint's distant network location."**

2 **Please comment.**

3 A. This statement is not consistent with 47 C.F.R. § 51.703(b) which clearly
4 discusses facilities between two networks.

5

6 **Q. Have other state commissions interpreted the FCC Rules consistent**
7 **with Sprint's interpretation?**

8 A. Yes. My Direct Testimony gives many examples of state commissions and
9 the FCC interpreting the FCC Rules in a manner consistent with Sprint's
10 interpretation.

11

12 **III. Rebuttal of Mr. Jerry Heiberger**

13

14 **A. Issues No. 5 and No. 6**

15

16 **Q. On page 22, line 15 of his Direct Testimony, Mr. Heiberger states that**
17 **Sprint has facilities located within Interstate's rate centers. Is this**
18 **correct?**

19 A. No. This is the same claim made by Mr. Davis, discussed above. Sprint will
20 interconnect with Interstate's network, and Interstate will interconnect with
21 Sprint's network. Sprint has no facilities within Interstate's local serving
22 territory capable of interconnecting with Interstate's network. As discussed

1 on page 18, line 1 of my Direct Testimony, Sprint has a POP in Sioux Falls
2 within the LATA Interstate is located.

3
4 **Q. On page 23, line 6, Mr. Heiberger states that Sprint should**
5 **interconnect at three points within Interstate's service territory. Is this**
6 **consistent with the FCC?**

7 A. No. As I discussed above under the rebuttal of Mr. Davis in Section II.C
8 (Issue No. 6), Interstate's position that Sprint should interconnect at each of
9 Interstate's host end offices is not consistent with the FCC, which requires
10 the incumbent LEC to allow the requesting carrier to interconnect at a single
11 POI per LATA.⁷ Interstate has no right to demand that Sprint establish more
12 than one POI in the LATA.

13
14 **IV. Rebuttal of Mr. Larry Thompson.**

15
16 **Q. On page 20, line 20, Mr. Thompson states that based on his**
17 **experience, Sprint should interconnect at each of Interstate's host**
18 **offices. Is this consistent with the FCC?**

19 A. No. As I discussed above under the rebuttal of Mr. Davis in Section II.C
20 (Issue No. 6), and Mr. Heiberger in Section IV, Interstate's position that

⁷ *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*, et. al., FCC, CC Docket No. 00-218, et. al., Released July 17, 2002, paragraph 218; and *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, Further Notice of Proposed Rulemaking, par. 87, released March 3, 2005.

1 Sprint should interconnect at each of Interstate's host end offices is not
2 consistent with the FCC, which requires the incumbent LEC to allow the
3 requesting carrier to interconnect at a single POI per LATA. Mr.
4 Thompson's experience has no bearing on how Sprint chooses to
5 interconnect or what the Rules require.

6

7 **Q. Does this conclude your Rebuttal Testimony?**

8 A. Yes, it does.