BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF SOUTH DAKOTA

In the Matter of the P	etition of Sprint)	1850 228 - 77 1 - 77 F
Communications Con	npany L.P. for) Docket No.	TC06-
Arbitration Pursuant t	o the	Ĵ.
Telecommunication A Resolve Issues Relat	ing to an an energy showing the sydness called — (
Interconnection Agree	ement with i node recent with	
Brookings Municipal (Swiftel Communicatic	Jtilities d/b/a ns ¹ i di t etal i totali koC}edvice.Hitavaan - /	
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Di	rect Testimony of RANDY G. FARRAR	
Un bena	Alf of Sprint Communications Company L.P. February 2, 2007	
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2	Randy G. Farrar Dependence
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4	I. INTRODUCTION: PORQUE of bench ab cardies - galaxies recommend
5	anong and coalog theory and to concate in the support the unit of
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	 NY22 to 1987, stacagar - No.werk Costing and Pricing (1.p. Homoud)
11	Q. What is your educational background?
12	A. I received a Bachelor of Arts degree from The Ohio State University,
13	Columbus, Ohio, with a major in history. Simultaneously, I completed a
14	program for a major in economics. Subsequently, I received a Master of
15	Business Administration degree, with an emphasis on market research, also
16	from The Ohio State University? 2001 autor 2 Autor V unhance a algestick
17	 1987 to COLLISTAR and ALE MARKED AN CORDAN. Within this bar of stress.
18	Q. Please summarize your work experience.
19	A. I have worked for Sprint Nextel or one of its predecessor companies since
20	1983 in the following capacities: 156 Add 6000 - Duundad Add 1081 Course
21	- 2005 to present Senior Manager – Interconnection Support. I provide
22	interconnection support, where I provide financial, economic, and

1	policy analysis concerning interconnection and reciprocal
2	compensation issues.
3	- 1997 to 2005, Senior Manager – Network Costs. I was an instructor for
4	numerous training sessions designed to support corporate policy on
5	pricing and costing theory, and to educate and support the use of
6	various costing models. I was responsible for the development and
7	support of switching, transport, and financial cost models concerning
8	reciprocal compensation, unbundled network elements, and wholesale
9	discounts. 14986 and N Area wareneve
10	- 1992 to 1997, Manager - Network Costing and Pricing. I performed
11	financial analyses for various business cases, analyzing the profitability
12	of entering new markets and expanding existing markets, including
13	Custom Calling, Centrex, CLASS and Advanced Intelligent Network
14	features, CPE products, Public Telephone and COCOT, and intraLATA
15	toll. Within this time frame, I was a member of the USTA's Economic
16	Analysis Training Work Group (1994 to 1995).
17	- 1987 to 1992, Manager - Local Exchange Costing. Within this time frame I
18	was a member of the United States Telephone Association's (USTA)
19	New Services and Technologies Issues Subcommittee (1989 to 1992).
20	- 1986 to 1987, Manager - Local Exchange Pricing. I investigated alternate
21	50 forms of pricing and rate design, including usage sensitive rates,
22	extended area service alternatives, intraLATA toll pricing, and lifeline
23	rates.

1	- 1983 to 1986, Manager - Rate of Return., which included presentation of
2	written and/or oral testimony before state public utilities commissions in
3	lowa, Nebraska, South Carolina, and Oregon.
4	 Have you provided testimony helpins the impulator superiols.
5	I was employed by the Public Utilities Commission of Ohio from 1978 to $^{\wedge}$
6	1983. My positions were Financial Analyst (1978 - 1980) and Senior
7	Financial Analyst (1980-1983). My duties included the preparation of Staff
8	Reports of Investigation concerning rate of return and cost of capital. I also
9	designed rate structures, evaluated construction works in progress,
10	measured productivity, evaluated treatment of canceled plant, and
11	performed financial analyses, for electric, gas, telephone, and water utilities.
12	I presented written and oral testimony on behalf of the Commission Staff in
13	over twenty rate cases. A high vielt polasingen Discussed add musiced
14	Countrision, the tone totalies Board, the Canacity Pohla Sandor
15	Q. What are your responsibilities in your current position?
16	A. I provide financial, economic and policy analysis concerning interconnection
17	and reciprocal compensation issues. Such analysis is provided in the
18	context of supporting negotiations between Sprint Nextel entities to obtain
19	interconnection agreements with other telecommunications carriers and,
20	where necessary, provide expert witness testimony. In the performance of
21	my responsibilities I must maintain a working understanding of the
22	interconnection and reciprocal compensation provisions of the
23	Communications Act of 1934 as amended by the Telecommunications Act

1	of 1996 ("the Act" or "the 1996 Act") and the resulting rules and regulations
2	of the Federal Communications Commission ("FCC").
3	to real to transfer Sec. In Constra, and Okagon
4	Q. Have you provided testimony before other regulatory agencies?
5	A. Yes. In addition to my previously referenced testifying experience, since
6	1995 I have presented written or oral testimony before the Illinois
7	Commerce Commission, the Pennsylvania Public Utility Commission, the
8	New Jersey Board of Public Utilities, the Florida Public Service Commission,
9	the North Carolina Utilities Commission, the Public Utilities Commission of
10	Nevada, the Public Utility Commission of Texas, the Georgia Public Service
11	Commission, the Arizona Corporation Commission, the New York Public
12	Service Commission, the Corporation Commission of Oklahoma, the
13	Missouri Public Service Commission, the Virginia State Corporation
14	Commission, the Iowa Utilities Board, the Kentucky Public Service
15	Commission, the Public Utilities Commission of Ohio, and the Federal
16	Communications Commission on the avoided costs of resold services, the
17	cost of unbundled network elements, reciprocal compensation, access
18	reform, universal service, and local competition issues.
19	ico esta anter-acemental més de l'active que certanes de
20	II. PURPOSE AND SCOPE OF TESTIMONY
21	as responsibilities acust calculate a content of the recorder of the
22	Q. What is the purpose of your Testimony? Oncident a solution of the purpose of your Testimony?
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1	A. I am testifying on behalf of Sprint Communications Company L.P. ("Sprint").
2	I will provide input to the Public Utilities Commission of the State of South
3	Dakota ("Commission") concerning Sprint's positions regarding various
4	unresolved issues associated with the establishment of Interconnection and
5	Reciprocal Compensation Agreements between Sprint and Brookings
6	Municipal Utilities d/b/a Swiftel Communications ("Swiftel").2001/00000
7	2, 4, 6, 7, and 8.
8	Q. What is the scope of your testimony?
9	A. I am providing testimony on behalf of Sprint regarding the following issues.
10	
11	A. Sprint Issue No. 2: Does the Telecommunications Act authorize the
12	Commission to arbitrate terms and conditions for interconnection
13	obtained under Section 251(a) of the Telecommunications Act? If yes,
14	what terms and conditions should the Commission impose on the Parties
15	in this proceeding? (Sprint witness James R. Burt will address the
16	specific arbitration issue.)
17	B. Swiftel Issue No. 14: Section 6.3, Swiftel proposes language to make
18	clear that it is the originating Party's responsibility to enter into a
19	transiting arrangement if the Party chooses to use an Intermediary
20	Entity. Swiftel opposes Sprint's proposed language which refers to "the"
21	Intermediary Entity because no Entity is identified as "the" Entity.

1	C. Sprint Issue No. 5: What is the appropriate reciprocal compensation rate
2	for the termination of Telecommunications Traffic? (Swiftel Issues Nos.
3	Patola (Mommission) our cerning Sprint's position (25, pns, 27, 9, 15, 10, 10, 10, 10, 10, 10, 10, 10, 10, 10
4	innecolved issues an accents heigh the calabilishment of Informet Borcana
5	Sprint Issues Nos. 9 and 10, and Swiftel Issue No. 20 have been resolved.
6	Sprint witness James R. Burt will provide testimony on Sprint Issues Nos. 1,
7	3, 4, 6, 7, and 8.
8	Q What is the second of your training?
9	III. BUNRESOLVED ISSUES particle of the technology and the problem of the A
10	
11	A. Sprint Issue No. 2 moltanements base " anti-racid. Studie excel triber 1
12	Does the Telecommunications Act authorize the Commission to arbitrate
13	terms and conditions for interconnection obtained under Section 251(a) of
14	the Telecommunications Act? If yes, what terms and conditions should the
15	Commission impose on the Parties in this proceeding?
16	Caracia a dia chose
17	Q. Does the Telecommunications Act authorize the Commission to
18	arbitrate terms and conditions for interconnection obtained under
19	Section 251(a) of the Telecommunications Act?
20	A. Yes. Sprint witness James R. Burt will address that issue. I will address
21	Sprint's position on direct and indirect interconnection. House comment

2

1) Indirect Interconnection Contacted Sector

3	Q.	Does Sprint have the right to interconnect indirectly?
4	Α.	Yes. Sprint has proposed terms and conditions that will permit the parties to
5		the interconnection agreement to interconnect their switches indirectly.
6		Indirect interconnection is a duty of telecommunications carriers under
7		Section 251(a)(1) of the Act; specifically,
8 9 10 11		Each telecommunications carrier has the duty to interconnect directly or indirectly with the facilities and equipment of other telecommunications carriers. [Emphasis added.]
12		Moreover, indirect interconnection is widely used in the industry today for
13		the simple reason that it would be totally impractical and economically
14		inefficient for every carrier to establish direct interconnection with every
15		other carrier in the nation.
16		and the contract of the first of the contract of t
17	Q.	What is indirect interconnection?
18	A.	According to the FCC, "Carriers are said to be indirectly interconnected to
19		the extent they use transit services to exchange traffic." ¹ Thus, Indirect
20		Interconnection is the use of a third-party transit provider to link the two
21		carriers, as shown in the following diagram.
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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. [FCC VA Arbitration Order.]

1 2		Diagram 1 actosscopolation (i Indirect Interconnection
3		
	en ja Series Series	SprintInterconnectionThirdSwiftelPOPFacilityTransitFacilityOfficeProviderSwiftelSwiftelSwiftel
4		insummercal accession real to anonanced their synchroneces
5 6		In the diagram above, since Sprint and Swiftel are indirectly interconnected,
7		there are no POIs as demarcations between Sprint's and Swiftel's networks.
8		Each teles to the loc ter's contacting the duty to inter-contact decilies of the contact decilies of the contact of all the states and so the contact and all the states and so the contact and all the states and so the contact and all the contact
9	Q.	What is Sprint's position on indirect interconnection?
10	А.	Section 251(a) states clearly that every Telecommunications Carrier has a
1 1		duty to interconnect directly or indirectly with other Telecommunications
ΤŢ		
12		Carriers. Therefore, Swiftel and Sprint can choose whether to interconnect
13		directly or indirectly to each other. For example, Sprint could choose to
14		interconnect indirectly with Swiftel and Swiftel could choose to interconnect
15		with Sprint directly. While this may not be the most efficient way for the
16		parties to exchange traffic, the point is Swiftel cannot dictate how Sprint
17		interconnects with Swiftel or vice versa
18		★ 1993 Here is the set of a set of a set of a set of the set o
19	Q.	Why does Sprint wish to include language regarding indirect
20		interconnection in the agreement?
21	Α.	Since Section 251(a) is an ongoing right and obligation, Sprint wishes to
22		ensure that the interconnection agreement does not somehow limit the
23		parties' rights to one form of interconnection (e.g. direct interconnection). To

1	do this, there must be specific language that addresses the rights of the
2	parties to indirectly interconnect including the rights and obligations
3	regarding traffic exchanged between the parties.
4	coopensative for delivery of that call to the terminating carter, including transit
5	Q. Why should the Commission adopt Sprint's proposal?
6	A. Sprint's proposal to include language that permits the parties to interconnect
7	indirectly and establishes the ground rules for traffic delivery and
8	compensation is reasonable and consistent with the Act and the FCC's
9	rules. I discuss the specifics of Sprint's proposal in Section III.A.2, below.
10	traffic to the terminating carrier cinetwork. The FOC's cosition that the
11	2) Calling Party's Network Paysed as the set bowish a word grilled."
12	entris (d)07.33 (d) SP 10
13	Q. Is the originating carrier financial responsible to deliver its traffic to
14	the terminating carrier's network?
15	A. Yes. Interconnection benefits the end user customers of both Sprint and
16	Swiftel by allowing those end user customers to originate calls and to have
17	those calls ultimately terminated to other customers. This is obviously the
18	desire of the end user customer who originates the call. There is a long-
19	standing FCC policy in the telecommunications industry that the "Calling
20	Party's Network Pays," i.e. the originating caller is the cost-causer.
21	,出行你就能是 ^到
22	Consistent with this policy, the FCC has determined that the originating
23	carrier is responsible for the cost of delivering its end-user's traffic to the

1	terminating carrier. The fact that an originating carrier may use a third-party
2	transit provider to terminate a call does not alter the fact that the originating
3	caller is the cost-causer and that the originating carrier is financially
4	responsible for delivery of that call to the terminating carrier, including transit
5	charges. It is appropriate the relaximmed with blocks your above the relaximmed with blocks your above the relaximmed with the relaximmed withe re
6	A. Sprint's proposal to include Innopuerte that permits (its markes to intercented)
7	Q. Is Swiftel responsible for the costs of delivering its originating traffic
8	to Sprint if the parties are indirectly interconnected?
9	A. Yes. It is the responsibility of the originating carrier to deliver its originating
10	traffic to the terminating carrier's network. The FCC's position that the
11	"Calling Party's Network Pays" has been well established. Specifically, 47
12	C.F.R. § 51.703(b) states,
13 14 15	A LEC may not assess charges on any other telecommunications carrier for telecommunications traffic that originates on its network.
16	In addition, 47 C.F.R. § 51.709(b) states, and another mathematical series A
17 18 19 20 21 22 23	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 that trunk capacity used by the interconnecting carrier to send traffic that will terminate on the providing carrier's network. Such proportions may be measured during peak periods.
24	The FCC's General Counsel has stated, referring to two appellate court
25	decisions,
26 27 28 29	Section 51.703(b) of the Commission's rules states that a LEC may not assess charges on any other telecommunications carrier, including a CMRS provider, for telecommunications traffic that originates on the LEC's network. See 47 C.F.R. § 51.703(b). The Commission has

1 2 3	construed this provision to mean that an incumbent LEC must bear the cost of delivering traffic (including the facilities over which the traffic is carried) that it originates to the point of interconnection ("POI") selected
4	by a competing carrier. At least two appellate courts have held that
5	this rule applies in cases where an incumbent LEC delivers calls
6	to a POI that is located outside of its customer's local calling
7	area. ² [Emphasis added.]
8	
	Prine rangio line Monda Public Service Crimmission stated,
9	Q. Has the FCC decided that the originating carrier is financially publisher philosophic and tech evidenment of a constructive broken and in a construction of the second seco
10	responsible for delivering its traffic?
	that service. Any decision to the contrary would broken to conflict value
11	A. Yes. In its Verizon Arbitration Order, The FCC stated that the ILEC was
12	financially responsible for delivering its traffic to the competitive LEC's POI
13	that may be located anywhere within the LATA where the ILEC is located.
14	Specifically, the FCC stated, upShall and sense monatorial throuses its sector of the through the sector of the battor of the sector of the sector of the battor of the sector of the se
15	Under the Commission's rules, competitive LECs may request
16	interconnection at any technically feasible point. This includes
17	the right to request a single point of interconnection in a LATA.
18	The Commission's rules implementing the reciprocal compensation
19	provisions in section 252(d)(2)(A) prevent any LEC from assessing
20	charges on another telecommunications carrier for telecommunications
21	traffic subject to reciprocal compensation that originates on the LEC's
22	network. Furthermore, under these rules, to the extent an incumbent
23	LEC delivers to the point of interconnection its own originating
24	traffic that is subject to reciprocal compensation, the incumbent
25	LEC is required to bear the financial responsibility for that traffic. ³
26	[Emphasis added.]
27	some daministration of the Small of Original Small of Street a confirmation of the
	gruper en entre (21 tasses en scussed al i provinci à decembre i
28	Q. Have other state commissions decided that the originating carrier is
	en e na alemán de la companya de la

responsible for delivering its traffic outside of its serving territory?

 ² Central Texas Telephone Cooperative Inc., et. al. v. Federal Communications Commission, Brief of Respondents, Case No. 03-1405, p. 35 (D.C. Cir. 2004) (citing, Southwestern Bell Tel. Co. v. Public Utilities Commission of Texas, 348 F.3d 482, 486-87 (5th Cir. 2003); MCImetro Access Transmission Services, Inc. v. BellSouth Telecommunications, Inc., 352 F.3d 872, 878-79 (4th Cir. 2003)).
 ³ FCC VA Arbitration Order, paragraph 52.

1	A. Yes. At least seven state commissions have recently concluded that the
2	originating carrier is responsible for delivering its traffic outside of its service
	by a comprising carrier. At least two appellate courts have here that
3	all territory: I ch OBLI treadmushif as premi easan af corlega chus shift
	guilliss to unit alternation will be shireted balance is included and
4	(Lisoha elenique) se la
5	For example, the Florida Public Service Commission stated,
	O lifes the FOC decided that the outplicating cardiar is financially
6	The record evidence is persuasive that the originating carrier utilizing
7	BellSouth's transit service is responsible to compensate BellSouth for
8	that service. Any decision to the contrary would appear to conflict with
9	47 CFR 51.703(b) which prohibits a LEC from assessing charges on
10	any other carrier for traffic originating on its network. Furthermore, the
11	Small LECs have provided no valid reason to deviate from the
12	"originating carrier pays" policy. The Small LECs' claims that CLECs
13	and CMRS providers, as the terminating carriers of transit traffic, are
14	direct beneficiaries of transit connections and thus, should be
15	responsible for compensating BellSouth for the transit function, are
16	unsupported and have no basis in law, policy, or principles of
17	See equity: SOBL evidence, some choice burger and the ball
18	interconnection at any technicolly teachies opint. This increases
19	the "calling party's network pays" (CPNP) concept is well-
20	established policy based on principles of cost causation. FCC Rule
21	51.703(b) states that "A LEC may not access charges on any other
22	telecommunications carrier for telecommunications traffic that
23	originates on the LEC's network." (47 CFR 51.703(b)) Read in
24	conjunction with Rule 51.701(b)(2), Rule 51.703(b) requires LECs to
25	deliver traffic, without charge, to a CMRS provider's switch anywhere
26	within the Major Trading Area (MTA) in which the call originated.
27	Thus, the Small LECs' claim that there should be no
28	compensation impact on them when they originate traffic is
29	nonsensical. If customers of the Small LEC place a call that transits
30	BellSouth's network, it is because the Small LEC and the terminating
31	carrier have not established a direct interconnection. The Small
32	LEC's customer is the cost causer; the Small LEC should pay
33	transit costs as a cost of doing business. ⁴ [Emphasis added.]

⁴ Joint petition by TDS Telecom d/b/a/ TDS Telecom/Quincy Telephone, et. al. objecting to and requesting suspension and cancellation of proposed transit traffic service tariff filed by BellSouth Telecommunications, Inc., Order on BellSouth Telecommunications, Inc.'s Transit Traffic Service Tariff, Florida Public Service Commission, Order No. PSC-06-0776-FOF-TP, Docket Nos. 05-0119-TP and 05-0125-TP, issued September 18, 2006, p. 22. [Florida Decision.]

1	The lowa Utilities Board stated, and success a success of and separate the
2	The Board agrees with the decisions of the various state commissions
3	cited above and finds that it is most appropriate for each party to pay
4	the cost of delivering traffic to the other party. ⁵
5	ports a auxilipated via the notworks of rural totophone universitian
	actuals and subsent DECK to work 400 Film at 1265 to 15
6	The Illinois Commerce Commission stated, and call through the
	and you have to have outhin up or manacely units suppriseded by the
7	When indirectly interconnecting through a third party ILEC switch each
8	party should be financially responsible (that is financially responsible
9	for its own installed facilities or for compensating another party for
10	facilities it uses) for interconnection facilities on its side of the third
11	party ILEC switch. Costs associated with tandem switching should be
12	paid by the carrier sending the traffic. This, in effect, creates two POIs
13	– one on either side of the third party ILEC tandem – demarcating the
14	carriers' financial responsibility for interconnection facilities. When the
15	RLEC is delivering traffic to Sprint then the POI will be on the Sprint
16	side of the third party ILEC tandem. When Sprint is delivering traffic to
17	the RLEC then the POI will be on the RLEC side of the third party ILEC
18	tandem. This is the most efficient and equitable means of allocating
19	
20	이 것 같아요. 아이는 것 같아요. 이 가지 않는 것 같아요. 이 가지가 않지만 이 가겠다. 가지 않는 것이 같아요. 이 사람 정확자 그렇게 아이는 것이 가지 않는 것 같아요. 이 가지가 않지만 이 가겠다. 유럽가 있는 것이 있다. 이 가지 않는 것이 있다. 이 가지 않는 것이 있다. 이 가지 않는 것이 있다. 이 가
	(4) 11월 - 4일문감이라는 사람이가, 15년 일 까지, 15년 - 15년 15년 15년 17년 25년 18년 17년 25년 18년 17년 25년 18년 17년 25년 18년 17년 17년 18년 17년 18년 18년 18년 18년 18년 18년 18년 18년 18년 18
21	The Tennessee Regulatory Authority stated, Stated doctors of the contract of t
22	If a call originates in a switch on one party's network, then that party is
23	responsible for the transiting costs. ⁷ or other account of the transition of the t
24	orr each a the PCC (which has been followed by 31 least from other
	state products and an entropy of the second se
25	The Pennsylvania Public Utility Commission stated, factored variations of the second state of the second state of the second sec
26	Based on FCC rule § 51.703(b) that prohibits an originating carrier
27	from charging a terminating carrier for the costs of traffic originating on
28	its network, we decide that the weight of authority would place the cost
29	responsibility for third-party transit on the originating carrier. ⁸
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⁵ Arbitration of Sprint Communications Company L.P., Petitioning Party, vs. Ace Communications Group, et. al., Responding Parties, Arbitration Order, Iowa Utilities Board, Docket Nos. ARB-05-2, et. al., issued March 24, 2006.

Sprint Communications L.P. d/b/a/ Sprint Communications Company L.P. Petition for Consolidated Arbitration with Certain Illinois Incumbent Local Exchange Carriers pursuant to Section 252 of the Telecommunications Act of 1996, Arbitration Decision, Illinois Commerce Commission, Docket No. 05-0402, Dated November 8, 2005, page 28.

Petition for Arbitration of Cellco Partnership d/b/a/Verizon Wireless, et. al., Order of Arbitration Award, Tennessee Regulatory Authority, Docket No. 03-00585, January 12, 2006, page 30. Petition of Cellco Partnership d/b/a Verizon Wireless For Arbitration Pursuant to Section 252 of the Telecommunications Act of 1996 to Establish an Interconnection Agreement With ALLTEL

1	The Georgia Public Service Commission stated, Stated addition studied in
	The board superia with the doctations of the various state commission to
2	In Atlas, the Tenth Circuit concluded that commercial mobile radio
3	service providers should not have to bear the costs of transporting
4	calls that originated on the networks of rural telephone companies
5	across an incumbent LEC's network. 400 F.3d at 1266 fn. 11. The
6	Tenth Circuit also found that the Section 251(a) obligation of all
7	carriers to interconnect directly or indirectly is not superseded by the
8	more specific obligations under Section 251(c)(2), a that norther
9	party should be financially responsible (that is financially responsible)
10	The Commission finds the reasoning of Atlas compelling. It is
11	consistent with and confirms the principle that the originating
12	party must bear the costs of transiting the call. [*] [Emphasis added.]
13	pand by the carmar sources, the traffic. This is effect, creater two PON
	 ine on either side of the bard party it SC randem – damarcaling the
14	Finally, the Indiana Utility Regulatory Commission stated, Commission
	RLEC is deliverned traffic to Somet regin the POE will be on the Speed
15	We find that each party should have the ability under the arrangement
16	to interconnect indirectly and send traffic through a tandem transit
17	provider. We also find that each party shall be responsible for any
18	charges incurred in delivering traffic originated by its customers
19	to the other party. We find this conclusion is consistent with the
20	public interest because it requires competitively neutral terms for
21	Interconnection by placing symmetrical traffic delivery obligations on
22	both parties.
23	e vieu server devinite encourse d'autor en una participation a la fil
24	Our conclusion is also consistent with the competitively neutral regime
25	created by the FCC (which has been followed by at least four other
26	state commissions) under which interconnecting carners are required
27	to pay the costs associated with transporting calls to the LEG and the
28	to the interconnecting carrier ¹⁰ [Emphasis added]
29	
	increasing a second particulary canner for the costs of the trainst ongo each an

the very and should be applied to a which we are the stress of the

Pennsylvania, Inc., Opinion and Order, Pennsylvania Public Utility Commission, Docket No. A-310489F7004, January 13, 2005, page 27. [*Pennsylvania Decision*.]

 ⁹ BellSouth Communications, Inc.'s Petition for a Declaratory Ruling Regarding Transit Traffic, Order on Clarification and Reconsideration, Georgia Public Service Commission, Docket No. 16772-U, released May 2, 2005, page 4. (Citing Atlas Telephone Company, et. al. v. Oklahoma Corporation Commission, et. al., 400 F.3d 1256, (10th Cir. 2005)).
 ¹⁰ In the Matter of Sprint Communications Company L.P.'s Petition for Arbitration with Ligonier

¹⁰ In the Matter of Sprint Communications Company L.P.'s Petition for Arbitration ... with Ligonier Telephone Company, Inc., Final Order, Indiana Utility Regulatory Commission, Cause No. 43052-INT-01, approved September 6, 2006, p. 48. (Citing, (1) ... Sprint Communications Company L.P. Petition of Consolidated Arbitration with Certain Illinois Incumbent Local Exchange Carriers..., Arbitration Decision, Illinois Commerce Commission, Docket No. 05-0402 (November 8, 2005);
 (2) Petition of ... Verizon Wireless for Arbitration ... With Alltel Pennsylvania, Inc., Pennsylvania Public Utility Commission, Opinion and Order, Docket A-310489F7004 (January 13, 2005); (3) Petition for Arbitration of ... Verizon Wireless, Tennessee Regulatory Authority Case No. 03-00585, at 30 (January 12, 2006); and (4) Arbitration of Sprint Communications Company L.P. v.

1		A3) Direct Interconnection Base of a factor of a factor of a several antige according (C
2		
3	Q.	Does Sprint intend to interconnect directly with Swiftel?
4	Α.	Yes, Sprint intends to interconnect directly to Swiftel.
5		forthe bobuser to Shale 202 and 1 with a Shale of 22 to effect.
6		Although Sprint intends to interconnect directly, Sprint reserves all rights to
7		interconnect with Swiftel directly or indirectly at any time during the term of
8		the interconnection agreement as Sprint chooses. Sprint's rights should be
9		reflected in the agreement by including language for both direct and indirect
10		interconnection as discussed in detail above.
11		him ad a stables so the carded insched for insis that of
12	Q.	What is Sprint's obligation with respect to establishing a Point of
13		Interconnection ("POI") with Swiftel?
14	A.	The FCC has explicitly stated that the obligation of any interconnecting
15		telecommunications carrier is to establish one POI per LATA. Specifically,
16		the FCC stated,
17		Under section 251(c)(2)(B), an incumbent LEC must allow a requesting
18		telecommunications carrier to interconnect at any technically feasible
19		point. The Commission has interpreted this provision to mean that
20		competitive LECs have the option to interconnect at a single point of
21		interconnection (POI) per LATA. ¹¹
		r aphanaiste This call a name a cassooned in the firsters

Ace Communications Group, et. al., Iowa Utilities Board, Docket nos. ARB-05-2, et. al., at 12

(March 24, 2006). ¹¹ Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92, Further Notice of Proposed Rulemaking, par. 87, released March 3, 2005.

1 2	Q.	Does Sprint have a Point of Interconnection located within the LATA where Swiftel is located?
3 4	Α.	Yes. Sprint has one Point of Presence ("POP") located within Swiftel's
5		LATA, located at 1000 North Cliff Avenue, Sioux Falls, SD, 57103.
6		Consistent with the FCC decision, Sprint will establish a direct interconnect
7		facility between the Sprint POP and Swiftel's Brookings, SD end office.
9	Q.	mei odt princh erdt voor vinatient to vitoedie hittiwe duw toernoorden. What is Sprint's position on direct interconnection?
10	<u>م</u> ۸.	Direction at the State of the S
11		network benefits the customers of both Sprint and Swiftel. The "Calling
12		evode beteb of basep with neurolios neuroni Party's Network Pays" principle discussed in Section III.A.2, above, applies
13		to both direct and indirect interconnection. It is Sprint's financial
14		responsibility to deliver its originating traffic to Swiftel, and it is Swiftel's
15		financial responsibility to deliver its originating traffic to Sprint. Thus, the
16		cost of the direct interconnection facility between Sprint's network and
17	41	Swiftel's network should be shared based on the proportionate use of that
18		facility.
19	unu P	Choose any Contain (2)(2), an incuminant ESU must million a request (4) — unit discription while to intercolumical of may cubicated by 6 analys.
20	Q.	What has Sprint proposed? In the proposed of the second state of t
21	Α.	Sprint has proposed that each party establish a financial POI on the other
22		party's network. Each party will be financially responsible for the facilities
23		used to deliver its originating traffic to the POI on the other party's network.
		es a company é l'entre l'actual de latricitada en l'écologia a dinera des caños 1946, abital de 1920. (1994 - 241 2000)

11 beenhoving a tani ani fatta caansa Den ni nasafina feegarena, 110 Duutee ta 201, femiliter sinteen. Er Finnans i Aufrikaanse en 1887 1835 enterskiterek febriak S. 2016.

1		Alternately, Sprint will agree to a single POI located on Swiftel's network if
2		the costs of the shared interconnection facility linking the POI to Sprint's
3		network is shared by the parties based on each party's proportionate use of
4		the facility for its originating traffic.
5		ener han hann minden i henrigen en energien en en Sudaus, filitettus a sid toto ta
6		 4) Forward-Looking Cost Based Rates A statistic brown of balance of the statistic brown of the first statististic brown of the first st
7		
8	Q.	How should the rate for direct interconnection facilities be
9		
10	Α.	The rates charged by Swiftel for the portion of direct interconnection
11		facilities it provides should be based on forward-looking economic costs,
12		consistent with FCC rules.
13		
14	Q.	What do the FCC rules say about the pricing of interconnection
15		facilities?
16	A.	In order to promote competition, the FCC established a framework which
17		would prevent ILECs from raising costs and rates for interconnection in
18		order to deter competitive entry. The FCC's Local Competition Order
19		explicitly requires that interconnection be priced "in a manner that reflects
20	×.	the way they are incurred. Specifically, the FCC's Local Competition Order
21	Red	states, C ald vi bodati ese gazdous e ser difulit set provident. Inde se estateur se techeste casacori a siso the content as
22		We conclude, as a general rule, that incumbent I ECs' rates for
23		interconnection and unbundled elements must recover costs in a
24		manner that reflects the way they are incurred. This will conform to the
25		1996 Act's requirement that rates be cost-based, ensure requesting

1 2	carriers have the right incentives to construct and use public network facilities efficiently, and prevent incumbent LECs from inefficiently
3	raising costs in order to deter entry. We note that this conclusion
4	should facilitate competition on a reasonable and efficient basis by all
5 6	unbundled network elements based on costs similar to those incurred
7	by the incumbents, ¹²
8	
9	47 C.F.R § 51.501 explicitly sets the same forward-looking cost standard
10	(i.e. TELRIC) for both interconnection and unbundled network elements.
11	Specifically, 47 C.F.R § 51.501 states,
	C. How should the total for direct interpendencies includes the line of the solution of the so
12	(a) The rules in this subpart apply to the pricing of network elements,
13	elements, including physical collocation and virtual collocation
15	straate state to dis to million addition and the and the state of the
16	(b) As used in this subpart, the term "element" includes network
17	elements, interconnection, and methods of obtaining access to
18	unbundled elements, including physical collocation and virtual
19	collocation. [Emphasis added.]
20	
21	Therefore, the pricing standard described in 47 C.F.R § 51.505, generally
22	referred to as TELRIC, must apply to interconnection facilities.
23	
24	Q. Have any state commissions explicitly decided that interconnection
25	of neither sound be priced at TELRIC?
26	A. Yes. The Public Service Commission of Maryland stated,
27	As noted above, the issue here is interconnection, and
28	interconnection must be priced at TELRIC, like unbundled network
29	elements, pursuant to the Act and the Local Competition Order.
30	Therefore, the TELRIC rate previously established by this Commission
31	tor unbundled dedicated transport is also the correct rate to be charged
32	
	s for a a tribunit for the antipal and the antipal and the antipal and the statement of the second statement of A statements of the statement of the
	·····································

¹² Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, First Report and Order, FCC 96-325, CC Docket No. 96-98, paragraph 743.

5) Shared Cost of Direct Interconnection Facilities 1 2 Q. Should the cost of a two-way direct interconnection facilities be 3 shared between the two carriers? 4 Α. Yes. Identical to the indirect interconnection discussion in Section III.A.2, 5 above, direct interconnection benefits the end user customers of both Sprint 6 7 and Swiftel by allowing those end user customers to originate calls and to have those calls ultimately terminated to other customers. The "Calling 8 Party's Network Pays" principle requires the originating carrier to be 9 financially responsible for delivering that call to the terminating carrier. 10 11 Thus the cost of a two-way direct interconnection facility from the Sprint 12 POP in Sioux Falls, SD to the Swiftel end office in Brookings, should be 13 shared by Sprint and Swiftel based upon their proportionate share of the 14 usage of that facility. 15 16 What would the monthly cost be for this facility? 17 Q. This facility will require a DS1 facility from both Qwest (approximately 48 18 Α. miles) and Swiftel (approximately 5 miles). At interstate access rates, Sprint 19 estimates this facility would cost approximately \$882 per month. If traffic 20 was balanced, Swiftel's share of this cost would be only \$441 per month. 21

1		Sprint would expect forward-looking rates to be significantly less. For
2		example, Swiftel has proposed the use of the HAI Model to establish
3		reciprocal compensation rates (see discussion in Section III.C.2 below).
4		While Sprint opposes the use of the HAI model for such purposes, the HAI
5		Model does calculate a cost of dedicated DS1 facilities. Using the HAI
6		default inputs, the average rate for a DS1 would be only \$549.98, which is
7		37% less than the access-based rate. Using Sprint's proposed inputs to the
8		HAI Model, the average rate for a DS1 would be only \$341.64, which is 61%
9		less than the access-based rate. Again, Swiftel's cost would only be about
10		one-half of that rate as not used and one of the book at hopping of which and
11		
12	Q.	How should the cost of two-way direct interconnection facilities be
13		shared between the two carriers?
14	A.	The FCC rules explicitly contemplate that this cost should be shared
15		between the two carriers based on their respective proportionate use of that
16		facility. 47 C.F.R. § 51.709(b) states:
17 18		The rate of a carrier providing transmission facilities dedicated to the transmission of traffic between two carriers' networks shall recover
19		only the costs of the proportion of that trunk capacity used by an
20		providing carrier's network. Such proportions may be measured during
22		peak periods.
23		an an guard and and an a for a set of a state of the set
24		Accordingly, the cost of the dedicated facility between the two networks is
25		apportioned between the Sprint and Swiftel based on their relative use of
26		the facility.

1	Q.	Are one-way trunks an option? which ybic loveds (S.A.III notice?
2	A.	Yes. However, it is generally more efficient for two carriers to share the cost
3		of a single two-way facility than for two carriers to individually provision two
4		one-way facilities.
5		Ferrmanple, the Florida Fruite Service Commission stated.
6		If either Sprint or Swiftel chooses to utilize a one-way facility to deliver its
7		originating traffic to the other, then the proportional use rules require the
8		originating carrier to pay one-hundred percent (100%) of that facility cost. If
9		Sprint and Swiftel agree to utilize a two-way direct interconnection facility,
10		then the proportional use rule requires Sprint and Swiftel to split the cost of
11	- 1001	the two-way facility based on their percentage of originated traffic.
12		Taler samuad in which can be further anywhore in the MTA.
13		This also demonstrates the unreasonableness of requiring one carrier to be
14		solely financially responsible for a single two-way facility. Rather than
15	17	accept that financial burden, that carrier could simply provision a one-way
16	22 A.T	trunk for its originating traffic, requiring the other carrier to provision its own
17		one-way trunk.
18		and the second constant second se
19	Q.	Have the FCC and other state commissions decided that the both
20		carriers should share the cost of direct interconnection facilities?
21	A.	Yes. The issue is essentially the same as that discussed in Section III.A.2,
22		above; i.e. it is the responsibility of the originating carrier to deliver its traffic
23		to the terminating carrier. Several of the state commissions discussed in

1	Section III.A.2, above, explicitly addressed direct interconnection and
2	agreed that both parties are financially responsible for direct interconnection
3	of a single two way facility than for two carriers to individually passible two
4	
5	For example, the Florida Public Service Commission stated,
6 7 8 9	Even if a Small LEC directly interconnects with a CLEC thereby not using BellSouth's transit function, rules of intercarrier compensation require that the Small LEC be responsible for transporting its originating traffic; ¹³
10	migmating conterus bay one-hundres periors (190%) of that ladity cost . R
11	The Pennsylvania Public Utility Commission stated, ps. terring a minude
12 13 14 15 16	In its Final Best Offer, Verizon Wireless took the position that ALLTEL's obligation to share the cost of two-way <u>direct</u> facilities does not end at its local exchange area or its network boundaries. Verizon Wireless maintained that the ILEC's obligation ends at the point of interconnection, which can be located anywhere in the MTA.
17 18 19 20 21	The ALJ recommended in favor of Verizon Wireless on this issue. In support of his recommendation, the ALJ cited <i>TRS Wireless</i> and the FCC rules stating the compensation requirements of 47 C.F.R. § 51.703.
22 23 24 25 26 27	we shall adopt the ALJ recommendation. However, we shall further direct that the interconnection agreement incorporate Verizon Wireless commitment to establish one point of interconnection within each LATA where it terminates traffic with ALLTEL. ¹⁴
28	Finally, the Indiana Utility Regulatory Commission stated,
29 30 31 32 33 34	We find that Sprint's proposal is consistent with the FCC's rules and is equitable for both parties. The evidence reflects that if the parties use direct interconnection that carries two-way trunks, the facility will be sized to accommodate both the RTC's traffic and Sprint's traffic. Where this occurs, we agree that allocating the cost of the two-way facility based on the relative percentage of originated traffic will ensure

to the representation onlike. Severally, the serve pro-

¹³ Florida Decision, page 22.
¹⁴ Pennsylvania Decision, pages 53 – 57.

1	each party will assume the cost associated with carrying its traffic. This is consistent with <i>both</i> the ECC rule prohibiting a LEC from	
2	assessing charges on another telecommunications carrier for	
4	telecommunications traffic originating on the LEC's network and the	
5	ECC rule requiring that rates of a carrier providing transmission	
6	facilities dedicated to the transmission of traffic between two carriers'	
7	networks recover only the cost of that trunk capacity used by an	
8	interconnecting carrier to send traffic that will terminate on the	
9	providing carrier's network.	
10		
11	Additionally, we note that Sprint's proposal accommodates any RTC	
12	concern about the distance between the RTC switches and the Sprint	
13	switch, by agreeing to establish a network interconnection point in the	
14	LATA in which the RTC originating switch resides.	
15	the Party chooses to use an intermediary Endity - Swittel opposes Sprinth-	
16	In addition to the seven state commissions discussed in Section III.A.2,	
17	above, several other state commissions have also decided that the cost of	
18	direct interconnection facilities should be shared.	
19	Q Social and the original up party that is metallishe for the transferre.	
20	For example, the Oklahoma Corporation Commission agreed to the	
21	following,	
22	When both Parties agree to utilize two way facilities, charges will be	
23	shared by the Parties on a proportional percentage basis as specified	
24	in the Shared Facility Factor in Appendix A If the parties can	
25	measure actual minutes of use, they shall bill accordingly. ¹⁵	
26	law, mediary Endiy' can be any third-party pro vient other 6 an 5 print of	
27	The Public Service Commission of Maryland stated,	
28	The FCC's rules make each party responsible for delivering traffic to	
29	the other party. Therefore, Verizon is financially responsible for	
30	transporting its traffic to AT&T's switch location and AT&T is financially	
31	responsible for transporting its traffic to Verizon's switch location. Two	
32	points of interconnection are appropriate. Each party is responsible for	
33	the cost of delivering its traffic through its network and into the	

¹⁵ Application of Southwestern Bell Wireless L.L.C. for Arbitration Under the Telecommunications Act of 1996, Final Order, Oklahoma Corporation Commission, Cause No. PUD200200149, October 22, 2002, Attachment C, Joint Submission of Conformed Agreement, Section 3.1.4.

1 2 3	interconnection facility that connects the two networks. The cost of the interconnection facility itself is shared consistent with the rules set forth by the FCC in ¶1062 of the 1996 First Report and Order. In sum, those rules require that the carriers share the cost of the
4	interconnection facility based upon each carrier's percentage of the
6	traffic passing over the facility. ¹⁶
7	networks recover univ the cost of that trank capacity used by an
	intel connacting carrier to sond traffic that will terminate on the
8	B. Swiftel Issue No. 14. Discusse and the providence
9	Section 6.3, Swiftel proposes language to make clear that it is the
10	originating Party's responsibility to enter into a transiting arrangement if
11	the Party chooses to use an Intermediary Entity. Swiftel opposes Sprint's
12	proposed language which refers to "the" Intermediary Entity because no
13	Entity is identified as "the" Entity, anoissianan atstananto laravae, avada
14	ment als connerter the links struct to shared.
15	Q. Regarding the originating party that is responsible for the transiting
16	agreement in section 6.3, who is the entity referred to as "the"
17	Intermediary Entity?
18	A. The originating carrier has the choice of selecting any third-party carrier who
19	will act as a transit provider between Sprint and Swiftel. Thus "the
20	Intermediary Entity" can be any third-party provider other than Sprint or
21	Swiftel
22	The FCC's rules make each party mappendide for Golivering sale of
23	Swiftel proposes to changed the final phrase from " the Intermediary
24	Entity." to " any Intermediary Entity they may use." Sprint does not
	ARE ULER DUCE TRAME INT SEE SECTION DURFER THE QUILTAN UPD IN 197 DUCE.

¹⁶ In the Matter of the Petition of AT&T Communications of Maryland, Inc. for Arbitration Pursuant to 47 U.S.C. § 252(b) Concerning Interconnection Rates, Terms And Conditions, Order No. 79250, Public Service Commission of Maryland, Case No. 8882, page 9. [Maryland Decision.]

1	necessarily object to this language, as long as it is clear that the
2	Intermediary Entity is a third party transit provider other than Sprint or
3	Swiftel.
4	
5	The Commission should adopt Sprint's proposed language.
6	Accounting to the Response Static space and participation and participation of
7	C. Sprint Issue No. 5 (Swiftel Issues Nos. 5, 9, 15, and 25)
8	What is the appropriate reciprocal compensation rate for the termination of
9	Telecommunications Traffic?
10	() May Les Gommissiers of costs 300-8000 Preventions of for a for a cost.
11	1) Bill-and-Keep
12	
13	Q. What is Sprint's position on Issue No. 5?
14	A. The Commission should establish Bill-and-Keep as the appropriate
15	compensation mechanism between Sprint and Swiftel. Sprint believes that
16	it is most efficient for each carrier to be ultimately responsible for its
17	originating traffic, and to terminate other carrier's traffic without charge.
18	· 프라이크 프로그램 등 2017년(1918년) - 프로프
19	Bill-and-Keep is the most efficient method of reciprocal compensation
20	between two carriers. Bill-and-Keep eliminates the administrative burden
21	for the two carriers to establish a billing process, i.e. it eliminates the need
22	to produce and exchange monthly invoices and payments.

¹ Electronica en der entre procession de 2006 en acteur starilister annum equal as and en en dente en englementer par antidete par en 16 garagraphica - product i a concerna.

1		Only if it has been demonstrated that traffic is both significantly out-of-
2		balance and of sufficient volume, should the Commission adopt a specific
3		compensation rate.
4		
5	Q.	What is Swiftel's position on Issue 5? Joeph of BOD2 Tool Particul set
6	А.	According to its Response, Swiftel proposes a specific compensation rate
7		prior to any evidence that traffic is significantly out-of-balance or of
8		significant volume: 17
9		「ゆう」で、「お料料の時代の」では特許の「
10	Q.	May the Commission adopt a Bill-and-Keep arrangement for reciprocal
11		compensation?
12	Α.	Yes. 47 C.F.R. § 51.713(b) states,
13 14 15 16 17 18	. ¹ . 8 ⁰	A state commission may impose bill-and-keep arrangements if the state commission determines that the amount of telecommunications traffic from one network to another is roughly balanced with the amount of telecommunications traffic flowing in the opposite direction, and is expected to remain so, and no showing has been made pursuant to § 51.711(b).
19		"我不是确定这些问题,你还能能是自己的问题,你可想是不可能。"他的OFLIT程序,并不是不是不是
20	Q.	May the Commission presume traffic is balanced?
21	Α.	Yes. 47 C.F.R. § 51.713(c) states,
22 23 24 25 26		(c) Nothing in this section precludes a state commission from presuming that the amount of telecommunications traffic from one network to another is roughly balanced with the amount of telecommunications traffic flowing in the opposite direction and is expected to do so, unless a party rebuts such a presumption.

nan shughang ang kang yang ng nganan sun shughang ba

¹⁷ Response of Brookings Municipal Utilities d/b/a Swiftel Communications and Motion to Dismiss and Opposition to Motion to Consolidate, page 16, paragraph 41. [Swiftel Response.]

Q. Is there reason to presume traffic will be roughly balanced? 1 2 Α. Yes. The Sprint business model (discussed in the Direct Testimony of 3 4 Sprint witness James R. Burt) will initially target residential customers in a ubiquitous manner. Because there will be no targeting of high use 5 residential or business customers, there is no reason to expect Sprint's end-6 user customers to have different traffic patterns than Swiftel's end-user 7 customers. The majority of Swiftel's customers are residential.¹⁸ Since 8 both Sprint and Swiftel will be serving the same set of residential customers, 9 10 there is no reason to expect traffic to be significantly out-of-balance between the two carriers. Eventually, the Sprint business model will also 11 include business customers, making Sprint's residential / business mix even 12 more in line with Swiftel's residential / business mix, making it even less 13 likely that traffic will be significantly out-of-balance. 14 15 Q. What traffic ratio defines "balanced" traffic? 16 Α. There is no firm rule on what constitutes "balanced traffic." Setting the 17 "threshold" too low, will cause the two carriers to bear the administrative 18 burden to establish a billing process unnecessarily, particularly when the 19 20 volume of traffic exchanged is low. In other words, both parties would need to create a process to measure the actual traffic on a monthly basis, create 21

¹⁸ Brookings Municipal Utilities d/b/a/Swiftel Communications Responses to Sprint's Discovery Requests, Request No. 9, Swiftel refused to provide the exact number of residential and business access lines. [Swiftel Responses to Sprint's Discovery.]

1	a billing system; process, issue, create, and send bills; create a remittance
2	system; and process, verify, issue, and send remittances.
3	o el a successo estatucias e que vintilar que l'aux 3º estes encados integé
4	Q. Does Sprint recommend a Bill-and-Keep "threshold?"
5	A. No. Sprint recommends a Bill-and-Keep arrangement. However, should
6	the Commission wish to establish a Bill-and-Keep "threshold," Sprint
7	recommends a threshold of at least 60% / 40%, which is very common in
8	the telecommunications industry. In other words, if the balance of traffic
9	between the two carriers is within 60% / 40%, a Bill-and-Keep reciprocal
10	compensation arrangement shall be in place.
11	news sector in many values in the Science of the sector of t
12	Q. Should the Commission establish a Bill-and-Keep "threshold" between
13	Sprint and Swiftel? In this the set of the s
14	A. No. The amount of reciprocal compensation traffic expected between Sprint
15	and Swiftel will most likely be so low as to never justify anything other than a
16	Bill-and-Keep arrangement between the two carriers.
17	the draw works with an a bar the branches was the community
18	For example, assume that after one year in business,
19	 Sprint serves 1,000 end user customers in Swiftel's service area,
20	eseeach customer has a total of 2,000 MOU per month, a condecision of
21	• the balance of traffic is 55% / 45% (Sprint originating / terminating),
22	and
23	 the symmetrical reciprocal compensation rate is \$0.005.

Requires Konsension R. C. And estimated in provide the safet context to exidential and excloses. The contribute for the context of a feature is a feature at

1	Under this hypothetical, Sprint would owe to Swiftel an average of just
2	\$2,750 per month, while Swiftel would owe to Sprint \$2,250, for a net of only
3	\$500 per month. (See calculation on Attachment RGF-1) In some months,
4	the balance of traffic may favor Sprint, with Swiftel owing a net amount to
5	Sprint. Sprint.
6	The HALModel may double hard brief brief with submess. In addition
7	It is extremely unlikely that during the life of this Interconnection Agreement,
8	that traffic would be both out-of-balance and of sufficient volume to justify
9	anything other than a Bill-and-Keep arrangement. Sprint suggests that it
10	would be inefficient to establish a billing process for such low amounts of
11	net compensation; and that it would be reasonable to maintain a system of
12	Bill-and-Keep without a Commission-defined automatic "threshold."
13	(see all the second state of the state of the second second second second second second second second second s
14	Again, in the unlikely event that sometime in the future, either party could
15	demonstrate that traffic is not only out-of-balance but of significant volume
16	to create a meaningful amount of reciprocal compensation, the parties could
17	readdress this issue at that time.
18	· 또 한 것 같은 것은 것 같은 800000000 · 가지 · 가지 · 가지 · 가지 않은 100000 · 위치 · 가지 · 가
19	2) Swiftel's Proposed Rate Derived From the HAI Model
20	granting dealer all and the conservation of th
21	Q. What rate is Swiftel proposing for reciprocal compensation, and how
22	
	avente a service de la serv 1995 de la seguriera de la service 1997 de la seguriera de la service

1	Α.	According to Swiftel's Response, Swiftel is proposing a rate of \$0.01061 per
2		minute, which was derived from the HAI Model. ¹⁹ However, subsequently,
3		Swiftel increased this rate to \$0.01310.20 south the second strength with
4		escherbore steußer dev tavor Spitell with Cwittel own in net and in the
5	Q.	Briefly describe the HAI Model 5.0a. Jabe?
6	A.	The HAI Model was developed primarily for USF purposes. It was not
7	94 B	universally adopted by state commissions. In my previous experience with
8		Sprint's Local Telephone Division which operated in eighteen states, the
9		HAI Model was rejected for USF purposes by at least nine states (Florida,
10		Indiana, Nebraska, New Jersey, North Carolina, Pennsylvania, South
11		Carolina, Washington, and Wyoming), a rejection rate of at least 50%. ²¹
12		Leoferson come a trochila destra de meter quer las Bar
13	Q.	Is the HAI Model appropriate for calculating rates for reciprocal
14		compensation? and the determinent determine device device addresses
15	Α.	No. Universal Service Fund (USF) models, like the HAI, are not appropriate
16		for determining an RLEC's rate for terminating traffic.
17		
18		USF models are concerned with the cost of basic service. Switching and
19		transport typically account for less than 10% of the total cost of USF basic
20		service. Accordingly, most of the complexity in USF models deals with loop
		une internette te Statie en als fan en statier en statier internette kommen. Die statiere te Statiere en als fan en statiere en statiere en statiere en statiere en statiere en statiere en

 ¹⁹ Swiftel's Response, page 25, paragraph 76.
 ²⁰ Brookings Municipal Utilities d/b/a Swiftel Communications, Hatfield Model, Total Long Run Incremental Cost (TELRIC), Reciprocal Compensation Rate Summary, January 2007. (Confidential Document) ²¹ This is not intended to be an exhaustive list of all fifty states. Sprint's Local Telephone Division

operated in only eighteen states.

1		costs. For example, the HAI Model 5.0a contains approximately 1,705
2		user-variable inputs. Only 41 (2.4%) deal with end office switching / wire
3		center investment, and only 34 (2.0%) deal with interoffice investment. As a
4		result, for usage-sensitive services such as reciprocal compensation, USF
5		models do not provide sufficient precision for switching and transport costs.
6		加速率的主要运行。如此,100mm,100mm,100mm。100mm,100mm,100mm,100mm,100mm,100mm,100mm,100mm,100mm,100mm,100mm,100mm,100mm,100
. 7		Finally, the USF proceedings were about creating a cost benchmark. ILECs
8		costs were then compared to this benchmark to determine the degree of
9		USF support for each ILEC. But the absolute value of the cost benchmark
10		was not as relevant as the relative cost of an individual ILEC to that
11		benchmark. In other words, the fact that an individual ILEC's costs were
12		50% over the benchmark was more relevant than the actual value of the
13		benchmark.
14		
15	Q.	Has the FCC arrived at a similar conclusion?
16	A.	Yes. In the Universal Service proceeding, FCC's Fifth Report and Order, CC
17		Docket No. 96-45, dated October 22, 1998, Paragraph 75 states,
18 19		In our evaluation of the switching modules in this proceeding, we note that for universal service purposes where cost differences caused by
20		differing loop lengths are the most significant cost factor, switching
21		costs are less significant than they would be in, for example, a cost
22		model to determine unbundled network element switching and
23		for transport costs and the device of the second to the
24		
25		Thus, Swiftel has improperly utilized a USF model to determine the cost of
26		reciprocal compensation.

1	Q. Have other state commissions commented on the arbitrary nature of
2	ethe HAI inputs?allo bee diw web (343-2) (A vinter carried out on all
3	A. Yes. In a similar reciprocal compensation proceeding, the Oklahoma
4	Corporation Commission expressly ruled that the HAI 5.0a Model should not
5	be used by rural LECs to compute rates for reciprocal compensation.
6	Specifically, the Commission stated,
7 8 9 10 11 12 13 14	The Arbitrator further finds that the Hatfield model , which has been utilized by the RTCs herein, has already been found suspect by the Arbitrator in at least one previous hearing due to the ability of persons using it to be able to manipulate the inputs to reach about almost any imaginable result. In this case, the result utilizing the Hatfield model is approximately ten cents per minute, but the RTCs are gracious and offer a 50 percent discount. ²²
15	Q. Can you give an example of the arbitrary nature of the HAI inputs?
16	A. Yes. I have personally seen HAI Model runs proposed by rural LECs in
17	other jurisdictions which produce reciprocal compensation rates for
18	individual LECs as high as \$0.45 per minute. While these studies have
19	been rejected by state commissions, it is clear the HAI model can be
20	manipulated to produce fantastic results.
21	
22	Q. Has Swiftel adjusted the HAI Model inputs in a selective and arbitrary
23	
24	A. Yes. Swiftel changed very few of the HAI Model input default values. Of
25	the 1,705 inputs, Swiftel changed only 37 inputs, 17 of those being

²² Application of Southwestern Bell Wireless L.L.C. for Arbitration under the Telecommunications Act of 1996, Final Order, Cause Nos. PUD 2002-149 through 153, Oklahoma Corporation Commission, Final Order No. 468960, October 22, 2002.

1	depreciation lives. Of 195 HAI inputs in the Switching and Interoffice
2	Transmission category, Swiftel changed only 15 inputs, or 7.7%. Of the 135
3	HAI inputs in the Expense category, Swiftel changed only 22 inputs, or
4	1946.3%. Norman statistica sao oli son o kuni kipikionili attimoti babanciata
5	by first boah uffice
6	Using HAI Model-provided default values produces a reciprocal
7	compensation rate for Swiftel of \$0.00658. However, these 37 Swiftel input
8	changes increase Swiftel's proposed rate for reciprocal compensation to
9	\$0.01310, an increase of 99% over the default values.
10	31 年代建築時代1000000000100000000000000000000000000
11	Q. What is your personal experience with the transport cost generated by
12	the HAI Model? ¹²⁴⁴ and a constraint and intervention of the second of the
12 13 14 15	 the HAI Model? A. My personal experience with the HAI model is that is significantly overstates the cost of transport.
12 13 14 15 16	 the HAI Model? A. My personal experience with the HAI model is that is significantly overstates the cost of transport. Q. How did Swiftel develop its proposed rate for reciprocal compensation
12 13 14 15 16 17	 the HAI Model? A. My personal experience with the HAI model is that is significantly overstates the cost of transport. Q. How did Swiftel develop its proposed rate for reciprocal compensation of \$0.01310?
12 13 14 15 16 17 18	 the HAI Model? A. My personal experience with the HAI model is that is significantly overstates the cost of transport. Q. How did Swiftel develop its proposed rate for reciprocal compensation of \$0.01310? A. According to information provided by Swiftel in response to Sprint's
12 13 14 15 16 17 18 19	 the HAI Model? A. My personal experience with the HAI model is that is significantly overstates the cost of transport. Q. How did Swiftel develop its proposed rate for reciprocal compensation of \$0.01310? A. According to information provided by Swiftel in response to Sprint's Discovery Request No. 32,²³ Swiftel uses four outputs from the HAI Model.
12 13 14 15 16 17 18 19 20	 the HAI Model? A. My personal experience with the HAI model is that is significantly overstates the cost of transport. Q. How did Swiftel develop its proposed rate for reciprocal compensation of \$0.01310? A. According to information provided by Swiftel in response to Sprint's Discovery Request No. 32,²³ Swiftel uses four outputs from the HAI Model. To develop the switching rate, Swiftel adds the "EO switching" output and
12 13 14 15 16 17 18 19 20 21	 the HAI Model? A. My personal experience with the HAI model is that is significantly overstates the cost of transport. Q. How did Swiftel develop its proposed rate for reciprocal compensation of \$0.01310? A. According to information provided by Swiftel in response to Sprint's Discovery Request No. 32,²³ Swiftel uses four outputs from the HAI Model. To develop the switching rate, Swiftel adds the "EO switching" output and the "ISUP" output to derive a total switching cost per minute. This cost is
12 13 14 15 16 17 18 19 20 21 22	 A. My personal experience with the HAI model is that is significantly overstates the cost of transport. Q. How did Swiftel develop its proposed rate for reciprocal compensation of \$0.01310? A. According to information provided by Swiftel in response to Sprint's Discovery Request No. 32,²³ Swiftel uses four outputs from the HAI Model. To develop the switching rate, Swiftel adds the "EO switching" output and the "ISUP" output to derive a total switching cost per minute. This cost is then applied to all terminating minutes.

²³ *Swiftel Discovery Responses*, Request No. 32.

1	To develop the transport rate, Swiftel adds the "Direct Transport" output and	
2	the "Direct Transmission Terminal" output to derive a total transport cost per	
3	minute. Swiftel applies this transport cost only to those minutes being	
4	transported from the Brookings host office to one on three remotes served	
5	by that host office.	
6	Crimp MAI Model provincing default visities cooquers a leoprocal	
7	However, Sprint believes HAI Model outputs used by Swiftel are inflated	
8	because of the incorrect inputs used by Swiftel. shake assessed accorde	
9	\$0.01310, nn more action 20% enter the delicativance.	
10	3) Swiftel Proposed Inputs to the HAI Model	
11	 What is your personal experiments with the expression cost gamerated ex- 	
12	Q. Please discuss the Swiftel input changes to the HAI Model.	
12 13	Q. Please discuss the Swiftel input changes to the HAI Model.A. Attachment RGF-2 analyzes and summarizes the changes made by Swiftel	
12 13 14	 Q. Please discuss the Swiftel input changes to the HAI Model. A. Attachment RGF-2 analyzes and summarizes the changes made by Swiftel hogenetic location to the HAI Model default inputs. 	
12 13 14 15	 Q. Please discuss the Swiftel input changes to the HAI Model. A. Attachment RGF-2 analyzes and summarizes the changes made by Swiftel books to the HAI Model default inputs. 	
12 13 14 15 16	 Q. Please discuss the Swiftel input changes to the HAI Model. A. Attachment RGF-2 analyzes and summarizes the changes made by Swiftel boots to the HAI Model default inputs. Columns B and C of Attachment RGF-2 show the 37 HAI input variables 	
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12 13 14 15 16 17 18 19 20 21	 Q. Please discuss the Swiftel input changes to the HAI Model. A. Attachment RGF-2 analyzes and summarizes the changes made by Swiftel to the HAI Model default inputs. Columns B and C of Attachment RGF-2 show the 37 HAI input variables changed by Swiftel. Column B is the "HAI Input No." used by Swiftel in its Response to Sprint Discovery Request No. 32. Column D shows the original HAI default value for an HAI input, Column E shows the Swiftel input value, and Column F shows the percent change to 	

¹ Switch Plant on Permitting Request No. 12

1	Columns G – I show the results of a sensitivity analysis of the individual
2	Swiftel-proposed input changes. Column G represents the rate for
3	reciprocal compensation that would result due solely to this individual
4	Swiftel-proposed input, all other default inputs unchanged. Column H
5	shows the difference between the Swiftel rate in Column G and the HAI
6	model default rateshown in Cell D83. Column I shows the percent change
7	in the reciprocal compensation rate due to that one input change. For
8	example, in Row 11, the Swiftel-proposed input for the "Switch Installation
9	Multiplier" produces a reciprocal compensation rate of \$0.00692 (Column
10	G). This is an increase of \$0.00033 (Column H), or an increase of 5.1%
11	(Column I) over the HAI default rate of \$0.00658 (Cell D83).
12	 Alexandre Presson Stere — Statistical anoreaciae shifts associated for a conference of the statistical strength stere.
13	Column J shows the Sprint-proposed inputs for each of these variables.
14	addate is a protection of the William Book Book Book Read (Sworkeen edge) Hou
15	Rows 72 – 83 show the HAI results and the final reciprocal compensation
16	rate produced by the HAI default inputs (Column D), the Swiftel-proposed
17	inputs (Column E), and the Sprint-proposed inputs (Column J).
18	assigned to Reiffel, the somehole half in ussigned to other millies or
19	Q. Please discuss the specific input changes Swiftel made to the to the
20	HAI Model default inputs. Almost inner angel
21	A. As can be seen in Attachment RGF-2, the vast majority of the Swiftel input
22	changes increase Swiftel's rate. The vast majority of the increase can be
23	attributed to the seven areas. The total of the provide the seven areas.

1	Switch Installation Multiplier - This input reflects Swiftel's investment in
2	switch installation as a multiplier factor. Swiftel increased this variable from
3	1.10 to [Begin Swiftel Confidential] (i.e. (i.e. the multiplier
4	factor from % to %). [End Swiftel Confidential] By itself, this input
5	change increases Swiftel's rate by 5.1% (as compared to the HAI default
6	mution descript make hown is CHP D83. Column Februar the percet (stugning)
7	1) Power Investment – Swiftel increased this investment amount for a
8	5,000 – 25,000 line central office (applicable to Swiftel) from \$20,000 to
9	GERG [Begin Swiftel Confidential] \$ GERG is an increase of the % [End
10	Swiftel Confidential] By itself, this input change increases Swiftel's
11	rate by 7.7% sectors and a sector and sectors and the sector of the sect
12	2) Switch Room Size – Swiftel increase this amount for a $5,000 - 25,000$
13	line central office from 2,000 square feet to [Begin Swiftel Confidential]
14	square feet, an increase of %. [End Swiftel Confidential] By
15	itself, this input change increases Swiftel's rate by 3.8%.
16	3) Fraction of Interoffice Structure Assigned to Telephone – This input
17	reflects the percentage of investment in poles and trenching that is
18	assigned to Swiftel, the remainder being assigned to other utilities or
19	carriers on a forward-looking basis. Swiftel increase this input for buried
20	cable from 33% to [Begin Swiftel Confidential]%, [End Swiftel
21	Confidential] and for underground cable from 33% to [Begin Swiftel
22	Confidential] %. [End Swiftel Confidential] By itself, this input
23	change increases Swiftel's rate by 6.8%, some result of the second date

1	4) Cost of Capital – Debt Percent – Swiftel decreased this percentage from
2	45% to [Begin Swiftel Confidential] %. [End Swiftel Confidential]
3	By itself, this input change increases Swiftel's rate by 8.3%.
4	5) Depreciation – Swiftel decreased the lives of 16 classes of plant. Most
5	significantly, Swiftel decreased the life of digital electronic switching from
6	16.17 to [Begin Swiftel Confidential] years. [End Swiftel
7	Confidential] By itself, this input change increases Swiftel's rate by
8	10.3%.notesta muO arblyd betokiyn ad alutoria yarbl betnamuzob liter.
9	6) Forward-Looking Network Operations Factor – This input is intended to
10	reflect forward-looking productivity and expense-saving opportunities
11	that are not reflected in embedded expenses and technologies. Swiftel
12	increased this factor from 50% to [Begin Swiftel Confidential] %,
13	[End Swiftel Confidential] essentially removing any forward-looking
14	cost efficiencies and productivity improvements. By itself, this input
15	change increases Swiftel's rate by 10.9%.
16	 Scena, mentator Mendater - Eureschop Pasing auge score ju 17ed.
17	Just these seven input changes by Swiftel increase Swiftel's rate from
18	\$0.00658 to \$0.01023, an increase of 55% over the HAI default inputs. This
19	demonstrates how sensitive the HAI Model results for switching and
20	transport are to a very few number of inputs, and how easily the HAI Model
21	output can be manipulated. All we had the solution of the solu
	the contract and about the contract of the spectra contract of the perturbation of the
	a prime a survey of the second se

1	Q. Has Swiftel documented or provided any support for these input
2	Rechanges? Bothward back, Manager (2, Sanato and Dia Bert Angelig) of ARD
3	A. No, not at this time. While Sprint recommends that the HAI Model be
4	rejected, should this Commissionchoose to adopt it in this proceeding, the
5	Commission must give special consideration as to whether the Swiftel-
6	proposed input changes are well documented and supported, and whether
7	these inputs reflect a forward-looking environment. If these inputs are not
8	well documented, they should be rejected by the Commission. A start
9	6) Enream-Looking Set on Geenman Fedore . This input municiple to
10	4) Sprint's Proposed Inputs to the HAI Model
11	thermological center allow and a sector of the cost of the sector of the
12	Q. What recommended changes does Sprint suggest to the Swiftel-
13	proposed inputs? and and an another a transformation of the second
14	A. Sprint suggests the following input changes in each of the eight input areas
15	discussed.
16	1) Switch Installation Multiplier – Increasing this input is not justified,
17	particularly considering that this cost study is intended to reflect a
18	forward-looking environment. Sprint recommends this input revert back
19	to the default value. Here the share bud welling the work and the terms of
20	2) Power Investment – Increasing this investment amount by [Begin
21	Swiftel Confidential] % [End Swiftel Confidential] is not justified in
22	a forward-looking environment. Sprint recommends this input revert
23	back to the default value.

1	3) Switch Room Size – Increasing this investment amount by [Begin
2	Swiftel Confidential] % [End Swiftel Confidential] is not justified in
3	a forward-looking environment. Sprint recommends this input revert
4	back to the default value. Increase a featuration of taking the B
5	4) Fraction of Interoffice Structure Assigned to Telephone – Increasing this
б	input from 33% to [Begin Swiftel Confidential] % [End Swiftel
7	Confidential] may be justifiable given Swiftel's rural nature. However,
8	increasing this input to [Begin Swiftel Confidential] % [End Swiftel
9	Confidential] for underground cable is not justified in a forward-looking
10	environment. Sprint recommends that the input for underground equal
11	that for aerial, i.e. increased from 33% to [Begin Swiftel Confidential]
12	%. [End Swiftel Confidential]
13	5) Cost of Capital – Debt Percent – This input change is presumably
14	consistent with Swiftel's existing capital structure. If this is correct, Sprint
15	does not object to this change.
16	6) Depreciation – Sprint recommends the use of FCC-prescribed
17	depreciation lives. For example, the FCC-prescribed life for electronic
18	digital switching ranges from 12% to 18%. Sprint recognizes that
19	depreciation rates are declining in a forward-looking environment. Thus,
20	Sprint recommends the low end of the FCC-prescribed depreciation
21	ranges, which produce more conservative (higher) costs.
22	7) Forward-Looking Network Operations Factor – Changing this factor from
23	50% to [Begin Swiftel Confidential] % [End Swiftel Confidential]

1	is not reasonable in a forward-looking environment. While the 50%
2	default value may be excessive eleven years after the passage of the
3	1996 Telecommunications Act, [Begin Swiftel Confidential] %
4	[End Swiftel Confidential] is inappropriate as it assumes Swiftel is
5	operating at peak efficiency and there will be no forward-looking
6	productivity gains. This is particularly unlikely for rural ILECs which have
7	not experienced the levels of competition as have urban ILECs. Sprint
8	recommends a compromise of these two extremes, i.e. 75%.
9	Tendestable for endorgenerational sector sold in a former forking
10	Sprint accepts the other input changes proposed by Swiftel, assuming they
11	represent actual, Swiftel-specific, forward-looking information.
12	Selfer and a company of
13	Q. Do you have any proposed changes to inputs not modified by Swiftel?
14	A. Yes, Sprint recommends two other changes to the HAI model run provided
15	by Swiftel.
16	
	한 1998년 1월 19일 8월 3일 25일 19일 19일 19일 19일 1 8일 19일 19일 19일 19일 19일 19일 19일 19일 19일 19
17	Sprint's first proposed change concerns switching investment. As
17 18	Sprint's first proposed change concerns switching investment. As mentioned above, the HAI Model's emphasis is on loop costs. As a result,
17 18 19	Sprint's first proposed change concerns switching investment. As mentioned above, the HAI Model's emphasis is on loop costs. As a result, the HAI Model's calculations for switching are grossly simplistic. All of the
17 18 19 20	Sprint's first proposed change concerns switching investment. As mentioned above, the HAI Model's emphasis is on loop costs. As a result, the HAI Model's calculations for switching are grossly simplistic. All of the complexity in switching costs is reduced to two simple investment variables,
17 18 19 20 21	Sprint's first proposed change concerns switching investment. As mentioned above, the HAI Model's emphasis is on loop costs. As a result, the HAI Model's calculations for switching are grossly simplistic. All of the complexity in switching costs is reduced to two simple investment variables, which the user is free to adjust to produce just about any result imaginable.
17 18 19 20 21 22	Sprint's first proposed change concerns switching investment. As mentioned above, the HAI Model's emphasis is on loop costs. As a result, the HAI Model's calculations for switching are grossly simplistic. All of the complexity in switching costs is reduced to two simple investment variables, which the user is free to adjust to produce just about any result imaginable. These investment variables are "End Office Switching Investment Constant

jada sheroji tubu kara da sa da kara karanda ngadi sa ka

1	Term" (Variable 4.1.9) and "End Office Switching Investment Slope Term"
2	(Variable 4.1.10)) Mennative and (Elibertaine) (COLA entresch
3	particulations are distributed equally smalling all creasises of by the modulation for the cost of trabilities are existence random cod for the submoderne systems and 30 the hard and cost on the card of the sec-
4	Swiftel chose not to adjust these two switch investment variables. For the
5	"End Office Switching Investment Constant Term" (Variable 4.1.9), the HAI
6	Model default value is \$416.11 for small ILECs such as Swiftel. However, a lettined with last income of the undersolver as the base of a start point in the end
7	this value dates back to 1995. It is well established that the cost of
8	switching equipment has been decreasing over time. For example,
9	according to the consulting firm AUS, which publishes the annual changes
10	in the cost of all telecommunications equipment, including switch
11	electronics, the cost of switching investment has decreased by 31% since
12	1995. ²⁴ Accordingly, Sprint recommends that this input be reduced by 31%,
13	from \$416.11 to \$287.12.
14	
15	Sprint's second proposed change concerns host-remote relationships. HAI
16	Model contains the variables "Host-Remote CLLI Assignments" (Variable
17	4.10.1) and "Host-Remote Assignment Enable" (Variable 4.10.2). According
18	to the HAI Model Inputs Portfolio, Variable 4.10.1 is defined as,
19	An input form consisting of parameters that allow the user to specify
20	the set of host and remote wire centers, and establish the relationships
21	between remotes and their serving host, using the CLLL codes of the
22	respective switches. In the default mode, HM 5.0a does not make
23	such designations or identify such relationships.
24	station is a statistic france in a serie and statistic france of the state
25	Variable 4.10.1 is defined as,

²⁴ AUS Telephone Plant Index Bulletin No. 33, Schedule No.T-3.

1 2 3 4 5	An option that, if enabled, instructs the model to perform switching calculations based on the host-remote relationships defined by Parameter 4.10.1. In enabled, 1) the investment in host/remote combinations are distributed equally among all lines served by the combination, 2) the cost of umbilical trunks between remotes and hosts is medaled explicitly, and 2) the bast and remotes will be composited on
6 7 8	is modeled explicitly, and 3) the nost and remotes will be connected on expression a local SONET ring. In define two exorts and remotes will be connected on
9	Sprint recommends that Variable 4.10.2 be enabled and that the host-
10	remote relationships be defined in Variable 4.10.1 consistent with Swiftel's
11	response to Sprint Discovery Request No. 5. Specifically, Swiftel has one
12	algebra of termination presented and international and international and international and international and three remote offices designated North, South,
13	and East. Sprint believes this will more accurately model Swiftel's network
14	and provide a more accurate result.
2 5	alectics in the cost (Cawitching Execution has decreased by 31% strong
15	112 willional a set a set all s
16	Q. How does enabling the host-remote assignment in the HAI model
17	affect the final results?
18	A. This one change to the model has a huge impact on the final result. When
19	comparing the HAI default results with the Sprint-inputs result, the "Direct
20	Transport" cost component decreases from \$0.00238 to \$0.00070, a
21	reduction of 70.6%. This is apparently because the HAI model, with the
22	host-remote assignment disabled, builds direct transport facilities from each
23	of Swiftel's four exchanges to the RBOC tandem. (All of that cost is
24	apparently assigned to the RLEC, with no costs assigned to the RBOC
25	owning the tandem. Thus, there is no "meet-point" sharing of these facility
26	costs.)

(4.5) We go the Factor of the first of the factor of th

1		With the host-remote assignment activated, the HAI model will properly
2		build only one direct transport facility from Swiftel's Brookings host to the
3		RBOC tandem. The fact that all of these costs are apparently assigned to
4		Swiftel, and none to the RBOC, still inflates Swiftel's transport costs.
5		 A method and the second se
6	Q.	What is Sprint's recommended rate if the Commission adopts the HAI
7		Model in this proceeding? and your address of a construction of the test
8	Α.	The Swiftel HAI Model run produces a rate of \$0.01310. Beginning with that
9		model run, making the Sprint-recommended input changes, including
10		designating host-remote relationships, produces a rate of \$0.00469.
11		- south and got as a cash of the state of the
12	IV.	SUMMARY AND CONCLUSION of the story relation of the story
13		
14	Q.	Please summarize your Direct Testimony.
15	A.	Sprint Issue No.2 - Rada a mana a colorado o femaló e Brassa constructor a
16		Sprint has the right to interconnect with Swiftel either directly or
17		indirectly, as it chooses. Sprint plans to interconnect directly at
18		Swiftel's Brookings end office.
19		 Should Sprint choose to connect indirectly, the FCC's Calling Party's
20		Network Pays policy requires that each party is financially responsible
21		for delivering its originating traffic to the terminating carrier's network.
22		In an indirect interconnection scenario. The originating party is
23		financially responsible for all transiting costs.

1	 Since Sprint intends to interconnect directly with Swiftel's network, it
2	will establish one POI on Swiftel's network, at its Brookings end office.
3	Both carriers are financially responsible for delivering its originating
4	traffic to the other carrier's network.
5	Direct interconnection facilities should be priced at forward-looking
6	ali no ratęs: a no salaziona o com balanda com a la buji a li salazione com
7	If the two carriers utilize a two-way facility for direct interconnection,
8	the cost of that facility should be shared based on the proportionate
9	gruse of that facility.ages in an exceeding a condition determined by
10	2012 C. P. Alter A. Martin Statistical Statistics (Statistics) and the statistics of
11	Swiftel Issue No. 14 – The Commission should adopt Sprint's language
12	which allows the originating carrier to select any third-party transit provider
13	other than Sprint and Swiftel.
14	
15	Sprint Issue No. 5 – The Commission should adopt a Bill-and-Keep
16	reciprocal compensation arrangement between Sprint and Swiftel. The
17	balance of traffic should be presumed to be roughly balanced, and the
18	expected volume of traffic is so low as to not justify the creation of a
19	measurement and billing process between the two carriers.
20	ি সময় এই ব্যায় এই আনহাই আনহাই নাম বিভিন্ন বিভিন্ন হৈছে। বিভিন্ন সময়
21	Alternately, the Commission could adopt a Bill-and-Keep arrangement until
22	such time that one party demonstrates that traffic is significantly out-of-
23	balance and that traffic volume is so significant that it justifies the creation of

10	Q.	Does this conclude your Direct Testimony?
9		
8		proposed inputs which produce a rate of \$0.00469 per minute.
7		reciprocal compensation rate using the HAI Model, they should use Sprint's
6		and not forward-looking. Should the Commission choose to establish a
5		compensation. Swiftel's proposed inputs are undocumented, unreasonable
4		The HAI Model proposed by Swiftel is not appropriate for reciprocal
3		
2		to be effective at that time.
1		a measurement and billing system. The Commission could establish a rate

11 A. Yes, it does.