

Staff Question: 3-1) Referring to the calculation sheet the Company provided, it appears the MOUs and revenues under TANDEM TRANSPORT-TRANSIT, TANDEM SWITCHING-TRANSIT, and TANDEM TERMINATION-TRANSIT. Please provide MOU/revenue breakouts by mileage for those rates.

Level 3 Response: Level 3 uses 10 miles for rates that are mileage sensitive.

Staff Question: 3-2) Please define “PVU factors” in the tariff.

Level 3 Response: Please see replacement page number 7 to Tariff Number 3.

Staff Question: 3-3) In Section 3.4.6 on page 19.2 of the proposed revised tariff, the Company does not account for terminating traffic that is terminated in IP format or originating traffic that originates in IP format. Please explain.

The relevant tariff provision provides:

f. The Company shall use default factors until such time as Customer supplies such factors. For this purpose, Company will utilize a PVU equal to the percentage of VoIP subscribers in the state based on the Local Competition Report, as released periodically and/or such other reports as the Company deems appropriate and reasonable. Under the Local Competition report methodology, the PVU will be the total number of incumbent LEC and non-incumbent LEC VoIP subscriptions in a state divided by the sum of those reported VoIP subscriptions plus incumbent LEC and non-incumbent LEC switched access lines.

Level 3 response:

Inasmuch as the tariff provision is apparently not clear to staff, Level 3 proposes to replace the provisions addressing the calculation of the PVU with tariff language Level 3 has utilized and had approved in other states that Level 3 believes brings additional clarity to the process that is to be employed in calculating the PVU. Please see replacement pages 19.1, 19.2, and 19.3 to Tariff Number 3.

Staff Question: 3-4) Section 3.4.8 on page 19.2 of the proposed revised tariff does not appear to be necessary for a tariff effective July 1, 2012. Do you agree? If not, please explain. If so, please provide updated tariff sheets.

Level 3 response: Please see replacement page number 19.2 to Tariff Number 3.

Staff Question: 3-5) Referring to Section 3.4.10 on page 19.3 of the proposed tariff revision, who will be responsible for auditing expenses associated with an independent audit requested by the Company? And why?

The relevant tariff provision provides:

If the dispute is unresolved, the Company may initiate an audit. The Company shall limit audits of the Customer's PVU factor to no more than twice per year. The Customer may request that the audit be conducted by an independent auditor. In such cases the associated auditing expenses will be paid by the Customer.

Level 3 response: The provision in question does not anticipate an independent audit requested by the Company, but instead assume that Company will do the audit itself – whether through its own internal resources or external resources. In either event, the expense of the audit would be borne by the Company. The provision further provides that if the Customer requests an independent auditor to conduct the audit thereby foregoing the conduct of the audit by the Company itself or resources acquired by the Company for this purpose, the Customer will pay for the services of the independent auditor.