

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

**In The Matter Of**

**Level 3 Communications, LLC'S Petition for  
Arbitration Pursuant to Section 252(B) of the  
Communications Act of 1934, as Amended by  
The Telecommunications Act Of 1996, and the  
Applicable State Laws for Rates, Terms, and  
Conditions of Interconnection with Qwest  
Corporation**

**DOCKET NO. UT-063006**

**REPLY TESTIMONY  
OF WILLIAM R. EASTON  
ON BEHALF OF  
QWEST CORPORATION**

**SEPTEMBER 15, 2006**

**(Disputed Issue Nos. 1, 2, 5, 13, 17, 18, 21 and 22)**

**REDACTED VERSION**

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**I. IDENTIFICATION OF WITNESS**

**Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS ADDRESS.**

A. My name is William R. Easton. My business address is 1600 7th Avenue, Seattle Washington. I am employed as Director – Wholesale Advocacy. I am testifying on behalf of Qwest Corporation (“Qwest”).

**Q. ARE YOU THE SAME WILLIAM EASTON WHO FILED DIRECT TESTIMONY IN THIS DOCKET?**

A. Yes.

**II. PURPOSE OF TESTIMONY**

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

A. The purpose of my testimony is to respond to issues raised in the Level 3 direct testimony of Mr. Greene and Mr. Wilson filed on May 30, 2006 and the supplemental direct testimony filed by Mr. Greene on August 18, 2006.

**Q. DO YOU HAVE ANY GENERAL COMMENTS PRIOR TO ADDRESSING SPECIFIC ISSUES?**

A. Yes. It is important to note that in the nearly 80 pages of direct testimony filed by Level 3, Level 3 spends little or no time discussing the specific language that is at dispute between the two parties. Level 3 spends nearly all of its testimony

1 discussing technology and technical network issues. Ultimately the determination  
2 of the appropriate language for the interconnection agreement must be based on the  
3 language itself, in conjunction with the language of the Telecommunication Act, the  
4 FCC rules implementing the Act, this Commission's own rulings and common  
5 sense, not on rhetoric or the respective merits of the parties' technological  
6 deployment.

7  
8 **III. DISPUTED ISSUE NO. 1: COSTS OF INTERCONNECTION**

9 **Q. HAS MR. GREENE'S SUPPLEMENTAL DIRECT TESTIMONY**

10 **CLARIFIED ANY OF THE DISPUTED ISSUES UNDER ISSUE 1?**

11 A. No. Based on the disputed issues document provided by Level 3 with its new  
12 language, Level 3's Issues 1A and 1B are still contested and Level 3 has amended  
13 its original language. Yet neither of these issues is addressed in Mr. Greene's  
14 supplemental direct. Mr. Linse addressed the new language for these two issues in  
15 his replacement direct testimony at pages 3-17.

16  
17 Issues 1D and 1E remain contested as well. Mr. Greene addressed these issues  
18 briefly in his supplemental direct (page 3, lines 1-16). None of this testimony  
19 resolves Qwest's concerns or provides a rationale for adopting Level 3's language.  
20 I addressed Level 3's language on these issues at pages 9-12 of my replacement  
21 direct testimony. Given that Level has provided nothing of substance on this issue

1 in Mr. Greene's supplemental direct testimony to justify Level 3's language, I stand  
2 by that testimony.

3  
4 Issues 1G and 1H relate to the relative use factor ("RUF") issue. In his  
5 supplemental direct testimony, Mr. Greene briefly addressed Issue 1G, but did not  
6 discuss Issue 1H (Greene supplemental direct, page 3, lines 25-29). That testimony  
7 does not address the substance of Qwest's language which I discuss at pages 13-19  
8 of my replacement direct testimony. For the reasons set forth in that testimony,  
9 Qwest's language should be adopted.

10  
11 Finally, Issues 1I and 1J remain contested. However, neither of these issues was  
12 discussed in Mr. Greene's supplemental direct testimony, nor was either of these  
13 issues addressed in the original direct testimony of Mr. Greene and Mr. Wilson. I  
14 addressed these issues at pages 19-20 of my replacement direct testimony. For the  
15 reasons set forth in my earlier testimony, the Qwest language on these issues should  
16 be adopted.

17  
18 **Q. PLEASE ADDRESS MR. GREENE'S SUPPLEMENTAL TESTIMONY ON**  
19 **SUBISSUES TO ISSUE 1 THAT HAVE BEEN RESOLVED.**

20 A. As I understand Level 3's language in the disputed issues document that sets forth  
21 Level 3's new language, Level 3 has agreed to Qwest's proposed language on  
22 Issues 1C and 1F. Having read Mr. Greene's supplemental testimony on Issue 1C

1 (page 1, lines 24-29), it is unclear to me what he is saying on this issue, but it  
2 appears that Level 3 has not changed its position. However, Mr. Greene's effort to  
3 characterize the accepted language is unclear and irrelevant. The language speaks  
4 for itself.

5  
6 Likewise, Level 3 agreed to Qwest's language on Issue 1F. Once again, however,  
7 Mr. Greene attempts to characterize the accepted language. Like Issue 1C, Mr.  
8 Greene's effort to characterize the accepted language should be ignored. The  
9 language speaks for itself.

10  
11 **Q. AT PAGES 21 AND 22 OF HIS DIRECT TESTIMONY MR. GREENE**  
12 **ARGUES THAT THE COSTS QWEST INCURS ON ITS SIDE OF THE POI**  
13 **ARE VERY LOW. PLEASE COMMENT.**

14 A. I disagree with both Mr. Greene's analysis and the implication that Qwest should  
15 not be compensated for costs it incurs to provide service to Level 3. As far as the  
16 costs are concerned, Qwest's costs are not an issue in this proceeding. This  
17 Commission has held a number of proceedings to determine what it believes are  
18 Qwest's incremental costs and these costs are detailed in the SGAT Exhibit A.  
19 I would point out that Mr. Greene's analysis on page 21 takes into account only the  
20 recurring cost per mile and ignores the fixed recurring cost of \$ 225.41 that also  
21 appears in Exhibit A. Taking this cost into account would increase Mr. Greene's  
22 calculated cost threefold. For comparison purposes, I would also note that this

1 Commission has calculated a per minute of use charge for Tandem Transmission, a  
2 type of common transport, that for Mr. Greene's 10.04 mile example would be  
3 \$.000364 ([10.4 miles x \$.00001] + \$.00026). This is 45 times the cost that Mr.  
4 Greene calculated for dedicated transport.

5  
6 Ultimately however, the issue in this proceeding is whether Qwest should be  
7 compensated for the costs it incurs on its side of the POI to provide services to  
8 Level 3. As was noted in Qwest's direct testimony, Level 3's claim that Qwest is  
9 not entitled to any compensation for facilities or services on the Qwest side of the  
10 POI is contrary both to applicable law and to the principle of cost causation.

11  
12 **Q. AT PAGE 3 OF HIS DIRECT TESTIMONY MR. WILSON STATES THAT**  
13 **POIS ARE LOCATED IN QWEST END OFFICES WHERE DIRECT**  
14 **TRUNK END OFFICE (DEOTS) TERMINATE. DO YOU AGREE?**

15 A. No. Although Mr. Wilson's Washington testimony does not explore the regulatory  
16 implications of a POI established through the purchase of DEOTs, or what Qwest  
17 refers to as Direct Trunked Transport (DTT), in other proceedings Mr. Wilson has  
18 referred to this as a secondary POI and argued that the existence of a secondary POI  
19 in a local calling area somehow magically transforms a long distance call into a  
20 local call, thus eliminating virtual NXX (VNXX). Although Level 3 has not  
21 explicitly made this claim in this proceeding, since Mr. Wilson has raised the issue

1 of a “secondary POI” elsewhere, I will address Qwest’s opposition to this novel,  
2 unsupported concept.

3 .

4 **Q. IS THERE ANY SUPPORT FOR THE CONCEPT OF THE SECONDARY**  
5 **POI IN THE TELECOMMUNICATIONS ACT OR IN ANY FCC ORDERS?**

6 A. No. I am not aware of the FCC ever referring to the term in any of its rules or  
7 orders. Indeed, the FCC’s definitions conflict with Level 3’s idea that paying for  
8 transport somehow constitutes the establishment of a POI. FCC Rule 51.701 states  
9 that “transport is the transmission and any necessary tandem switching of  
10 telecommunications traffic subject to 251(b)(5) of the Act from the interconnection  
11 point between the two carriers to the terminating carrier’s end office switch...”  
12 Clearly the FCC makes a distinction between a POI and transport such as Qwest’s  
13 DTT.

14

15 **Q. IS A “SECONDARY POI” A TERM THAT IS DEFINED IN THE**  
16 **PROPOSED ICA (“ICA”) BETWEEN THE TWO PARTIES?**

17 A. No. The term is not defined in the ICA, nor does it appear in any form in the  
18 agreement or in any Level 3-proposed language, including the new language  
19 recently proposed by Level 3.

20

21 **Q. IS THE CONCEPT OF SECONDARY POI CONSISTENT WITH OTHER**  
22 **LANGUAGE IN THE ICA?**



1 A. No. The first sentence of Section 7.2.2.1.4 of the ICA (a provision that Level 3  
2 does not dispute) states:

3 7.2.2.1.4 LIS ordered to a Tandem Switch will be provided as direct trunked  
4 transport between the Serving Wire Center of CLEC's POI and the Tandem  
5 Switch. Tandem transmission rates, as specified in Exhibit A of this  
6 Agreement, will apply to the transport provided from the Tandem Switch to  
7 Qwest's End Office Switch.  
8

9 This sentence, which Level 3 does not dispute, acknowledges that the transport  
10 connects the POI and the tandem switch, not that the transport establishes a POI at  
11 the tandem switch.

12 Similarly, there is undisputed language at Section 7.3.2.1.1 of the agreement that  
13 states:

14 7.3.2.1.1 Direct trunked transport (DTT) is available between the Serving  
15 Wire Center of the POI and the terminating Party's Tandem Switch or End  
16 Office Switches. The applicable rates are described in Exhibit A. DTT  
17 facilities are provided as dedicated DS3, DS1 or DS0 facilities.  
18

19 The language states that DTT connects the POI and the Qwest switches; it does not  
20 say that the DTT establishes a POI at the Qwest switches.  
21

22 **Q. IS THE POSITION LEVEL 3 TAKES REGARDING THE SECONDARY**  
23 **POI CONSISTENT WITH POSITIONS IT HAS TAKEN PREVIOUSLY?**

24 A. No. One of the ironies of the new Level 3 position is that, while Level 3's previous  
25 advocacy strongly asserted its right to a single point of interconnection, Level 3  
26 now extols the virtues of what it claims are POIs in each LCA.  
27

28 **Q. IS THE CONCEPT OF A SECONDARY POI CONSISTENT WITH OTHER**

1           **PARTS OF MR. WILSONS TESTIMONY?**

2    A.   No. As Mr. Wilson states on page 3 of his testimony, the “POI is where two  
3           carriers connect their networks...” Mr. Wilson’s secondary POI is not a place  
4           where the two carriers’ networks connect, but is actually a part of the Qwest  
5           network, a fact that Level 3 has acknowledged in other states and in previous  
6           advocacy in Washington. Issue 17 in this proceeding has to do with Qwest’s  
7           proposed language which establishes a process for the parties to develop a forecast  
8           of LIS trunks (including DTT). Level 3 originally struck all of Qwest’s proposed  
9           forecasting language, stating in the issue matrix attached to its Petition for  
10          Arbitration:

11                   Qwest is responsible for terminating all traffic to Level 3 at the POI. Level 3  
12                   is not required to pay any costs incurred on the Qwest side of the POI. *These*  
13                   *provisions force Level 3 to play a role in managing trunks and facilities on*  
14                   *Qwest’s side of the network.* (Emphasis added.)  
15

16          The secondary POI theory would force Level 3 to move from arguing that LIS  
17          trunks are a part of the Qwest network that Level 3 has no responsibility to help  
18          manage to arguing that LIS trunks are somehow an extension of the Level 3  
19          network.

20  
21    **Q.   ARE THERE OTHER PROBLEMS RELATED TO THE LEVEL 3**  
22    **CONCEPT OF A SECONDARY POI?**

23    A.   Yes. In addition to the inconsistencies I have previously described, the fundamental  
24          flaw with the Level 3 argument is that it assumes that a call is rated as local or long  
25          distance depending on where the carriers are interconnected. But, as Mr.

1 Brotherson describes in his testimony, the location of the carriers or where the  
2 carriers connect to each other have never been used as a basis for determining  
3 whether a call is local or long distance. The key determinant is the location of the  
4 calling and called parties, not where the carriers' networks are connected. No one,  
5 not even Level 3, has suggested that a POI or the end of a LIS DTT trunk is a  
6 customer location. Even if one were to ignore all of the inconsistencies and accept  
7 Level 3's concept of a secondary POI, it does not logically follow that the existence  
8 of a secondary POI in a LCA makes all calls local. A POI is simply a point at  
9 which two carriers exchange traffic. To the best of my knowledge a POI has never  
10 been considered to be a customer location, and if it were accepted in this case, then  
11 there would be no basis for a claim by Level 3 for terminating compensation: after  
12 all, if Qwest hands off traffic directly to a customer of Level 3 at a POI, Level 3  
13 cannot assert that it is terminating the traffic, which it would be required to do to  
14 qualify for terminating compensation. Level 3's secondary POI theory places it on  
15 the horns of a dilemma. It requires it to take one of two positions, both of which are  
16 untenable. If it abandons the idea that customer location is the proper test for call  
17 rating, then Level 3 is proposing that call rating should be based on a POI location,  
18 a position that finds no basis in logic, history, or, as Mr. Brotherson points out,  
19 Washington or federal law. On the other hand, if Level 3 takes the position that a  
20 POI is customer location (a position that Level 3 cannot make with a straight face),  
21 then it would not be entitled to terminating compensation because, under that

1 theory, Qwest would be terminating the traffic by delivering it directly to the Level  
2 3 customer.

3  
4 **Q. MR. WILSON ALSO CLAIMS ON PAGE 3 OF HIS DIRECT TESTIMONY**  
5 **THAT EACH COMPANY PAYS ITS FAIR SHARE OF DTT TRUNKS. IS**  
6 **THIS STATEMENT CONSISTENT WITH LEVEL 3'S OTHER**  
7 **ADVOCACY IN THIS CASE?**

8 A. No. As I noted in the discussion of issues 1G and 1H in my direct testimony, Level  
9 3's proposal eliminates Qwest's proposed relative use factor ("RUF") language.  
10 Level 3 thus denies any obligation to compensate Qwest for the use of its network.  
11 Although Level 3's new proposal makes reference to paying Qwest for transport, by  
12 striking Qwest's RUF language it has removed the means by which Qwest is  
13 compensated for that transport.

14  
15 **IV. DISPUTED ISSUE NO. 2 (A-B): COMBINING**  
16 **TRAFFIC ON INTERCONNECTION TRUNKS**

17 **Q. BOTH MR. GREENE AND MR. WILSON TALK AT LENGTH ABOUT**  
18 **THE QWEST PROPOSAL REQUIRING LEVEL 3 TO INVEST IN A**  
19 **DUPLICATIVE FEATURE GROUP D (FGD) NETWORK. IS THAT**  
20 **REALLY QWEST'S PROPOSAL?**

21 A. No. The Qwest proposal does not call for separate networks for local and toll  
22 traffic. Qwest has offered Level 3 an approach which will allow the network  
23 efficiencies that Level 3 is seeking. Qwest's proposed language for Section

1 7.2.2.9.3.2 offers Level 3 the capability to combine all traffic over a FGD  
2 interconnection trunk group. Combining all of the traffic over FGD not only allows  
3 for the efficiencies Level 3 claims to need, it also allows for mechanized billing of  
4 the appropriate tariffed rates and the ability to produce the necessary jointly  
5 provided switched access records. There is simply no reason to grapple with the  
6 difficulties inherent in Level 3's proposal when a workable solution to combining  
7 all traffic on a single trunk group already exists.

8  
9 **Q. ON PAGE 26 OF HIS DIRECT TESTIMONY MR. GREENE SPECULATES**  
10 **AS TO WHY QWEST MIGHT WANT NETWORK INEFFICIENCIES.**  
11 **PLEASE COMMENT.**

12 A. As I just explained, the Qwest proposal does not require a duplicate network, thus  
13 the network inefficiencies that Mr. Greene describes at length do not exist. Further,  
14 it is not necessary to engage in baseless speculation about disappearing voice traffic  
15 or possible overinvestment in capacity being the driving forces behind the Qwest  
16 proposal. As was explained in my replacement direct testimony, the reasons for  
17 Qwest's requirement that FGD, rather than LIS, be used to combine local and toll  
18 traffic are very straight forward: Qwest's billing systems and processes cannot  
19 properly bill or create the necessary records for toll traffic being carried by LIS  
20 trunks.

21

1    **Q.   MR. WILSON CLAIMS ON PAGE 17 OF HIS DIRECT TESTIMONY**  
2           **THAT THERE IS NO FUNDAMENTAL DIFFERENCE BETWEEN FGD**  
3           **TRUNKS AND ANY OTHER TRUNKS. PLEASE COMMENT.**

4    A.   It is not the physical nature of the trunks that creates problems with combining local  
5           and toll traffic over LIS. The problem stems from the fact that the billing systems  
6           and processes associated with LIS trunks do not have the capabilities to properly  
7           bill for toll traffic or to produce jointly provided switched access records.

8

9    **Q.   DO YOU AGREE WITH MR. GREENE’S CLAIM ON PAGE 23 OF HIS**  
10           **DIRECT TESTIMONY THAT LEVEL 3 IS NOT TRYING TO AVOID**  
11           **PAYING ACCESS CHARGES?**

12   A.   No. Under Level 3’s proposal Qwest would be denied the non-recurring charges  
13           that are a part of FGD charges. These are charges that are contained in Qwest’s  
14           access tariffs and are charges that all IXCs are required to pay. When Level 3  
15           claims to want to provide “low cost termination services for other long distance  
16           carriers using [its] existing interconnection facilities,” what Level 3 really means is  
17           that it wants to pay lower rates than other IXCs. There is no lawful basis for  
18           providing Level 3 such discriminatory treatment.

19

20   **Q.   ON PAGE 31 OF HIS DIRECT TESTIMONY MR. GREENE ARGUES**  
21           **THAT OTHER COMPANIES HAVE AGREED TO LEVEL 3’S PROPOSAL**  
22           **TO COMBINE TRAFFIC ON LIS TRUNKS. HOW DO YOU RESPOND?**

1 A. While I cannot speak to the billing capabilities and systems that other companies  
2 may have in place, I do know, from previous testimony that Mr. Greene has given,  
3 that these other companies' agreement to allow all traffic over local interconnection  
4 trunks were the result of compromise. The fact that, in a compromise agreement  
5 with many puts and takes between the parties, other companies agreed to allow all  
6 traffic on pre-existing interconnection trunks does not mean that it should be  
7 mandated in this case, particularly in light of the technical and cost issues that Mr.  
8 Linse and I have outlined.

9 Given Level 3's mention of these agreements, I am attaching as Exhibits WRE-3,  
10 WRE-4, and WRE-5 the agreements that Level 3 has entered into with Verizon,  
11 BellSouth, and SBC. In Colorado, Level 3 witness Mack Greene and Qwest  
12 counsel discussed each of these agreements. Mr. Greene agreed that each of the  
13 negotiated agreements involved "give-and-take by each party," and that  
14 "[s]ometimes to get what you want you have to give a little."<sup>1</sup> For example, Mr.  
15 Greene acknowledged that the terminating rate in the Verizon agreement was  
16 negotiated to begin at \$.0005 declining to \$.0004, and that a cap on minutes was  
17 part of the Verizon agreement, as well as the Bell South agreement (which runs

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<sup>1</sup> *In the Matter of the Petition of Level 3 Communications LLC for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1934, as amended by the Telecommunications Act of 1996, and the applicable state laws for Rates, Terms, and Conditions of Interconnection with Qwest Corporation*, Docket No. 05B-210T, Transcript, January 24, 2006, at 166 (Colorado PUC). A copy of excerpts from this transcript are attached as Exhibit Qwest/27, Docket Nos. T-03654-05-0350 & T-01051-05-0350, Transcript, September 8, 2005, at 79-80

1 through 2007).<sup>2</sup> In the SBC agreement, Mr. Greene agreed that terminating  
2 compensation begins at \$.0005 and declines to \$.0035.<sup>3</sup>

3  
4 Thus, it is clear that, as negotiated agreements, it would be improper to point to one  
5 particular clause in these agreements as reasonable without also describing all other  
6 puts and takes in the agreement. Given the fact that Level 3 and Qwest have not  
7 negotiated a settlement, each issue should be decided on the facts and underlying  
8 legal and regulatory policies related to them, including the trunking issues.

9  
10 **Q. AT PAGE 33 OF HIS DIRECT TESTIMONY MR. GREENE STATES THAT**  
11 **IN AN EFFORT TO AVOID BILLING PROBLEMS FOR THE**  
12 **INDEPENDENTS AND OTHER CLECS LEVEL 3 HAS AGREED TO SEND**  
13 **TRAFFIC DESTINED FOR THESE PARTIES TO THE QWEST TOLL**  
14 **TANDEMS WHERE ADEQUATE RECORDINGS CAN BE MADE. DOES**  
15 **THIS ALLEVIATE QWEST'S CONCERNS ABOUT ALLOWING**  
16 **SWITCHED ACCESS TRAFFIC ON LIS TRUNKS?**

17 **A.** No. As I noted in my replacement direct testimony, Level 3's offer does not reduce  
18 the systems changes required of Qwest to apply the proposed factors, and the  
19 appropriate tariffed rates, to traffic on LIS trunks. Nor does it completely eliminate  
20 the issue of third parties' needs for access billing records as Qwest would be unable

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<sup>2</sup> *Id.* at 166-69

<sup>3</sup> *Id.* at 169.



1 to provide switched access records for the Qwest platform plus services which are  
2 the replacements for unbundled switching that Qwest is no longer required to offer  
3 under the interconnection agreement. In Washington, Qwest has nearly 119,000  
4 QPP lines in service.

5  
6 **Q. ON PAGE 31 OF HIS DIRECT TESTIMONY MR. GREENE DISCUSSES**  
7 **THE ROUTING AND BILLING INCONSISTENCIES WHICH WOULD**  
8 **OCCUR IF LEVEL 3 WERE FORCED TO USE FGD IN SOME PARTS OF**  
9 **THE COUNTRY AND LOCAL INTERCONNECTION TRUNKS IN OTHER**  
10 **PARTS OF THE COUNTRY. PLEASE COMMENT.**

11 A. It is truly ironic that Level 3 cites concerns about potential billing inconsistencies as  
12 support for its request that Qwest rewrite its systems and processes to meet the  
13 unique needs of Level 3. To avoid billing consistencies within its operation, Level  
14 3 would ask that Qwest create a separate billing system and process for one carrier  
15 (Level 3) and thus create significant inconsistencies for Qwest.

16  
17 **Q. ON PAGES 3 AND 4 OF HIS SUPPLEMENTAL DIRECT TESTIMONY**  
18 **MR. GREENE ARGUES THAT LEVEL 3 IS ASKING FOR “ONE SMALL**  
19 **CHANGE” FROM THE LANGUAGE APPROVED BY THE COMMISSION**  
20 **CONCERNING THE COMBINING OF MULTIPLE TYPES OF TRAFFIC**  
21 **ON THE SAME FACILITY. IS THE CHANGE THAT LEVEL 3 IS**  
22 **REQUESTING TRULY A SMALL CHANGE?**

1 A. No. Given that the previously approved language concerned the combining of all  
2 traffic over FGD, Level 3's change to allow all such traffic to be combined over  
3 LIS trunks is a very significant change. As discussed previously, there are very  
4 different capabilities for the systems associated with LIS as opposed to FGD trunks.  
5 This creates the billing and access records issues I discussed in detail in my  
6 replacement direct testimony. While Level 3's wording change may appear  
7 "small," the ramifications of this change are significant.

8

9 **V. DISPUTED ISSUE NO. 18: JURISDICTIONAL ALLOCATION FACTORS**

10 **Q. AT PAGE 24 AND 25 OF HIS TESTIMONY, MR. WILSON ARGUES THAT**  
11 **THE USE OF BILLING FACTORS, RATHER THAN ACTUAL CALL**  
12 **RECORDINGS, TENDS TO REDUCE COSTS. DO YOU AGREE?**

13 A. No. I cannot speak to what other companies do, but, as I noted in my replacement  
14 direct testimony in this proceeding, adopting Level 3's proposal to put all traffic  
15 over local interconnection trunks and bill using billing factors would force Qwest to  
16 expend significant resources to implement the proposals. Qwest already has a  
17 system in place to bill for all types of traffic carried on FGD trunks based on actual  
18 call recording. However, Qwest lacks this capability if all types of traffic, including  
19 switched access, are allowed to be carried over local interconnection trunks as  
20 Level 3 is proposing. Building this capability into the local interconnection trunk  
21 billing process or building in the billing factor functionality proposed by Level 3  
22 would require a significant reworking of Qwest systems and processes.

1  
2 Finally, I would point out that using actual traffic recording as a basis for billing, as  
3 Qwest is proposing to do over FGD, is inherently more accurate than basing the  
4 billing on the estimates involved in Level 3's factor approach. The fact that there is  
5 always a small percentage of calls that cannot be rated and require the use of factors  
6 is no reason to abandon the use of actual recordings for the vast majority of calls.  
7

8 **VI. DISPUTED ISSUE NO. 21:**  
9 **ORDERING OF INTERCONNECTION TRUNKS**

10 **Q. DID LEVEL 3 FILE ANY TESTIMONY SPECIFICALLY RELATED TO**  
11 **THE ORDERING OF INTERCONNECTION TRUNKS?**

12 A. No. Thus, since Level 3 did not file any testimony specifically objecting to Qwest's  
13 language, the Commission should adopt Qwest's contract language on Issue No. 21.  
14

15 **VII. PRI/PRIVATE LINE ANALYSIS**

16 **Q. ON PAGE 10 OF HIS TESTIMONY MR. WILSON ARGUES THAT THERE**  
17 **IS NO REAL DIFFERENCE BETWEEN THE PRI TRUNKS THAT QWEST**  
18 **AND QCC USE AND THE DTT THAT LEVEL 3 AND ITS CUSTOMERS**  
19 **USE. PLEASE COMMENT.**

20 A. Mr. Wilson significantly understates one very key difference: price. Even setting  
21 aside Level 3's advocacy that it should not have to pay for trunking on the Qwest  
22 side of the POI, there are significant price differences between the two services.

1 While PRI and private line are purchased out of Qwest tariffs at tariffed prices,  
2 DTT is priced based on the TELRIC pricing methodology.  
3

4 **Q. CAN YOU PROVIDE AN EXAMPLE TO ILLUSTRATE THE**  
5 **DIFFERENCE IN PRICES FOR THE TWO SERVICES?**

6 A. Certainly. Assuming 50 miles of DS1 DTT and applying the Washington SGAT  
7 rates of \$33.13 fixed and \$2.30 per mile results in a DTT price of \$148.13 per  
8 month. Even before considering transport prices, the prices QCC must pay for PRI,  
9 the local exchange offering that gives QCC access to a specific LCA, are in the  
10 range of \$700-\$1025 per month depending on the length of the contract and the  
11 specifics of the service being purchased. In addition to the PRI, retail private line  
12 would need to be purchased from the tariff to transport the call out of the local  
13 calling area to the location where QCC maintains the modems it uses to provide its  
14 service to ISPs (there is one such location in each of Washington's two LATAs).  
15 Again using the assumption of 50 miles of DS1 transport and applying the  
16 Washington tariff rates of \$74.81 fixed and \$2.65 per mile results in a monthly  
17 private line price of \$207.31. Combined with the PRI price, the monthly price for  
18 the tariffed services would be somewhere between \$907.31 and \$1,232.31,  
19 approximately 7 times greater than the corresponding monthly DTT price of  
20 \$148.13. Clearly, from a price perspective, there is no comparison between PRIs  
21 that Qwest and QCC use and the DTT that Level 3 is proposing to use. Mr.

1 Wilson's statement at page 10 that "PRI trunks are retail service that is *slightly*  
2 *more expensive* than the DEOT/DTT trunks," is wrong by a huge margin.  
3

4 **Q. ON PAGE 20 OF HIS DIRECT TESTIMONY MR. GREENE ARGUES**  
5 **THAT LEVEL 3'S COSTS WOULD INCREASE BY 296% IF LEVEL 3**  
6 **WERE TO SERVE ITS ISP CUSTOMERS USING A FGD NETWORK. DO**  
7 **YOU AGREE WITH MR. GREENE'S ANALYSIS?**

8 A. No I do not. My disagreement is not with Mr. Greene's calculations, which are laid  
9 out in his Confidential Exhibit MDG-5G and further explained in response to  
10 request No. 26 in Qwest's 2<sup>nd</sup> Set of Data Requests. Rather, I disagree with the  
11 general assumption that underlies the calculations. Namely, that the only  
12 alternative to the way Level 3 is serving its ISP customers today is for Level 3 to  
13 incur switched access charges on all ISP calls and, in turn, for all dial-up ISP  
14 customers to incur toll charges to access the internet. Mr. Greene has simply  
15 portrayed a worst case analysis without exploring the alternatives that are available  
16 to Level 3 and its ISP customers. As a result, Mr. Greene's portrayal greatly inflates  
17 the costs Level 3 would incur to serve ISP customers in a different manner.  
18

19 **Q IS THERE ANOTHER OPTION LEVEL 3 CAN EMPLOY TO SERVE ISP**  
20 **CUSTOMERS MORE ECONOMICALLY THAN THE SCENARIO LAID**  
21 **OUT BY MR. GREENE?**

1 A. Yes. Mr. Brotherson's testimony in this proceeding discusses the fact that QCC  
2 uses a combination of PRI and private line transport to serve ISP customers. In this  
3 manner, it connects to QC's network as an enhanced/information service provider  
4 purchasing tariffed services. Similarly, Level 3 can avail itself of these same  
5 services to serve its ISP customers, and do so much more economically than  
6 portrayed in Mr. Greene's scenario, which is just one possible alternative means of  
7 serving ISP customers.

8

9 **Q. HOW ARE YOU PROPOSING THAT LEVEL 3 USE PRI AND PRIVATE**  
10 **LINE TRANSPORT?**

11 A. Just as QCC does, Level 3 is entitled, as an enhanced service provider, to purchase  
12 PRI as an end user in each local calling area and, using Private Line transport,  
13 deliver the traffic to a point in each LATA for delivery to its media gateway in  
14 Seattle.

15

16 **Q. HAVE YOU PREPARED ANY ANALYSIS WHICH CAN DEMONSTRATE**  
17 **THIS FACT?**

18 A. Yes. Because I do not have access to all of the details of Level 3's network to know  
19 exactly in which local calling areas Level 3 would purchase PRI and the capacity  
20 and distance of the private line transport, my analysis is necessarily high level and  
21 relies on some conservative assumptions. It does, however, provide a reasonable  
22 estimate of what it would cost Level 3 to serve customers in this manner.

1

2

Based on an analysis of Level 3 NXX codes and taking into account EAS

3

arrangements, it appears that Level 3 would need to establish PRIs in approximately

4

11 local calling areas. Depending on the length of the contract and the specifics of

5

the service being purchased, the price of a PRI is in the range of \$700-1025 per

6

month. Therefore to serve these 11 local calling areas, (and those areas that have

7

EAS arrangements with them), Level 3 would incur monthly charges in the range of

8

\$7,700 to \$11,275. In addition, Level 3 would need to purchase private line

9

transport. Assuming a DS3 capacity and 50 miles of transport, Level 3 would incur

10

\$2,839 in monthly charges (\$539 fixed plus \$46 per mile) for intrastate transport to

11

each of the 11 local calling areas for a total transport charge of \$ 31,229 (11 X

12

\$2,839). Adding this to the PRIs purchased in each of the 11 local calling areas

13

would result in a monthly expense to Level 3 in the range of \$38,929 to \$42,504, a

14

far cry from the **Begin Confidential XXXXXXXXX End Confidential** figure

15

calculated by Mr. Greene.

16

17

**Q. WHAT WOULD BE THE IMPACT TO ASSUME 100 MILES OF**

18

**TRANSPORT RATHER THAN THE 50 MILES YOU ASSUMED IN THE**

19

**PREVIOUS EXAMPLE?**

20

A. Doubling the assumed mileage would add an additional \$2,931 for each local

21

calling area. For the 11 local calling areas, this would add an additional \$ 32,241.

1 The resulting range, \$71,170 to \$74,745, is still just a fraction of Mr. Greene's  
2 calculated figure.

3

4 **Q. WOULD DIAL UP CUSTOMERS BE FORCED TO PAY TOLL CHARGES**  
5 **TO ACCESS THE INTERNET UNDER THE SCENARIO YOU HAVE JUST**  
6 **DESCRIBED?**

7 A. No. The **Begin Confidential: XXXXXXXXXXXX End Confidential** annual figure  
8 calculated by Mr. Greene would not occur under this scenario.

9

10 **Q. WOULD LEVEL 3 BE ENTITLED TO INTERCARRIER COMPENSATION**  
11 **UNDER THIS SCENARIO?**

12 A. No. Under this scenario, Level 3 would be purchasing service out of the tariff as  
13 an end user, just like QCC, and would not be entitled to intercarrier compensation.  
14 As Mr. Brotherson has explained in his testimony, it is Level 3's treatment as an  
15 end-user under the ESP exemption that allows it to avoid access charges in the local  
16 calling area in which it purchases local service.

17

18 **VIII. CONCLUSION**

19 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

20 A. Yes.