

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

**PETITION FOR ARBITRATION OF §
INTERCONNECTION RATES, TERMS §
AND CONDITIONS AND RELATED §
ARRANGEMENTS WITH ILLINOIS § DOCKET NO. 04-0469
BELL TELEPHONE COMPANY §
PURSUANT TO SECTION 252(b) OF §
THE TELECOMMUNICATIONS ACT §
OF 1996 §**

**SUPPLEMENTAL RESPONSIVE TESTIMONY OF DENNIS L. RICCA
ON BEHALF OF
MCI metro Access Transmission Services LLC
MCI WorldCom Communications, Inc. and
Intermedia Communications LLC**

EXHIBIT 13.0

DATED: September 8, 2004

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1 **INTRODUCTION**

2 **Q. Please state your name, your employer, your business address and the**
3 **name of the parties on whose behalf you are offering this testimony.**

4 A. My name is Dennis L. Ricca. I am employed by MCI, Inc. as a senior staff
5 member in the finance department. My business address is 2655 Warrenville
6 Road, Downers Grove, Illinois 60515. I am providing this testimony on behalf
7 of MCImetro Access Transmission Services LLC, MCI WorldCom
8 Communications, Inc. and Intermedia Communications LLC (collectively
9 “MCI”).

10 **Q. Are you the same Dennis L. Ricca who provided Direct and Rebuttal**
11 **Testimony in this Docket?**

12 A. Yes, I am.

13

14 **PURPOSE OF TESTIMONY**

15 **Q. What is the purpose of your testimony?**

16 A. The purpose of this testimony is to respond to certain portions of the
17 testimony of Illinois Commerce Commission Staff (“Staff”) witnesses Dr. Qin
18 Liu and Mr. Russell W. Murray. I answer the questions they raise regarding
19 issues addressed in my prior testimony in this proceeding and, as
20 appropriate, clarify MCI’s position.

21

22 **DISCUSSION**

23 *Testimony of Dr. Qin Liu*

24

25 **Issue NIM 9**

26 **Statement of Issue: Joint: Which party's definition of points of**
27 **interconnection should be included in the Agreement?**

28

29 **Q. Dr. Liu discusses the definition of POI in her testimony at pages 49-50.**
30 **Do you have any comments on her testimony?**

31

32 A. Yes. MCI agrees with Dr. Liu's proposed definition of "point of
33 interconnection" (POI). MCI also agrees with the additional statement she
34 proposes to add to that definition, namely, that "Each party remains
35 responsible for the facilities on its side of the POI". Accordingly, MCI
36 recommends that the Commission order the parties to incorporate Dr. Liu's
37 proposals regarding the definition of POI into their ICA.

38 **Issue NIM 14**

39 **Statement of Issue: MCI: Should the Agreement include language reflecting**
40 **the well-established legal principle that MCI is entitled to interconnect at a**
41 **single POI per LATA?**

42

43 **SBC: a) Where should MCI interconnect with MCI? b) Should MCI be required**
44 **to bear the costs of selecting a technically feasible but expensive form of**
45 **interconnection such as a single POI or POIs outside the Tandem Serving**
46 **Area?**

47

48 **Q. Do you agree with Dr. Liu's recommendation that MCI's right to**
49 **interconnect to SBC at any technically feasible point should be limited**
50 **to technically feasible points on SBC's network?**

51

52 A. Yes, I do.

53

54 **Q. Do you agree with Dr. Liu’s recommendation that the Commission**
55 **should, in the absence of “identifiable justification” provided by MCI,**
56 **restrict MCI’s ability to alter established interconnection arrangements?**
57

58 A. Absolutely not. According to Dr. Liu, the Commission should restrict MCI’s
59 right to alter established interconnection arrangements unless MCI provides
60 the Commission with “identifiable justification” because, in the absence of
61 such restriction, MCI could seek “to establish and then dismantle
62 interconnection arrangements at will, particularly if such actions impose
63 unnecessary costs on SBC or affect SBC’s network reliability. Taken to the
64 extreme, a carrier could endlessly reconfigure its network, simply to impose
65 cost burdens on SBC.” (Liu Verified Statement, page 55, lines 1294-1297.)
66 Dr. Liu’s concern over this possibility is utterly unfounded. MCI has not and
67 would not implement a decommissioning strategy solely designed to impose
68 costs on SBC or adversely impact its network; particularly since doing so also
69 would impose unnecessary costs on MCI.

70 The ALJs, the Commission and Dr. Liu should understand that to
71 establish POIs requires MCI to make significant investments of its own. For
72 example, in many instances, MCI has established POIs jointly with SBC, MCI
73 being responsible for providing one of the fiber pairs comprising a fiber ring
74 between the MCI switch location or an initial POI and a distant SBC tandem
75 and SBC being responsible for providing the other fiber pair. In order to
76 dismantle this type of interconnection arrangement, MCI would lose its
77 investment in the fiber pair it had provided. MCI would have no reason to do

78 that. In other words, MCI would have no reason to engage in the type of
79 willy-nilly approach to decommissioning Dr. Liu posits.

80 In addition, the ALJs and the Commission should understand that there
81 are valid business reasons that may prompt MCI to dismantle a POI, and if
82 MCI ever decided to do so, i.e., if MCI decided to decommission one of its
83 switches, it should be free to do so, at its sole discretion, without being
84 impeded by a prior “mutual agreement” to establish the POI in a particular
85 manner or by contract language that would force it to keep an unnecessary
86 POI. One example of a business reason that might prompt MCI to decide to
87 decommission a POI would be if SBC materially increased its rates for leased
88 facilities used by MCI to connect its switches to other POIs in a LATA. If
89 SBC’s rate increases resulted in rates that were uneconomical to MCI,
90 contract requirements should not preclude MCI from reducing the number of
91 POIs it maintained.

92 Further, MCI agreed to and has established a POI at **every** SBC
93 tandem in the Chicago LATA, whether economically efficient for MCI or not,
94 for one simple and straight-forward reason – SBC agreed to compensate MCI
95 for every vFX minute of use at a unitary rate *despite contrary regulatory*
96 *rulings by this Commission or the Texas Commission*. Now that SBC no
97 longer agrees to the *quo* in this *quid pro quo*, MCI should be free to determine
98 whether it will continue to agree with the *quid*.

99 Finally, the ALJs and the Commission should be aware that MCI does
100 not intend to decommission every POI, except one, in each LATA in Illinois.

101 Further, I have no knowledge of any present plans to dismantle any POIs in
102 the Chicago LATA. And although I cannot represent that there will never
103 come a time when MCI will need to dismantle a POI, I can assure the ALJs
104 and the Commission that if and when such a time comes, the reason MCI will
105 decide to dismantle the POI will not be to impose additional costs on SBC.

106 For the reasons I have stated, MCI must have the flexibility to make
107 decisions based upon the economics of each POI. MCI must not be hindered
108 by unnecessary and inappropriate contract language that improperly restricts
109 its rights, especially language requiring mutual agreement with SBC – which I
110 have no confidence will be a workable solution in any event, given SBC’s past
111 behavior with carriers in situations where it could invoke similar requirements.
112 Neither should MCI be required to seek Commission approval for network
113 changes. It has never been required to do so. In fact, to my knowledge, no
114 LEC has been required to do so in the last two decades, and requiring it to do
115 so would constitute a step towards more regulation rather than less – the
116 antithesis of what should be occurring for **competitive** local exchange
117 carriers.

118

119 **Issue NIM 15**

120 **Statement of Issue: MCI: Should MCI be permitted to elect LATA wide**
121 **terminating interconnection?**

122

123 **SBC: Should MCI be required to trunk to every tandem in the LATA?**

124

125

126 **Q. Is there any part of Staff's testimony on this issue that requires MCI**
127 **clarification?**

128
129 A. Yes. Dr. Liu appears to worry that a single POI architecture will put inordinate
130 and greater-than-necessary pressure on SBC's tandems when those
131 tandems are already nearing exhaust. (See, generally, Liu Verified Statement
132 at 66-70.) As explained by Staff witness Russell W. Murray, however, there is
133 no direct relationship between a single POI architecture and tandem exhaust:

134 **Q. Does a single POI necessarily help alleviate or cause tandem**
135 **exhaust?**

136 A. No. The number of POIs in a LATA does not in itself cause or for
137 that matter alleviate tandem exhaust.[¹] It is my opinion that to alleviate
138 or forestall tandem exhaust one should utilize direct trunking when it is
139 justified.

140 **Q. Please explain why direct trunking to either an end office or a**
141 **distant tandem switch helps alleviate tandem exhaust.**

142 A. Direct trunking, even from a single POI, reduces the volume of
143 traffic through the tandems. This arrangement would lessen the
144 amount of double trunking, a concern of Mr. Albright.

145
146 (Murray Verified Statement at page 7, lines 142-153, discussing this same
147 Issue NIM 15.)

148
149 Thus, Dr. Liu's statement that MCI takes an extreme position in
150 advocating a single POI per LATA because of the pressures it puts on SBC
151 tandems is misplaced. Further, MCI does not object to direct end office
152 trunks or trunks connected to other distant tandem switches when the amount
153 of traffic so warrants, so long as direct trunking is the most appropriate
154 solution to the particular traffic problem at issue.

¹ Attached to this testimony as MCI Exhibit No. 13.1 is a generalized view of exactly the kind of network architecture in question here. This schematic assumes a SPOI in a two-tandem LATA, with the SPOI at a fiber midspan meet. The schematic shows why Mr. Murray is correct in his statements that SPOI does not impact tandem exhaust.

155 MCI willingly agrees to continue its cooperative work with SBC to
156 apportion the bandwidth on the interconnection facilities to establish direct
157 end office trunking where necessary. Neither party is served by any
158 acceleration of SBC's tandem exhaust. More particularly, the interests of
159 neither MCI and its customers nor SBC and its customers are served by the
160 blocking of telephone calls that may result from tandem overload.
161 Furthermore, just as SBC must make significant investments in deploying
162 new tandems, so also must MCI make significant trunking investments and
163 switch translation changes when new tandems are deployed. As Staff
164 witness Murray observes, however, SPOI and tandem exhaust are not
165 related. The confusion here seems to be SBC witness Albright's allegations
166 to the contrary. The ALJs and the Commission should not be misled by this
167 SBC misstatement.

168 Finally, the issue of recovering the costs of direct end office trunks
169 (DEOTs) requires comment. To the extent that DEOTs carry one-way traffic
170 from MCI for termination to SBC, MCI should bear all of the costs of the
171 trunks. To the extent that DEOTs carry one-way traffic from SBC for
172 termination to MCI, SBC should bear all of the costs of the trunks. To the
173 extent that these trunks carry two-way traffic between the parties, it is
174 appropriate to apply the RUF as discussed in my Direct and Rebuttal
175 Testimony relating to issue NIM 20, so that each carrier pays for the trunks in
176 direct proportion to the total minutes it originates on its network and sends to

177 the other party for termination compared to the total minutes that traverse
178 those trunks. (Ricca Direct at pp. 36-39; Ricca Rebuttal at pp. 24-26.)

179

180 **Q. Does MCI object to contract language that requires it to establish direct**
181 **end office or distant tandem trunk groups when traffic requires?**

182

183 A. No, and it is my understanding that MCI has always worked with SBC's
184 network engineers to accomplish exactly this. However, the parties have not
185 negotiated language that will achieve this goal. Thus, for the reasons to
186 which I previously testified in connection with issue NIM 15, the Commission
187 should approve the contract language MCI recommended and reject the
188 language proposed by SBC.

189

190 **Issue NIM 31**

191 **Statement of Issue: MCI: For transit traffic exchanged over the local**
192 **interconnection trunks, what rates, terms and conditions should apply?**

193

194 **SBC: Should a non-section 251/252 services such as transit service be**
195 **arbitrated in this section 251/252 proceeding?**

196

197 **Q. At pages 80-82, Dr. Liu questions why you engaged in a “pick and**
198 **choose” option between the transit and reciprocal compensation rates**
199 **for the tandem switching, tandem transport facility and tandem**
200 **transport termination element. How do you respond?**

201

202 A. I appropriately chose the tandem switching element in this way because of
203 my fundamental understanding and belief that a minute that originates with a
204 customer of a third party local exchange carrier and traverses a tandem
205 switch imposes absolutely no more costs on SBC than a minute that
206 originates with an SBC end user customer and traverses that same switch.

207 The rate for transit tandem switching (0.004836) is over 4.5 times higher than
208 the interconnection rate for tandem switching (0.001072). However, there are
209 absolutely no cost differences to support this discrepancy. The only rationale
210 is the lining of SBC's pockets as the rates it charges CLECs is much higher
211 than the reciprocal rate that the CLEC and third party local exchange carrier
212 charge each other.

213 **Q. Are both the tandem switching reciprocal compensation rate and the**
214 **transit traffic tandem switching rate elements approved by the**
215 **Commission?**

216 A. Yes, that is my understanding. Based on the discrepancy of these rates,
217 however, it seems to me that the Commission should take this opportunity to
218 bring consistency to these widely disparate rates by equalizing them at the
219 reciprocal compensation tandem switching rate as I proposed. The tandem
220 switching of these two types of minutes is not only functionally equivalent, it is
221 functionally identical. There is absolutely no cost difference in these types of
222 minutes. The Commission should equalize these two rates as I discuss
223 above.

224 **Q. Dr. Liu observes that she found your rebuttal testimony on transit traffic**
225 **confusing. (Liu Verified Statement at page 82.) Do you believe that to**
226 **be the case?**

227 A. I submit that the issues are somewhat confusing; however, not because of the
228 content of my testimony. The confusion results from: 1) SBC's blatant abuse
229 of the negotiation process that preceded the filing of MCI's Petition for

230 Arbitration, i.e., in the negotiations, SBC refused to discuss various
231 substantive issues; and 2) SBC's multiple submissions of new and different
232 proposed language for its proffered transit traffic appendix – none of which
233 were discussed during the parties' pre-arbitration negotiations.

234 **Q. Do you have any substantive concerns with the remainder of Dr. Liu's**
235 **discussion of Issue NIM 31?**

236 A. Yes, I do. At lines 1950-1951, Dr. Liu claims that I have not indicated "why
237 SBC, as transit provider, should pay MCI reciprocal compensation for minutes
238 SBC transits." Apparently Dr. Liu missed my reference to pages 9-10 of my
239 Direct Testimony wherein I provided the exact reason.

240 When MCI's UNE-LS customers receive local calls from a
241 third party CLEC's UNE-P customer, MCI can suppress
242 the billing of such calls to SBC and re-direct them to the third
243 party CLEC **only if** SBC provides the proper call records to
244 MCI. If information sufficient to suppress billing SBC and
245 to bill the third party CLEC for such calls is not provided to
246 MCI, then MCI can only assume that the call in question
247 came from SBC.

248 (Ricca Direct at page 9, line 244 through page 10, line 249. (Emphasis in
249 original.)) Thus, the reason SBC, as transit provider, may be required to pay
250 MCI reciprocal compensation is because in the absence of SBC's provision of
251 proper calling records, MCI has no way of knowing that SBC is transiting
252 traffic from a third party carrier. Stated otherwise, without such records, the
253 traffic appears to MCI to have come from SBC. Thus, even if the Commission
254 ordered MCI not to bill for transit traffic, MCI would be unable to comply with
255 the Commission's order because without proper billing information, especially

256 on UNE-P calls, MCI cannot determine whether traffic is or is not transit
257 traffic.

258 **Q. When Dr. Liu makes her recommendations at page 86, does she address**
259 **the same transit appendix you addressed in your rebuttal?**

260 A. No, she does not. It appears that Dr. Liu instead used the Transit Appendix
261 that SBC provided with its response to MCI's Petition, not the more recent
262 Transit Appendix that was attached to the testimony of SBC witness McPhee.

263 **Q. Do you agree with the recommended changes set forth on pages 86 and**
264 **87 of Dr. Liu's testimony?**

265 A. Yes, I agree with Dr. Liu's recommended changes, but I do not agree that
266 those changes are sufficient. Dr. Liu fails to delete other inappropriate
267 provisions and/or incorporate other needed changes to the SBC Transit
268 Appendix attached to SBC's response to MCI's petition. (MCI reiterates that
269 the Commission should not consider the revised Transit Traffic Appendix SBC
270 filed with its response (or the further revised version of the appendix SBC
271 subsequently filed with the direct testimony of SBC witness McPhee). Rather,
272 the Commission should arbitrate the transit traffic issues as framed and filed
273 with MCI's Petition.)

274 **Q. What other changes should be made to the SBC Transit Appendix**
275 **attached to SBC's response to MCI's Petition?**

276 A. Certain of SBC's substantive proposals should be stricken. SBC proposes
277 that before it will process any transit traffic MCI should be required to have an
278 agreement with the third party. This is simply not SBC's decision to make.

279 SBC has no business even asking the question let alone insinuating that it
280 may permissibly block transit traffic, or take other actions adverse to MCI,
281 when SBC believes that MCI has no pre-existing agreement with a particular
282 third-party local exchange carrier. The Commission must reject this part of
283 SBC's late-filed and highly irregular Transit Traffic Appendix.

284 Additionally, to my knowledge, there was never any discussion of
285 separate trunk groups for transit traffic that arose in the parties' limited
286 discussions of transit traffic. Moreover, SBC has neither shown why such
287 trunk groups would be necessary nor demonstrated that such trunk groups
288 would not be incredibly inefficient and impose unnecessary and unwarranted
289 costs on CLECs. (It would be much less costly for SBC to simply provide the
290 calling information MCI requires to properly bill for transit traffic.) Also,
291 although SBC, with respect to the issue of separate trunk groups, should be
292 required to satisfy the same burden of proof as MCI is being asked to satisfy
293 in connection with the changes that it proposes, Dr. Liu appears to have given
294 SBC a pass. Dr. Liu sides with SBC on this issue notwithstanding SBC's
295 failure to substantiate its separate trunk groups proposal and despite SBC's
296 blatantly bad-faith negotiation tactics (as specifically described in my Rebuttal
297 Testimony starting at page 17.)

298 Significantly, just as SBC appears to be capable of using separate
299 trunk groups to route transit traffic, SBC should be able to provide adequate
300 signaling information, which is necessary to bill the originating carrier rather
301 than SBC.

302 Further, SBC's and Staff's separate trunking proposal does not resolve
303 the issue of third party billing (i.e., without proper calling records, MCI still will
304 not know the identity of the carrier originating a call) – it only will enable MCI
305 to suppress bills that it otherwise would direct to SBC.

306 Finally, neither SBC nor Dr. Liu offers any specifics regarding the
307 separate trunking proposal -- neither a discussion of the actual trunking that
308 would be required nor a description of details regarding how such trunking
309 would be provided. In short, this is an ill-conceived and ill-considered
310 proposal that SBC improperly sprung on MCI when SBC filed its response to
311 MCI's petition for arbitration. As such, it should be summarily rejected by the
312 Commission instead of rewarded as proposed by Dr. Liu.

313 **Q. Are there any other issues with SBC's Transit Appendix that Dr. Liu fails**
314 **to address?**

315
316 A. Yes. Nowhere in the country does a carrier have the right to be held
317 harmless and indemnified by MCI for transit traffic that is delivered to a third-
318 party carrier when there is no CPN attached to that traffic. Here, SBC inserts
319 this requirement in both Sections 3.6 and 3.9 of its proposed transit traffic
320 appendix. I already have identified several reasons why traffic with no CPN is
321 a more-significant problem for MCI than it is for SBC. SBC has simply and
322 inappropriately tried to sneak this issue through the process by filing its
323 Appendix for the first time with its response to MCI's Petition. This bald
324 attempt at subterfuge should be summarily rejected by the Commission,
325 despite the recommendations of Dr. Liu.

326 **Q. Are there other issues in this Transit Traffic Appendix that Dr. Liu**
327 **ignores?**

328
329 A. Yes, there are. Some are significant, some are minor and sloppy. For
330 example, errors such as the word “thank” where the context demands the
331 word “than” and continuing references to a non-existent party – SBC 12 State
332 – instead of SBC-Illinois – fall into the latter category. These types of minor
333 issues would have little chance of reaching the Commission if the parties had
334 the appropriate chance for give and take in the negotiations process. Major
335 issues such as the true up described for the very first time in the Pricing
336 Attachment to this late-filed Appendix are also found. I did not address these
337 in their totality in my rebuttal because (1) I addressed and redlined the SBC
338 Transit Traffic Appendix that SBC witness McPhee attached to his testimony,
339 and (2) there was insufficient time to determine all of the issues involved,
340 given the short timeframe for the filing of rebuttal testimony.

341 **Issue NIM 22**

342 **Statement of Issue: MCI: Does SBC’s provision regarding the use of NXX**
343 **codes have any application in a section establishing meet-point trunking**
344 **arrangement?**

345
346 **SBC: Should each party be required to bear the cost of transporting FX traffic**
347 **for their end user?**

348
349 **Q. At page 89, line 2095-page 93 line 2210, Dr. Liu discusses vFX traffic.**
350 **Do you have any replies to that testimony?**

351 A. Yes, I do. In this section, Dr. Liu asserts that vFX traffic is not local, and
352 instead consistently refers to this type of traffic incorrectly as toll traffic,
353 despite prior rulings by this Commission that have consistently classified this

354 traffic as exchange service, i.e., local traffic. As I discussed in my Rebuttal
355 Testimony at page 12, “In addition, the Commission has in the past correctly
356 recognized the jurisdiction of this virtual FX traffic as local exchange traffic.²
357 Dr. Liu ignores the express language of the Commission finding that this type
358 of traffic is local exchange traffic.

359 **Q. At page 92, Dr. Liu states, “This proceeding, however, is not the**
360 **appropriate platform to decide whether to abolish jurisdictional**
361 **distinction of traffic.” Do you have a response?**

362 A. Yes, I do. Nowhere in my direct or rebuttal testimony do I suggest this
363 Commission should abolish jurisdictional distinctions for traffic. That would be
364 a reasonable request after eight and one-half years under the Act, but it is not
365 the result sought by MCI in this proceeding. Rather, MCI seeks to promote
366 consistency and a modicum of rationality between the jurisdiction used to
367 determine end user charges for a call and the jurisdiction used to determine
368 intercarrier compensation for that same call. I am having difficulty
369 understanding how it is that Dr. Liu believes the Commission cannot take the
370 steps outlined by MCI in this proceeding yet believes that the steps the
371 Commission took in carving out vFX in AT&T and other arbitration
372 proceedings was somehow justified. This is clearly setting up differing
373 burdens of proof for MCI in this proceeding as opposed to the CLECs

² “Also unconvincing is SBC’s argument that this traffic really is toll traffic masquerading as local traffic. As noted by Staff, the Commission has consistently held that this [FX-type traffic] is local exchange traffic.” *AT&T Arbitration Decision*, Docket No. 03-0239, August 23, 2003, p. 34.

374 involved in those other proceedings. The Commission should not wait for
375 some unidentified future proceeding to undo the arbitrary distinctions and
376 aberrations caused by treating the jurisdiction of end-user calls differently
377 from the jurisdiction applied to reciprocal compensation. That is the absurdity
378 that MCI recommends the Commission deal with in a way that produces order
379 rather than chaos.

380 **Q. Dr. Liu recommends here that the Commission deal with the issue of**
381 **paying for the transport of vFX calls as she recommends on NIM 15. Do**
382 **you agree?**

383 A. With the exception of her last sentence addressing this issue, yes. I agree,
384 consistent with my discussion of Dr. Liu's recommendation for NIM 15 as set
385 forth above. That is, I understand Dr. Liu's proposal to require the
386 establishment of direct end office trunks under NIM 15 as requiring nothing
387 more than an apportionment of the bandwidth on the interconnection trunks to
388 accommodate the DEOTs. Cost recovery for those trunks would be pursuant
389 to the directionality of the traffic as I discussed above for Issue NIM 15.

390 **Q. At lines 2209-2210, Dr. Liu states, "Thus MCI would be required to**
391 **provide trunk groups for transporting the virtual NXX traffic back to its**
392 **virtual NXX (or FX) customer." Is this "her last sentence addressing this**
393 **issue" that you refer to in the immediately previous answer?**

394 A. Yes.

395
396 **Q. What about this sentence causes you to exclude it from your**
397 **agreement?**
398

399
400 A. I see nothing in Dr. Liu's recommendation for NIM 15, nor in the remainder of
401 her discussion here, that would cause me to believe that there should be any
402 requirement placed on MCI to somehow transport the virtual traffic back to its
403 virtual customer. This makes absolutely no sense to me for several reasons.

404 First, the requirement to transport vFX traffic to vFX customers is
405 already incumbent upon MCI, and MCI has never requested that SBC provide
406 this service. In MCI Exhibit 13.1, I did not include facilities on either side of
407 the POI that illustrated the network necessary to take a given call to an end-
408 user customer. However, "the facilities necessary to carry vFX traffic back to
409 [MCI's] virtual NXX (or FX) customer," are connected to the MCI switch
410 location and are already MCI's responsibility. If this is all that Dr. Liu implies
411 with her answer, I agree with this last sentence.

412 If that is not what Dr. Liu meant, then my second concern is that she
413 provides no link to her discussion and recommendation for NIM 15 that would
414 cause any change in transport facility responsibility for the interconnection
415 trunks used to send the traffic to the POI and no connection to vFX apart from
416 other local exchange traffic. If she implies more, and instead requires a
417 solution different from the RUF to apportioning costs on the interconnection
418 and transport trunks, then the Commission should not follow that part of Dr.
419 Liu's recommendation.

420 I do not anticipate, nor did Dr. Liu appear to recommend in her
421 discussion and recommendation for NIM 15, that MCI would incur the total

422 costs of the interconnection trunks that connect the initial POI to distant
423 tandems or end offices – just a requirement that they be established. The
424 costs should be allocated based upon the directionality of the traffic using an
425 RUF. I see no indication anywhere that she would recommend a separate
426 trunk group for vFX traffic. While I do not see that Dr. Liu makes these two
427 suggestions, I am concerned that SBC will take the last sentence of Dr. Liu’s
428 response and attempt to leverage it into “proof” that this is what Staff
429 proposed.

430 **Issue Recip Comp 1**

431 **Statement of Issue: MCI: Should reciprocal compensation be determined by**
432 **the physical location of the end user customers?**

433
434 **SBC: a) What are the appropriate classification of traffic that should be**
435 **addressed in the Reciprocal Compensation Appendix? b) What are the**
436 **appropriate definition and scope of §251(b)(5) traffic and ISP-bound traffic in**
437 **accordance with the FCC’s ISP Terminating Compensation Plan? c) Is**
438 **§251(b)(5) reciprocal compensation limited to traffic that originates and**
439 **terminates within the same ILEC local calling area? d) Is it appropriate to**
440 **define local traffic and ISP-bound traffic in accordance with ISP Compensation**
441 **Order?**

442

443 **Q. Dr. Liu contends at pages 94-98 that by using the rating points of the**
444 **calling and called NPA-NXXs, MCI’s definition of local calls is**
445 **inconsistent with the FCC’s rules. Is it?**

446

447 **A.** Absolutely not. If MCI’s position were inconsistent with the FCC’s definition of
448 local, then the FCC’s own interpretation of this finding in the Virginia
449 Arbitration order is similarly flawed.

450 Also, Dr. Liu ignores an important facet of SBC’s definition of local calls
451 when she omits the SBC additional requirement that effectively changes the
452 FCC’s definition from “originates and terminates in the same local exchange

453 area” to “originates from and terminates to end user customers physically
454 located in the same local exchange area.”

455 SBC’s reference to “end user customer physically located” modifies the
456 FCC term “originates and terminates” just as much as MCI’s reference to
457 “originates and terminates to NPA-NXXs rated in the same local calling area.”
458 Both of the phrases used by the parties serve to particularize the FCC’s
459 “originates and terminates” language by adding phrases consistent with their
460 own positions. The key difference is that MCI’s proposal also is consistent
461 with this Commission’s previous conclusions that FX and vFX traffic is local
462 exchange traffic. SBC’s language is inconsistent with those Commission
463 findings. Thus, I am at a loss to explain Dr. Liu’s position here as it clearly is
464 inconsistent with past Commission precedent.

465 **Q. Do you have any further comments on Dr. Liu’s testimony on this**
466 **issue?**

467
468 A. Yes, I do. Dr. Liu testifies at lines 2291-2294 that MCI’s proposal to simply
469 classify traffic as local would mean that ISP traffic is subject to reciprocal
470 compensation, directly contrary to the FCC’s Order on Remand where the
471 FCC found that “ISP-bound traffic is excluded from section 251(b)(5) by
472 section 251(g).” (Liu Verified Statement at p. 97, lines 2293-94 (quoting the
473 FCC’s ISP Remand Order). (Footnote omitted.)) This is exactly the same
474 mis-informed conclusion reached by SBC witness McPhee. (See Ricca
475 Rebuttal at pages 3-4.) The DC Circuit Court clearly and definitively told the
476 FCC that its reasoning was faulty on this very point. *In re Petition of*

477 *WorldCom, Inc.*, 17 F.C.C.R. 27039 (FCC Wireline Competition Bureau July 17,
478 2002) (“*Virginia Arbitration Order*”), *applications for review pending*. While the
479 rules implementing different charges applied to ISP-bound traffic and other
480 local traffic were not vacated, the Court did remand the FCC’s Order to the
481 FCC, specifically noting that the FCC could not get to its conclusion via
482 Section 251(g). It is a mistake to use that reasoning, then, in making
483 determinations of this nature.

484 **Q. Is MCI attempting to collect reciprocal compensation on ISP-bound**
485 **traffic as suggested by Dr. Liu? (Liu Verified Statement at page 97.)**

486
487 A. No, and that has never been the purpose of MCI’s use of the word “local”
488 during these negotiations.

489

490 **Issue Recip Comp 4**

491 **Statement of Issue: MCI: Should reciprocal compensation arrangement apply**
492 **to calls terminated to customers not physically located in the same Illinois**
493 **local calling area, i.e., Foreign Exchange (FX) calls?**

494

495 **SBC a) What is the appropriate form of intercarrier compensation for FX and**
496 **FX- like (virtual NXX) traffic? b) If FX and FX-like traffic must be segregated**
497 **and separately tracked for compensation purposes, how should that be done?**

498

499 **Q. Do you have any response to Dr. Liu’s positions on Reciprocal**
500 **Compensation Issue 4?**

501

502 A. Yes, for the same reasons I disagreed with Dr. Liu’s analysis of issues NIM
503 22 and Recip Comp 1, I disagree with Dr. Liu’s conclusions here.

504 **Issue Recip Comp 5**

505 **Statement of Issue: MCI: Given that SBC’s proposal fro Recip Comp 2.12 does**
506 **not carefully define categories of traffic that parties will exchange with each**
507 **other and how such traffic should be compensated, should SBC’s additional**

508 **terms and conditions for internet traffic set forth in section 2.12 et seq. be**
509 **included in the Agreement?**

510

511 **SBC a) What is the appropriate treatment and compensation of ISP traffic**
512 **exchanged between the parties outside of the local calling area? b) What is**
513 **the appropriate routing and treatment of ISP calls on an inter-exchange basis,**
514 **either IntraLATA or InterLATA? c) What types of traffic should be excluded**
515 **from the definition and scope of section 251(b)(5) traffic?**

516

517 **Q. Are there comments you wish to make regarding Dr. Liu's discussion of**
518 **Recip 5?**

519

520 **A.** Yes, though most of my comments here mirror the reasons I disagree with Dr.

521

Liu on NIM 22, Recip Comp 1 and Recip Comp 4 above. Here, however, Dr.

522

Liu takes specific issue with the conclusion in my Rebuttal Testimony that the

523

FCC's ISP Remand Order did not require that ISP traffic compensated under

524

that order be delivered to an ISP provider physically located in the ILEC local

525

exchange area of the calling party. (Liu Verified Statement at p. 102, lines

526

2423-2449.) In order to arrive at this conclusion, however, Dr. Liu requires

527

not a simple quote from that specific FCC decision, but several quotes from

528

several FCC source documents, none of which specifically require that

529

origination and termination of traffic require that the individual end users be

530

"physically located" in the same exchange. There is nothing in Dr. Liu's

531

citations to the FCC that give rise to these words or any close substitutes.

532

They are simply Dr. Liu's (and SBC's) interpretation. If there were no

533

inconsistency between these words and the FCC order in the Virginia

534

arbitration on this very issue, this Staff/SBC interpretation should be given no

535

greater weight than mine. However, as I have testified above, the FCC's

536

decision in the Virginia arbitration proceeding directly conflicts with this

537 Staff/SBC interpretation in that the FCC applied ISP compensation to virtual
538 FX traffic.

539 Further, if “originates and terminates” could only be construed to mean
540 to customers physically located in the same exchange, the FCC would not
541 have arrived at the conclusion it did in the Virginia Arbitration. Thus, because
542 of this inconsistency, the Staff/SBC interpretation of the FCC’s definition must
543 be given no weight, and the Commission should adopt MCI’s proposal to
544 determine the jurisdiction of calls based upon the calling and called party
545 NPA-NXX rating point. This not only is the correct decision to bring vFX
546 compensation in line with the FCC’s ISP remand Order and the Virginia
547 arbitration, but also with this Commission’s consistent decision to classify FX
548 and vFX traffic as local exchange. This is one of the very reasons I believe
549 that the Commission should reverse its previous finding that vFX traffic should
550 be subject to a different (bill and keep) compensation structure than non-vFX
551 traffic (reciprocal compensation or ISP compensation).

552 **Summary**

553
554

Q. Would you please summarize your testimony?

555 A. Yes. I have shown that in those instances where Staff and MCI disagree, the
556 Commission should find that MCI’s proposed language is more consistent
557 with previous Commission decisions and orders than Staff’s proposals.

558 **Q. Does that complete your testimony?**

559 A. Yes, it does.