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**BEFORE THE PUBLIC SERVICE COMMISSION**  
**SPRINT-FLORIDA, INCORPORATED**  
**DIRECT TESTIMONY**  
**OF**  
**PETE SYWENKI**

**Q. Please state your name and business address.**

A. My name is Pete Sywenki. My business address is 6450 Sprint Parkway Overland Park, KS, 66251.

**Q. By whom are you employed and in what position?**

A. I am presently employed as Director - Regulatory Policy for Sprint Corporation. In this position, I am responsible for coordinating the development and advocacy of regulatory policy positions on behalf of Sprint's business interests. I am appearing in this proceeding on behalf of Sprint-Florida, Incorporated (hereafter referred to as "Sprint" or the "Company").

**Q. Please briefly outline your education and work experience in the telephone industry.**

A. I graduated from Elizabethtown College, in Elizabethtown, PA with a BS degree in Business Administration with dual concentrations in Finance and Marketing. I have been employed by Sprint for 16 years in various capacities, including positions in settlements, regulatory cost allocation and reporting, access planning, regulatory policy coordination on behalf of Sprint's competitive local exchange carrier ("CLEC") interests, federal regulatory relations, and my current position.

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

2 A. The purpose of my testimony is to address several of the issues between Sprint and  
3 KMC. Specifically, my testimony will provide Sprint's position on arbitration Issues  
4 7, 8, 14, 15, and 16. Both issues relate to the cost of transporting traffic. Regarding  
5 Issue 15, Sprint firmly believes federal rules do not preclude Sprint from charging  
6 KMC for transport associated with Sprint-originated ISP-bound traffic that Sprint  
7 must transport outside its local calling area to a KMC POI. Nevertheless, in an effort  
8 to resolve the issue, Sprint has offered KMC a compromise regarding the number of  
9 POIs that KMC would need to maintain or establish within Sprint territory. Sprint's  
10 compromise position provides a balanced and equitable sharing of the transport  
11 responsibilities that can be burdensome to the ILEC particularly when the majority of  
12 traffic is one-way in nature, such as ISP-bound traffic. Issue 14 relates to Sprint's  
13 desire to self-provision transport for its originated traffic to KMC's network if it is  
14 more economic and efficient for Sprint to do so. Both issues are discussed in much  
15 more detail below.

16

17 **Issue 7 Should Sprint be permitted to audit KMC's UNE-P customer base to verify**  
18 **compliance with the 4-line limitation where applicable?**

19

20 **Q. Has this issue been resolved by the parties?**

21

22 A. Yes. It is my understanding that the parties have resolved this issue and it is no longer  
23 being disputed. To the extent this understanding is incorrect, Sprint reserves the right to file  
24 testimony addressing this issue.

1 **Issue 8 What restrictions, if any, may Sprint impose on a conversion from a wholesale**  
2 **service to a UNE service?**

3

4 **Q. Has this issue been resolved by the parties?**

5

6 **A.** Yes. It is my understanding that the parties have resolved this issue and it is no longer  
7 being disputed. To the extent this understanding is incorrect, Sprint reserves the right to file  
8 testimony addressing this issue.

9

10 **Issue 15 What are the requirements for interconnection and compensation for the**  
11 **transport of Sprint end user originated ISP-bound traffic between Sprint's originating**  
12 **local calling area and a Point of Interconnection ("POI") outside Sprint's local calling**  
13 **area?**

14

15 **Q. With respect to Issue 15, please summarize the issue being disputed by KMC and**  
16 **Sprint?**

17 **A.** Issue 15 relates to transport cost obligations that result when CLECs only establish a  
18 single POI in the LATA. The disagreement between the parties concerns  
19 compensation for the transport of ISP-bound traffic (Sprint originated – KMC  
20 terminated). Sprint believes that FCC rules do not prohibit it from charging KMC for  
21 the cost of transport of Sprint-originated ISP-bound traffic that it incurs to deliver the  
22 traffic to a distant POI located outside the local calling area from where the call  
23 originated. KMC believes that it should not be required to establish more than one

1 POI per LATA and refuses to share the costs of transport for Sprint-originated ISP-  
2 bound traffic to this single POI.

3

4 **Q. What types of traffic is Sprint exchanging with KMC currently?**

5 A. According to Sprint's network staff, KMC has very few originating trunks that carry  
6 KMC-originating traffic and terminate in Sprint's territory. Furthermore, those  
7 existing KMC-originated trunks carry few minutes. According to a traffic study  
8 completed by Sprint's network staff, Sprint and KMC exchanged approximately [REDACTED]  
9 [REDACTED] minutes during the month of April. The traffic study revealed that KMC  
10 originated less than [REDACTED] of those minutes which equates to only [REDACTED]% of the total  
11 minutes "exchanged" while the remaining [REDACTED] minutes are all minutes that  
12 originated on Sprint's network and terminated to KMC. Based on this information  
13 that clearly demonstrates a drastic imbalance of traffic, it is Sprint's assumption that  
14 the Sprint-originated minutes are likely to be all ISP-bound traffic.

15 As this Commission can attest, the POI issue and related transport obligations are two  
16 of the most contentious and highly arbitrated issues in the telecommunications  
17 industry today, largely due to the transport burden that results when traffic is relatively  
18 one-way. Where traffic is roughly balanced, both carriers have an incentive to  
19 interconnect in the most efficient manner, since each effectively bears half the cost of  
20 such interconnection. However, where traffic is highly unbalanced, such as ISP-  
21 bound traffic, the cost of interconnection is borne primarily, if not entirely, by the  
22 originating carrier. In this case, KMC has no incentive to deploy more than one POI  
23 per LATA because there is no equitable distribution of transport costs. Until KMC

1 originates more traffic, it is clear that KMC's motivation is to deploy the fewest  
2 number of POIs as possible and burden Sprint with the majority of the transport  
3 obligation and cost within the LATA.

4  
5 **Q. KMC references FCC Rule 51.703(b) in its Petition to support its position**  
6 **regarding the allocation of cost for the delivery of ISP-Bound traffic to the POI.**  
7 **Does Sprint believe 51.703(b) is relevant to the issues in this arbitration?**

8 A. No. Although I am not an attorney, FCC Rule 51.703(b) provides that for traffic  
9 subject to reciprocal compensation, a carrier may not assess charges for traffic that  
10 originates on its network. Since the FCC's ISP Remand Order<sup>1</sup>, ISP-bound traffic is  
11 not traffic subject to the FCC's reciprocal compensation rules. Specifically, Paragraph  
12 3 of the FCC's ISP Remand Order provides the following:

13 "Accordingly, we affirm our conclusion in the *Declaratory Ruling* that ISP-  
14 bound traffic is not subject to the reciprocal compensation obligations of  
15 section 251(b)(5)."

16  
17 Furthermore, Paragraph 30 of the FCC's ISP Order provides the following:

18 "...the service provided by LECs to deliver traffic to an ISP constitutes, at a  
19 minimum, "information access" under section 251(g) and, thus, compensation  
20 for this service is not governed by section 251(b)(5), but instead by the  
21 Commission's policies for this traffic and the rules adopted under its section  
22 201 authority."

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<sup>1</sup> Intercarrier Compensation for ISP-Bound Traffic, Order on Remand and Report and Order, CC Docket Nos. 96-98; FCC 01-131 released April 27, 2001 ("ISP Remand Order").

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Therefore, any reliance upon 51.703(b) to define transport obligations for ISP-bound traffic is misguided as 51.703(b) is irrelevant to ISP-bound traffic.

Furthermore, based on Sprint's reading, it does not appear that the Commission's decision in Phase II of the Generic Reciprocal Compensation Docket, Docket No. 000075-TP, applied to ISP-bound traffic. Sprint is asking the Commission to recognize the burdensome transport costs associated with hauling one-way traffic, possibly across a LATA, to a single POI. CLECs like KMC who originate very little traffic, have no incentive to establish interconnection in an efficient manner in order to "exchange" traffic with ILECs. As mentioned earlier, KMC is only originating [REDACTED] per month and these are the only minutes for which KMC must pay Sprint terminating reciprocal compensation. As long as KMC is originating very little traffic for which it must pay Sprint reciprocal compensation, KMC has no incentive to establish more than one POI per LATA and will continue to prefer that Sprint shoulder the transport costs associated with hauling one-way traffic to its POI.

**Q. How does the ISP Remand Order apply to this issue of transport cost obligations to deliver Sprint-originated traffic to KMC's POI in the LATA?**

A. It is clear from the language in ¶102 of the ISP Remand Order that the FCC understood its Order does not address the issue of originating transport costs. Specifically, the FCC states,

1                   “we find that the costs that LECs incur in originating this traffic extends  
2                   beyond the scope of the present proceeding and should not dictate the  
3                   appropriate approach to compensation for delivery of ISP-Bound traffic.”  
4

5                   The goal of the FCC with its ISP Remand Order was to eliminate the “regulatory  
6                   arbitrage opportunities associated with intercarrier payments” (ISP Remand Order at ¶  
7                   7) and the changes it made were directed at doing that. The FCC succeeded in  
8                   reducing much of the debate over compensation for ISP-bound traffic, but since the  
9                   order did not specifically address compensation for originating transport, the  
10                  battleground has shifted from reciprocal compensation to originating transport costs.  
11                  Sprint firmly believes that the reasons used by the FCC to order a bill-and-keep  
12                  regime for ISP-Bound traffic for new entrants and reduce the rates for existing  
13                  providers are equally applicable to the transport in question.  
14

15   **Q.     Please summarize Sprint’s position regarding this issue of transport obligations**  
16   **to the POI for Sprint-originated ISP-bound traffic?**

17   **A.**     Sprint’s position is that if the physical POI is located within the local calling area of  
18                  the originating end office, Sprint should be responsible for the cost of transporting its  
19                  originating traffic to the KMC POI. However, when this physical POI is not located  
20                  within the local calling area where the call originates, which can be in excess of a  
21                  hundred miles from the physical POI, Sprint should not be forced to assume the cost  
22                  of transport as a result of a KMC’s network design. Therefore, Sprint seeks  
23                  reimbursement for potentially burdensome transport costs that could result by

1 transporting one-way ISP-bound traffic when KMC establishes only one physical POI  
2 in each LATA that potentially covers multiple local calling areas.

3

4 **Q. It is clear that Sprint firmly believes that it is legally justifiable to charge KMC**  
5 **for transport associated with ISP-bound traffic that Sprint is required to deliver**  
6 **to a distant POI outside the local calling area. Nonetheless, has Sprint offered to**  
7 **KMC a compromise proposal in an effort to resolve this issue?**

8 A. Yes. Sprint has recently offered KMC a proposal in an effort to resolve the issue  
9 outside of arbitration. Specifically, for current traffic exchanged, the proposal did not  
10 require that KMC establish or maintain any more POIs than KMC currently has with  
11 Sprint. Currently, KMC has ■ POIs on Sprint's network and Sprint's proposal  
12 required that KMC continue to maintain a POI at ■ of those locations. In addition,  
13 Sprint's proposal suggested that KMC "de-POI" ■ of the locations and establish a  
14 POI at ■ new end office locations to accommodate the extremely large traffic  
15 volumes that Sprint and KMC exchange in those locations. Specifically, Sprint's  
16 originating traffic volumes equate to over ■ from each of the two different  
17 end offices that Sprint included in its POI proposal. In all, Sprint's proposal required  
18 that KMC establish or maintain ■ POIs for the exchange of all traffic in Sprint's  
19 territory in Florida. Sprint also proposed that KMC need not establish a direct  
20 interconnection with Sprint in certain locations where Sprint subtends another ILEC's  
21 tandem when traffic volumes are small. Sprint would allow KMC to exchange traffic  
22 with Sprint indirectly through the ILEC tandem. Overall, Sprint believes its proposal  
23 results in a balanced, reasonable sharing of the transport costs, particularly since  
24 virtually all of the traffic exchanged is one-way, ISP-bound traffic. Clearly, Sprint has



1 made every effort to reach resolution on this issue in a fair and equitable manner.

2 Sprint's desire is to develop an arrangement where the parties share the cost of the

3 transport, as opposed to Sprint being responsible for hauling one-way traffic across an

4 entire LATA to KMC's single POI. To reiterate, since 51.703(b) does not apply to

5 ISP-bound traffic, this is an opportunity for the Commission, in the context of an

6 arbitration, to determine POI requirements and transport arrangements that will result

7 in a reasonable and workable allocation of transport costs for ISP-bound traffic.

8 Sprint does not believe that 100% of this transport responsibility should fall on the

9 ILEC's shoulders. While Sprint firmly believes it is not precluded from seeking

10 reimbursement for all transport costs it incurs to deliver one-way ISP-bound traffic

11 outside the local calling area and asks that the Commission require KMC to

12 compensate Sprint for these transport costs, Sprint has proposed an alternative to

13 KMC in an effort to resolve the issue.

14 It is also worth noting that, unlike the positions taken by many ILECs in negotiations

15 or regulatory proceedings, Sprint has conceded several other contentious

16 interconnection-related issues, such as intercarrier compensation relating to virtual

17 NXX traffic and leasing interconnection facilities to KMC at TELRIC-based rates.

18 Sprint has done this in an effort to reach a reasonable compromise on all of the

19 interconnection-related issues. For example, unlike ILECs who argue that access

20 charges apply to virtual NXX traffic, Sprint has agreed to compensate KMC for ISP-

21 bound traffic at the FCC interim rates (subject to the terms and conditions of the FCC

22 ISP Remand Order), including those minutes terminating to a KMC end user that

23 KMC has assigned a virtual NXX. Clearly, Sprint has taken several steps in KMC's

24 direction and has been very reasonable regarding other interconnection issues. Sprint

1 is simply asking KMC to be reasonable regarding transport cost obligations for ISP-  
2 bound traffic.

3

4 **Q. Does Sprint believe that the Commission has authority to address this issue?**

5 A. Sprint believes that the Commission has the authority to interpret and implement the  
6 ISP Remand Order in an arbitration to resolve disputed issues between two parties. As  
7 such, the Commission has the authority to adopt Sprint's position that pursuant to the  
8 ISP Remand Order, the FCC's reciprocal compensation rules do not apply to ISP-  
9 bound traffic and, thus, Sprint should not be required to absorb the costs of  
10 transporting ISP-bound traffic to a single POI in a LATA.

11

12 **Issue 14 Under what conditions, if any, may Sprint establish its own transport facilities**  
13 **for the delivery of Sprint-originated traffic?**

14

15 **Q. With respect to Issue 14, please summarize the issue being disputed by KMC and**  
16 **Sprint?**

17 A. The issue is a fairly simple concept. Sprint is seeking language in the interconnection  
18 agreement that allows Sprint to self-provision transport and deliver its traffic at a  
19 location on KMC's network if it is more economical for Sprint to do so. Sprint  
20 recognizes that in certain cases it may make economic and technical sense for Sprint  
21 to have the option to self-provision transport to a location on KMC's network. For  
22 example, Sprint may have facilities at or near a KMC switch which would make it  
23 more economical for Sprint to provision the transport and interconnect with KMC at  
24 that location rather than hauling the traffic to a distant POI on Sprint's network. The

1 key concept here is that the FCC rules mandate that a POI be on the ILEC's network,  
2 but Sprint is simply seeking an option of providing its own transport to KMC's  
3 network if it is more efficient and economical for Sprint to do so.

4  
5 **Q. Please explain why this issue is important to Sprint.**

6 A Unlike many ILECs, Sprint shares the cost of interconnection facilities that join two  
7 parties' network. In other words, to the extent KMC has paid for a facility that is used  
8 to terminate Sprint-originated traffic, Sprint allows a CLEC to charge Sprint based on  
9 Sprint's proportionate use of that facility. If KMC is willing to agree not to charge  
10 Sprint for Sprint's proportionate use of the interconnection facility, Sprint simply asks  
11 that the current language in the interconnection agreement that is being negotiated be  
12 clarified to include this fact. If that is not the case, and KMC wants the ability to  
13 charge Sprint for interconnection facilities used to terminate Sprint-originated traffic  
14 as is currently included in the red-lined version of the interconnection agreement as  
15 filed with Sprint's response, Sprint believes Issue 14 is important. Simply put, Sprint  
16 has been faced with exorbitant charges from CLECs in the past for interconnection  
17 facilities, particularly when CLECs do not charge Sprint for use of this facility based  
18 on Sprint's TELRIC-based rates and the traffic is all one direction. Since any  
19 proportionate use charges for a facility that only carries ISP-bound traffic terminated  
20 to KMC equates to Sprint absorbing 100% of the cost, Sprint is simply reserving the  
21 right to provision one-way trunks to KMC's network so that Sprint can provision the  
22 transport in a more economic manner.

23  
24 **Q. Please summarize your testimony.**

1       A. My testimony has shown that the terms and conditions proposed by Sprint are  
2       equitable for both parties and are consistent with FCC Rules. Since FCC Rule  
3       51.703(b) is not applicable to transport obligations relating to ISP-bound traffic, this  
4       Commission clearly has the ability to adopt language that better balances the transport  
5       cost obligations for ISP-bound traffic. Further, regarding Issue 14, to the extent KMC  
6       wishes to enjoy the benefit of Sprint's willingness to share interconnection facility  
7       costs, Sprint is simply asking for the ability to self-provision transport for its  
8       originating traffic to KMC's network if it more economic and efficient for Sprint to do  
9       so.

10

11   **Issue 16 What are the appropriate billing and dispute resolution processes?**

12

13   **Q. Has this issue been resolved by the parties?**

14

15   A. Yes. It is my understanding that the parties have resolved this issue and it is no longer  
16   being disputed. To the extent this understanding is incorrect, Sprint reserves the right to file  
17   testimony addressing this issue.

18

19   **Q. Does this conclude your testimony?**

20   A. Yes, it does.