1	IN THE SUPREME COURT OF THE UNITED STATES
2	x
3	TALK AMERICA, INC., :
4	Petitioner : No. 10-313
5	v. :
6	MICHIGAN BELL TELEPHONE COMPANY, :
7	DBA AT&T MICHIGAN :
8	x
9	and
10	x
11	ORJIAKOR ISIOGU, ET AL., :
12	Petitioners : No. 10-329
13	v. :
14	MICHIGAN BELL TELEPHONE COMPANY, :
15	DBA AT&T MICHIGAN :
16	x
17	Washington, D.C.
18	Wednesday, March 30, 2011
19	
20	The above-entitled matter came on for oral
21	argument before the Supreme Court of the United States
22	at 11:07 a.m.
23	APPEARANCES:
24	JOHN J. BURSCH, ESQ., Solicitor General, Lansing,
25	Michigan; on behalf of Petitioners.

1	ERIC D. MILLER, ESQ., Assistant to the Solicitor
2	General, Department of Justice, Washington, D.C.; on
3	behalf of the United States, as amicus curiae,
4	supporting Petitioners.
5	SCOTT H. ANGSTREICH, ESQ., Washington, D.C.; on behalf
6	of Respondents.
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1	PROCEEDINGS
2	(11:07 a.m.)
3	CHIEF JUSTICE ROBERTS: We will hear
4	argument next this morning in Case 10-313, Talk America
5	v. Michigan Bell, and the consolidated case.
6	Mr. Bursch.
7	ORAL ARGUMENT OF JOHN J. BURSCH
8	ON BEHALF OF THE PETITIONERS
9	MR. BURSCH: Thank you, Mr. Chief Justice,
10	and may it please the Court:
11	Interconnection is the lifeblood of local
12	phone competition. That is why in section 251(c)(2) of
13	the Telecommunications Act Congress guaranteed that
14	competitors would have interconnection at the location
15	and at the method of their choosing and at TELRIC rates
16	irregardless of market impairment. The question in this
17	case is whether that 251(c)(2) obligation encompasses
18	the tens of thousands of existing entrance facilities
19	that even today are interconnecting competitive and
20	incumbent networks, and the answer
21	JUSTICE SCALIA: Did you get you get
22	(c)(2) at TELRIC rates?
23	MR. BURSCH: Yes, you do, Your Honor. You
24	get (c)(2) and (c)(3) at TELRIC rates.
25	And so the answer to the question presented

- 1 is yes, for three reasons. First, because the FCC says
- 2 so and, as the expert agency charged with interpreting
- 3 and implementing the act, that conclusion is entitled to
- 4 deference.
- 5 Second, the FCC's conclusion is consistent
- 6 with the plain text of the statute and the implementing
- 7 regulations.
- 8 And third, the FCC's conclusion is
- 9 consistent with the policies embodied in the Act,
- 10 because the practical result of affirming the Sixth
- 11 Circuit opinion in this case is that a competitive
- 12 carrier, like Sprint for example, will be forced to
- 13 either charge its customers more for interconnection or
- 14 lay tens of thousands of duplicate entrance facility
- 15 cables, and those are precisely what the act were
- 16 designed to prevent.
- 17 I would like to start with the Sixth Circuit
- 18 opinion, and specifically this is at page 20a of the
- 19 Talk America cert petition appendix, because this goes
- 20 to the heart of AT&T's position and the Sixth Circuit's
- 21 conclusion with respect to the orange plugs and cords
- 22 analogy. You will recall that the Sixth Circuit said
- 23 this was like a situation where a homeowner had a plug
- in their garage and a long orange cord extending out to
- 25 a park, which the Court called the entrance facility,

- 1 and then the competitive carrier would be that person in
- 2 the park.
- 3 On page 20a of the petition appendix in
- 4 footnote 9, about halfway down, this is the key flaw in
- 5 the Sixth Circuit's reasoning. The Sixth Circuit says
- 6 if you, as the homeowner, that's the -- I'm sorry,
- 7 that's the incumbent -- had said that they may plug into
- 8 the surge protector, then the big orange extension cord
- 9 is just an entrance facility. But if you had said they
- 10 must plug into the big orange extension cord, then the
- 11 big orange extension cord becomes the interconnection
- 12 facility; and consequently the parkgoers, the
- 13 competitors, may plug into it.
- 14 The problem with this is that the Sixth
- 15 Circuit was wrong in that the incumbent doesn't get to
- 16 choose where the point of connection is. The statute
- 17 and the regulations and the FCC make clear it's the
- 18 competitor that gets to choose. So if the competitor
- 19 chooses the end of the extension cord where it connects
- 20 to the CLEC network in the park, then even the Sixth
- 21 Circuit agrees with us and the Seventh, Eighth and Ninth
- 22 Circuits that the entrance facility is the
- 23 interconnection facility.
- JUSTICE KENNEDY: I have just one small
- 25 question on that.

1	MR.	BURSCH:	Yes.	

- 2 JUSTICE KENNEDY: Suppose that there are two
- 3 competitors and each of them wants to connect, but each
- 4 of them wants to connect at a different point and in a
- 5 different way. Must the incumbent accommodate both if
- 6 they're technically feasible?
- 7 MR. BURSCH: Justice Kennedy, the answer is
- 8 yes. The statute gives the competitive carrier the
- 9 opportunity to choose the point and the method, all at
- 10 TELRIC rates.
- JUSTICE GINSBURG: Doesn't it say something
- 12 about feasible? It -- it doesn't -- doesn't give free
- 13 choice entirely. It says -- what are the words? That
- 14 the interconnection doesn't have to be put just anyplace
- if it's not feasible, or it's undue expense or something
- 16 to that effect.
- 17 MR. BURSCH: Justice Ginsburg, the statute
- 18 and the regulations make clear that it must be
- 19 technically feasible, but there's an almost irrebuttable
- 20 presumption that when there are already facilities in
- 21 place performing that function, that is technically
- 22 feasible.
- 23 JUSTICE SCALIA: But you -- you want the
- 24 incumbent here to -- to build the -- the orange cord and
- 25 extend it to wherever you have your switching equipment.

- 1 And what they say is no; you -- you bring your switching
- 2 equipment here; we'll -- we'll allow you to connect at,
- 3 you know, the end of our facilities; but by God, you --
- 4 you make -- you make your own connection to -- to the
- 5 switches.
- Now -- now, moreover, you're -- you're
- 7 making them -- you'll pay them for the orange cord, but
- 8 only at TELRIC rates, which are not realistic. Now, why
- 9 -- why are they wrong and you're right, especially when
- 10 you have legislation, the purpose of which was to
- 11 encourage the independent building of new facilities? I
- 12 mean, it's clear that the Act wanted these new entrants
- 13 where -- where possible to build new facilities, and not
- 14 simply to glom on to the extant facilities of the
- 15 incumbents.
- MR. BURSCH: Three responses to that
- 17 argument, Your Honor. First, this case is about
- 18 existing facilities, not about facilities to be built,
- 19 although there's a lot of talk about that. This isn't a
- 20 head-on challenge to the statute or the regulations.
- 21 The procedural posture is that this was AT&T trying to
- 22 get out of arbitration agreements that it had for
- 23 existing entrance facilities, and so that's the posture
- 24 of our case.
- 25 JUSTICE SCALIA: Well, but the logic of your

- 1 case as you described it would also require AT&T to
- 2 build out the orange cord.
- 3 MR. BURSCH: Right; and -- and two
- 4 additional points, Your Honor, on that. First they say
- 5 this is a large obligation because we're talking about
- 6 miles and miles. That is not the position that AT&T
- 7 took with the FCC when they were commenting on the TRRO.
- 8 At page 16a of the Michigan blue brief in footnote 357
- 9 of the TRRO the FCC acknowledges AT&T's statement that
- 10 entrance facilities involve very short distances. In
- 11 addition, we have the FCC's regulation and the local
- 12 competition order, paragraph 553 --
- 13 JUSTICE SCALIA: Excuse me, excuse me.
- MR. BURSCH: Yes?
- 15 JUSTICE SCALIA: Extant entrance facilities
- 16 I assume they were referring to.
- 17 MR. BURSCH: Yes. I believe that's correct,
- 18 yes. They are very short distances.
- 19 JUSTICE SCALIA: Okay. Well, right. But if
- 20 you ask for a longer distance they would presumably have
- 21 to build it?
- MR. BURSCH: Well, not necessarily.
- 23 JUSTICE SCALIA: And charge you TELRIC
- 24 rates.
- 25 MR. BURSCH: Right. Because the FCC has

- 1 promulgated in -- in 521, the meet-point obligation,
- 2 which is another way that you can have interconnection.
- 3 And that demonstrates two things. First, that sometimes
- 4 AT&T as the incumbent is required to build out
- 5 facilities, that it's not just a passive obligation.
- 6 But in addition, when they're talking about meet points,
- 7 they say that it's up to State commissions to decide the
- 8 appropriate and reasonable distance.
- 9 So even if we were presented with the
- 10 case -- not this case, but a different case -- where
- 11 you're talking about what's the appropriate length of
- 12 the facilities, the FCC has already acknowledged there
- 13 could be some reasonable limits on that. And the most
- 14 important fundamental point, the fourth point on this,
- is that Congress already in (c)(2) said you're going to
- 16 have interconnection without regard to market
- impairment, and so we're not going to look at the
- 18 availability of other entrance facilities in the market.
- 19 If a competitor asks to have this location and this
- 20 method and it's technically feasible, they do get the
- 21 TELRIC rates.
- 22 And the competitive carriers would take
- 23 issue with the presumption that TELRIC rates are -- are
- 24 unfair. The regulations do contemplate that they're
- 25 going to recover not only their cost but a reasonable

- 1 profit. And we can disagree about the congressional
- 2 wisdom of requiring rates like that, but in the Verizon
- 3 case this Court definitively put to bed the question of
- 4 the reasonableness of the TELRIC rates.
- 5 JUSTICE BREYER: Where would I read this?
- 6 As I read the statute, the statute says the cheap system
- 7 here is where they provide -- they have a duty to
- 8 provide the incumbent interconnection, okay? That
- 9 requires some physical stuff.
- MR. BURSCH: Yes.
- JUSTICE BREYER: Okay. And they have to --
- 12 they -- you're not charged a lot for that; there's a
- 13 limit on what they can charge you for the
- 14 interconnection.
- MR. BURSCH: Correct.
- JUSTICE BREYER: Now, somebody is going to
- 17 have to decide whether if Pacific Tel and Tel is being
- 18 tried to forced to connect with Maine, you know, they
- 19 have to pay for a wire across country to get the
- 20 interconnection or not? That seems unreasonable.
- 21 Across the street, maybe they do.
- 22 My candidate would normally be the FCC or
- 23 some regulator decides that kind of thing, and it's up
- 24 to them to say whether this is or is not what's needed
- 25 for interconnection. That would be an intuitive account

- 1 I would have, without having read the statute in depth.
- 2 So now what do I read to find out how this
- 3 works? What is it that distinguishes something that is
- 4 ridiculous, like my California example, from something
- 5 that makes a lot of sense, like they're next door and
- 6 have to make 50 feet of wire.
- 7 MR. BURSCH: Justice Breyer, if you look at
- 8 paragraph 553 of the local competition order, which
- 9 appears at page 27a of the Michigan blue brief --
- 10 JUSTICE BREYER: Michigan blue --
- 11 MR. BURSCH: At least that's where it
- 12 begins. If you flip over to -- to page 28a, this is the
- 13 second page of the paragraph.
- JUSTICE BREYER: Where -- where -- 28a,
- 15 okay.
- MR. BURSCH: Very good.
- 17 About halfway down the -- that paragraph
- 18 there, it says: "Regarding the distance from an
- 19 incumbent LEC's premises that an incumbent should be
- 20 required to build out facilities for meet-point
- 21 arrangements" -- so again this is in the meet-point
- 22 context -- "we believe that the parties and State
- 23 commissions are in a better position than the commission
- 24 to determine the appropriate distance that would
- 25 constitute the required reasonable accommodation for

- 1 interconnection."
- 2 JUSTICE BREYER: Okay. So it's up to the
- 3 State commission.
- 4 MR. BURSCH: Exactly.
- JUSTICE BREYER: This is the FCC speaking?
- 6 MR. BURSCH: Exactly. The FCC is speaking,
- 7 so --
- 8 JUSTICE BREYER: All right. And the State
- 9 commission says -- they say it's up to the State
- 10 commission. And the State commission here said?
- 11 MR. BURSCH: Well, here, the State
- 12 commission didn't say anything, because we're talking
- 13 about existing facilities. There's no one requesting a
- 14 new entrance facility to be built, for example, from
- 15 Lansing to Detroit. That's not this case. This case is
- 16 about the existing facilities.
- 17 JUSTICE SCALIA: Mr. Bursch, the -- the key
- 18 to your case is -- is that an entrance facility is
- 19 interconnection, right?
- MR. BURSCH: Correct.
- 21 JUSTICE SCALIA: You have to equate those
- 22 two -- those two terms.
- MR. BURSCH: I do.
- JUSTICE SCALIA: What do you rely upon to
- 25 equate them? Because the -- as I read the regulations,

- 1 they -- they use them as separate terms.
- 2 MR. BURSCH: Regulation 51.5 defines
- 3 "interconnection" as the mutual -- or, I'm sorry -- as
- 4 the linking of two networks for the mutual exchange of
- 5 traffic. There is no dispute that an entrance facility
- 6 physically links a competitive network with an incumbent
- 7 network; thus, when that entrance facility is used for
- 8 the mutual exchange of traffic, it is providing
- 9 interconnection. And that's exactly what the FCC has
- 10 concluded.
- 11 JUSTICE SCALIA: Doesn't -- doesn't the
- 12 interconnection -- doesn't it have to be part of the
- internal system of the incumbent carrier?
- MR. BURSCH: It has to be part of their
- 15 network. But in the TRRO, the FCC made clear repeatedly
- 16 that entrance facilities constructed by incumbents are
- 17 part of their network, and so there's really no dispute
- 18 that it can be part of the network. And so --
- JUSTICE KENNEDY: You say that this is a
- 20 link, and your -- the opposition says that it's
- 21 transport. Is that correct?
- MR. BURSCH: It is transport. By
- 23 definition, interconnection has to include transport,
- 24 because it involves the mutual exchange of traffic from
- 25 one to another.

- 1 JUSTICE KENNEDY: But the -- but the rate
- 2 says interconnection does not include transport.
- MR. BURSCH: Well, we address that point at
- 4 length in our reply brief, because AT&T advances that
- 5 argument, and it's really a fundamental misconception or
- 6 misunderstanding of the regulation. 51.5 --
- 7 JUSTICE KENNEDY: I have got it in front of
- 8 me. It says "This term does not include transport."
- 9 But you say it does?
- 10 MR. BURSCH: Yes. Well, the entrance
- 11 facilities do include transport. All interconnection
- 12 facilities --
- JUSTICE KENNEDY: No, I'm talking about
- 14 interconnection.
- MR. BURSCH: Right. What 51.5 -- I assume
- 16 that's what you're looking at?
- 17 JUSTICE KENNEDY: Yes.
- MR. BURSCH: That -- that goes to a term of
- 19 art or a phrase of art, "transport and termination of
- 20 traffic." And as the FCC made clear in its regulation
- 21 51.701, which is at page 35a of the red brief, what
- they're really distinguishing there are the two types of
- 23 charges. You have 251(c)(2) interconnection charges and
- 24 you have 251(b)(5), transport and termination of traffic
- 25 charges. And those are two separate concepts.

- 1 The interconnection charge runs from the
- 2 competitive network to the incumbent network. The
- 3 transport and termination of traffic charge runs from
- 4 the point of interconnection to the incumbent's end
- 5 customer, and that's very clear. The Ninth Circuit
- 6 specifically alleged that point in note 16 of the
- 7 Pacific Bell case. But common sense tells that you has
- 8 to be right, because under AT&T's view, the way they
- 9 interpret 51.5, there would be no interconnection
- 10 obligation, because there's always going to be transport
- 11 and mutual exchange of traffic when interconnection is
- 12 involved.
- 13 CHIEF JUSTICE ROBERTS: Is there a mutual
- 14 exchange of traffic when you're talking about
- 15 backhauling?
- MR. BURSCH: No, there is not, and we don't
- 17 take that position. The mutual exchange is when a
- 18 competitive customer talks to an incumbent customer or
- 19 vice versa. Everything else we can call backhauling and
- 20 that's not what's at issue when we're talking about
- 21 251(c)(2).
- JUSTICE BREYER: Can I go back to my
- 23 question? Because I haven't gotten an answer.
- MR. BURSCH: Yes.
- 25 JUSTICE BREYER: I would think -- you said,

- 1 well, this is an existing facility.
- 2 MR. BURSCH: Yes.
- JUSTICE BREYER: But my intuition would be,
- 4 that makes no difference whatsoever. You could have
- 5 some kind of mechanism that connects two companies.
- 6 Now, half of it is a simple wire and half of it is bells
- 7 and whistles, and so we have to decide which part is the
- 8 part that's necessary for the interconnection and which
- 9 part is some kind of -- well, I don't know, extra bells
- 10 and whistles, and therefore, since it's not an
- 11 impairment kind of problem, they have to pay full price
- 12 for it.
- 13 That, again, seems like the kind of job that
- 14 Congress would leave up to a commission, but I guess I
- 15 want you to tell me: Who's to decide that kind of
- 16 thing, and how do we decide it?
- 17 MR. BURSCH: Are you talking about the
- 18 distance, or what bells and whistles --
- 19 JUSTICE BREYER: I don't know what it is.
- 20 Often, these things are not distance. Often a
- 21 connection is all kinds of complex things, you know?
- 22 And some are necessary and some aren't. But I can --
- 23 can't you imagine with me the same kind of California
- 24 problem arising, but it just arises in -- in kind,
- 25 rather than in distance?

- 1 MR. BURSCH: Well, as far as --
- JUSTICE BREYER: If I'm so far off base you
- 3 can't get the question, forget it.
- 4 MR. BURSCH: No, not at all, Justice Breyer.
- JUSTICE BREYER: I mean, I might not be able
- 6 to get an answer.
- 7 MR. BURSCH: I think it's a very good
- 8 question. And really --
- 9 JUSTICE BREYER: You don't have to --
- 10 MR. BURSCH: I'll take it in two parts. You
- 11 know, again, with respect to distance, in the meet point
- 12 context, the FCC has already delegated in LCO paragraph
- 13 553 appropriate and reasonable distances.
- With respect to the bells and whistles, it's
- 15 really not that complicated. You have got a cable;
- 16 that's your entrance facility, typically a fiberoptic
- 17 cable, and there's going to be a conduit that it needs
- 18 to run through. There might be, you know, risers or
- 19 spacers with little twisty ties or something similar to
- 20 that, zip cords, that will allow the cable to be run
- 21 into a building and up a wall and connect into the
- 22 appropriate place. But to the extent those are
- 23 interconnection facilities, those are necessarily part
- of the 251(c)(2) obligation.
- 25 And unless there are any further questions,

- I'll reserve the remainder of my time.
- 2. CHIEF JUSTICE ROBERTS: Thank you, counsel.
- 3 MR. BURSCH: Thank you.
- 4 CHIEF JUSTICE ROBERTS: Mr. Miller.
- ORAL ARGUMENT OF ERIC D. MILLER, 5
- ON BEHALF OF THE UNITED STATES, AS AMICUS CURIAE, 6
- 7 SUPPORTING THE PETITIONERS
- 8 MR. MILLER: Mr. Chief Justice, and may it
- 9 please the Court:

1

- 10 There are a lot of statements by the FCC at
- 11 issue in this case, but I would like to focus on two
- 12 statements by the commission in its published regulation
- and orders that, taken together, resolve the question 13
- 14 presented here. And the first is the commission's
- 15 determination in 47 CFR 51.305(e), which appears at page
- 16 5a of Michigan's brief, that it is the competitor, not
- the incumbent, that gets to select the point at which 17
- interconnection takes place. 18
- 19 Specifically, that regulation says that if
- 20 an incumbent wants to deny a request for
- 21 interconnection, it has -- at a particular point, it has
- 22 the burden of proving that interconnection at that point
- would be technically infeasible. And that undercuts a 23
- key premise of the decision below, which was that as 24
- 25 long as the incumbent provides interconnection at some

- 1 technically feasible point that it has selected then
- 2 it's discharged its obligation, and if the competitor
- 3 doesn't like it, that's just too bad. They can build
- 4 their own facility if they want to interconnect
- 5 somewhere else. That's --
- 6 JUSTICE SOTOMAYOR: Counsel, underlying that
- 7 question is an issue that I think Justices Ginsburg and
- 8 Scalia were asking. Technically feasible is different
- 9 from economically ridiculous or economically burdensome.
- 10 How does that, "economically burdensome" does it get
- 11 considered by anyone so that -- because one could
- 12 imagine, as Justice Breyer said, that a competitor could
- 13 come in and say, now build me the Taj Mahal as an
- 14 entrance facility or as an interconnection facility. So
- is there anyone controlling for that latter issue?
- 16 MR. MILLER: In terms of the definition of
- 17 technical feasibility, that's a defined term in section
- 18 51.5 of the regulations, and it does not include
- 19 economic considerations.
- Nonetheless, as the commission explained
- 21 when it adopted those regulations in 1996 at paragraph
- 22 209 of the local competition order, competitors have an
- 23 incentive to ask for an economically efficient means of
- 24 interconnection, because they have to pay for it. I
- 25 mean, the -- they don't pay as much as AT&T would

- like -- they're paying TELRIC rates -- but they do still
- 2 have to pay for interconnection, so they have incentive
- 3 to ask for a reasonable method of it.
- 4 And what's at issue in this case, to get to
- 5 the second part of your question --
- 6 JUSTICE GINSBURG: That's why it's only
- 7 technically feasible, because the economic burden is --
- 8 is not on the company? It has to provide it at the
- 9 place if it's technically feasible, but it doesn't pay
- 10 for it?
- 11 MR. MILLER: That -- that's right.
- 12 CHIEF JUSTICE ROBERTS: Mr. Miller, you
- 13 began by saying there were two regulations that disposed
- of the case. You got one. What's the second?
- 15 MR. MILLER: The -- the second is the
- 16 commission's determination in the Triennial Review
- 17 Remand Order in response to the D.C. Circuit's remand of
- 18 its previous order, that entrance facilities are indeed
- 19 part of the incumbent's network, because the statutory
- 20 obligation, of course, is to allow interconnection at
- 21 any technically feasible point within the incumbent
- 22 carrier's network.
- 23 JUSTICE BREYER: Where do I find that?
- MR. MILLER: That's in paragraph 137 of the
- 25 Triennial Review Remand Order, which appears at page 10a

- 1 of Michigan's brief. And in the preceding paragraph,
- 2 the commission traced the history of its definition of
- 3 the dedicated transport network element and the local
- 4 competition order, its revision of that in the Triennial
- 5 Review Order, in which it had said that the facilities
- 6 are not part of the network. The D.C. Circuit then
- 7 vacated that.
- 8 JUSTICE SCALIA: Which section are you
- 9 referring to on page 10a? Which one is it?
- 10 MR. MILLER: Well, I've -- I've just gone
- 11 back to the previous two pages, but it -- 10a is
- 12 paragraph 137, where the Court says in response --
- 13 excuse me -- where the commission says, in response to
- 14 the Court's remand, that's the D.C. Circuit's remand in
- 15 the USTA case, we reinstate the local competition order
- 16 of dedicated -- order definition of dedicated transport.
- 17 And that was a definition of a network element that
- 18 included entrance facilities. So what the commission
- 19 was saying there by its reference back to that
- 20 definition --
- 21 JUSTICE SCALIA: You -- you do not need to
- 22 provide unbundled access under (c)(3) to entrance
- 23 facilities, right?
- MR. MILLER: That -- that's correct, and the
- 25 court of appeals, I think, perceived a contradiction

- 1 between saying that this isn't something to which you
- 2 have to provide unbundled access under (c)(3), but it is
- 3 something that has to be made available for
- 4 interconnection under (c)(2).
- 5 And there is no contradiction there, because
- 6 these are separate independent statutory obligations,
- 7 and what's particularly significant about the difference
- 8 between the two statutes -- statutes is that (c)(3) has
- 9 an impairment test. You only have to make available
- 10 those network elements without which the competitor
- 11 would be impaired in its provision of service.
- 12 (C)(2) does not have an impairment test, and
- 13 that's because Congress recognized that interconnection
- 14 is absolutely fundamental to any effective telephone
- 15 competition.
- 16 JUSTICE BREYER: So what's the
- 17 definition difference between entrance facility and
- 18 interconnection facility? How do we know which is
- 19 which?
- 20 MR. MILLER: If you're referring to the --
- 21 what the -- in the way the commission used those terms
- 22 in the --
- JUSTICE BREYER: No, no, I'm not. I want to
- 24 know what's the difference. Tell me in English what the
- 25 difference is?

- 1 MR. MILLER: An entrance facility --
- JUSTICE BREYER: No, no. I mean, how do we
- 3 know which is which? We see some big lines and stuff in
- 4 it; how do we know which is which?
- 5 MR. MILLER: An entrance facility, as the
- 6 commission explained in the TRRO, is just the link
- 7 between the incumbent's office and the competitor's
- 8 office. And an interconnection facility is anything,
- 9 any part of the network that's being used for
- 10 interconnection.
- 11 JUSTICE SCALIA: It's a genus and -- and the
- 12 entrance facility is the species --
- MR. MILLER: It can be.
- 14 JUSTICE SCALIA: -- in your estimation?
- 15 MR. MILLER: It -- it can be when it is used
- 16 for interconnection. It could also sometimes be used
- 17 for other things, but we're talking about the situation
- 18 where the competitor wishes to use the entrance facility
- 19 for interconnection.
- 20 CHIEF JUSTICE ROBERTS: I'm sorry. Could
- 21 you run that by me again?
- 22 MR. MILLER: The -- the entrance facility is
- 23 just the link between the two offices, the incumbent's
- 24 and the competitor.
- 25 CHIEF JUSTICE ROBERTS: Okay, got it.

- 1 MR. MILLER: That can be used for a couple
- 2 of different purposes, but one of the purposes for which
- 3 it can be used is interconnection. And when it is being
- 4 used for that purpose, it is appropriately described as
- 5 a -- as an interconnection facility.
- 6 JUSTICE GINSBURG: Mr. Miller, would you,
- 7 before you sit down, explain what is the government's
- 8 position when an agency is asked to file a brief? The
- 9 Sixth Circuit asked -- invited the FCC to file a brief,
- 10 it did, and then the Sixth Circuit disagreed. And there
- 11 was some suggestion that when an agency files a brief
- 12 here in this Court, as opposed to the court of appeals,
- 13 it deserves more weight.
- MR. MILLER: We -- we agree with the view
- 15 expressed by Judge Sutton in his dissenting opinion
- 16 below that there really is no reason to distinguish
- 17 between amicus briefs, particularly those filed at the
- 18 invitation of a court, in the court of appeals, from
- 19 those file -- filed here. In this case, of course, the
- 20 question of --
- 21 JUSTICE SCALIA: But there may be a -- a
- 22 reason to give less weight to briefs in this Court
- 23 different from the briefs filed with the court of
- 24 appeals. And you've taken a different position here
- 25 on -- on the issue of whether, when backhauling is

- 1 included, it's part of the -- it's -- it's part of the
- 2 interconnection facility?
- 3 MR. MILLER: No.
- 4 JUSTICE SCALIA: I do not think you made
- 5 that distinction below about, you know, oh, it is part
- 6 where there is back -- where there is not backhauling,
- 7 but where there is it isn't.
- 8 MR. MILLER: I think our briefs in -- in the
- 9 two cases are consistent. Our brief here provides more
- 10 detail in explaining the commission's orders, but in
- 11 both cases we have taken the view, as the commission has
- 12 consistently taken the view since the TRRO, that
- 13 entrance facilities don't have to be made available as
- 14 unbundled elements for purposes of back haul, but they
- 15 do have to be made available when the incumbent seeks to
- 16 use them for interconnection. I think this is precisely
- 17 the sort of case where --
- 18 JUSTICE SCALIA: Wait, they have to be as
- 19 unbundled elements? I thought they never had to be --
- MR. MILLER: No, they -- they --
- 21 JUSTICE SCALIA: -- as unbundled elements.
- 22 That's (c)(3).
- MR. MILLER: That's right.
- JUSTICE SCALIA: Your argument here is that
- only have to be made available under (c)(2)?

1	MR. MILLER: Exactly.				
2	JUSTICE SCALIA: Which is not unbundled?				
3	MR. MILLER: Right. And it's only for				
4	purposes of of interconnection. And I think this is				
5	precisely the sort of case where deference under Auer is				
6	appropriate, given that you have a highly complex				
7	statute regulating a very complex, dynamic industry, and				
8	so the commission's regulations involve not only the				
9	exercise				
LO	JUSTICE SCALIA: It certainly encourages us				
L1	to throw up our hands, there's no doubt about it.				
L2	(Laughter.)				
L3	MR. MILLER: Another way of saying that				
L 4	would be that it's appropriate to recognize the				
L5	commission's not only policy-making discretion, but				
L6	technical expertise in the industry that's being				
L7	regulated. And certainly the commission has tried to be				
L8	as clear as it can in its regulations, but this is an				
L9	area where some level of imprecision is probably				
20	inevitable, and I think that's why it's appropriate to				
21	defer to				
22	JUSTICE KENNEDY: Well, I don't know why				
23	why it's so hard. I mean, I got out my orange cord and				
24	I				
25	(Laughter.)				

- 1 JUSTICE KENNEDY -- but I -- I wasn't sure
- 2 of -- if it was a transport or link. That -- that's my
- 3 concern.
- 4 MR. MILLER: Well, I guess I would say maybe
- 5 we need to put the difference between interconnection
- 6 and transport in concrete terms. It would be the
- 7 interconnection charge which is at TELRIC rates under
- 8 252(d)(1). There would be a flat fee for setting it up,
- 9 and then a flat monthly fee just for having the link
- 10 there.
- 11 CHIEF JUSTICE ROBERTS: Continue.
- 12 MR. MILLER: Thank you. And that's
- 13 independent of usage.
- 14 Then, separately, each time a call is made
- 15 there is a charge under 252(d)(2) for the transport and
- 16 termination of the call. And that goes both ways. So
- 17 when the competitor's customer calls the ILEC, the
- 18 customer -- the competitor pays the ILEC for terminating
- 19 the call and vice versa.
- 20 CHIEF JUSTICE ROBERTS: Thank you,
- 21 Mr. Miller.
- Mr. Angstreich.
- 23 ORAL ARGUMENT OF SCOTT H. ANGSTREICH
- ON BEHALF OF THE RESPONDENTS
- 25 MR. ANGSTREICH: Thank you, Mr. Chief

- 1 Justice, and may it please the Court:
- In this case the agency is trying to use an
- 3 amicus brief to interpret a few sentences in orders from
- 4 years ago to create a new legal rule without ever going
- 5 through a process that would result in judicial review.
- 6 In fact, in the Triennial Review Orders, where the
- 7 agency supposedly announced this new obligation, it
- 8 assured incumbents like AT&T that it was not altering
- 9 its interpretation of the statutory interconnection
- 10 duty. And the government correctly concedes here that
- 11 before those orders, the government had never
- 12 interpreted the statutory interconnection duty to
- 13 require companies like AT&T to sell a fiber optic cable
- 14 at TELRIC rates. Yes --
- 15 JUSTICE SOTOMAYOR: Counsel, I know you're
- 16 saying that, but everybody's arguing about what the TRO
- 17 and the TRRO say or don't say. But I go behind that and
- 18 I go -- I think the government's entire argument is not
- 19 based even on those. It's based on the LCO regulations
- themselves. They've cited two, which is 51.305 and
- 21 51.321. They're not relying on those TROs in their back
- 22 and forth there, they are relying on the regulation.
- MR. ANGSTREICH: Well, Your Honor, I
- 24 actually read their brief differently, and I note that
- 25 in the Sixth Circuit they didn't rely on any regulations

- 1 at all. The argument was entirely based on paragraph
- 2 140.
- 3 But going to the regulations, at the same
- 4 time they promulgated those rules, the government did
- 5 define interconnection to exclude transport, and when
- 6 they defended that exclusion --
- 7 JUSTICE SOTOMAYOR: So how do you address
- 8 their point that there are two different charges at
- 9 issue?
- 10 MR. ANGSTREICH: There are --
- 11 JUSTICE SOTOMAYOR: -- that one -- that
- 12 interconnection by definition includes transport. It's
- hard for me to think of how it doesn't, because they've
- 14 got to travel from one place to another, so --
- 15 MR. ANGSTREICH: Your Honor, when the FCC
- 16 explained this to the Eighth Circuit, what it said is
- 17 there are really three things going on. One is (c)(2),
- 18 is the duty to interconnect at a point, not to provide a
- 19 whole host of facilities that get you to the point, but
- 20 literally the duty to interconnect at a specific point
- in the world; selected by the competitor to be sure, but
- 22 that only tells you where interconnection occurs.
- 23 That's the point.
- The commission then said: Okay, then there
- 25 are other obligations in the statute. One of them is in

- 1 section 251(b)(5, and that's what obligates the
- 2 incumbent to accept telephone calls that are sent to
- 3 that point and to send telephone calls through that
- 4 point to the competitor.
- 5 And then there's the third thing, and this
- 6 is directly from the government's brief to the Eighth
- 7 Circuit, where they explain that section (c)(2) --
- 8 JUSTICE SCALIA: The Sixth Circuit?
- 9 MR. ANGSTREICH: The Eighth Circuit. We
- 10 cite this at -- from 1996, this is the contemporaneous
- 11 view of the agency at the time it promulgated the
- 12 interconnection regulations. It's defending those
- 13 regulations against a challenge that they are too
- 14 narrow. And what the agency says to the Eighth Circuit,
- 15 which then deferred to this interpretation, is with
- 16 section (c)(2) interconnection included routing and
- 17 transmission.
- 18 (C)(2) would overlap with other sections
- 19 that, one, describe a duty to route and transmit
- 20 traffic, telephone calls; and, two, a duty to lease
- 21 facilities that will be used for routing and
- 22 transmission. Footnote: Those duties are (b)(5)and
- 23 (c)(3). To the extent there is a duty to lease the
- 24 facilities, the fiber optic cables that competitors are
- 25 going to use to get to the interconnection point of

- 1 their choice, that duty has to arise, the commission is
- 2 saying here, only under section 251(c)(3). And we know
- 3 it doesn't arise under that section because these aren't
- 4 things that are bottleneck elements, these aren't things
- 5 that competitors can't get themselves.
- 6 Competitors are interconnecting today.
- 7 Wireless carriers, other competitors, everyone in the
- 8 state of Ohio has since 2005 not been paying TELRIC
- 9 rates, and as the amicus brief showed, there has been no
- 10 detriment to interconnection. Interconnection is
- 11 occurring.
- 12 And so what the government is trying to do
- 13 here is impose this leasing obligation under the
- interconnection duty in a way that never gave AT&T and
- other incumbents any opportunity to challenge it. They
- 16 never explain how it squares with the text and structure
- of the statute, with their prior statements, or why
- 18 there's any policy basis for interpreting what they
- 19 claim is an ambiguous statute to require TELRIC pricing
- 20 for things that are not bottleneck elements.
- 21 Back in the level competition order, Justice
- 22 Sotomayor, when they adopted the TELRIC methodology,
- 23 they recognized -- this is in paragraph 702 --
- 24 interconnection services -- that's what they called it
- 25 back then -- are bottlenecks, not things that

- 1 competitors can build themselves or buy from third
- 2 parties in the marketplace, as the agency has found is
- 3 the case since 2005. They never --
- 4 JUSTICE SOTOMAYOR: Now you're reading
- 5 limitation into the statute. All the statute says is,
- 6 you're obligated to provide interconnection services.
- 7 It doesn't say how or limit it only to things that are
- 8 not bottlenecks or things that are bottlenecks. It just
- 9 says you're obligated to do X, and that's what the
- 10 agency's saying.
- 11 MR. ANGSTREICH: I understand this, Your
- 12 Honor. But if the agency had ever done that through
- 13 notice and comment with a rule and published it in the
- 14 Federal Register -- which they concede that before 2003
- 15 they hadn't done that as to entrance facilities -- and
- 16 they claimed they had no occasion to address the
- 17 question -- and then in 2003 we get a single sentence in
- 18 a paragraph of an order where there was no notice they
- 19 were considering interconnection duties, no publication
- 20 of a new regulation, no publication -- nothing that
- 21 would have, you know, told AT&T and other incumbents you
- 22 should seek judicial review of this if you feel it's
- 23 wrong.
- And now we're being told 8 years later that
- 25 when they said facilities in that paragraph, they meant

- 1 entrance facilities. And we're being told 2 years later
- 2 when they said interconnection facilities that they
- 3 meant entrance facilities, even though when they were
- 4 asked that question by the Sixth Circuit they said we
- 5 didn't define that term. And Mr. Miller might want to
- 6 say they've just said a little bit more now, but they've
- 7 said something radically different.
- 8 JUSTICE SOTOMAYOR: In that regard, in all
- 9 of these years, are -- you mean to tell me there is no
- 10 other incumbent that has provided interconnection
- 11 services at an entrance facility and charged TELRIC
- 12 rates?
- 13 MR. ANGSTREICH: Prior to 2003 and 2005,
- 14 when there was an unbundling rule in place -- and the
- 15 commission had always recognized when it established
- 16 that unbundling rule in 1996 that competitors would use
- 17 unbundled transport facilities to connect to incumbent
- 18 switches, so to connect to those interconnection points.
- 19 And sure, prior to 2005 when the unbundling rule was in
- 20 place, competitors would lease these facilities and pay
- 21 TELRIC rates and use them to get to the interconnection
- 22 point; but there was never during that time any
- 23 statement that even if there was no impairment, section
- 24 251(c)(2) would require the exact same thing to get to
- 25 the interconnection point.

1	JUSTICE	SCALIA:	What	happened	to	the	3
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- 2 unbundling rule?
- 3 MR. ANGSTREICH: It got -- it was gotten rid
- 4 of. It doesn't exist any more. So now AT&T has said
- 5 those things you used to buy under the unbundling rule,
- 6 we don't have to sell them to you at TELRIC rates
- 7 anymore. We have a tariff. We've always had a tariff.
- 8 We'll sell them to you at just and reasonable rates
- 9 under the tariff. You can build them yourself, as
- 10 competitors and wireless carriers are doing. You can
- 11 buy them from the third parties that build them and
- 12 advertise their offering of them.
- But what you can't do is say all of a sudden
- 14 that the interconnection duty had always required the
- 15 exact same thing as the unbundling duty, at least not
- 16 without going through a rulemaking where you lay out
- 17 your policy grounds.
- JUSTICE SCALIA: Why was the unbundling rule
- 19 abandoned?
- MR. ANGSTREICH: It was abandoned because
- 21 the record evidence showed unambiguously that
- 22 competitors don't need these things from incumbents.
- 23 JUSTICE SCALIA: It's not a bottleneck?
- MR. ANGSTREICH: It's not in any way, shape
- 25 or form a bottleneck. And I guess that gets to the

- 1 second point I'd make, which is that again -- and I
- 2 don't think they rely on the regulations, Justice
- 3 Sotomayor, and they've never -- and the government
- 4 concedes in footnote 6 that the regulations themselves
- 5 don't get them to where they want to go. They need
- 6 these statements they made in 2003 and 2005. And even
- 7 if you credit their new position that when they said
- 8 facilities and interconnection facilities, that was just
- 9 an imprecise way of saying entrance facilities, those
- 10 statements don't get you to the rule that they're
- 11 endorsing.
- 12 What the agency actually said is that
- 13 competitors will have access to these facilities -- and
- 14 let's pretend that means entrance facilities for the
- 15 time being -- will have access to entrance facilities at
- 16 cost-based rates to the extent that they require them to
- interconnect, and that's paragraph 140 of the Triennial
- 18 Review order and the remand order, and they said the
- 19 same thing, although they used the word "need," not
- 20 "require."
- JUSTICE SCALIA: Which is (c)(3).
- MR. ANGSTREICH: Well, I think the point is
- 23 what they -- this is why we think the right reading of
- 24 those statements is that the facilities they're
- 25 referring to are things they actually do require and

- 1 need, which are the things inside AT&T buildings that
- 2 they can't replicate, that it's strange for them to have
- 3 said "you're going to get these facilities you require,"
- 4 but to have meant something that they don't in fact
- 5 require.
- 6 But even if you want to read, again,
- 7 facilities and interconnection facilities to mean
- 8 entrance facilities, they rule they're endorsing, and
- 9 you know, Michigan now wants, if it's in the ground we
- 10 have to provide it; if we have to build it, we don't
- 11 have to provide it; it's the first time we've heard of
- 12 that in the scope of this litigation. The government
- 13 seems to only be willing to -- to talk about those few
- 14 facilities that had been gotten under the old, now gone
- 15 unbundling rules; but that's not the distinction that
- 16 the commission drew when it said this thing that
- 17 supposedly's imposing an obligation on AT&T and other
- 18 companies. It limited it to those things that
- 19 competitors require.
- JUSTICE SOTOMAYOR: But that's -- that's
- $21 \quad (c)(3).$
- MR. ANGSTREICH: But that's what --
- JUSTICE SOTOMAYOR: (C)(2) says you just --
- 24 you have to. It imposes an affirmative obligation to
- 25 provide interconnection and -- interconnection.

- 1 MR. ANGSTREICH: Well, it imposes an
- 2 obligation, Your Honor, to provide interconnection at a
- 3 point -- it's at a point within our network.
- 4 JUSTICE SCALIA: Excuse me, that's your
- 5 point, I thought. I thought it is precisely your point.
- 6 That it is (c)(3) rather than (c)(2).
- 7 MR. ANGSTREICH: Well that's -- my point is,
- 8 yes; if there is a facilities leasing obligation it has
- 9 to exist under (c)(3), that's absolutely right, Justice
- 10 Scalia. That we think that's the right reading of the
- 11 statute, we think that's what the FCC told the Eighth
- 12 Circuit, we think it's what the FCC said in the local
- 13 competition order.
- JUSTICE BREYER: I don't -- what I --
- 15 there's no way for you all to go to the FCC and decide
- 16 what part of this thing is, or any State regulator, what
- 17 part of it is -- part of what's necessary to facilitate
- 18 interconnection and what part of it is really providing
- 19 the work primarily of the -- simply transporting
- 20 services?
- MR. ANGSTREICH: Your Honor --
- JUSTICE BREYER: What part is doing
- 23 something else?
- MR. ANGSTREICH: There -- there is really no
- 25 --

- 1 JUSTICE BREYER: There's no way to do that?
- 2 MR. ANGSTREICH: No.
- JUSTICE BREYER: Okay, so a judge has to
- 4 say, on the basis of what, on the basis -- the judge has
- 5 to say on the basis of the statute, which just uses the
- 6 word interconnection?
- 7 MR. ANGSTREICH: Well, the Michigan
- 8 commission decided that the FCC in that paragraph 140
- 9 created this obligation.
- JUSTICE BREYER: Yes.
- 11 JUSTICE SCALIA: But the -- the --
- MR. ANGSTREICH: That's wrong.
- JUSTICE SCALIA: I -- I thought it was
- 14 conceded that -- that none of this is -- is necessary
- 15 under (c)(3). I thought that's what the Eighth Circuit
- 16 said and which is why they eliminated the unbundling
- 17 obligation under (c)(3).
- 18 MR. ANGSTREICH: That's -- that's absolutely
- 19 right, Your Honor.
- JUSTICE SCALIA: So it is accepted by both
- 21 sides, I think, that this is not necessary.
- MR. ANGSTREICH: That's right, and because
- 23 it's not necessary, you can't read, as the government
- 24 tries to, belatedly, years after the fact, those
- 25 statements in their orders from 2003 and 2005, those few

- 1 statements in these --
- JUSTICE BREYER: It doesn't help because
- 3 it's a network element, if it's in (3) and what this is,
- 4 is something that's going to be needed to -- to
- 5 interconnect. If it's -- if it's in -- if it's in the
- 6 first one.
- 7 MR. ANGSTREICH: But --
- 8 JUSTICE BREYER: And I don't know which is
- 9 which, and I gather that sometimes it would be tough,
- 10 and what courts use to do with the ICC when they got
- 11 into this kind of situation is a doctrine called primary
- 12 jurisdiction, and they would ask them for a brief. All
- 13 right? So if that's what we've done hypothetically, we
- 14 have the brief.
- MR. ANGSTREICH: We don't --
- JUSTICE BREYER: Now why don't we have to
- 17 follow the brief?
- 18 MR. ANGSTREICH: Because the brief here
- 19 doesn't do what a decision on a primary jurisdiction
- 20 referral would do, which is square what the agency is
- 21 doing with the text and structure of the statute with
- 22 prior statements that contradict --
- 23 JUSTICE SCALIA: Do you agree that it has to
- 24 be needed to interconnect?
- MR. ANGSTREICH: Your Honor --

- 1 JUSTICE SCALIA: The whole problem here is
- 2 it doesn't have to be needed to interconnect.
- 3 MR. ANGSTREICH: Our --
- 4 JUSTICE SCALIA: It has to be needed under
- (c)(3), but under (c)(2) it's -- it's up to the -- to
- 6 the new company to say I want to interconnect here; and
- 7 -- and the incumbent cannot say, oh, no, you -- you
- 8 don't have interconnect here; you can interconnect
- 9 somewhere else.
- 10 MR. ANGSTREICH: That -- Your Honor, that's
- 11 absolutely right, Justice Scalia. They get to pick a
- 12 point. The point has to be within our network. Rule
- 13 51.305 identifies a series of illustrative points all of
- 14 which exist inside AT&T buildings, and that's what
- 15 they've done. They've picked a point --
- 16 JUSTICE SOTOMAYOR: But wait a minute. Does
- 17 -- don't the regulations now and the commission's TRO,
- 18 et cetera, say that an entrance facility is within your
- 19 network? You haven't challenged that?
- MR. ANGSTREICH: We do disagree. I mean, at
- 21 the time of the Triennial Review Order, they said it was
- 22 outside of our network.
- JUSTICE SOTOMAYOR: It's now --
- MR. ANGSTREICH: And that's when they also
- 25 supposedly adopted this rule. So somehow, this rule

- 1 they've adopted has to coexist with the notion that
- 2 these things are outside our network. But in or out, I
- 3 think it's important to recognize they're not
- 4 claiming --
- JUSTICE SOTOMAYOR: If they're not --
- 6 MR. ANGSTREICH: Pardon me. I think -- if
- 7 you have the network engineer's brief, figure 4 on page
- 8 19, I think it does a very good job of illustrating what
- 9 it is we're talking about.
- 10 JUSTICE SCALIA: Like, orange wires and
- 11 such?
- MR. ANGSTREICH: They draw them in black,
- 13 but yes.
- 14 JUSTICE SCALIA: In black?
- 15 JUSTICE SOTOMAYOR: Figure 4.
- MR. ANGSTREICH: Figure 4 on page 19. What
- 17 the competitors in this case in Michigan have long said
- 18 is that the competitor has picked as its point of
- 19 interconnection the point inside the box on the right
- 20 labeled incumbent local exchange carrier's central
- 21 office, and then they need some fiberoptic cable to
- 22 bridge the gap to that interconnection point. That's
- 23 how Judge Sutton understood it in dissent. That's how
- 24 Judge Batchelder understood it in the majority.
- 25 And all the interconnection duty talks

- 1 about, all any of the interconnection regulations talk
- 2 about, is letting the competitors pick that point. How
- 3 they get to the point is up to them.
- 4 JUSTICE BREYER: That's not what the statute
- 5 says. The statute says the carriers have a duty to
- 6 provide interconnection.
- 7 MR. ANGSTREICH: Right.
- 8 JUSTICE BREYER: Now, in carrying out a duty
- 9 to provide, you say that's just picking the point, that
- 10 somebody could equally well say, no, it's a duty to
- 11 provide means to get to the point. Now, either of those
- 12 seem equally consistent with the language.
- 13 MR. ANGSTREICH: Your Honor, there's more
- 14 language that I think forecloses those interpretations.
- 15 It's not just a duty to provide interconnection. It's a
- 16 duty to provide interconnection for the competitor's
- 17 facilities and equipment at a point within the
- 18 incumbent's network. Nothing in that statutory language
- 19 says that the duty is to provide the competitor with the
- 20 facilities --
- 21 JUSTICE BREYER: No, it doesn't say that,
- 22 but it doesn't say the opposite, and therefore, you
- 23 might have an agency reasonably deciding that to -- to
- 24 fulfill that duty, you must provide equipment reasonably
- 25 necessary to allow the competitor to connect. That's

- 1 equally sensible.
- 2 MR. ANGSTREICH: And Justice Breyer, you
- 3 might have an agency that did that. We don't have an
- 4 agency that did that.
- JUSTICE BREYER: Apparently, you have an
- 6 agency that never really said one way or the other.
- 7 MR. ANGSTREICH: And that means that
- 8 Michigan was wrong when it thought that the agency had
- 9 said it, and the Sixth Circuit was right when it --
- 10 JUSTICE SCALIA: Well, it used to say the
- 11 other. You contend it used to say the other, and it has
- 12 never, by proper means, gainsaid its other position.
- 13 MR. ANGSTREICH: That's right.
- JUSTICE BREYER: I don't see what the
- 15 other -- I didn't hear anything that said they said the
- 16 other. They said when you have wires and you're using
- 17 the wires for communication, then they don't fall
- 18 outside of this; that's true. But if you're using them
- 19 for interconnection, and they're necessary to use for
- 20 interconnection, maybe it does fall inside this. I
- 21 don't --
- 22 MR. ANGSTREICH: Well, Justice Breyer,
- 23 again, we point you to their definition of
- 24 interconnection where they excluded transport from
- 25 interconnection and explained to the Eighth Circuit's --

- 1 JUSTICE BREYER: They excluded -- they
- 2 excluded transport -- all transport to the point of
- 3 interconnection, where you could not provide the
- 4 facility to interconnect unless you had the transport?
- 5 Is that what they did?
- 6 MR. ANGSTREICH: What they said is --
- JUSTICE BREYER: Did they do that? Yes or
- 8 no? I bet the answer is no.
- 9 MR. ANGSTREICH: What they -- I -- Your
- 10 Honor, I just -- I don't think you're describing it in a
- 11 way that consists -- comports with the language of the
- 12 act.
- 13 What they said is a duty to lease facilities
- 14 that will be used for routing and transmission of
- 15 telephone calls to the point. That's (c)(3). That's
- 16 not part of the interconnection duty. When they
- 17 contrasted, in their local competition order, paragraph
- 18 172, they said what interconnection does is it lets the
- 19 competitor pick the place where they're going to drop
- 20 the traffic off. But it is section (c)(3) that lets the
- 21 competitor say, I would prefer to use incumbent
- 22 facilities at TELRIC rates to get to that point. They
- 23 have made that very distinction. But what they're
- 24 trying to do through their amicus brief here is to turn
- 25 (c)(2) into a facilities leasing provision.

- Now, again, we don't think this Court needs
- 2 to say that they could never have promulgated a rule
- 3 with reasons that would get you there, but they've never
- 4 done it. If they had done it, we would have had the
- 5 opportunity to seek judicial review. They would have
- 6 had to explain themselves. We've never had that
- 7 opportunity.
- 8 When they've said -- and you know, I think
- 9 it's important, when they put out these sentences in the
- 10 Triennial Review Order and Triennial Review Remand Order
- 11 that supposedly told us of this new obligation, they
- 12 never asked for notice about this, even though in their
- 13 notice of proposed rulemaking, they said, should we get
- 14 rid of entrance facilities under (c)(3)? They didn't
- 15 say, and if we do, what would that mean for (c)(2)?
- 16 They didn't ask the question.
- 17 JUSTICE SCALIA: I thought they said,
- 18 moreover, that they were not amending (c)(2),
- 19 specifically.
- 20 MR. ANGSTREICH: That's exactly right. In
- 21 the orders themselves, they assured AT&T and others that
- 22 they weren't changing anything.
- JUSTICE BREYER: But there are -- there are
- 24 cases, I think, in primary jurisdiction where what a
- 25 District Court has done, anyway, is to hold the case

- 1 while the ICC went and had a proceeding, and I'm sure
- 2 that hasn't been used in a long time.
- 3 MR. ANGSTREICH: No, that is still used,
- 4 Justice Breyer.
- 5 JUSTICE BREYER: It is?
- 6 MR. ANGSTREICH: But I point --
- JUSTICE BREYER: Well, maybe this is the
- 8 case for it.
- 9 MR. ANGSTREICH: Well, I don't think
- 10 there's -- and I point to this Court's decision by
- 11 Justice Ginsburg in Northwest Airlines v. Kent, 510 U.S.
- 12 355, where this Court said: Nobody has asked us to
- invoke the doctrine of primary jurisdiction; we're not
- 14 going to do it; instead, we will adopt an interpretation
- 15 of the statute that will suffice for the purposes at
- 16 hand. And as the Court later recognized in Brand X,
- 17 that leaves it open to the agency, in a rulemaking, to
- 18 actually do the work that, as Justice Scalia noted, the
- 19 agency has never done here.
- 20 And so it's -- rather than imposing
- 21 something through a combination of amicus briefs and
- 22 statements that don't actually set forth the rule that
- 23 the agency is trying to defend here, we would have a
- 24 real rulemaking and a chance --
- JUSTICE SOTOMAYOR: I guess the problem I'm

- 1 having is that you tell me on the one hand that up
- 2 until, what, 2005, you were always paying the cost plus
- 3 profit rates, the TELRIC's rates, for interconnection at
- 4 a -- at an entrance facility.
- 5 MR. ANGSTREICH: That's not quite right,
- 6 Justice Sotomayor. Up until 2005, companies like Talk
- 7 America were allowed to get both the actual physical
- 8 linking at TELRIC rates and the transport facility at
- 9 TELRIC rates, but under two separate statutory
- 10 provisions. They were getting the transport facility
- 11 under (c)(3); that's gone away. They were getting the
- 12 linking under (c)(2).
- 13 Now, there were other companies like
- 14 wireless carriers. They were getting the linking at
- 15 TELRIC rates under (c)(2), but they were paying full
- 16 freight for the transport, because they have never been
- 17 allowed to get unbundled network elements. So this
- 18 notion that there's going to be a price increase to
- 19 wireless carriers is a fiction.
- 20 But what -- so competitors were doing two
- 21 things under two provisions. One of those has gone
- 22 away. And it was only after it was gone away that
- 23 anybody raised this notion that maybe that transport
- 24 facility had always been required under (c)(2) also.
- 25 But that's nothing the commission has ever done in a

- 1 rulemaking.
- 2 It never did that in the proper way in the
- 3 Triennial Review Order or the Triennial Review Remand
- 4 Order. As Justice Scalia noted, it assured AT&T and
- 5 other incumbents that it wasn't changing the law. When
- 6 it published things in the Federal Register, which is
- 7 where it is supposed to publish substantive rules, it
- 8 identified specifically the elimination of entrance
- 9 facilities as unbundled network elements, and said not a
- 10 word about any continued duty to provide them under
- 11 section --
- 12 JUSTICE SOTOMAYOR: Well, it did in the
- 13 footnotes. It said -- that's what the whole dispute is
- 14 about, which is, we're not changing the obligation to
- 15 provide interconnection services. So it said it
- 16 clearly. Its view --
- 17 MR. ANGSTREICH: But then the question,
- 18 Justice Sotomayor, is: Well, what was that obligation?
- 19 And the government concedes in footnote 6 that prior to
- 20 making those statements, it had never interpreted that
- 21 obligation to include the duty to lease that transport
- 22 facility. It claims the question never came up because,
- 23 while it was an unbundled element, it didn't matter.
- Now, I think it's quite telling that while
- 25 it was an unbundled element and we were having 10 years

- 1 of litigation about what the right standard is for an
- 2 unbundled element, nobody even thought to say: By the
- 3 way, all of this litigation is beside the point with
- 4 respect to the use of these facilities when we attach
- 5 them to an interconnection point.
- 6 JUSTICE SCALIA: The Eighth Circuit's
- 7 decision would have been unnecessary in the revision of
- 8 the rule?
- 9 MR. ANGSTREICH: Exactly, Justice Scalia.
- 10 It's very strange that no -- I mean -- and I think from
- 11 the fact that nobody thought to say it comes to what we
- 12 view has happened, is that this is a rear guard effort
- 13 to preserve TELRIC pricing for things that the
- 14 commission has said should no longer be available as
- 15 TELRIC -- at TELRIC pricing.
- 16 JUSTICE SCALIA: Maybe the commission didn't
- 17 like the Eighth Circuit's decision.
- 18 MR. ANGSTREICH: I -- I think it's probably
- 19 a fair statement that the commission does not like the
- 20 decision vacating its unbundling rules, but nonetheless,
- 21 that's what happened, and the new rules get rid of this
- 22 element.
- 23 Again, what the Michigan commission found
- 24 was that the FCC had specifically determined, that there
- 25 is a leasing obligation under (c)(2). That never

- 1 happened. The Sixth Circuit was right about that.
- 2 There is no leasing obligation that the commission has
- 3 ever established.
- 4 I think, Justice Breyer, to go back to your
- 5 question, whether they could do it is a separate
- 6 question. I don't think they could. I think we have an
- 7 incredibly good chance to prevail if they were to ever
- 8 promulgate such a rule, but they never did it. They
- 9 said things directly to the contrary.
- 10 JUSTICE BREYER: It all didn't matter
- 11 because, in fact, they got the TELRIC rates under (c)(3)
- 12 until they changed the impairment part?
- MR. ANGSTREICH: Right.
- 14 JUSTICE BREYER: So who cared. And now
- 15 after that they care.
- MR. ANGSTREICH: Right, they care.
- JUSTICE BREYER: And now -- now -- now the
- 18 other side cares, of course, and so now -- now we're
- 19 faced with a situation where they're just putting this
- 20 in the brief for the first time but they can't base it
- 21 on anything the commission actually did?
- MR. ANGSTREICH: That's exactly right. And
- 23 if the commission had actually --
- JUSTICE BREYER: I'm glad it's right because
- 25 I don't know what I'm talking about.

Τ	(Laughter.)
2	MR. ANGSTREICH: I'm glad I'm glad we're
3	at least agreeing with each other, Justice Breyer.
4	But and I think that really is the key administrative
5	law point here, is that if the agency in the Triennial
б	Review Order or Triennial Review Remand Order had
7	actually said what they say in their brief, we never had
8	occasion to consider this question before.
9	Now we're considering it, and here is why we
10	think it's appropriate to read (c)(2) to impose these.
11	And despite the fact that, you know again, sufficient
12	claims of the statute's ambiguous. They need a policy
13	reason why it's appropriate to read this ambiguous
14	statute to require TELRIC pricing for things that third
15	parties are actually investing in and selling at
16	marketplace rates, why it's appropriate to undercut
17	those third party business models with this TELRIC
18	pricing for something the competitors are can and are
19	building themselves, third parties are selling
20	JUSTICE SOTOMAYOR: Accepting their policy
21	arguments, what does that do to your main argument?
22	Because I think they've explained it to my satisfaction
23	why this is necessary because (c)(2) requires
24	interconnection. Congress has made a judgment that
25	interconnection is the mainstay of competition in this

- 1 area, so if I accept that --
- 2 MR. ANGSTREICH: With due respect, Justice
- 3 Sotomayor, I don't think they've made that policy claim
- 4 here, and in particular this is not a case about whether
- 5 interconnection is going to occur.
- 6 Competitors and wireless carriers are
- 7 picking their points of interconnection. They are
- 8 interconnecting today. They have been doing it.
- 9 Wireless carriers never had TELRIC priced transport
- 10 facilities, and yet they're interconnected. Competitors
- in nearly a dozen States that have addressed this issue
- 12 and disagreed with Michigan and agreed with the Sixth
- 13 Circuit are interconnecting today using their own
- 14 facilities, using third-party facilities. And when they
- 15 come to AT&T and say we would like to plug our facility
- 16 into this point, AT&T says, absolutely, and does the
- 17 work necessary to get those two things connected.
- 18 JUSTICE SCALIA: It doesn't say it that
- 19 happily, it really doesn't.
- 20 MR. ANGSTREICH: You're right. It
- 21 certainly --
- JUSTICE SCALIA: Well, okay.
- 23 MR. ANGSTREICH: It's -- it's an imposition
- 24 on AT&T. But the notion that in any way, shape or form
- 25 the price of cable will alter the interconnection of

1	telephone	networks	iq	gimply	false	Yes,
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- 2 interconnection is an important policy, and Congress
- 3 said we have to provide it at points within our networks
- 4 selected by competitors and we do that.
- 5 But Congress didn't say and the FCC has
- 6 never said that we also have to provide them whatever it
- 7 is that they want to use to get to that point. And
- 8 there really is, and I think some of the questioning
- 9 pulled that out, though they want to say I think because
- 10 the government won't endorse the absolute position, the
- 11 Petitioners were taking in their opening briefs, that
- 12 this is only about things that used to be ordered as
- 13 unbundled elements or things already in the ground.
- But their position, their interpretation of
- 15 the statute has no stopping point. It would cover
- 16 anything a competitor might ever want to use to get
- 17 telephone calls to the interconnection point. And
- 18 they've never defended that limitless reading. And if
- 19 the agency ever wanted to adopt it would challenge it,
- 20 and as I've said, I like our chances, but until they do
- 21 it, Michigan was wrong to conclude that the commission
- 22 had done it and the Sixth Circuit was correct to reject
- 23 that if there are no further questions, I'll sit down.
- 24 CHIEF JUSTICE ROBERTS: Thank you, counsel.
- 25 Mr. Bursch, you -- Bursch, you have 4

1	minutes	remaining.	
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- 2 REBUTTAL ARGUMENT OF JOHN J. BURSCH
- 3 ON BEHALF OF THE PETITIONERS
- 4 MR. BURSCH: Your Honors, everything you
- 5 heard in the last 30 minutes is premised on the idea
- 6 that the FCC is doing something new, and that there was
- 7 never a promulgated regulation. That is demonstrably
- 8 false.
- 9 If you turn with me to page 32a of the red
- 10 brief, this is the FCC's regulation promulgated all the
- 11 way back in 1996, which defined the scope of the (c)(2)
- 12 interconnection obligation. It's 47 CFR 51.321, and
- 13 this goes directly to the points that Justice Sotomayor
- 14 was making.
- On page 32a, the FCC says that an incumbent
- 16 must provide interconnection at a particular point upon
- 17 a request by a telecommunications carrier, such as a
- 18 competitor. Technically feasible methods -- this is in
- 19 sub B -- include but are not limited to, and they give
- 20 two examples: colocation and meet points. But this
- 21 isn't the be-all-end-all of interconnection obligations.
- 22 These are exemplary.
- Take an analogy. Assume you had a high
- 24 school cafeteria and the school board said you have to
- 25 provide vegetables to students when they ask for them,

- 1 and you have to give them the vegetable that they ask
- 2 for. Those include broccoli and green beans, and they
- 3 don't say anything else. Then you have a separate
- 4 obligation in (c)(3) and the school board says until we
- 5 see that the kids have enough nutrition, you must give
- 6 them peas, that's entrance facilities unbundled under
- $7 \quad (c)(3).$
- 8 So some time goes by and the school board
- 9 says, okay, the kids are getting enough peas, we're
- 10 going to wipe away that second restriction, but the
- 11 initial restriction, the obligation in 321 is still
- 12 there; and if a student asks for peas, it's within the
- 13 scope of 321 because broccolis and green beans were
- 14 representative examples, and peas are another one.
- 15 And --
- JUSTICE SCALIA: Why did they fight the
- 17 Eighth Circuit litigation? Why did -- I mean, it --
- 18 you're telling me it made no difference whether (c)(3)
- 19 allowed them to do what they wanted to do and what the
- 20 Eighth Circuit said they couldn't do, right?
- 21 MR. BURSCH: The premise -- no, that's
- incorrect, Your Honor, because if you have an entrance
- 23 facility under (c)(3), you can use it for more things
- than you can under (c)(2), because under (c)(3) you can
- 25 have it for backhauling and still get TELRIC rates.

- 1 Under (c)(2) you're limited to interconnection. So it's
- 2 a different question. But the idea that somehow the
- 3 FCC --
- 4 JUSTICE SCALIA: Very slightly different.
- 5 That's not that big a deal.
- 6 MR. BURSCH: Backhauling is a big deal to
- 7 competitors. And so to say that they did something new
- 8 in the TRRO is wrong. And to prove that point if you
- 9 look at the comments --
- 10 JUSTICE SCALIA: Incidentally, where do
- 11 you -- where do you get that backhauling restriction
- 12 from?
- MR. BURSCH: The backhauling --
- JUSTICE SCALIA: Yes, yes. The --
- MR. BURSCH: From the TRO and the TRRO, and
- 16 the FCC discussed that distinction in the Sixth Circuit
- 17 briefing at pages 6 to 7, so this isn't anything new,
- 18 either.
- 19 So the fact that this is not something new
- 20 is demonstrated conclusively by comments in the TRRO
- 21 proceedings from Bell South which is now an AT&T
- 22 subsidiary. And Bell South says at page 59 of its
- 23 comments, fully recognizing the obligation that went all
- 24 the way back to 1996 in reg 321: Because entrance
- 25 facilities may be required for interconnection purposes

- 1 and Congress explicitly enacted provisions that govern
- 2 carrier obligations to provide interconnection in
- 3 251(c)(2), it was altogether reasonable for the
- 4 commission to exclude these network elements from a
- 5 definition of ILEC dedicated transport intended for
- 6 unbundled access under 251(c)(3).
- 7 So even incumbent carriers knew what the FCC
- 8 was doing in paragraph 140 of the TRRO and there was
- 9 nothing new there.
- 10 One other small point with respect to the
- 11 network engineers map. This entrance facility right
- 12 here on page 19 already exists. We're talking about
- 13 existing facilities; and it's true, as the Sixth Circuit
- 14 said, that if the point of interconnection is here at
- 15 the ILEC switch, then that's where interconnection takes
- 16 place, and this entrance facility is -- is truly
- 17 providing transport, not interconnection.
- 18 But when a competitive carrier chooses its
- 19 own switch as the point of interconnection, this is the
- 20 end of the AT&T entrance facility, then interconnection
- 21 takes place there, and even in the Sixth Circuit's view
- that entrance facility is interconnection under (c)(2),
- 23 and as Congress has said, that's the obligation that is
- immutable because it is so important, fundamental to
- 25 competition.

1		CHIEF JUSTICE ROBERTS: Thank you, counsel
2	The case is	submitted.
3		MR. BURSCH: Thank you.
4		(Whereupon, at 12:05 p.m., the case in the
5	above-entit	led matter was submitted.)
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