

A photograph of the Golden Gate Bridge in San Francisco, viewed from a low angle looking down the length of the bridge towards the water. The sky is blue with some light clouds. The bridge's towers and suspension cables are prominent.

Pac-West

Accelerating
Converged
Communications

Pennsylvania PUC Workshop – Missoula Plan

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About Pac-West

- 25 years of service.
- Wholesale service provider, focused on enabling retail Intermodal competitors and other VoIP providers.
- Established Interconnection Agreements with Verizon in November, 2005.
- Began serving Pennsylvania customers in June of this year.
- Intercarrier compensation and costs of interconnection facilities are critical to Pac-West's ability to provide competitive services.

Missoula Plan – General Comments

- It is not a consensus plan.
- It does not meet the principles announced by the FCC in the FNPRM.
- It does not eliminate arbitrage incentives.
- It does not meet the requirements of the 1996 Telecom Act for intercarrier compensation and interconnection.

Impacts on Pennsylvania Interconnection Agreements - Interconnection Costs and Responsibilities

- Current interconnection agreements require single point of interconnection for each LATA.
 - Ensures level playing field between new entrants and incumbents.
- Missoula plan would allow ILECs to establish multiple “edge” locations in each LATA, and require that CLECs establish additional trunking facilities to each edge, as determined by ILECs.
 - Will increase competitors cost by requiring them to establish more facilities to more locations, with no net benefit.

Impacts on Pennsylvania Interconnection Agreements - Interconnection Costs and Responsibilities

- Current interconnection agreements require both ILEC and CLEC to be responsible for facilities on their side of the point of interconnection, regardless of the direction or flow of the traffic.
 - Essential to competitive neutrality.
 - Some arrangements allow for each carrier to designate a POI on their network, with same responsibilities.
- Missoula plan would require CLECs to pay for both CLEC and ILEC's transport facilities if traffic exceeds a 3:1 ratio
 - Would allow incumbents to recover their costs twice: once from its customers, and once from the CLECs

Impacts on Pennsylvania Interconnection Agreements - Rate Levels

- Reciprocal compensation – current PUC cost-based rate is \$.0024 tandem, \$.000987 end office
 - Missoula plan would lower rate well below cost, initially to \$.0007, then transitioned down to \$.0005, for all traffic.
- Transit/tandem charge – current PUC cost-based rate is \$.000111486 tandem switching plus \$.000206 shared transport, or \$.00031 total.
 - Missoula plan would dramatically increase ILEC transit rate to \$.0025 for up to 400k minutes, and could be increased to \$.005 for minutes that exceed 400k.
- Interconnection trunks – current PUC rate is intrastate special access, although PUC will allow CLECs to file complaints to get cost-based rates per recent tariff and arbitration proceedings.
 - Missoula plan would lock in special access rates.

The Missoula Plan Should be Rejected

- Huge step backwards in the ongoing development of local competition.
- Status quo, with vigilant enforcement of existing interconnection rules, would better promote competitive alternatives to ILECs.