

Missoula Plan: Washington Interconnection Issues

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Interconnection Concerns

- T-Mobile Should Not Have to Transport Traffic Originated by Customers of Other Carriers
 - Would return to the past – moving backwards, not forwards
 - Contrary to basic fairness and Missoula Plan principles
- Charges for Transit Service Should be Cost-Based
 - T-Mobile is heavily dependent on transit service
 - No realistic alternatives currently available
 - Transit charges eventually deregulated under Missoula Plan regardless of lack of competition in the market

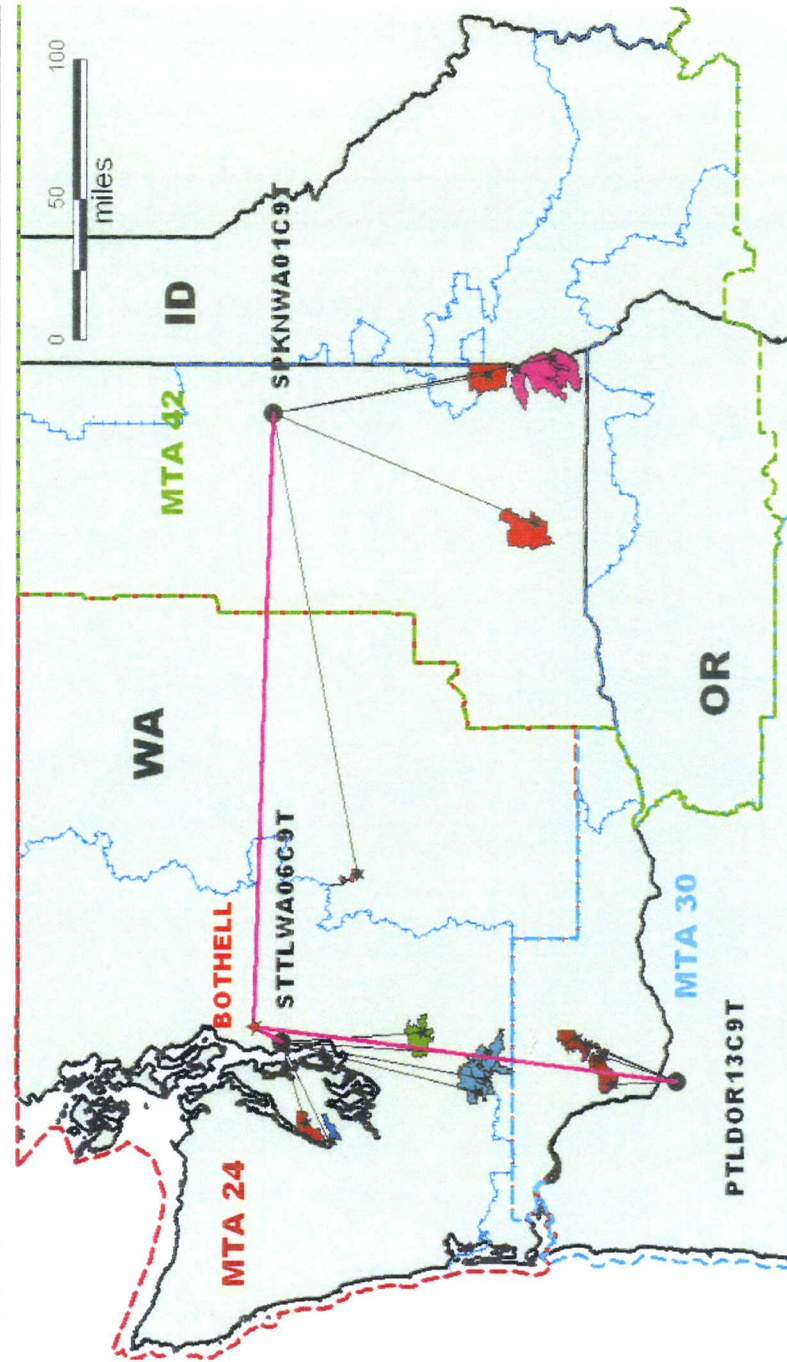
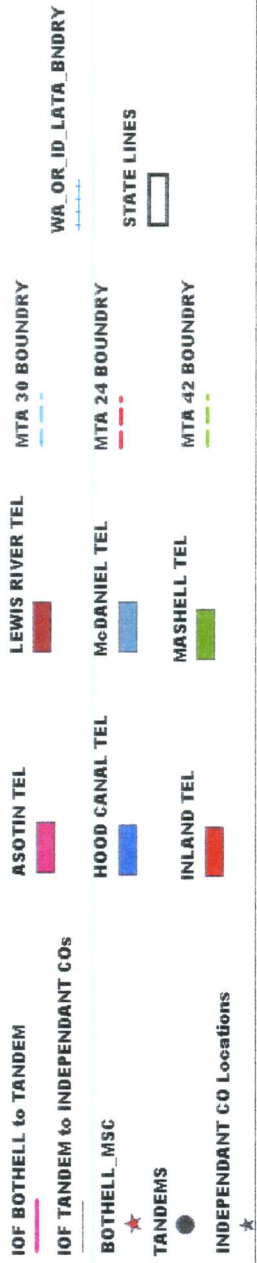
Transporting Traffic Originated by Other Carriers

- Historical Background
 - Prior to the '96 Act, wireless carriers did not receive any compensation for terminating wireline-originated traffic, and “in some cases incumbent LECs require CMRS providers to compensate the LEC for wireline-originated traffic terminated on their wireless systems.” (1st Report and Order, par. 1030)
 - Problem solved in 1st Report and Order: “. . . section 251(b)(5) prohibits charges such as those some incumbent LECs currently impose on CMRS providers for LEC-originated traffic. As of the effective date of this order, a LEC must cease charging a CMRS provider or other carrier for terminating LEC-originated traffic and must provide that traffic to the CMRS provider or other carrier without charge.” (1st Report and Order, par. 1042)

Transporting Traffic Originated by Other Carriers

- Missoula Plan
 - Ostensibly preserves the principle set forth in the 1st Report and Order: “A carrier may not assess on any other carrier charges for Non-Access traffic originating on its network”
 - But then ends the sentence by negating a major portion of this principle: “. . . except as set forth herein.” (Missoula Plan, II.E.2.)
 - > “Rural Transport Rule” requires T-Mobile to bear all transport costs for ILEC-originated local traffic to T-Mobile
 - > “Modified Rural Transport Rule” requires T-Mobile to bear all transport costs after 10 miles for ILEC-originated local traffic to T-Mobile
 - > For non-Track 1 carriers, T-Mobile is even required to pay for transport costs within the ILECs own existing network (links between host switches and remotes, and between tandems owned by Track 2 and 3 carriers and their own end-offices) (Missoula Plan II.E.3.c.iii.3 and III.B.2.e)

Transporting Traffic Originated by Other Carriers



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Transporting Traffic Originated by Other Carriers

- Washington Examples: Assume that T-Mobile Declares an Edge at the Spokane tandem. For a call originated by an ILEC customer in the following exchanges, T-Mobile would bear the percentage of transport costs shown:

Originating Customer In:	Mileage to Spokane Tandem	Mileage Charged to Originating Carrier	Mileage Charged to T-Mobile	% Charged to Originating Carrier	% Charged to T-Mobile
Asotin (Asotin Tel.)	93	10	83	11%	89%
Uniontown (Inland Tel.)	81	10	71	12%	88%
Roslyn (Inland Tel.)	172	10	162	6%	94%

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Transporting Traffic Originated by Other Carriers

- Washington Examples: Assume that T-Mobile Declares an Edge at its Bothell MSC. For a call originated by an ILEC customer in the following exchanges, T-Mobile would bear the percentage of transport costs shown:

Transporting Traffic

Originating Customer In:	Mileage to Bothell MSC	Mileage Charged to Originating Carrier	Mileage Charged to T-Mobile	% Charged to Originating Carrier	% Charged to T-Mobile
Union (Hood Canal Tel.)	56	10	46	18%	82%
Eatonville (Mashell Tel.)	62	10	52	16%	84%
Mossy Rock (McDaniel Tel.)	76	10	66	13%	87%

Charges for Transit Traffic

- T-Mobile believes that transit service is an interconnection service that must be provided by incumbent LECs under the terms of Section 251 of the Telecommunications Act.
- Competitive carriers are heavily dependent upon interconnection through ILEC tandems, and those tandems constitute a bottleneck facility allowing incumbents to exercise market power in most transit services.
- TELRIC pricing rules should apply to transit services.

Cost-Based Charges for Transit Traffic

- The Missoula Plan does not adequately recognize or restrict the market power possessed by ILECs in the provision of transit services:
 - Tandem transit providers are allowed to cease providing the service either before the plan takes effect, or at the end of plan
 - Prices for transit services provided under the plan may be increased to \$.0025 per MOU at Step 2, with increases for inflation at Step 5 and total deregulation of prices of intra-MSA transit prices at Step 4
 - Prices may be doubled on all MOU if traffic on a transit route exceeds 400,000 per month

Cost-Based Charges for Transit Traffic

- T-Mobile will be forced to incur transit charges on all traffic originated by its own customers, and also on traffic originated by carriers using the Rural Transport Rule or the Modified Rural Transport Rule
- Transit distances in Washington State can be long:
 - Seattle tandem to Bothell MSC: 14 miles
 - Spokane tandem to Bothell MSC: 222 miles
 - Portland tandem to Bothell MSC: 159 miles

Summary

- All carriers should pay the costs of transporting traffic originated by their customers to the Edge of the terminating carrier.
- Absent a showing of effective competition in a given transit market, ILECs should be required to provide transit services at TELRIC-based rates.
- The Missoula Plan is fundamentally inconsistent with these principles.

Thank you!

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