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June 1, 2018

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th St. SW  
Washington, DC 20554

**Re: *Ex parte* presentation in WC Docket No. 18-155**

Dear Ms. Dortch,

On May 31, 2018, on behalf of Inteliquent, Inc. (“Inteliquent”), the undersigned and Thomas Parisi, both of Covington & Burling LLP, met with Jay Schwarz, Wireline Advisor to Chairman Ajit Pai, Amy Bender, Legal Advisor to Commissioner Michael O’Rielly, and Kris Monteith, Lisa Hone, Pam Arluk, Irina Asoskov, Greg Capobianco, Arielle Roth, Gil Strobel, Lynne Engledow, Joe Price, Ed Krachmer, and Al Lewis of the Wireline Competition Bureau to discuss the Commission’s draft NPRM in the above-captioned docket (the “*Draft Access Arbitrage NPRM*”).

In the meetings, we emphasized Inteliquent’s continued support for the Commission’s efforts to eliminate arbitrage in the intercarrier compensation system. Inteliquent and its customers suffer substantial harm from the myriad arbitrage schemes of “free” conferencing and other high-volume calling platforms, and Inteliquent welcomes efforts to curb these abuses. We reported that Inteliquent supports proposed reforms set forth in the *Draft Access Arbitrage NPRM* to eliminate financial incentives for parties to engage in access stimulation.

We suggested that in taking laudable steps to eliminate access arbitrage, the Commission should be careful not to undermine the market for legitimate intermediate services. In particular, we disputed allegations made by certain parties and cited in paragraph 31 of the *Draft Access Arbitrage NPRM*.<sup>1</sup> These allegations wrongly characterize arrangements in which a wireless carrier relies upon an intermediate provider for indirect interconnection with other carriers as a

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<sup>1</sup> Paragraph 31 of the *Draft Access Arbitrage NPRM* references allegations made in a series of letters from counsel to Peerless Network, Inc. and certain other wholesale carriers. See, e.g., Letter from John Barnicle, President and CEO, Peerless and Philip J. Macres, Principal, Klein Law Group to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 07-135, 10-90, CC Docket No. 01-92 (filed Mar. 15, 2018).

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form of “arbitrage.” Indeed, Inteliquent is designated as T-Mobile’s access tandem in the Local Exchange Routing Guide (LERG), which is a well-known and standard operating procedure within the telecom industry. There are wholly legitimate reasons for wireless and other carriers to use intermediate services for indirect interconnection, as T-Mobile has done in its arrangement with Inteliquent.<sup>2</sup> These reasons include: (1) detection and deterrence of unlawful robocalls and other fraudulent traffic, which may be sent by the perpetrators via, and shifted among, multiple wholesale carriers, (2) facilitating the IP transition, through the intermediate provider’s conversion of traffic received in TDM format to IP, and (3) improving overall quality of service.

We further explained that carriers interconnecting via Inteliquent’s tandem are assessed a tariffed rate, which is benchmarked to the rate of the competing ILEC. Thus, contrary to the implications by certain wholesale long distance carriers, the rate that Inteliquent charges carriers interconnecting via the tandem is not set “unilaterally” by Inteliquent,<sup>3</sup> and Inteliquent did not, and could not, increase its tandem rates above those benchmarks following the entering of its relationship with T-Mobile 2015. We also explained that, as T-Mobile has stated, Inteliquent does not provide any “revenue share” or the like to T-Mobile.<sup>4</sup> While certain wholesale long distance carriers may object to paying the just and reasonable costs associated with accepting their wholesale traffic, their displeasure does not convert carriers’ reliance on legitimate intermediate services into a form of “arbitrage.”

Moreover, as T-Mobile has stated in its filings regarding this subject, T-Mobile is willing to directly connect with third parties in order to exchange non-wholesale traffic.<sup>5</sup> In fact, a significant volume of traffic originally carried by Inteliquent has migrated to direct connections since Inteliquent was designed by T-Mobile as its homing tandem.

In light of the above, we recommended that in adopting a final version of the *Access Arbitrage NPRM*, the Commission focus on arbitrage problems, such as the well-documented schemes of access stimulants. To the extent that the Commission maintains paragraph 31 in the adopted version of the *Access Arbitrage NPRM* on June 7, we encouraged greater recognition of rebuttals to the wholesale carriers’ erroneous claims as well as the risks of discouraging carriers’

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<sup>2</sup> See Letter from Todd D. Daubert, Counsel to T-Mobile USA, Inc. to Marlene H. Dortch, FCC, WC Docket Nos. 07-135, 10-90; CC Docket No. 01-92 (filed Jan. 5, 2018) (“T-Mobile Jan. 5, 2018 Letter”).

<sup>3</sup> Letter from Michael Singer Nelson and Philip Macres, Counsel for O1 Communications Inc. to Marlene H. Dortch, FCC, WC Docket Nos. 10-90 and 07-135, CC Docket No. 01-92 (filed Jan. 11, 2018) (alleging that “carriers providing wholesale services (either exclusively or comingled with retail services, such as O1) are effectively forced to route traffic through Inteliquent at rates it unilaterally sets”).

<sup>4</sup> See T-Mobile Jan. 5, 2018 Letter at 2 (“T-Mobile does not receive any revenue in the form of payments, credits, or any other type of benefit from Inteliquent or any other party for terminating any type of traffic routed through Inteliquent”).

<sup>5</sup> *Id.* at 2 (“First, T-Mobile does not refuse to establish direct connections with other carriers. In fact, T-Mobile currently maintains direct connections with most major carriers.”)

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use of legitimate intermediate services, including with respect to efforts to detect and deter unlawful robocalls.

Please direct any questions to the undersigned.

Sincerely,

/s/ Matthew S. DelNero  
Matthew S. DelNero  
*Counsel for Inteliquent Inc.*

cc: Meeting attendees