

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Updating the Intercarrier Compensation Regime to)	WC Docket No. 18-155
Eliminate Access Arbitrage)	

REPLY COMMENTS OF TELIAx, INC.

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I. INTRODUCTION AND SUMMARY

TeliAx, Inc. ("TeliAx"),¹ through its counsel, respectfully replies to certain comments filed with the Federal Communications Commission ("Commission" or "FCC") on July 20, 2018 in this proceeding.² Specifically, TeliAx responds to two commenting parties, AT&T and the Competitive Local Exchange Carriers ("CompLECs"). TeliAx urges the Commission to ignore, as contrary to fact, AT&T's argument that it cannot obtain direct connections with competitive CLECs and, as such, is "forced" to pay excessive payments for intermediate (tandem) access. Likewise, TeliAx notes the information provided by CompLECs bolsters TeliAx's request³ that this proceeding be expanded to include additional issues.

II. DISCUSSION

A. TeliAx Has Repeatedly Offered AT&T Direct Interconnection

AT&T continues to complain that, for 8YY traffic, it is forced to pay high access charges because it is forced to "use a certain transport route to originate 8YY calls, and the receiving carrier [presumably AT&T] can be required to pay tariffed tandem and transport charges that are not

¹ TeliAx is a competitive local exchange carrier ("CLEC") based in Denver, Colorado. The Company provides voice and data services to both retail and wholesale customers, including toll free (8YY) origination service. Through an affiliate, TeliAx also offers access to the Toll Free Exchange, a propriety platform that allows carriers and service providers to offer toll free calling services completely through IP transport, bypassing the unnecessary costs and technical limitations of the Public Switched Telephone Network ("PSTN").

² Notice of Proposed Rulemaking in *Updating the Intercarrier Compensation Regime to Eliminate Access Arbitrage* WCB Docket No. 18-155, FCC 18-68 (rel. June 5, 2018) ("NPRM").

³ TeliAx Comments at 17-18.

efficient.”⁴ AT&T argues it could avoid these high charges if it had the “clear ability to select the transport route”⁵ and, thus, supports a change in the access rules.

This argument is misleading because Teliax has offered direct connection to AT&T on numerous occasions, only to be turned down or ignored.⁶ Moreover, there are likely other CLECs that have offered AT&T (and other interexchange carriers (“IXCs”)) similar direct connections, given the number of CLECs operating around the United States. The FCC needs to require AT&T to provide data to support its claims that CLECs will not offer AT&T direct connections. Until that burden is satisfied, the Commission should ignore AT&T’s argument as not being credible.

AT&T also complains about CLEC mileage pumping, wherein the traffic is unnecessarily transported vast distances to generate higher access charges.⁷ However, there is no “mileage pumping”⁸ associated with Teliax’s proffer of direct interconnection. Teliax has two points of interconnection (“POI”): one in Denver and one in Colorado Springs. Both of Teliax’s POIs are less than one mile from AT&T’s switches in Denver and Colorado Springs respectively. The Denver POI is located in a building adjacent to AT&T’s switch. The Colorado Springs POI is located in a building across the street from the AT&T switch.

The Commission must ignore AT&T’s overstated claims of “evil-doing” by CLECs unless and until it can prove a specific CLEC is, in fact, configuring its connections, both direct and indirect, in an unjust and unreasonable manner. And then, the Commission should take adjudicative action in response to an AT&T complaint against the offending carrier, rather than adopt unnecessary and overly broad rules, designed to reduce AT&T’s access expenses and increase its margins on retail services.

⁴ AT&T Comments at 21, n.60.

⁵ *Id.*

⁶ Teliax Comments at 11.

⁷ AT&T Comments at 8, *et seq.*

⁸ NPRM at ¶ 31.

AT&T must provide facts and not just continue to spin tales in its effort to use other carriers' networks with little or no payment.

B. Information Provided by CompLECs Strongly Supports the Need to Expand this Proceeding to Include the Effect of Access Stimulation, Increased Robocalling and Self-Help on Consumers and Consider the Need for Regulation to Avoid Harming All End User Customers.

In its comments, Teliix urged the Commission to release a further NPRM and Notice of Inquiry in this matter that:

examines the role of AT&T and Verizon in scamming OTT VoIP providers and CLECs, as well as the effect of access reform cost savings on end user customers including the relationship of B&K to the increase in robocalls. This proceeding should include consideration of a proposed rule that would make "self-help" by a carrier withholding payment of tariff charges billed by another carrier an unjust and unreasonable act and, thus, unlawful unless the first carrier simultaneously files a formal complaint with the FCC or a lawsuit in federal court.⁹

This request is similar to one made by the Competitive Local Exchange Carriers ("CompLECs") in their comments.¹⁰ The CompLECs' comments and supporting expert report by Oliver Grawe, Ph.D. ("Grawe Report") provide numerous facts and data that flatly contradict many of the claims of AT&T and Verizon and, more importantly, highlight flaws in fundamental assumptions contained in the NPRM.

For example, the CompLECs provided information and data¹¹ demonstrating that the savings produced from bringing most terminating end office access to Bill and Keep ("B&K") were not passed along to consumers as was predicted in the *2011 Transformation Order*.¹² Indeed, in the *2011 Transformation Order*, the FCC clearly stated its underlying expectation that, because of eliminating certain terminating access charges, "IXCs, calling card and VoIP providers will be able to offer cheaper

⁹ Teliix Comments at 18 (footnote omitted).

¹⁰ CompLECs Comments at 42.

¹¹ CompLECs Comments at 6-13.

¹² *Connect America Fund*, Report & Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd. 17663 (2011) (subsequent history omitted) ("*2011 Transformation Order*").

long-distance rates and unlimited minutes at a lower price.”¹³ However, in practice, the change in access charges did not bring about this result. The CompLECs provide data indicating that prices for long distance and all-distance calling packages did not decrease but, in fact, actually increased despite the cut in access charges. The comments, backed up by Dr. Grawe’s expert report, stated “the Producer Price Index (‘PPI’) reveals rising costs for *both* wireline toll and wireline all distance (local and long-distance combined) services since 2011.”¹⁴

Given such strong evidence that the Commission’s fundamental assumption about consumer benefit from moving to B&K for terminating access turned out to be incorrect, it would be wrong for the Commission not to expand this proceeding as suggested by Teliix. There needs to be a full FCC investigation of the behavior of the big “IXCs” that includes the effect of access stimulation, increased robocalling and self-help on consumers and whether additional regulations are necessary to avoid harming all end user customers. The Commission should insist AT&T and Verizon provide data, studies, analysis and facts as rigorous as that provided by CompLECs and not just unsupported, self-serving stories.

¹³ *Id.* at ¶ 1297.

¹⁴ CompLECs Comments at 9. (emphasis is original, footnote omitted).

III. CONCLUSION

For the reasons set forth in Teliix's comments and reply comments, Teliix urges the Commission to take the actions recommended in Teliix's comments.

Respectfully submitted,
Teliix, Inc.

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