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August 5, 2016

Via ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, S.W.
Washington, DC 20554

Re: WC Docket No. 16-143, WC Docket No. 15-247, WC Docket No. 05-25;
RM-10593, Notice of Ex Parte Communication

Dear Secretary Dortch,

On August 3, 2016, John Harrington, Senior Vice President-Regulatory, Litigation & HR of Inteliquent, Inc. (“Inteliquent”), along with Russell Blau and the undersigned of Morgan Lewis, met with staff from the Wireline Competition Bureau Front Office and Pricing and Policy Division, including Eric Ralph, Deena Shetler, Pamela Arluk, William Kehoe, Christopher Koves, Justin Faulb, Shane Taylor, Thomas Parisi and Alec MacDonell, to discuss the issues raised in Inteliquent’s comments in the above-captioned dockets.

Inteliquent asked the Commission to create a service subcategory for multiplexing to ensure that any TDM rate reductions adopted for business data services (“BDS”) in this proceeding apply to multiplexing service, which is not subject to competition.

Inteliquent operates as an alternative tandem provider in nearly every LATA in the United States. Inteliquent exchanges traffic with all of the major wireless, wireline, and cable companies. Some of Inteliquent’s customers also use Inteliquent services to establish TDM interconnection with the ILECs, so that the carriers can transition their network to all IP. Because of its extensive carrier customer base, Inteliquent delivers large volumes of traffic to ILEC tandems, both for termination to ILEC end users and to other carriers that have designated the ILEC tandem as their POI for indirect interconnection.

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ILECs generally require TDM interconnection at the DS-1 level. Inteliquent uses third-party DS-3s to connect to the ILEC tandem when possible but must purchase ILEC multiplexing to deliver traffic from those DS-3s to DS-1s that connect to ILEC end offices or third-party end offices (or mobile switching centers). While Inteliquent has direct interconnection trunks with many wireless carriers nationwide, some wireless carriers prefer indirect interconnection in their affiliate's incumbent territories.

Because multiplexing is in the same basket with channel terminations and interoffice services, ILECs currently have the flexibility to target PCI reductions to services such as transport, which are subject to more competition than multiplexing. The increased efficiencies of multiplexing, shown by a hardware price decline from \$26,000 in 1996 to \$500 today, have not been passed through to customers. Because ILECs still require TDM interconnection and their wireless affiliates have the right to designate the ILEC tandem as their POI for indirect interconnection, ILEC multiplexing is a bottleneck that Inteliquent cannot avoid. Captive customers should not be forced to pay monthly recurring charges of \$420 to \$865 for a multiplexer that today costs \$500.

Respectfully Submitted,

/s/ Tamar E. Finn

Russell M. Blau
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Counsel for Inteliquent, Inc.

cc: (Via E-Mail)
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Deena Shetler
Pamela Arluk
William Kehoe
Christopher Koves
Justin Faulb
Shane Taylor
Thomas Parisi
Alec MacDonell