

# Morgan Lewis

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September 2, 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 31, 2016, John Harrington, Senior Vice President-Regulatory, Litigation & HR of Inteliquent, Inc. (“Inteliquent”) along with the undersigned, met with staff from the Wireline Competition Bureau Front Office and Pricing and Policy Division, including Matthew DelNero, Bureau Chief, Deena Shetler, William Kehoe, Christopher Koves, Justin Faulb, Shane Taylor, Richard Kwiatkowski and Thomas Parisi 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. The discussion was consistent with the points made in Inteliquent’s Comments and August 5, 2016 Ex Parte letter<sup>1</sup>. The attached handouts were provided to the meeting participants.

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<sup>1</sup> See Letter from Russell M. Blau and Tamar E. Finn, Counsel to Inteliquent, Inc. to Marlene Dortch, Secretary (filed Aug. 5, 2016), available at <https://ecfsapi.fcc.gov/file/10805062214624/Inteliquent%20Notice%20of%20August%20%20Ex%20Parte%20Meeting.pdf>.

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Marlene H. Dortch, Secretary  
September 2, 2016  
Page 2

Respectfully Submitted,

*/s/ Tamar E. Finn*

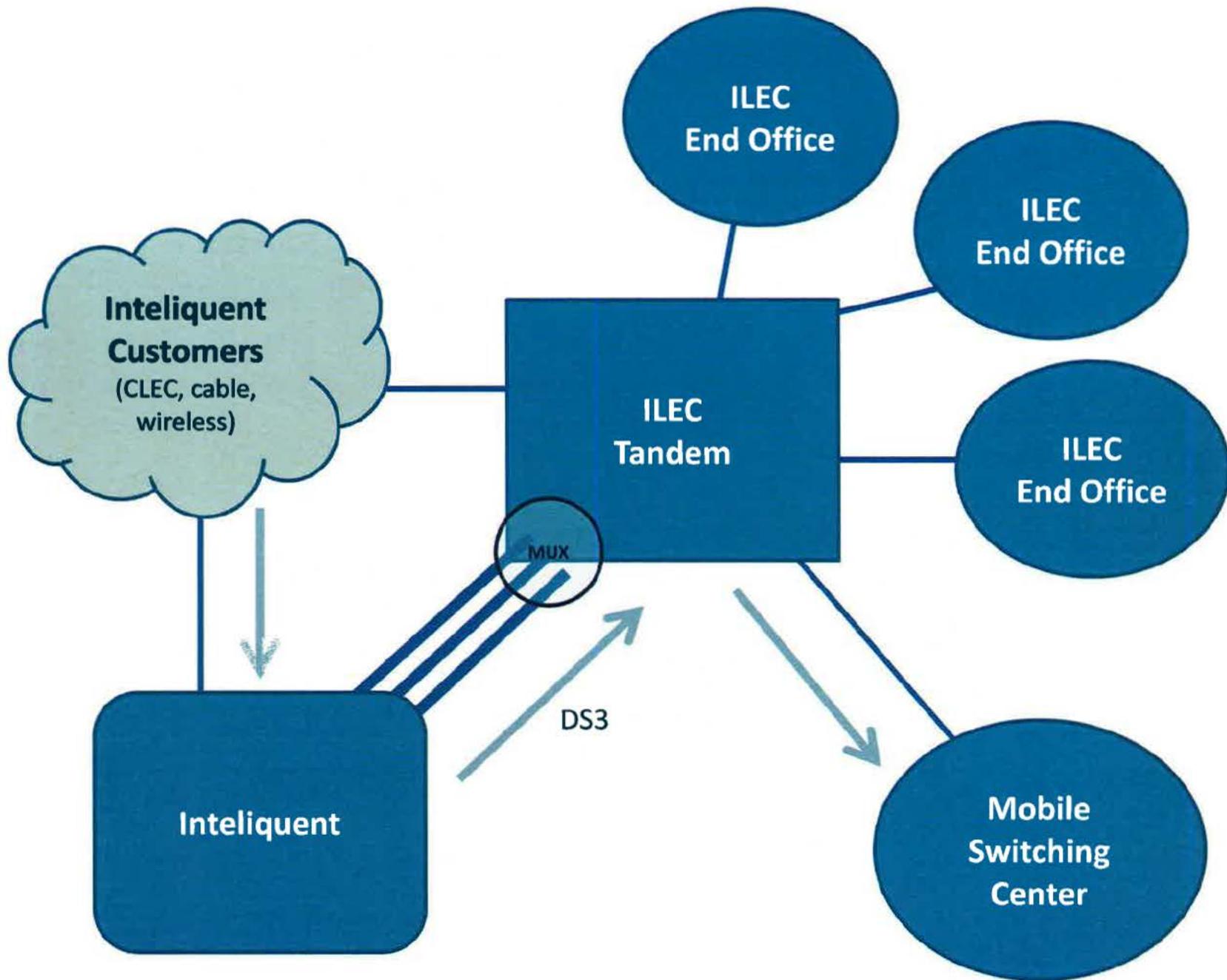
Tamar E. Finn

Counsel for Inteliquent, Inc.

Attachments

cc: (Via E-Mail)  
Matthew DelNero  
Deena Shetler  
William Kehoe  
Christopher Koves  
Justin Faulb  
Shane Taylor  
Thomas Parisi  
Richard Kwiatkowski





## ATTACHMENT A

### Inteliquent Proposed Rule Amendments

**Section 61.42 (Price cap baskets and service categories).** Subsection (e), paragraph (3) should be amended as follows:

(3) The special access basket shall contain special access services as the Commission shall permit or require, including the following service categories and subcategories:

(i) Voice grade special access, WATS special access, metallic special access, and telegraph special access services;

(ii) Audio and video services;

(iii) High capacity special access, and DDS services, including the following service subcategories:

(A) DS1 special access services; ~~and~~

(B) DS3 special access services; and

(C) Multiplexing services;

(iv) Wideband data and wideband analog services.

**Section 61.47 (Adjustments to the SBI; pricing bands).** Subsection (e) should be amended by adding the following new paragraph (3):

(3) Zero percent (except as provided below):

(i) Multiplexing Subservice (special access basket); *provided*, however, that for tariff filings during calendar years 2017 through 2021, inclusive, the upper pricing band for this subcategory shall be negative 20 percent.

## **Implementing the Inteliquent Multiplexing Proposal**

1. Each price cap ILEC would identify all the multiplexing rate elements in its Special Access High-Capacity service category. (See attached example list of rate elements.)
2. The Service Band Index for the Multiplexing subcategory [SBI(mux)] would be initialized at 100 based on the rates in effect on the last day before the first price cap tariff filing under the new rules, weighted by the base period demand for each rate element. (47 CFR § 61.47(a), (c).)
3. In years 1-5, the upper pricing band for the Multiplexing subcategory would be -20% (negative twenty percent), so muxing rates would have to be reduced by 20% relative to the overall change in the PCI for the Special Access Basket ( $\Delta$ PCI). (47 CFR § 61.47(e).) For example:

$$SBI(mux)_{2017} \leq SBI(mux)_{2016} (1 + \Delta PCI) (1 - 20\%)$$

If  $\Delta$ PCI = -15%, and SBI(mux) is initialized at 100 as described above, then  $SBI_{2017}$  can be any value less than or equal to  $100 \times .85 \times .80 = 68$ , so muxing rates on average would have to be reduced by 32%.

ILECs can adjust any rates within the muxing subcategory as they choose in order to meet this ceiling.

4. Five years of 20% reductions, compounded, would result in a net reduction of average muxing rates to  $0.8 \times 0.8 \times 0.8 \times 0.8 \times 0.8 = 0.328$  of the starting value, or approximately 67%, relative to the overall special access basket.
5. After year 5, the upper pricing band would be zero, so muxing rates could not be increased faster than the PCI, but ILECs would be able to adjust individual rate elements within the subcategory and would have downward pricing flexibility.

$$SBI(mux)_{2022} \leq SBI(mux)_{2021} (1 + \Delta PCI)$$

DS3 MULTIPLEX DS3-DS1 60MO  
DS-3 MUX CROSS-CONNECTION PER  
CO  
HUB REARRNG - DS3/DS1 PER MUX  
DS3 MULTIPLEX DS3-DS1 MO EXT  
DS3 MULTIPLEX DS3-DS1 12MO  
DS3 MULTIPLEX DS3-DS1 24MO  
DS3 MULTIPLEX DS3-DS1 36MO  
DS3 MULTIPLEX DS3-DS1 48MO  
DS3 MULTIPLEX DS3-DS1 60MO

DS-3 MUX CROSS-CONNECTION PER  
CO  
HUB REARRNG - DS3/DS1 PER MUX  
SONET XPRESS DS-3 MUX MO  
SONET XPRESS DS-3 MUX 12MO  
SONET XPRESS DS-3 MUX 24MO  
SONET XPRESS DS-3 MUX 36MO  
SONET XPRESS DS-3 MUX 48MO  
SONET XPRESS DS-3 MUX 60MO