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FEDERAL COMMUNICATIONS COMMISSION  
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April 16, 2001

Magalie Roman Salas, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

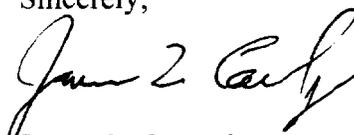
RE: CC Docket No. 96-98 - Implementation of the Local Competition Provisions  
of the Telecommunications Act of 1996; CC Docket No. 99-68 Intercarrier  
Compensation for ISP-bound Traffic

Dear Ms. Salas:

Our client, Cablevision Lightpath, has asked that we submit for the public record the  
attached document, which was distributed on April 13 by Lee Schroeder, Vice President,  
Government and Regulatory Strategy, Cablevisions Systems Corp., to the individuals named  
below.

Please let me know if you have any questions.

Sincerely,

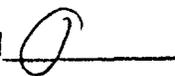


James L. Casserly

Enclosure

cc: Kyle Dixon  
Jordan Goldstein  
Linda Kinney  
Tamara Preiss  
Bryan Tramont  
Sarah Whitesell

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List A B C D E



## **Context**

Based on press reports, public statements, and inferences from various conversations, our understanding is that the FCC is currently planning to distinguish between traffic to Internet Service Providers and other local traffic by assuming that, if the ratio of incoming to outgoing traffic exchanged between carriers exceeds 3:1, then the traffic above the ratio would be presumed to be Internet traffic. For this traffic, the compensation rate would be significantly lower than otherwise applies under reciprocal compensation agreements.

This approach could be improved by making an adjustment that would maintain incentives for investment by full service facilities-based carriers. Specifically, inclusion of the following language in the order would enable full service facilities-based carriers to receive full compensation without regard to traffic balances, thereby preserving incentives for continued investment in facilities-based competition for both commercial and residential customers.

### **Proposed Language to Maintain Incentives for Investment in Facilities-Based Competition**

“Consistent with the Commission's long standing policy of promoting facilities-based competition in the local exchange market, we adopt an additional provision, drawn from the results of the New York Public Service Commission's exhaustive proceeding on reciprocal compensation. For carriers who are determined to meet a state-administered test of being a 'full service facilities-based local exchange carrier,' the rate for terminating ISP-bound traffic will be the same as the below-ratio reciprocal compensation rate, without regard to whether the traffic imbalance exceeds the three-to-one ratio.

“The criteria outlined by the New York Public Service Commission provide a foundation for assessing whether a carrier qualifies as a 'full service facilities-based local exchange carrier.' The factors to be applied include: the carrier's overall network design and, in particular, whether the network has tandem-like functionality that enables it to send as well as receive traffic; the number and capacity of central office switches; the number of points of interconnection offered to other local exchange carriers; the number of collocation cages; the presence of SONET rings and other types of transport facilities; and the presence of local distribution facilities such as coaxial cable and/or unbundled loops.”