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September 16, 2008

Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Portals II, Room TW-A325
Washington, DC 20554

Re: In the Matter of IP-Enabled Services, WC Docket No. 04-36; Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; Universal Service Contribution Methodology, WC Docket No. 06-122.

Dear Ms. Dortch:

On September 10, 2008, Henry T. Kelly, Julie Musselman-Oost of Kelley Drye & Warren LLP and John Barnicle of Peerless Network LLC met with Greg Orlando of Commissioner Deborah Taylor Tate's office.

We discussed generally Peerless' positions as reflected in its letter filed in the above-referenced proceedings and those outlined in the attached document that was handed out in the meeting.

Please direct any questions to Julie Musselman-Oost at (312) 857-2617.

Sincerely,

Henry T. Kelly

CH01/MUSSJ/234247.1

Connections Made Easy

Federal Communications Commission

John Barnicle
President and CEO
jbarnicle@peerlessnetwork.com
312.506.0930
225 W. Washington, Suite 1285
Chicago, IL 60606

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September 10, 2008

Contents

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The Company

- Based in Chicago; twenty-one employees and growing
- Certified by PA PUC in August 2007
- Funding completed in January 2008
- Operational in Pennsylvania in June 2008
- Active markets include Illinois, New York, Pennsylvania and Missouri
- Expansion into Atlanta and Miami announced in August 2008
- Certified in 19 states and DC; applications pending in 4 additional states

Management Team

John Barnicle, President and CEO

- CEO Lynch Interactive
- President and Co-Founder Neutral Tandem
- COO and Co-Founder Focal Communications
- VP Marketing for North America MFS Communications

Doug Lee, CFO and EVP Finance

- CFO and EVP Finance TeleGuam Holdings
- VP Finance Focal Communications

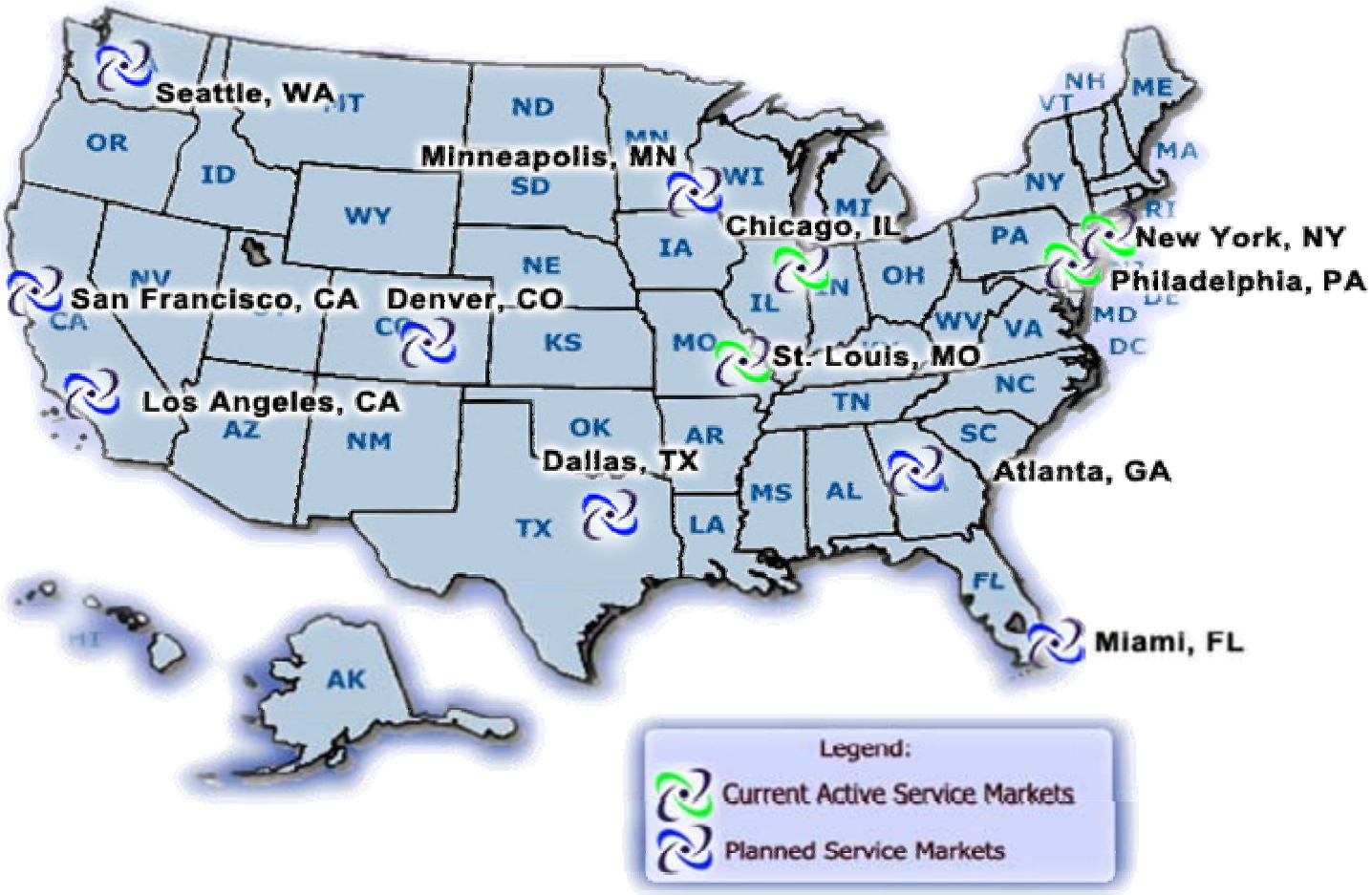
Rick Knight, EVP Sales and Marketing

- EVP Sales and Marketing TeleGuam Holdings
- NVP Sales Focal Communications

Scott Kell, EVP Operations and Engineering

- VP of Telephony Engineering Broadwing Communications
- Director of Data Focal Communications

Service Markets…



September 10, 2008

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Products and Services

- Local Services
- Long Distance
- SS7
- Voice Peering Exchange Services
  - Interexchange Switched Access
  - Transit
  - Content Delivery *
  - Inter-company Feature Transparency *

* 2009 Services

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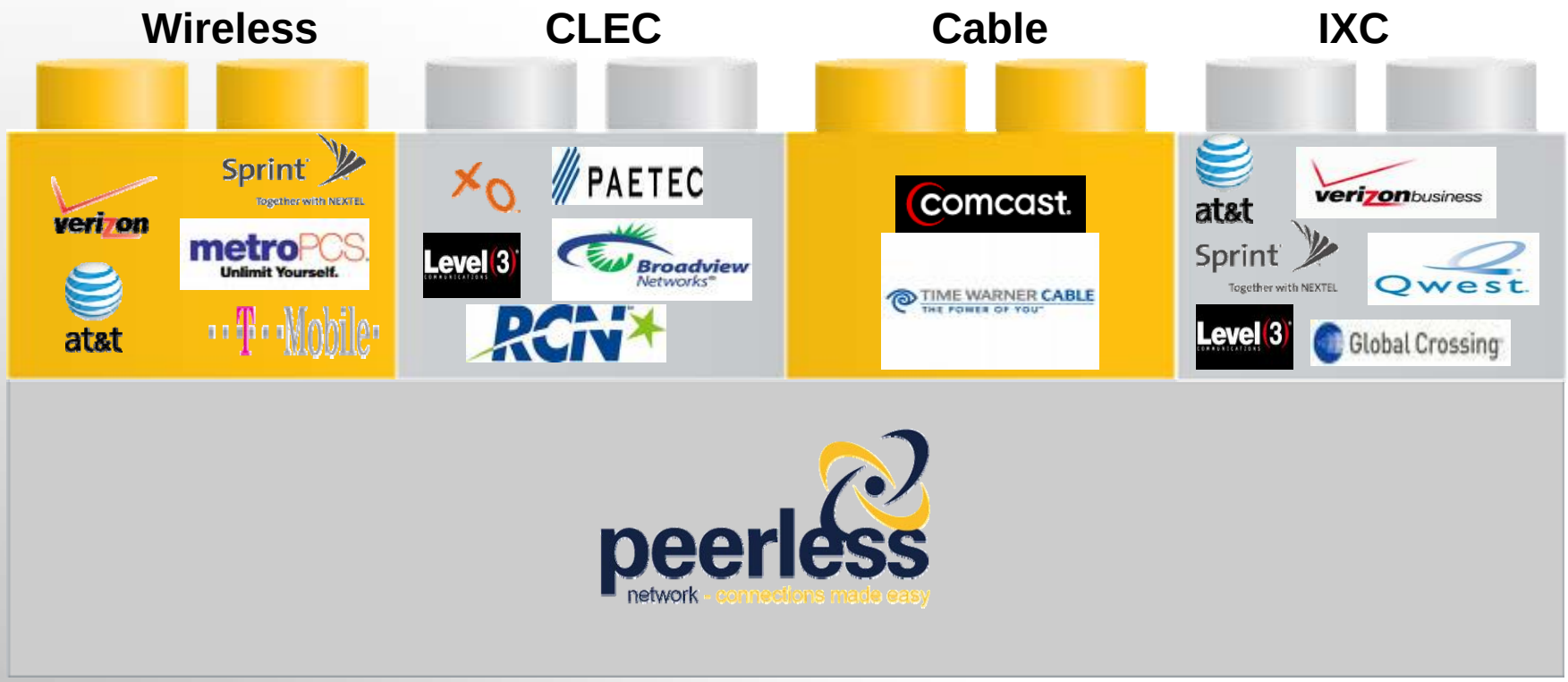
Peering Exchange Target Members



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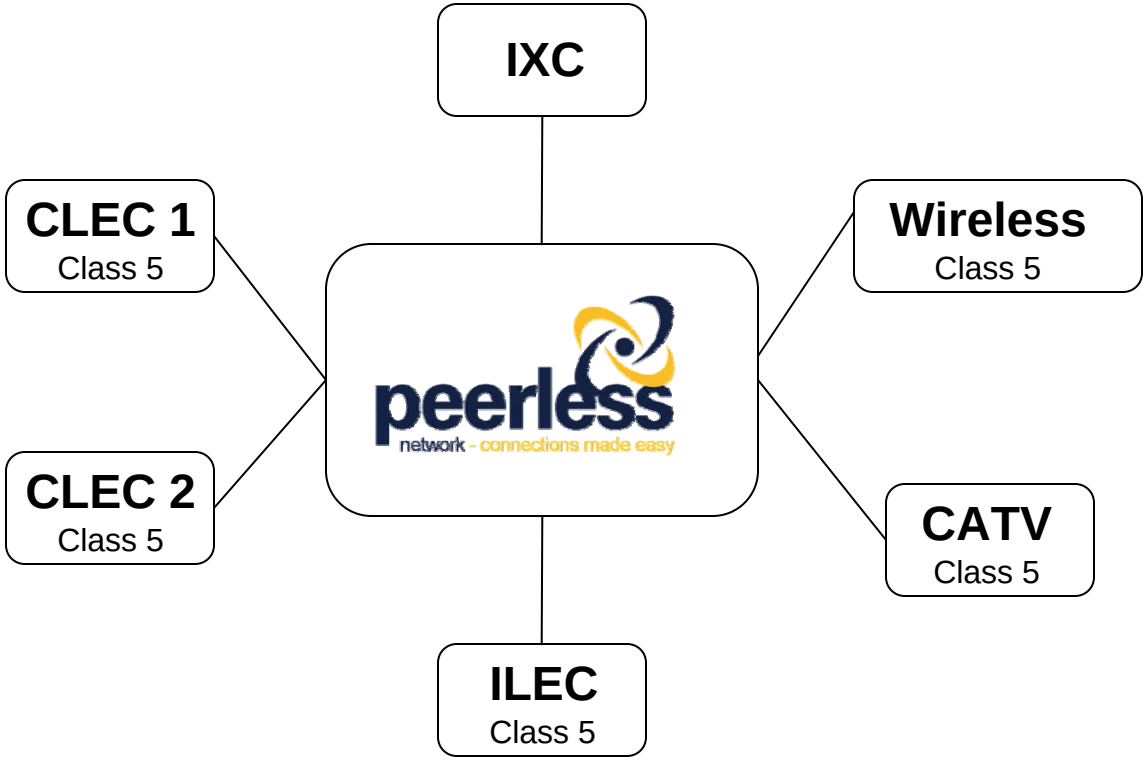
Voice Peering Services



- Calls between IXCs and local telcos (including ILECs) are switched access
- Calls between non-ILEC local service providers are transit

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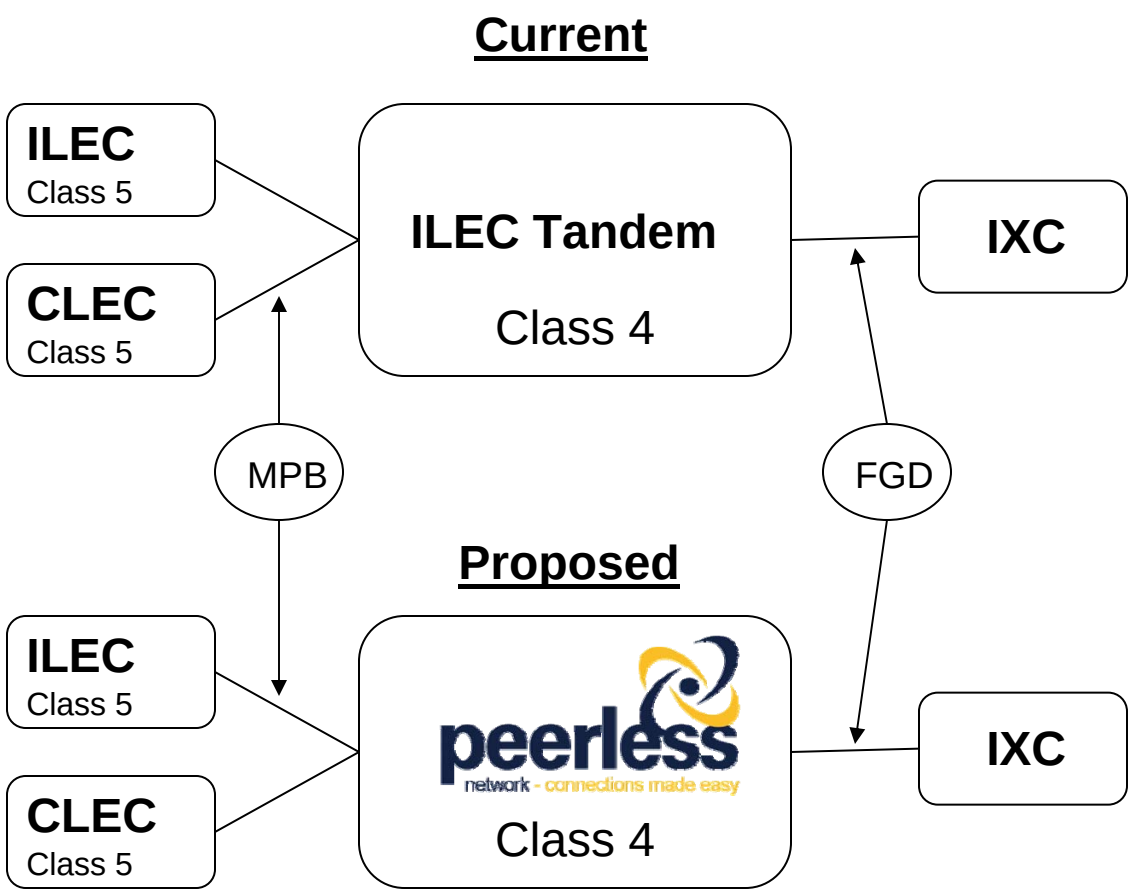
Proposed Service – Competitive Switched Access Tandem

- Done routinely and historically between RBOCs and Independent LECs
- Technically and Economically efficient
- 1994 FCC Order requires ILECs to offer MPB trunks to end offices (Dkt. 91-141.)
- ILEC Tariffs allow such interconnections, but some have not complied with implementation



MPB: Meet Point Billing

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The Peerless Advantage

- Giving customers more choices
- Driving capital and operational efficiencies through the latest technology
- Delivering a wide range of innovative services
- Adding diversity and redundancy to the PSTN
- Improving customer service through a “High Touch” approach
- Leveraging local expertise and experience
- Partnering for scale and scope

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Issues Inhibiting Competitive Interconnection Services

- Interconnection agreement opt-in
- No internet protocol interconnection options
- Meet point billing unavailable to ILEC end offices
- Current homing tandem rules require multiple LRNs, which leads to inefficient numbering resource utilization
- ILEC won't recognize homing tandem designations for terminating local traffic to competitive carriers
- Anti-competitive actions

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Peerless supports FCC rules to address Phantom Traffic issues

- Peerless supports the proposals to require call detail information to promote the exchange of traffic between and among carriers.
- The Commission should require originating carriers that rely on other tandem providers to pass call detail information to the tandem provider, which must also deliver call detail information to the terminating carrier.
- The FCC's has already adopted rules and orders to require carriers to exchange call detail information.

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Peerless supports FCC rules to address Phantom Traffic issues (cont.)

- *Expanded Interconnection* proceedings, CC Docket No. 91-141. Proceeding designed to promote competition in the Tandem service markets.
  - *Tandem Access Interconnection Order* - required ILECs to allow competitors to collocate network equipment at ILEC end offices.
  - *Switched Transport Order* – required Tier 1 incumbent LECs to offer interstate switched transport expanded interconnection service to Competitive Access Providers who would offer tandem switching services.
  - *Tandem Signaling Order* - required Tier 1 ILECs to provide call signaling information that was necessary to provide competitive tandem switching services.
    - four types of signaling information: (1) the Carrier Identification Code (CIC); (2) the OZZ; (3) the originating telephone number; and (4) the terminating telephone number

Peerless supports FCC rules to address Phantom Traffic issues (cont.)

- 1995 FCC *Caller ID Order.*
  - Required carriers to deliver the *Calling Party Number* ("CPN") to carriers with whom they interconnect.
  - Adopted 47 C.F.R. Section 64.1601, which provides in part that carriers using SS7 "are required to transmit the calling party number (CPN) associated with an interstate call to interconnecting carriers."
- 2003 *Cavalier Arbitration Order*
  - Cavalier was proposing interconnection terms and conditions that would permit it to offer competitive local transit services.
  - FCC recognized that carriers interconnecting under Section 251(c) for the purposes of exchanging transit traffic are required to exchange sufficient call detail information to permit originating and terminating carriers to bill each other for intercarrier compensation.
  - The Commission concluded that a carrier that does not pass call detail information to interconnecting carriers "impedes" the terminating carriers' right to share terminating access revenues for calls, and "can skew Cavalier's traffic factor ratios, which can impact other charges Cavalier pays to Verizon." ¶ 39.
  - The Commission determined that the transit provider "has control over how it passes calls" from the originating carrier, whether it be an IXC, CMRS provider, or LEC, to the terminating carrier, and is required to exchange traffic in a way that "does not eliminate critical information from calls, and does not add information that misidentifies the calling party or the jurisdictional nature of the call." ¶ 40.

Peerless supports FCC rules to address Phantom Traffic issues (cont.)

- Peerless supports proposed Phantom Traffic Proposal:

  1. "Every originating provider must transmit in its signaling where feasible with its [current] network technology…the telephone number received from or assigned to the calling party."

  2. "Every provider must transmit without alteration…the telephone number information that it receives from another provider in signaling."

  3. "It should be deemed an unreasonable practice for a provider to route traffic for the purpose of disguising the identity of the financially responsible provider or the traffic's originating jurisdiction."

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US Telcom Proposal goes too far

- Commission may not permit ILECs the ability to invoke the 251/252 negotiations/arbitration process with other carriers with which they exchange traffic.
- Only competitive carriers may request interconnection and arbitration under Section 252(a).
- ILECs can request voluntary, negotiated interconnection terms and conditions outside of Section 252.

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