

# BINGHAM

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October 7, 2010

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

**Re: Establishing Just and Reasonable Rates for Local Exchange Carriers,  
WC Docket No. 07-135, Developing a Unified Intercarrier  
Compensation Regime, CC Docket No. 01-92**

Dear Ms. Dortch:

On October 7, 2010, Mike Shultz of Consolidated Communications and the undersigned met with Albert Lewis, Randy Clarke, John Hunter, Dan Ball, Jay Atkinson, and Jenny Prime of the Wireline Competition Bureau. The attached presentation was used as a basis for this discussion and reflects the comments made on behalf of Consolidated.

Please call me if you have any questions.

Sincerely yours,



Eric J. Branfman

cc: Albert Lewis, WCB/PPD  
Randy Clarke, WCB/PPD  
John Hunter, WCB/PPD  
Dan Ball, WCB/PPD  
Jay Atkinson, WCB/PPD  
Jenny Prime, WCB/FO

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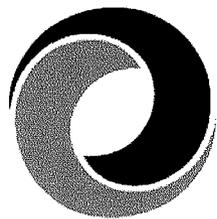
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# Revenue Sharing

*October 7, 2010*



**Consolidated**<sup>®</sup>  
c o m m u n i c a t i o n s

# Agenda

- **Traffic Pumping**
- **Access Generation**
  - Revenue Sharing
  - Retail Rate Structure
- **FCC Action**

# Consolidated



- **9<sup>th</sup> largest Independent Local Exchange Carrier in the U.S., with operations in Illinois, Pennsylvania and Texas**
- **Approximately 247,235 ILEC access lines, 72,681 CLEC access line equivalents, 100,122 DSL subscribers, 23,127 IPTV subscribers, and 8,665 VOIP subscribers representing 451,830 total connections**
- **Providing voice, video and data services**
- **Triple play offerings in all markets**

# Traffic Pumping

- **Revenue sharing is not “Traffic Pumping”**
- **The Consolidated traffic mentioned in AT&T’s ex parte is not traffic pumping**
  - Conference providers are legitimate end users located in Consolidated’s territory, being billed for and paying local and SLC charges.
  - All traffic is legitimate toll calls from AT&T end-users or end-users of wholesale domestic termination customers of AT&T.
  - Real issue is incremental traffic costs less for all LECs than average cost, creating an incentive to increase traffic.
  - Network utilization has decreased as a result of line loss.
- **AT&T misstates impact of increasing MOU/Access Lines**

# Access Generation

- **Revenue sharing is not limited to traffic pumping arrangements**
  - Telecom providers revenue share today.
    - Prison systems with local/state government
    - Operator services for hotels
    - Hospitals, Dormitories
- **Retail Rate Structure**
  - Most business customers pay per MOU for business calling, while many residential customers have unlimited plans.
  - Biggest cause of traffic stimulation is IXC's unlimited toll plans
  - AT&T and other IXCs need to review their various long distance end-user plans to be compensatory to address longer hold times.
- **NECA Pool**
  - Benefit from increased traffic went to the pool, not Consolidated

# FCC Action

- **Limit exiting and re-entering NECA Traffic Sensitive Pool**
- **Revenue sharing should continue to be allowed**
- **Biggest cause of traffic stimulation is IXC's unlimited toll plans**
- **IXCs can adjust their retail rate structure**
- **Address access rates**