

APPENDIX A

AT&T's Bill-and-Keep Framework for Terminating PSTN Traffic

1. Definitions

- (a) *Interconnection* means the physical linking of carrier networks for the exchange of traffic.
 - (i) *Direct interconnection* is a facility arrangement that connects a Sending Carrier's network to a Terminating Carrier's network using an Entrance Facility self-provisioned by the Sending Carrier or purchased from the Terminating Carrier.
 - (ii) *Indirect interconnection* is a facility arrangement where a Sending Carrier uses an Intermediate Carrier's transmission services (dedicated or tandem-switched) to deliver its traffic to the Terminating Carrier's network. In this context, the Intermediate Carrier interconnects directly with the Terminating Carrier.
- (b) *Entrance Facility* refers to the transmission facilities that connect the Sending Carrier's network or the Intermediate Carrier's network to the Terminating Carrier's network. The Entrance Facility ends at the designated Point of Interconnection on the Terminating Carrier's network.
- (c) *Intermediate Carrier* is a provider of Third-Party Tandem-Switched Transport Service or Third-Party Transport Service.
- (d) *Network Edge* is the building location on the Terminating Carrier's network within a LATA that serves as the *financial* point of interconnection, *i.e.*, the demarcation point on the Terminating Carrier's network beyond which the Terminating Carrier may not charge any other carrier for the Transport and Termination of traffic. Said another way, it is the point at which financial responsibility for the costs of delivering traffic shifts from the Sending Carrier to the Terminating Carrier.
 - (i) The Network Edge also is the *default* building location on the Terminating Carrier's network where it offers interconnection to Sending Carriers and Intermediate Carriers in order to receive traffic for termination on its network. Thus, the Network Edge will often be the Point of Interconnection. As discussed below, however, this will not always be the case, because Sending Carriers are sometimes entitled to designate alternative POIs, and Terminating Carriers are sometimes entitled to designate "Alternative Edges." But these alternatives have financial consequences for the carriers electing them, as discussed below in §§ 3.b & 3.c.
 - (ii) The following locations, or equivalent locations, will be Network Edges within a LATA:
 - (1) *End Office serving the called party*, when that end office does not subtend a tandem switch owned by the Terminating Carrier.

- (2) ***Tandem serving the called party's End Office***, when the Terminating Carrier owns the tandem switch serving that end office.
 - (3) ***Point of Presence*** (“POP”), when the Terminating Carrier does not have a switch in the LATA where the traffic is terminated.
 - (4) ***Mobile Switching Center*** (“MSC”), for CMRS traffic.
- (iii) ***Alternative Edge***. If interconnection is not technically feasible at the location that should be the Terminating Carrier’s Network Edge under § 1.d.ii above, or if the Terminating Carrier is exempt from 47 U.S.C. § 251(c) and does not offer interconnection at its Network Edge, the Terminating Carrier must designate a different location in its service territory as its “Alternative Edge.”
- (e) ***Point of Interconnection*** (“POI”) refers to the *physical* location on the Terminating Carrier’s network where interconnection occurs and the Entrance Facility is terminated. For example, POIs may include locations such as a tandem trunk ports and transmission facility cross-connects.
 - (f) ***Sending Carrier*** is the originating carrier serving the calling party or the IXC serving the calling party.
 - (g) ***Terminating Carrier*** is the carrier that terminates the call to the called party served by its network.
 - (h) ***Third-Party Tandem-Switched Transport Service*** is a transmission service offered by a third-party carrier that uses tandem transmission and switching facilities to transit traffic from the Sending Carrier’s network to the Terminating Carrier’s network. Third-Party Tandem-Switched Transport Service is an indirect interconnection arrangement.
 - (i) ***Third-Party Transport Service*** is any transmission service other than Third-Party Tandem-Switched Transport Service (including, but not limited to, dedicated transport and special access) offered by a third-party carrier that is used to deliver traffic from the Sending Carrier’s network to the Terminating Carrier’s network. Third-Party Transport Service is an indirect interconnection arrangement.
 - (j) ***Transport, Termination, and Extra-Edge Transmission***
 - (i) ***Transport*** refers to the dedicated and common transmission facilities and necessary tandem switching from the Network Edge to the Terminating Carrier’s end office switch, or equivalent facility, that directly serves the called party.
 - (ii) ***Termination*** refers to the switching at the Terminating Carrier’s end office switch, or equivalent facility, and delivery of such traffic to the called party’s premises.
 - (iii) ***Extra-Edge Transmission*** refers to the dedicated and common transmission facilities provided by the Terminating Carrier to deliver traffic from the Sending Carrier’s network or the Intermediate Carrier’s network to the Terminating

Carrier's Network Edge. This term includes *both* (i) any Entrance Facility used to link the Sending Carrier's network or the Intermediate Carrier's network to a Point of Interconnection on the Terminating Carrier's network and (ii) any transmission or switching necessary to deliver traffic from the Point of Interconnection on the Terminating Carrier's network to that carrier's Network Edge.

2. General Interconnection Duties of All Carriers

- (a) Network Edges within a LATA are the locations defined above. Every Terminating Carrier must identify its Network Edges and the network addresses that can be terminated through each of its Network Edges.
- (b) This Framework assumes that every Terminating Carrier will offer direct interconnection and indirect interconnection at its Network Edges for the termination of traffic. However, in some circumstances Terminating Carriers will not do so.
 - (i) Where interconnection is not technically feasible at the Network Edge, the Terminating Carrier must offer interconnection at an Alternative Edge. *See* § 1.d.iii, *supra*.
 - (ii) Where the Terminating Carrier is exempt from section 251(c), and it does not offer interconnection at the Network Edge or it insists on only indirect interconnection there, the Terminating Carrier must offer direct and indirect interconnection at an Alternative Edge. *See id.*
- (c) Some ILECs are subject to additional interconnection duties pursuant to section 251(c)(2). Thus, Sending Carriers may demand that those ILECs interconnect at locations other than the Network Edge:
 - (i) Every ILEC subject to section 251(c)(2) must offer physical interconnection for the transmission and routing of traffic at any technically feasible point on its network within a LATA.
 - (ii) Such an ILEC may be required to interconnect physically with a Sending Carrier or an Intermediate Carrier at a single POI in each LATA for termination of traffic on the ILEC's network in that LATA.
- (d) The Terminating Carrier may require Sending Carriers and Intermediate Carriers to establish separate trunk groups when sufficient traffic exists to a given end point on the Terminating Carrier's network (*e.g.*, a tandem switch or end office switch), or to accommodate specific traffic routing destinations (*e.g.*, 800 traffic).

3. Terminating Rate Structure

- (a) *General rule:* The Sending Carrier bears the financial obligation to deliver its traffic to the Terminating Carrier's Network Edge (or Alternative Edge). The Terminating Carrier

bears the financial obligation to deliver that traffic from the Network Edge (or Alternative Edge) to the called party. The following sections flesh out this general rule.

- (b) The Sending Carrier bears the financial obligation to deliver its traffic to the Point of Interconnection on the Terminating Carrier's network, which may or may not coincide with the Network Edge.
 - (i) When the Sending Carrier elects to interconnect directly, the Sending Carrier bears the financial obligation for the Entrance Facility that links the Sending Carrier's network to the Point of Interconnection on the Terminating Carrier's network. The Sending Carrier can construct its own Entrance Facility or purchase Extra-Edge Transmission from the Terminating Carrier.
 - (ii) When the Sending Carrier elects to interconnect indirectly, the Sending Carrier also bears the financial obligation for the Third-Party Tandem-Switched Transport Service or Third-Party Transport Service used to deliver its traffic to the Point of Interconnection on the Terminating Carrier's network. (As discussed in § 3.c.iii below, this rule does not apply when the *Terminating Carrier* insists on indirect interconnection.)
- (c) When the POI and the Network Edge are not in the same location, the Sending Carrier also bears the financial obligation for any Extra-Edge Transmission necessary to deliver its traffic from the POI to the Terminating Carrier's Network Edge. (That is, the Terminating Carrier is entitled to charge the Sending Carrier for dedicated transport, common transport, and/or special access used to deliver traffic from the POI to its Network Edge).
 - (i) This rule assumes that the Terminating Carrier offers direct and indirect interconnection at its Network Edge, and the Sending Carrier insists on a different Point of Interconnection. *See* § 2.c, *supra*. Where this is *not* the case, and the Terminating Carrier designates an Alternative Edge in accordance with §§ 1.d.iii and 2.b, the Terminating Carrier, and not the Sending Carrier, bears the financial obligation for the transmission necessary to deliver the Sending Carrier's traffic from the Alternative Edge to the point on the Terminating Carrier's network that otherwise would constitute the Network Edge. (As always, the Terminating Carrier also bears the costs of Transport and Termination as well. *See* § 3.d below.)
 - (ii) When the Sending and Terminating Carriers interconnect directly at an Alternative Edge, the costs borne by the Terminating Carrier include *all* transmission and switching on the Terminating Carrier's network beyond the Alternative Edge.
 - (iii) When a Terminating Carrier insists on *indirect* interconnection at the Network Edge, it is essentially designating an Alternative Edge at the facilities of an Intermediate Carrier. Accordingly, the Sending Carrier bears the financial obligation to deliver its traffic *only* to that Alternative Edge, and the Terminating

Carrier bears the costs from that point on, including costs for any Third-Party Tandem-Switched Transport Service or Third-Party Transport Service.

- (d) The Terminating Carrier bears the financial obligation for Transport and Termination of the Sending Carrier's traffic from the Terminating Carrier's Network Edge to the called party's premises.

4. Implications of Carriers' Interconnection and Compensation Obligations for Different Rate Elements

- (a) Terminating dedicated transport access elements (entrance facilities, direct end-office trunking, and dedicated switched transport) will be subject to the interconnection and compensation Framework described above. Accordingly, subject to the exceptions discussed in § 3 above, Sending Carriers will compensate Terminating Carriers if they choose to rely on Terminating Carriers for any dedicated transport needed to reach the Terminating Carrier's Network Edge.
- (b) All common transport and tandem switching charges also will be subject to the Framework above. Accordingly:
 - (i) Terminating Carriers will not be entitled to compensation for tandem switching and common transport when they own the access tandem serving the end office that serves the called party. This is because the access tandem will be the Terminating Carrier's Network Edge.
 - (ii) Subject to the exceptions discussed in § 3 above, Sending Carriers will compensate Terminating Carriers if they choose to rely on Terminating Carriers to provide any common transport needed to reach the Network Edge.
- (c) Sending Carriers will compensate Intermediate Carriers for whatever services they choose to purchase from Intermediate Carriers, including dedicated transport, common transport, tandem switching, or other network functions.¹
- (d) The tandem switching and common transport elements of jointly provided access service should be conformed and unified with local transit service to become Third-Party Tandem-Switched Transport Service as described in this Framework.

5. Further Detail Concerning Third-Party Tandem-Switched Transport Service

- (a) Third-Party Tandem-Switched Transport Service is tandem switching and transport provided by an Intermediate Carrier that enables indirect interconnection between two carriers.

¹ When a Terminating Carrier uses an Intermediate Carrier to transport traffic within the Terminating Carrier's Network Edge (for example, where the former has designated an Alternative Edge), the Terminating Carrier must compensate the Intermediate Carrier.

- (i) This service is called “transit” today when provided in connection with non-access traffic. Under this Framework, all regulatory distinctions will be eliminated between local “transit” service and the identical functionality in the access context (*i.e.*, jointly provided tandem switching and common transport access services).
- (b) The rates, terms, and conditions of Third-Party Tandem-Switched Transport Service shall be unregulated and governed solely by bilateral contract arrangements.
- (c) The Sending Carrier shall bear the financial obligation for delivering its traffic to the Third-Party Tandem-Switched Transport Service provider’s location.

6. Transition from Tariffs to Interconnection Agreements for Section 251(b)(5) Traffic

- (a) The rates, terms, and conditions for all terminating charges that are encompassed by section 251(b)(5) and subject to the transition set out in the *Order* should be set through interconnection agreements, not tariffs. All terminating charges subject to the transition should be removed from access tariffs and should instead be included in section 252 agreements for interconnection and reciprocal compensation.
 - (i) This rule should apply at Step 7 for price cap ILECs and all carriers that are on a similar transition.
 - (ii) This rule should apply at Step 9 for rate of return ILECs and all carriers that are on a similar transition.
 - (iii) Carriers are free to enter into contractual agreements prior to these time periods.
- (b) All carriers shall be required to negotiate interconnection agreements and to submit to the state arbitration process set out in section 252.
- (c) Beginning at Step 7 for price cap ILECs and all carriers that are on a similar transition and at Step 9 for rate of return ILECs and all carriers that are on a similar transition, the Commission will eliminate access tariffs for traffic subject to the transition.
 - (i) The Commission should make clear that it is eliminating the provision of the MFJ preserved by section 251(g) that required access rate elements to be filed in tariffs.²
- (d) All terminating traffic should be treated identically. The interconnection and reciprocal compensation distinctions between terminating “access” and “non-access” traffic should be eliminated.

² See *United States v. American Tel. & Tel. Co.*, 552 F. Supp. 131, 227 (D.D.C. 1982), *aff’d*, 460 U.S. 1001 (1983).

- (e) Rates, terms, and conditions for Third-Party Tandem-Switched Transport Service and Third-Party Transport Service should be established through commercial agreements, not section 252 interconnection agreements or tariffs.

7. Additional Changes That the Commission Should Make Effective on July 1, 2012

- (a) The *Order* provides that LEC-CMRS non-access traffic will be transitioned to bill-and-keep on July 1, 2012. *Order* ¶¶ 978, 988, 994-1002. The Commission should modify its proposed implementation framework to mirror the Framework set out above, though it could retain its special interim transport protection for rural rate-of-return ILECs.
 - (i) The framework adopted in the *Order* suggests that a Terminating Carrier's Network Edge for purposes of LEC-CMRS non-access traffic would be the existing Point of Interconnection between the two carriers' networks. That said, the Commission expressly noted that it did not wish to prejudge this issue, and it sought comment on its proposed solution. *Id.* ¶ 998-99. For all the reasons discussed in Section III.B of AT&T's comments, a regime that converted existing POIs into Network Edges would be highly inefficient. *See* AT&T Comments at 69-71. Instead, the Commission should adopt AT&T's proposed interconnection and compensation Framework for all LEC-CMRS non-access traffic that transitions to bill-and-keep on July 1, 2011.
 - (ii) As the Commission explained in the *Order*, an immediate flash-cut to the full bill-and-keep end state might not be appropriate for some rural rate-of-return ILECs. *Order* ¶¶ 997-98. Thus, such carriers should be entitled to *opt out* of AT&T's proposed Framework and instead take advantage of the interim rural transport rule adopted in the *Order*. *Id.* ¶ 999.
 - (1) Under that rule, rate-of-return RLECs sending non-access traffic to CMRS providers would not be responsible for the costs of transport or any other network function past the meet point in their service area. Instead, the CMRS provider would transport and terminate the call on a bill-and-keep basis.
 - (2) Similarly, for CMRS-originated non-access traffic, the CMRS provider would bear the costs of transporting the traffic to the meet point in the RLEC's service area. The RLEC would then take over financial responsibility for the traffic at the meet point and transport and terminate it on a bill-and-keep basis.
 - (3) This interim rule will sunset at Step 9, at which time rural rate-of-return ILECs will be subject to the general Framework applicable to all other carriers.
 - (iii) The Commission should, however, make three clarifications to the interim rural transport rule adopted in the *Order*.

- (1) The only carriers entitled to opt into the interim rural transport rule (and thus out of AT&T's proposed Framework) should be rural rate-of-return ILECs that are on the 9-step ICC reform transition.
 - (2) RLECs should be entitled to the transport benefits of the rule only if they make *direct* interconnection available to the CMRS provider at the meet point in the RLEC's service area. If an RLEC instead requires CMRS providers to use indirect interconnection, the RLEC should be required to bear the costs of that indirect interconnection.
 - (3) The interim rural transport rule should apply to RLEC-originated non-access traffic only where the calling and called telephone numbers are in the same rate center. Said another way, the rule should apply only to locally-dialed calls.
- (b) All non-access traffic (with the exception of LEC-CMRS traffic, discussed immediately above) should follow the same transition as access traffic and employ the same bill-and-keep framework at the end state. Specifically, at Step 7 for price-cap carriers (and all carriers that are on a similar transition), and at Step 9 for rate-of-return carriers (and all carriers that are on a similar transition), the Commission should employ AT&T's bill-and-keep framework for *both* access and non-access traffic. As discussed above, this would mean that many network functions, including dedicated transport and transit, would not go to bill-and-keep even for traffic that today falls within the reciprocal compensation regime.