

**U.S. TelePacific Corp. d/b/a
TelePacific Communications
Request for Stay Pending Reconsideration**

ATTACHMENT B

Declaration of David Zahn

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Request for Stay)	
Pending Reconsideration by)	WC Docket No. 06-122
U.S. TelePacific Corp. d/b/a)	
TelePacific Communications)	

DECLARATION OF DAVID ZAHN

1. My name is David Zahn. I am Vice President of Marketing of U.S. TelePacific Corp. d/b/a TelePacific Communications (“TelePacific”). My business address is 515 S. Flower Street, 47th Floor, Los Angeles, CA 90071-2201.
2. I am authorized to make this declaration on behalf of TelePacific.
3. I am providing this declaration in support of TelePacific’s Request for Stay Pending Reconsideration (“Stay”) and TelePacific’s Petition for Partial Reconsideration of the *2012 Wholesaler-Reseller Clarification Order*.
4. At TelePacific, I am responsible for Product Management, Product Marketing and Product Development, and, thus, I have a detailed understanding of TelePacific’s product offerings and strategic and competitive position in the industry. I also have knowledge about TelePacific’s network and how services are delivered to customers.
5. TelePacific has a substantial network of its own, including switches, interoffice transport, and hundreds of collocations in ILEC wire centers in California, Nevada and Texas. However, TelePacific leases special access circuits to provision the vast majority of its broadband Internet access services.

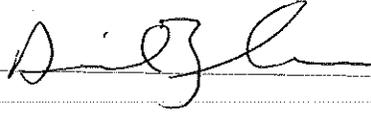
6. TelePacific does not offer or sell stand-alone “special access circuits,” such as T-1s, to its retail customers. Rather, TelePacific sells its customers a variety of voice and broadband Internet access services that rely on special access circuits to connect end user customers to TelePacific’s network. I am familiar with other competitive carriers in TelePacific’s operating territory and other operating territories that provide their broadband Internet access services in a similar manner.
7. TelePacific offers a variety of dedicated broadband Internet access options, including (A) a basic T-1-based service that offers up to 1.544 megabits per second (“Mbps”) access to the Internet; (B) a “bonded T-1” service, which is up to eight T-1s that are virtually fused for greater broadband speeds up to 12 Mbps; and (C) a DS-3-based offering which provides the broadband Internet access over a single, larger circuit at speeds up to 45 Mbps.
8. TelePacific, like many competitive carriers, provides services that allow customers to use a special access circuit for broadband Internet access and switched voice. TelePacific contributes directly to the USF on the end user telecommunications revenues derived from these bundled service offerings.
9. Based upon the *2012 Wholesaler-Reseller Clarification Order*, it is my understanding that, effective January 1, 2014, TelePacific will be required to certify to each carrier that provides it with special access service, on a circuit-by-circuit basis, whether TelePacific is a “reseller” with respect to each such special access circuit. Further, I understand that if TelePacific is using a particular special access circuit only to provide its customer with broadband Internet access service, and no other service, then TelePacific will not be permitted to certify that it is a “reseller” with respect to

- that circuit. As a result, TelePacific's underlying carriers will be required to treat TelePacific as an end user and those carriers will impose surcharges on TelePacific in an amount equal to the underlying carrier's USF contribution obligation on those special access circuits.
10. If TelePacific were required to be treated as an end user and required to contribute indirectly to the USF on the special access circuits used to deliver its broadband Internet access service to customers, it would face a substantial cost disadvantage compared to its competitors, including facilities-based ILECs (*e.g.*, AT&T, the major incumbent provider in TelePacific's territory) and cable modem providers (*e.g.*, Cox and Time Warner Cable), who are not paying USF on these functionally equivalent services.
 11. As described above, TelePacific offers various broadband Internet access services. The majority of TelePacific's small and medium business ("SMB") customers purchase broadband Internet access delivered over a special access circuit TelePacific leases from AT&T or other ILECs. Applying the current USF contribution factor of 17.4% results in cost increases to TelePacific of between \$18.00 and \$300.00 per month, depending on the specific special access service and respective wholesale cost.
 12. TelePacific does not categorize its broadband Internet access products based on whether such product is delivered to the customer over fiber, coax or special access services leased from TelePacific's underlying providers.
 13. The market segment that TelePacific serves, the SMB segment, is already heavily concentrated, with ILECs having an approximately 80 percent share of the business

market in California and Nevada. As stated above, TelePacific also competes head-to-head with cable providers. Carriers frequently gain and lose customers based on price.

14. If TelePacific's customers were charged more for their service in order for TelePacific to recover its indirect USF contribution, it is my opinion that TelePacific would lose customers and fail to attract new customers because its broadband Internet access service no longer would be priced competitively.
15. Customers who switch service providers based on this USF disparity would be unlikely to return to TelePacific in the near term because of non-recurring fees and potential disruption to their business associated with service turn-up by a new carrier.

I affirm under penalty of perjury that the foregoing is true and correct.

A handwritten signature in black ink, appearing to read 'D. Zahn', is written over a horizontal line.

David Zahn, Vice President, Marketing

U.S. TelePacific Corp. d/b/a TelePacific Communications