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September 5, 2006

James J. McNulty, Secretary  
Pennsylvania Public Utility Commission  
The Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120

**Via Hand Delivery**

**Re: Missoula Plan Workshop and Facilitated Discussion;  
Docket No. M-00061972**

Dear Secretary McNulty:

Pursuant to the Secretarial Letter issued on August 23, 2006, the Broadband Cable Association of Pennsylvania ("BCAP") hereby submits an original and fifteen (15) copies of its initial comments in the above-referenced proceeding. The enclosed document reflects the talking points of Mr. Steven F. Morris on behalf of BCAP for the September 11, 2006, workshop. In addition to Mr. Morris, the undersigned counsel will participate in the workshop to present BCAP's views on the Missoula Plan. A computer diskette with the electronic file of these comments is also enclosed.

Copies of these comments are being distributed as indicated on the attached Certificate of Service. Please date stamp the enclosed copies of the letter and the comments and kindly return them to our messenger. Thank you.

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Very truly yours,

MCNEES WALLACE & NURICK LLC

By   
Pamela C. Polacek

Counsel to the Broadband Cable  
Association of Pennsylvania

PCP/nk

Enclosures

- c: Certificate of Service
- Honorable Wendell Holland (via Hand Delivery)
- Honorable James Cawley (via Hand Delivery)
- Honorable William Shane (via Hand Delivery)
- Honorable Kim Pizzingrilli (via Hand-Delivery)
- Honorable Terrance Fitzpatrick (via Hand-Delivery)
- ALJ Kandace M. Melillo (via-E-Mail)
- Joseph Witmer, Esq. (via E-Mail)

## CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant):

### VIA FIRST CLASS MAIL

Office of Consumer Advocate  
555 Walnut Street  
Forum Place - 5<sup>th</sup> Floor  
Harrisburg, PA 17101-1923

Office of Trial Staff  
Commonwealth Keystone Building  
P. O. Box 3265  
Harrisburg, PA 17105-3265

Office of Small Business Advocate  
Commerce Building – Suite 1102  
300 North Second Street  
Harrisburg, PA 17101



Pamela C. Polacek

Dated this 5<sup>th</sup> day of September, 2006, at Harrisburg, Pennsylvania.

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**Presentation of  
STEVEN F. MORRIS  
on behalf of the  
Broadband Cable Association of Pennsylvania**

**Facilities-Based Competition From Cable Operators Is Providing Significant Benefits to Consumers**

- Real investment – Cable operators have invested over \$100 billion since 1996, including over \$6 billion in Pennsylvania, to provide a full suite of digital video, broadband, and phone services.
- Real savings – According to a recent J.D. Power report, cable phone customers save an average of \$11.19 per month on wireline phone bills.

**II. Intercarrier Compensation Reform Should Promote Facilities-Based Competition**

As the FCC recognized in its 2005 Further Notice of Proposed Rulemaking, the current intercarrier compensation regime is “increasingly unworkable” and “creates distortions in the marketplace at the expense of healthy competition.”

In its FNPRM, the FCC identified three primary objectives in connection with intercarrier compensation reform:

- Economic efficiency, and in particular, the development of facilities-based competition
- The preservation of universal service, including increased choices for rural consumers
- Competitive and technological neutrality.

The cable industry supports these goals completely. In particular, as we have demonstrated, the development of facilities-based competition offers substantial, tangible benefits to consumers.

### **III. The Missoula Plan Does Not Promote Facilities-Based Competition**

The Missoula Plan fails to achieve the goals identified by the FCC. The plan is primarily intended to preserve incumbent LEC revenues and it will hinder, rather than promote, facilities-based competition.

The cable industry is in the process of developing detailed positions on the Missoula Plan. As a preliminary matter, we have identified a number of significant concerns:

- The Missoula Plan retains numerous arbitrary distinctions among services and providers, making it extremely complex and administratively burdensome for competitors.
- The Missoula Plan fails to provide needed clarity regarding the rights and obligations of IP-based communications providers.
- The Missoula Plan inappropriately deregulates incumbent LEC provision of transit service, which should be provided at cost-based rates pursuant to interconnection agreements.
- The interconnection rules contained in the Missoula Plan are unreasonably discriminatory and may have the effect of precluding efficient interconnection arrangements.
- The proposed Restructure Mechanism is inherently unfair to competitors and should be scaled back significantly.

The cable industry is committed to working with federal and state regulators to develop intercarrier compensation reform measures that promote facilities-based competition and provide real benefits to consumers.

**Docket No. M-00061972 Missoula Plan Workshop  
Presentation of the Broadband Cable Association of Pennsylvania**

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Steve Morris is Associate General Counsel of the National Cable & Telecommunications Association (NCTA). In that role, he represents the cable industry on matters related to the regulation of telecommunications services. Mr. Morris joined NCTA in 2006.

Prior to joining NCTA, Mr. Morris was the Deputy Chief of the Pricing Policy Division in the Wireline Competition Bureau of the Federal Communications Commission. During his tenure at the FCC, Mr. Morris was responsible for proceedings related to the Commission's rules on intercarrier compensation and the pricing of unbundled network elements, as well as other matters within the Pricing Policy Division.

Before joining the Commission in 2001, Mr. Morris was the Director-Regulatory Affairs for Global Metro Networks, Inc., a wholesale provider of fiber optic network facilities. Prior to that, Mr. Morris was an attorney specializing in telecommunications and cable regulatory matters at Hogan & Hartson LLP and Dow, Lohnes & Albertson.

Mr. Morris received a B.S. in Economics from the Wharton School of the University of Pennsylvania and a J.D. from George Mason University School of Law.