STEVENS & LEE
LAWYERS & CONSULTANTS

17 North Second Street
16th Floor
Harrisburg, PA 17101
(717) 234-1090 Fax (717) 234-1099
www.stevenslee.com

Direct Dial: (717) 255-7365
Email: mag@stevenslee.com
Direct Fax: (610) 988-0852

September 22, 2006

James J. McNulty
Secretary
Pennsylvania Public Utilities Commission
The Keystone Commonwealth Building
400 North Street
Harrisburg, PA 17120



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

Dear Mr. McNulty:

Pursuant to the Secretarial Letter issued on September 1, 2006 at this docket number, Core Communications, Inc., XO Communications, Inc., DCI Voice Solutions, Xspedius Communications, LLC, Cavalier Telephone Mid-Atlantic, LLC, Broadview Communications, Pac-West Telecomm, Inc. and One Communications[1] (the "Competitive Coalition") hereby submit their additional comments regarding the Missoula Plan.

For the reasons set forth below, the Missoula Plan should not be adopted. Therefore, the Competitive Coalition requests that the Commission file comments asking that the Federal Communications Commission reject the Missoula Plan.

The proponents of the Missoula Plan are perpetuating numerous myths regarding the effect that adoption of the Missoula plan would have on consumers, on competition and infrastructure investment as well as its affect on this Commission's authority over intrastate services. Below, we point out some of these myths and demonstrate their falsehood.

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[1] One Communications is the company resulting from the recent merger of the parent entities of Choice One Communications of Pennsylvania Inc., Conversent Communications of Pennsylvania, LLC, CTC Communications Corp., and FiberNet Telecommunications of Pennsylvania, LLC.

Fundamentally, the Missoula Plan should be rejected because it does not come close to meeting the goals set forth by the FCC in its *Unified Intercarrier Compensation Proceeding* NPRM. Many commenters and presenters at the Commission's September 11, 2006 workshop agreed.[2] For example, in their comments, Verizon and Verizon Wireless stated:[3]

> In its NPRM, the FCC identified a number of goals for intercarrier compensation reform, including the simplification of existing regimes, closing loopholes and unifying rates to minimize arbitrage opportunities, and lowering some of the highest access rates. The FCC further stated that it was most interested in promoting economic efficiency through competitively and technologically neutral rules, decreasing the need for regulatory intervention, and solving current arbitrage problems. As described below, the Missoula Plan meets none of these objectives, and in some cases would make achieving them far more difficult.[4]

In these comments, the Competitive Coalition separates Missoula's fact from Missoula's fiction, demonstrating the true detrimental impact that adoption of the Missoula Plan would have. In short, Missoula Myths versus the Missoula Facts are:

| **Missoula Myths** | **Missoula Facts** |
|---|---|
| ▪ The Plan is a consensus Plan | ▪ A much broader cross-section of the industry opposes the Plan than supports it |
| ▪ The Plan protects consumers | ▪ The Plan benefits incumbent carriers at the expense of consumers. |
| ▪ The Plan promotes competition | ▪ The Plan is discriminatory and harms competition |
| ▪ The Plan preserves state authority | ▪ States are forced in to some Plan aspects *and* face preemption if they choose not to opt in |

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[2] The Competitive Coalitions cites comments and presentations of several parties. However, references to other parties' comments or presentations does not indicate agreement with that party's substantive position and are not intended to be adopted as the positions of commenters, but rather is intended to show that there are numerous parties that oppose the Plan and for numerous reasons.

[3] Comments of Verizon and Verizon Wireless at p. 3

[4] *In the Matter of Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, FCC 05-33, Further Notice of Proposed Rulemaking (released March 3, 2005) ("Intercarrier NPRM").

| | |
|---|---|
| ▪ The Plan is pro-investment | ▪ The Plan discourages efficient investment while encouraging inefficient investment |
| ▪ The Plan's interconnection regime is fair and equitable | ▪ The Plan unfairly shifts the bulk of interconnection costs to CLECs |
| ▪ The Plan meets the FCC's Unified Intercarrier Compensation Goals | ▪ The Plan fails to achieve the FCC's goals |

**Missoula Myth Number 1: "The Missoula Plan is a Consensus Plan"**

The proponents of the Missoula Plan would have the Commission believe that it is a Consensus Plan. Nothing could be further from the truth. In reality, the Missoula Plan is opposed by ILECs (such as Verizon), CLECs (such as XO, Core, Cavalier, Pac-West, and Xspedius), CMRS carriers (such as Verizon Wireless), cable based carriers (such as those represented by the Broadband Cable Association of Pennsylvania) and consumer representatives (such as OCA). Support for the Plan among carriers is largely limited to rural ILECs who will directly benefit from the Plan. The Plan is not a compromise for its supporters, rather it is a net gain at their competitors' expense. Not surprisingly, members of the Rural Alliance make up the overwhelming majority of the Plan's supporters.

Furthermore, it is important to note that support for the Plan, even among Plan proponents, is tepid at best, while the opposition to the Plan is vehement. North Pittsburgh's comments admit that the "Missoula Plan to reform intercarrier compensation may not be perfect from any party's perspective."[5] The RTCC's comments also admit that the Plan is not perfect and that the individual rural companies that make up the RTCC do not agree with all of the components of the Plan.[6] By contrast, the opponents of the Plan are vehemently opposed to the Plan. XO refers to the Plan as "deeply flawed."[7] Verizon and Verizon Wireless note that "while the Missoula Plan has some positive aspects...its flaws far outweigh these few benefits and are too numerous and substantial to be implemented by the FCC."[8] Pac-West believes that the "Missoula Plan would be a huge step backwards in the ongoing development of local competition, and

[5] Comments of the Missoula Plan Supporters and North Pittsburgh Telephone Co., at p. 5
[6] Comments of the RTCC, at pp 2-3
[7] XO Communications Missoula Plan Workshop Presentation, at p. 1
[8] Comments of Verizon and Verizon Wireless, at p. 2

would undo many of the deeply examined conclusions reached by this Commission regarding local competition."[9] Core, DCI, and Xspedius believe the Plan will sabotage Unified Intercarrier Compensation, is bad for consumers, and is fundamentally anti-competitive.[10]

This Commission should recognize that support for the Plan is lukewarm at best as is mainly limited to rural carriers, while the Plan is fervently opposed by a broad spectrum of the industry, including competitive carriers, wireless carriers, cable-based carriers, ILECs, and consumer groups. As Verizon stated in its comments, "the Missoula Plan is only one of several proposals that have been filed at the FCC."[11] The Commission should recognize that alternative models for reform exist, and urge the FCC to adopt a plan that enjoys support from a wide base of the industry.

**Missoula Myth Number 2: "Consumers Benefit"**

The proponents of the Missoula Plan erroneously claim that "the main winners are consumers."[12] In reality, Consumers would be harmed if the Missoula Plan is adopted. The Competitive Coalition, the Office of the Consumer Advocate ("OCA") and Verizon all pointed out at the workshop that Pennsylvania consumers would in fact be harmed if the Missoula Plan is adopted.

In its presentation, OCA correctly stated that "Pennsylvania consumers and carriers will be required to increase their payments to the federal universal service fund by 32 percent. Pennsylvania is responsible for 4.2 percent of the fund on a revenue basis or on a numbers basis." OCA also noted that the Missoula Plan's SLC Cap increases will allow carriers to shift the cost of the Plan on to residential customers and away from business customers, and will allow carriers to charge excessively high and ever increasing SLCs.[13] OCA also notes that under the Plan, there is no requirement to flow through access reductions to consumers, the welfare analysis presented by the Plan is dependent on 100% flow through and on calling plans that are no longer purchased, and all consumers will have rate and universal service contributions increased.[14]

The comments of Verizon and the CLEC participants also highlight the Plan's detrimental effects on consumers. Verizon noted that "EAS arrangements that have benefited consumers would be threatened."[15] The CLEC participants also noted that the Plan would be bad for consumers, and that the Plan is clearly designed to guarantee revenue neutrality for incumbent to the detriment of consumers.[16] The Plan presumes that

[9] Prepared Statement of Gary Ball, Pac-West Telecomm, Inc., at p. 3
[10] Core/DCI/Xspedius Missoula Plan Workshop Presentation, at p.2
[11] Comments of Verizon and Verizon Wireless, at p. 2
[12] Missoula Plan Executive Summary at p. 1.
[13] OCA Missoula Plan Workshop Presentation, at p. 5
[14] OCA Missoula Plan Workshop Presentation, at p. 13
[15] Comments of Verizon and Verizon Wireles, at p. 6
[16] Core/DCI/Xspedius Missoula Plan Workshop Presentation, at p.10

incumbents—not consumers—are entitled to each and every access revenue dollar the incumbents collected previously. The Plan simply replaces access dollars lost from one set of consumers with SLC and other dollars gained from another set of consumers.[17] When the Plan is evaluated in its entirety, it clearly cannot be considered a consumer friendly plan or a plan where consumers are the so-called "winners."

**Missoula Myth Number 3: "The Missoula Plan Promotes Competition"**

The proponents of the Missoula Plan also allege that the Plan promotes competition. In reality, the Missoula Plan would drastically undermine competition. It is clear that the Plan disproportionately favors ILECs, particularly rural carriers, at the expense of other carriers, and either fails to address, or exacerbates, some of the main challenges of the existing intercarrier compensation regime.

As Core, DCI and Xspedius stated in their workshop presentation "The Plan is fundamentally anti-competitive." [18] Verizon correctly points out that "The Missoula Plan is not competitively neutral. The Plan unduly favors rural ILECs, by protecting their existing access charges and, by so doing, protecting them from the financial effects of competition." That, in turn, undercuts the incentive for CLECs and other carriers to bring choice and competition to rural areas because they would have to compete with highly subsidized service rates.[19]

The Broadband Cable Association of Pennsylvania identified numerous significant concerns that it had with the competitive implications of the Missoula Plan, including:

- The Plan retains numerous arbitrary distinctions among services and providers, making it extremely complex and administratively burdensome for competitors
- The Plan fails to provide needed clarity regarding rights and obligations of IP-based communications providers
- The 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 Plan are unreasonably discriminatory and may have the effect of precluding efficient interconnection arrangements
- The Plan's Restructure Mechanism is inherently unfair to competitors and should be scaled back significantly[20]

[17] Core/DCI/Xspedius Missoula Plan Workshop Presentation, at p.11
[18] Core/DCI/Xspedius Missoula Plan Workshop Presentation, at p.2
[19] Comments of Verizon and Verizon Wireless, at p. 10
[20] Initial Comments of the Broadband Cable Association of Pennsylvania, at p. 2

The interconnection rules proposed by the Plan are particularly anti-competitive. Under the Plan competitive providers will be forced into uneconomic interconnection arrangements at "Edges" chosen by terminating incumbents.[21] Incumbents can multiply competitors' interconnection costs by simply designating multiple Edges (i.e., POIs) in each LATA and by forcing CLECs to build or lease transport facilities deep into Rural ILECs territory without imposing a corresponding obligation on the rural ILECs.[22] The Missoula Plan's proposed interconnection rules run contrary to determinations by most state commissions and the FCC that a single point of interconnection per LATA between two competing networks is the standard upon which interconnection should be based.[23] According to Pac-West, the Missoula Plan's interconnection rules "without a doubt will dramatically increase the competitive providers' costs, create more points of service failure on the networks, and potentially delay the ability of competitive providers to expand into new service territories."[24]

As summarized by Core Communications, DCI, and Xspedius "the Plan's new Edge Architecture will enable RBOCs to double and triple competitors' interconnection costs in each LATA. It will enable rural ILECs to exponentially multiply competitors' interconnection costs. The practical effects of the Plan will be to benefit RBOCs at the expense of competitors; to make competitor interconnection with rural ILECs prohibitively expensive; and to eliminate any chance of competition in rural ILEC-controlled territories."[25] Importantly, the Edge network architecture is not voluntary, as the Plan supporters suggested at the Workshop. Rather, *either* party to an existing interconnection arrangements (or indeed, both parties) may unilaterally demand a total overhaul of those arrangements.[26] When a carrier designates a new Edge architecture under the Plan, the interconnecting carrier may be required to stop delivering traffic to an existing and agreed upon POI, and instead deliver that same traffic to one or more newly-designated Edges.

The Plan's rules related to transport costs also will severely undermine competition. The key principle underlying the basis for competitive entry is the existence of rules requiring both the competitive provider and the incumbent to be responsible for their share of the facilities between their own switches and the point of interconnection. The Missoula Plan eliminates this competitively neutral regime by creating a rule that for traffic that is imbalanced--meaning that there is more than three times the traffic going from the incumbent to the competitor than the other way--the competitor would actually pay for both the incumbent's and the competitor's share of the interconnection facilities. This blatantly one-sided and anti-competitive provision would destroy the economics of

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[21] XO Communications Missoula Plan Workshop Presentation, at p. 5
[22] Core/DCI/Xspedius Missoula Plan Workshop Presentation, at p.16
[23] Prepared Statement of Gary Ball, Pac-West Telecomm, Inc., at p. 2
[24] *Id.*
[25] Comments of Core Communications/DCI/Xspedius, at p. 3
[26] Even though the Plan permits competitive carriers to designate Edges, it unfairly advantages the ILECs and in particular the rural ILECs whose obligation to build to a CLEC designated Edge is strictly limited under the Plan.

the competitive provider's service, and at the same time, would allow the incumbent to recover its costs of transport twice: once from its own customers, and once again from the competitive provider. This issue will be compounded if the interconnection trunks that the competitive provider is forced to purchase are not cost-based. Pennsylvania has allowed the incumbents to use their intrastate special access rates as the basis of pricing interconnection trunks, but has left the door open for future evaluations of this pricing to determine whether it satisfies the statutory requirement of "cost based." By contrast, the Missoula plan ***requires*** that interconnection trunks be priced at interstate special access rates, taking away any ability of the Pennsylvania Commission to further review and adjust these intrastate rates should it see fit, which clearly appear to be priced well above their costs to the benefit of ILECs. [27]

The Plan will unquestionably raise competitors' costs of interconnection,[28] raising difficult cost recovery issues. In contrast to incumbents, competitors have less ability to pass through new interconnection costs by means of imposing new fees, taxes, or surcharges on their customers. Furthermore, attempts by CLECs to pass through these cost increases may render competitors' service too expensive to be competitive in the marketplace.

Both the Plan's Rural Transport Rule and the Restructure Mechanism also disproportionately favor rural ILECs. Under the Plan, non rural carriers would be required to pay an even greater percentage of rural ILECs transport costs, and in some cases, the Plan requires that non-rural carriers bear 100% of transport costs in both directions.[29] Also, under the Plan the rural ILEC's receive a disproportionate amount of cost recovery from the Restructure Mechanism, for the reasons explained in the Comments of Verizon and Verizon Wireless, at p. 11.

Just like the Missoula Plan's interconnection architecture and transport charges provisions, the Plan's so-called "caps" on tandem transit service will benefit RBOCs at the expense of competitors. The Plan's styling of $0.0025 as a "cap" is misleading and disingenuous. This rate is both (1) many times greater than the current TELRIC rates that are generally applicable to tandem transit; and (2) five time greater than ultimate unified rate for termination of all Track 1 traffic under the Plan (i.e., $0.0005). These discrepancies are all the more marked because tandem transit provides only tandem switching and common transport functionality, whereas the Plan's unified $0.0005 rate covers tandem switching, common transport, and end office switching functionality. Although competitors and rural LECs commonly purchase tandem transit from RBOCs today, the Plan would eliminate any duty of a rural LEC to purchase tandem transit for indirect interconnection in the future by requiring the competitive carrier to transport all traffic to a rural ILEC's end offices. Instead, the competitor is required to pay all such

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[27] Prepared Statement of Gary Ball, Pac-West Telecomm, Inc., at p. 2
[28] In addition, competitors do not appear to be permitted to recoup their revenue losses from the Restructure Mechanism.
[29] Comments of Verizon and Verizon Wireless, at p. 10-11. See Also Comments of Core Communications/DCI/Xspedius, at p. 6

charges for its originating traffic, as well traffic it terminates on behalf of a rural LEC. Accordingly rural LECs are insulated from the new rates for tandem transit under the Plan. For these reasons, the Plan's tandem transit rules can only be viewed as a regulatory windfall for the RBOCs which largely control the tandems that connect other carriers indirectly. Of course, permitting RBOCs to charge much higher rates for a more limited functions than other carriers may charge for more expansive functions under the Plan is the very definition of regulatory arbitrage, and flies in the face of the FCC's stated goals.[30]

When all of the above factors are taken into account, it is impossible to conclude that the Plan promotes competition. To the contrary, the Missoula Plan is fundamentally anti-competitive and really only serves the narrow interests of the largest ILEC and rural monopolies.

**Missoula Myth Number 4: " The Missoula Plan Preserves State Authority"**

The proponents of the Missoula Plan take the position that the Plan would preserve state authority. In reality, significant portions of the Missoula Plan cannot be lawfully adopted, because those portions of the Plan which purport to set intrastate access rates impermissibly intrude upon state jurisdiction.

Section 2(b) of the Communications Act reserves for the states jurisdiction over intrastate telecommunications. The United States Supreme Court has clarified the jurisdictional limitations on FCC authority. In *Louisiana PSC* and its progeny, the United States Supreme Court interpreted section 2(b) to "fence off from FCC reach or regulation intrastate matters." The *Iowa Utilities Board* case allows only limited exceptions to this "fencing off" as a result of express provisions in the 1996 Telecommunications Act. Exceptions to the limits on the FCC's jurisdictional authority do not extend to *intrastate* access charges. Adoption of the Plan would wrest that authority from the states to an improper degree.

The FCC's actions regarding interim compensation for ISP-bound traffic provide no general guide to the relationship between state and federal authority over compensation for the exchange of intrastate traffic subject to Section 251(b)(5) or state access regimes. Federally-established monetary incentives for a limited number of States that choose to promptly opt into the Plan – the Early Adopter Plan – are indistinguishable from the establishment of penalties for states not opting in at all or following state

[30] Comments of Core Communications/DCI/Xspedius, at p. 9

[32] In addition, the Early Adopter Plan does not guarantee protection for states that have engaged in early and/or aggressive access reform. Indeed, there are no details regarding the Early Adopter Plan and there is no explanation how $200 million would be sufficient to protect those states. In fact, in its presentation, the supporters of the Plan state only that "Missoula Plan supporters commit resources to work with State Commissioners to help size this Fund and determine how it should work when States have rebalanced intrastate access through state funds or local rate increases." The lack of details raise the concern that states that have already engaged in access reform may be hurt by adoption of the Missoula Plan.

processes for considering whether to adopt harmonious intrastate intercarrier compensation rates.[32]

Congress provided that interconnection agreements are to be the result of carrier-carrier negotiations and, if need be, state commission arbitration. The plan, if adopted, would render irrelevant that statutory framework of the 1996 Act, trivializing the role of negotiations and preempting the role of State commission arbitrations of unresolved interconnection and reciprocal compensation issues. The FCC's preemption role under Section 252(e) of the Act is quite limited and does not allow adoption of these aspects of the Plan. The States and the FCC have spent over a decade interpreting and implementing the local market-opening provisions of the Act. The regulators' decisions after years of deliberation have (1) established the right of CLECs to interconnect with incumbents' networks at single points of interconnection wherever technically feasible, located at the discretion of the CLEC subject to certain constraints, and (2) articulated the rights of carriers to collect an appropriate amount of their costs when they provide the interconnection facilities between interconnected carriers' networks for the exchange of traffic. Many competitive carriers have designed their networks and made capital investment decisions based on these orders and regulations.

The Plan advocates sweeping all of that away with a single stroke by, most egregiously, allowing terminating carriers to designate the "Edge(s)" or "meets points" at which other carriers must interconnect. There is insufficient practical and legal justification for the drastic change in regulatory course that the Missoula Plan would require.

**Missoula Myth Number 5: " The Missoula Plan Promotes Investment"**

The proponents of the Missoula Plan incorrectly believe that the Plan will promote investment. North Pittsburgh Telephone Company argues that the Plan "provides incentives to carriers to invest in the infrastructure that supports not only incumbent services but also wireless, IP and other services that utilize that rural infrastructure."[33] This conclusory claim is unsupported by fact.

In reality, the Missoula Plan creates a disincentive for network investment by ignoring existing network and related infrastructure.[34] While the Plan will likely require massive network architecture changes in order to effectuate the Plan's new interconnection regime, most of the investment that would be required by the Plan would be redundant and unnecessary, especially in light of the newer and more efficient Internet Protocol networks that are developing.[35]

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[33] Comments of the Missoula Plan Supporters and North Pittsburgh Telephone Co., at p. 4
[34] Comments of Verizon and Verizon Wireless, at p. 4
[35] Comments of Verizon and Verizon Wireless, at p. 5

As set forth above, the "Edge" concept from the Missoula Plan would unilaterally eviscerate the current regulatory framework and the ILEC obligations that exist under Section 251(c) of the Act. As a result, the "Edge" will force CLECs to undergo massive regrooming of their networks while leaving ILECs largely unaffected. The "Edge" concept is not tied to efficient network architecture principles but to entrenching networks that were constructed using monopoly dollars. ILEC obligations will move more toward simplified 251(a) duties. At most, ILECs will need to install additional POT bays or patch panels. CLECs will lose the ability to recover fully for interconnection transmission facilities they have deployed under existing ICAs and FCC decisions. The "Edge" provisions would wrest away from CLECs the currently recognized ability under the statute to request interconnection on the ILEC's network at any technically feasible point. The "Edge" proposal rewards ILECs to the extent they still operate old hub-and-spoke networks. This proposal, at the same time, harms CLECs that have implemented newer, more efficient network architectures.

**Myth 6: "The Interconnection Regime that the Missoula Plan Would Establish Is Fair and Equitable"**

As stated, under the FCC's rules and current state-approved interconnection agreements, competitive carriers may interconnect at any technically feasible point and may request a single POI per LATA. The Missoula Plan would fundamentally change the manner in which carriers interconnect and would shift the cost and burden of exchanging traffic to the CLEC. The increased cost to competitive carriers is significant to both the RBOCs and the rural ILECs.

Today, competitive carriers predominantly exchange traffic with rural ILECs through the use of RBOCs tandems. These tandems serve a very useful role in connecting CLECs not only with rural ILECs but also wireless carriers and other carriers whose switch locations may be many miles apart, and whose interconnection traffic volumes may be too low economically to justify direct interconnection.

Under the Missoula Plan, carriers would no longer be permitted to exchange traffic with a rural ILEC through the RBOCs tandem, if the rural carrier designates an Edge in their local exchange territory, which the Rural Carrier Alliance stated they would require.[36] Under the Modified Rural Transport Rule, any competitor that interconnects with a Track 2 or Track 3 rural ILEC must pay (1) to transport its originating traffic to the rural ILEC's Edge; and (2) to transport the rural ILEC's terminating and originating traffic to and from a "meet point" in each rural ILEC exchange.[37] The "Meet Point" in the rural ILECs exchange is described as "an existing meet point interconnection

[36] Attached please find the Edge diagram included in the presentation of the RTCC explaining how the Plan's "Edge" interconnection requirement would work.
[37] Missoula Plan at II.E.3.e.

arrangement located on [a rural ILEC's] interoffice facilities at or near the boundary of each exchange."[38] Where the competitor provides dedicated transport to and from the meet point (in lieu of tandem transit, or indirect interconnection), the rural ILEC must pay for 50 percent of the capacity required to transport its originating traffic from the meet point to the Track 1 carrier's Edge—but only for the first 10 miles of such transport capacity.[39]

The Full Rural Transport Rules applies only to those Track 2 carriers that elect "incentive regulation" under sections II.B.2.a.iii and II.B.2.d. of the Plan. The Full Rural Transport Rule is identical to the Modified Rural Transport Rule, with one important exception. Under the Full Rural Transport Rule, the Track 2 rural LEC is not responsible for any portion of the transport between its meet point and a Track 1 carrier's "Edge."

Thus, instead of an arrangement where costs of interconnection are equitably shared by the carriers exchanging traffic and where carriers are permitted to exchange traffic through tandems where they are interconnected today, competitive carriers would be forced to build or lease facilities to "Meet Points" in rural carriers exchanges.[40]

The evident goal of the Plan is simply to game the FCC's proceeding in order to benefit RBOCs and rural ILECs at the expense of competitors.

**Missoula Myth Number 7: "The Missoula Plan Meets the FCC's Goals as Articulated in the Unified Intercarrier Compensation Proceeding"**

Contrary to the claims of its proponents, the Missoula Plan does not meet the goals that the FCC articulated in its *Unified Intercarrier Compensation Proceeding*. In its March, 2005 *FNPR,* the FCC stated:

> W]e favor an approach that provides regulatory certainty where possible and limits both the need for regulatory intervention and arbitrage concerns arising from regulatory distinctions unrelated to cost differences. Similar types of traffic should be subject to similar rules. Similar types of functions should be subject to similar cost recovery mechanisms. We are interested in not only similar rates for similar functions, but also in a regime that would apply these rates in a uniform manner for all traffic.[42]

The Missoula Plan does not satisfy the goals articulated by the FCC of similar rates for similar functions. As shown by the chart reflecting the Missoula Plan's proposed rates (attached hereto as Appendix "A"), the proposed rates are not uniform.

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[38] Missoula Plan at III.C.4.
[39] Missoula Plan at II.E.3.e.i.4.

[40] This concept of "meet points" and "Edges" is completely contrary to industry practices today.
[42] *FNPRM*, at para. 33.

To the extent that the Missoula Plan seeks to meet the goals articulated by the FCC, it fails miserably.

**Conclusion**

The Commission should file comments asking the FCC to reject the Missoula Plan as a basis for intercarrier compensation reform. Real reform should not be aimed solely at preserving ILEC revenues. Real reform should benefit consumers, not simply move dollars from one basket to another. Real reform should come in the form of a carrier neutral, technology neutral regime, not one that favors certain segments of the industry to the detriment of others.

Respectfully Submitted,

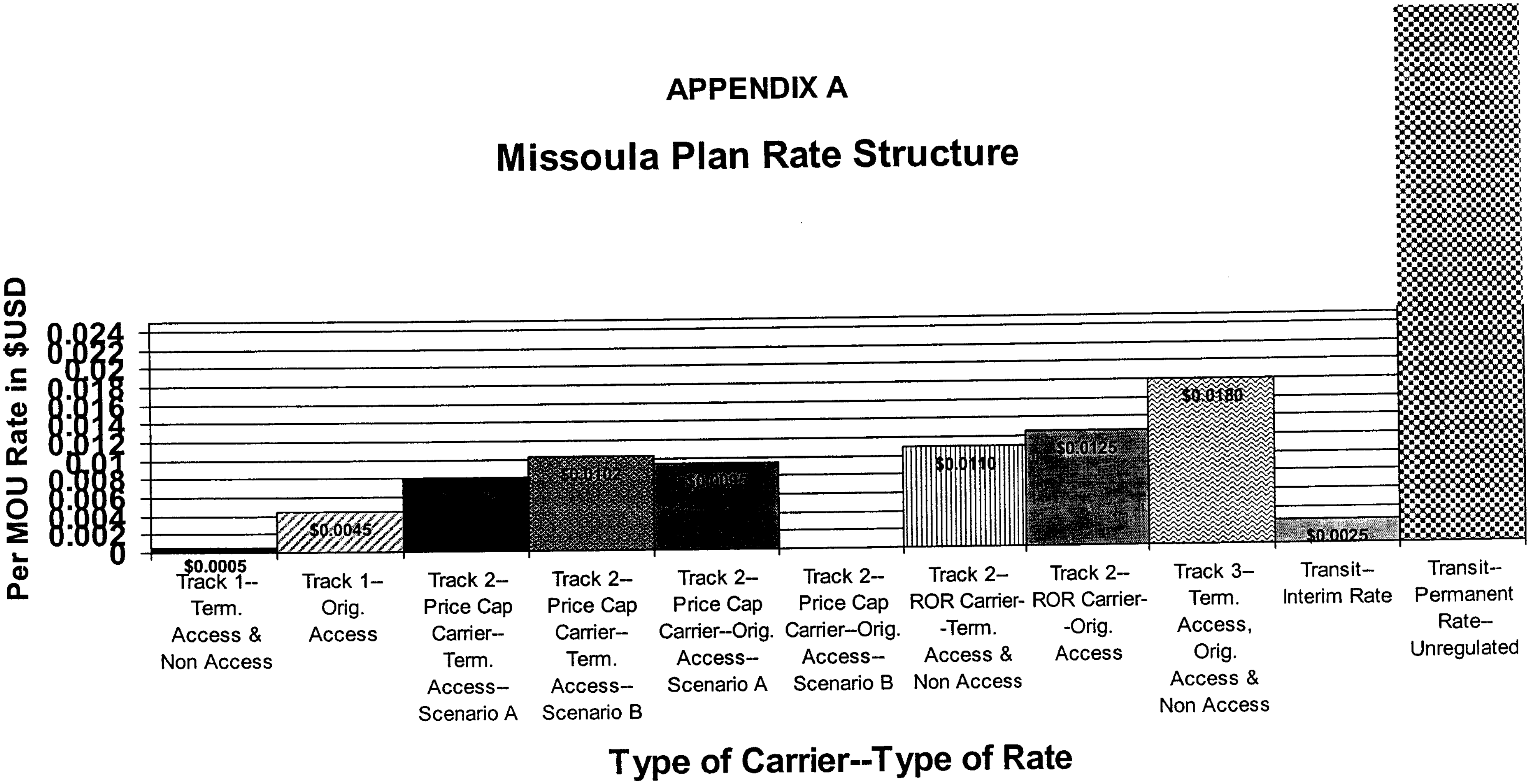
STEVENS & LEE

Michael A. Gruin, Esq.
PA ID 78625
Renardo L. Hicks, Esq.
PA ID 40404
17 N. 2nd St.
16th Floor
Harrisburg, PA 17101
717-255-2365
Counsel for the Competitive Coalition
Core Communications, Inc.,
XO Communications, Inc.,
DCI Voice Solutions,
Xspedius Communications, LLC,
Cavalier Telephone Mid-Atlantic, LLC,
Broadview Communications,
Pac-West Telecomm, Inc., and
One Communications

Date: September 22, 2006

## APPENDIX A

# Missoula Plan Rate Structure




**Note 1:** The rates depicted herein are taken from the Plan Summary, at pp. 4-6 and 11.

**Note 2:** Where the Plan establishes separate rates for (1) tandem switching and common transport; and (2) end office switching functions, the rate depicted herein represents the sum of the rates for both functions, i.e., the total rate for applicable to tandem-level interconnection.

**Note 3:** The rate depicted for Track 3—Term. Access, etc. is taken from the ICF chart's rate for "Small ILEC Interstate" access.