

Using Interconnection as a Strategic Advantage

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Introduction

- My background
 - Commercial/ business attorney
 - Telecom attorney
 - Telecom executive
 - Telecom attorney (again!)

Introduction

- Role/ value of ICAs
 - Absolutely necessary for certain key elements
 - Strategically valuable source of other key elements and services, at TELRIC prices
 - Leverage value of network in place
 - Including speed to market
 - Important as commercial agreements expire
 - Important to CLEC roll out opportunity

Introduction

- My presentation – 2 parts
 - 1. Core business issues
 - 2. Core ICA points (reflecting and implementing those business issues)

Core Business Points

- Working a strategy
- Determining the role of services and connectivity
 - And nature of services – VoIP; etc.
- Determining the best way to provision/
deploy
- Network infrastructure – a core part of any
strategy

Core Business Points

- Working a strategy
 - Connectivity vs. other services
 - Data vs. voice
 - IP/ broadband/ MPLS vs. TDM/ legacy
 - Wholesale backbone vs. direct delivery
- Common to all: role of platform in delivering the connectivity services

Core Business Points

- Greatest margins and chance for financial success: when have some control over own network
- Key: effective network deployment

Core Business Points

- Network infrastructure deployment
 - Resale
 - And transition
 - Facilities
 - Remote offices/ collocation
 - Interconnection
 - Transport
 - Last mile
 - CPE

Core Business Points

- Commercial agreement(s)
 - Status today
 - How WorldNet attained

Core Business Points

- Customer migration
 - Hot cuts
 - Loop information

Core Business Points

- Services to customers
 - Voice
 - Data

Core Business Points

- Administration and operations
 - Billing
 - Information

Core Interconnection Agreement ("ICA") Points

- GT&Cs
 - Term
 - Transition of services
 - Regulatory changes

Core ICA Points

- Administrative and Operational Terms
 - Detailed billing requirements
 - Obligations to correct errors
 - Issuing credits
 - Timely response to inquiries
 - Late billing protections

Core ICA Points

- Access to OSS
 - Download, upload
 - Batch
 - Order
 - Pre order
 - Repair

Core ICA Points

- Services and facilities
 - Resale; including bundles at “effective” discounted bundled rate
 - Loops, transport, and dark fiber
 - Interconnection circuits (at TELRIC)
 - Transit traffic
 - Collocation (including process cooperation and provisioning deadlines)

Core ICA Points

- Poles, ducts, conduits, and rights of way
- Hot cut process
- EELs, including multiplexing and channel banks
- Wireless rights

Core ICA Points

- Enforcement
 - Audit rights
 - Performance standards
 - Liquidated damages
 - Automatic, self enforcing remedies
 - EDR

Core ICA Points

- Pricing
 - Resale
 - UNEs
 - Interconnection
 - Collocation
 - NRCs
 - No waiver

Core ICA Points

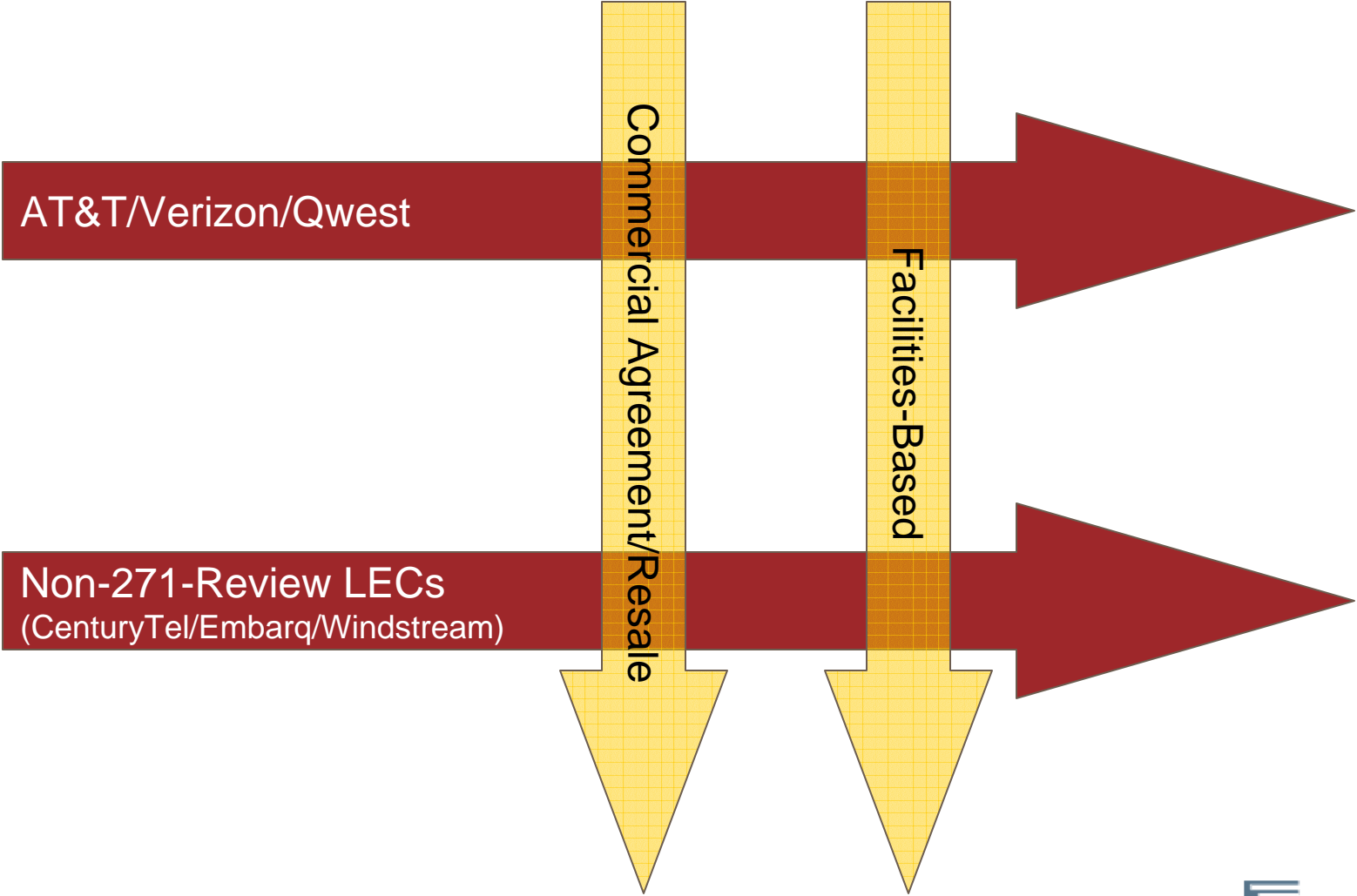
- Pricing points
 - Good experts
 - Proactive approach, including due diligence

Core ICA Points

- Final process point
 - ICA negotiations – strict and focused process, time frames
 - Adds value as mechanism to resolve issues and memorialize for next three years

Thank you!

Interconnection Opportunities Depend on Operating Territory and Current Service Strategy ...



AT&T/Verizon/Qwest Agreements Are Mature But Challenges Exist in These Territories ...

Commercial Agreement/Resale CLECs

- Need to anticipate an elimination of access to Commercial Agreement arrangements or significant increase in the price of same given the roll-off of the merger conditions.
 - Non-271 Review LECs such as Windstream and PRTC have eliminated access to Commercial Agreements.
 - Provisions are generally available from these carriers for the effective conversion of lines to facilities-based arrangements such as various Hot-Cut provisions. Commercial Agreement/Resale CLECs need to ensure that these provisions and relevant pricing exist in their interconnection agreements should the need arise.

AT&T/Verizon/Qwest Agreements Are Mature But Challenges Exist in These Territories ...

Facilities-Based CLECs

- Given the continuing moves in the telecommunications market, specific facilities-based requirements are important for interconnection agreements ...
 - Comprehensive terms and conditions for access to Dark Fiber
 - Wireless Collocation
- The quiet period in arbitration issues may be coming to an end for facilities-based CLECs in a variety of areas given the roll-off of merger conditions:
 - UNE and Interconnection (Collocation) Pricing
 - Transit Traffic Arrangements (availability and pricing) may come under challenge
 - EEL Audits

Non-271 Review LECs (CenturyTel/Embarq/Windstream) Present Unique Interconnection Agreement Challenges ...

These LECs have simply not experienced the degree of scrutiny that AT&T/Verizon/Qwest have leading to numerous interconnection disputes/challenges:

- Access to Customer Information for customer migrations is being limited
- Hot Cut Processes either do not exist or are dramatically insufficient to migrate existing customer base
- Comprehensive Collocation terms and conditions often do not exist in these LEC territories
 - Even if they do, these LECs have not been through the battles on implementation such as the types of collocation available or the types of allowable equipment
- Pricing on unbundled elements and interconnection has not been completed (generally speaking) to the same extent as in the AT&T/Qwest/Verizon territories.

Non-271 Review LECs (CenturyTel/Embarq/Windstream) Still Need Access to Need Connectivity Options ...

Non-271 Review LECs generally do not have access to the following in their interconnection agreements (but need to):

- Dark Fiber – terms and conditions may exist but the details for access to this element are generally sparse
- Wireless Collocation – virtually no agreements in these territories have terms and conditions arbitrated for access to wireless collocation assets at the LEC central offices.