Interconnection Requirements

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Agenda

- Principles
- Telecom Act Implementation
- Summary & Conclusions


Agenda

- Principles
  - Network
  - Unbundling
  - Pricing

Principles: Network

- Exchange Connectivity
- Reciprocity
- Equal Treatment
- Equivalence
- Efficiency Provided (time & space)

Principles: Unbundling

- Essential Facilities Mandated
- Nonessential may be offered
- Non-discriminatory
- No resale restrictions

Principles: Pricing

- Prices Reflect Costs
**Principles: Pricing**

- Prices Reflect Costs
  - Usage sensitive price for usage sensitive costs
  - Non-usage sensitive price for non-usage sensitive costs

- Price > Incremental Cost

**Interconnection Prices**

- Incremental cost plus
- Regulatory markup

**De-averaged Prices**

**Universal Service Contribution**

**Recovery of US Subsidy**
Principles: Pricing

- Prices Reflect Costs
- ...
- Recovery of US Subsidy
- Component Pricing
  - Incremental cost plus
  - Regulatory markup

Recovery of US Subsidy Component Pricing

Incremental cost plus
- Regulatory markup
- Unbundling costs covered

Telecom Act of 1996: Sec. 251

- Carriers duties
  - "...to interconnect directly or indirectly with the facilities and equipment of others..."
  - "...not to install network features, functions, or capabilities that do not comply with the guidelines and standards..."

Exchange Carriers Obligations

- Resale
Telecom Act of 1996: Sec. 251
Interconnection

- Carriers duties
- Exchange Carriers Obligations
  - Resale: "... not to prohibit, and not to impose unreasonable or discriminatory conditions or limitations on, the resale of its ... services."
  - Number portability: "... to provide, to the extent technically feasible, number portability...."
  - Dialing parity

- Access to rights-of-way: "... to afford access to the poles, ducts, conduits, and rights-of-way ... to competing providers of ... services on rates, terms, and conditions that are consistent with section 224."
Telecom Act of 1996: Sec. 251

- Interconnection
  
- Carriers duties
- Exchange Carriers Obligations
  - Resale
  - Number portability
  - Dialing parity
  - Access to rights-of-way
  - Reciprocal compensation

Reciprocal compensation: "... to establish reciprocal compensation arrangements for the transport and termination of telecommunications."

Incumbent Exchange Carriers

Duty to negotiate

Duty to negotiate: "... in good faith .... The requesting telecommunications carrier also has the duty to negotiate in good faith the terms and conditions of such agreements."

"Interconnection: The duty to provide, for the facilities and equipment of any requesting telecommunications carrier, interconnection with the exchange carrier's network"
Telecom Act of 1996: Sec. 251
Interconnection

• ... 
• Incumbent Exchange Carriers
  ▶ Duty to negotiate
  ▶ Interconnection:
    ◦ "at any technically feasible point within the
carrier's network;"

Telecom Act of 1996: Sec. 251
Interconnection

• ... 
• Incumbent Exchange Carriers
  ▶ Duty to negotiate
  ▶ Interconnection:
    ◦ "at any technically feasible point ... "
    ◦ "...equal in quality ... "
    ◦ "on rates, terms, and conditions that are
just, reasonable, and nondiscriminatory..."