Comments of MCI

Regarding the Consultation Paper:

Proposed Amendments to SingTel's Reference Interconnection Offer- Provision of Tail Local Leased Circuits at G.703 Interface Standards

22 November 2005

For additional information, please contact:

Alasdair Grant
Director, Regulatory Affairs,
MCI Asia Pacific
26 F Devon House, Taikoo Place
979 Kings Road, Island East, Hong Kong
(Tel) +852- 2233-6198 (Fax) +852- 2233- 6067
Email: Alasdair.grant@hk.mci.com

Andrew Ngiam
Regulatory Affairs, Asia Pacific
MCI Singapore
20 Raffles Place, Unit 15-00, Ocean Towers
Singapore 048620
(Tel) +65-6248-6681, (Fax) +65-63395233
Email: Andrew.ngiam@sg.mci.com

Introduction

MCI welcomes the opportunity to comment on iDA's Consultation Paper, *"Proposed Amendments to SingTel's Reference Interconnection Offer- Provision of Tail Local Leased Circuits at G.703 Interface Standards"* dated 8 November 2005.

MCI applauds iDA's Decision of 19 October 2005 requiring SingTel to provide multiplexed tail local leased circuits ("TLLC') using G.703 interface standards at the point of interconnection. This is a positive step for the industry. A continued imposition of the obsolete V.35 interface standards with preclusion on multiplexed handovers limits an interconnecting carrier's ability to seek relief under iDA's December 16 2003 Decision ("iDA's LLC Decision").

The road to a successful conclusion of the proceedings on local leased circuits is a long one. The history of local leased circuit regulation in other jurisdiction has shown that an incumbent operator, when required to reduce its charges to more reasonable levels, may seek to impose new and onerous terms and conditions. These are known as "deal killers"- non-price related terms and conditions that makes the regulated offer unworkable. MCI's experience with iDA's LLC Decision is no different-the implementation specifics took two years to progress to its present stage:

Date	Activity
16 December 2003	SingTel's local leased circuits designated as a Mandated Wholesale Service. The TLLCs were designated as an Interconnection Related Service ("IRS") under the Telecom Competition Code ("Code")
31 December 2003	SingTel appealed to the Minister on iDA's decision to designate SingTel's local leased circuits ("LLC") as a mandated wholesale service and to allow co-location at SingTel's exchange buildings for access to the LLC under the Telecom Competition Code ("Code")
2 July 2004	SingTel's appeal was rejected on 2 July 2004
15 October 2004	The Reference Interconnection Offer ("RIO") was amended to offer LLCs as a Mandated Wholesale Service
19 October 2005	The iDA directed SingTel to provide G.703 Interface standard as an alternative to V.35 interface for n x64 TLLCs circuits. The preclusion on multiplexing was removed
8 November 2005	The iDA placed SingTel's proposed amendments to its RIO to offer to handover of n x 64 kbps TLLCs using G.703 interface standards under a public consultation exercise

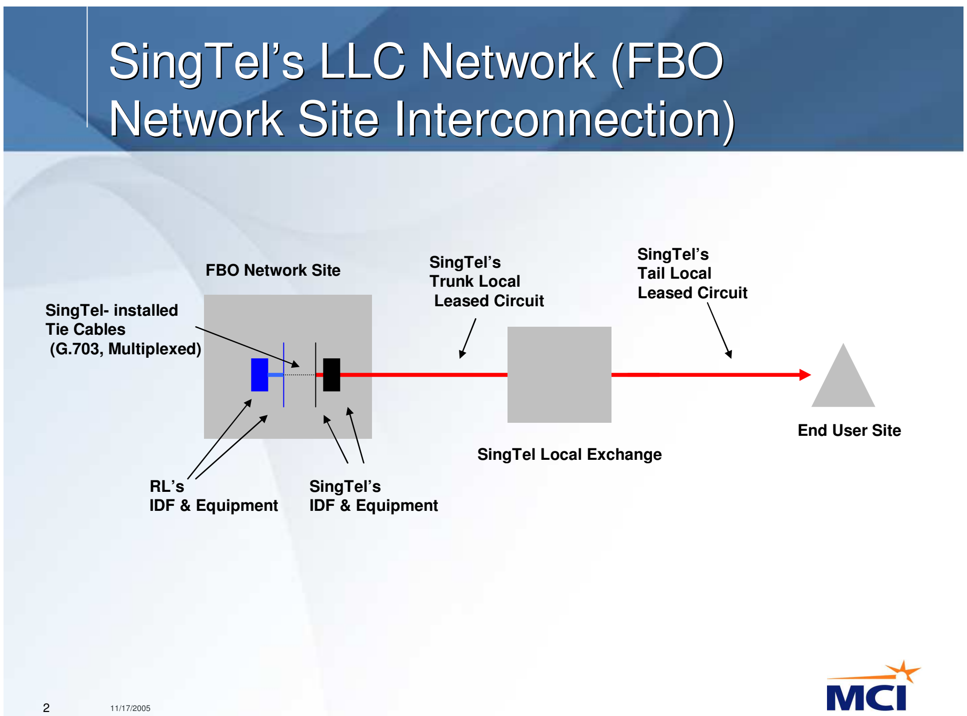
The iDA's work in ensuring SingTel's compliance with the LLC Decision is commendable. To date, the iDA has removed a number of deal killers in the proposed implementation documents. These deficiencies, spanning technical interconnections, procurement procedures and pricing elements are summarised in Annex A.

In examining the proposed RIO Schedule 7B, MCI has observed significant departures from the iDA's LLC Decision. We point out the deficiencies as follows:

Deal Killer 1: Overly-Complex Provisioning Process

SingTel has proposed in Schedule 7B of the RIO, a set of complex ordering procedures for what appears to be a straight forward procurement procedure had the service been obtained under its own retail offer.

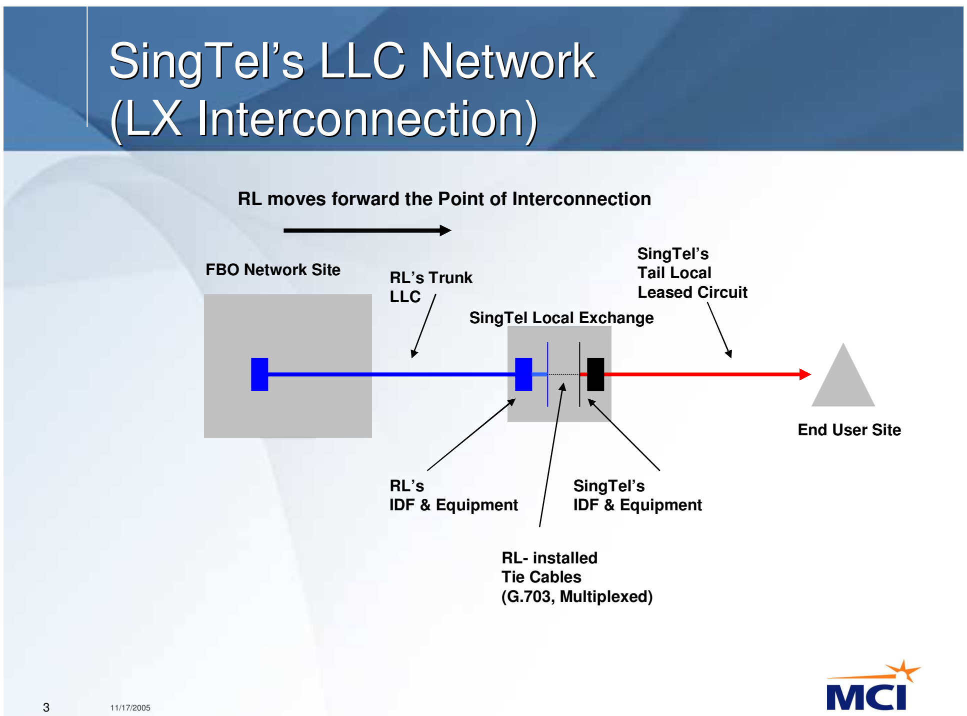
SingTel's retail offer provides for a simplified one-stop-shop solution for LLC activations. Service activations under the retail offer involve the use of tie-cable pairs at the point of demarcation between SingTel and the interconnecting carrier. The tie-cable pairs, owned, provisioned, and maintained by SingTel are critical network elements used by SingTel to connect its intermediate distribution frame to the interconnecting carrier's equipment for the delivery of the LLC service. This is depicted as follows:



The tie-cable pairs play a critical role in ensuring a seamless service handover for the interconnecting carrier. SingTel as the provisioning party, is able to turn up the tie-cable pairs to match its corresponding point-to-point and point-to-multipoint circuits ordered by the interconnecting carrier.

SingTel has however proposed a decoupling of the key LLC network elements under RIO Schedule 7B, separating the provision of the tie-cable pairs from the rest of the entire LLC network elements as follows:

1. Requesting Licensees are required to procure matched tie-cable pairs from SingTel under Schedule 8B;
2. All requests for tie-cable pairs must be submitted to SingTel thirty (30) Calendar Days in advance;
3. SingTel's responsibility is limited to the connecting the tie-cable pairs into its own intermediary distribution frame.
4. The above procedures must be completed prior to any TLLC request.



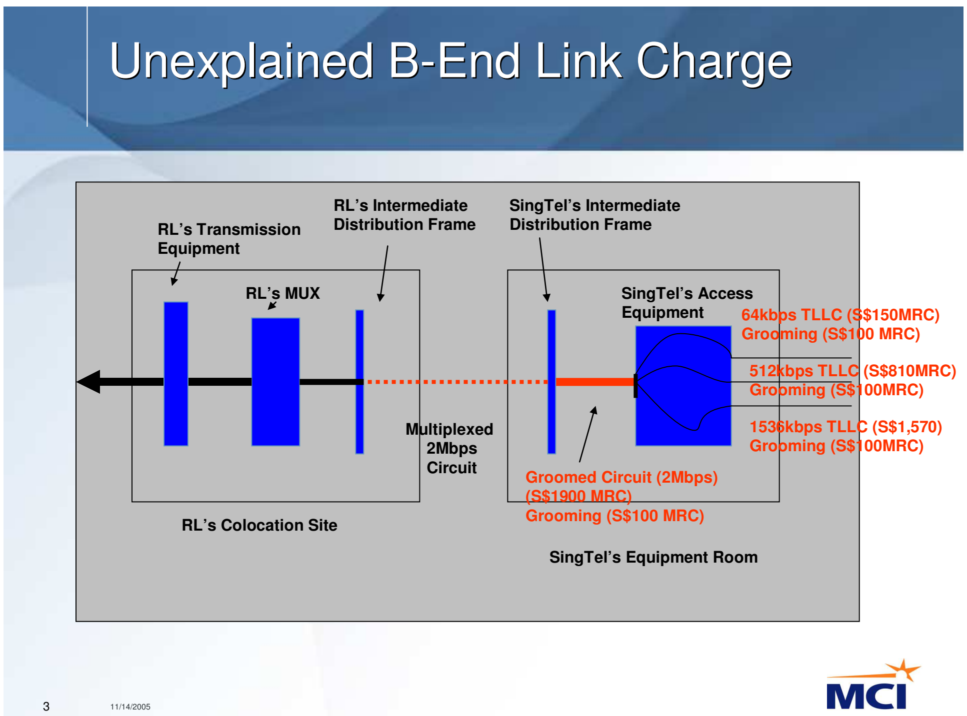
The proposed change to the LLC provisioning procedures raises significant concerns. Not only do the tie-cable pairs present a hidden cost to the interconnecting carrier, the requirement to procure tie-cable pairs separately from the TLLCs appears deliberately burdensome. The order procedure, spanning across RIO Schedule 7B- Wholesale Local Leased Circuits (Tail Circuit) and 8B- Collocation for point of Access, is elaborate and provides for a very fine margin of error to the interconnecting carrier. A failure to adhere to its strict requirements, not only subjects the carrier to financial penalties, but also impacts its ability to deliver timely telecommunication services to its end-users.

Deal Killer 2: Price Anomalies

(i) Unexplained 1984kbps B-End Link Charge

iDA's LLC Decision allows the interconnecting carrier to save on leased SingTel Trunk LLCs by collocating at the local exchange. The regulated tariff structure, as proposed by SingTel, appears to be in conflict with the spirit of that decision.

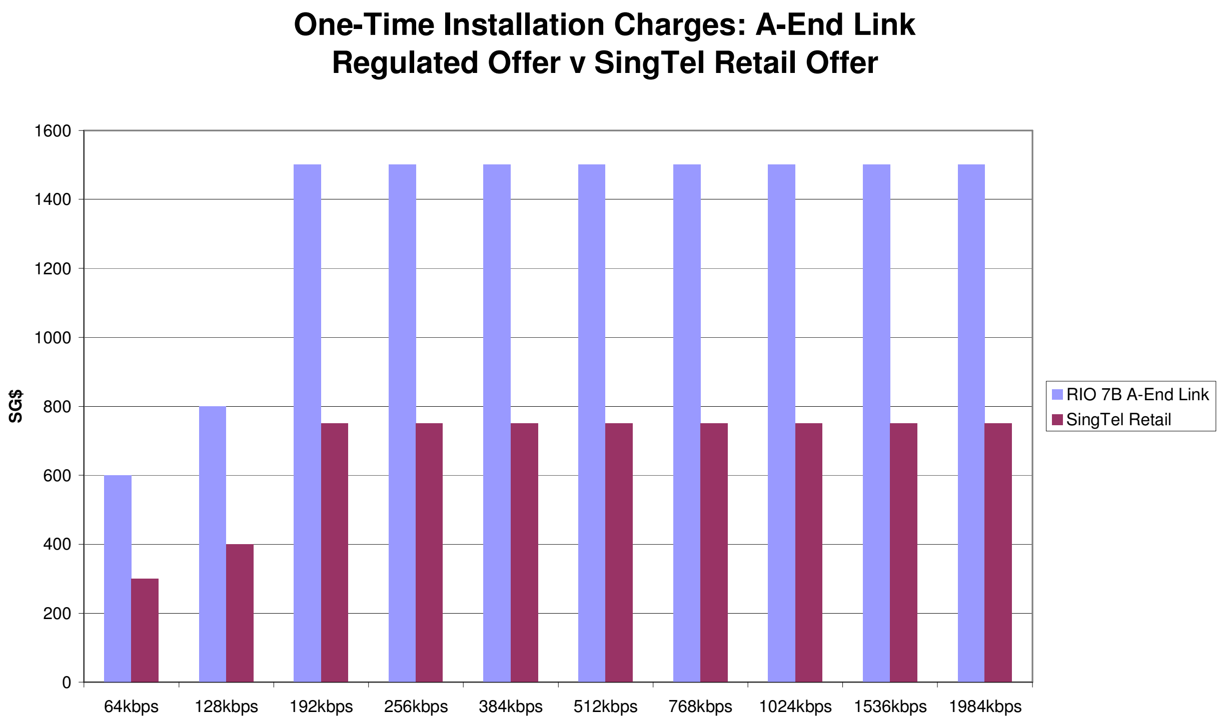
A closer look into the proposed RIO Schedule 7B reveals a separate charge for a B-End 1984kbps link to the carrier's co-located equipment. The link is priced at a one-time set up charge of S$1,500 with monthly recurring charges of S$1,900. This is in addition to the multiplexing levies. SingTel requires the purchase of the B-End 1984kbps link for the delivery of multiplexed n x64kbp TLLCs. This is depicted as follows:



The presence of this unexplained charge raises significant concerns to MCI. It is worth noting that the tariff structure has the undesired effect of raising LLC charges to price levels prior to the regulated relief. (See Annex B for a detailed discussion)

(ii) Higher Installation Charges for the Regulated TLLCs

Installation charges under RIO Schedule 7B are doubled that of SingTel's retail offer for TLLCs. SingTel charges a one-time installation charge of S$750 for the retail Tail-LLC of speeds 192kbps to 1984kbps. The corresponding charge under the regulated offer is raised to S$1,500. (See diagram below)



(iii) Hidden Charges -Escort Charges for Exchange Access and Supervision for Installation Work

The RIO permits SingTel to recover reasonable costs from a carrier accessing its facility to install equipment, perform tests on circuit connectivity and/or for regular maintenance activities. The expenditure to a carrier is a function of the frequency of access and the duration per access. These expenses are usually manageable in situations involving one-time equipment installation and for services which do not require frequent activations and deactivations (such as cross-connection services at Submarine Cable Landing Stations).

However, they can and do present a financial impediment to carrier if applied to RIO Schedule 7B. MCI foresees significant costs arising from such charges as the Requesting Licensee:

(i) Migrates significant numbers of circuits from the retail offer to the regulated offer;
(ii) Commissions new circuits and de-commissions existing circuits in meeting customer demands for services, bandwidth changes and service de-activations.

These charges, if applied, have the effect of raising the costs of TLLCs, raising the effective installation charges by as much as 50%.

(iv) Financial Penalties-Deferment of Service Activation Date

SingTel has proposed to charge deferment fees equivalent to 50% of the installation charges for service deferments of less than thirty (30) Calendar Days and to reject the deferment requests for deferments of more than thirty (30) Calendar Days. The full application charge[1] will be levied under such circumstances. These financial penalties are applied strictly even in cases where SingTel has yet to commence installation work. Not only is inconsistent with SingTel's retail offer, MCI believes that SingTel should not be profit at the expense of the interconnecting carrier, receiving compensation for losses it had not incurred.

Recommendation

MCI is concerned by the observed significant departures in SingTel's latest RIO proposal. We urge the iDA to consider the following modifications:

(i) A streamlined provisioning procedures , modeled after SingTel's retail offer, where the tie-cable pairs and TLLCs are provisioned by SingTel for a seamless service delivery[2];

(ii) Removal of all price anomalies- including the unexplained 1984kbps B-link charge, the excessive one-time installation charge for TLLCs, hidden charges in the form of facility access and escort Charges; and service deferment charges;

[1] RIO 7B para 4.2 (i)

[2] This approach would have the effect of reducing the frequency and duration of LX access to the Requesting Licensee for the purpose of installing and managing customer tail local leased lines.

Appendix A

Benchmarking the Regulated LLCs to SingTel's Retail Offer

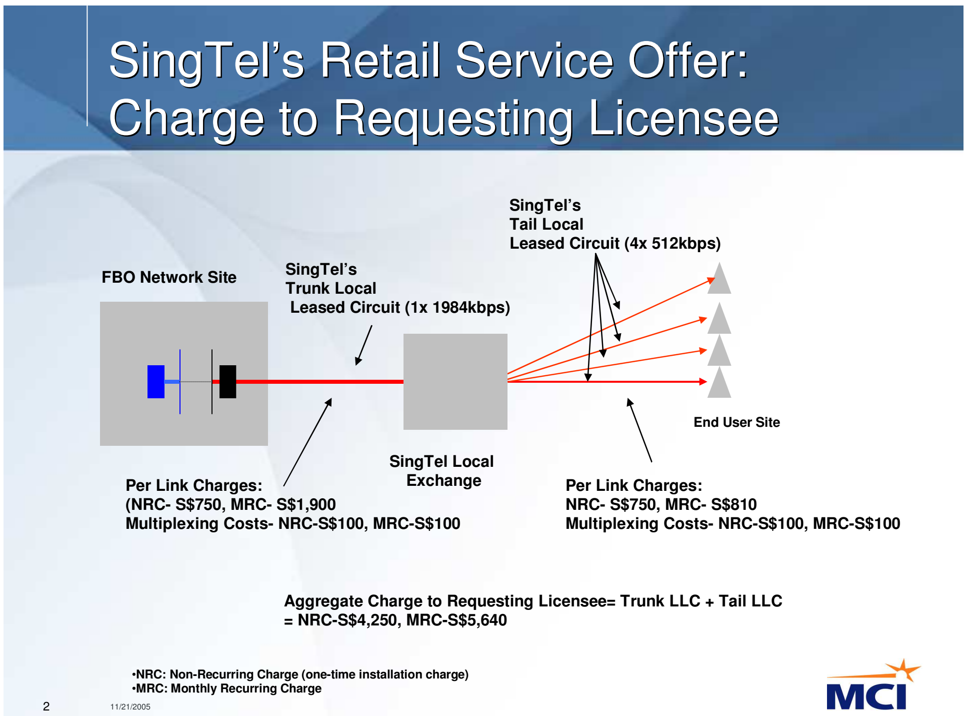
	Subject	SingTel's Retail Service	SingTel Proposed Mandated Wholesale Service	Has This Been Fixed?	Remarks
1	Interface Standards	G.703	V.35	✓	The interface standard has been widened to include G.703 on 19 October 2005
2	Multiplexing Options	Available	No	✓	Multiplexing option re-instituted on 19 October 2005
3.	Provisioning (a) Operational contacts	Available	No	✓	Prior to the 16 November 2005, orders for the mandated wholesale services are made strictly via fax. The approved RIO of 16 November requires SingTel to provide operational contact points for LLCs
4	Minimum Term	One month Contract, 30 Calendar Days notice required for termination	One (1) Year minimum term	✓	Amended to align with SingTel's retail offer on 15 October 2004
5	Pre-Provisioning Requirements	No	30 Business Days	✓	Amended to align with SingTel's retail offer on 15 October 2004
6	Service Level Guarantees	Yes	No	✓	Amended to align with SingTel's retail offer on 15 October 2004
7	Pricing (a) One-Time Installation Charges	Retail	Retail –Plus	✗	Installation charges for TLLCs are 200% higher than SingTel's retail offer
	Pricing (b) B-End Link Charge	No	Yes	✗	A 1984kbps B-End Link Charge for delivery of multiplexed 1984kbp capacities is proposed .This raises the cost of the regulated LLCs to pre-regulation levels
	Pricing (c) Others-Escort Charges	No	Yes	✗	These hidden charges can raise the effective TLLC installation charges by as much as 50%
8	Provisioning Requirements	Simplified	Complex	✗	Requesting Licensees are required to procure TLLC Tie-Cables 30 Calendars in advance prior to TLLC orders.
9	Deferment Charges	No	Yes	✗	SingTel has proposed to charge deferment fees equivalent to 50% of the installation charges for service deferments of less than thirty (30) Calendar Days and if exceeding, to reject the deferment requests and levy the full application charge

Annex B

SingTel's proposed tariff structure under RIO Schedule 7B is contrasted with its retail offer.

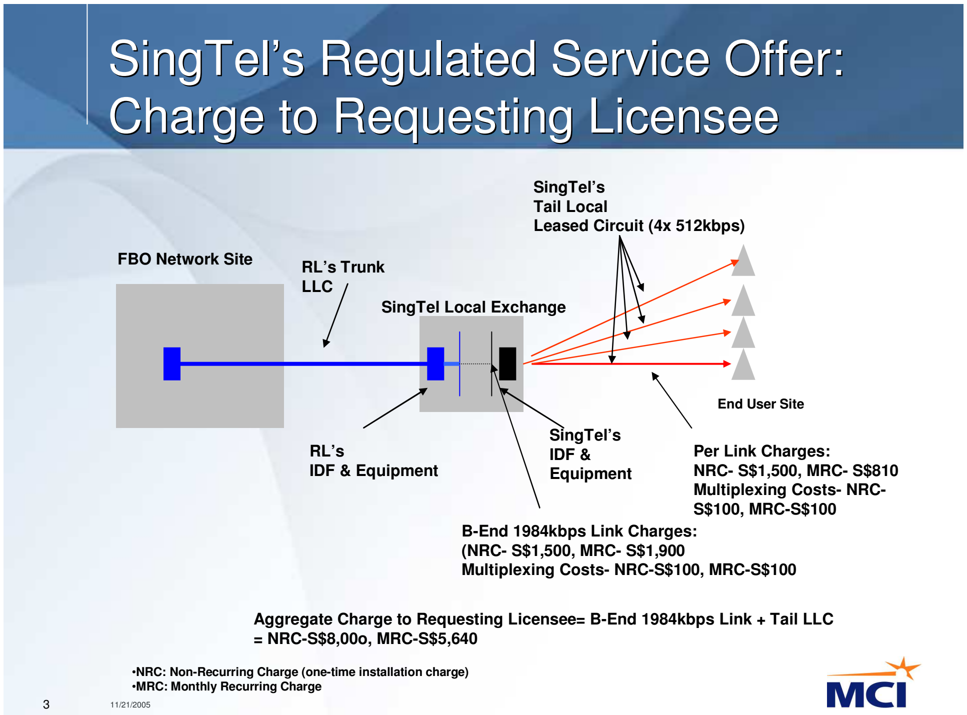
The Retail Service Offer:

As depicted in the following diagram, a Requesting Licensee requires 4 x 512kbps TLLCs connecting the end users to SingTel's local exchange. These circuits are multiplexed into a 1984kbps Trunk LLC delivered to FBO Network Site. The aggregate charge for the network arrangement is a one time installation charge of S$4,250 and a monthly recurring charge of S$5,640



The Regulated Offer-RIO 7B:

SingTel's charging structure to the Requesting Licensee to connect the same 4 end users under RIO Schedule 7B is depicted as follows:



The Requesting Licensee no longer needs to pay for the Trunk LLC. However, a separate unexplained B-End 1984 Kbps Link Charge is levied for the delivery of the multiplexed 512kbps TLLCs. The Requesting Licensee is now faced with an aggregate one time charge of S$8,000 and S$5,640 for the monthly recurring component. Instead of a retail minus 50% charge for LLCs in accordance with the iDA's Decision of December 16, 2003, the Requesting Licensee is slapped with a 90% hike in one time installation fees while the monthly recurring component remains the unchanged.