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Date: November 5th 2012

The Advisor

(Network, Spectrum & Licensing),

Telecom Regulatory Authority of India,

Mahanagar Door Sanchar Bhawan,

Jawahar Lal Nehru Marg,

New Delhi – 110002

Subject: **TRAI Consultation Paper no. 14 /2012 on "Estimation of Access Facilitation Charges and Co-location Charges at Cable Landing Stations" dated 19th Oct, 2012.**

Dear Sir,

This is with reference to the captioned Consultation Paper issued by the Hon'ble Authority on 19th October 2012. We are extremely encouraged with the response of the Hon'ble authority to Industry's request for initiating broad based public consultation in the matter of Access Facilitation Charges (AFC) and Colocation Charges (CLC) at the Cable Landing Station and issuing CP no 14/2012 on estimation of the AFC and CLC charges.

We would like to put on record our appreciation and sincere thanks to the Hon'ble Authority for issuing the amendment on the International Telecommunication Access to Essential Facilities at Cable Landing Stations (Amendment) Regulations, 2012 which is

much needed in the current telecom environment and also giving an opportunity to stakeholders to provide their response to the consultation paper.

Please find attached our comments to the various issues raised for consultation, and we do hope that our comments would be further helpful in final determination and notification of the revised AFC and CLC charges at the earliest without any further delay. Please let us know in case you need further information in this regard.

With Regards

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Verizon Comments on issues for consultation in TRAI's Consultation Paper on Estimation of Access Facilitation Charges and Co-location Charges at Cable Landing Stations

Issues for Consultation

1. Cost data and costing methodology used for estimating the access facilitation charges and co-location charges in this consultation paper. In case of a different proposal, kindly support your submission with all relevant information including cost and preferred costing methodology.

Verizon response-:

Verizon views the network elements of TCL and Bharti provided in Item #14 (upon which TRAI has relied for the proposed cost model for the AFC) as inconsistent with actual practice. Specifically, we refer to the use of multiplexer/DXC network elements. Basing the proposed model for estimation of charges on existing network elements imposed by these OCLS does not necessarily mean it is the right configuration. We believe this configuration is a major contributor to ITE concerns over the cost associated with access facilitation.

By way of a factual background, In the case of SMW3, SMW4, and EIG access, the consortium **does** under the C&MA agreement provide the types of interfaces needed by the ITEs. In fact, the consortiums provide the interfaces for all levels of capacity available for purchase on these systems. If an ITE requires further multiplexing of their capacity it could be provided under terms of a separate arrangement with the OCLS or the ITEs designated local back hauler.

However, it is Verizon's view that there would be minimal request for this type of service. As such, Verizon supports the view provided in Item#13; as rightly noted by the Hon'ble Authority that there is no need for an active element such as multiplexer or DXC required of the OCLS to deliver access to capacity at submarine cable stations. Access to capacity can be provided simply to the cable system ODF (provided by cable system

owner) via a fiber jumper (provided by the OCLS) connecting through one or more other ODFs (provided by OCLS) to an ODF provided by a collocated party. This passive fiber connection (Access Connection) should be capacity neutral as any STM-n circuit or wavelength will be supported with no additional requirements. Verizon does not include any type of DXC network element in any Verizon cable station and we are not aware of any other operator providing DXC network element unless specifically requested to do so by the cable capacity owner.

Accordingly, the capital cost associated with "Digital Cross Connection" in Table 3 and any calculation for Digital Cross Connection included in the operational cost should be eliminated.

The elimination of multiplexer or DXC would apply to Access Facilitation at Cable Landing Station and Access Facilitation at Alternate Co-location.

Verizon also has concerns regarding the inclusion of DWDM equipment as a network element in Figure 2, "Access Facilitation at Alternate Co-location". Depending on the distance from the cable station to the alternate co-location, the cable system optical interface cards (located in the system provided SLTE and/or SIE) are capable of providing sufficient optical transmission power to provide connection between the two locations. In this instance, there is no need to include cost element for DWDM Equipment in Table 4(a) and 4(c). Also, elimination of Digital Cross Connection equipment should be considered in Table 4(a) and Table 4(c). With elimination of these two network elements the capital cost for Access Facilitation at Alternate Co-location would include all other cost elements listed in Table 4 (a, b, and c).

We therefore, recommend that only those cost heads / network elements should be considered for determination of AFC& CLC which are unavoidable to provide the access facilitation services at Cable Landing Stations and have not been reimbursed through any other sources

2. On the power requirement of the transmission equipment i.e. DWDM, DXC equipped with different capacities, supplied by different equipment Manufacturers..

No Comments

3. Percentage used for OPEX and capacity utilization factor with supporting data on each OPEX item especially on space and power consumption of various equipment's.

No Comments

4. Whether ceiling of uniform Access Facilitation Charges may be prescribed for all Cable Landing Stations in two categories i.e. AFC at CLS and AFC at alternate Co-location, or these charges should be dependent on submarine cable system or location of cable landing stations?

Verizon response-:
In our view AFC @ CLS and AFC at alternate Co-location should be considered. There should also be consideration given to private vs. consortia cable systems as network elements may differ in the two cable systems.

5. Whether prescribing the access facilitation charges on IRU basis is required?

Access facilitation charges on IRU basis are not required.

6. Whether uniform co-location charges may be prescribed or such charges should be location dependent?

No Comments

7. Whether the restoration and cancellation charges should be either a fixed charge or based on a percentage of the AFC. In case of fixed charge, should the present charges be continued or need revision?

In Verizon locations, the term is one year minimum (assuming payment of any up front charges) with no subsequent early termination charge.

8. Any other comment related to Access Facilitation Charges, Co-location charges and other related charges like cancellation charges, restoration charges along with all necessary details.

Verizon response-:

In the event the DXC network component is upheld, then the CLS access seeker as Verizon does not gain any benefit from the DXC, as we expect the same output as input.

Additionally to make the RIO charges future/technology agnostic, TRAI should consider that all the cost should be capacity neutral especially when the pace of technology, and with 100G transmission will be in service within two years and further 400G and even 1TB transmission on the horizon, so any cost components determined by Hon'ble authority should be "future proof". If the RIO charges continue to be linked to a unit of capacity, they will always be out of date as soon as they are advertised. The appropriate method of apportioning AFC charges needs to be considered which is not based on a unit of capacity, or if it is, it does so in a way that apportions charges on a

pro rata basis which discounts higher capacities and not on linear ever increasing basis Also, for wavelength capacity there should be a linear option thereby negating the requirement for "protected capacity" and associated charges for additional DXC ports.