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THOMAS M. LYNCH

ATTORNEY AT LAW

252 PROVIDENCE ROAD, SUITE 100  
ANNAPOLIS, MARYLAND 21409

June 29, 2006

VIA UPS

Arizona Corporation Commission  
Attention: Docket Control  
1200 W. Washington Street  
Phoenix, AZ 85007-2927

Re: Response to Staff's First Set of Data Requests – Docket No. T-20457A-06-0294

Dear Sir or Madam:

Enclosed please find an original and thirteen copies of the response of IPC Network Services Inc. to Staff's First Set of Data Requests.

If you have any questions, please call me at (410) 349-4990 or contact me by e-mail using the address below.

Sincerely,

Thomas M. Lynch

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1200 West Washington Street  
Phoenix, Arizona 85007-2927

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In re Application of IPC Network	}	
Services, Inc. for a Certificate of	}	
Convenience and Necessity to	}	
Provide Resold Point-to-Point	}	Docket No.
Private Line Telecommunications	}	T-20457A-06-0294
Services within the State of	}	
Arizona	}	

**RESPONSE TO STAFF'S FIRST SET OF  
DATA REQUESTS DATED 6/5/06**

The following information is provided by IPC Network Services, Inc. ("IPC") in response to the Staff's First Set of Data Requests in the above-referenced docket. As requested, the source of the information is specified at the end of each response.

STF 1.1 Please provide the remaining financial information requested in (B-2) of the Application for a CC&N. In question (B-1) of the Application, IPC indicated that two (2) most recent years of financial information is available. If needed, a confidentiality agreement may be obtained from the Legal Division.

Response: As discussed with Staff, the following additional information is provided for the year ended 9/30/04: total assets = \$9,109,000.00, total equity = \$4,524,000.00 and net income (loss) = (\$455,000.00). *Source: Donna Palumbo, Tax Manager, IPC Network Services, Inc., 88 Pine Street, NY, NY, 10005.*

STF 1.2 Please explain how your company calculated the actual maximum rate per DS0 mile that is contained in your tariff.

Response: IPC calculates its maximum DS0 costs by taking account of network bandwidth, and breaking down to a DS0 cost based on bandwidth capacity per route. Core equipment is also costed on a per-DS0 basis, again dependant on capacity and expected life of equipment to obtain a monthly rate. Finally, any access cost is accounted for either in its entirety or on a DS0-basis dependant on overall capacity to site. The costs are marked up by a gross-margin competitive in the market. *Source: Jeffrey Britell, Director-Implementation and Access Management, IPC Network Services, Inc., 1 State Street Plaza, NY, NY, 10004.*

STF 1.3 For further clarity on rate calculations, please provide individual detailed rate examples for private line DS0, DS1 and DS3 services based on a ten (10) mile radius for each, exclusive of any volume and term commitments and/or discounts.

Response: IPC does not calculate private line services based on such short distances across the core network, rather rates are provided based on the mileage of particular routes a customer requires based on network reach using the cost-plus-margin calculation described above, which necessarily varies by the end point locations. *Source: Jeffrey Britell, Director-Implementation and Access Management, IPC Network Services, Inc., 1 State Street Plaza, NY, NY, 10004.*

STF 1.4 Please specify the rate(s) that IPC will charge or currently charges for similar services in the other states/jurisdictions in which IPC has been approved to provide service. If there is a difference between the rates that your company will charge in Arizona and the rates that your company will charge or currently charges in other states/jurisdictions for similar services, please identify and indicate the amount of the difference and explain why you are charging different rates in Arizona.

Response: The following table shows the rates IPC has tariffed or otherwise charges in other states where it is licensed. "ICB" indicates that the private line is priced on an individual case basis.

<u>State</u>	<u>Rate</u>
CA	ICB
CT	ICB
DC	ICB
DE	ICB
IL	ICB
IN	ICB
MA	ICB
MD	ICB
MI	ICB
MO	ICB
MT	ICB
NC	ICB
NJ	ICB
NM	ICB
NV	ICB
NY	ICB
OH	A one-time installation charge of \$500. Recurring Charges of \$0.55 per DS0 mile, plus applicable local access charges, based on V&H coordinates established by Telcordia Routing Administration. ICB available upon bona fide request.
OR	ICB
PA	A one-time installation charge of \$120. Recurring Charges of \$0.48 per DS0 mile, plus applicable local access charges, based on V&H coordinates established by Telcordia Routing Administration. ICB available upon bona fide request. This tariff is in the process of being amended to reflect the same rates as AZ.

SC ICB  
TX ICB  
VA ICB

*Source: Jeffrey Britell, Director-Implementation and Access Management, IPC Network Services, Inc., 1 State Street Plaza, NY, NY, 10004.*

STF 1.5 Please indicate why you believe that your range of rates is just and reasonable using a competitive market analysis. Your analysis may contain publicly available examples of rates charged by the incumbent or other carriers for similar services or any other information that you believe demonstrates that your actual rates are just and reasonable. At a minimum, your analysis should contain a comparison that includes Qwest and at least one other competitive carrier of your choice. Please include any supporting materials.

Response: Qwest's least expensive private line offering under their Total Advantage program, at page 10 of Section 4 of Arizona Tariff No. 2, is \$4.9668 per DS0 mile with a minimum of 150 miles. A non-recurring charge of \$1,000 applies to each circuit. AT&T's private line offering under the name of Dataphone Digital Service, pursuant to their Tariff No. 9 price list at page 2.1 is \$5.00 per mile for a 56kbps circuit (less than a DS0) in the 1-50 mileage band. The rate drops to \$3.25 per mile for over 100 miles. IPC's rate of \$0.55 per mile with an installation charge of \$500 is far more competitive than either Qwest or AT&T's rates. *Source: Jeffrey Britell, Director-Implementation and Access Management, IPC Network Services, Inc., 1 State Street Plaza, NY, NY, 10004.*

STF 1.6 In response to question (A-13) of the Application for a CC&N, IPC indicated that its customers will not be able to access alternative toll service providers or resellers via 1+101XXXX access. A. Is it the applicant's intent to block a customer's access to other toll service providers when customers dial a 101XXXX access code? B. If your response to "A" is in the affirmative, please provide your rationale for denying customers access to other toll service providers.

Response: IPC's private lines are not interconnected to the public switched telephone network, and as a result access to other carriers for toll service is not possible. *Source: Jeffrey Britell, Director-Implementation and Access Management, IPC Network Services, Inc., 1 State Street Plaza, NY, NY, 10004.*

Submitted this 29<sup>th</sup> day of June, 2006.



Thomas M. Lynch, Esq.  
Counsel for IPC Network Services, Inc.