



INDEPENDENT TELEPHONE & TELECOMMUNICATIONS ALLIANCE

September 19, 2008

**Via Electronic Filing System**

Marlene Dortch  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20054

**Re: *Developing a Unified Intercarrier Compensation Regime*  
CC Docket 01-92**

Dear Ms. Dortch:

The member companies of ITTA are mid-size local exchange carriers that collectively provide a broad range of high-quality wireline and wireless voice, data, Internet, and video services to 30 million customers in 45 states. ITTA supports Intercarrier Compensation (ICC) reform that preserves the ability of carriers serving rural America to fulfill carrier-of-last-resort obligations and provide quality service to all their customers.

Successful ICC reform must balance the impacts among carriers, end-users, and restructuring mechanisms by a fair and measured approach. Unfortunately, recent industry filings urging the Commission to require a \$0.0007 rate for terminating access traffic in rural areas would harm both end-users and the carriers that serve them while generating tremendous savings for the largest payers of intercarrier compensation. While a terminating access rate of \$0.0007 could be appropriate in some areas as AT&T have proposed for themselves, such a rate would be detrimental to network and broadband operations and deployment in rural America because that rate would not cover the cost of providing terminating access services in rural areas. ICC reform should achieve the goal that the cost of maintaining the public switched telephone network is distributed equitably among all users, including VoIP providers.

Overall, terminating access rate unification is a welcome approach to intercarrier compensation reform, but that unification must reflect the needs and dynamics of different types of carriers. A "one size fits all" approach endemic to "bill and keep" and near-zero "uniform rate" proposals disregards the unique challenges faced by mid-sized carriers serving rural America; will overburden the Universal Service Fund; and violates the Universal Service and intercarrier compensation framework set out in the Telecommunications Act of 1996.

Instead, ITTA proposes an equitable plan that minimizes the impact on consumers and reduces the total amount needed from an alternative recovery mechanism; a description of that plan is attached. The ITTA proposal blends reasonable increases in subscriber line charges with a reasonable and affordable benchmark, and recognizes differences between various types of carriers. Consequently, the ITTA proposal enables all carriers to maintain affordable rates while fostering conditions for further network deployment, including the increased provision of broadband and other advanced services to rural America.

Importantly, the ITTA proposal also removes incentives for arbitrage and ensures that all users of terminating access compensate appropriately the entities that provide that service. Eliminating opportunities for arbitrage is but one step in helping to address the problem of Phantom Traffic faced by ITTA members, as well as other carriers across the Nation. In addition to the rate unification included in the ITTA proposal, the Commission must act expeditiously in addressing the larger problem of Phantom Traffic. ITTA and others are on record supporting the Phantom Traffic proposal offered by USTelecom. ITTA continues to support that proposal, and urges the Commission to act now. Furthermore, ITTA believes that out-of-balance dial-up ISP traffic should not be subject to intercarrier compensation. This is an example of a one-way traffic scheme that is not reciprocal and is used primarily to arbitrage the intercarrier compensation mechanisms. At a minimum, the Commission should continue to include such traffic in the lowest-rate track (\$0.0007) in all areas so as to minimize arbitrage opportunities. This will allow rural carriers to direct their resources towards broadband deployment and new innovative services for rural customers.

Finally, and most importantly, the ITTA proposal advances the notion of shared responsibility for our Nation's networks. The ITTA proposal draws equitably upon the resources of carriers and consumers without unnecessary discrimination or undue treatment of any particular entity or user. The ITTA proposal provides neither windfalls nor gratuitous safe-harbors. Rather, the ITTA proposal restores equity, reduces arbitrage, and reinforces the ability of carriers serving rural America to build for the future.

ITTA looks forward to working with the Commission and the industry to implement the ITTA proposal for ICC reform.

Respectfully submitted,

*s/Curt Stamp*  
Curt Stamp, President

Attachment

cc: Chairman Kevin J. Martin  
Commissioner Jonathan Adelstein  
Commissioner Michael J. Copps  
Commissioner Robert M. McDowell  
Commissioner Deborah Taylor Tate  
Dana Shaffer, Chief, Wireline Competition Bureau