



Independent Telephone & Telecommunications Alliance  
**Compensation for ISP-Bound Traffic**

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*Implementation of the Local Competition Provisions in the  
Telecommunications Act of 1996, CC Docket No. 96-98*

*Intercarrier Compensation for ISP-Bound Traffic,  
CC Docket No. 99-68*

April 2008



## The Commission has authority and should retain the current .0007 rate for ISP-bound traffic

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- ISP-bound traffic should not be subject to reciprocal compensation
- The Court has given the Commission sufficient opportunity to defend a proper conclusion
- The record in this proceeding contains viable alternatives upon which the Commission can base a sustainable decision






## Reciprocal compensation for ISP-bound traffic would have adverse effects in rural markets

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- Dial-up ISP usage remains strong in rural areas
- Take rates for DSL in rural markets are lower than in urban areas
- Reciprocal compensation would skew normative assumptions by encouraging tilted traffic flows
- Carriers serving rural markets where dial-up usage remains strong would be particularly vulnerable to increased compensation costs





## ISP-bound traffic should not be subject to reciprocal compensation

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- ISP-bound traffic flows excessively in one direction only
- The Commission has found that it encourages market entry by CLECs intending to serve only ISPs, rather than provide competitive services
- Sufficient bases exist to support the current .0007 rate





## Consumers would be affected adversely by reciprocal compensation for ISP-bound traffic

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- ITTA members have calculated impacts that reach toward the hundreds of millions of dollars
- Rural broadband deployment would suffer if the Commission were to subject ISP-bound traffic to reciprocal comp





## About ITTA

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ITTA members are mid-size local exchange carriers that provide a broad range of high-quality wireline and wireless voice, data, Internet, and video telecommunications services to 25 million customers in 44 states

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