

INDEPENDENT TELEPHONE & TELECOMMUNICATIONS ALLIANCE  
**PROPER COMPENSATION AND SUPPORT FOR NETWORKS  
SERVING RURAL AMERICA**

*Developing a Unified Intercarrier Compensation Regime*

*Proper Routing and Compensation for Termination of Telecommunications Traffic*

CC Docket No. 01-92

*IP-Enabled Services*

WC Docket No. 04-36

*Federal-State Joint Board for Universal Service*

CC Docket No. 96-45, WC Docket No. 05-337

**September 2008**

# ITTA proposal tailored to carrier and industry needs

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- Distributes responsibility equitably
- Promotes infrastructure investment and maintenance
  - ▣ Networks with COLR obligations
  - ▣ Underlying advanced and wireless services
- Balances consumer impact



# Alternative Recovery Mechanism

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- ❑ Intercarrier compensation is payment for services rendered
- ❑ Carriers must be compensated appropriately for services provided to other entities
- ❑ Network must be supported with reasonable, minimal end-user impact



# Enhance efficiency, decrease arbitrage, minimize impact on end-users

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- Proper ICC reform will enhance efficiency, decrease arbitrage, and minimize adverse impacts on end-users
  - ▣ Rate unification
  - ▣ Moderate SLC increases
  - ▣ Benchmark rates



## Ensure proper support for networks

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- Incumbent local exchange carriers serving rural America rely upon adequate compensation and support mechanisms
- “One size fits all” ICC solutions ignore network needs, threaten grave impact on ITTA members and their customers



## Carrier-based unified rates

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- Track 1 – AT&T, Verizon, CLECs, wireless
  - ▣ \$0.0007
  - ▣ Maximum rate applicable to out-of-balance ISP-bound traffic, if such traffic is determined subject to intercarrier compensation
  - ▣ Calls must be measured on physical end-points, not dialed numbers
- Track 2 – all other Federal price-cap carriers
  - ▣ \$0.0095
- Track 3 – rate-of-return carriers
  - ▣ Current interstate terminating access rate
  - ▣ Study area basis



## Distributed responsibility

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- Phased-in SLC increases
  - ▣ \$2.25, three-stage transition
- Implementation of National benchmark
  - ▣ National average urban rate, \$20.76
- IP-enabled traffic treated as other traffic that terminates on the PSTN
- Combines with changes to USF contributions



## Reduce incentives for arbitrage

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- Unify rates to reduce incentives for arbitrage
- Eliminate forensic costs incurred discerning source of phantom traffic
- Ensure lawful compensation to ILECs
- Must reinforce with specific rules to prohibit phantom traffic practices



# Minimize impact on USF

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- Contribution reform
  
- CETC reform
  - ▣ higher standards
  - ▣ limit duplicative networks
  - ▣ remove access-based support from wireless carriers and others who would otherwise not receive access compensation



## ISP remand

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- ❑ Dial-up ISP traffic remains strong in ITTA member service areas
- ❑ Broadband deployment continues apace, but many users rely on dial-up usage
- ❑ Multi-million dollar impact on ITTA members from whose networks out-of-balance traffic is originated
- ❑ Commission has multiple reasonable legal basis for not imposing reciprocal compensation



# 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 services to 30 million customers in 45 states

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