



INDEPENDENT TELEPHONE & TELECOMMUNICATIONS ALLIANCE

FOR IMMEDIATE RELEASE
October 27, 2011

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*** * * PRESS STATEMENT * * ***

(Washington, D.C.) The following statement may be attributed to the Independent Telephone & Telecommunications Alliance (ITTA):

“The action taken by the Federal Communications Commission (FCC or Commission) today to reform the present outdated federal universal service and intercarrier compensation regimes is long overdue. ITTA commends the Commission for finally moving forward with rules aimed at expanding broadband service to Americans in rural high-cost areas throughout the country. ITTA is encouraged that the Commission has adopted rules to address chronic arbitrage problems such as “Traffic Pumping” and Phantom Traffic” and has decided that VoIP traffic should be subject to the same compensation obligations as other traffic. ITTA is disappointed, however, that the Commission has chosen make material changes to the consensus reform frameworks developed by a broad cross-section of the communications industry. The deviations from the industry plans will make it more costly for next-generation broadband to be deployed to unserved consumers and broadband services will not reach many unserved consumers as expeditiously as contemplated.

“While a full assessment of the Commission’s action must await release of the written order, ITTA is particularly concerned that the FCC’s revised universal service rules for price cap carriers may not provide sufficient support for the deployment and maintenance of the networks required to provide broadband services. With respect to rate-of-return carriers, ITTA is concerned and disappointed that the Commission has ignored the industry’s universal service plan and has chosen to refrain from adopting long-term reform today. The uncertainty rate-of-return carriers now will continue to face could have significant negative consequences for their business operations and will no doubt lead to delays in the deployment of broadband to unserved consumers in some of the most rural areas of the country.

“ITTA also objects to several material aspects of the Commission’s decisions on intercarrier compensation reform. ITTA strongly opposes the Commission’s decision to make bill-and-keep the mandatory end state. In addition, while the details are not yet known, it appears that that

reduced intercarrier compensation access recovery mechanisms adopted by the Commission may not allow carriers adequate recovery of their investment.

“ITTA looks forward reviewing the written order adopted today and remains committed to working with the FCC to expeditiously and efficiently bring broadband services to all consumers in the 44 states served by its members. In addition, ITTA echoes the statements of Commissioners Capps and McDowell regarding the importance of quickly moving forward to reform the universal service contribution mechanism and looks forward to working with the Commission on this vital issue.”

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ITTA represents mid-size companies that provide a broad range of high quality wireline and wireless voice, broadband, Internet, and video telecommunications services to 19 million access lines in 44 states.