



February 13, 2020

VIA ECFS

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

RE: *Connect America Fund, WC Docket No. 10-90; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; 8YY Access Charge Reform, WC Docket No. 18-156*

Dear Ms. Dortch:

On Wednesday, February 12, 2020, the undersigned on behalf of NTCA–The Rural Broadband Association (“NTCA”) met with Nirali Patel, wireline legal advisor to Chairman Ajit Pai, and Lisa Hone, deputy chief of the Wireline Competition Bureau, to discuss matters in the above-referenced proceedings. In the meeting, NTCA addressed two specific issues faced by smaller rural local exchange carriers (“RLECs”) in connection with any potential transition of access charges for 8YY traffic to bill-and-keep.

First, NTCA highlighted concerns regarding the impacts of any reductions in access revenues associated with such a transition. When the Federal Communications Commission (the “Commission”) has undertaken similar intercarrier compensation reforms in the past, it has provided reasonable transitions with respect to rates together with explicit alternative cost recovery mechanisms for incumbents that depend upon such revenues in delivering universal service. *See, e.g., Connect America Fund, WC Docket No. 10-90, et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17965 (2011) (“Transformation Order”), at ¶ 862 (“[Incumbent local exchange carriers (“LECs”)] have limited control over the areas or customers that they serve, having been required to deploy their network in areas where there is no business case to do so absent subsidies, including the implicit subsidies from intercarrier compensation. . . . [I]ncumbent LECs are limited in their ability to increase rates to their local telephone service customers as a whole to offset reduced implicit subsidies.”)*. As matter of law and universal service policy, NTCA urged the Commission not to depart from this precedent in any future transition that zeroes out any additional rate elements not currently included within existing explicit alternative cost recovery mechanisms.

Second, NTCA discussed concerns regarding interconnection and “network edge” issues arising out of the potential transition of any transport rate elements to bill-and-keep. Specifically, NTCA noted that where a larger national provider would no longer be responsible for transport to and from RLECs in connection with exchange of calls, it is possible – and perhaps even likely given long-running arguments by such national providers – that these entities will leverage such changes to demand rearrangement of existing interconnection arrangements and to move network edges that define the financial (cost) responsibility for the transport of calls from existing locations in rural areas to points that may be hundreds or even thousands of miles from the rural areas where those calls originate or terminate. *See, e.g.*, Initial Comments of CTIA, CC Docket No. 01-92, (dated May 23, 2005), at 5-6 (urging so-called “Mutually Efficient Traffic Exchange,” wherein an originating carrier would be responsible to pay all costs for delivering traffic to any point designated by the terminating carrier); Comments of Sprint Corporation, WC Docket No. 10-90 and CC Docket No. 01-92 (dated Nov. 20, 2017), at 5 (urging “the default network edge for the exchange of voice traffic be the same Internet exchange points (IXPs) used to interconnect IP data and video traffic, with each carrier assuming responsibility for the cost of delivering traffic to and accepting traffic at those regional points of interconnection.”). The shift of all financial responsibility to RLECs serving relatively small customer bases in remote rural areas for transport to reach distant points would undermine universal service and the ability to maintain reasonably comparable rates.

Precisely to address such concerns, when adopting a bill-and-keep regime for intraMTA traffic in 2011, the Commission adopted a rule that RLECs “will be responsible for transport to the CMRS provider’s chosen interconnection point when it is located within the [RLEC]’s service area.” In the event that the CMRS provider were to choose a network edge outside of that area, the RLEC’s “transport and provisioning obligation stops at its meet point and the CMRS provider is responsible for the remaining transport to its interconnection point.” *Transformation Order*, 26 FCC Rcd at 18040, ¶ 999. This rule effectively preserved, as a default, then-existing network edges, providing greater certainty and clarity as to relative interconnection *cost* responsibilities even as substantial changes otherwise took effect with respect to intercarrier compensation *revenues*; parties were (and remain) free to negotiate other transport and interconnection arrangements as they found them mutually more efficient, but the default is that existing interconnection points are retained in the absence of mutual agreement to change them. To the extent that any reforms were to result in the origination of 8YY calls being likewise subject to bill-and-keep, NTCA urged the Commission to follow this precedent and apply a similar default rule in the prudent interest of maintaining certainty and clarity for *all* parties – RLECs, interconnecting carriers, and even the Commission itself – with respect to the relative responsibility for transport costs.

Thank you for your attention to this correspondence. Pursuant to Section 1.1206 of the Commission’s rules, a copy of this letter is being filed via ECFS.

Sincerely,

/s/ Michael R. Romano

Michael R. Romano

Senior Vice President –

Industry Affairs & Business Development

NTCA–The Rural Broadband Association

cc: Nirali Patel
Lisa Hone