March 9, 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 Thursday, March 5, 2020, the undersigned on behalf of NTCA–The Rural Broadband Association ("NTCA") spoke via telephone with Nicholas Degani, senior counsel to Chairman Ajit Pai, to discuss matters in the above-referenced proceedings. In the conversation, 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 addressed the reductions in access revenues that would arise out of any such transition. In the first instance, NTCA continued to highlight the importance of explicit alternative cost recovery mechanisms for RLECs that depend upon such revenues to deliver universal service in rural areas. To the extent that the Federal Communications Commission (the “Commission”) may determine, however, that the unique need for urgent action to address arbitrage in the 8YY marketplace necessitates changes to rates without modifying existing alternative cost recovery mechanisms to accommodate originating intrastate 8YY revenue impacts specifically, even as the total revenue amounts at issue in the case of originating intrastate 8YY access may be relatively de minimis when measured across hundreds of carriers, NTCA urged the Commission to ensure that any such reforms in the future will not have a negative precedential impact on reasonable cost recovery otherwise and critical universal service objectives.
Second, NTCA discussed interconnection and “network edge” issues arising out of the transition of any transport rate elements to bill-and-keep. NTCA noted that, even as revenue reductions related to such reforms are of concern to RLECs, the possibility that RLECs could also incur increased costs for interconnection and transport associated with the exchange of calls with other providers presents substantial risk and harm. Indeed, NTCA explained that a move to bill-and-keep without default interconnection rules could create new opportunities for arbitrage; providers could dictate unilateral shifts in “edges” aimed at reducing their relative financial responsibilities for transport and thereby foist such costs instead on interconnecting carriers – and that RLECs, serving small rural customer bases, were at particular risk of suffering serious harm from such arbitrage.

NTCA therefore advocated that, in conjunction with any migration to bill-and-keep, the Commission adopt a default rule that would maintain existing network edges and divisions of financial responsibility for the exchange of traffic with RLECs. Specifically, the Commission should make clear that, absent mutual agreement between a RLEC and any party exchanging traffic with that RLEC, in the wake of any reforms that transition access charges to bill-and-keep, all calls shall continue to be routed between those parties as they were prior to reform, and that each party’s financial responsibility for the exchange of such traffic (including transport and other interconnection costs associated with reaching existing interconnection points) shall not change. Furthermore, the Commission should expressly confirm through such a default rule that, even as RLEC access rates and access revenues may decline, RLEC costs of originating or terminating calls will not increase as a result of any such reform because: (1) the RLEC will be able to choose the point of interconnection in its service area; and (2) in no event will an RLEC be financially responsible for transport of calls beyond its service area. To be clear, such a rule would merely serve as a default for interconnection, transport, and exchange of traffic with RLECs in the wake of such intercarrier compensation reform, and would not preclude parties from negotiating other interconnection arrangements as they found them mutually more efficient.

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: Nicholas Degani