

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Reforming Legacy Rules for an All-IP Future)	WC Docket No. 25-311
)	
Accelerating Network Modernization)	WC Docket No. 25-208

**COMMENTS OF
NTCA–THE RURAL BROADBAND ASSOCIATION**



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EXECUTIVE SUMMARY

The Commission's proposed intercarrier compensation framework, if adopted, would have the unintended consequence of stifling innovation and technological evolution by injecting regulatory uncertainty and undermining predictability in what should be considered a successful ongoing IP transition in rural America. Contrary to what the Commission seems to believe, existing intercarrier compensation and CAF ICC mechanisms have not hindered IP transition efforts in rural America; rather, they have facilitated and will continue to facilitate substantial investment in IP-enabled infrastructure on the part of RLECs.

Pursuant to the bill-and-keep framework proposed by the Commission to replace the switched access charge regime, carriers would look first to their subscribers to cover the cost of the network. Unlike larger carriers that serve more densely populated areas of the country, RLECs cannot recover network costs solely from their customers and maintain affordable rates. Indeed, the cost-sharing principles built into the switched access charge regime that the Commission proposes to set aside are designed to address this very issue. The Commission's proposal to phase out existing CAF ICC is even more problematic – for RLECs, this remains a significant and critical source of cost recovery. If such support becomes unavailable, RLECs would need to shift more than half of their overall switched access cost recovery to consumers. NTCA estimates that, in some cases, members would need to recover additional amounts in the hundreds of dollars per-line, per-year from customers.

Rather than eliminate this vital funding, the Commission should acknowledge that this funding is the key to completing the ongoing work to transition from legacy networks to all IP. To do so, and to allow small and rural carriers to complete their transitions, NTCA urges the Commission to retain the existing CAF ICC support mechanism and indeed *rechristen it as a*

new IP-transition fund. The Commission should not eliminate the remainder of carrier access charges under a bill-and-keep framework and phase out CAF ICC – and at the same time as it professes a commitment to advancing the IP transition while maintaining the affordability of services for all consumers – without establishing explicit universal service support for carriers serving rural high-cost areas to avoid eliminating revenue that RLECs explicitly rely upon to serve their communities. Given the requirements of section 254, the Commission cannot simply abandon the cost-sharing principles necessary to keep rural consumers connected at reasonably comparable rates, especially when carriers are facing the prospect of substantial additional costs due to network transitions. The IP Transition Fund can serve as the bridge.

In addition, the Commission should also take great care in addressing the “network edge” – this is critically important in a bill-and-keep framework because it identifies the point in the network to which a carrier must deliver its traffic. Depending on the location of the network edge as compared to today (where the edge is typically in the RLEC’s serving area today), RLECs could be forced to incur additional transport costs that would need to be recovered through either end user rates or explicit support, if available. To avoid creating additional cost burdens on RLECs and their customers, the Commission should adopt a default framework defining the network edge for RLECs at the existing financial points of interconnection.

Finally, the Commission should abandon its proposal to eliminate ex ante pricing regulation and tariffing of Telephone Access Charges. The Commission has already sought comment on this twice, and feedback from a diverse cross section of the industry highlighted how these charges remain a critical component of cost recovery for RLECs and how mandatory detariffing would introduce uncertainty concerning how or whether these amounts could be recovered when the Commission is trying to encourage investment in IP networks.

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I. INTRODUCTION

NTCA–The Rural Broadband Association (“NTCA”)¹ hereby submits these comments in response to the Notice of Proposed Rulemaking released by the Federal Communications Commission (“Commission”) in the above-captioned proceedings.² As part of the Commission’s broader initiative to encourage carriers to transition to all-Internet Protocol (“IP”) networks, the *NPRM* seeks comment on comprehensive reforms to the regulatory framework for voice telecommunications rates.³ Specifically, the *NPRM* seeks comment on significant regulatory changes designed to shift from the current regulatory framework for intercarrier compensation,

¹ NTCA is an industry association composed of approximately 850 community-based companies and cooperatives that provide advanced communications services in rural America and more than 400 other firms that support or themselves are engaged in the provision of such services. NTCA’s incumbent local exchange carrier (“ILEC”) members are “rural telephone companies” as defined in the Telecommunications Act of 1996 (the “1996 Act”), and these entities are referred to herein as “RLECs” in the context of interconnection and the exchange of voice traffic.

² *Reforming Legacy Rules for an All-IP Future*, WC Docket No. 25-311, *Accelerating Network Modernization*, WC Docket No. 25-208, Notice of Proposed Rulemaking, FCC 26-11 (rel. Feb. 19, 2026) (“*NPRM*”).

³ *Id.*, ¶¶ 1-2.

interexchange service, and end user charges to a full bill-and-keep framework.⁴ These proposed changes include, among other significant modifications, phasing out a critical Universal Service Fund (“USF”) support mechanism – Connect America Fund Intercarrier Compensation (“CAF ICC”) – that has enabled and continues to further a transition away from Time Division Multiplexing (“TDM”) technology to all-IP technologies in rural America.

NTCA is concerned about aspects of the proposed framework that would have the unintended consequence of stifling innovation and technological evolution by injecting regulatory uncertainty and undermining predictability in what should be considered a successful ongoing IP transition in rural America. Indeed, NTCA members have been making the transition from TDM to IP technologies due, in large part, to predictable cost recovery mechanisms. Even if larger operators may believe that they need changes to existing regulatory frameworks to evolve, this should not come at the expense of progress being made by smaller operators who are leading the charge. In the case of smaller carriers serving rural areas, the facts are clear that these mechanisms have in fact advanced, rather than hindered, the IP evolution. If adopted, several of the regulatory changes proposed in the *NPRM* will undermine the ability of these carriers to not only support their existing networks and services, but more importantly, continue network modernization consistent with the overall objectives of the *NPRM* and related proceedings.

Larger non-rural carriers that serve more densely populated areas might be able to absorb the loss of critical revenue streams and support mechanisms without disruption, but RLECs are

⁴ *Id.* Although the Commission adopted a bill-an-keep methodology for intercarrier compensation generally in 2011, it transitioned only certain terminating switched access charges and some originating 8YY charges to bill-and-keep since that time. *Id.*, ¶ 7.

unable to simply shift the burden of network costs to the limited number of customers in small and rural markets and keep rates affordable consistent with universal service principles and requirements. RLECs serve thousands of square miles of rural and remote terrain in markets that have an average density of only seven locations per square mile. As the Commission moves to complete the transition to a new regulatory framework, it is essential to consider the unique and challenging nature of these markets and the inherent limitations on cost recovery from a limited number of consumers.

II. CERTAINTY AND PREDICTABILITY ARE NECESSARY TO DRIVE RLECS' MIGRATION TO ALL-IP NETWORKS AND SERVICES.

The *NPRM* seeks comment on whether the existing intercarrier compensation system is reducing incentives to invest in IP networks and services.⁵ The inverse is true. NTCA members are embracing the migration to all-IP networks and services and are, in fact, leading the charge in rural America. Despite serving areas where the average density is approximately seven locations per square mile, nearly 90% of NTCA members have IP switching capabilities in their networks and nearly half now make use of cloud-based platforms to deliver voice services on high-speed broadband networks.⁶ In addition, RLECs are seeking direct IP interconnection at various locations in provider networks where such arrangements are available.⁷ Thus, the transition to

⁵ *Id.*, ¶ 19.

⁶ See Letter from Michael Romano, Executive Vice President, NTCA–The Rural Broadband Association, to Marlene H. Dortch, Secretary, Federal Communications Commission, GN Docket No. 13-5, WC Docket Nos. 04-36, 10-90, 25-209, 25-208, 25-304, 25-311 (fil. Feb. 9, 2026), p. 1 (“*NTCA Feb. 9 Ex Parte Letter*”).

⁷ See Comments of NTCA–The Rural Broadband Association, WC Docket Nos. 25-304, 25-208, 17-97, (fil. Jan. 20, 2026), p. 2 (“*NTCA IP Interconnection Comments*”) (stating that although NTCA is aware of a “handful of ‘one-off’ agreements in the marketplace,” NTCA members “are not aware of the widespread and common availability of such agreements at scale or in a generally transparent manner.”). Moreover, in some cases, NTCA members are told by providers that such arrangements are unavailable. *Id.*

all-IP networks and services is well underway in rural areas fortunate enough to be served by these smaller rural providers due to a mix of community commitment and Commission frameworks that promote regulatory certainty and investment.

The most significant barrier to a migration to all-IP connectivity has not been existing regulatory frameworks, but rather the lack of regulatory certainty surrounding IP interconnection.⁸ As NTCA explained in its comments in the IP interconnection proceeding, “the primary reason for the nascent and sporadic use of IP interconnections arrangements to date is *the absence of any* ‘rules of the road’ to provide certainty in this marketplace – and the apparent desire of certain providers to ensure that there will be few, if any, rules to govern such traffic exchange.”⁹ The absence of any “light-touch” rules or regulatory backstops is undermining the certainty needed to spur overall network modernization, including the migration to all-IP network and services.

This stands in contrast to claims that the existing intercarrier compensation regime is to blame for any perceived delays in network modernization. The exact opposite is true for NTCA members. Serving rural areas where the ability to recover the costs of investment from customers is limited, RLECs have relied and will continue to rely going forward on existing revenue streams and support mechanisms to make the improvements and investments necessary to advance the transition to an all-IP environment. Network transitions already underway would be disrupted if regulatory changes affect these mechanisms and hence, the ability of carriers to recover their investments in IP-capable network infrastructure is undermined. In particular, a

⁸ *Id.*, pp. 2-5.

⁹ *Id.*, pp. 2-3 (emphasis in original).

hasty transition to a bill-and-keep framework combined with a phase-out of CAF ICC would slow or even delay the migration to all-IP networks and services by eliminating the certainty and predictability of existing revenue streams and cost recovery. This could disrupt not only existing plans for network modernization but also affect the ability to attract the investment necessary to continue network improvements.

Under a bill-and-keep framework, carriers look first to their subscribers to cover the cost of the network, then to explicit universal service support when necessary.¹⁰ Unlike larger carriers that serve more densely populated areas of the country, RLECs cannot recover network costs solely from their customers and maintain affordable rates. Indeed, the cost-sharing principles built into the switched access charge regime are designed to address this very issue. If the Commission were to eliminate the remainder of carrier access charges under a bill-and-keep framework – and at the same time as it professes a commitment to advancing the IP transition while maintaining the affordability of services for all consumers – it should establish explicit universal service support for carriers serving rural high-cost areas to avoid eliminating revenue that the carriers explicitly rely upon to serve their communities with no other means to recover it.

Moreover, the Commission is considering these consequential proposals at the same time that carrier revenues are falling and carrier costs are rising. RLECs are already facing access revenue loss as customers naturally migrate away from traditional landline voice service. Moving to a bill-and-keep framework would artificially accelerate the loss of those revenues by

¹⁰ *Connect America Fund*, et al., WC Docket No. 10-90, et al., Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011), ¶ 34 (“*USF/ICC Transformation Order*” or “*USF/ICC Further Notice*”).

regulatory fiat, which would disproportionately affect rural carriers that rely on cost-sharing to recover their costs and maintain affordable rates.

RLECs are also facing increased costs and burdens due to developing and ongoing regulatory obligations associated with the network transition. As NTCA detailed in a recent *ex parte* filing, new mandates and other regulatory changes under consideration by the Commission have imposed and could impose even more substantial, incremental costs on RLECs, both initial and ongoing.¹¹ These developments will only increase demands on the limited carrier resources of small providers serving high-cost rural areas.

NTCA members are leading the IP transition in rural America, but these carriers and their customers would be impacted most by the proposals under consideration in the *NPRM*. The progress these community-based providers have made toward the Commission’s stated all-IP goal should not be sacrificed or put at risk in the hope that changes to existing frameworks might prompt larger providers to finally join this effort. To accelerate network deployment and modernization in rural areas, the Commission should focus on ways to ensure stability and cost recovery as it transitions to a new regulatory framework.

III. ANY BILL-AND-KEEP FRAMEWORK MUST INCLUDE SUFFICIENT AND PREDICTABLE SUPPORT TO ENSURE UNIVERSAL SERVICE.

The *NPRM* seeks comment on how the principles of section 254 should inform the Commission’s approach to addressing cost recovery issues and “how those principles might implicate related issues that should be considered in a separate proceeding focused on universal

¹¹ See generally *NTCA Feb. 9 Ex Parte Letter* (detailing potential and existing costs and burdens associated with IP interconnection, Next Generation 911 service, intercarrier compensation reform and cybersecurity/supply chain obligations).

service.”¹² Given the significant role that both intercarrier compensation and universal service play in cost recovery for RLECs, any changes to one part of the cost-sharing construct will necessarily affect the other. Thus, it is imperative that any proposal to reduce intercarrier revenues be paired with sufficient and predictable cost recovery support for RLECs, with CAF ICC being rechristened as, and more explicitly directed towards, a new IP transition fund.

A. Consistent with Statutory Mandates and Commission Precedent, Explicit Support Must Remain a Part of Any Further ICC Reform.

When considering reforms to the intercarrier compensation regime, the Commission has long acknowledged the integral relationship between intercarrier compensation mechanisms and universal service.¹³ Through both intercarrier compensation and universal service, all users of the network help support the delivery of service to consumers in high-cost areas at reasonably comparable rates.¹⁴ Historically, intercarrier compensation revenues have been a means of implicitly supporting the cost of the entire network in addition to the actual incremental cost of terminating or originating a voice call.¹⁵

When the Commission began a series of intercarrier compensation reforms to make implicit subsidies explicit, it created explicit revenue replacement mechanisms to ensure

¹² *NPRM*, ¶ 24.

¹³ *USF/ICC Transformation Order*, ¶ 858 (acknowledging that “[p]redictable recovery during the intercarrier compensation reform transition is particularly important to ensure that carriers can maintain/enhance their networks while still offering service to end-users at reasonable rates.”). Internal quotations and citations omitted.

¹⁴ *See* 47 U.S.C. § 254(b)(3) (stating that consumers in rural and high-cost areas should have access to telecommunications and information services that are “reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.”).

¹⁵ *See USF/ICC Transformation Order*, ¶¶ 853, 870.

continued support of the network.¹⁶ As NTCA explained in prior comments in those proceedings, revenue replacement mechanisms are designed “to enable RLECs to recover rural network facilities costs that, if intercarrier compensation and/or the mechanisms were not available, would require rural customers to pay local service rates well above the levels that they could afford.”¹⁷ These revenue replacement mechanisms allow RLECs to continue providing service and making investments in high-cost areas, while keeping consumer rates affordable and reasonably comparable consistent with universal service objectives and obligations.

In the *NPRM*, the Commission proposes to move all remaining intercarrier compensation charges to a bill-and-keep framework and to have carriers recover those lost revenues solely through end user rates. Thus, the proposal would eliminate all remaining intercarrier switched access charges, but fails to address the potential impacts on rural consumers in doing so or to include any new revenue recovery mechanism (or adjustments to existing CAF ICC) to account for the tens of millions in switched access revenues still collected by rate-of-return carriers.¹⁸ Even worse, the *NPRM* includes a proposal to phase out existing explicit revenue recovery associated with prior reforms, namely CAF ICC.

The Commission’s decision to transition to a full bill-and-keep framework without a recovery mechanism will have consequences for both network modernization and universal

¹⁶ See, e.g., *id.*, ¶ 919 (stating that the decision to provide CAF ICC is consistent with the Commission’s mandate under section 254 and the Commission’s use of universal service funding as a component of prior intercarrier compensation reforms).

¹⁷ Joint Comments of NTCA–The Rural Broadband Association and WTA – Advocates for Rural Broadband, WC Docket No. 10-90, CC Docket No. 01-92, at 16 (fil. Oct. 26, 2017) (“*Joint 2017 Public Notice Comments*”).

¹⁸ The *NPRM* does include a proposal to deregulate and detariff Telephone Access Charges (“TACs”) to help carriers recover lost intercarrier compensation revenues from end users, but this proposal remains problematic for a number of reasons. See *infra* section V.

service. A failure to include a revenue recovery mechanism as part of the reform plan would on its face abandon the cost-sharing principles that are fundamental to universal service and would be inconsistent with the objectives and “reasonable comparability” requirements of section 254. For RLECs, an attempt to recover network costs solely through end user rates would likely result in unaffordable rates far above those assessed in urban areas. Indeed, the cost-sharing constructs built into the existing regulatory framework are designed to spread the cost burden among all users of the network.

Recognizing the important role intercarrier compensation revenues play in maintaining universal service, the Commission has consistently adopted explicit revenue replacement as part of any significant access charge reform plan. Most recently, in the *USF/ICC Transformation Order*, the Commission recognized that explicit support in the form of CAF ICC was necessary to mitigate the effects on consumer rates.¹⁹ The Commission recognized the importance of constraints on end user recovery that RLECs face and that it was appropriate to supplement end user recovery to ensure a measured, predictable transition.²⁰

At the same time, the Commission recognized the important role of predictability and stability in support levels. Specifically, the Commission explained that its “recovery mechanism is designed to provide predictability to incumbent carriers that had been receiving implicit ICC subsidies, to mitigate marketplace disruption during the reform transition, and to ensure our intercarrier compensation reforms do not unintentionally undermine our objectives for universal

¹⁹ *USF/ICC Transformation Order*, ¶ 917.

²⁰ *Id.*

service reform.”²¹ This predictability has in turn enabled RLECs to invest in innovation and make the significant network upgrades and offer cutting-edge services that are available today despite the deeply rural nature of the areas served. Such predictability and stability should remain important aspects of any reform proposal to not only ensure that carriers can support their networks and attract investment, but also to protect consumers from dramatic changes in what they pay for essential connectivity.²²

B. CAF ICC Remains a Significant and Critical Revenue Stream for RLECs.

As part of its broader reforms to the intercarrier compensation regime, the *NPRM* seeks comment on “phasing down CAF ICC support over two years, beginning once the transition to bill-and-keep is complete.”²³ The Commission’s proposal to phase out existing CAF ICC would rapidly eliminate approximately \$323 million (annualized) in critical and necessary explicit support that rate-of-return carriers depend on to cover network costs and keep rates affordable.²⁴ The elimination of CAF ICC at this critical juncture in the IP transition would have devastating effects on RLECs and their customers.

If all remaining carrier switched access charges are transitioned to a bill-and-keep framework as proposed, rate-of-return carriers would be facing an estimated additional \$67

²¹ *Id.*, ¶ 858.

²² *Id.* (citing comments from State Members of the Federal-State Universal Service Joint Board).

²³ *NPRM*, ¶ 117.

²⁴ See Universal Service Administrative Company, 2026 – Second Quarter Filings, HC-09 Connect America Fund ICC Support Projected by State by Study Area 2Q2026, available at: <https://www.usac.org/about/reports-orders/fcc-filings/>.

million in annual access revenue reductions.²⁵ Thus, rather than considering an elimination of CAF ICC support associated with prior reforms and associated revenue reductions, the Commission should be considering how to adjust explicit support *upwards* to ensure comparable and affordable consumer rates consistent with section 254 in the face of mandated elimination of the charges paid by other carriers for use of local networks to reach those customers.

For RLECs, CAF ICC remains a significant and critical source of cost recovery. NTCA estimates that CAF ICC is necessary to cover between 65% and 90% of the overall costs associated with switched access.²⁶ If such support becomes unavailable, RLECs would need to shift more than half of their overall switched access cost recovery to consumers. Moreover, the collective impact on consumer rates of eliminating both CAF ICC *and* remaining switched access charges would be significant. NTCA estimates that, in some cases, members would need to recover additional amounts in the hundreds of dollars per line per year from customers.²⁷ Under this scenario, carriers would be left in the impossible position of raising consumer rates to clearly unaffordable levels or incurring costs that can longer be recovered.

²⁵ Access revenue data was derived from projected test period 2025-2026 switched access revenues in the National Exchange Carrier Association's ("NECA") 2025 Annual Access Tariff Filing. *See* NECA Tariff F.C.C. No. 5, Transmittal No. 1748 (fil. June 16, 2025). NECA traffic-sensitive pool data was then factored up to the total RLEC population to reflect companies not in the NECA traffic-sensitive pool.

²⁶ These estimates were developed using data from carriers that participate in the NECA traffic-sensitive pools. In determining the total costs of switched access services, adjusted Base Period Revenue was used as a proxy for switched access costs.

²⁷ For the smallest carriers that participate in the NECA traffic-sensitive pool (i.e., those with less than 500 lines), the estimated average additional recovery needed could be as high as \$345 per line per year, (where "lines" includes access and broadband-only lines.) If the impact were spread across access lines only, the amount could rise to \$490 per access line per year. For some of these carriers, the impact could reach several thousand dollars per line annually.

Unlike larger carriers serving more densely populated areas, RLECs cannot simply replace these revenues by raising consumer rates or using revenues from non-regulated services. RLECs serve some of the highest cost areas of the country and have a limited number of customers from whom they can recover these costs.²⁸ The phase out of both remaining intercarrier revenues *and* CAF ICC would leave carriers with no reasonable means of recovering both existing and anticipated network costs.

Given the requirements of section 254, the Commission cannot simply abandon the cost-sharing principles necessary to keep rural consumers connected at reasonably comparable rates, especially when carriers are facing the prospect of substantial additional costs due to network transitions. If anything, as a logical matter, any further reductions to intercarrier compensation revenue streams should be accompanied by *additional* support rather than reductions to, or elimination of, such support. NTCA therefore urges the Commission to retain the existing CAF ICC support mechanism until it can evaluate the overall cost burdens associated with IP-related initiatives and develop a new IP-transition fund (as discussed further in Section III. C., *infra*).

Until such time, to avoid any disruption to RLEC operations and to ensure the success of the IP transition, the Commission should retain the existing method of calculating CAF ICC for rate-of-return carriers, but with a one-time adjustment to Base Period Revenues to reflect a bill-and-keep mandate. Specifically, the calculation of the Base Period Revenue following completion of the transition to bill-and-keep should include a one-time upward adjustment followed by continued application of the current annual reduction formula in the years following.

²⁸ The average NTCA member serves approximately 6,000 broadband subscribers and 2,700 voice customers. *NTCA Broadband/Internet Availability Survey Report 2025*, rel. Dec. 2025, p. 3. <https://www.ntca.org/sites/default/files/documents/2025-12/2025BroadbandInternetAvailabilityReport.pdf>

Such an approach would provide much-needed stability and certainty until a more comprehensive universal service support mechanism is established.

For all the reasons discussed here, CAF ICC or similar explicit support in the form of new universal service funding is integral to the IP transition. The Commission cannot expect smaller providers serving rural areas to continue to upgrade and sustain IP-enabled networks and services in rural areas in the face of a proposed reduction of hundreds of millions in CAF ICC support in just a few years' time. Such support plays a key role in facilitating IP investment and any reduction in this support would undermine the Commission's overall objective of moving to all-IP networks and services.

C. CAF ICC Should Become a New IP-Transition Fund.

The *NPRM* asks whether rate-of-return carriers will need additional funding to implement the IP transition and whether, rather than phasing out CAF ICC, it should permit such support to continue until the transition to all-IP networks is complete.²⁹ As discussed above, RLECs have incurred and expect to continue incurring substantial IP transition costs as the transition advances – as well as ongoing costs that will be higher in rural areas than in urban locations.³⁰ RLECs that have not already done so will need to deploy an IP switch or move to “hosted” VoIP solutions – each of which represents substantial new and ongoing costs.³¹ Further, as discussed below, any changes to points of interconnection or the network edge could impose new transport costs on RLECs.³²

²⁹ *NPRM*, ¶¶ 156-157.

³⁰ *See generally* *NTCA Feb. 9 Ex Parte Letter*.

³¹ *Id.* *See also* *NTCA IP Interconnection Comments*.

³² *See infra* section IV (addressing the network edge).

In addition to these potential new costs, RLECs have already incurred, and will continue to incur, substantial costs associated with robocall mitigation and cybersecurity measures that did not exist – or at least exist at the scale they do today – before the transition to IP networks. These developments now require investment in additional advanced network technologies and capabilities. Should these costs be incurred at the very same time as CAF ICC and remaining access charges are eliminated, millions of dollars of revenues needed to help cover these costs in rural areas will be lost.

Given the significant number of costs attributable to network modernization and associated regulatory developments, the Commission should “rechristen” CAF ICC as a new IP transition fund that would help cover the overall costs of the transition in rural America.³³ The revised universal service fund would help ensure that the higher costs associated with network transitions in rural areas do not disproportionately affect rural consumer rates. These are the very circumstances that universal service was intended to address. Until the Commission establishes a new fund to help implement the IP transition in rural areas, it should permit rate-of-return carriers to continue receiving CAF ICC and this support should become part of the renamed IP transition fund once such funding is secured.

IV. THE NETWORK EDGE REMAINS A CRITICAL ASPECT OF ANY BILL-AND-KEEP FRAMEWORK.

The successful implementation of a bill-and-keep framework depends on a clear delineation of carrier responsibilities. The network edge is critically important in a bill-and-keep

³³ Given the complexity surrounding the creation of a new funding mechanism specific to the IP transition, NTCA recommends that the Commission initiate a separate proceeding to consider issues raised in the *NPRM* concerning this new funding mechanism including, the size of the fund, what it should cover, how funds should be allocated, and whether it should be based on forward-looking costs. *See NPRM*, ¶ 157.

framework because it identifies the point in the network to which a carrier must deliver its traffic, either via its own network or by purchasing services from another provider.³⁴ In the *USF/ICC Transformation Order*, the Commission correctly determined that the states should establish the network edge pursuant to Commission guidance and sought further comment on network edge issues in 2011 and in 2017.³⁵

In the *NPRM*, the Commission again recognized the important role of the network edge in determining financial responsibility for transport costs between carriers' networks.³⁶ Given the Commission's proposal to move to a full bill-and-keep framework, it seeks input on "whether carriers and state regulatory commissions believe there is a need to and benefit from defining the network edge today, and on the role that the Commission and states may play in that process."³⁷

NTCA has consistently agreed with the Commission's determination that states should be responsible for defining the network edge in the first instance.³⁸ The decision by the Commission to preserve this state role played an important part in upholding the intercarrier compensation reforms adopted in 2011. Specifically, the Tenth Circuit upheld the Commission's decision to adopt bill-and-keep as the default methodology for interstate and intrastate rate elements against a challenge that such decision unlawfully preempted state authority in

³⁴ In the *USF/ICC Transformation Further Notice*, the Commission discussed the nature of the network edge under a bill-and-keep framework and sought comment on various issues related to defining the network edge. *USF/ICC Transformation Further Notice*, ¶¶ 1320-1321.

³⁵ *Id.*, ¶ 1321; *Parties Asked to Refresh the Record on Intercarrier Compensation Reform Related to the Network Edge, Tandem Switching and Transport, and Transit*, WC Docket No. 10-90; CC Docket No. 01-92, Public Notice, DA 17-863 (rel. Sep. 8, 2017).

³⁶ *NPRM*, ¶ 56.

³⁷ *Id.*, ¶ 58.

³⁸ See, e.g., *Joint 2017 Public Notice Comments*, p. 20.

significant part precisely because the Commission left network edge determinations to the states.³⁹ Accordingly, the Commission must, as a legal matter, retain this important state role under any bill-and-keep framework.

Although the determination of the network edge should rest with the states in the first instance, NTCA supports the adoption of a default national framework that would apply where states decline to act. A default framework provided by the Commission would be the most practicable solution if a state fails to act or if states develop inconsistent definitions.⁴⁰ The adoption of a default framework would establish a regulatory backstop, provide some degree of certainty, and at the same time, permit flexibility for providers to enter into mutually agreeable alternative arrangements.⁴¹

Under a bill-and-keep framework, originating and terminating LECs would be responsible for arranging transport to and from the network edge, and LECs would need to set end user rates at levels sufficient to recover these costs. Thus, depending on the location of the network edge as compared to today (where the edge is typically in the RLEC's serving area as described below), RLECs could incur additional transport costs that would need to be recovered through either end user rates or explicit support, if available. Given the rural and high-cost nature of RLEC service areas, recovery of such costs from end users alone could here too cause rates to rise to unaffordable levels.

³⁹ *Id.*, p. 20 (citing *In re FCC II-161*, 753 F.3d 1015, 1128 (10th Cir. 2014)).

⁴⁰ *NPRM*, ¶ 59.

⁴¹ Any default framework should apply at the outset of the transition and remain in place during the transition period and after the transition is complete. Frequent changes to any default framework would be confusing and disruptive for RLECs and connecting carriers.

Today, RLECs typically subtend tandem switching facilities owned by upstream carriers and are generally responsible only for the costs of transporting voice calls to their local central office or to a designated meet-point in the network.⁴² These existing “network edges” serve an important universal service purpose because they ensure that the high costs of connecting rural communities are not borne solely by these small operators and their customers. Without a cost-sharing approach, RLECs would need to recover the significant costs associated with traffic exchange in rural areas from a small number of end users, thereby jeopardizing the affordability of voice services for these communities.⁴³

In 2011, the Commission adopted the “rural transport rule,” which limits RLEC transport obligations in the context of non-access traffic exchanged between RLECs and Commercial Mobile Radio Service (“CMRS”) providers under a bill-and-keep framework.⁴⁴ Under the rural transport rule, RLECs are only responsible for delivering traffic to the interconnecting carrier’s existing interconnection and meet points.⁴⁵ In 2017 comments, NTCA explained that such a rule was considered necessary to “ensure the universal service mission of RLECs would not be undermined by massive new transport costs.”⁴⁶

⁴² *NTCA IP Interconnection Comments*, p. 4, n.7.

⁴³ *Id.*

⁴⁴ *USF/ICC Transformation Order*, ¶¶ 998-999.

⁴⁵ *Id.* at 999 (Specifically, “the rural, rate-of-return LEC will be responsible for transport to the CMRS provider’s chosen interconnection point . . . when it is located within the LEC’s service area” and “[w]hen the CMRS provider’s chosen interconnection point is located outside the LEC’s service area, we provide that the LEC’s transport and provisioning obligation stops at its meet point and the CMRS provider is responsible for the remaining transport to its interconnection point.”).

⁴⁶ *Joint 2017 Public Notice Comments*, p. 20.

The concerns and rationale prompting adoption of the rural transport rule remain applicable today and become even more significant given related proposals in the *NPRM* potentially limiting cost recovery. The Commission should ensure that RLECs are not forced to incur substantial new transport costs at the expense of rural consumers. To avoid creating additional cost burdens on RLECs and their customers, the Commission should adopt a default framework defining the network edge for RLECs at the existing financial points of interconnection, which are typically meet-point arrangements or at the local central office. Such an approach would reflect the important cost-sharing constructs that limit the financial obligations of small operators in order to keep rural consumers connected at affordable rates.

Finally, any consideration of a default network edge rule must be coordinated with the Commission’s proceeding considering IP interconnection obligations as part of the IP transition.⁴⁷ In recent comments on IP interconnection, NTCA explained the interplay between network interconnection obligations and the network edge, and how changes to these responsibilities could uniquely impact NTCA members.⁴⁸ For instance, in the IP Interconnection proceeding, NTCA asked the Commission to consider adopting a default “rural transport rule” for physical interconnection to address universal service considerations.⁴⁹

⁴⁷ See *Advancing IP Interconnection, Accelerating Network Modernization, Call Authentication Trust Anchor*, WC Docket Nos. 25-304, 25-208, 17-97, Notice of Proposed Rulemaking, FCC 25-73 (rel. Oct. 29, 2025) (“The network edge is distinct from a point of interconnection (POI) because a call may pass through multiple POIs before reaching the network edge—the point at which the originating carrier’s financial responsibility for the call ends and the terminating carrier’s responsibility begins.”). See also *NPRM*, ¶ 56, n.138.

⁴⁸ *NTCA IP Interconnection Comments*, pp. 3-4, 8-9.

⁴⁹ *Id.*, pp. 29-31.

NTCA has also emphasized the need for good faith negotiations in the context of IP-to-IP interconnection.⁵⁰ Accordingly, NTCA supports a re-evaluation of the rights and obligations of carriers to negotiate interconnection agreements, including whether to extend the interconnection agreement process adopted in the *T-Mobile Order* to other interconnecting service providers.⁵¹ As the transition to bill-and-keep proceeds, carriers will need to secure arrangements to deliver and accept traffic at the network edge, rather than primarily relying on tariffs. Thus, carriers of all types must have a way to secure these arrangements with each other and having a default national framework governing the network edge will help manage carrier expectations in the negotiation process.

V. THE TELEPHONE ACCESS CHARGE TARIFFING RULES CONTINUE TO SERVE THE PUBLIC INTEREST.

A. The Record Does Not Support Mandatory Detariffing of TACs.

As part of its efforts to facilitate the transition to a bill-and-keep framework, the *NPRM* seeks comment on a proposal to eliminate ex ante pricing regulation and tariffing of end user access charges (collectively Telephone Access Charges or TACs), including the Access Recovery Charge (“ARC”) and Subscriber Line Charge (“SLC”).⁵² The Commission suggests that such rules may no longer be necessary because carriers will have the opportunity to recover the costs of providing voice service directly from end-users subject to the competitive constraints of the marketplace.⁵³ NTCA generally supports deregulatory efforts where appropriate, however, the

⁵⁰ *Id.*, pp. 29-30.

⁵¹ See *NPRM*, ¶ 73 (referencing questions in the *USF/ICC Transformation Further Notice* on whether to extend the interconnection agreement process adopted in the *T-Mobile Order* to all telecommunications carriers).

⁵² *Id.*, ¶86, 95-100.

TAC tariffing rules continue to serve a number of important policy objectives, especially for small rural carriers and their customers.

It is noteworthy that this is the third time the Commission has requested comment on a proposal to eliminate ex ante pricing regulation and tariffing of TACs. Industry comments filed in 2020 and again in 2025 by a wide array of stakeholders highlight the problematic nature of this proposal and the negative impacts it would have on both carriers and consumers. In 2020, NTCA identified a number of legal and practical complexities associated with this proposal and encouraged the Commission to adopt permissive rather than mandatory detariffing. Those comments detailed a number of concerning issues, including:

- Incorrect assumptions concerning rate flexibility at the state-level and the failure to consider burdens associated with, and limitations on, rate adjustments;
- The likelihood of customer confusion and pushback;
- The important role TACs play in cost recovery and the lack of opportunity to recover these costs elsewhere;
- Legal and jurisdictional concerns arising from the recovery of interstate costs via intrastate rates; and
- The potential impact on universal service objectives and universal service funding.⁵⁴

In 2025, in response to Public Notice to refresh the record, NTCA and many others again raised a number of concerns and urged the Commission to reject the mandatory detariffing of TACs.⁵⁵

⁵³ *Id.*, ¶ 100.

⁵⁴ Comments of NTCA–The Rural Broadband Association, WC Docket No. 20-71 (fil. Jul. 6, 2020) (“*NTCA 2020 Comments*”).

⁵⁵ See Comments of NTCA – The Rural Broadband Association, WC Docket No. 20-71 (fil. Aug. 6, 2025) (“*NTCA 2025 Comments*”); Reply Comments of NTCA – The Rural Broadband Association, WC Docket No. 20-71 (fil. Aug. 21, 2025) (“*NTCA 2025 Reply Comments*”) (discussing industry concerns regarding cost recovery and customer confusion). See also Comments of USTelecom – The Broadband Association

As a general matter, commenters were in agreement that “the cost of – and the regulatory uncertainty and confusion that would be caused by – mandatory detariffing far outweigh[ed] any alleged benefits of adopting such a policy.”⁵⁶

The *NPRM* acknowledges and incorporates the existing record on this proposal, but encourages commenters to evaluate the proposal as part of its broader reform efforts.⁵⁷ As NTCA has detailed here and in prior related filings, predictable cost recovery mechanisms are critical to rural carriers serving high-cost areas. The concerns surrounding predictable cost recovery become even more pronounced under a full bill-and-keep framework, which would narrow the options carriers have for cost recovery.⁵⁸

SLCs and ARCs remain a critical component of cost recovery. Using projected data from the 2025-2026 tariff cycle, NTCA estimates that RLECs will recover nearly \$185 million annually from SLCs and ARCs.⁵⁹ The mandatory detariffing of these charges would introduce uncertainty concerning how or whether these amounts could be recovered at a time when the Commission is trying to encourage investment in next generation networks. Indeed, the

(“USTelecom”), WC Docket No. 20-71 (fil. Aug. 6, 2025), pp. 3-4; Comments of INCOMPAS, WC Docket No. 20-71 (fil. Aug. 6, 2025), p. 2; Reply Comments of the National Association of Regulatory Utility Commissioners (“NARUC”), WC Docket No. 20-71 (fil. Aug. 21, 2025), p. 8.

⁵⁶ *NTCA 2025 Reply Comments*, p. 5.

⁵⁷ *NPRM*, ¶ 94.

⁵⁸ This situation is made even worse by the Commission’s proposal to phase out CAF ICC, which would leave only one method of cost recovery resulting in unaffordable rates and jeopardizing universal service. *See supra* section III.

⁵⁹ *NTCA 2025 Comments*, p. 3 (citing NTCA Broadband/Internet Availability Survey Report 2024, rel. Dec. 2024).

Commission should be considering ways to *stabilize* cost recovery so carriers can attract capital and make the investments needed to move to all-IP networks and services.

As NTCA explained in prior filings, the TAC rules continue to serve the public interest by providing certainty and reducing the burdens associated with cost recovery.⁶⁰ In the absence of tariffed charges, carriers would have no reasonable assurance of recovering these revenues and the associated costs. Parties have consistently noted the challenges associated with billing changes and rate increases. Even in states where rate flexibility is available, carriers have confirmed that they could not simply move these charges from one place on the bill to another without generating significant customer confusion and pushback.⁶¹

Further, there are practical and regulatory challenges associated with changes to local service rates. In both 2020 and 2025, NTCA detailed the legal, procedural and practical hurdles carriers still face in adjusting local service rates, including formal rate proceedings, waivers, and other state limitations.⁶² Such proceeding could generate substantial administrative burdens, especially for small operators that have limited staff and resources. Further, even if carriers pursue such proceedings, there is no guarantee that such efforts would yield sufficient recovery of the revenues lost through mandatory detariffing.

In addition to these issues, the Commission's proposal continues to raise legal and jurisdictional concerns that are yet to be addressed. Unless the Commission permits a new interstate rate element or additional universal service, the only available way to recover these

⁶⁰ *Id.*, p. 1.

⁶¹ *Id.*, p. 4.

⁶² *See id.*, fns. 54-55.

interstate costs would be through intrastate rate increases.⁶³ As NTCA explained previously, recovery of these costs from local service rates would shift recovery of these costs from the interstate jurisdiction to the intrastate jurisdiction in violation of the separations process.

For all these reasons, NTCA and others have encouraged the Commission to consider more targeted deregulation in the form of permissive detariffing. The record suggests that carriers are more receptive to an approach that permits flexibility where appropriate but also retains the security of tariffing where necessary. Under a permissive approach, carriers subject to the TAC rules could evaluate their specific circumstances and determine whether the benefits of detariffing outweigh the costs for both them and their customers. Thus, NTCA again urges the Commission to permit carriers to detariff TACs voluntarily when such action is in the public interest.

B. More Clarity is Needed Regarding Proposed Contribution Calculations Related to TACs.

Because of the role TACs play in determining universal service contribution amounts, the *NPRM* includes a proposal for determining the amount of local service revenue that is assessable for contributions purposes “during the transition” to bill-and-keep.⁶⁴ Specifically, the Commission proposes to give carriers the option to adopt a 25% safe harbor or conduct a traffic study to determine the actual percentage of voice traffic that is interstate and international.⁶⁵ As an initial matter, the *NPRM* does not propose any method for identifying interstate and international revenues once the transition to bill-and-keep is complete. Indeed, a straightforward

⁶³ *Id.*, pp. 6-7.

⁶⁴ *NPRM*, ¶ 110.

⁶⁵ *Id.*.

method for identifying the revenue amounts subject to contributions would seem most critical once the transition to bill-and-keep is complete.

In addition, to the extent a carrier elects to do a traffic study rather than rely on the safe harbor, there may be an opportunity for gaming as carriers attempt to reduce the percentage of traffic subject to contributions at both the federal and state level. For example, a carrier could claim that the majority of its traffic is intrastate in states that do not have a state universal service fund or claim that more traffic is interstate where a state fund is more burdensome. Such variations could impact state universal service funding in unpredictable ways in addition to affecting federal contribution amounts. An approach that permits carriers to continue tariffing TACs would reduce the opportunity to manipulate traffic data and potentially upset universal service funding mechanisms.

VI. THE FCC SHOULD CONSIDER A MORE GRADUAL TRANSITION OF REMAINING SWITCHED ACCESS CHARGES PAIRED WITH A SHIFT TO SUFFICIENT EXPLICIT SUPPORT.

In the *NPRM*, the Commission acknowledged that the changes under consideration are “complex and will take time to ensure that the changes do not create regulatory uncertainty or hinder network modernization.”⁶⁶ Despite this acknowledgement, however, many key aspects of the proposed framework include a mere two-year transition period for carriers to adjust to these significant and impactful regulatory changes. Prior proceedings considering fundamental reforms to the access charge regime and related cost recovery included *substantial* multi-year transition periods that would allow carriers and their customers time to adjust and adapt. If the Commission declines to allow CAF ICC funds to be used to support the IP transition, the

⁶⁶ *Id.*, ¶ 1.

Commission's proposed transition period of two years following the move to bill-and-keep is inadequate.

For example, in the *USF/ICC Transformation Order*, the Commission adopted a six-year rate transition period for price cap carriers and a nine-year rate transition period for rate-of-return carriers.⁶⁷ The Commission reasoned that a gradual, measured transition was necessary to facilitate predictability and stability, especially for rate-of-return carriers whose rates are typically higher and thus, require additional time to transition.⁶⁸ These multi-year periods reflect an understanding that even larger price cap carriers, who have significantly more resources than NTCA's members, need adequate time to process fundamental regulatory changes, such as those under consideration here.

According to recent estimates, rate-of return carriers still collect more than \$67 million in carrier access revenues.⁶⁹ Moreover, for most NTCA members, originating access charges represent a real payment rather than an imputation because they often route traffic to unaffiliated interexchange carriers. These are meaningful revenue amounts that smaller providers rely upon to recover costs, upgrade their networks and keep rates affordable. The Commission's proposed 24-month transition period would not give carriers enough time to adapt to a full bill-and-keep framework, especially if CAF ICC support is in question. The proposed transition is aggressive, even for price cap carriers that typically have more resources and a large customer base. In addition, there is ample precedent for permitting rate-of-return carriers additional time to adjust

⁶⁷ See 47 CFR §§ 51.907, 51.909.

⁶⁸ *USF/ICC Transformation Order*, ¶¶ 35, 801.

⁶⁹ *Supra* fn. 25.

to significant regulatory changes. Longer transition periods are necessary for small operators with limited resources to adjust business plans and billing systems.⁷⁰

Most importantly, switched access charges play a critical role in keeping consumer rates affordable. Even assuming that carriers could increase consumer rates to cover the costs formerly recovered through access charges (and keep rates affordable),⁷¹ which they likely cannot, a transition would be needed to make necessary rate adjustments and prevent rate shock. Given the substantial costs still recovered through RLEC access charges, carriers would need multiple years to phase in necessary rate increases not to mention any additional time that may be needed to complete any regulatory proceedings required to make such changes.

The reforms under consideration in the *NPRM* involve significant changes for a carrier of any size, but they would have a particularly large and disproportionate impact on small, high-cost carriers. NTCA members serve large rural and remote areas with an average of approximately 30 employees. For these carriers, even small changes to the regulatory landscape place a demand on limited carrier resources. NTCA therefore urges the Commission to consider a significantly longer, rate-of-return specific transition period.

In the *NPRM*, the Commission proposes to preserve the tariffing of access charges during any transition to bill-and-keep.⁷² Tariffs continue to provide an efficient administrative solution for small companies and will play an important role in providing stability and certainty during

⁷⁰ Depending on other reforms adopted in this proceeding, such as mandatory detariffing, RLECs also may need to negotiate and establish commercial arrangements governing the exchange of traffic.

⁷¹ See *supra* section V (discussing issues related to rate flexibility).

⁷² *NPRM*, ¶ 70.

the transition. Thus, NTCA urges the Commission to adopt its proposal to permit carriers to continue tariffing access charges during the transition period.⁷³

The *NPRM* also proposes granting forbearance under section 10 of the Act from application of the section 203 tariffing requirements once all access charges transition to bill-and-keep, and it also seeks comment on whether to forbear from a number of related regulatory provisions at the end of the transition period.⁷⁴ NTCA submits that proposals to forbear from these provisions are premature and any forbearance analysis related to these requirements should be deferred until the specifics of the new framework and any related transitions are established. Once these details are available, the Commission and interested parties will be in a better position to assess whether forbearance is appropriate. Thus, NTCA believes that the Commission should defer consideration of such issues until a date closer to the conclusion of the transition of bill-and-keep.⁷⁵

⁷³ Relatedly, NTCA also supports the Commission's proposal to allow rate-of-return carriers to continue to participate in the NECA tariff and pooling processes during the transition period. Revenue pooling arrangements provide administrative savings and risk-sharing benefits. Allowing carriers to retain these NECA services during the transition would minimize disruption and avoid the burdens of establishing individual tariffs or agreements during the transition period.

⁷⁴ *NPRM*, ¶¶ 77-85. Among other things, the Commission seeks comment on whether to forbear from or streamline provisions of the parts 32, 36, 64, 65 and 69 cost assignment rules, part 36 separation rules, along with specific part 54 rules. *Id.*, ¶ 83.

⁷⁵ The *NPRM* also seeks comment on whether the Commission should forbear from section 254(g) and eliminate section 64.1801 of the Commission rules in light of marketplace and technological developments. *NPRM*, ¶¶ 133-134. NTCA believes that this proposal would be more appropriately considered as part of the IP interconnection proceeding, where the Commission is considering a TDM sunset date. These provisions will become less relevant as the transition to all-IP networks and services progresses, however, they remain necessary and in the public interest so long as TDM distance-sensitive services remain available. Once the transition occurs, these provisions will become moot.

VII. PRIOR TO ADOPTING ANY FURTHER ICC REFORMS, THE COMMISSION SHOULD CONDUCT A DETAILED, DATA-DRIVEN COST-BENEFIT ANALYSIS.

A. The Collection and Evaluation of Current Data Should Precede Any Further Implementation of Bill-and-Keep.

The *NPRM* seeks comment on the benefits and costs of its proposed rule changes with respect to both carriers and consumers.⁷⁶ The Commission has consistently emphasized the importance of a data-driven approach to regulatory reforms and the *NPRM* includes numerous requests for current data, including a picture of the current access charge landscape.⁷⁷ NTCA believes that any analysis of the costs and benefits of the reforms proposed in the *NPRM* must involve a consideration of current data concerning costs, revenues and potential consumer rate impacts of moving to a full bill-and-keep framework. The Commission cannot effectively evaluate the impacts of the proposed reforms without such data and it should rely on this data to develop necessary transition periods and to ensure predictable, stable and sufficient cost recovery.

An analysis of the cost and benefits for consumers must include not only whether prior reforms have in fact led to predicted consumer benefits, but most importantly the potential impact of a full bill-and-keep framework on local service rates, particularly in high-cost areas. Consumers in rural America face the highest risk of rate increases under a full bill-and-keep framework and many are already struggling with rising costs for utilities, groceries, gasoline and other household necessities. These consumers and the carriers that serve them face unique challenges that must be considered when evaluating the costs and benefits of any proposed

⁷⁶ *NPRM*, ¶ 179-186.

⁷⁷ *Id.*, ¶ 30.

reforms. Especially in areas where the IP transition is already firmly underway, the Commission should quantify what benefit, if any, these rural Americans would realize from the combination of measures contemplated in this item and the IP interconnection framework that might prompt *other operators in other areas* to finally join in this transition.

Accordingly, the Commission should not proceed with its proposed reforms until it collects the data necessary to assess these potential impacts. In particular, the Commission should collect data on incumbent LEC switched access charge minutes revenues and rates to model the effects on consumers of moving to a full bill-and-keep framework, particularly for rural consumers. NTCA urges the Commission to collect the information needed to ensure that RLECs and their customers are not adversely affected or disadvantaged by the proposed reforms.

B. The Commission Should Evaluate the Market for Wholesale Transport Services.

The *NPRM* focuses on the retail market for local voice services and whether competitive alternatives in this market are available.⁷⁸ Because some of the reforms under consideration here, particularly those concerning the network edge, may require carriers to purchase transport/transit from other network providers, it is appropriate for the Commission to evaluate the state of competition in the wholesale service market. Indeed, the Commission seems to recognize this issue by asking whether the transition to bill-and-keep will change the market power of various carriers, including those of intermediary providers.⁷⁹

⁷⁸ *Id.*, ¶¶ 10-18.

⁷⁹ *Id.*, ¶ 158.

In section IV, NTCA discussed how the definition of the network edge could impose new transport costs on RLECs.⁸⁰ Specifically, to the extent that RLECs are required to transport traffic to a network edge beyond their local service areas or existing meet points, they would need to purchase transport to the network edge from an intermediary carrier.⁸¹ If competitive alternatives for purchasing this transport are limited, intermediary carriers offering such services could have disproportionate negotiating leverage and demand excessive rates from smaller rural carriers. RLECs would then be forced to recover these rates from their customers, potentially resulting in even higher local service rates for rural consumers. Because such circumstances could contribute to additional price increases, NTCA urges the Commission to collect information on the wholesale market for transport/transit services, particularly in rural markets that generally have more limited competitive conditions.

VIII. CONCLUSION

For all the reasons set forth above, comprehensive changes to the intercarrier compensation regime must be carefully evaluated and paired with sufficient explicit support to ensure universal service and a successful transition to all-IP networks and services.

⁸⁰ *Id.*

⁸¹ Indeed, larger providers play a central role in ensuring interconnection among carriers in the wholesale marketplace.

Respectfully submitted,



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