

**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

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



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I. INTRODUCTION & SUMMARY

NTCA–The Rural Broadband Association (“NTCA”)¹ hereby submits these reply comments addressing responses to the Notice of Proposed Rulemaking released by the Federal Communications Commission (“Commission”) in the above-captioned proceedings.² In initial comments, NTCA highlighted that contrary to the tentative conclusions of the *NPRM*, existing intercarrier compensation (“ICC”) and Connect America Fund Intercarrier Compensation (“CAF ICC”) mechanisms have not hindered the transition to Internet Protocol (“IP”) networks in rural America; rather, they have facilitated and will continue to facilitate substantial investment in IP-enabled infrastructure on the part of RLECs.³ NTCA further stated that the renewed proposal to

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 See generally Comments of NTCA–The Rural Broadband Association, WC Docket Nos. 25-311 & 25-208 (fil. May 26, 2026) (“*NTCA ICC Comments*”).

detariff and deregulate Telephone Access Charges (“TACs”) continues to be based on misplaced assumptions and should therefore be abandoned, and further that the Commission should take care to address “network edge” issues in a manner that avoids imposing costs on smaller rural providers of all kinds that could threaten their ability to continue offering affordable voice services.

By contrast, parties supporting a rapid phase out of ICC/CAF ICC revenues simply repeat unfounded allegations that these revenue streams are a disincentive for providers to migrate to IP networks. To the contrary, NTCA provided data that demonstrates, that at least for RLECs, the migration away from Time-Division Multiplexing (“TDM”) and toward IP has been underway for years and continues – driven in significant part by the predictability afforded by cost recovery mechanisms. NTCA’s proposals would support the ongoing transition to IP while safeguarding the affordability of rates in these rural areas.⁴ Finally, the record indicates that the Commission’s third attempt to detariff/deregulate TACs in this proceeding should be abandoned.

II. THE RECORD DOES NOT SUPPORT THE *NPRM*’S PROPOSALS.

A. Those supporting a rapid transition to bill-and-keep and/or phase out of CAF ICC offer no evidence that these impede the migration to all-IP networks.

The *NPRM* seeks comment on whether the existing ICC/CAF ICC regime is reducing incentives to invest in IP networks and services, and it specifically states that “some providers continue to use legacy [TDM] equipment, potentially due in part to regulatory incentives embedded in the intercarrier compensation (ICC) regime.”⁵ Neither the *NPRM* nor any parties

⁴ *Id.*

⁵ *NPRM*, ¶ 1.

addressing this specific question offer any persuasive argument or data showing that the existence of these mechanisms acts as a barrier to RLECs' transition to all-IP networks.⁶

While several parties parrot the assertion that the existing ICC and CAF ICC regimes incent providers to retain TDM facilities, none offers anything but platitudes to support their argument. Lumen for example states that, “the unfinished work of the Transformation Order in implementing a bill-and-keep voice traffic exchange framework continues to place a significant drag on IP migration,”⁷ yet the analysis ends there. NCTA, Verizon, and the International Center for Law & Economics⁸ similarly fail to link the existence of these revenue streams to the continued existence of TDM facilities within the nation's communications networks.

One would think that larger organizations and think tanks would be able to muster something more than slogans in support of their advocacy. But the facts belie such claims. In reality, the IP transition is well underway in the areas served by RLECs. As NTCA explained in its initial comments, nearly 90% of NTCA members have IP switching capabilities in their

⁶ Like NTCA, other parties find that the assertion that the ICC/CAF ICC regime has operated as a disincentive to transition to IP networks is based on unsupported assumptions. *E.g.* Comments of Pinion LLC (“Pinion”), WC Docket Nos. 25-311 & 25-208 (fil. May 26, 2026), p. 1. (“The NPRM relies on generalized conclusions about technological substitution and competitive pressures that do not reflect the persistent cost realities and limited market dynamics in high-cost, low-density areas.”).

⁷ Comments of Lumen, WC Docket Nos. 25-311 & 25-208 (fil. May 26, 2026), p. 6.

⁸ Comments of NCTA – The Internet & Television Association (NCTA), WC Docket Nos. 25-311 & 25-208 (fil. May 26, 2026), p. 1 (“The Notice correctly recognizes that TDM based providers have less incentive to transition to IP as long as they can continue to recover some costs through legacy regulatory mechanisms like intercarrier compensation (ICC) and associated Connect America Fund Intercarrier Compensation (CAF ICC) support.”); Comments of Verizon, WC Docket Nos. 25-311 & 25-208 (fil. May 26, 2026), p. 6 (“A rapid transition, such as the one the Commission proposed, will send a clear signal to the industry that the legacy compensation framework is being retired, which will encourage carriers to focus their attention and resources on the IP transition rather than on preserving or exploiting legacy revenue streams.”); Comments of the International Center for Law & Economics, WC Docket Nos. 25-311 & 25-208 (fil. May 26, 2026), p. 2 (“Remaining ICC charges continue to reward carriers for maintaining legacy copper and time-division multiplexing (TDM) infrastructure. Connect America Fund Intercarrier Compensation (CAF ICC) support continues to subsidize delayed modernization.”).

networks and nearly half now make use of cloud-based platforms to deliver voice services on high-speed broadband networks.⁹ In addition, these services ride atop networks that on average can deliver broadband service of 100 Mbps to more than 90% of customers and greater than 1 Gig to 79% of customers.¹⁰ This indicates that the existence of ICC and CAF ICC revenue streams have served as a *driver* rather than as a *disincentive* for RLECs' migration to IP networks. These providers have put these revenues to good use in moving away from TDM facilities as the market and consumers demand. NTCA expects this positive trend to continue, and it is telling (if not dispositive) that the rural areas where the IP transition has seemingly fallen behind are the areas where such mechanisms are *not* in place. Moreover, as NTCA has previously stated, RLECs have long sought direct IP interconnection at various locations in provider networks where such arrangements are available, and yet in most cases they are told by providers with whom they seek to exchange traffic in IP that such arrangements are unavailable.¹¹ This continues to act as a drag on RLEC efforts to transition to IP interconnection arrangements.

⁹ 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*”).

¹⁰ See NTCA Broadband Internet Availability Survey 2025, (rel. Dec. 2025), pp. 3-4, *available at* <https://www.ntca.org/sites/default/files/documents/2025-12/2025BroadbandInternetAvailabilityReport.pdf>.

¹¹ See Comments of NTCA–The Rural Broadband Association, WC Docket Nos. 25-304, 25-208, 17-97, (fil. Jan. 20, 2026), pp. 2-4 (“*NTCA IP Interconnection Comments*”) (explaining that NTCA’s RLEC members typically subtenant tandem switching facilities owned by upstream carriers. These facilities are most often TDM and represent each RLEC’s connection with the rest of the world, where voice traffic destined for other providers in the same local or extended calling area, and interexchange carriers as well, is handed off by the RLEC. The owners/operators of the TDM tandems have failed to upgrade them to IP and the carriers with whom NTCA members seek to interconnect in IP often claim this is not available).

B. Support for rapidly transitioning to bill-and-keep and/or phasing out of CAF ICC ignores the universal service implications of such an approach.

In addition, those supporting a rapid transition to bill-and-keep and/or phase out of CAF ICC fail to address the universal service implications of such an approach.¹² Lumen for example states that, “[t]he NPRM’s characterization of the current intercarrier compensation system as possessing a fundamental flaw—the fact that it enables originating and terminating carriers to recover a portion of their network costs from other carriers—is right on point.”¹³ But Lumen overlooks the fact that 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.¹⁴ Indeed, the cost-sharing principles built into the switched access charge regime – where all users of the network help support the delivery of service to consumers in

¹² The *NPRM* specifically seeks comment on this question even as most parties supporting the rapid phase out of ICC and CAF ICC ignore it. *NPRM*, ¶ 24 (“We recognize that alternative approaches to cost recovery such as intercarrier compensation, end-user charges, and universal service funding can intersect in different ways with the universal service principles of section 254 of the Act. When addressing the cost recovery issues discussed in this Notice we invite general comment on how the principles of section 254 should inform the Commission’s approach or how those principles might implicate related issues that should be considered in a separate proceeding focused on universal service.”) Internal citations omitted.

¹³ Lumen, pp. 5-6.

¹⁴ See Comments of the Concerned Rural LECs, WC Docket Nos. 25-311 & 25-208 (fil. May 26, 2026), p. 1 (stating that “[a]bsent a replacement recovery mechanism,” the shortfall in cost recovery that the NPRM proposals would create “would necessarily be shifted to end users, substantially increasing the rates that they pay for voice service and potentially rendering those rates unaffordable for many rural Americans, which is contrary to the intent of the Telecommunications Act of 1996.”); Pinion, p. 2 (“The changes proposed also threaten to impair the ability of RLECs to maintain and operate their existing networks and services at affordable rates at a time when many have already committed to complex and capital-intensive modernization efforts.”); Comments of the Nebraska Rural Independent Companies (“NRIC”), WC Docket Nos. 25-311 & 25-208 (fil. May 26, 2026), p. 6 (“Transitioning to a bill-and-keep framework would require NRIC companies to shift the entirety of network cost recovery onto their subscriber base, to the extent permitted by the Nebraska Commission. This would drive retail rates to more than double their current level in most instances.”).

high-cost areas at reasonably comparable rates and that the Commission proposes to set aside – are designed to address this very issue.

The Commission should reject the Information Technology and Innovation Foundation’s call for “market prices to prevail”¹⁵ as well as its assertion that “expensive service to an expensive area is not necessarily a policy problem.”¹⁶ RLECs’ “market-based” rates charged in the wake of the Commission setting aside these cost-sharing principles would run afoul of this directive and could be unaffordable for most rural consumers.¹⁷ This ITIF line of argument also overlooks the explicit Congressional directive found in Section 254 of the Communications Act, which states that consumers in rural and high-cost areas should have access to telecommunications and information services “at rates that are reasonably comparable to rates charged for similar services in urban areas.”¹⁸ The sort of “two-tiered” pricing structure ITIF proposes, where service is more expensive in more expensive to serve rural areas of the nation, is exactly what Congress has precluded as a matter of law in Section 254. While ITIF may desire to wish away the will of Congress, the Commission cannot ignore the plain text of the law – and thus it cannot remain faithful to its statutory duty should it abandon the cost-sharing principles necessary to keep rural consumers connected at reasonably comparable rates.

¹⁵ Comments of The Information Technology and Innovation Foundation’s (“ITIF”), WC Docket Nos. 25-311 & 25-208 (fil. May 26, 2026), p. 3.

¹⁶ *Id.*

¹⁷ *NTCA ICC Comments*, p. 11 (stating that if CAF ICC were eliminated, “in some cases, [NTCA] members would need to recover additional amounts in the hundreds of dollars per line per year from customers.”); NRIC, pp. 4-7 (detailing the impacts on rates that would flow from the *NPRM*’s proposals.).

¹⁸ 47 U.S.C. § 254(b)(3).

C. The record does not support detariffing/deregulation of Telephone Access Charges.

The record indicates that the renewed proposal to deregulate and detariff TACs on a mandatory basis¹⁹ is misguided and should be abandoned. Commenters note that the process of eliminating these charges and turning to end users is more complex than the NPRM indicates.

With respect to the complexities of deregulating/detariffing TACs, as Verizon states, “[t]he Commission’s detariffing proposal would also introduce significant state ratemaking complexities that have not been adequately addressed.”²⁰ Verizon goes on to reference state commission comments from 2020 and 2025 highlighting how providers would likely lack the ability to simply shift these charges into end-user rates and more generally highlighting the complex nature of this proposal.²¹ Similarly, Home Telephone discusses the difficulty of obtaining state public service commission permission to recover these revenues from end-users directly.²² In fact, this and the complexities raised by Verizon have been repeatedly raised by parties addressing previous Commission proposals to deregulate/detariff TACs.²³ This is the

¹⁹ NPRM, ¶¶ 86, 95-100.

²⁰ Verizon, p. 8.

²¹ *Id.*, citing New York State Public Service Commission Reply Comments, WC Docket No. 20-71 (fil. Aug. 21, 2025) and Pennsylvania Public Utility Commission Comments, WC Docket No. 20-71 (fil. Aug. 21, 2025).

²² Comments of Home Telephone ILEC, LLC d/b/a Home Telecom, WC Docket Nos. 25-311 & 25-208 (fil. May 26, 2026), p. 40.

²³ Comments of USTelecom – The Broadband Association, WC Docket No. 20-71 (fil. Aug. 6, 2025), p. 3 (highlighting the costs and universal service implications of mandatory detariffing, noting that many carriers may encounter legal and practical barriers to recovering these revenues and invoking the customer confusion that would follow from attempting to explain why a new interstate charge is replacing a similar charge already on the bill); Comments of INCOMPAS, WC Docket No. 20-71 (fil. Aug. 6, 2025), p. 2 (stating that the Commission’s proposals to detariff/deregulate TACs “could result in consumer confusion, higher fees for customers, and considerable loss of revenue by communications providers”); Reply Comments of the National Association of Regulatory Utility Commissioners, WC

third time the Commission has requested comment on a proposal to eliminate *ex ante* pricing regulation and tariffing of TACs,²⁴ and 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.²⁵ The message remains clear after several rounds of comments that this proposal is misguided, garners almost no support from interested stakeholders, and should be abandoned.

III. A RECHRISTENING OF CAF ICC AS AN “IP TRANSITION FUND,” ALONG WITH AN APPROPRIATE IP INTERCONNECTION FRAMEWORK, WOULD MOVE THE IP TRANSITION FORWARD WHILE PROTECTING RURAL CONSUMERS.

A. An IP Transition Fund Would Support and Expedite the IP Transition.

In this proceeding, as well as in parallel IP transition dockets,²⁶ the Commission’s aim is to set the industry on a path toward all IP networks and services and the exchange of voice traffic in all-IP format. NTCA members unreservedly share these goals. To advance the transition to all-IP networks the Commission should rechristen CAF ICC as an “IP transition” fund.

Existing ICC/CAF ICC revenues streams that are the subject of this proceeding continue to enable RLECs to make commendable progress in their migration to all-IP networks. If

Docket No. 20-71 (fil. Aug. 21, 2025), p. 4 (stating that the Commission’s proposal to detariff/deregulate TACs “is far more likely to increase confusion over customer bills than reduce it”).

²⁴ *Eliminating Ex Ante Pricing Regulation and Tariffing of Telephone Access Charges*, WC Docket No. 20-71, Notice of Proposed Rulemaking, FCC 20-40 (rel. Apr. 1, 2020); *Parties Asked to Refresh the Record on Telephone Access Charges NPRM*, WC Docket No. 20-71, Public Notice, DA 25-508 (rel. Jun. 11, 2025).

²⁵ *See id.*, fn 23.

²⁶ *Advancing IP Interconnection*, WC Docket No. 25-304, *Accelerating Network Modernization*, WC Docket No. 25-208, *Call Authentication Trust Anchor*, WC Docket No. 17-97, Notice of Proposed Rulemaking, FCC 25-73 (rel. Oct. 29, 2025); *Reducing Barriers to Network Improvements and Service Changes*, WC Docket No. 25-209, *Accelerating Network Modernization*, WC Docket No. 25-208, Report and Order, FCC 26-19 (rel. Mar. 27, 2026).

adopted, 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 the related IP interconnection and IP transition proceedings. Heedlessly tossing aside this critical framework risks undermining the IP transition and the affordability of service in RLEC service areas.

Thus, the Commission can advance the transition to all-IP networks while protecting rural consumers by first rechristening CAF ICC as an “IP transition” fund.²⁷ 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.²⁸ Given the significant number of costs attributable to network modernization and associated regulatory developments, a new IP transition fund would help cover the overall costs of the transition in rural America and would help ensure that the higher costs associated with network transitions and ongoing operations in rural areas do not disproportionately affect rural consumer rates. It would also allow RLECs to expedite and devote the necessary resources to continue to modernize their networks. Importantly, the Commission can at a future date consider whether this funding remains necessary and at what levels should RLECs’ ongoing costs associated with IP transitions²⁹ threaten to undermine affordability of voice service in these rural areas.

²⁷ As NTCA proposed in initial comments, the Commission should create this IP transition fund by “retain[ing] 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.” *NTCA ICC Comments*, p.12.

²⁸ See generally *NTCA Feb. 9 Ex Parte Letter*.

²⁹ While some IP transition costs may be “one-time” costs (such as the acquisition of IP switching capability), some are likely to be ongoing. For example, depending on how the Commission addresses network edge issues raised in this and the IP interconnection proceeding, RLECs could be forced to

B. Light-Touch IP interconnection “rules of the road” are necessary to advance the IP Transition and Protect Rural Consumers.

As NTCA stated in the IP interconnection proceeding, interconnection takes place today pursuant to a well-understood policy framework that promotes the seamless exchange of voice calls (including public safety traffic) that is reliable and promotes the affordability of voice service in high-cost-to-serve rural areas.³⁰ Clearly defined routing and transport responsibilities ensure that calls are delivered to and from rural areas on a reliable basis. Existing “network edge” rules ensure that RLECs are not forced to assume all of the costs of transporting voice calls to and from locations well beyond their service boundaries and, in turn, recover these costs entirely from their small, rural customer bases. The absence of these rules would undermine affordability.

Moving forward, advancing the transition to all-IP interconnection – and doing so in manner that cares for reliability and affordability of service for rural consumers – requires more than setting aside the existing TDM interconnection framework.³¹ Rather, it requires adoption as well of a defined, “light-touch” IP interconnection framework that keeps existing network edge principles in place³² and provides clear responsibilities for the proper routing of calls. Adoption

assume significant new transport costs if points of interconnection are moved far outside their rural service areas. Of course, retaining existing network edges for RLECs would lessen the need for this category of IP transition funding.

³⁰ *NTCA IP interconnection comments*, pp. 3-4.

³¹ As NTCA stated in initial comments, a TDM interconnection “sunset” date should be a goal and not a mandate, and it must be paired with a “sunrise” date that gives a clear roadmap as to what happens in the transition to IP interconnection. *NTCA ICC Comments*, pp. 14-16.

³² As NTCA also stated in initial comments, “[a]lthough 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.” NTCA further stated that this default should define “the network edge for RLECs at the existing financial points of interconnection, which are typically meet-point arrangements or at the local central office.” *Id.*, pp. 16-18

of such a framework will also assure all parties that the exchange of voice traffic in all-IP will take place pursuant to well-understood rules, and this will in turn create the regulatory certainty the entire voice services marketplace needs to invest and continue the transition to all-IP networks and all-IP voice traffic exchange on an orderly basis.

To be clear, NTCA agrees with the *NPRM* that “regulatory frameworks must adapt to support innovation and competition.”³³ But adaptation should not translate to elimination. Instead, adaptation should preserve the important policy objectives of affordability and reliability for all consumers in an updated manner. NTCA’s proposals in this and the IP interconnection docket do just that, with a gradual transition of the revenue streams at issue in this proceeding³⁴ (that enables RLECs to continue their ongoing migration to IP) and an IP interconnection framework that limits the assumption of new costs by these carriers.

IV. CONCLUSION

For the reasons set forth above, the Commission should abandon the *NPRM*’s proposals to rapidly phase out ICC and CAF ICC and detariff/deregulate TACs, as these proposals are not supported by the record.

³³ *NPRM*, ¶ 9.

Respectfully submitted,



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