



PUBLIC NOTICE

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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

Comment Date: 30 days from publication in the Federal Register

Reply Comment Date: 45 days from publication in the Federal Register

By this Public Notice, the Wireline Competition Bureau (Bureau) invites interested parties to update the record on issues raised by the Commission in the *2011 ICC Transformation FNPRM* regarding (1) the network edge for traffic that interconnects with the Public Switched Telephone Network, (2) tandem switching and transport, and (3) transit (the non-access traffic functional equivalent of tandem switching and transport).¹

We seek to refresh the record on these issues in light of developments that have occurred since the *2011 ICC Transformation FNPRM*, including the transition of certain terminating traffic to bill-and-keep, and implementation of the adopted mandate to move all traffic to bill-and-keep.² In the *2011 ICC Transformation FNPRM*, the Commission sought comment to complete its reform effort and establish the proper transition for rate elements other than for certain terminating access rates.³ The Commission sought comment on transitioning the remaining rate elements consistent with its bill-and-keep framework.⁴ In this Public Notice, we seek to refresh the record regarding several of these rate elements and related issues. Specifically, we invite parties to comment on:

The Network Edge. The Commission recognized in the *2011 ICC Transformation FNPRM*, that “[a] critical aspect to bill-and-keep is defining the ‘network edge’ for purposes of delivering traffic.”⁵

¹ *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing an Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform – Mobility Fund*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109; GN Docket No. 09-51; CC Docket Nos. 01-92 and 96-45; WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 18111-13 and 18117, paras. 1297, 1306-13, and 1320-21 (2011) (*2011 ICC Transformation FNPRM* or *USF/ICC Transformation Order*). Comment and reply comment dates on issues raised in the *2011 ICC Transformation FNPRM* fell between January and March 2012. *Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support*, 76 Fed. Reg. 78384-01 (Dec. 16, 2011).

² *2011 ICC Transformation FNPRM*, 26 FCC Rcd at 18109, para. 1297.

³ *Id.*

⁴ *Id.*

⁵ *Id.* at 18117, para. 1320.

The “‘edge’ is the point where bill-and-keep applies, a carrier is responsible for carrying, directly or indirectly by paying another provider, its traffic to that edge.”⁶ In the *2011 ICC Transformation FNPRM*, the Commission sought comment on the appropriate network edge and related issues. Specifically, it sought comment on defining the network edge as (1) a “‘competitively neutral’” location “‘where interconnecting carriers have competitive alternatives—other than services or facilities provided by the terminating carrier to transport traffic to the terminating carrier’s network,’”⁷ (2) a point in each Local Access and Transport Area (LATA) determined by a terminating carrier for Mutually Efficient Traffic Exchange,⁸ or (3) a terminating carrier’s central office,⁹ among other possibilities.¹⁰ It also sought comment on its determination that the states should establish the network edge pursuant to Commission guidance.¹¹ We seek to refresh the record on this issue in light of regulatory and market developments since comments were received. We are particularly interested in the experiences of states that have addressed network edge issues. Moreover, in those states, how would action by the Commission affect such decisions or proceedings? What other developments in the marketplace should guide the Commission’s analysis of where the network edge lies (and thus the extent of bill-and-keep reforms)? Are there proposals raised in the record of the *2011 ICC Transformation FNPRM* that should be revisited, or other proposals that would efficiently address these issues?

Tandem Switching and Transport. The rate transition adopted in the *USF/ICC Transformation Order* reduced tandem switching and transport charges only when the terminating price cap carrier also owns the tandem in the serving area.¹² For rate-of-return carriers, most of these charges are capped at interstate levels.¹³ In light of developments that have occurred since the order was adopted, we seek to refresh the record on issues surrounding transition of the remaining tandem switching and transport charges to bill-and-keep. Specifically, we seek comment on what steps the Commission should take to transition the remaining elements associated with tandem switching and transport to bill-and-keep.

We invite interested parties to comment on any issues and impacts brought to light by the existing transition of these elements and whether the Commission should consider any definitional issues with regard to tandem switching and transport. Would changes to intercarrier compensation (ICC) for tandem switching and transport lead to inadequate revenues for any type of service provider, and, if so, how should the Commission address such shortfalls? We also welcome comment on whether the Commission should place any limitations on either the amount of potential recovery or the period of time within which such recovery should be available. We encourage parties to comment on the appropriate transition period

⁶ *Id.*

⁷ *Id.* at 18117-18, para. 1321 & n.2388 (quoting *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing an Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up*, GN Docket No. 09-51, WC Docket Nos. 07-135, 05-337, 03-109; CC Docket Nos. 01-92 and 96-45, Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, 26 FCC Rcd 4554, 4775-76, para. 682 (2011) (*USF/ICC Transformation NPRM*)).

⁸ *Id.* at 18117-18, para. 1321 & n.2389.

⁹ *Id.* at 18117, para. 1320, n.2386.

¹⁰ *Id.* at 18117, para. 1320 (noting “‘the edge could be ‘the location of the called party’s end office, mobile switching center (MSC), point of presence, media gateway, or trunking media gateway’” (quoting *USF/ICC Transformation NPRM*, 26 FCC Rcd at 4774, para. 680)).

¹¹ *Id.* at 18117-18, para. 1321.

¹² *Id.* at 17943, para. 819.

¹³ *Id.*

to bill-and-keep for the remaining transport and tandem switching, and whether there should be a different transition period for originating tandem switching and transport services. How would proposed changes impact other interrelated issues, such as the definition of a network edge for purposes of delivering traffic? How does the transition from voice centric to broadband networks affect further ICC reforms of tandem switching and transport?

Transit. In the *2011 ICC Transformation FNPRM*, the Commission sought “comment on the need for regulatory involvement and the appropriate end state for transit service.”¹⁴ The Commission explained that,

[c]urrently, transiting occurs when two carriers that are not directly interconnected exchange non-access traffic by routing the traffic through an intermediary carrier’s network. Thus, although transit is the functional equivalent of tandem switching and transport, today transit refers to non-access traffic, whereas tandem switching and transport apply to access traffic.¹⁵

Some state commissions have addressed the regulatory treatment of transit services.¹⁶ In light of state action, as well as other developments that have occurred since comments were filed in 2012, including the impact of the ICC transition, we seek to refresh the record regarding the need to address ICC for transit services. Specifically, we seek comment on whether the Commission should adopt regulations governing the rates for transit services. If so, what compensation regime should apply and why? Parties should also comment on the current market for transit services and the effects of competition among transit service providers.

Finally, we invite parties to address any issues other than those mentioned above that were raised in the *2011 ICC Transformation FNPRM* with respect to the network edge, tandem switching and transport, and transit, or developments related to those issues, that should be considered in the context of further ICC reform.

Interested parties may file comments and reply comments on or before the dates established by Federal Register publication. Comments may be filed using the Commission’s Electronic Comment Filing System (ECFS). See *Electronic Filing of Documents in Rulemaking Proceedings*, 63 FR 24121 (1998).

- Electronic Filers: Comments may be filed electronically using the Internet by accessing the ECFS: <https://www.fcc.gov/ecfs/>.
- Paper Filers: Parties who choose to file by paper must file an original and one copy of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, filers must submit two additional copies for each additional docket or rulemaking number.

Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail. All filings must be addressed to the Commission’s Secretary, Office of the Secretary, Federal Communications Commission.

¹⁴ *Id.* at 18115, para. 1313.

¹⁵ *Id.* at 18114, para. 1311.

¹⁶ See, e.g., *Petition of Sprint Spectrum L.P. for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish Interconnection Agreements with Michigan Bell Tel. Co., d/b/a AT&T Michigan; The Joint Submission of Sprint Spectrum L.P. and Michigan Bell Tel. Co., d/b/a AT&T Michigan, for Approval of an Interconnection Agreement*, Case Nos. U-17349, U-17569, Michigan Public Service Commission, Order, 2014 WL 1285874 (Mar. 18, 2014), *aff’d in part and rev’d in part and remanded by Michigan Bell Tel. Co. v. Michigan Pub. Serv. Comm’rs*, No. 1:14-cv-416, 2017 WL 2927485 (W.D. Mich., July 10, 2017).

- All hand-delivered or messenger-delivered paper filings for the Commission’s Secretary must be delivered to FCC Headquarters at 445 12th Street, SW, Room TW-A325, Washington, DC 20554. The filing hours are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes and boxes must be disposed of *before* entering the building.
- Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743.
- U.S. Postal Service first-class, Express, and Priority mail must be addressed to 445 12th Street, SW, Washington D.C. 20554.

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The proceeding shall be treated as a “permit-but-disclose” proceeding in accordance with the Commission’s *ex parte* rules.¹⁷ Persons making *ex parte* presentations must file a copy of any written presentation or a memorandum summarizing any oral presentation within two business days after the presentation (unless a different deadline applicable to the Sunshine period applies). Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must (1) list all persons attending or otherwise participating in the meeting at which the *ex parte* presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of the presentation of data or arguments already reflected in the presenter’s written comments, memoranda or other filings in the proceeding, the presenter may provide citations to such data or arguments in his or her prior comments, memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of summarizing them in the memorandum. Documents shown or given to Commission staff during *ex parte* meetings are deemed to be written *ex parte* presentations and must be filed consistent with rule 1.1206(b). In proceedings governed by rule 1.49(f) or for which the Commission has made available a method of electronic filing, written *ex parte* presentations and memoranda summarizing oral *ex parte* presentations, and all attachments thereto, must be filed through the electronic comment filing system available for that proceeding, and must be filed in their native format (*e.g.*, .doc, .xml, .ppt, searchable .pdf). Participants in this proceeding should familiarize themselves with the Commission’s *ex parte* rules.

For further information, please contact Joseph Price, Pricing Policy Division, Wireline Competition Bureau at (202) 418-1423 or via email at Joseph.Price@fcc.gov.

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¹⁷ 47 CFR §§ 1.1200 *et seq.*