October 11, 2018

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

Re: *Ex Parte* Communication: WC Docket Nos. 18-156

Dear Ms. Dortch:

On October 9, 2018, Trey Judy of Hargray Communications, Ken Pfister of Great Plains Communications, and Pat Rupich of Cincinnati Bell, all participating by phone, along with the undersigned of ITTA met with Arielle Roth and Kagen Despain of the Office of Commissioner O'Rielly regarding the Further Notice of Proposed Rulemaking (FNPRM) in the above-captioned proceeding.[1]

During the meeting, we discussed various points raised in ITTA's comments on the FNPRM.[2] We reiterated that the Commission should take targeted actions to address any arbitrage and abuses associated with 8YY originating access, rather than implement the FNPRM's overreaching proposals.

In the alternative, the Commission could take the limited but meaningful step of reforming 8YY database query charges. Although, if the Commission adopts this alternative, ITTA supports applying a nationwide cap to impose discipline upon such charges, setting such charges at the lowest rate charged by any price cap incumbent local exchange carrier (ILEC) is not appropriate. As we explained, ILECs have disparate rate structures for 8YY database queries that can be attributable to numerous variables, such as whether they own the database or contract with a third party for database services, whether and when a specific operating company was acquired in a merger, and when they constructed their own database. A more averaged rate cap, such as the approach supported by ITTA in its comments,[3] would better reflect these factors. In any event, ITTA also supports the FNPRM's proposal to allow only one database query charge per 8YY call.

[1] *8YY Access Charge Reform*, Further Notice of Proposed Rulemaking, FCC 18-76 (June 8, 2018).

[2] *See* Comments of ITTA – The Voice of America's Broadband Providers, WC Docket No. 18-156 (Sept. 4, 2018) (ITTA Comments).

[3] *See id.* at 5-6.

As ITTA asserted in its comments, the Commission should not transition 8YY originating access to bill-and-keep. 8YY traffic is not reciprocal. One carrier's originating traffic does not terminate on another carrier's network. If the Commission implements bill-and-keep for such charges, originating LECs will either have to absorb the revenue loss or recoup the lost revenues from their customers.[4]

Neither scenario is in the public interest. As each ITTA member participating in the meeting described, the former scenario would have the effect of diverting capital away from broadband deployment. The latter scenario would shift the costs of 8YY services from businesses to ratepayers, such that consumers who do not even place 8YY calls will end up subsidizing them, rather than the costs being borne by the businesses and their customers that are the beneficiaries of 8YY services. This cost shifting away from the businesses that are 8YY subscribers would distort the market for 8YY services and incent businesses to increase their 8YY service usage, unjustly at the expense of all ratepayers whether or not they even utilize such services, and fundamentally contravening the notion that such services are toll-free.[5] This is an undue price for consumers and carriers to pay, especially given that the arbitrage and abuses a transition to bill-and-keep ostensibly is designed to combat can be addressed by much less onerous and disruptive, but more targeted and equitable, actions as ITTA describes in its comments.

Finally, in the unfortunate event that the Commission does adopt a transition of 8YY originating access to bill-and-keep, it must correspondingly implement measures to mitigate the attendant consumer and carrier harms. In this case, the Commission should limit the transition to bill-and-keep to originating end office 8YY access charges, and provide a transition period of at least six years.[6] We further described the different access revenue recovery mechanisms that must be applied to price cap carriers and rate-of-return carriers.[7]

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[4] *See id.* at 7.

[5] *Cf. Toll Free Assignment Modernizaton; Toll Free Service Access Codes*, Report and Order, FCC 18-137 at 51, Statement of Commissioner Michael O'Rielly (Sept. 27, 2018) (where Commission adopted new measures to explore the use of auctions for the assignment of toll free numbers, criticizing the order's direction of auction proceeds towards defraying toll free numbering administration costs, on the basis that doing so would "creat[e] further distortions in the toll free number market," and would be unfair to taxpayers because "any net proceeds of an auction belong in the Treasury, not in the pockets of toll free subscribers").

[6] *See* ITTA Comments at 12-17.

[7] *See id.* at 18-22.

Please do not hesitate to contact the undersigned with any questions regarding this submission.

Respectfully submitted,

/s/

Michael J. Jacobs
Vice President, Regulatory Affairs

cc: Arielle Roth
Kagen Despain