

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of

Updating the Inter-carrier Compensation  
Regime to Eliminate Access Arbitrage

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) WC Docket No. 18-155  
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**To: The Commission**

**Initial Comments of the Iowa Communications Alliance**

The Iowa Communications Alliance (the “Iowa Alliance”)<sup>1</sup> submits these initial comments, specifically to address CenturyLink’s proposal concerning direct connection (or, if direct connection is refused, cost shifting) at the option of the carrier with financial responsibility for terminating access.<sup>2</sup> The Iowa Alliance opposes CenturyLink’s nebulous proposal, as such a requirement would jeopardize the benefits of centralized equal access (“CEA”), including various network, business and technical efficiencies essential to the operations of RLECs and IXC’s serving rural Iowans. Ultimately, rural businesses and consumers would be hurt the most by CenturyLink’s proposal, having fewer (and higher priced) options for next-generation telecom services. The Commission should reject CenturyLink’s proposal and instead move forward with more focused remedies specifically designed to eliminate access arbitrage.<sup>3</sup>

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<sup>1</sup> The Iowa Alliance is the voice of Iowa’s rural communications industry representing more than 125 providers that offer voice service via landline, wireless, TDM, VoIP and other technologies. As the premier leader in education, advocacy and training for Iowa’s rural communications industry, the Alliance represents nearly all certificated incumbent, rate-of-return local exchange carriers in Iowa.

<sup>2</sup> See Letter from Jeffrey S. Lanning, VP – Federal Regulatory Affairs, CenturyLink, to Marlene H. Dortch, Secretary FCC, CC Docket No. 01-92; WC Dockets Nos. 07-135 and 10-90 (filed April 30, 2018).

<sup>3</sup> See Letter from Michael R. Romano, Sr. VP – Industry Affairs & Business Development, NTCA – The Rural Broadband Association, to Marlene H. Dortch, Secretary FCC, CC Docket No. 01-92 (filed May 29, 2018).

At its core, CenturyLink's proposal is little more than an attempt to dismantle existing CEA networks, creating a void in Iowa and other rural states that could not be easily or inexpensively filled. While such an outcome may create marginal cost savings or limited new revenue opportunities for CenturyLink's own tandem operations, it would also risk millions of dollars in existing network investment and erase decades of clear and obvious efficiencies accruing to carriers and customers throughout the telecom value chain. As traditional financial support for high-cost networks is redirected or eliminated, businesses and consumers in rural areas can least afford to shoulder this additional shifting of network costs. The loss of CEA would further accelerate the growing digital divide between citizens who choose to live and work in rural America and those who live and work in urban markets where CenturyLink, AT&T and other national carriers see fit to make network investments.

In rural Iowa, the CEA network deployed and operated by Iowa Network Services, Inc. d/b/a Aureon Network Services ("Aureon") provides efficient and cost-effective equal access to even the smallest communities, expanding consumer choice for long distance and advanced services, reducing equipment costs for RLECs, and eliminating the need for duplicative technologies in numerous rural exchanges.<sup>4</sup> Aureon's network likewise reduces costs for IXC, wireless carriers, CLECs, IPTV and broadband competitors (including providers of OTT services) who otherwise would have little or no business case to compete for rural customers.<sup>5</sup> As just one example, the CEA network eliminates the need for IXCs and wireless carriers to establish direct interconnection agreements with more than 120 subtending RLECs.<sup>6</sup> These

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<sup>4</sup> See, Comments of Iowa Network Services, Inc. and South Dakota Network, LLC, WC Docket No. 10-90, CC Docket No. 01-92 (filed February 24, 2012).

<sup>5</sup> *Id.* at 3-4.

<sup>6</sup> *Id.* at 4.

benefits are ultimately shared with rural businesses and consumers (i.e., the customers of RLECS and IXC's) who enjoy the increased choice and lower prices delivered by competition and the reliable next-generation connectivity delivered by a redundant fiber optic network.

A network evolution cannot occur in areas where there is no network. CEA enables universal service by providing a critical platform for concentrating traffic and extending advanced technologies and service capabilities to businesses and consumers in rural, low density communities. IXC's and other competitive carriers benefit from opportunities to enter and compete effectively in rural markets, including via bundles of voice, video and innovative broadband services. In the absence of CEA, individual IXC's would be forced to either abandon these markets or build or lease their own expensive and duplicative infrastructure to connect with RLEC end offices. Assuming (based on its own track record) that CenturyLink is not serious about investment in rural networks, thousands of Iowa consumers may be completely cut off from the PSTN and would have little or no access to competitive and reliable IP-enabled alternatives.

As regulated CEA operations are funded solely from tandem switching and transport, CenturyLink's proposal again underscores the critical importance of intercarrier compensation and the "network edge" as it relates to interconnection and other issues fundamental to the seamless transition from the PSTN to all-IP networks.<sup>7</sup> Like their counterparts in urban areas, rural consumers and businesses rely on global connectivity delivered by modern telecommunications networks. In order to generate efficiencies and gain access to the latest services and content, small carriers providing "last mile" connectivity must increasingly find

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<sup>7</sup> See, Joint Reply Comments of NTCA – The Rural Broadband Association and WTA–Advocates for Rural Broadband, WC Docket No. 10-90, CC Docket No. 01-92 (Filed November 20, 2017).

ways to “scale-up” through careful network planning and integration.<sup>8</sup> As traditional revenue streams have eroded or been eliminated, rural carriers must develop strategies for leveraging existing investments and relationships to complete the IP transition.<sup>9</sup> For Iowa’s small RLECs, the relationship with Aureon is and will remain critical to meeting the business challenges and technical requirements necessary to ensure reasonable financial and other terms for transport and interconnection in the all-IP world.

Even ignoring the public interest benefits generated by CEA, CenturyLink’s proposal is too far-reaching. Mandating direct connection is unnecessary to eliminate so-called “access stimulation,” “mileage pumping” or other access arbitrage activities. The fact that a handful of LECs continue to be involved in open and obvious access stimulation<sup>10</sup> is not a valid basis to upend the careful balance of cost recovery, intercarrier compensation and network interconnection that remains essential to the long-term viability of universal service. As an initial matter, the FCC has ample authority to address access arbitrage through targeted actions directed at carriers engaged in those activities.<sup>11</sup> CEA arrangements are also actively regulated, providing the Commission with a direct means to ensure that those networks are managed

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<sup>8</sup> See, *Telecom Network Evolution and its Impact on the Rural Telecom Industry*, CoBank, ACB Rural Infrastructure Briefing (March 2017) (available at [www.CoBank.com](http://www.CoBank.com)).

<sup>9</sup> *Id.*

<sup>10</sup> As AT&T has acknowledged, many LECs engaged in access stimulation self-identify, including via compliance with the Commission’s rules requiring any LEC engaged in access stimulation to reduce its access charges either by adjusting its rates to account for its high traffic volumes (if a rate-of-return LEC) or to reduce its access charges to those of the price cap LEC with the lowest switched access rates in the state (if a competitive LEC). See Letter from Matt Nodine, Assistant Vice President – Federal Regulatory, AT&T Services, Inc. to Marlene H. Dortch, Secretary FCC, WC Docket Nos. 16-363 and 14-228 (filed May 11, 2017). Accordingly, CEA arrangements are not a means for access-stimulating RLECs or CLECs to avoid applicable rules or to furtively conceal access stimulation activities.

<sup>11</sup> See *AT&T Corp. v. Alpine Communications, LLC*, Memorandum Opinion and Order, 27 FCC Rcd 11511 (Rel. Sept. 12, 2012). See also, *AT&T Corp. v. Great Lakes Communication Corp.*, Proceeding No. 16-170, Bureau ID No. EB-16-MD-001 (filed Aug. 16, 2016).

efficiently for the benefit of all carriers (and ultimately end user customers) who access and use the regulated network.<sup>12</sup>

In Iowa and other rural states, RLECs are focused on a singular challenge: delivering robust, next-generation connectivity to individual homes and businesses in high-cost and low-density areas. The costs of meeting this challenge are too great to be recovered solely from subscribers. CenturyLink's self-serving proposal ignores these economic realities and jeopardizes CEA as a proven, indispensable and cost-effective component of the network modernization path for RLECs, IXC's, and their rural customers. The negative financial and technical impacts of dismantling CEA would be significant and would threaten the viability of universal service in Iowa's most rural communities.

The risks of such an outcome are unnecessary. The Commission has ample authority and ability to eliminate access arbitrage without further subverting the capacity of RLECs and CEA providers to make and recover the financial investments required to deploy and maintain next-generation networks.

Respectfully submitted,

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<sup>12</sup> See *AT&T Corp. v. Iowa Network Services, Inc. d/b/a Aureon Network Services*, Memorandum Opinion and Order, 32 FCC Rcd 9677 (Rel. November 8, 2017).