

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

_____)	
In the Matter of)	
)	
Connect America Fund)	WC Docket No. 10-90
)	
Establishing Just and Reasonable Rates for)	WC Docket No. 07-135
Local Exchange Carriers)	
)	
Developing a Unified Inter-carrier)	CC Docket No. 01-92
Compensation Regime)	
_____)	

**REPLY COMMENTS OF GENERAL COMMUNICATION, INC. IN RESPONSE TO
PUBLIC NOTICE ASKING PARTIES TO REFRESH THE RECORD REGARDING
8YY ACCESS CHARGE REFORM**

General Communication, Inc. (“GCI”) submits this reply urging the Commission to take the next logical step in its intercarrier compensation reform by directing that originating 8YY traffic be treated as terminating traffic, consistent with the inability to bypass through integration with long distance service that distinguishes terminating interexchange traffic from non-8YY originating interexchange traffic. While GCI, like other commenters, urges the Commission to complete the work to reform intercarrier compensation, the discrete changes to 8YY access charges can be handled independently, making a simple but substantial dent in the remaining intercarrier compensation reform work.

I. THE COMMISSION SHOULD NOT DELAY SIMPLE REFORMS FOR 8YY TRAFFIC

Several commenters agree on two key points: first, that local exchange carriers (“LECs”) should be required to treat calls from their end users to toll-free numbers, or originating 8YY traffic, as if they were terminating calls for purposes of access charges; and second, that the time

is now for the Commission to require this change.¹ As AT&T and Verizon in particular describe, arbitrage has migrated over to originating access-based schemes because originating access remains largely unreformed and expensive.² Even absent arbitrage, charges for 8YY traffic—which appears to be growing as a proportion of all originating traffic—represent a persistent implicit subsidy to originating LECs years after the Commission decided to “eliminat[e] the existing opaque implicit subsidy system under which consumers pay to support other carriers’ network costs.”³

The record reflects that 8YY traffic is likely increasing as a proportion of all originating access traffic.⁴ This is not surprising given the migration of interexchange service to all distance wireless, VoIP, and traditional wireline services. The growing proportion of 8YY among

¹ See Comments of AT&T, WC Docket Nos. 10-90 & 07-135, CC Docket No. 01-92, at 2 (filed July 31, 2017) (“AT&T Comments”) (“[T]he Commission should take the immediate step on the discrete issue of 8YY traffic and adopt the *FNPRM*’s proposal to treat originating 8YY access the same as traditional terminating access for purposes of the intercarrier compensation transition.”); Comments of Sprint Corporation, WC Docket Nos. 10-90 & 07-135, CC Docket No. 01-92, at 3 (filed July 31, 2017) (“The Commission should halt this irrational system, and issue an order in its long-pending intercarrier compensation reform proceeding mandating the application of terminating charges to originating 8YY traffic.”); Comments of Verizon, WC Docket Nos. 10-90 & 07-135, CC Docket No. 01-92, at 1 (filed July 31, 2017) (“Verizon Comments”) (“[T]he Commission should act immediately to reduce originating access charges on 8YY-dialed traffic . . .”).

² AT&T Comments at 15; Verizon Comments at 3-4.

³ *Connect America Fund et al.*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd. 17,663, 17,904 ¶ 738 (2011) (“*Transformation Order*”), *pets. for review denied sub nom. In re: FCC 11-161*, 753 F.3d 1015 (10th Cir. 2014).

⁴ AT&T Comments at 7 (indicating that its call detail records show an increase of 8YY minutes as a percentage of all originating minutes from 65% in January 2007 to 88% in January 2017); Comments of ITTA – The Voice of America’s Broadband Providers, WC Docket Nos. 10-90 & 07-135, CC Docket No. 01-92, at 5 (filed July 31, 2017) (“ITTA Comments”) (indicating that in 2016, the amount of originating traffic attributable to an 8YY number ranged from about 30-60%, compared to about 20-50% in 2011); *see also* Verizon Comments at 6 (“8YY traffic today makes up the bulk of originating access minutes.”).

originating access traffic presents the Commission with an opportunity to make two positive changes in one step. First, it can reduce the opportunity for arbitrage by transitioning 8YY originating access charges to bill-and-keep. And second, by doing so, it can make a significant dent in implementing its decision that “originating charges also should ultimately be subject to the bill-and-keep framework.”⁵

Opponents call on the Commission not to implement its 2011 decision. Some LECs are concerned that treating 8YY as terminating access would result in interexchange carriers getting a “free ride” on the originating LEC’s network, or that it should be treated differently from other interexchange traffic because the traffic only flows in one direction, from the caller to the toll-free customer.⁶ But as the Commission already found, under bill-and-keep, carriers look to the “entities and individuals making the choice to subscribe” rather than looking to others to pay networks costs through implicit subsidies.⁷ Moreover, the Commission has already decided to

⁵ *Transformation Order* at 17,942 ¶ 817.

⁶ Comments of the Nebraska Rural Independent Companies, WC Docket Nos. 10-90 & 07-135, CC Docket No. 01-92, at 6 (filed July 31, 2017); *see also* Comments of CenturyLink, WC Docket Nos. 10-90 & 07-135, CC Docket No. 01-92, at 4-6 (filed July 31, 2017); Comments of Consolidated Communications Companies, Peerless Network, Inc., and West Telecom Services, LLC in Opposition to Ad Hoc’s Request Concerning the Treatment of 8YY Traffic for Access Charge Purposes, WC Docket Nos. 10-90 & 07-135, CC Docket No. 01-92, at 10 (filed July 31, 2017) (“Carrier Coalition Comments”); Comments of Inteliquent, Inc., WC Docket Nos. 10-90 & 07-135, CC Docket No. 01-92, at 4 (filed July 31, 2017); ITTA Comments at 3-4; Comments of Windstream Services, LLC, Frontier Communications Corporation and NTCA – The Rural Broadband Association, WC Docket Nos. 10-90 & 07-135, CC Docket No. 01-92, at 11-12 (filed July 31, 2017) (“Rural LEC Comments”).

⁷ *See Transformation Order* at 17,904 ¶ 737; *see also id.* at 17,906 ¶ 742-43, 17,908 ¶ 745, 17,911 ¶ 752 (finding that bill-and-keep fosters competition, is simple to establish and administer, and addresses arbitrage and marketplace distortions).

move originating access to bill-and-keep.⁸ The open question is how get to “the end of the complete transition period.”⁹

Second, some express concern that a flash cut of 8YY access charges to bill-and-keep would cause a financial shock.¹⁰ GCI agrees that flash cuts in revenue streams are difficult, especially for carriers in high-cost areas with significant public interest obligations. A reasonable glide path would prevent a flash cut while also continuing implementation of the Commission’s 2011 decision.

Finally, some argue that the Commission lacks the necessary data or information, or that 8YY reform should not be undertaken piecemeal but as part of a holistic approach to the remainder of intercarrier compensation reform.¹¹ The Commission should not accept these calls for delay. If the Commission believes it needs more comment to craft an appropriate glide path, for example, it can seek additional comment expeditiously. But it should not defer acting on this discrete issue indefinitely.

⁸ See *Transformation Order* at 17,904 ¶ 736 (“[W]e adopt bill-and-keep as the default methodology for all intercarrier compensation traffic.”); *In re FCC 11-161*, 765 F.3d at 1124 (holding that petitioners’ challenge to the Commission’s decision to eliminate originating access charges was not ripe for review because the Commission had sought further comment on implementation issues and legal authority).

⁹ *Transformation Order* at 18,109 ¶ 1297.

¹⁰ See, e.g., Carrier Coalition Comments at 8 (describing potential negative effects of a flash cut).

¹¹ See, e.g., Rural LEC Comments at 7-10.

II. CONCLUSION

GCI urges the Commission to modify its rules to require LECs to treat 8YY traffic from the calling party to the IXC as terminating traffic for access charges purposes.

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