

INTERCARRIER COMPENSATION REVISIONS MUST ACCOUNT FOR RURAL DIFFERENCES

Recovery of
costs must keep
carriers whole



Series E

Issue

The Federal Communications Commission (FCC) has significantly revised the industry's system of access charges for rural markets and continues to investigate additional modifications to the inter-carrier compensation regime. Thus far, the agency's action ensures that rural carriers will be kept "whole" with regard to the recovery of their access related costs. Yet, the changes have introduced new pressures relating to the long-term sustainability of access charges and the overall inter-carrier compensation regime.

Background

Access charges are fees that are paid by long-distance carriers to other carriers on whose network they are either originating or terminating their long-distance traffic.

The FCC's current access regime for rural carriers is a multi-faceted initiative undertaken in conjunction with the ongoing implementation of the Telecommunications Act of 1996. The approach follows earlier, similar revisions that were ordered for the nation's larger carriers. Specifically,

the approach lowers direct access costs to long-distance carriers, increases the subscriber line charges paid directly by consumers, and moves the residual amounts to a new universal service funded pool.

NTCA Position

- ☛ In moving forward, to revise the system yet again, policy-makers should continue to emphasize the necessity of maintaining comparability between rural and urban market access compensation.
- ☛ Policy-makers must also ensure that access related reductions to long-distance carriers are passed through to their customers, and that carriers are forced to live up to their related statutory universal service responsibilities.
- ☛ Policy-makers must also ensure that customers and carriers across all sectors of the industry share equitable responsibility for the use of the public switched network taking into account rural and urban differences.

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We are the National Telecommunications Cooperative Association—since 1954, the voice of small, rural telecommunications carriers. We are community based, locally owned companies, dedicated to providing vital telecommunications services—ensuring the economic future of rural America. For more information, visit www.ntca.org.