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May 14, 2004

Via Electronic Filing

Marlene R. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, DC 20554

Re: ***Ex Parte***, Developing a Unified Intercarrier Compensation Regime,  
CC Docket No. 01-92

Dear Ms. Dortch:

Pursuant to Section 1.1206 of the Commission's rules, this will provide notice that on May 13, 2004, John Sumpter, Vice President – Regulatory, Pac-West Telecomm, Inc., on behalf of the Cost-Based Intercarrier Compensation Coalition, John Windhausen, President, the Association for Local Telecommunications Services, and the undersigned met with Commissioner Jonathan Adelstein and Scott Bergmann, Legal Advisor for Wireline Issues to Commissioner Adelstein. In this meeting, we discussed the activities of the Cost-Based Intercarrier Compensation Coalition. We also presented the views set forth in the attached documents, which were provided at the meeting.

Sincerely,



Michael W. Fleming

**FOR IMMEDIATE RELEASE**

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## **Cost-Based Intercarrier Compensation Coalition Announces Proposal**

**Washington, DC** [May 11, 2004] – At today's Association for Local Telecommunications Services Conference, the Cost-Based Intercarrier Compensation Coalition ("CBICC") announced its proposal for a Unified Intercarrier Compensation System for the Federal Communications Commission to consider in its intercarrier compensation docket.

John Sumpter, vice president-regulatory for Pac-West Telecomm, stated "this proposal eliminates the opportunity for arbitrage of the compensation rules, simplifies the intercarrier compensation rules and avoids future litigation."

Sumpter further noted "the CBICC proposal calls for a unified cost-based approach for the origination and termination of circuit-switched traffic exchanged between licensed common carriers with a minimal increase in the Subscriber Line Charge."

Wanda Montano, vice president, regulatory and industry affairs for US LEC Corp. noted "the CBICC proposal largely retains the "sent paid" model of current intercarrier compensation systems in which the carrier that has a retail relationship with the customer originating a telephone call pays all other carriers whose networks are used to complete the call."

The CBICC proposal calls for all traffic to transition to a single cost-based rate set by state commissions. At the end of all transition periods, the terminating compensation rate for all traffic—including local, interstate and intrastate—will be the blended TELRIC rate for tandem switching (e.g., tandem switching, end office switching, and interoffice transport) set by the applicable state commission for each ILEC in a serving area ("baseline rate"). The proposal applies to circuit switched traffic, regardless of whether the traffic is ISP-bound, VOIP, or CMRS traffic.

Interstate access rates will transition to the baseline rate. The rebalancing of rates to actual cost will be accomplished through a capped increase in the SLC, with USF funds to recover any remaining shortfall. Intrastate access rates will transition to the baseline rate on a separate schedule. If not already set at the baseline rate, reciprocal compensation traffic and ISP-bound traffic will move immediately to the baseline rate. Carriers may mutually agree to other arrangements.

For interconnection arrangements, the option of a single POI per LATA is retained.

The Cost-Based Intercarrier Compensation Coalition is an industry group organized by Competitive Local Exchange Carriers to develop economically efficient intercarrier compensation rules.

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ASSOCIATION FOR LOCAL TELECOMMUNICATIONS SERVICES

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## **ALTS PRAISES CLEC PROPOSAL ON INTERCARRIER COMPENSATION**

*Cost-Based Intercarrier Compensation Coalition (CBICC) Presents an  
"Economically Rational" Alternative to Bill and Keep.*

**WASHINGTON, D.C., May 11, 2004** - The following statement may be attributed to John D. Windhausen, Jr., President of the Association for Local Telecommunications Services ("ALTS"):

"ALTS is extremely pleased that a forward-thinking group of CLECs has put forth an economically rational plan to solve the complexity of issues surrounding intercarrier compensation. The Cost-Based Intercarrier Compensation Coalition (CBICC) proposes a transition to a unitary rate that will put an end to any unjust arbitrage without adopting the dangerous bill and keep approach, which would only encourage new forms of arbitrage. Perhaps most important, the CBICC proposes a transition plan to integrate interstate and intrastate rate structures in a way that promotes stability in the telecommunications industry. The plan recognizes that any increases in end user prices should be carefully tailored to avoid any rate shock on consumers. Finally, the plan re-confirms the need for carriers to be compensated for their costs of carrying telecommunications traffic, a principle that is well-grounded in the Telecommunications Act."

*ALTS is the leading national industry association whose mission is to promote facilities-based local telecommunications competition. Located in Washington, D.C., the organization was created in 1987 and represents companies that build, own, and operate competitive local networks. For more information on ALTS, visit the ALTS Web site at [www.alts.org](http://www.alts.org).*