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ARIC's Plan development was guided by several core principles:

- Balance cost recovery among all available sources – end-user rates, intercarrier compensation and USF
- Minimize Universal Service Fund growth
- Maintain costs associated with intercarrier services (transport and switching) in rates
- Maintain current retail/wholesale relationships among carriers
- Maintain state and federal jurisdictions
 - ARIC's goal was to design a plan legal under current federal law
- Develop a measured and appropriate policy for IP services

The Fair Affordable Comprehensive Telecom Solution ("FACTS") Plan is comprised of:

- Local Rate Rebalancing
 - Nationwide Local Service Rate Range (set jointly by state and federal authorities)
 - Local Service Benchmarks (set by each state commission)
- Equalized SLCs
 - Each State Sets SLCS at the Weighted-Average for the price cap companies in that state
 - No increase in federal SLC Cap
- Unified ICC Rates by company
 - Price cap LECs – must first calculate reinitiated price cap rate on an unseparated basis using all minutes. If this rate is lower than the existing price cap rate, the rate is set to the reinitiated rate. If the reinitiated rate is higher than the existing price cap rate, the rate will remain at that existing price cap rate
 - ROR Carriers – inter-office, traffic -sensitive, unseparated, embedded costs/total interoffice minutes (access and reciprocal compensation)
- State Equalization Fund ("SEF")
 - States shall establish a SEF to provide a third revenue stream to support costs not recovered through local rate rebalancing, unified SLCs or intercarrier compensation revenue
 - Jointly funded by state and federal sources
 - Provision for a federal-authorized Access Equalization Charge to be assessed if states choose to forego federal funding and not establish a SEF
- Internet Protocol ("IP") Environment
 - Usage-based charges for Quality of Service levels required for multimedia applications billed on a "session" basis
 - Infrastructure-based USF funding
 - ISPs are Retail Service Providers and Telecommunications Carriers
 - Subject to access charges (not reciprocal compensation)
 - Targeted regulation to constrain market power

ARIC requests the Commission take the following actions with regards to the FACTS Plan:

- Issue a FNPRM seeking comment and evaluation of the FACTS Plan
- Charge the Joint Boards on Universal Service and Separations to convene, analyze the Plan and investigate what actions will be necessary to implement the Plan
- Approve the Plan within nine months of this filing, thus resolving critical questions relating to intercarrier compensation and IP regulation