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December 21, 2004

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EX PARTE NOTICE

Electronic Filing

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

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

Dear Ms. Dortch:

T-Mobile USA, Inc. ("T-Mobile"), Western Wireless Corp and Dobson Cellular Systems, Inc. recently filed in this docket a set of principles that, if followed, would help to ensure equitable, efficient and effective reform of the outdated intercarrier compensation ("IC") regime.¹ These principles partly grew out of T-Mobile's participation in the Intercarrier Compensation Forum ("ICF") and discussions with other wireless carriers regarding their concerns as to the need for IC reform. T-Mobile ultimately decided not to become a signatory to the ICF Plan,² but it has continued to follow and assess ICF Plan developments, as well as other IC proposals submitted in this docket. T-Mobile intends to comment in detail on the proposals in response to the Commission's forthcoming further notice in this proceeding. We take this

¹ *Developing a Unified Intercarrier Compensation Regime*, Notice of Proposed Rulemaking, 16 FCC Rcd 9610 (2001).

² See letter from Gary M. Epstein, Counsel, Intercarrier Compensation Forum, to Marlene H. Dortch, Secretary, FCC, CC Docket No. 01-92 (Oct. 5, 2004), and attachments ("ICF Plan").

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opportunity, however, to request that the Commission set forth certain key questions in the further notice to ensure the development of a full and balanced record that will enable it to make sound policy decisions in this critical proceeding. We believe that these questions are a natural outgrowth of the principles that T-Mobile and the other wireless carriers set forth in their November 17 *ex parte* letter.³

The issues we raise below focus on the ICF Plan because it is the most detailed IC proposal submitted thus far. As an independent wireless carrier, we offer a unique perspective because T-Mobile both competes with, and is dependent on its interconnections with, incumbent local exchange carrier (“ILEC”) networks. Our proposed questions also reflect T-Mobile’s unusual position as a wireless carrier that has not sought designation as an Eligible Telecommunications Carrier and accordingly receives no Universal Service funding. T-Mobile recognizes that other detailed IC reform plans have been submitted in this docket, but the greater scope and detail of the ICF Plan require a more focused inquiry as the Commission prepares to move forward with a further notice. T-Mobile requests that the Commission consider the issues set forth below in order to achieve a broader perspective on the implications of the ICF Plan, and to promote the principles that we and others in the wireless industry have identified as important to IC reform.

Questions to Ask About the ICF Plan:

1. Under the ICF Plan, the cost of transport for a call between subscribers of two non-rural ILECs is imposed on the originating ILEC. For a call from a covered rural telephone company (“CRTC”) subscriber to a CMRS subscriber, the transport cost burden is borne exclusively by the CMRS provider. The CMRS carrier pays the entire transport cost from the meet point to its mobile switching center (“MSC”) (*i.e.*, the transport on both sides of the ILEC tandem providing transit), whereas for CRTC-to-CRTC calls, the originating CRTC pays the cost of transport to the other carrier’s edge. How does the difference between termination at an MSC

³ Those principles are: IC reform should generate incentives for all carriers to become more efficient, cost effective and competitive; a single, integrated IC scheme for all traffic -- interstate, intrastate toll and local -- and for all types of carriers, irrespective of technology, including wireless carriers, should be implemented during a reasonable transition period; the IC system should be non-discriminatory, technology-neutral and administratively simple; the IC system should eliminate arbitrage opportunities; IC reform should be based on true universal service considerations, not on “make whole” funds designed to replace existing revenue flows; and in order to advance the goals of efficiency, equity and competition, IC reform should focus on benefits to consumers, not on guaranteeing the revenues of incumbent carriers. *See ex parte* letter from Thomas J. Sugrue, T-Mobile USA, Inc., Gene A. DeJordy, Western Wireless Corp and David M. Wilson, Dobson Cellular Systems, Inc., to Marlene H. Dortch, Secretary, FCC, CC Docket No. 01-92 (Nov. 17, 2004) (“November 17 *ex parte* letter”). *See also ex parte* letter from Steve Largent, CTIA, to Marlene H. Dortch, FCC, CC Docket No. 01-92 (Nov. 29, 2004) (setting forth similar IC reform principles).

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and termination at a wireline carrier switch justify the shift in the transport cost burden? How is this difference in treatment technologically and competitively neutral? Is this shift in burden consistent with a policy of bill-and-keep (“B&K”)? Does it allow incumbent carriers to exploit their monopoly control by imposing their costs on other carriers?

2. The ICF Plan does not provide, as a substitute for ILEC tandem transit service, for the possibility of two non-ILECs interconnecting by meeting at an ILEC tandem and using ILEC cross-connect services. Does the prohibition of an efficient interconnection option, which forces carriers to use unnecessary transit transport services, promote efficiency and competition? Does this prohibition allow ILECs to exploit their bottleneck control of the incumbent network to extract higher transit fees from other carriers? What effect does such a prohibition ultimately have on network costs and how does this ultimately affect consumers?

3. The ICF states that the CRTC terminating monopoly rate allowed under the ICF Plan of \$0.0095 per minute is a “very important additional transport revenue stream for CTRCs that need such revenue diversity.” How does guaranteeing a continued intercarrier compensation revenue stream exclusively for incumbent rural LECs benefit consumers, facilitate competition or promote efficiency? If CTRCs implement the types of efficiencies that have become more available to smaller carriers, such as installing soft switches and VoIP technology, what policy is served by continuing to guarantee them revenue streams based on outmoded technologies? How is it technologically and competitively neutral? Why should that be the sole exception to B&K?

4. How does guaranteeing complete revenue replacement -- “revenue neutrality” -- for all ILECs with two new USF programs promote efficiency and help to curb the growth of USF support funds? What steps does the ICF propose that will generate greater ILEC efficiencies and curb the growth of USF support for ILECs? What policy objectives are served by designing an IC system to provide revenue guarantees for ILECs but not for any other type of telecommunications carrier? What IC reform would be accomplished if all industry participants were guaranteed revenue streams?

5. Is the non-portability of the proposed Transitional Network Recovery Mechanism (“TNRM”), which ensures rate-of-return recovery to rural LECs but is not available to CMRS providers, consistent with technological neutrality and competition?

6. The proposed new Intercarrier Compensation Recovery Mechanism (“ICRM”) would be available to RBOCs and wireless carriers operating in RBOC service areas. How does the difference in portability between the ICRM and the TNRM promote rural investment?

T-Mobile respectfully requests that the Commission consider these important questions and incorporate them, or the issues they raise, in its further notice in this docket.

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Pursuant to Section 1.1206(b) of the Commission's rules, an electronic copy of this letter is being filed.

Sincerely,

/s/ Cheryl A. Tritt
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