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October 10, 2008

57739-000020

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Re: Developing a Unified Intercarrier Compensation Regime (CC Docket No. 01-92);  
Intercarrier Compensation for ISP-Bound Traffic (WC Docket No. 99-68);  
Establishing Just and Reasonable Rates for Local Exchange Carriers (WC Docket  
No. 07-135)

Dear Ms. Dortch:

On October 9, 2008, Mark A. Stachiw of MetroPCS Communications, Inc. ("MetroPCS") and Carl W. Northrop of Paul, Hastings, Janofsky & Walker LLP ("Paul Hastings") participated in two separate meetings with (1) Nick Alexander, Legal Advisor to Commission Robert McDowell and (2) Amy Bender, Legal Advisor to Chairman Kevin Martin, to discuss the above-referenced proceedings. The oral presentation in these meetings was consistent with the attached written presentation, copies of which were distributed in each meeting.

Kindly refer any questions in connection with this letter to the undersigned.

Respectfully submitted,



Michael Lazarus  
of PAUL, HASTINGS, JANOFSKY & WALKER LLP

cc: (via email) Nicholas Alexander  
Amy Bender

**PRESENTATION OF  
METROPCS COMMUNICATIONS, INC.**

Intercarrier Compensation

CC DOCKET NO. 01-92  
WC DOCKET NO. 07-135  
CC DOCKET NO. 99-68

**METROPCS COMMUNICATIONS, INC.**  
2250 Lakeside Boulevard  
Richardson, Texas 75082

**METROPCS SUPPORTS A UNIFIED INTERCARRIER COMPENSATION REGIME**

- **It is Time for the Commission to Adopt Lasting Intercarrier Compensation Reform that Reflects Marketplace Realities**
  - The Commission has a historic opportunity to address the long dormant Intercarrier Compensation issues, as the entire industry is advocating reform
  - A piecemeal approach could lead to additional opportunities for arbitrage – something a unified approach would limit or eliminate
- **The Current Intercarrier Compensation Regime was Adopted over 12 Years Ago under Vastly Different Circumstances – and Needs to be Updated to Reflect Current Market Realities**
  - Convergence, consolidation and new technologies have transformed the landscape and rendered obsolete many of the existing compensation distinctions
    - The wireless industry has become a major competitive force in terms of wireline substitution, a situation which did not exist when the current intercarrier compensation system came into being. In order to promote this needed competition, wireless providers need to be placed on a level playing field with their wireline competitors
    - VoIP – which was a laboratory experiment 12 years ago – is now a major platform for providing voice telecommunications

- Cable – which only provided television 12 years ago – is now a major competitive force in the marketplace
- There has been and will continue to be an increase in disputes, complaints, and other Intercarrier Compensation problems unless and until the Commission adopts a comprehensive and unified Intercarrier Compensation regime
- The current proceeding has been open for seven years, and the record has been continually updated: The “stars are aligned” and the time for action has come
- **MetroPCS Supports a Bill-And-Keep Intercarrier Compensation Regime for All Traffic**
  - A “bill-and-keep” regime removes the often perverse incentives created by a “calling party pays” regime
  - A bill-and-keep regime would eliminate antiquated regulatory distinctions between technologies and services – for example, many calling plans now include “long distance” as part of a local service plan; distinctions between VoIP and circuit switched are nonsensical
  - Bill-and-keep eliminates the regulatory arbitrage that causes carriers with a termination monopoly to “pump” traffic and inflate rates
  - A bill-and-keep regime would level the playing field between wireline and wireless companies as wireless companies currently do not receive terminating access payments

- Bill-and-keep allows the market, not antiquated regulatory policies, to pick winners and losers by requiring the end-user to pay the full cost for services provided
  
- **Alternatively, the Commission Should Adopt a Uniform Termination Rate of No Higher than \$0.0007/per minute as a Transitional Step to a Bill-And-Keep System**
  - This rate has been widely utilized since the ISP-Remand Order, and has proven to be sustainable and compensatory
  
  - A broad coalition of companies, including AT&T, CTIA, Global Crossing, CompTIA, ITI, NAM, NGT, PointOne, Sprint, TIA, T-Mobile, Verizon, and the VON Coalition, has endorsed this rate

**IF THE COMMISSION DOES NOT ADOPT A COMPREHENSIVE UNIFIED APPROACH, IT MUST ACT QUICKLY TO RESOLVE SEVERAL URGENT ISSUES**

- **The Commission Must Ratify its \$0.0007/Per Minute Rate for the Transport and Termination of ISP-Bound traffic**
  - The Court decided not to vacate the rate because it anticipated that the Commission could justify it
  - The market has largely accepted this rate and any change could result in rate shock
- **The Commission Must Take Concrete Steps to Reduce Traffic Pumping in Both the Access and Reciprocal Compensation Markets**
  - Traffic pumping activities are rampant and increasing, and harm stemming from these activities could grow out of control without swift Commission action
  - A default rate of \$0.0007 for out of balance traffic should be imposed to deter traffic pumping