INDEPENDENT TELEPHONE & TELECOMMUNICATIONS ALLIANCE

October 28, 2008

Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20054

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

High-Cost Universal Service Support
WC Docket No. 05-337

Federal-State Joint Board on Universal Service
CC Docket No. 96-45

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:

The Independent Telephone & Telecommunications Alliance (ITTA) supports reasonable and comprehensive Intercarrier Compensation (ICC) and Universal Service Fund (USF) reforms that protect consumers and do not harm the viability of carriers that serve rural America. To help inform these reform efforts, ITTA comments on recent filings that address the state of telecommunications network architecture.

Carriers in the above-captioned dockets disagree about the proper levels and bases of intercarrier compensation rates. For example, AT&T Services, Inc. (AT&T) submitted a filing that attempts to justify its proposed $0.0007 rate for terminating traffic.[1] AT&T's support for a $0.0007 rate relied largely on its implicit assertion that it was appropriate to base mid-size price cap carriers' costs on "softswitch" technology costs. By contrast, Windstream Communications, Inc. (Windstream) has argued that AT&T's cost justification is inapplicable to the Windstream and the

[1] Letter from Henry Hultquist, Vice President Federal Regulatory, AT&T Services, Inc., to Marlene Dortch, Secretary, Federal Communications Commission, CC Docket Nos. 01-92, 96-45; WC Docket Nos. 05-337, 99-68, 07-135 (filed Oct. 13, 2008).

975 F Street NW, Suite 550 • Washington, DC 20004 • tel 202.552.5846 • fax 202.552.5831 • www.itta.us

networks of similarly situated mid-sized carriers.[2] Windstream explained that its deployment of softswitches to serve voice customers would constitute an unreasonable and inefficient use of resources, given the lack of any identifiable need to replace TDM plant currently supporting both voice and broadband services.[3]

A survey of ITTA members reveals network characteristics consistent with those described by Windstream. Mid-sized members surveyed, which in aggregate are responsible for approximately 5.75 million access lines, found that for all these members combined:

* Surveyed ITTA members, in aggregate, have deployed just seven softswitches attributed to residential lines, and just seven softswitches attributed to business lines.

* By contrast, surveyed ITTA members, in aggregate, have deployed 2,138 TDM switches attributed to residential lines, and 2,168 TDM switches attributed to business lines.

* Of the softswitches deployed by surveyed ITTA members, four softswitches are attributed to VoIP residential lines, while four softswitches are attributed to VoIP business lines.

The survey also revealed that significant upgrades would be required to make material changes to the composition of these carriers' switching inventories. On average, surveyed carriers stated that in order to support universal softswitch technology, 81.25 percent of their access network would require upgrades; 68.5 percent of routing networks would require upgrades; and 75 percent of the transport network would require upgrades. (Illustratively, Windstream stated that the cost of a softswitch is approximately $300,000, and the cost of replacing adjacent proprietary remotes and digital loop carriers is approximately $250,000 per complex.)[4]

This survey of mid-sized carriers demonstrates that Windstream's experience is reflective of mid-sized carriers, generally. Accordingly, contrary to AT&T's representations, network architecture assumptions employed to support $0.0007 do not represent actual mid-sized carrier networks, and must not be relied upon when formulating ill-fitted "one size fits all" solutions.

The results of the ITTA survey reinforce ITTA's contention, set forth in its October 24, 2008 *Motion to Defer and Set for Public Comment,* "that the algorithms and assumptions that underlie reformulations of intercarrier compensation must be tested fully. . . ."[5] A principal ITTA concern

[2] Letter from Eric N. Einhorn, Vice President Federal Government Affairs, Windstream Communications, Inc., to Marlene Dortch, Secretary, Federal Communications Commission, CC Docket Nos. 01-92, 96-45; WC Docket Nos. 99-68, 05-337, 06-122, 07-135, 08-152 (filed Oct. 27, 2008) (Windstream Letter).

[3] *See* Windstream Letter at 2, 3.

[4] Windstream Letter at 3.

[5] *Motion of ITTA to Defer and Set for Public Comment,* CC Docket Nos. 01-92, 96-45; WC Docket Nos. 04-36, 05-337, 06-122, at 4 (filed Oct. 24, 2008).

since the Commission circulated internally the anticipated ICC Order is the lack of opportunity for stakeholders to comment meaningfully on both the possible resolutions and the purported evidence upon which the Commission might rely. The Commission must not promulgate damaging regulations upon the basis of unrebutted hypotheses about network architecture; the imperative to test assumptions and verify factual assertions is greater when parties provide data purported to describe information that is not their own.

Accordingly, and as ITTA has emphasized throughout the current phase of this process, the Commission should provide adequate opportunity for stakeholders to review and test the assumptions upon which any final intercarrier compensation rules would be based.

Respectfully submitted,

s/*Joshua Seidemann*
Joshua Seidemann
Vice President, Regulatory Affairs

975 F Street NW, Suite 550 • Washington, DC 20004 • **tel** 202.552.5846 • **fax** 202.552.5831 • www.itta.us