

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
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
	)	
Lifeline and Link Up	)	WC Docket No. 03-109
	)	
Universal Service Contribution Methodology	)	WC Docket No. 06-122
	)	
Numbering Resource Optimization	)	CC Docket No. 99-200
	)	
Implementation of the Local Competition Provisions in the Telecommunications Act of 1996	)	CC Docket No. 96-98
	)	
Intercarrier Compensation for ISP-Bound Traffic	)	CC Docket No. 99-68
	)	
IP-Enabled Services	)	WC Docket No. 04-36
	)	
	)	

**COMMENTS OF THE  
COALITION FOR RATIONAL UNIVERSAL SERVICE AND INTERCARRIER REFORM**

***Introduction***

The proposed Orders on intercarrier compensation are an important step forward. The move towards a unified system of compensation, rather than one that depends on an arcane and increasingly unsupportable set of classifications, is overdue. We therefore support many of the principles in the proposed Orders. However, we find flaws with certain details, notably the way the “edge” is defined, and find critical omissions that require clarification if the entire system is to avoid sinking into the same web of eternal litigation as has plagued the status quo. We thus will

suggest clarifications to the text and solutions to these omissions. We also suggest an alternative means of setting the unified intercarrier termination rate for individual carriers.

The Coalition for Rational Universal Service and Intercarrier Reform (CRUSIR) is a group of competitive service providers, urban and rural. Participants include

- Aero Communications, a regional multi-state CLEC based in Paducah, KY
- Telcentris Communications of San Diego, CA, a CLEC focused on VoIP innovations
- Nationsline, a Virginia-based multi-state CLEC serving residential and business customers
- PriorityONE Telecommunications, a CLEC serving rural eastern Oregon
- Ruddata, a CLEC providing voice and DSL in Paducah, KY
- AstroTel, a CLEC serving business in and around Sarasota, FL
- Quantum Telecommunications, a CLEC serving the greater Baltimore, MD area
- Raw Bandwidth Communications and Raw Bandwidth Telecom, an ISP and its data-oriented CLEC subsidiary based in San Francisco, CA
- Rystec, a CLEC serving rural Missouri from Branson
- United Systems Access Telecom, a CLEC in Kennebunk, ME
- Ionary Consulting, a Newton, MA consultancy that works with competitive providers.

We are also filing a separate Comment on the topic of Universal Service, in which we strenuously disagree with the proposed changes in rate structure and request that action on that topic be deferred for further consideration. These two subject areas can be decoupled, so that Intercarrier Compensation reform can proceed more rapidly.

### ***Transport costs need to be clarified***

The draft Orders focus on call termination rates. Intercarrier compensation for switched services is really divided into two categories, termination and transport. The draft Orders are very short on detail on how the transport aspects should be handled, and to the extent that it is bundled into termination. But the price of termination is secondary if the price of transport is insufficiently

specific. The incremental cost of the local switching capacity used to terminate a call is certainly relatively low today, compared to the past; that is however only one element of the actual cost.

The intent of the proposed Order is unclear because of ambiguous wording about what transport is bundled into the termination rate. This problem could be simply solved by clarifying this sentence in the proposed Order. As worded, it states “The called party service provider must either permit interconnection at its edge for purposes of exchanging traffic with the calling party service provider or provide transport at no charge to that edge from a location in the same LATA where it does permit such interconnection.” This could be interpreted as giving the called party, which could be an ILEC, the choice of whether or not it wishes to provide transport to the tandem, even if it is an ILEC with facilities near the CLEC. Here is one instance where symmetrical treatment between ILECs and other carriers is not appropriate. ILECs, not other carriers, have ubiquitous transport networks throughout the LATA. Thus the appropriate wording should be, “The called party service provider must either permit interconnection at its edge for purposes of exchanging traffic with the calling party service provider or, *if it is an Incumbent ILEC*, provide transport at no charge to that edge from a location *of the originating carrier’s choice* in the same LATA where it does permit such interconnection.” [Emphasis added] This wording emphasizes the LATA-wide nature of the transport obligation.

That rule is needed for competition to be practical for all but a few CLECs. The ILEC “edge” as proposed is usually at the tandem switch serving a set of subtending end offices. In such a case, transport *from* the edge *to* the end office is bundled into the proposed price of termination. But transport from a non-ILEC to the ILEC tandem “edge” is a very real cost. ILECs determine the location of their own tandems. With rare exception in the most remote areas, ILECs maintain fiber optic transport networks amongst their switches, connecting end offices to the tandems. The *incremental cost* of DS0 (voice) calls, or for that matter of DS1 trunks, on these networks is very low. The TELRIC cost is also low, given that the price of fiber optic transmission gear continues to decline.

In any case, the distinction between edge and POI seems counterproductive. In particular, if transport to the edge is not included as we recommend above, we object to the draft Order’s wording that defines edge for a destination that “...subtends a tandem switched owned or controlled by the called party service provider, in which case that tandem is the network edge for

that call.” This moves the POI (edge) in all cases *to* a tandem location, even if it is currently, as allowed, elsewhere within a LATA. This is nonsensical for small carriers whose service areas are not near the location where the ILEC placed the tandem, and it is nonsensical to require an ILEC to transport all calls to or from an edge when many or most could be handled locally.

For example, Coalition members Aero Communications and Ruddata are both located in Paducah, Kentucky, and they exchange significant traffic with AT&T (BellSouth) there. Under the proposal, the edge would have to be at the AT&T serving tandem, in Madisonville, approximately 60 miles away, and, depending on how the transport cost rule is interpreted, Aero and Ruddata would be potentially responsible for purchasing transport to get there. At that point AT&T would take its direct end office trunks and groom them back to its Paducah switch. This “hairpinning” makes no sense. AT&T’s cost of transport is very low, compared to what most CLECs pay; the CLECs should be permitted to keep POIs in Paducah, from which trunks can be groomed to local end offices and tandem switches at the called party’s discretion. This is, in fact, common practice today, at least for the handling of local calls. These POIs would also function as the CLEC edges.

Similarly, if our clarification of the transport obligation is *not* the Commission’s intent, then we are concerned that while it has been generally understood that 47 U.S.C. § 251(c)(2)(B) permits CLECs to have a single POI with ILECs in any given LATA, the proposed “edge” reduces the scope of interconnection from LATA to tandem serving area. Thus a LATA with multiple tandem sectors could require multiple POIs. This change would be highly anticompetitive, as it would require CLECs to establish additional POIs. It would be especially anticompetitive if the transport components were charged at higher than cost-based rates.

In practice, only a few of the largest CLECs have their own transmission facilities into multiple ILEC tandems. Under current pricing regimes, the price of this transport is variable. To the extent that transport is purchased from an Access tariff, the price is generally much higher than TELRIC. Such prices are, like other aspects of the Access regime, based to some extent on historic values, to some extent on a loading of common costs, and are to some extent simply arbitrary values selected to arrive at a desired goal, such as minimizing the “1FR” basic line price by extracting monopoly profits from other services. Many areas lack sufficient competition to provide CLECs with alternative “market” rates.

## Entrance facilities are still required

When a CLEC does not own its own transmission facilities from its own switching location into the ILEC network, it may lease entrance facilities from the ILEC. If the entrance facility (portion within a serving wire center's distribution area) is not in the same wire center's distribution area as the selected Point of Interconnection (POI), then the CLEC may generally lease those interoffice facilities from the ILEC. That is currently subject to Section 252 interconnection agreements, whose terms are inconsistent. In some cases these are provided pursuant to Access tariffs, even though they are not cost-based. In some cases they are provided at TELRIC rates, to the extent that they are used for "local" calls. But in almost every case, ILEC facilities provided to CLECs for interconnection purposes are subject *pro rata* to Access rates to the extent that they are used for Switched Access calls. Certainly if termination rates are to be unified at a cost-based rate, then transport rates should not be at higher rates.

We also seek clarification that entrance facilities should be made available by ILECs at a cost-based rate (e.g., TELRIC). Again, this is available in some interconnection agreements but not others, and the price differential approaches an order of magnitude. In the 2003 *Triennial Review Order*, the Commission removed entrance facilities *for purposes of backhaul* from the mandatory UNE list. Some ILECs have taken this to apply to interconnection trunk entrance facilities as well.<sup>1</sup> While some state Commissions have rejected this in arbitration, the Rules should be made clear enough so that costly arbitration is not necessary.

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<sup>1</sup> The SBC Interconnection Agreement boilerplate in 2004 stated,

5.1 Should SBC-13STATE wish to voluntarily provide CLEC with Leased ILEC Facilities for the purpose of interconnection, the Parties agree that this voluntary offering is not required under FTA 96 nor under FCC UNE Remand Order 99-238, November 5, 1999, and is made with all rights reserved. The Parties further agree that any such voluntary offering is not subject to TELRIC cost methodologies, and instead will be market priced on an individual case basis. Should SBC-13STATE voluntarily offer Leased Facilities under this section, it (I) will advise the CLEC in writing in advance of the applicable charges for Leased Facilities, and (II) will process the request only if CLEC accepts such charges.

5.1.1 Leased facilities in SBC MIDWEST REGION 5-STATE and SBC CONNECTICUT are obtained from the applicable Access Tariffs

Current version of the AT&T Inc. (ex-SBC) boilerplate no longer contain such language, and include no offer of leased facilities, but in practice AT&T Inc. permits Special Access circuits to be leased for interconnection purposes.

## **Transit obligations should be defined**

The proposed edge concept makes the network edge a non-tandem switch (end office, MSC, POI, or trunking media gateway) when the destination carrier is not the owner of the tandem which the end point subtends. Calling parties *may* utilize the services of third carriers to reach these edges, but the price of such tandem transit is undefined. This creates an untenable situation in many areas, especially rural, where one ILEC owns the tandem and one or a few nearby urban end offices, and another owns the surrounding end offices. For example, in LATA 360, Verizon-North has four host switches and nine remotes subtending the AT&T Rockford tandem. All are within the Rockford retail local calling area. It would be highly uneconomical for a CLEC to need interconnection with all four hosts in order to establish local connectivity within a LATA. In LATA 360, the tandem owner itself only has three host switches in the LATA. This is not an uncommon arrangement. Often a “Bell” AT&T Inc. tandem is surrounded by ex-GTE or other non-Bell end offices.

Thus the rate for tandem switching and transport to third parties (collectively, transit) must continue to be regulated at cost-based levels, albeit levels that allow the transit operator to make a fair profit. (TELRIC is thus a reasonable option.) While there may well be a market for competitive tandem switching in many top-tier markets, this primarily exists to support CMRS carriers, and rarely extends to rural markets (such as Rockford) where “donut” ILEC patterns exist. This transport obligation should apply to all carriers, ILEC and non-ILEC, who subtend an ILEC tandem.

## ***Non-ILEC interconnection defaults should be explicit***

Under current rules, toll calls to CLECs from other CLECs are subject to the same Access tariffs as calls from ILECs, but the status of local calls is ambiguous. CLECs are allowed to enter into interconnection agreements with each other, but in practice such agreements are far from universal. Interconnections with CMRS carriers are subject to different rules and they too need to be accounted for. We therefore consider the draft Orders to be incomplete in that they do not explicitly provide default termination rates for all combinations of called and calling carriers. CLEC-to-CLEC, CLEC-to-CMRS and CMRS-to-CMRS termination rates should, by default, be mirrored at the unified rate of calls to and from ILECs. (ILEC transit carriers should still be

allowed to charge cost-based rates for services rendered.) However, if such companies choose to enter into a bill-and-keep or other bilateral agreement, this should be acceptable.

### ***Phantom calls are at most a temporary issue***

We concur with the draft Order's statement that we believe that "the comprehensive compensation reforms we adopt today should significantly reduce service providers' incentives to mislabel traffic or otherwise to try to avoid their financial obligations". A proper intercarrier compensation strategy should make the source of the call irrelevant in determining the rate paid. Efforts to reduce what some have called "phantom" calls are thus a stopgap measure at best. The remaining long-term issue would be *whom* to bill for calls.

At present, calls are billed in a complex bilateral fashion. Tandem operators are not responsible for paying termination charges of calls that they send on behalf of third parties (transit). But once rates are unified, if tandem operators are given the responsibility to pay for all calls that they deliver, including third-party calls for which they are the transit provider, then they could simply bundle the uniform termination rate into their transit fees. This would substantially simplify intercarrier billing. It also happens to be closer to the Internet's business model, wherein "upstream" carriers deliver packets between their "downstream" customers without additional bilateral payments.

For example, if carrier "T" operated a tandem switch, and received calls from carriers "Q" and "G" that were destined for carrier "V", then T could simply invoice Q and G for the price of its transit service *and* the price of V's termination. This would net to the same as the status quo, in which V invoices Q and G (and every other carrier) separately. The main losers, of course, would be the CABS billing industry. We suggest that this pass-through compensation model be considered in the future.

### **Measures to ensure proper billing**

The fact that rates may become unified over time does not excuse intermediate providers from meeting reasonable obligations to pass information to the terminating carriers. While the draft Orders focus on CPN and charge numbers, which are valid issues, we call upon the Commission to add one more item to the list. Carrier Identification should be passed as well. At the present time, carriers such as CLECs who subtend ILEC tandem switches can receive calls, delivered to the

tandem by IXCs, in which the CIC is set to “0000” by the tandem. Thus the CLEC does not know which IXC to bill for the call unless it purchases that data, typically in the form of Daily Usage Files, from the tandem owner. This should not be necessary. Tandem owners should be given the choice of either delivering the CID or taking responsibility for paying for the call themselves, as described above. In practice, it may eventually be more appropriate for tandem owners to take ownership of these calls and apply pass-through compensation, rather than require the current web of bilateral relationships, but until then, they should not hold necessary information for ransom.

### ***Originating access should be abolished***

We concur with the tentative conclusion that originating access charges should be abolished. Originating access is in effect a collect-call charge rendered on the recipient of a call or leg of a call. These charges rarely have a basis in cost; they are a vestige of the separations process and mainly serve to subsidize LECs. The reciprocal compensation regime does not impose such charges; and in the interest of rate unification, the reciprocal compensation structure of sent-paid termination charges should be the surviving one. To the extent that an IXC purchases equal-access call originating service from a LEC, these costs can be divided between the two carriers, with the IXC paying for port charges on the LEC network, and the LEC’s customers paying the cost of reaching that port (typically on a tandem switch, though the term “access tandem” should itself become obsolete).

These charges should be phased out rapidly, as they have a pernicious impact on rate *structure*. In particular we note that originating access is typically imposed on LECs who directly deliver intraLATA calls to other LECs when one LEC originates the call outside of the terminating LEC’s retail local calling area (at least if the terminating LEC is an ILEC). This tends to force the originating carrier to charge tolls for short-haul intrastate calls, especially when intrastate access rates are high, or absorb high charges. But it favors VoIP providers, who are exempt, encouraging traffic to move to VoIP providers. CMRS carriers are generally exempt from this, because they do not pay access for intra-MTA calls, avoiding most high intrastate access charges, and this creates a competitive disadvantage for state-certificated LECs.

## **800 should retain its reversed status**

For some years now, the “open” end of 800-type calls has been treated as “terminating” access, while the closed end has been treated as “originating”, even though calls actually originate at the open end. This is not explicit in the draft Orders, but for the sake of avoidance of doubt, it should be explicitly retained. Thus a carrier who originates an 800 call should be able to collect terminating compensation, even if, as suggested, originating-side compensation is removed. To the extent that 800-number calls involve database dip charges and other additional costs, these costs should be allowable, and charged to the 800 carrier as a “terminating” expense.

## **Feature Group A should be abolished in the first stage**

Feature Group A was invented in the 1970s as a way to collect contributions from the new interexchange carriers that had begun to use business lines in order to provide switched service. In that era, before the USF was created, separations revenues were seen as very important to the local exchange carriers, and new services such as MCI’s Execunet were seen as not paying their fair share of these costs. The Exchange Network Facilities for Interstate Access (ENFIA) agreements were later codified into Access tariffs. The interexchange carriers later moved the bulk of their connections to the newer Feature Group D, which offered equal access. Feature Group A remained in place for miscellaneous line-side applications that were seen as not “local” for price purposes but which were otherwise handled as if they were, and are not subject to an exemption.

We suggest that Feature Group A be eliminated promptly, and line-side circuits used for purposes today considered “access” be treated as subscriber circuits. This solves several problems. In particular, it is a clean permanent solution to the definitional problem of the “enhanced service exemption”. If there is no such thing as FGA, then a line-side circuit (including an ISDN PRI or even a SIP connection) on a carrier switch is simply a local line, no matter what it carries. The content of the calls it receives or originates are irrelevant. There is nothing to exempt, nothing to treat differently from any other call. If it looks local, it is local, and is subject to cost-based reciprocal compensation or the new unified rate.

FGA matters at the intercarrier level because it is also at the heart of the VoIP, Foreign Exchange and “Virtual NXX” controversies. VoIP providers generally purchase service from CLECs. The proposed Orders codify the exemption from switched access charges that was implicit in the April, 1998 *Report to Congress*. Coalition members make use of this exemption to provide

connectivity to VoIP services, and we concur that such connections should remain access-exempt. However, the exemption as now defined appears to be based on the use of IP *technology*, and this raises some question as to what is, or is not, exempt VoIP, who would get to define “IP” as technology changes, and whether this is a sustainable long term policy. The exemption need not be technology-specific. A LEC can then use VoIP or TDM or any other technology that it sees fit to provide telephone exchange service, while a VoIP (or other enhanced services) provider who leases access from a LEC over PRI, SIP or other “FGA-type” circuits could benefit from the LEC’s unquestioned interconnection rights.

Hence the current definition of VoIP as an information service, and similar issues, are rendered moot in the absence of FGA. What is now seen as the terminating leg of an Access call would be treated as simply an intraLATA call. A VoIP provider could originate such a call (that is, terminate a VoIP-originated call into a LATA network) using a charge number associated with the local PRI itself, even as the caller ID field carries (as it should) a distant number associated with the VoIP subscriber. The termination charge would be reciprocal compensation from the POI to the destination, not based on the distant origin of the VoIP call.

Likewise, if a call to an ISP modem is received by a CLEC at its appropriate POI for that called number, and the actual modem is not in the originating caller’s local calling area as defined by the originating caller’s carrier, the call today is often considered “virtual NXX” or “FX”. In some states and under some ICAs this has been treated as any other local call if within a LATA. In some it has been handled as “bill and keep” and does not receive reciprocal compensation or pay access rates. But in a few cases, sometimes varying between interconnection agreements, it has been treated as FGA originating access and the ILEC is entitled to charge the CLEC recipient of the call. This would of course be uneconomical and no CLEC would ever provision this intentionally, but FGA originating access back-charges have been used to shut down modem-serving CLECs. The Order on Remand appears to rectify this in the specific case of ISP-bound calls, which accounts for most Virtual NXX usage. A separate exemption appears to already apply to VoIP calls. By abolishing FGA, these conditions are generalized; all of these and other FX calls are simply treated as local, and what happens on any one carrier’s side of the POI, or behind a subscriber’s demarcation, is irrelevant. It should be self-evident that such a regulatory regime is more amenable to innovation than one which attempts to classify calls based upon how they are handled by the recipient, what protocol is used, or where the media gateway is located.

## **Preserving Feature Group D access revenues during transition**

If Feature Group A is abolished promptly, as we suggest, then traditional interexchange carriers might have an incentive to reconfigure their networks and move the terminating side from Feature Group D to Feature Group A. This is not our intention. We note that interexchange carriers have, at times, improperly “re-originated” calls to make them appear to be local, and we are not seeking to legitimize that practice.

Instead, we propose a simple transitional rule. Until termination rates are unified and the issue becomes moot, Feature Group D terminating access rates should continue to be applied to all interLATA and equal-access (IXC-handled) intraLATA toll calls that originate via Feature Group D. Hence a traditional PSTN call that takes advantage of the simple and direct dialing procedures of Feature Group D origination should not be allowed to evade terminating access via Feature Group A re-origination.

This is a cleaner way to distinguish “VoIP in the middle” calls from the type of customer-premise VoIP calls that are exempt from access charges. The former are generally equal access (FGD) calls whose IXC happens to use VoIP technology, transparently to the caller. This should not be treated differently from any other PSTN toll calls. The latter are generally “Internet telephony” calls, which are made using special equipment via FGA. The physical location of the media gateway need not be the distinguishing factor, as appears to be the case at present.

## ***Appropriate termination rate levels***

The Commission asks two questions regarding the appropriate level for call termination. One is whether it should be TELRIC or a lower unburdened “incremental cost”, the other whether it should be uniform statewide or separate by company. We generally support TELRIC, as it more accurately reflects the totality of the costs involved in operating a carrier. Even if an unburdened cost standard is selected, the rate should reflect more than the (admittedly very low) current traffic-sensitive cost of local switching equipment. POI to destination transport, for example, is a cost.

Small carriers have a valid point in saying that their costs are higher than those of the large carriers. We also note that by suggesting a statewide value to be applied to all carriers, the draft Orders are already deviating from the concept of paying a carrier’s actual costs and using a surrogate instead. The main advantage of this is regulatory simplicity; with thousands of Study

Areas around the country, creating new rates in each one could take a major effort. We instead suggest a different scheme that provides both a reasonable surrogate for costs and provides better support for small carriers, while reducing regulatory complexity.

We note that the draft Orders call for rates to be symmetrical, which would be the case if all carriers' rates were the same, but we observe that the Further Notice questions this latter assumption by suggesting separate per-carrier rates. Symmetry, a laudable goal, conflicts with providing smaller (presumably high-cost) carriers higher rates when carriers with different rates interconnect with one another, but we see that latter goal as being valuable too, especially if it helps hold down universal service costs. Both access and reciprocal compensation rates today for small ILECs (and mirroring small rural CLECs) tend to be higher than for larger ILECs.

Rather than have a single terminating rate for all carriers, we suggest that unified call termination rates be set on a single graduated scale, applied to the *total* volume of calls terminated by a carrier from *all* other carriers. The incremental cost per minute of calls would go down with volume, so the lowest-volume carriers would have the highest rates. Usage would be aggregated monthly on a market-area or state basis, such that a holding company with several small contiguous or nearby OCNs would see them treated as one, but a company with subsidiaries in different parts of the country could treat them separately. This table shows an *example* of how such rates might be applied:

Minutes/month above	Minutes/month to	rate per minute
0	500,000	\$.01
500,000	10,000,000	\$.004
10,000,000	(unlimited) <sup>2</sup>	\$.001

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<sup>2</sup> In the interest of simplicity, large carriers (say, >50,000,000 minutes/month using the example above) would only charge the lowest rate step (illustratively, .001). Thus the actual rate/minute for some large number of minutes approaching this should be lower than this step, in order to smooth the transition. This is similar to the way certain deductions are phased out in the tax code.

The actual charge per minute charged to all carriers by the terminating carrier would be the average created by this table. For example, a carrier terminating 20,000,000 minutes in a month would charge \$.00265/minute (computed as  $500,000 * \$0.01 + 9,500,000 * \$0.004 + 10,000,000 * \$0.001 = \$53,000 / 20,000,000$ ) as its unified rate for that month. An RBOC would simply charge \$.001.

Call termination charges are rendered in arrears, so small carriers could adjust their rate monthly to reflect the actual level of traffic delivered. This would not require biannual readjustment of ILEC access tariffs, as happens at present, and would close current windows of allegedly-excessive revenue collection by carriers whose traffic suddenly increases before a tariff review. Likewise, a small CLEC that then grew a huge business on incoming modem calls (or whatever future application might generate that sort of traffic, should it occur) would see its terminating rate automatically fall.

Coalition members are CLECs, not ILECs, and need to be treated fairly in this as well. One major difference between the current reciprocal compensation rules and interstate access rules is that in the case of reciprocal compensation, the rate is symmetrical with each underlying ILEC, while in the case of interstate switched access, the allowable rate is the lowest of any of the underlying ILECs'. But CLECs often interconnect with multiple underlying ILECs and the "one line" lowest-rate access mirroring rule can create disparities for small CLECs who mostly operate in rural areas, or whose rural areas have a small RBOC presence.

In the case of graduating-scale termination, a CLEC that provides some of its service to customers in the service area of a small ILEC, and whose traffic is in balance with that ILEC, should not be penalized. If the CLEC were a high-volume (\$.001, in the example above) carrier and one ILEC were a minimum-volume (\$.01) carrier, if perfectly-balanced traffic were charged at the carriers' own rates, it would result in a large net flow (equivalent to \$.009/minute) to the ILEC. Instead, the bilateral traffic imbalance, in minutes, should be computed first, and only then is the imbalance billed, at the current graduated rate of the carrier receiving more minutes. Calls delivered by IXCs (Feature Group D interexchange carriers) would not balance originating minutes; all terminating equal access minutes should be counted at the terminating carrier's rate.

## **Phase-in can be faster**

The proposed ten-year phase-in is excessively long. The proposed ten-year “glide path” reaches the extremely low uniform incremental-cost level. But with a higher ultimate terminating rate level, especially for small carriers, as we have proposed, there is no need for Stage Three, the final six years, which lowers rates below current Section 251(b)(5) TELRIC levels. Terminating rates should be unified at the graduated rate within four years.

Respectfully submitted this 26<sup>th</sup> day of November, 2008, by its consultant,.

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