Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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| In the Matter of | ) | |
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| High-Cost Universal Service Support | ) | WC Docket No. 05-337 |
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| 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 |
| | ) | |
| Developing A Unified Intercarrier Compensation | ) | |
| Regime | ) | CC Docket No. 01-92 |
| | ) | |
| Intercarrier Compensation for ISP-Bound Traffic | ) | CC Docket No. 99-68 |
| | ) | |
| IP-Enabled Services | ) | WC Docket No. 04-36 |

# REPLY COMMENTS OF QWEST COMMUNICATIONS INTERNATIONAL INC.

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**REPLY COMMENTS OF QWEST COMMUNICATIONS INTERNATIONAL INC.**

Qwest Communications International Inc. ("Qwest") submits these reply comments in response to the Federal Communications Commission's ("Commission") Further Notice of Proposed Rulemaking ("*FNPRM*") directed at potential comprehensive reform of the existing intercarrier compensation ("ICC") and universal service fund ("USF") regimes.[1]

[1] *In the Matter of High-Cost Universal Service Support, Federal-State Joint Board on Universal Service, Lifeline and Link Up, Universal Service Contribution Methodology, Numbering Resource Optimization, Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Developing a Unified Intercarrier Compensation Regime, Intercarrier Compensation for ISP-Bound Traffic, IP-Enabled Services,* Order on Remand and Report and Order and Further Notice of Proposed Rulemaking, WC Docket No. 05-337, CC Docket No. 96-45, WC Docket No. 03-109, WC Docket No. 06-122, CC Docket No. 99-200, CC

# I. INTRODUCTION AND SUMMARY.

Collectively, the initial comments on the Commission's proposed reform to ICC set forth in the *FNPRM* [hereafter the "ICC Proposal"][2] only confirmed Qwest's conclusion that the ICC Proposal, with a few minor changes, could achieve the intended results and accomplish the meaningful ICC comprehensive reform that has eluded the Commission for more than six years. And, those comments provided considerable support for each of the proposed changes discussed by Qwest in its initial filing. At the same time, other parties proposed a few additional minor changes to the ICC Proposal not discussed in Qwest's initial comments that would also help to further the effectiveness of the new regime.

Specifically with respect to the ICC Proposal, the initial comments demonstrated that the Commission should adopt the targeted modifications and clarifications suggested by Qwest in its initial comments and:

- Eliminate any conditions to initial incumbent local exchange carrier ("ILEC") subscriber line charge ("SLC") increases;
- Clarify the intended mechanics for those increases, including a carrier option to average those SLC increases;
- Add a brief section to address the access stimulation issue;
- Clarify the ICC treatment of Internet protocol ("IP") voice traffic and rule that it should be treated just like all other traffic on the public switched telephone network ("PSTN");

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Docket No. 96-98, CC Docket No. 01-92, CC Docket No. 99-68, WC Docket No. 04-36, FCC 08-262, rel. Nov. 5, 2008 ("*FNPRM*"), 73 Fed. Reg. 66821, Nov. 12, 2008.

[2] In this document, as in Qwest's initial comments, Qwest, unless otherwise indicated, refers to Appendices A and C, collectively, as the "ICC Proposal." As Qwest reads the documents, there are only two material differences between Appendix A and Appendix C in the ICC portions of the documents. Appendix C adds certain new language in connection the proposed interconnection rules reflected at para. 270 and gives distinct treatment to rate-of-return ILECS for purposes of a revenue recovery fund as reflected at paras. 320-21. Finally, as in Qwest initial comments, all citations herein to the ICC Proposal are to Appendix A unless otherwise indicated.

- Eliminate the proposed requirement that transit service providers incur the termination expenses of originating carriers or, alternatively, clarify the scope of the phantom traffic aspects of the plan;
- Modify the ICC Proposal so that it does not pre-judge the status of originating access, but rather leaves it entirely to an *FNPRM*.

Regarding initial SLC increases, the comments made clear that there is no good policy reason to impose excessive restrictions or preconditions to initial ILEC SLC increases so long as the increase is shown to replace lost revenues (equaling the total amount of ICC revenues lost as a result of the ICC Proposal) and remains below the new SLC caps. The Commission should, thus, reject the arguments of NASUCA[3] and Free Press that initial SLC increases should somehow be reduced by purported savings accruing to the interexchange carrier ("IXC") or wireless affiliates of certain parties or that initial LEC SLC increases should first be justified by forward-looking costs studies or other similar preconditions. The record is also clear that there is much to gain if the Commission spells out, up front, the intended mechanics for initial LEC SLC increases -- and clarifies, in particular, these limited conditions to initial SLC increases and the fact that carriers will have the option of averaging the initial SLC increases without regard to whether their existing SLC charges are averaged or not. On this latter point, the Commission should reject NASUCA's argument that SLC averaging somehow disadvantages ratepayers.

As for access stimulation, numerous parties joined Qwest in observing that the ICC Proposal will not have a meaningful impact on access stimulation for several years and, indeed, the initial comments presented a consensus interim proposal to stem problems in this area.

Regarding IP voice traffic on the PSTN, there was also strong consensus support in the initial comments for a Commission ruling that such traffic should be treated just like all other

[3] The attached Exhibit A defines the parties and their abbreviations relied upon in these Reply Comments.

traffic on the PSTN. And, there was equally strong consensus support for Qwest's request that the Commission accompany such a ruling with clarifications regarding the appropriate jurisdictionalization (*i.e.*, specifying that IP-to-PSTN traffic is subject to the Commission's normal "end points" rule) and interconnection/access rules for such traffic.

There was also strong support in the initial comments for the elimination of a proposed new financial responsibility rule for transit providers as unfairly punitive or, failing that, for clarification of the scope of that provision.

With respect to originating access, other parties also shared Qwest's concern that the future treatment of originating access be left to a future FNPRM without any prejudgment.

In addition to these changes suggested by Qwest in its initial comments, Qwest supports the requests of other parties for additional modifications or clarifications to the ICC Proposal. If adopted, these proposals would also help to further ensure the effectiveness of the new ICC regime. Specifically, the Commission should:

- Keep the current provisions of the ICC Proposal that states establish a single uniform rate for all carriers in each state;
- Adopt Verizon's proposal to authorize the states to set the final rate at .0007 without evidentiary hearings;
- Eliminate the so-called rural transport rule from the ICC Proposal;
- Define precisely what rate elements are included in the new uniform rates during the various stages of the transition and clarify that jointly provided switched access ("JPSA") and non-termination SS7 signaling service would not be governed by the new regime;
- Clarify that the access tariff structure remains in place;
- Reduce the transition period -- from ten years to five years -- and provide some guideposts to the states that will ensure that some progress is made to reduce ICC rates during a transition;

- Clarify that, under the ICC Proposal, under no circumstances will ICC rates reflected in current agreements rise solely by virtue of the implementation of the new uniform rate regime;

- Rule that the Commission's *Computer Inquiry* rules do not apply to IP traffic on the PSTN, in the event such traffic is categorized as an information service.

As demonstrated more fully below, these changes, like those suggested by Qwest in its initial comments, will eliminate provisions that would hinder the intended goals of reform or potentially lead to costly disputes and thereby dilute the effectiveness of the new regime.

With respect to the USF reform proposal set forth in the *FNPRM*, the initial comments confirm the need for the Commission to address the Tenth Circuit's remand in *Qwest v. FCC*[4] in the context of any comprehensive universal service reform.

## II. REPLY COMMENTS ON THE ICC PROPOSAL.

### A. Other Parties' Comments Provided Further Support For The Targeted Changes To The ICC Proposal Suggested By Qwest In Its Initial Comments.

The initial round comments with respect to the ICC Proposal further demonstrated that the Commission should adopt the targeted modifications and clarifications suggested by Qwest in its initial comments.

#### 1. The Commission should eliminate unnecessary restrictions on initial ILEC SLC Increases and spell out the intended mechanics for those increases.

As Qwest demonstrated in its initial comments, the Commission should eliminate the language in the ICC Proposal imposing two conditions on the availability of initial[5] Subscriber Line charge ("SLC") increases -- *i.e.*, those stating, respectively, that carriers must first raise

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[4] *Qwest v. FCC*, 398 F.3d 1222, 1239 (10th Cir. 2005) ("*Qwest II*").

[5] In this document, as in Qwest's initial comments, Qwest uses the term "initial SLC increases" consistently with how that term is used in the ICC Proposal -- *i.e.*, to mean those SLC increases initially made available to LECs up to the newly defined caps as distinguished from the potential "additional SLC increases" referred to the joint board for consideration.

state retail rates to the "maximum level permitted under state regulations" and that initial SLC increases are not available where "a carrier's state retail rates have been deregulated." The operative language for each of these conditions is potentially ambiguous and each condition will only impose high implementation costs on carriers without any corresponding benefit. Given that the new caps imposed on initial SLC increases already provide protection against unreasonable SLC increases, there is no need for such conditions. These conditions are particularly unfair in the case of initial SLC increases for price cap ILECs given that they, unlike rate-of-return ILECs, are effectively denied any secondary revenue recovery source under the ICC Proposal. That is, unless the ICC Proposal is changed so that they are given the same secondary revenue recovery treatment.

Qwest also demonstrated in its initial comments that the Commission should spell out in any final order the intended mechanics for initial ILEC SLC increases and, as part of that effort, ensure that carriers have the option to average initial SLC increases permitted under the ICC Proposal. As discussed in those comments, while the Commission apparently recognizes that it will be necessary to adopt changes to Parts 61 and 69 of its rules in order to enact the ICC Proposal, it is critical that certain rule changes be spelled out in any final order rather than be left to further deliberation in a subsequent *FNPRM*. Most importantly, the rules must clarify the limited conditions to initial LEC SLC increases (*i.e.*, the increases must remain within the relevant cap and must replace revenues lost as a consequence of reduced carrier rates) and clarify that carriers will have the option of averaging the initial SLC increases without regard to whether their existing SLC charges are averaged or not.

These modifications are all supported explicitly or implicitly by numerous comments from other parties. For example, AT&T also observed that the ICC Proposal's conditions related to SLC increases would produce confusion in implementation.[6] Other carriers noted the fundamental goal here that the Commission unify and reduce ICC rates through a new ICC regime while at the same time providing adequate revenue recovery mechanisms that replace the current lost implicit support with end user charges.[7] And, as OPASTCO suggested, the initial SLC increases proposed in the ICC Proposal are "modest" and already strike a balance of allowing "ILECs to recover at least part of the revenues lost from mandated interstate and intrastate access charge reductions, while also guarding against the potential adverse impact on consumers of higher end-user charges."[8] Indeed, some commenters proposed that, if anything, the revenue recovery rights of mid-sized LECs like Qwest need to be expanded under the ICC Proposal.[9] To the extent the Commission is considering an ARM for mid-sized price cap carriers, Qwest should, of course, be included in that. In any event, these and other comments in the initial round, emphasizing the importance of the availability of initial SLC increases, provide further support for the modifications and clarifications sought by Qwest in its initial comments.

The Commission should reject the arguments of a few parties that price cap LEC initial SLC increases be further restricted or subject to additional unnecessary complexities. For example, the Commission should reject the arguments of NASUCA and Free Press that initial SLC increases should somehow be reduced by purported savings accruing to the IXC or wireless

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[6] AT&T at 39-41. AT&T suggests certain clarifications to address these. Qwest does not agree with AT&T that the minor clarifications it suggests would solve this issue. Even with its proposed changes, the plan would result in huge implementation costs without any corresponding benefit. Qwest Comments at 5.

[7] Embarq at 24-25 (noting that this is particularly important as competition grows).

[8] OPASTCO at 17.

[9] ITTA at 9 (proposing that an alternative secondary revenue recovery source -- *i.e.*, in addition to modest SLC increases -- be made available to "non-National price-cap carriers that lack a combination of National wireless and wireline local and long-distance coverage, *e.g.*, all price

affiliates of certain parties.[10] Qwest agrees with AT&T that "elementary principles of economics" ensure that companies offering those highly competitive services will, through market forces, pass through much, if not all, of their intercarrier compensation savings to consumers "whether in the form of lower retail rates, accelerated investment in improved service quality, and/or wider deployment of innovative technology used to provide, for example, next-generation broadband services."[11] And AT&T is precisely right in its observation that cross-subsidization using revenues from a competitive long-distance offering would leave impacted ILECs much worse off and unfairly penalize them vis-à-vis stand-alone companies competing in the same markets.[12]

The Commission should also reject suggestions by NASUCA and Free Press that it require that initial LEC SLC increases be justified by forward-looking costs studies[13] or other similar preconditions. For example, NASUCA proposed that, for non-rural price-cap carriers, the Commission should "offer to reduce the SLC to its Total Element Long Run Incremental Cost ("TELRIC") equivalent in any unbundled network element ("UNE") zone where the SLC is

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cap carriers to the exclusion of AT&T and Verizon, the latter of which have advocated specific terminating rates that are presumably sufficient for themselves.").

[10] NASUCA at 13; Free Press, Appendix B at 45-46.

[11] AT&T at 18-19.

[12] *Id.*

[13] Free Press at 17-18. As discussed in the text, forward-looking cost studies are unnecessary, among other reasons, because competition will control prices. But, Free Press' discussions around loop cost also reveal some fundamental misconceptions. For example, if forward-looking studies were to be done, they would obviously have to include all the network costs to be recovered by the newly defined SLC, not just the interstate portion of the loop. And, it is noteworthy that substantial improvements in technology have not impacted the cost of loop. Indeed, most of the cost of the loop is structure related (*e.g.*, burying cable or putting up poles) and those costs have increased not decreased. Additionally, LEC line loss causes the cost per line to increase.

above the TELRIC-equivalent and retain the current SLC caps for all other zones."[14] Again, a central goal of any ICC reform is the transition of existing implicit support mechanisms to direct end user charges. Free Press and NASUCA appear to suggest that intercarrier rate reductions should not be offset at all. This is hardly a reasoned policy position.[15] And, both appear to miss the fact that initial LEC increases would already be limited by both the new revenue replacement component equal to the total amount of ICC revenues lost as a result of the ICC Proposal and by the new SLC caps and will, therefore, at most, result in very modest SLC increases to end users.[16] In all events, there is no basis for using TELRIC in this context. TELRIC was adopted by the Commission specifically to govern the pricing of unbundled network elements.

It is also noteworthy that Free Press' extended discussion of the telecommunications options of the mother living in Oregon only makes Qwest's point here.[17] Free Press describes all the competitive alternatives available (at competitive prices) to a hypothetical mother in Oregon to talk to her hypothetical daughter in California. The availability of such competitive options only demonstrates that it, in fact, makes no sense to set up an incredibly complex system of

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[14] NASUCA at 17.

[15] Both parties would also preclude price cap LECs outright from any secondary revenue recovery source. Given that price cap LECs are already subject to an extremely high bar under the ICC Proposal when it comes to a secondary revenue source, this only further proves the unreasonableness of their approach overall. But, in any event, their proposal would clearly fail to satisfy the minimum legal requirements for giving carriers a reasonable opportunity to recover their costs. And, this proposal, when combined with their proposal to limit or eliminate initial LEC SLC increases, would be likely to have a significant impact on the ability of price cap ILECs to invest in new markets and services such as broadband build-out.

[16] Because of this, the Commission should reject Free Press suggestion that, in addition to new SLC caps, the Commission impose a transition schedule that breaks the cap into pieces. It's conceivable that a carrier could exceed the new cap in the first or second year transition (*e.g.*, on the shift from intrastate to interstate). The new caps should be put in place immediately and fully to address this. Nor is there any concern if a carrier needs to and is able to go immediately to the new cap to recover lost access or reciprocal compensation revenue.

[17] Free Press at 6.

regulatory controls for initial LEC SLC increases. Competition ensures that, if companies take SLC increases that move the cost of their service outside the range of competitors, the increase will not be recoverable from the end user because the end user will switch to a cheaper competitor.

Similarly, the Commission should reject NASUCA's argument that SLC averaging somehow disadvantages ratepayers.[18] NASUCA appears to believe that ratepayers will necessarily be disadvantaged by any approach other than state-specific SLC increases. But, NASUCA's position ignores the fact that, currently, LEC interstate access rates -- the rates whose expected decline SLC increases would be intended to offset -- are already averaged across states. Thus, there is obviously no harm to consumers if the SLC increases that replace them are also averaged. And, NASUCA ignores the fact that averaging will, generally speaking, moderate the impact of SLC increases on end users overall.

### 2. The final order should deal individually with the access stimulation issue.

Qwest observes that no commenter has disputed the need to address access stimulation in the near term. Most commenters addressing the issue at all requested prompt action on this issue,[19] while two commenters asked the Commission to resist solutions that (they claimed) would impose substantial burdens on carriers not engaged in access stimulation.[20] Given the ease with which these concerns can be addressed, the Commission can and should take action to

[18] At least this appears to be NASUCA's argument. Its comments state "[i]t is also not clear that the increases to the SLC in a particular ILEC's service territory can only be allowed for the recovery of access revenue in that territory. This must be made clear, so as to prevent customers in one state from replacing revenue losses from another state." NASUCA at 20 (citing Qwest's October 28, 2008 *ex parte*).

[19] *See, e.g.*, AT&T at 32-34; Verizon at 67-70; USTelecom at 9-10; Sprint Nextel at 7-9; Nebraska PSC at 21-22.

[20] *See, e.g.*, CityNet, *et al.* at 30-31; HyperCube at 15-16.

address this pernicious form of arbitrage in whatever Order it adopts here. In its opening comments, Qwest asked the Commission to declare that it would be *prima facie* evidence of an unreasonable practice under Section 201 (b) of the Act for a LEC to share its access revenues with a "business partner" of the LEC, where the term "business partner" is defined to include the LEC itself, its affiliate, or any entity that pays the LEC no net compensation or that receives net compensation from the LEC, in connection with the LEC's delivery of telecommunications traffic.[21] Under this proposal, a rural competitive local exchange carrier ("CLEC") could be given the opportunity to affirmatively prove that its revenue sharing arrangement did not constitute an unreasonable practice under the Act. Qwest is also amenable to AT&T's proposed solution, whereby the Commission would "conclude that it is per se unjust and unreasonable for any LEC to assess access charges for calls to end users with whom the LEC has entered into a 'revenue sharing' arrangement -- *i.e.*, an arrangement that will produce net payments from the LEC to the calling provider over the life of the arrangement."[22]

Moreover, Qwest believes that the objections lodged by several competitive LECs can easily be addressed. CityNet, *et al.*, contend that the record "contains no justification for modifying rules for CLECs that do not avail themselves of the rural LEC rate exemption,"[23] and HyperCube argues that the proposed solutions are overly broad.[24] As Qwest has previously suggested, though, solutions to the access-stimulation problem can be appropriately limited to exclude from their reach competitive providers whose access rates are benchmarked to non-rural

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[21] Qwest Comments at 11-13.

[22] AT&T, 6. *See also id.* at 32-34.

[23] CityNet, *et al.* at 30. *See also id.* at 31 (revenue-sharing only problematic "under circumstances where [it] becomes an incentive for portable, high-volume customers to locate in areas with extraordinarily high access charge rates based directly or indirectly on assumed higher costs and lower volumes").

incumbent LECs, because such rates generally are too low for schemes based on revenue-sharing to succeed.[25] Thus, Qwest would support a solution that did not reach CLECs whose rates are benchmarked to those of non-rural incumbents.

### 3. The Commission should clarify the ICC treatment of IP traffic and treat it like all other traffic.

There is strong consensus support in the initial comments for a Commission ruling that IP traffic should be treated just like all other traffic on the PSTN, accompanied by clarifications regarding the appropriate jurisdictionalization (*i.e.*, that it is subject to the Commission's normal "end points" rule) and interconnection/access rules for such traffic. Qwest, in its initial comments, discussed, in detail, the best reading of the impact of the ICC Proposal (and the ruling therein that IP-to-PSTN is an information service) on ICC treatment for IP-to-PSTN traffic if it goes no further than the current draft -- *i.e.* the correct application of the Commission's enhanced service provider ("ESP") exemption, where ICC treatment depends upon where the Voice over Internet Protocol ("VoIP") ISP's[26] point-of-presence ("POP") is located. And, Qwest detailed in those comments its position that the Commission should now rule that its ESP exemption does not apply to such traffic or, as Qwest has proposed, forbear from the application of the ESP exemption to this traffic (both of which would be change of law rulings)[27] and simultaneously

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[24] HyperCube at 15-16.

[25] *See, e.g.*, Letter from Melissa E. Newman, Vice President – Federal Regulatory, Qwest, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 07-137 (filed March 7, 2008), Attachment at 7 (proposing solution focused only on carriers benchmarked to rural carrier or relying on rural exemption).

[26] In this discussion, as in Qwest's initial comments, Qwest uses the term "VoIP ISP" to refer to information service providers who originate IP-to-PSTN traffic.

[27] Such rulings, thus, make a distinct impact on change of law provisions from the implementation of the new regime contained in the ICC Proposal. With respect to the latter, as discussed at Section B.7, below, under no circumstances will ICC rates reflected in current agreements rise solely by virtue of the implementation of the new uniform rate regime.

clarify how jurisdictionalization of traffic and use of interconnection or access services will work for IP-to-PSTN traffic under the new regime. Once again that the comments of other parties only further demonstrated the wisdom of this approach.

Indeed, a large diverse group of commenting parties asked for this same approach to IP-to-PSTN traffic in any final order. These parties all call for a ruling by the Commission that IP-to-PSTN traffic should be treated like all of the traffic on the PSTN and that the Commission should also clarify that its transitional end-points rule of jurisdictionalization applies to such traffic and clarify the interconnection/access rules applicable to such traffic.[28] Still other parties

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However, these rulings on IP-to-PSTN traffic could obviously effect increases in rates for some IP-to-PSTN traffic if that is the result of now subjecting that traffic to the same treatment as all other traffic on the PSTN.

[28] Embarq at 19-21; USTelecom at 8; ITTA at 15-17; AT&T at 24; NTCA at 12-18 (though relying upon a different legal analysis -- *i.e.*, that such traffic should be deemed telecommunications traffic, argues that "these calls should be treated like any other telephone call"); CenturyTel, 28 (same); Frontier at 7-8; Windstream at 26-27 (arguing this result can be reached without any decision on classification). Indeed, Qwest agrees with Embarq that VNXX, if not properly limited to physically local traffic, is another form of arbitrage, where carriers mask the true jurisdiction of calls by assigning local numbers to end users who are physically located outside the local calling area. Embarq at 20. As Embarq ably details, this arbitrage is particularly pernicious as these carriers seek to "flip" the intercarrier compensation arrangement. *Id.* In other words, "the carrier ultimately provides an inter-exchange service without incurring access charges; and also generates terminating compensation revenue from the originating carrier through its 'locally dialed' calls." *Id.* Qwest also agrees with AT&T that the Commission should clarify that, under the new regime, the ISP-bound traffic mirroring rule does not apply to access traffic. AT&T at 34-35. Finally, Qwest submits that the Commission, by ruling that ISPs constitute end users for purposes of evaluating intercarrier compensation, has essentially put to rest the "VNXX" controversy. That is, traffic to an ISP POP may be treated as "local" only when the physical location of the POP is in fact local. *See In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996; Intercarrier Compensation for ISP-Bound Traffic*, Order on Remand and Report and Order, 16 FCC Rcd 9151, 9175-81-¶¶ 52-65 (2001).

appeared to at least implicitly accept this proposition that there is no reason to subject IP-to-PSTN traffic to any different ICC treatment.[29]

At the same time, a variety of cable interests advocated for clarification on interconnection rights that appear to be largely consistent with Qwest's requested clarification on that issue.[30]

Even those parties that opposed the ICC Proposal's treatment of IP-to-PSTN traffic, disputed only the Commission's classification of IP-to-PSTN traffic as an information service and/or its jurisdictional authority to preempt the states -- they did not dispute that such traffic should be treated the same as all other traffic on the PSTN for ICC and interconnection/access purposes.[31]

Indeed, the only parties that appeared to dispute this view of the proper ICC treatment for the traffic at issue are the usual small minority that rely on their own form of arbitrage, under which their traffic and only their traffic escapes charges applied to all other traffic on the PSTN. These providers continued to assert the strange "magic wand" theory holding, without any support in the law anywhere, that IP traffic is, by virtue of its classification as an information service, somehow wholly exempt from access charges regardless of the location of the end users involved in the call, the call flow involved and the PSTN functionality utilized, etc.[32]

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[29] Verizon at 27; NCTA at 7 ("Based on the Commission's analysis of the statute, the classification of VoIP services is irrelevant to whether traffic generated by those services can be brought within any unified compensation regime the Commission might adopt.").

[30] Time Warner, generally; NCTA at 7-8; Comcast at iii, 3, 17-21.

[31] Sprint Nextel at 9-11; NARUC at 11-24, Comptel at 10-19. Again, NTCA, at 12, also argues that IP-to-PSTN traffic should be treated like any other traffic.

[32] FGIP at 2. As discussed in greater detail in Qwest's initial comments, this theory usually rests upon the erroneous legal analysis that the Commission's ESP exemption somehow brings this conclusion. Qwest Comments at 14-19. It does not.

### 4. The Commission should eliminate the proposed requirement that transit service providers incur the termination expenses of originating carriers and, in any event, clarify the scope of the phantom traffic aspects of the plan.

There was also support in the initial comments of other parties for the elimination of a proposed new financial responsibility rule for transit providers as unfairly punitive or, failing that, for clarification of the scope of that provision.[33] Specifically, Embarq and ITTA joined Qwest in advocating for the elimination of the proposed new financial responsibility rule as it is unfairly punitive to transit providers.[34] Nor does any other party posit a sound legal or policy rationale for such a rule which would dilute the obligations of the originating carrier -- the carrier ultimately responsible for intercarrier compensation for the relevant traffic.[35]

### 5. The Commission should modify the ICC Proposal so that it does not pre-judge the status of originating access, but rather leaves it entirely to an FNPRM.

Other parties also shared Qwest's concern that the future treatment of originating access be left to a future FNPRM without any prejudgment.[36]

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[33] Again, Qwest position is that this new obligation should be eliminated from the ICC proposal. In the event the Commission chooses to impose such an obligation, Qwest has also offered specific suggestions to help clarify the scope of the obligations. Qwest Comments at 20-32.

[34] Embarq at 58-62 ("The Commission, however, must not and cannot fairly or rationally impose financially burdensome responsibilities on transit providers....Such rules will establish unintended, new opportunities for terminating carriers to simply bill the intermediate tandem owners for traffic that is uncollectible for reasons other than simply being "unidentified" due to lack of CPN in the signaling stream."); ITTA at n. 27 ("Of note is the Commission's proposal that a service provider delivering traffic that lacks any required signaling information and failing to otherwise provide required call information must pay the terminating provider's highest terminating rate. . . .This type of approach should be rejected as punitive to tandem operators who may be unable through no fault of their own to obtain proper signaling information from the originating carrier.").

[35] 7

[36] *See*, *e.g.*, NTCA at 22-23 (raising distinct issues it believes would need to be addressed for originating access); Sage at 13-14.

### B. Qwest Supports Certain Requests Of Other Parties For Additional Modifications Or Clarifications To The ICC Proposal.

In addition to these changes suggested by Qwest in its initial comments, Qwest supports the requests of other parties for certain additional modifications or clarifications to the ICC Proposal which, if made, would also help to further ensure the effectiveness of the new ICC regime.

#### 1. The Commission should keep the ICC Proposal's requirement that states establish a single uniform rate for all carriers in each state.

Qwest echoes the positions of numerous parties in the initial comments that the Commission keep the current requirement in the ICC Proposal that states establish a single uniform rate for all carriers in each state. The ICC Proposal expressly provides that, both during the transition to the final stage and in the final stage, there must be a single, state-wide uniform reciprocal compensation rate.[37] However, the *FNPRM* asks for comment on the specific question of whether the terminating rate for all Section 251(b)(5) traffic should be set as either a single, statewide rate or as a single rate per operating company. Qwest agrees with the diverse group of parties advocating that the ICC Proposal properly concludes that states should be required to establish a single uniform terminating rate applicable to all carriers in each state.[38] The alternative, allowing states to establish carrier-specific rates in each state, would create a costly and drawn-out administrative nightmare. Such a step is unnecessary and only promises to significantly dilute the benefits of the plan. Nor is it necessary, as some parties argue, to have states set a per-company rate.[39] To ensure clarity on this point, Qwest urges the Commission to

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[37] *Id.* ¶¶ 190 and 271-276.

[38] *See, e.g.,* NCTA at 4; CTIA at 26-28; Comcast at 5-6; Verizon at 52-58; AT&T at 14-18.

[39] *See* Embarq at 42-43 and NASUCA at16, both of which argue conclusorily and without citation to any legal support that a per-company rate is somehow legally required. In fact, the use of a forward-looking additional cost methodology itself militates in favor of a single final

add language to paragraphs 158 and 190 of Appendix A specifying that "*each* state will set a *single* default reciprocal compensation rate," and that this rate "will apply to every provider terminating traffic within the state, except where the default rate exceeds a specific provider's existing rate."

### 2. Qwest Supports Verizon's proposal to authorize the states to set the final rate at $0.0007 without evidentiary hearings.

Verizon, in its initial comments, correctly describes the enormous amount of resources that are necessary to conduct cost proceedings. Certainly, the TELRIC cost dockets conducted throughout the nation since the passage of the Act are clear examples of the complexity, factual detail, and length that are inherent in setting cost-based rates. Evidentiary hearings setting a rate in accordance with the additional cost standard portend another excessive series of complex cases with a good possibility of inconsistent results and appellate proceedings, multiplied by the 48 or so states that would conduct such proceedings. The resources expended by the commissions, carriers, and other interested persons may rival the Regional Bell Operating Company ("RBOC") applications for Section 271 relief. As Verizon indicates, these resources need not be consumed, as various intercarrier agreements and prior Commission orders provide evidence that $0.0007 per minute is an appropriate default termination rate. Thus, Qwest supports Verizon's suggestion that the Commission grant the states with the discretion to forego evidentiary hearings and instead set the ultimate termination rate at $.0007 as a reasonable approximation of the additional cost to terminate traffic.

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termination rate per state. As explained in the ICC Proposal, arguments grounded in a particular provider's technology base or business decisions "fundamentally misconstrue[] the purpose of a forward-looking cost methodology" [Appendix A ¶ 259], which is to assess the cost a provider would incur in reproducing the functionality going forward at issue using the most efficient means. *See, e.g.*, Appendix A ¶ 243. Thus, forward-looking costs are not governed by a specific

### 3. The Commission should eliminate the rural transport rule from the ICC Proposal.

One of the differences between the Appendix A version of the ICC Proposal and the Appendix C version is that Appendix C alters the default rules for the network edge that will become effective "[f]ollowing the transition, once carriers are charging the final uniform reciprocal compensation rate…"[40] Whereas Appendix A's version of the edge establishes symmetrical rules for all carriers, Appendix C adds the so-called "rural transport rule" stating that "[w]hen the non-rural terminating carrier's POP is located outside the rural rate-of-return incumbent LEC's service area, the rural rate-of-return incumbent LEC's transport and provisioning obligation stops at its meet point and the non-rural terminating carrier is responsible for the remaining transport to its POP."[41] This addition would effect a significant change in the status quo for carrier interconnection compensation arrangements and would impose costly new obligation on non-rural carriers. Ironically, the very next section of the ICC Proposal, "Symmetry," details the many good reasons for "symmetry in all cases once the final uniform reciprocal compensation rates become effective."[42] As that section make manifestly clear, it is also critical that the Commission establish symmetrical edge rules. Otherwise, the desired symmetry in final uniform reciprocal compensation rates will be usurped. While rates will be symmetrical, the functions governed by those rates will differ significantly among carriers. For all these reasons, Qwest echoes the strong reasoning presented by a large number of commenting

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provider's network or capabilities, and are not likely to vary significantly within a state or across providers.

[40] Appendix C ¶ 270.

[41] *Id.*

[42] *Id.* ¶ 271.

parties in asking that the Commission eliminate this proposed rule.[43] In the event the Commission imposes such a rule despite these concerns, Qwest also supports the proposed modifications to the rule proposed by Verizon.[44]

Qwest notes that this modification can be effectuated through reliance on Appendix A, rather than Appendix C, as a baseline for any Commission action, and thus does not require further editing.

### 4. The Commission should define precisely what rate elements are included in the new uniform rates during the various stages of the transition and clarify that JPSA and non-termination SS7 signaling service would not be governed by the new regime.

Numerous parties discussed, in their initial comments, the potential ambiguities around precisely what rate elements the Commission would intend to include in the new uniform rates during the various stages of the transition under the ICC Proposal.[45] These potential ambiguities arise under the ICC Proposal because of, among other things, how it articulates two of the core guideposts of the new regime. First, the ICC Proposal makes clear that intrastate "access rates" will be reduced to interstate access rate levels in stage 1 of the plan, that terminating intercarrier rates (terminating access and reciprocal compensation) will then be reduced in stage 2 to new interim uniform reciprocal compensation rates to be established by each state, and that terminating intercarrier rates will be reduced in stage 3 to a final interim uniform reciprocal

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[43] Sprint Nextel at 15-17; NCTA at 21-22; ITTA at 14-15; CTIA at 29-33; Comcast at 23-24; Verizon at 53-58; Sage at 7-9. At the same time, Qwest opposes the comments of certain other parties suggesting that special edge rules should apply for the delivery of IP traffic. NCTA at 18-21; Comcast at 21-23. There is no legal or policy basis for any such special treatment for that traffic.

[44] Verizon at 56-57.

[45] Embarq at 51-52; USTelecom at 3-5; ITTA at 11-13; Verizon at 41-58; AT&T at 12-14; NTCA at 18-23.

compensation rate to be established by the states.[46] Second, the ICC Proposal provides that, "[f]ollowing the transition, once carriers are charging the final uniform reciprocal compensation rate," new default rules regarding the network "edge" will come into effect. The new default edge rules, in turn, specify that a variety of functionality not currently covered by carrier per-minute switched access charges will be "governed by a uniform terminating rate." In order to avoid disputes and confusion that will, again, only dilute the effectiveness of any new plan, the Commission should clarify now (ideally through Part 69 rule changes to be included with the final order) precisely what access rate elements are intended to be included in the new uniform rates at each stage of the plan.

The Commission should also clarify that JPSA is not governed by the new uniform rate regime whatsoever -- *i.e.*, the status quo continues for these charges and they will continue to be applied separately (if applicable) even after stage 3, the final stage, is completed. Clearly, the better reading of the ICC Proposal is that it contemplates this. Today, JPSA is a service where two or more carriers combine to perform the functionality required to terminate a toll call from an IXC's POP to the terminating end user. JPSA is a competitive service that the originating provider, the IXC, opts to purchase in order fulfill its responsibility to get the call from its POP to the terminating carrier's edge. Under the new regime, it needs to be clarified that the function provided by the intermediate carrier of getting a call from an IXC POP to the network edge of the terminating carrier (*i.e.*, the carrier that gives dialtone to the terminating end user), is not covered by the uniform terminating rate. Instead, JPSA, like transit service described in Appendix A, para. 347, will initially continue at current tariff rates.

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[46] Appendix A ¶ 192.

Finally, the Commission should clarify that SS7 signaling service for traffic unrelated to call termination is not governed by the new regime. All Transactional Capabilities Application Part ("TCAP") messages should be excluded. In addition, ISDN User Part ("ISUP") messages unrelated to call termination should also be excluded by the terms of the ICC Proposal. For example, charges for ISUP messages associated with JPSA calls, transient calls and originating switched access calls would continue to apply as they do today. The uniform terminating rate would only cover the signaling function to terminate calls from the terminating carrier's network edge to the terminating end user.

Qwest proposes that the Commission implement the modifications discussed here in connection with JPSA and signaling by making two edits to Appendix A. First, Qwest urges the Commission to add language at the close of Appendix A paragraph 190 (perhaps in a footnote) recognizing that the approach it adopts applies only to functions performed by a terminating carrier in connection with termination from its edge to the terminating end user, and not to (1) the intermediate carrier when providing JPSA service at the request of the carrier which is responsible to deliver a terminating call to the terminating carrier's network edge or (2) uses of signaling that are not related to termination (including the provision of Transactional Capabilities Application Part ("TCAP") messages and certain ISUP messages). Second, Qwest recommends text following the final bullet point in paragraph 275 making clear which functions are covered by the interim rates in effect between the adoption of this order and the conclusion of the transition's final stage.

### 5. The ICC Proposal should also clarify that the access tariff structure remains in place.

The same issues raised about the impact of the ICC Proposal on various access rate elements also highlight the fact that the ICC Proposal does not directly address the issue of whether the new uniform terminating rate applicable to terminating switched access remains in the state and federal access tariff (*i.e.*, not an interconnection agreement and not subject to Section 252 processes) under the new plan. Once again, that is certainly the best overall reading of the ICC Proposal. Indeed, certain language in the ICC Proposal implies that this is the intent of the plan. For example, paragraph 188 states that, during the first stage of the transition, "[c]arriers will comply with state tariffing requirements or other applicable state law in effectuating those changes in intrastate terminating access rates." And, paragraph 288, addressing the implementation of the new plan, states that "the intercarrier compensation reforms will require carriers to make certain changes to their tariffs relating to carrier-to-carrier charges, and potentially also SLCs." In any final order, the Commission should go further and make it unambiguously clear that the new uniform terminating rate applicable to terminating switched access remains in the state and federal access tariff (*i.e.*, and not an interconnection agreement) under its new plan. In other words, it should clarify that the only change accomplished by its plan is that states would now have the authority to establish the terminating access rate. But, this would not change the fact that the rate and all related terms and conditions for access service remain tariffed. It would be unrealistic and contrary to the public interest to open the massive switched access tariffs to contract negotiations. If the Commission has any doubt about whether tariffs should continue to have a role under a new regime, it should, at the very least, leave it, like the subject of originating access, for a further rulemaking.

### 6. The Commission should reduce the transition period -- from ten years to five years -- and ensure that progress is made to reduce ICC rates during a transition.

Qwest supports the comments of numerous parties who advocated that the Commission reduce the transition period for the plan to five years or less.[47] Qwest also echoes the call for the Commission to give some guideposts to the states that will ensure that some progress is made to reduce ICC rates during a transition.[48] This is necessary to ensure that states make meaningful progress toward the new unified rate before the completion of the transition period. Absent meaningful further guidance on the appropriate "glide path," consumers could well find themselves waiting for ten years before even beginning to enjoy the public-interest benefits contemplated by the proposed orders. Under the intercarrier compensation regime contemplated in the ICC Proposal, state Commissions will otherwise exercise extremely broad discretion with respect to the structure of termination rates during the entire transition period. A state could move toward the permanent uniform statewide rate immediately upon the commencement of Phase III, or gradually over time, or only at the very end of the transition period. Unfortunately, there are compelling reasons to fear that, absent further structure, at least some states will resist movement toward the final uniform rate until the last possible moment. To address this, Qwest asks the Commission to require states, during Phase II of the proposed transition plan, to implement interim uniform rates that are at least halfway between the per-minute interstate access rate of the state's largest ILEC and $0.0007, and to direct states to implement these rates in two steps, at the close of transition years three and four.

[47] Sprint Nextel at 3-6; NCTA at 23; CTIA at 33-35; Comcast at 12-13 (advocating for a three-year transition); Verizon at 42 (three-to-five years); AT&T at 21-22; Sage at 10 (three-to-five years).

[48] *See*, *e.g.*, Verizon at 45-47, 59-62.

If the Commission opts to reduce the transition timeframes, Qwest urges it to make appropriate edits to paragraphs 158, 190, 192-96, and 202 in Appendix A, setting forth the details of the revised transition plan. If the Commission chooses to provide additional structure to the transition pursuant to the discussion above, Qwest urges it to insert language into paragraphs 192 and 194 of Appendix A, indicating that the interim, uniform reciprocal compensation rate (whenever it takes effect) shall be no higher than the average (*i.e.*, mean) of (1) the per-minute interstate access rate charged by the ILEC with the most access lines in the state and (2) $0.0007 per minute.

**7. The Commission should clarify that, with adoption of the ICC Proposal, under no circumstances will ICC rates reflected in current agreements rise solely by virtue of the implementation of the new uniform rate regime.**

Qwest agrees with those parties advocating that the Commission clarify that, with adoption of the ICC Proposal, under no circumstances will ICC rates reflected in current agreements rise solely by virtue of the implementation of the new uniform rate regime.[49] The ICC Proposal language addressing the status of existing ICC agreements reflects a reasonable approach. However, that language also gives rise to ambiguities which can be eliminated by simple clarifications.

There are two potential areas to address. First, the Commission uses the language "fresh look" in connection with contracts in "evergreen" status (that is, contracts whose terms have expired but which are held over pending further negotiation).[50] Specifically, the Commission

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[49] *See, e.g.,* Comcast at 14-15. Again, this issue is distinct from any change of law impacts with respect specifically to the rulings regarding the regulatory treatment of IP-to-PSTN traffic discussed at 12-14.

[50] A typical "evergreen" clause from Qwest's interconnection agreements reads as follows:

> Upon expiration of the term of this Agreement, this Agreement shall continue in full force and effect until superseded by a successor agreement in accordance with this

states that "it is appropriate for carriers to take a "fresh look" at their interconnection agreements in 'evergreen status. . . '"[51] This is potentially confusing because the term "fresh look" has been used by the Commission to denote Commission rulings that eliminate or ease termination liability in existing long-term contracts between carriers.[52] "The Commission has permitted the extraordinary remedy of fresh look in limited circumstances, to promote consumer choice and eliminate barriers to competition in markets where long-term business arrangements have essentially 'locked up' service with a former monopoly telecommunications carrier."[53] In other words, "fresh look" traditionally allows a party to a long-term contract to terminate the contract with no or limited termination liability.[54] But, this would have no meaning in the case of a contract in "evergreen" status, in which case the contract term has already expired.

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> Section 5.2.2. Any party may request negotiation of a successor agreement by written notice to the other Party no earlier than one hundred sixty (160) Days prior to the expiration of the term, or the Agreement shall renew on a month to month basis. The date of this notice will be the starting point for the negotiation window under Section 252 of the Act. This Agreement will terminate on the date a successor agreement is approved by the Commission. However, nothing relieves CLEC from fulfilling the obligations incurred under the prior Agreement.

[51] Appendix A ¶ 292.

[52] *See In the Matter of Expanded Interconnection with Local Telephone Company Facilities*, Second Memorandum Opinion and Order on Reconsideration, 8 FCC Rcd 7341, 7347-48 ¶¶ 16-17 (1993).

[53] *In the Matter of Direct Access to the INTELSAT System,* Report and Order, 14 FCC Rcd 15703, 15751 ¶ 118 (1999). The Commission uses "fresh look" "sparingly," and only where "necessary" to promote consumer choice. *In the Matter of Implementation of Section 621(a)(1) of the Cable Communications Policy Act, as amended by the Cable Television Consumer Protection and Competition Act of 1992*, Second Report and Order, 22 FCC Rcd 19633, 19644-45 ¶ 24 (2007).

[54] For example, the Commission has required that a "fresh look" termination include provision for limited termination liability to avoid a windfall to a customer that had received very low rates in return for a long term commitment. *See In the Matter of Expanded Interconnection with Local Telephone Company Facilities*, Memorandum Opinion and Order, 9 FCC Rcd 5154, 5207 ¶ 197 (1994).

Similarly, carriers would benefit from more clarification around the language in the ICC Proposal finding that the new rules constitute a "change of law," and would require invocation of the appropriate "change of law" provisions of existing interconnection agreements.[55] The better reading of this language would clearly be that the impact on existing contracts under the ICC Proposal would be as follows: in the first phase of the transition, there is no "change of law" with regard to rates covered by interconnection agreements (because phase one only affects access charges, not reciprocal compensation rates); in the second phase of the transition, some current reciprocal compensation rates will be brought down as states establish interim uniform rates that go below those current reciprocal compensation rates, meaning that there will likely be a relevant change of law with respect to some (but not all) agreements; and, in the third and final stage, where the state establishes a new final uniform rate for all traffic, almost all agreements would be subject to a "change of law." However, each of these cases should be governed by the ICC Proposals' fundamental tenet that "under no circumstances shall a carrier be permitted to increase its current rates."[56] Indeed, this tenet should govern both evergreen contracts <u>and</u> existing contracts subject to a change of law provision. However, as with the other potential ambiguities in the ICC Proposal, it will greatly assist carrier efforts in implementing the new regime if the Commission clarifies these issues.

To provide the necessary clarity, Qwest urges the Commission to make appropriate edits to paragraphs 292 and 293 in Appendix A specifying (1) that the transition plan effectuates a change of law when (but only when) it provides for a rate lower than the rate otherwise set forth in an interconnection agreement or commercial contract, and (2) that the Order *does* abrogate

[55] Appendix A ¶ 292.

existing interconnection agreements or commercial contracts insofar as those agreements or contracts would otherwise permit a carrier to *raise* its termination rates prior to the close of the transition period.

### 8. The Commission should rule that the Commission's *Computer Inquiry* rules do not apply to IP traffic on the PSTN, in the event such traffic is categorized as an information service.

Qwest supports the comments of Verizon and AT&T advocating that the Commission, should it rule that IP traffic on the PSTN is an information service, also rule that the Commission's *Computer Inquiry* rules do not apply to such traffic.[57] They argue persuasively that it simply makes no sense to extend these arcane rules from another era to such services. The same reasoning that led the Commission, in it's 2005 *Wireline Broadband Order*,[58] to avoid imposing these obligations upon broadband internet access facilities calls for the same result for IP-to-PSTN facilities.

For these reasons, Qwest asks the Commission to add language in or near paragraphs 209-211 of Appendix A (or the additional related materials that Qwest proposed to insert in its

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[56] Of course, if this were not the case, carriers would then be entitled to recover any *increased* reciprocal compensation expense as well any lost access or reciprocal compensation revenue occasioned by the implementation of the new uniform rate regime.

[57] Verizon at 25-27; AT&T at 23-27.

[58] *In the Matters of Appropriate Framework for Broadband Access to the Internet over Wireline Facilities; Universal Service Obligations of Broadband Providers; Review of Regulatory Requirements for Incumbent LEC Broadband Telecommunications Services; Computer III Further Remand Proceedings: Bell Operating Company Provision of Enhanced Services; 1998 Biennial Regulatory Review – Review of Computer III and ONA Safeguards and Requirements; Conditional Petition of the Verizon Telephone Companies for Forbearance Under 47 U.S.C. § 160(c) with Regard to Broadband Services Provided Via Fiber to the Premises; Petition of the Verizon Telephone Companies for Declaratory Ruling or, Alternatively, for Interim Waiver with Regard to Broadband Services Provided Via Fiber to the Premises; Consumer Protection in the Broadband Era,* Report and Order and Notice of Proposed Rulemaking, 20 FCC Rcd 14853 (2005), *aff'd sub nom. Time Warner Telecom v. FCC*, No. 05-4769 (and cons. cases), 507 F.3d 207 (2007).

opening comments) specifying that the application of *Computer Inquiry* unbundling requirements to IP-to-PSTN traffic would be contrary to the rationales underlying its *Wireline Broadband Order* and its various orders addressing the regulation of enterprise broadband offerings, and that it therefore expressly declines to impose such obligations.

## III. REPLY COMMENTS ON THE USF REFORM PROPOSAL.

With respect to universal service reform issues in the appended proposals, Qwest has identified in its opening comments its areas of support and concern. At this juncture, for most of the universal service reform issues, the Commission may determine that further study and consideration of the appropriate courses of action are warranted for reform implementation at a later date. But, for one universal service reform issue, the Commission must press ahead now. As a legal matter, irrespective of other universal service reform issues, the Commission must move forward with reform of the mechanism for distributing high-cost support to non-rural carriers as required by the Tenth Circuit's remand in *Qwest II*. The Commission can neither ignore nor further delay honoring its obligations under that decision. Several commenters have recognized that the Commission must respond to this judicial imperative in order to implement any legitimate high-cost reform.[59] Even if the Commission holds off on other universal service reforms, it must proceed with properly defining "sufficient" and "reasonably comparable" and modifying its distribution mechanism for high-cost support to non-rural carriers accordingly so that it provides sufficient support and reasonably comparable rates and services in rural areas served by non-rural carriers. More than three years since the Tenth's Circuit's order issued is well beyond the Court's expectation that the Commission would comply with its decision in "an

[59] *E.g.*, AT&T at 45; NJ Rate Counsel at 43-48; USA Coalition at 4-8; WUTC at 6-7; Windstream at 50; WY PSC at 3.

expeditious manner." Further delay on this issue will only compel recourse to further judicial intervention.

## IV. CONCLUSION.

For the reasons stated above, Qwest respectfully requests that the Commission take the action described herein.

Respectfully submitted,

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December 22, 2008

Its Attorneys

## EXHIBIT A

| | |
|---|---|
| AT&T | AT&T Inc. |
| CenturyTel | CenturyTel, Inc. |
| CityNet, *et al.* | CityNet, LLC, Granite Telecommunications, Inc., Paetec Communications, Inc., RCN Telecom Services, Inc. and U.S. Telepacific Corp. |
| Comcast | Comcast Corporation |
| CTIA | CTIA – The Wireless Association |
| Embarq | Embarq Local Operating Companies |
| FGIP | UTEX Communications Corp. d/b/a FeatureGroup IP |
| Free Press | Free Press |
| Frontier | Frontier Communications |
| Hypercube | Hypercube Telecom, LLC |
| Integra | Integra Telecom, Inc. |
| ITTA | Independent Telephone & Telecommunications Alliance |
| NASUCA | National Association of State Utility Consumer Advocates |
| NCTA | National Cable & Telecommunications Association |
| Nebraska PSC | Nebraska Public Service Commission |
| NJ Rate Counsel | New Jersey Divison of Rate Counsel |
| NTCA | National Telecommunications Cooperative Association |
| OPASTCO | Organization for the Promotion and Advancement of Small Telecommunications Companies |
| Sage | Sage Telecom, Inc. |
| Sprint Nextel | Sprint Nextel Corporation |
| Time Warner | Time Warner Telecom Inc. |
| USA Coalition | USA Coalition and Rural Cellular Association |
| USTelecom | United States Telecom Association |
| Verizon | Verizon and Verizon Wireless |
| WUTC | Washington Utilities and Transportation Commission |
| Windstream | Windstream Communications, Inc. |
| WY PSC | Wyoming Public Service Commission |

CERTIFICATE OF SERVICE

I, Richard Grozier, do hereby certify that I have caused the foregoing **REPLY COMMENTS OF QWEST COMMUNICATIONS INTERNATIONAL INC.** to be: 1) filed with the FCC via its Electronic Comment Filing System; 2) served via e-mail on the Competitive Pricing Division of the FCC's Wireline Competition Bureau at cpdcopies@fcc.gov; 3) served via First Class United States Mail, postage prepaid, on the parties listed on the attached service list; and 4) served via e-mail on the FCC's duplicating contractor Best Copy and Printing, Inc. at fcc@bcpiweb.com.

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