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EX PARTE

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August 30, 2010

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
Room TW-A325  
445 12<sup>th</sup> Street, S.W.  
Washington, DC 20554

Re: *In the Matters 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; *Intercarrier Compensation for ISP-Bound Traffic*, CC Docket No. 99-68; *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135, *IP-Enabled Services*, WC Docket No. 04-36; *A National Broadband Plan for Our Future*, GN Docket No. 09-51

Dear Ms. Dortch:

On August 27, 2010, representatives of Qwest, Melissa Newman, in person, and Timothy M. Boucher, Peter Copeland, Carolyn Hammack, Lisa Hensley-Eckert, Jeff Lords and Shelly Eggert, via telephone, met with Katie King, Albert Lewis, Jay Atkinson, Lynne Engledow, John Hunter, Douglas Slotten, Randy Clarke, Marcus Maher and Donald Stockdale, all of the Federal Communications Commission Wireline Competition Bureau, to discuss the above-captioned proceedings.

The attached presentation was discussed and the discussion was consistent with our prior filings in the above-referenced proceedings.

This *ex parte* is being filed electronically pursuant to 47 C.F.R. §§ 1.49(f) and 1.1206(b). Please contact me at 202.429.3120 if you have any questions.

Sincerely,

/s/ Melissa E. Newman

Attachment

Copy via email to:

Ms. Marlene H. Dortch  
Secretary  
August 30, 2010

Page 2 of 2

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# **Intercarrier Compensation Reform**

## **Ex Parte Meeting**

### **August 27, 2010**

# Agenda

- **Stating the obvious: the significance of intercarrier compensation (ICC) reform**
- **Three important elements:**
  1. **Interim action to address ICC arbitrage**
  2. **Legal authority for comprehensive ICC reform**
  3. **Access revenue recovery mechanism**

# The significance of ICC reform

**Qwest echoes the National Broadband Plan (NBP) observations re: ICC reform**

- Current ICC system crippled by inefficiencies and arbitrage
- Current ICC system never designed to promote broadband deployment
- ICC reform critical to achieving NBP goals

# Interim action to address ICC arbitrage

- Three suggested areas a good start:
  - Traffic pumping
  - Phantom traffic
  - IP voice traffic on the PSTN
  
- Additional interim steps possible (VNXX, transiting, etc.)

# Legal authority for comprehensive ICC reform

- Reducing interstate and intrastate access and reciprocal compensation charges to zero or to a small uniform rate
  
- Access revenue recovery

# **Access revenue recovery mechanism**

- Commission should ensure that carriers have adequate recovery of their lost ICC revenue**
  
- Three key components:**
  - SLC increases**
  - benchmarks**
  - access replacement fund**

# Access revenue recovery mechanism

- The FCC should create a combined benchmark that includes the basic local exchange rate (including any mandatory EAS) with the SLC.
  - ILECs that reduce intrastate and/or interstate access charges should be allowed to recover lost revenues through increases in the SLC and basic local exchange rate up to the benchmark.
  - ILECs that cannot recover their lost revenues by charging rates up to the benchmark should be eligible to recover the remaining lost revenues through the intrastate/interstate access replacement funds or CAF.

# Access revenue recovery mechanism

- Qwest supports the FCC's recommendation to encourage states to rebalance rates
  - The FCC could set up an incentive-based framework where additional federal support is available (either to offset a higher proportion of lost ICC revenue or for additional deployment of broadband) if the states both provide for rate rebalancing and establish an intrastate access reform fund.
  - If a state does not allow rate rebalancing, the SLC should be allowed to increase until the combination of the basic local exchange rate and the SLC reach the benchmark.