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June 16, 2011

Ex Parte via Electronic Filing

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

Re: *Connect America Fund*, WC Dkt. No. 10-90; *A National Broadband Plan for Our Future*, GN Dkt. No. 09-51; *High-Cost Universal Service Support*, WC Dkt. No. 05-337; *Developing a Unified Intercarrier Compensation Regime*, CC Dkt. 01-92; *Federal-State Joint Board for Universal Service*, CC Dkt. No. 96-45.

Dear Ms. Dortch:

On Tuesday, June 14, 2011, Richard S. Whitt, Director and Managing Counsel for Telecom and Media Policy, Google Inc., and Mark J. O'Connor, Joseph A. Bissonnette, and the undersigned of Lampert, O'Connor & Johnston, P.C., met with Zachary Katz, Legal Advisor for Wireline Communications, International and Internet Issues to Chairman Julius Genachowski, Sharon Gillett, Chief, Carol Matthey, Deputy Bureau Chief, Marcus Maher, Associate Bureau Chief, Rebekah Goodheart, Associate Bureau Chief, Patrick Halley, Legal Advisor, Jennifer Prime, Legal Advisor, of the Wireline Competition Bureau, Albert Lewis, Chief, John Hunter, Deputy Division Chief, Jay Atkinson, Douglas Slotten, Joseph Melanson, Randy Clarke, Travis Litman, Lynne Engledow, and Dan Ball, all of the Pricing Policy Division of the Wireline Competition Bureau, and Trent Harkrader, Chief, Amy Bender, Deputy Division Chief and Alexander Minard, all of the Telecommunications Access Policy Division of the Wireline Competition Bureau, to discuss the FCC's proposed reforms of the intercarrier compensation ("ICC") system and federal universal service program.

During the meeting, we reiterated the points established in Google's previously filed comments in the above-referenced dockets and provided meeting participants with copies of the attached materials. Specifically, we agreed that the FCC has correctly focused its universal service and ICC reform proposals on promoting the deployment and use of all-IP broadband networks, and ensuring adequate market-based incentives and government support for such networks. The Commission found last year in the *National Broadband Plan* that broadband increasingly serves as a platform over which multiple IP-based services – including voice, data and video – converge, creating extraordinary opportunities to improve American life and benefit consumers. We noted that the record before the FCC underscores that IP networks are far more

efficient and less costly for carriers, and are driving the deployment of innovative enhanced services that benefit carriers and consumers alike. We also stressed that because all broadband-related revenue streams must be fully accounted for as part of any universal service and ICC reform efforts, the FCC correctly has asked carriers for pertinent data on a range of revenue sources beyond traditional voice telephony service.

As the Commission previously has warned, carrier compensation regimes should not become a significant drag on the necessary transition to broadband and away from legacy TDM voice-centric networks. To the contrary, it is entirely appropriate for the agency to make one of its priorities encouraging a more modern and efficient use of carrier network resources. Notably, the implications of FCC action on ICC reform will be broad, and, if implemented in a forward-looking manner, could have a positive impact on non-wireline traffic exchange, such as mobile. Standalone voice traffic already is decreasing markedly relative to other forms of communications traffic; in fact, as depicted in the attached, the majority of voice traffic will be IP-based in just a few years. Accordingly, the FCC should not allow what amounts to the very small tail of legacy voice wireline services to wag the very large dog of all communications traffic exchange. In particular, per-minute voice traffic origination and termination charges are a persistent but unwelcome relic from the circuit-switched telephony era, and not best-suited for modern IP traffic and networks. However the FCC decides to alter the current access charge regime for wireline TDM traffic, such a regime should not be applied for the first time to IP traffic.

The Google representatives also explained that a future-focused traffic exchange system should be aligned with modern network cost drivers, such as a system based upon capacity used or reserved in the local network for the exchange of IP voice traffic, rather than per-minute charges. Indeed, market-based arrangements for transport of IP-based traffic typically focus on capacity or port size because actual network costs of originating and terminating IP voice traffic are better reflected by port capacity (which is based on peak hour traffic requirements) than minutes of use. Rather than relying solely on prescriptive rates, the Commission also should seek to move to a progressively more deregulatory framework for IP traffic encompassing market-based arrangements combined with a regulatory “backstop.”

We also urged the FCC to clarify the nature of IP traffic interconnection between carriers, and develop a deregulatory framework that will encourage carriers to move to more efficient IP infrastructure. We explained that, pursuant to Sections 251(a) and 256 of the Communications Act, as amended, telecommunications carriers have an obligation “to interconnect directly or indirectly with the facilities and equipment of other telecommunications carriers,” as well as “to ensure the ability of users and information providers to seamlessly and transparently transmit and receive information between and across telecommunications networks.” Thus, an entity deemed a telecommunications carrier affirmatively should offer and facilitate local IP-to-IP interconnectivity. Consistent with the recent decision in *CRC Communications*, the nature of the

particular service being carried does not necessarily impact an entity's § 251(a) obligations.¹ While many IP-based services (including VoIP) may be properly classified as information services, telecommunications carriers remain subject to the requirements of § 251(a) insofar as they are engaging in transport of telecommunications. We further discussed the substance of the "information services" definition in the Telecommunications Act of 1996, and the FCC's earlier decisions that relied upon an assessment of whether a service performed a "net protocol conversion" to classify individual service offerings. Finally, we suggested that a review of market-based IP arrangements could provide the agency with additional data to assess the state of the market and consider any appropriate steps.

Pursuant to the Commission's rules, this notice is being filed in the above-referenced dockets for inclusion in the public record. Please contact me directly should you have any questions.

Sincerely,



Donna N. Lampert
Counsel for Google Inc.

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¹ *In the Matter of Petition of CRC Communications of Maine, Inc., Declaratory Ruling*, WC Docket No. 10-143, et al., FCC 11-83, n. 96 (rel. May 26, 2011) ("*CRC Communications*").



The Tail Wagging the Dog

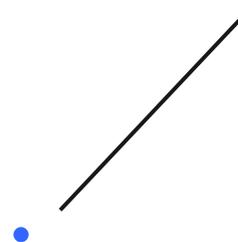
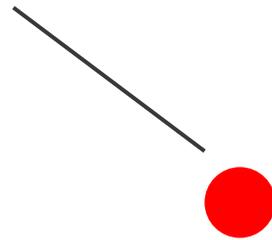
A Comparison of PSTN and IP Traffic From 1997 to 2015

Ex Parte Filing (WC Dkt. 10-90, *et al.*) – June 14, 2011

- The intercarrier compensation (ICC) regime generally has been devised around assumptions based on voice traffic on the PSTN utilizing TDM switching platforms.
- All parties agree with the FCC that TDM voice traffic is steadily migrating to IP; AT&T even claims that IP voice networks will likely converge with the Internet. Nonetheless, ICC reform proposals remain largely focused on revising the increasingly less relevant TDM voice framework.
- Meaningful ICC reforms must acknowledge that standalone voice will represent a vanishingly small segment of overall network traffic.
 - A regime that allows carriers to recover a significant portion of revenue through voice-oriented ICC would have a distorting and deleterious impact on future broadband/IP network deployment and configuration.
 - Reforms that retain the basic per-minute structure of today's ICC also will be largely obsolete before they even take effect.
- The following slides briefly illustrate the changing nature of the relationship between traditional voice traffic and modern IP-based communications.

**Interstate and Intrastate
Voice Traffic ***
54,000 TB/month

U.S. Internet Traffic
3,300 TB/month



Size reflects Relative Amount of Traffic

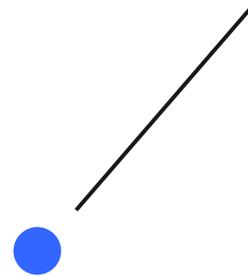
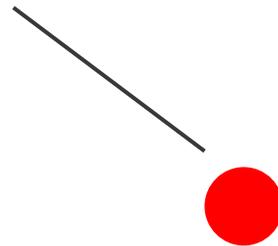
* Based on InterLATA billed access minutes of use as reported by the FCC.

2000 – Internet Grows, PSTN Usage Peaks



**Interstate and Intrastate
Voice Traffic
66,000 TB/month**

**U.S. Internet Traffic
28,000 TB/month**



Sources

K. G. Coffman and A. M. Odlyzko, *The Size and Growth Rate of the Internet*, FIRST MONDAY, Oct. 1998.

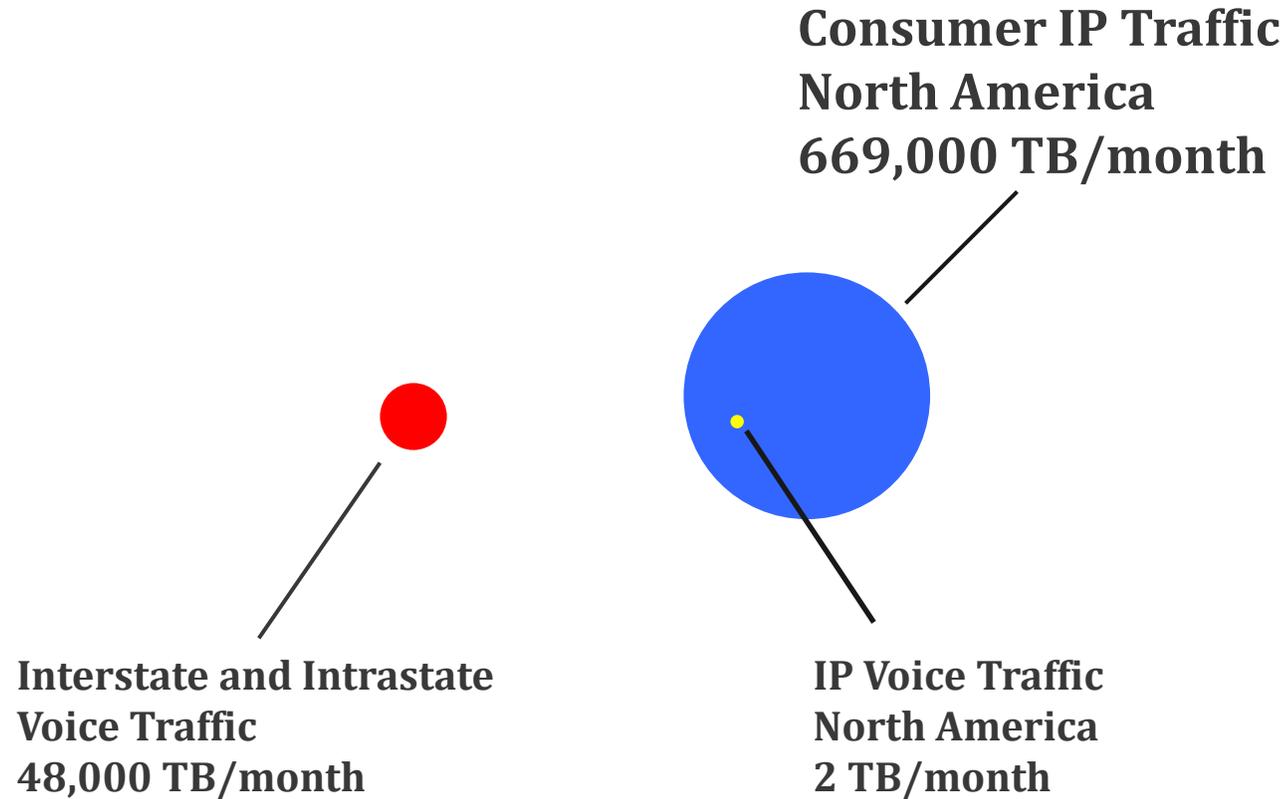
K. G. Coffman and A. M. Odlyzko, *Internet Growth: Is There a Moore's Law for Data Traffic*, AT&T Labs, June 2001.

Cisco, *Global IP Traffic Forecast and Methodology, 2006-2011*, updated Jan. 2008.

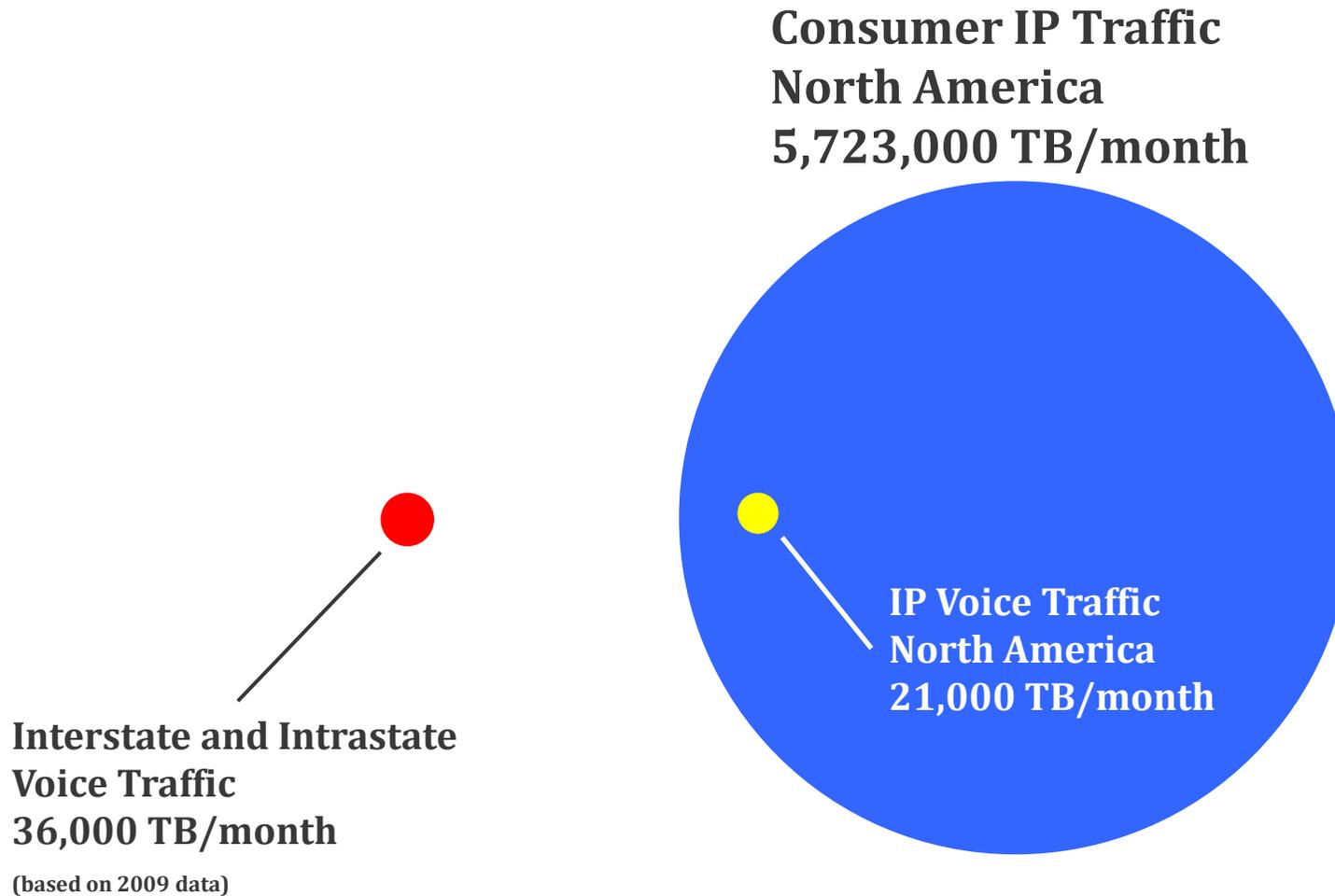
Cisco, *Cisco Visual Networking Index: Forecast and Methodology, 2010-2015*, June 2011.

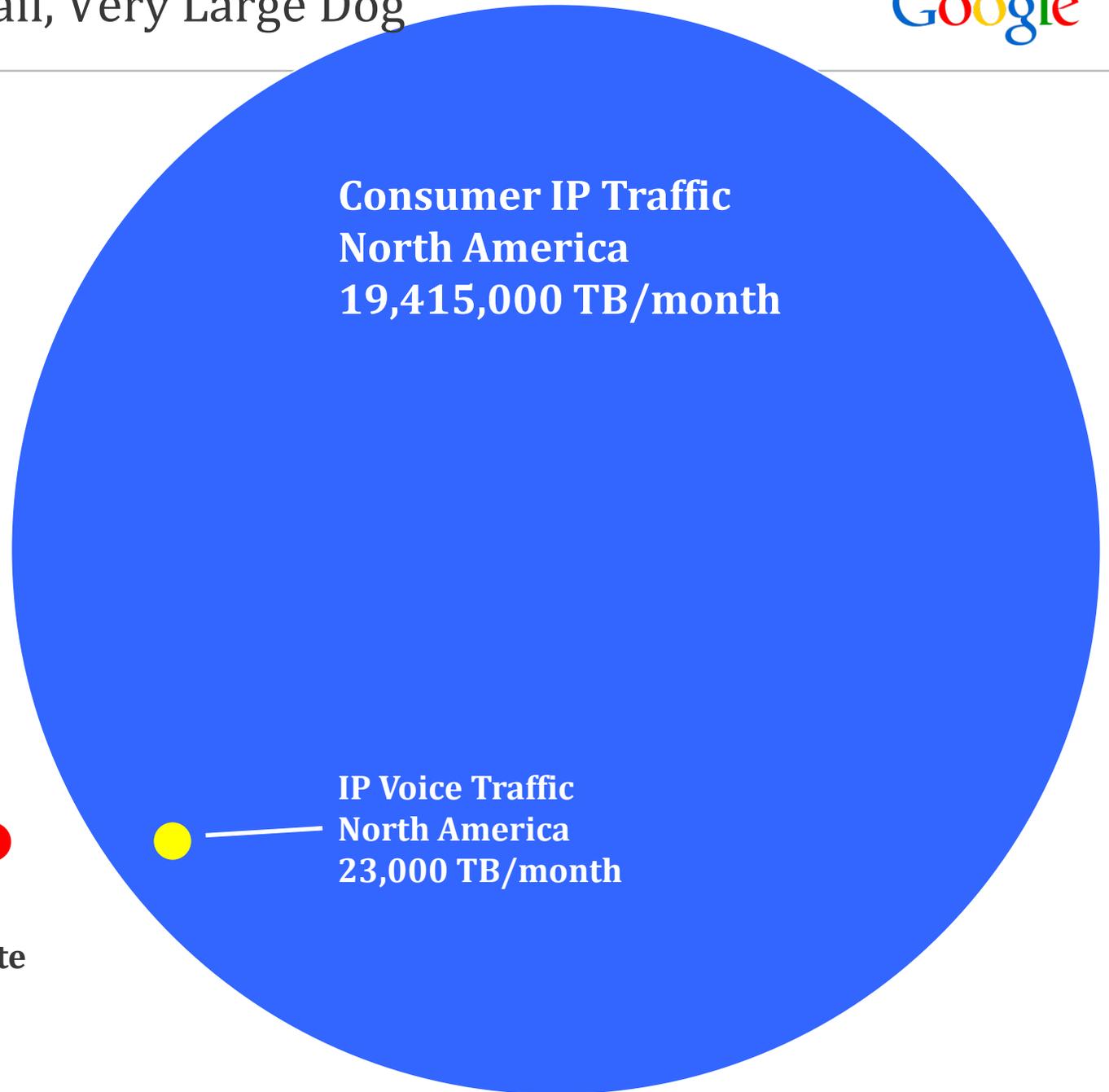
FCC, *Trends in Telephone Service*, Wireline Competition Bureau, Sept. 2010.

FCC, *Universal Service Monitoring Report*, CC Dkt. No. 98-202, rel. Dec. 2010.



2010 – IP Voice Begins Catching Up to PSTN





**Consumer IP Traffic
North America
19,415,000 TB/month**

**IP Voice Traffic
North America
23,000 TB/month**

**Interstate and Intrastate
Voice Traffic
26,000 TB/month ?
(extrapolated from 2000-2010 trend)**