

**Before the
FEDERAL COMMUNICATIONS COMMISSION**

In the Matter of)	
)	
Connect America Fund)	WC Docket No. 10-90
)	
A National Broadband Plan for Our Future)	GN Docket No. 09-51
)	
Establishing Just and Reasonable Rates for Local Exchange Carriers)	WC Docket No. 07-135
)	
High-Cost Universal Service Support)	WC Docket No. 05-337
)	
Developing a Unified Inter-carrier Compensation Regime)	CC Docket No. 01-92
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Lifeline and Link-Up)	WC Docket No. 03-109

REPLY COMMENTS OF VONAGE HOLDINGS CORP.

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Vonage Holdings Corp. ("Vonage"), through undersigned counsel, hereby submits its reply comments addressing the various Universal Service Fund ("USF") and Intercarrier Compensation ("ICC") proposals before the Federal Communications Commission's ("Commission" or "FCC"). What emerges from the nearly 200 individual comments and more than 3,000 pages of advocacy filed in response to the Commission's Further Inquiry¹ is that no true consensus has been reached, and that the Commission may be acting too hastily to adopt one of these proposals based on the misperception that it has broad support among stakeholders. Commenters have been able to identify numerous flaws with the proposals, even under a truncated timeframe. Together, the comments start to chip away at the wireline incumbents' scheme, uncovering ways in which it would ensure that resources flow away from Internet Protocol ("IP") networks toward legacy technologies.

¹ *Further Inquiry into Certain Issues in the Universal Service-Intercarrier Compensation Transformation Proceeding*, Public Notice, DA 11-1348 (rel. Aug. 3, 2011) ("*Public Notice*").

I. INTRODUCTION/SUMMARY

When the Commission issued its Notice of Proposed Rulemaking initiating this proceeding, it identified four core principles it wanted to achieve with USF/ICC reform: (1) modernizing and refocusing USF and ICC to ensure all Americans have access to robust, affordable broadband and to accelerate the transition to IP networks; (2) fiscal responsibility; (3) accountability; and (4) use of market-driven and incentive-based policies.² The so-called “consensus” proposals³ under consideration in the Commission’s Further Inquiry will not achieve these goals. Rather, as numerous parties demonstrated in comments, these proposals will only serve to perpetuate tired, outdated ICC regimes, expand obsolete Time Division Multiplexing (“TDM”) infrastructure, freeze IP deployment, stifle innovation and harm consumers. With respect to ICC, the Wireline Incumbent Proposal would shift the cost of a transition to IP networks to interconnected Voice over IP (“VoIP”) providers, technology companies and other innovators that have already developed IP solutions, while all of the benefits of the reform would flow to wireline incumbent providers and other voice-centric entities that remain mired in a TDM world.⁴

If the Commission truly wishes to set the country on a path to all IP networks and accelerate broadband deployment, it needs to adopt reforms that promote, rather than penalize IP deployment,

² *In the Matter of In the Matter of Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up*, Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, WC Docket Nos. 07-135, 10-90, 05-337 and 03-109, GN Docket No. 09-51, and CC Docket Nos. 01-92 and 96-45, 26 FCC Rcd. 4554, at ¶¶ 14, 490 (2011) (“*NPRM*”).

³ Comments of the State Members of the Federal State Joint Board on Universal Service, WC Docket No. 10-90, *et al.* (filed May 2, 2011) (“State Member Comments”); Comments of NECA, NTCA, OPASTCO and WT, WC Docket No. 10-90, *et al.* (filed April 18, 2011) (“RLEC Plan”); Letter from Robert W. Quinn, Jr. AT&T, Steve Davis, CenturyLink, Michael T. Skrivan, Fairpoint, Kathleen Q. Abernathy, Frontier, Kathleen Grillo, Verizon, and Michael D. Rhoda, Windstream, to Marlene H. Dortch, FCC, WC Docket No. 10-90, *et al.* (filed July 29, 2011) (“ABC Plan”). Although the proponents of the RLEC Plan and the ABC Plan consider the two inextricably linked and refer to them together as the “Consensus Framework,” Vonage refers to the combined effort as the “Wireline Incumbent Plan” to reflect the industry that will benefit most if their proposal is adopted.

⁴ See Comments of Bright House Networks Information Services, LLC on Further Inquiry, WC Docket Nos. 10-90, *et al.* at 5 (filed Aug. 24, 2011) (“This aspect of the ABC Plan is simply a slightly disguised effort to manipulate the Commission into using its regulatory powers to transfer wealth from the competitors who have invested in new technology – to the competitors who have not.”).

eliminate TDM, rather than perpetuate it, and shift from unverifiable, uncertain implicit universal service subsidies to clear, auditable explicit subsidies. As Vonage, Google and others recognize, the straightest path to this point is to swiftly bring down and eventually phase out high per-minute access charges for TDM traffic.⁵ VoIP, which represents the broadband, all-IP end state envisioned by the Commission, should not be singled out for higher access charges, as proposed by the Wireline Incumbent Proposal, but should instead lead the transition to zero per-minute rates. Therefore, the first step the Commission should take in ICC reform is to establish explicitly and unequivocally that all VoIP traffic is subject to bill and keep.

II. COMMENTS

A. The Wireline Incumbent Proposal is Fatally Flawed.

It is clear from the initial round of comments that, rather than a “Consensus Framework,” the Wireline Incumbent Proposal is an ILEC wish list.⁶ The individual ABC Plan, RLEC Plan and State Members’ Plan fair little better as each is supported, barely, only by its sponsors. For example, while large ILECs and some rural rate-of-return carriers⁷ stood behind the Wireline Incumbent Proposal, state regulators, CLECs, cable providers, VoIP providers, technology companies and others identified numerous failings in the proposal. Many of these commenters also pointed out ways in which the ICC regime created by the Wireline Incumbent Proposal rewards incumbents and those that have refused to transition to IP, and shifts resources toward legacy TDM facilities, in direct

⁵ Comments of Vonage Holdings Corp., WC Docket Nos. 10-90, *et al.*, at 2-3 (filed Aug. 24, 2011); Comments of Comments of Google Inc., WC Docket Nos. 10-90, *et al.*, at 15-17 (filed Aug. 24, 2011); Comments of CTIA – The Wireless Association, WC Docket Nos. 10-90, *et al.*, at 3-4; Comments of the Voice on the Net Coalition, WC Dockets 10-90, *et al.*, at 6-9 (filed Aug. 24, 2011); Comments of Sprint Nextel Corporation, WC Docket Nos. 10-90, *et al.*, at 7-9 (filed Aug. 24, 2011).

⁶ See Comments of XO Communications, LLC, WC Docket Nos. 10-90, *et al.*, at 2 (“the Commission must surely see the farce in each group simply creating individual reform plans that suit their own interests and then together filing a “Joint Statement” asking for Commission adoption of these individual plans as a “consensus framework.”).

⁷ A number of rural carriers oppose all or some portion of the Wireline Incumbent Proposal. See, *e.g.*, Comments of Rural Broadband Alliance, WC Docket Nos. 10-90 (filed Aug. 24, 2011); Comments of Independent Telephone & Telecommunications Alliance, *et al.*, WC Docket ; Nos. 10-90, *et al.* (filed Aug. 24, 2011); Comments of Texas Statewide Telephone Cooperative, Inc., WC Docket Nos. 10-90, *et al.* (filed Aug. 24, 2011); Comments of TDS Telecommunications Corporation, WC Docket Nos. 10-90, *et al.* (filed Aug. 24, 2011).

contravention of the core principles identified in the NPRM and the Commission's stated goals of encouraging broadband deployment and the conversion to an all-IP network. Finally, many comments criticized the Wireline Incumbent Proposal for its ultimate adverse effect on consumer rates, as it significantly increases the cost VoIP service and permits carriers to recover lost, or in the case of VoIP artificially lost, access revenues through increased SLC charges or other recovery mechanisms.

The clear message of these comments is that it would be a mistake for the Commission to move forward with the Wireline Incumbent Proposal. In fact, several parties, including the Tech/User's Group, Comptel, XO Communications Inc. ("XO") and Pac-West Telecomm, Inc. ("Pac-West") found such fault with that plan that they offered their own plans to amend or replace certain aspects of the Wireline Incumbent Proposal. Others noted that the Commission is moving too hastily to adopt a proposal that will not meet its stated goals and is actually a step in the wrong direction.⁸

B. The Wireline Incumbent Proposal Shifts Resources to Legacy Technology and Away from IP Investment.

Many of the comments point out that the Wireline Incumbent Proposal requires service providers to continue to maintain obsolescing infrastructure for IP-TDM conversion. These facilities are irrelevant and unnecessary in an all IP market. Consequently, any ICC regime that is based upon or incorporates a requirement for TDM facilities, like the Wireline Incumbent Proposal or any of the access charge proposals for that matter, is a significant step in the wrong direction. The right path to ICC reform minimizes reliance on legacy concepts like TDM, the PSTN and circuit-switched services and favors IP solutions.

TDM is declining in usage and may be completely or nearly non-existent when the industry moves to all-IP networks. The industry is already moving away from TDM and would likely move

⁸ The VON Coalition Comments at 2-3, 5-6; Google Comments at 11-14; Vonage Comments at 5-7; Sprint Nextel Comments at 4-7.

more quickly if the right regulatory structure were in place.⁹ Even under today's broken, TDM-centric ICC regime, it is estimated that the use of TDM will decline by more than 50% in just a few years.¹⁰ Similarly, the amount of voice traffic on the network is already just a fraction of the IP traffic from video, the Internet, cloud-based applications, online gaming and other innovative services.¹¹ The Wireline Incumbent Proposal's emphasis on the small and declining amount of voice/TDM traffic over the much larger and growing amount of IP traffic is, as Google notes, allowing the tail to wag the dog.¹² As emphasized in the comments, layering the legacy TDM-based ICC scheme on top of IP-enabled services would chain these services to a relic of the past, stifle innovation and impede the expansion of broadband to consumers.

In addition, forcing IP and technology companies to deploy and maintain outdated TDM technology is inefficient, uneconomic and serves only to enrich wireline companies.¹³ For IP and other technology companies that only deploy forward-looking IP networks and IP-based technology, maintaining unnecessary TDM infrastructure is a resource burden that reduces investment in innovation and consumer-oriented products and services.¹⁴ To make matters worse, the primary purpose of requiring IP companies to maintain TDM infrastructure is to enable the wireline incumbents and others who have not upgraded their networks to extract well above-cost ICC charges when they should be investing in transitioning to IP.¹⁵ As Bright House aptly noted, this aspect of the Wireline Incumbent Proposal is a thinly veiled effort to have the Commission transfer

⁹ NPRM, at ¶ 40; Vonage Comments at 6; The VON Coalition Comments at 8-10; XO Comments at 9-10; Google Comments at 8-11; Letter from Ad Hoc Telecommunications Users Committee, Google, Inc. Skype Communications S.A.R.L, Sprint Nextel Corporation and Vonage Holdings Corp., WC Docket No. 10-90, *et al.*, at 7-9 ("Tech/User's Proposal").

¹⁰ Google Comments at 5-6.

¹¹ Google Comments at 6-7.

¹² Google Comments at 6, 17.

¹³ Comments of MetroPCS Communications, Inc., WC Docket Nos. 10-90, *et al.*, at 17 (filed Aug. 24, 2011); The VON Coalition Comments at 8; Bright House Comments at 10.

¹⁴ Vonage Comments at 7; Comments of Comcast Corporation, WC Docket Nos. 10-90, *et al.*, at 4; Bright House Comments 10; MetroPCS Comments at 17.

¹⁵ *Connecting America: The National Broadband Plan*, at 142 (rel. March 16, 2010); Comcast Comments at 11.

wealth from the competitors that have invested in IP technology, like VoIP and IP-enabled service providers, to the competitors that have not made those investments, the ILECs.¹⁶

Most network providers, including the Wireline Incumbent Proposal supporters are moving to IP to take advantage of the efficiencies and additional revenue sources IP technology enables.¹⁷ As Google pointed out, gross margins for broadband IP services can exceed 96% with profit margins in excess of 69% for Internet access and 30% for video. At the same time that the Wireline Incumbent Proposal supporters are moving to IP to leverage this kind of return, improve the efficiency of their own networks and reduce their costs, they want to create an artificial need for their competitors to maintain TDM infrastructure in order to impose access charges on them.

The ABC Plan supporters state in their initial comments that the Commission should leave the “potential realization of consumer pass through benefits from ICC reform” to the market as it is likely to be effective in this regard and is the only practical means “to ensure that such benefits are realized by consumers.”¹⁸ The best way to allow the market to create benefits for consumers is to avoid artificial subsidies and regulatorily-created artifices that perpetuate inefficiencies and favor yesterday’s technology rather than tomorrow’s innovation. That innovation will come from IP networks. Per-minute access charges or other intercarrier compensation and legacy PSTN facilities have no place in an all-IP network. Imposing these tired, old systems on VoIP and IP-enabled services does not leave the potential realization of consumer benefits from ICC reform to the market, it prevents the market from producing those benefits. Instead, existing IP solutions should lead the transition to a market where all or nearly all traffic is IP and it is exchanged at bill and keep.

¹⁶ Bright House Comments at 5.

¹⁷ Google Comments at 8; Sprint Nextel Comments at 3; Comcast Comments at 4; Reply Comments of the Information Technology and Innovation Foundation, WC Docket Nos. 10-90, *et al.*, at 5-6 (filed Aug. 29, 2011).

See also NPRM, at ¶ 506 (noting efficiencies, decreased costs and increased revenue opportunities of IP networks).

¹⁸ Joint Comments of AT&T, CenturyLink, Frontier, Fairpoint, Verizon and Windstream, WC Docket Nos. 10-90, *et al.*, at 11 (filed Aug. 24, 2011).

C. The Wireline Incumbent Proposal Allows Carriers to Expand Their Revenue Stream and Recover Non-Existent “Lost” Revenue.

The Wireline Incumbent Proposal allows wireline incumbents to have their cake and eat it too.¹⁹ They get to expand ICC charges to VoIP, most of which has not been subject to ICC charges to date, while at the same time recapturing “lost” revenue for “reduced” VoIP access charges on a forward-looking basis even though VoIP traffic was ostensibly not a source of revenue previously.²⁰ Most VoIP traffic is not subject to ICC charges now,²¹ therefore, if the Commission were to impose bill and keep for VoIP, wireline incumbents are not losing revenue. They never had it to begin with. On the other hand, if the Commission adopts the Wireline Incumbent Proposal, it will create another revenue source for wireline incumbents while also allowing them to collect subsidies for revenue they lost by not being able to impose inflated access charges on VoIP.

Consumers lose on both sides of this proposal. On the one hand, they incur higher costs for VoIP and other IP-enabled services due to the nearly \$1 billion in increased ICC costs of these providers.²² At the same time, they are forced to subsidize the wireline incumbents’ revenue recovery through increased SLC charges, universal service charges or both. Clearly, all of the pro-consumer spin put on the Wireline Incumbent Proposal is just rhetoric.

Yet, there is a solution, supported by the ABC Plan supporters’ own evidence, that could produce billions of dollars in consumer benefits. Economist Hausman stated that zero or near zero ICC rates will produce up to \$9 billion in consumer benefits.²³ These benefits are based in part on savings from reduced ICC charges, but also on new investment and new innovative products.²⁴ These are precisely the results the Commission wants from ICC reform. Thus, as suggested by

¹⁹ Comments of the Greenlining Institute, WC Docket Nos. 10-90, *et al.*, at 6 (filed Aug. 24, 2011) (“This “nonregulation” policy does not, apparently, extend to potential competitive alternatives to the network providers’ services; for example, the ABC Plan proposes that the Commission regulate VoIP traffic, allowing network providers to collect fees for VoIP calls in addition to the fees they collect for handling VoIP data packets.”); Bright House Comments at 4-5.

²⁰ Sprint Nextel Comments at 17.

²¹ Vonage Comments at 6-7; The VON Coalition Comments at 6-7; Google Comments at 19.

²² See Sprint Nextel Comments at 19 and Attachment C.

²³ ABC Plan, Attachment 4 at 13.

²⁴ ABC Plan, Attachment 4 at 11.

MetroPCS and others,²⁵ the Commission should do as the Wireline Incumbent Proposal supporters say, adopt zero ICC compensation for all traffic starting with VoIP/IP to allow the market to produce consumer benefits, not as they do in the Wireline Incumbent Proposal.

D. The Alternative Proposals Offered by Other LECs Suffer from the Same Flaws as the Wireline Incumbent Proposal.

The “amendments” to the Wireline Incumbent Proposal supported by CompTel, Pac-West, and Earthlink, offer the same backwards step as the Wireline Incumbent Proposal. These proposals also seek to impose the above-cost access charges on VoIP during all or some portion of a transition to a reformed ICC regime. VoIP and other IP providers and innovators should not be penalized for innovating and moving toward the future. Nor should those companies that remain mired in the obsolescing TDM world be rewarded for their recalcitrance.

Like the Wireline Incumbent Proposal supporters, the advocates of these proposals seek to gain a new revenue stream at the expense of their more progressive competitors and consumers. ICC should not be a business model or even a central part of a company’s business.²⁶ It is not a service provided to consumers and it does not, on its own, provide a benefit to consumers. Yet that is exactly what a number of companies have done to leverage loopholes or ambiguity in the existing rules to make a business out of intercarrier compensation. Intercarrier compensation may have, at one time, been intended to be one way in which a carrier could recover a portion of the costs of its network.²⁷ That time has passed. The inefficiency inherent in this system is incompatible with efficient IP networks. At a time when the incremental cost of delivering voice over an IP network is less than 1/100,000 of a penny per minute and declining steadily, it makes no sense to impose per-minute charges, even a uniform rate of \$0.0007, on IP traffic. This is especially true where the exchange of traffic in the Commission’s desired end-state, all IP networks, is based on factors other

²⁵ MetroPCS Comments at 7-9 (noting that the Commission should move to a \$0.0007 rate on its way to bill and keep and should only incorporate VoIP into the scheme once the rates have settled at bill and keep); Sprint Nextel Comments at 7-11; CTIA Comments at 4 (supports transition to default bill-and-keep rate).

²⁶ *NPRM*, at ¶¶ 507, 524.

²⁷ *NPRM*, ¶¶ 45-48, 497-498.

than per-minute charges. Under an economically efficient ICC regime, like bill and keep, consumers see the true cost of their service and are free to select a service provider based on service quality, range of services, or unique offerings and not because the service provider can offer artificially low subsidized pricing.

E. The Tech/Users Proposal is the Best Path to ICC Reform.

The Tech/User's Proposal to transition all ICC to bill and keep, led by an immediate determination that bill and keep applies to all IP traffic, is the surest path to the four core principles guiding the Commission's ICC reform. As Vonage and others demonstrated in comments,²⁸ applying bill and keep to VoIP as a first step in a short transition to bill and keep for all traffic will foster the innovation and broadband deployment envisioned by the Commission. Elimination of per-minute ICC charges is the Commission's long-term goal. In addition, applying bill-and-keep to VoIP traffic supports and encourages a prompt transition to all IP networks. Any ICC regime other than bill and keep, even as an interim step, is contrary to this goal. Indeed, as Google noted, a perpetual ICC rate of \$0.0007, as proposed by the Wireline Incumbent Proposal, will slow the transition to IP.²⁹ Finally, as discussed above, a bill-and-keep regime is economically efficient and sends appropriate price signals to consumers. Rather than passing on the cost of service to competitors through ICC charges that are subject to a terminating monopoly, bill and keep shifts the cost to end user rates, which are subject to competition. Thus, bill and keep leaves the "potential realization of consumer pass through benefits" to the market, which is the only practical means "to ensure that such benefits are realized by consumers."³⁰

Other parties have criticized the arbitrary \$0.0007 rate in the Wireline Incumbent Proposal as not going far enough and not reflecting the actual, near-zero, cost of transport and termination of

²⁸ Vonage Comments 2-5; Google Comments at 15-17; The VON Coalition Comments at 6-9; Sprint-Nextel Comments at 17-19.

²⁹ Google Comments at i, 15-16.

³⁰ AT&T, *et al.* Comments at 11.

IP traffic.³¹ For example, CTIA, MetroPCS and Sprint-Nextel support the ABC Plan's \$0.0007 rate as a good starting point, but encourage the Commission to take the next step and apply bill and keep to all traffic. Significantly, MetroPCS astutely suggests that in order to avoid shock to providers and consumers that IP and technology companies have warned will occur if ICC charges are applied to VoIP, VoIP should only be brought into an ICC reform glide-path when rates reach zero.

The ABC supporters note that a uniform rate of \$0.0007 will eliminate most arbitrage opportunities, but not all.³² In other words, the Wireline Incumbent Proposal gets the Commission half-way to its goal. In contrast, applying bill and keep to all traffic gets the Commission all the way to its goal of eliminating arbitrage opportunities. Because all traffic will be subject to the same charge – zero – there will be no incentive or opportunity for providers to take advantage of arbitrary classifications to reduce their ICC cost or increase their ICC revenue. Significantly, as a number of parties noted, in order to ensure the eradication of all arbitrage opportunities, the Commission must address originating access charges at the same time it reforms terminating access charges.³³ Failing to do so will leave a huge hole into which arbitrageurs will flood.

Arguments by some that an ICC rate of \$0.00 would not compensate carriers for transport and termination are unavailing. As noted, per-minute charges are incompatible with IP networks.³⁴ In addition, other methods of compensation are available and already being used for IP-to-IP traffic, such as charges based on capacity or ports. Finally, the intent of a bill-and-keep regime is to enable providers to become more efficient and pass on those saving to their customers.

F. Elements the Wireline Incumbent Proposal Got Right.

Despite all of the criticisms of the Wireline Incumbent Proposal, there are some aspects of ICC reform that it got right. For one thing, a significant majority of the commenters agree that the

³¹ CTIA Comments at 4; Sprint-Nextel Comments at 17; MetroPCS Comments at 4, 7-9; Google Comments at 16-17.

³² Comments of AT&T, *et al.* at 22.

³³ Google Comments at 12, 18; Rural Broadband Alliance Comments at 32-33; Texas Statewide Telephone Cooperative Comments at 7.

³⁴ *NPRM*, at ¶ 40.

Commission, rather than states, should set intrastate access rates (Vonage suggested they be set at \$0.00) as part of ICC reform. Allowing states to determine rates or structure will result in 50 different approaches to ICC reform, which will produce opportunities for arbitrage based upon rate differences between states or between interstate and intrastate rates. Some parties assert that the jurisdiction of VoIP traffic cannot be accurately determined. It is a virtual certainty that if the Commission allows states to develop intrastate ICC structures that impose significantly higher rates on VoIP, someone will develop a way to identify the jurisdiction of traffic in order to take advantage of the difference.

In order for ICC reform to work and produce accelerated broadband deployment and expanding IP networks, it must be uniform across all jurisdictions. A streamlined, consistent plan for reform is the only way to ensure it accomplishes the goals set out by the Commission. Only the Commission can impose a uniform, streamlined consistent ICC structure. The ABC Plan provides a lengthy, detailed legal analysis supporting the Commission's authority to impose ICC charges (or no charges) on all traffic that touches the PSTN.³⁵ While Vonage does not agree with the result proposed by the ABC Plan, Vonage agrees that the Commission has ample authority to reform both interstate and intrastate ICC charges. Vonage encourages the Commission to use this authority to start the industry on the path to all-IP networks by applying bill and keep to VoIP now.

The ABC Plan supporters and others recognize that the industry can use traffic factors or other means to identify VoIP traffic. Thus, contrary to the claims of those that seek to undermine a smooth transition away from TDM, it is clear there are options the Commission could use to enable providers to identify the VoIP traffic. For example, in addition to the proposals offered by Vonage and XO to use Calling Party Number or the Jurisdictional Indicator Parameter to identify VoIP traffic, PAETEC proposes that the Commission direct NECA to create a new Operating Company Number ("OCN") code, similar to the IP-Enabled Service Provider Code, to identify VoIP providers and VoIP

³⁵ ABC Plan, Attachment 5.

traffic.³⁶ This proposal would provide a disincentive for carriers to game the system or engage in arbitrage because they would have to affirmatively apply for a “VoIP” OCN in order to claim their traffic is VoIP. However, this option may not be feasible for providers that are not 100% VoIP, so it may be that this solution will work best in combination with another method for identifying VoIP.

Time Warner Cable claims that the proposals for identifying traffic in the record now would impose onerous burdens on VoIP providers.³⁷ Vonage is the proponent of one such plan and it recognizes that any burden imposed on VoIP providers by calling signaling or other requirements for identifying VoIP traffic are appropriate and only short-term. Once all traffic is at bill-and-keep, there will no longer be a need to identify VoIP traffic. More importantly, the administrative burden of call signaling requirements pales in comparison to the burden that would be imposed on VoIP providers if the Commission imposes legacy, TDM-centric, backward-looking ICC charges on VoIP.

³⁶ Comments of PAETEC Holding Corp. on Further Inquiry Public Notice, WC Docket Nos. 10-90, *et al.* at 25 (filed Aug. 24, 2011).

³⁷ Comments of Time Warner Cable, Inc., WC Docket No. 10-90, *et al.*, at 8-9 (filed Aug. 24, 2011).

III. CONCLUSION

For the reasons discussed above, Vonage respectfully requests that the Commission reject the ICC reform proposals of the so-called Consensus Framework supported by the wireline incumbent carriers and instead immediately adopt bill-and-keep for all IP traffic as the first step in a transition to bill and keep for all traffic.

Respectfully submitted,



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