

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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 Intercarrier 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
)	
Universal Service Reform – Mobility Fund)	WT Docket No. 10-208

REPLY COMMENTS OF COMCAST CORPORATION

Comcast Corporation (“Comcast”) and its affiliates hereby submit these reply comments in response to the Report and Order and Further Notice of Proposed Rulemaking released by the Federal Communications Commission (“FCC” or “Commission”) in the above-captioned proceeding.¹

¹ *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; Universal Service Reform – Mobility Fund*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (2011) (FCC 11-161) (“Order” or “Further Notice” or “Order and FNPRM”).

I. INTRODUCTION AND SUMMARY

As Comcast advocated in its initial comments, the Commission's additional reforms to the intercarrier compensation ("ICC") regime should promote efficiency, encourage a competitive marketplace, and avoid the imposition of new economic distortions. Consistent with these overriding goals, the Commission should not permit incumbent local exchange carriers ("LECs") to recover revenues from the Connect America Fund ("CAF") or the Access Recovery Charge ("ARC") based on originating access, including 8YY, minutes of use destined for an affiliated entity. Further, the Commission should not adopt new point of interconnection ("POI") or network edge requirements during the transition to bill-and-keep or extend application of the rural transport rule. Commenters in the proceeding have shown that doing so would require unnecessary, costly, and disruptive network reconfigurations. Similarly, in order to avoid unintentionally burdening providers, the Commission should not extend the revised call signaling rules to one-way VoIP service providers at this time. Finally, the record demonstrates that regulation of IP-to-IP voice interconnection arrangements is both unnecessary and potentially harmful.

II. INCUMBENT LECS SHOULD NOT RECEIVE REPLACEMENT REVENUE FOR ORIGINATING ACCESS TRAFFIC DESTINED FOR AN AFFILIATED ENTITY

A wide array of commenting parties support Comcast's recommendation that the Commission not permit incumbent LECs to recover revenues from the CAF and/or ARC based on originating access, including 8YY, traffic destined for an affiliated entity.² For example, T-Mobile notes that "ILECs that provide long distance services through affiliates should receive no CAF ICC replacement because, there, the originating access charge is solely an internal

² Comments of Comcast Corporation at 5-7. (Unless otherwise indicated, all comments cited herein were filed in WC Docket No. 10-90 on February 24, 2012.)

bookkeeping charge, rather than a real reduction in ICC revenues to the ILEC corporate entity.”³ Indeed, while a number of parties oppose any incumbent LEC recovery mechanism for reduced originating access revenues,⁴ even parties favoring some relief agree that “recovery from the CAF [should be] available to incumbent LECs . . . only for the limited purpose of replacing revenue that had been generated by a non-affiliate interexchange carrier.”⁵

The limitation supported by Comcast and other parties would help to minimize the “additional consumer burden associated with the transition of originated access traffic.”⁶

Measures designed to ease consumer financial burdens are particularly important at a time when the universal service contribution factor remains very high.⁷ More than sixty percent of

³ Comments of T-Mobile USA, Inc. at 18. *See also* Comments of iBasis Retail, Inc. and Cinco Telecom Corp. at 9 (“Leveling the playing field by eliminating originating access charges for calls placed on wireline networks will not cause economic hardship. . . . For those carriers that have integrated local and long distance operations, . . . the originating access charges are simply an imputation charge from one affiliate to another.”).

⁴ *See, e.g.*, Comments of Cbeyond, Inc.; EarthLink, Inc.; Integra Telecom, Inc.; and tw telecom inc. at 8 (“Cbeyond, *et al.* Comments”) (“[E]ven if the Commission does reduce originating access rates, it should not permit incumbent LECs to recover the resulting lost revenues from the ARM.”); Comments of COMPTTEL at 34 (“COMPTTEL Comments”).

⁵ Comments of Windstream Communications, Inc. at 4. *See also* Comments of AT&T Inc. at 73-74 (“AT&T Comments”) (“[I]t bears noting that . . . recovery will not be needed by LECs serving the vast majority of Americans, which will benefit from the lower costs incurred by their long-distance affiliates or wholesale partners under the proposed plan.”).

⁶ Order and FNPRM ¶ 1301. The transition that the Commission adopts for originating access traffic will extend to VoIP-PSTN traffic. Verizon claims without substantiation that “[f]or VoIP-PSTN traffic, the Commission has already established that originating access charges are to follow the same transition as terminating charges.” Comments of Verizon and Verizon Wireless at 4 (“Verizon Comments”). The Order, however, is clear that originating access charges for VoIP-PSTN traffic will be phased down “pursuant to a transition to be specified in response to the FNPRM.” Order and FNPRM ¶ 961 n.1976.

⁷ *Proposed Second Quarter 2012 Universal Service Contribution Factor*, CC Docket No. 96-45, Public Notice, DA 12-396 (rel. March 13, 2012) (setting the contribution factor for the second quarter of 2012 at 17.4 percent); *Proposed First Quarter 2012 Universal Service Contribution Factor*, Public Notice, 26 FCC Rcd 16814 (2011) (DA 11-2020) (setting the contribution factor for the first quarter of 2012 at 17.9 percent).

residential and business subscribers are presubscribed to the incumbent LEC or its affiliate for long distance service.⁸ Therefore, this limitation on recovery revenue is likely to provide significant relief for consumers while also helping to ensure that the Commission stays within its CAF budget.⁹

III. THE COMMISSION SHOULD NOT CREATE NEW POINT OF INTERCONNECTION OR NETWORK EDGE REQUIREMENTS DURING THE BILL-AND-KEEP TRANSITION

The Commission seeks comment in the Further Notice on whether to replace or revise the current POI rules or to define the “network edge” during the transition to a bill-and-keep regime for terminating voice traffic.¹⁰ Comcast agrees with other commenters that there is no need for the Commission to modify the *status quo* during this period. The record contains ample evidence from a variety of commenting parties that “existing interconnection arrangements and network engineering practices are flexible enough to address changes resulting from the adoption of bill-and-keep.”¹¹ Indeed, “[t]here is nothing inherent in the fact that the rate levels are approaching and eventually become zero that would dictate a change in POI configurations.”¹² Accordingly, as NCTA asserts, imposing new or different requirements now “would impose unnecessary costs during a transitional period.”¹³

⁸ Local Telephone Competition: Status as of December 31, 2010, Industry Analysis and Technology Division, Wireline Competition Bureau, Federal Communications Commission, at Table 7 (October 2011), *available at*: <http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-310264A1.pdf>.

⁹ See COMPTEL Comments at 34.

¹⁰ Order and FNPRM ¶¶ 1316-1321.

¹¹ Cbeyond, *et al.* Comments at 16.

¹² Comments of XO Communications, LLC at 7 (filed Feb. 27, 2012).

¹³ Comments of the National Cable & Telecommunications Association at 8-9 (“NCTA Comments”). See also COMPTEL Comments at 8-9 (“[T]he Commission’s POI (and network

Similarly, the Commission should deny the Rural Associations' request to "clarify" that the interim rural transport rule¹⁴ applies to wireline carriers.¹⁵ The Commission clearly and explicitly rejected such a broad expansion of the rural transport rule in the Order.¹⁶ As the Commission observed in denying that proposal, the narrow justification for the interim transport rule simply does not apply to other forms of traffic. The Commission adopted an accelerated move to bill-and-keep for LEC-CMRS reciprocal compensation traffic and designed the interim transport rule to "ease the move to bill-and-keep LEC-CMRS traffic for rate-of-return carriers."¹⁷ By contrast, the Commission adopted a gradual transition for wireline traffic exchanges with rate-of-return carriers that spans nearly a decade and is accompanied by generous access revenue replacement mechanisms.¹⁸

edge) policies that will apply only to the traditional circuit-switched network should be developed to minimize network disruption and rearrangements.") (emphasis in original).

¹⁴ See 47 C.F.R. § 51.709(c).

¹⁵ Comments of the National Exchange Carrier Association, Inc.; National Telecommunications Cooperative Association; Organization for the Promotion and Advancement of Small Telecommunications Companies; and the Western Telecommunications Alliance at 25.

¹⁶ See Order and FNPRM ¶ 999 n.2112 ("We note that some commenters proposed a similar but broader rule that would have applied to traffic exchanged between a rural, rate-of-return LEC and any other provider, CMRS or not. . . . Because we adopt this as an interim rule to address concerns arising from our immediate adoption of bill-and-keep for non-access traffic with CMRS providers, a narrower rule that applies only to traffic between rural, rate-of-return LECs and CMRS providers is warranted.") (citations omitted).

¹⁷ Order and FNPRM at ¶ 997; *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rate 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; Universal Service Reform – Mobility Fund*, Order on Reconsideration, 26 FCC Rcd 17633, ¶ 7 & n.24 (2011) (FCC 11-189) (changing the effective date for moving to bill-and-keep for such traffic from December 29, 2011 to July 1, 2012 and adjusting the timing of the rural transport rule to correspond with that change).

¹⁸ See, e.g., 47 C.F.R. § 51.909(j).

IV. THE COMMISSION SHOULD NOT EXTEND CALL SIGNALING RULES TO ONE-WAY VOIP SERVICE PROVIDERS

Comcast has been a strong supporter of the Commission's efforts to curb the transmission of "phantom traffic" that lacks the information needed to enable the proper billing of transport and termination charges.¹⁹ The record makes clear, however, that extending the revised call signaling rules to one-way VoIP service providers would be premature at this time.²⁰ Industry groups such as the Alliance for Telecommunications Industry Solutions are "only beginning" to consider "such issues as the technical feasibility of transmitting call signaling data in the context of new technologies."²¹ Consequently, "when there are neither industry studies nor preliminary industry recommendations for the Commission to review, any agency rulemaking would be conducted in a near-vacuum, and the record would be far from complete."²²

The potential impact of extending these signaling rules to one-way VoIP providers on numbering resources illustrates the risks of adopting new requirements at this time. In many circumstances, there is no inbound traffic associated with a one-way VoIP service. As a result, the calling party has no telephone number for the VoIP provider to pass on to a subsequent provider via a call signaling field as the call signaling rules require.²³ Solving this issue by assigning 10-digit NANP or ITU E.164 numbers to non-interconnected VoIP providers would

¹⁹ See, e.g., Comments of Comcast Corporation, WC Docket No. 10-90, at 9-10 (Apr. 1, 2011).

²⁰ See e.g., Comments of Google Inc. at 8 ("The FCC should not expand further its new call signaling rules, especially since it lacks a full understanding of current technical impediments to compliance with existing rules . . .")

²¹ Comments of HyperCube Telecom, LLC at 16-17.

²² *Id.* at 17.

²³ Comments of Level 3 Communications, LLC, WC Docket No. 10-90, at 25-26 (Aug. 24, 2011).

“greatly exacerbate number exhaust” and “raise a host of related regulatory issues” that the Commission and the industry would need to consider before applying the call signaling rules.²⁴

The Commission can and should avoid the risks of adopting new call signaling requirements without a comprehensive record regarding the technical feasibility and policy implications of such initiatives.

V. THE COMMISSION SHOULD NOT REGULATE IP-TO-IP INTERCONNECTION

Government intervention into IP interconnection arrangements at this time is both unnecessary and potentially harmful. Commenters correctly noted that the Internet has thrived, free of government interference, and has emerged as a dynamic engine of economic growth and technological change.²⁵ As CenturyLink asserts, “regulatory restraint has allowed technology to develop and the Internet to grow and evolve efficiently, with IP interconnection rates, terms and conditions tailored to the nature of the interconnecting providers and the services they

²⁴ *Id.* at 26.

²⁵ *See, e.g.*, AT&T Comments at 14 (“[T]he Internet has abundantly rewarded [the FCC’s] longstanding policy of ‘unregulation,’ and the marketplace for peering and transit services in particular has functioned with extraordinary efficiency.”); Comments of the United States Telecom Association at 7 (“One of the hallmarks of the development of IP networks to date has been the ability of those networks to grow and thrive in the absence of regulatory mandates. . . . IP networks continue to be deployed at an increasing rate. Accordingly, regulatory intervention by the Commission is, at best, premature and unwarranted.”); Verizon Comments at 11 (“The commercial arrangements that underlie and self-regulate the Internet enable it to adapt quickly to market changes and innovations, and technology changes, to best fit consumer needs and evolving demands.”); *id.* at 20 (“[T]he Internet experience demonstrates that negotiated agreements are the most effective way to ensure efficient interconnection arrangements and efficient network development. By contrast, economic literature is replete with findings that inappropriate regulation can substantially reduce consumer welfare by harming innovation and delaying the expansion of output.”).

provide.”²⁶ Moreover, these parties recognize that reversing the federal hands-off policy toward the Internet could have devastating effects.²⁷

Commenters also echo Comcast’s concern that Commission regulation of IP-to-IP interconnection would send precisely the wrong signal to foreign regulatory authorities eager to expand their jurisdiction over Internet service providers operating within their borders. These commenters aptly note that the federal government consistently has opposed such international regulatory initiatives²⁸ and that Commission regulation of any aspect of IP interconnection at this time would undermine the U.S. government’s long-standing efforts to deter the ITU and other countries from regulating the Internet.²⁹

Finally, it is noteworthy that even proponents of government regulation of IP voice interconnection arrangements agree that regulatory authority should not be extended to transit, peering, and other interconnection arrangements covering Internet data traffic.³⁰ For example, Bandwidth.com argues that “[t]he scope of the Commission’s rules . . . should be narrowly

²⁶ Comments of CenturyLink at 42.

²⁷ *See, e.g., id.*; AT&T Comments at 23-24 (adopting IP-to-IP interconnection requirements would “inflict wasteful costs on the Internet ecosystem in the form of diminished innovation, redundant infrastructure, and decreased economies of scale and scope”).

²⁸ *See, e.g., id.* at 26 (“The federal government . . . ‘firmly believes that establishing even high-level principles of price regulation for Internet charging arrangements based on the old telephony model would undermine the opportunities for broad and sustained development that are a fundamental characteristic of this technology[.]’”) (citing Submission of the United States of America on ITU WTSA-2000, Document 49-E, at 7).

²⁹ *See, e.g.,* Verizon Comments at 22-23 (“A regulatory mandate for IP voice interconnection would jeopardize Internet freedom by encouraging international efforts to regulate the Internet.”).

³⁰ *See, e.g.,* Comments of Charter Communications, Inc. at 7 n.19 (“The Commission should limit the application of IP interconnection mandates to voice traffic.”); NCTA Comments at 7 (“the Commission should make absolutely clear that any rights and obligations it establishes . . . do not extend to broadband ISPs or backbone providers”); Comments of Time Warner Cable Inc. at 16-17.

tailored so as to avoid any suggestion that it would regulate information services that have heretofore thrived in a largely unregulated environment.”³¹

In short, the Commission’s long-standing deregulatory Internet policy has produced unprecedented economic and technological benefits and the record in this proceeding provides no basis for the imposition of regulatory controls over IP-to-IP interconnection arrangements.

VI. CONCLUSION

For the foregoing reasons, the Commission should not permit incumbent LECs to receive revenue recovery for originating access traffic destined for an affiliate, create new POI or network edge rules during the bill-and-keep transition, extend the call signaling rules to one-way VoIP providers, or impose any regulatory controls on the Internet.

Respectfully submitted,

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March 30, 2012

³¹ Comments of Bandwidth.com, Inc. at 8.