

**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 an 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
	)	

**REPLY COMMENTS OF FREE CONFERENCING CORPORATION ON FURTHER  
NOTICE OF PROPOSED RULEMAKING—SECTION XVII.L-R**

March 30, 2012

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## 1. Introduction

FreeConferenceCall.com has previously filed comments and reply comments in the Notice of Proposed Rulemaking that produced the Order by the Commission on November 18, 2011.<sup>1</sup> FreeConferenceCall.com also filed comments in the Further Notice of Proposed Rulemaking which focused on origination; transport and termination; arbitrage under bill and keep; Subscriber Line Charge levels; IP to IP interconnection; and tariffs and agreements.<sup>2</sup> In this document, FreeConferenceCall.com will present its reply comments to the Further Notice of Proposed Rulemaking on the Order.

Although FreeConferenceCall.com uses IP technology in various situations to manage and connect its voice communications, we do not accept the premise of IP's superiority expressed by many commenters. The question when it comes to IP and PSTN voice communications is not just price and/or efficiency; it must also include quality considerations. There are pejorative statements made toward the PSTN, toward Intercarrier Compensation (ICC), toward any of the mechanisms intended to provide near-universal voice communication within a competitive marketplace under the 1996 Telecommunications Act.

For example, AT&T wants to keep intercarrier compensation regulation from "infecting" the Internet, as if it has not profited handsomely from that regulation for

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<sup>1</sup> FreeConferenceCall.com Comments and Reply Comments to NPRM (4/1/11; 4/18/11; Further Inquiry Comments 8/24/11; 9/6/11)

<sup>2</sup> FreeConferenceCall.com Comments on FNPRM, Section XVII.L-R (2/24/12)

over 15 years.<sup>3</sup> In this light, AT&T seeks a date to sunset the PSTN (and mandatory TDM connection).<sup>4</sup> With recent examples of call quality and call completion problems – many due to IP communications - we strongly believe that the proper policy approach is not to set sunset dates for the PSTN, but to set standards for VoIP. When VoIP can meet the call quality and reliability standards of PSTN voice communications as defined by the Commission with broad input, then it is time to discuss a transition to all-IP networks.

A second important component of this public policymaking process is the economic stability of the voice communications marketplace. FreeConferenceCall.com has expressed a fundamental question throughout this proceeding: if consumers are not paying for origination, transport, and termination, what are they paying for? As in any other economic transaction, market participants must pay for services that they have received. NASUCA and others concur in their comments, “Crucially, all call must make a contribution to recovery of joint and common costs. Bill-and-keep fails in that regard.”<sup>5</sup> This is not to say that driving ICC payments down to a narrow band, perhaps an urban rate and a rural rate, is not appropriate, with adjustments for high call volumes in rural areas as the Commission included in the Order. Whether in origination or in transit/transport, the Commission should undertake a process to develop cost-based rates for these components of a call to compensate carriers.

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<sup>3</sup> AT&T Comments on FNPRM, p 1 (2/24/12)

<sup>4</sup> AT&T Comments on FNPRM, p 5 (2/24/12)

<sup>5</sup> NASUCA et. al. Comments on FNPRM, p 5 (2/23/12)

## 2. Origination

While the two largest carriers (AT&T and Verizon) and the VoIP providers (Google and VON Coalition) want to eliminate ICC for origination, it is important to note that the third largest carrier (CenturyLink), rural carriers and consumer advocates oppose this approach.<sup>6</sup> Indeed, there is not much of a consensus.

Adhering to a cost-based model is a rational approach, whereby the former commenters see origination rate reductions and the latter achieve some certainty and there is compensation for initiating calls.

## 3. Transport and Tandem

In general, FreeConferenceCall.com associates itself with CenturyLink's comments on transport and tandem.<sup>7</sup> The Commission should not take any further regulatory action towards these services beyond what is already accomplished in the Order. In order to have a strong foundation for rationalizing the rates for transport and tandem switching, a nationwide TELRIC-like analysis should be undertaken to establish what a just and reasonable band would look like. Then, armed with this data, the Commission could set proper compensation for services provided by carriers or third parties.

## 4. IP to IP Interconnection

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<sup>6</sup> AT&T Comments on FNPRM, p 71 (2/24/12); Verizon Comments on FNPRM, p 4 (2/24/12); Google Comments on FNPRM, p 3 (2/24/12); VON Coalition Comments on FNPRM, p 2 (2/24/12); CenturyLink Comments on FNPRM, p 2 (2/24/12); NECA, NTCA, OPASTCO, and WTA Comments on FNPRM, p 9 (2/24/12); and NASUCA et. al. Comments on FNPRM, p 5 (2/23/12)

<sup>7</sup> CenturyLink Comments on FNPRM, p ii (2/24/12)

The interesting fact in reviewing the comments on IP to IP Interconnection is that AT&T takes 36 pages and Verizon takes 31 pages to attack the concept of some regulatory backstop for IP to IP Interconnection.<sup>8</sup> US Telecom parrots these views, and makes the flawed argument that regulatory intervention in IP to IP Interconnection is a disincentive to migrate to IP networks, all the while hyping the growth of VoIP and IP networks.<sup>9</sup>

If this growth is so preordained, it certainly cannot be derailed by some basic standards to frame negotiations on interconnection: connectivity should not be denied, and pricing for similar services within the ranges set by the Commission are the benchmarks. Enforcement should be a regulatory function, best managed by the Commission and state regulators. One additional consideration is that obligations from an IP to IP Interconnection agreement should involve the IP network operator and all of its affiliates, as proffered by Sprint.<sup>10</sup> To counter the US Telecom false choice, in any aspect of economic life, strong growth is its own incentive to enter a market.

## 5. Tariffs and Agreements

With regard to how interconnection is priced, tariffs AND interconnection agreements need to be available to the parties to engage in providing services to their mutual customers. Two significant factors argue for continuing this flexible approach: simple administration and enforcement.

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<sup>8</sup> AT&T Comments on FNPRM, p 9-45 (2/24/12); Verizon Comments on FNPRM, p 9-40 (2/24/12)

<sup>9</sup> US Telecom Association Comments on FNPRM, p 7 (2/24/12)

<sup>10</sup> Sprint Comments on FNPRM, p v (2/24/12)

The various rural carrier associations describe the administrative challenge of relying solely on interconnection agreements,

In today's environment, with significantly more service providers, small companies often find themselves without the resources or leverage to negotiate fair interconnection agreements with larger carriers, who typically refuse to consider reasonable modifications to standard agreements. A system basing all ICC on dozens or even hundreds of negotiated agreements would place enormous strains on RLECs and leave them vulnerable to unfair and unreasonable terms and conditions.<sup>11</sup>

This administrative nightmare would affect every small, medium, and competitive carrier nationwide. Tariffs allow for a level of homogeneity in business relationships that cannot be underestimated.

As for enforcement, tariffs reduce the amount of oversight at the Commission. Having to review or oversee all of the components of each and every interconnection agreement for compliance with statutes and regulations would be an impossible task, leading to a lack of enforcement.

## 6. Conclusion

Despite the roadmap laid out by the Order, and because of it, there is much uncertainty in the voice communications marketplace. In the first quarter of this year, we have seen continued nonpayment issues, we have seen spoofing, we have seen traffic dumping, and we have seen call blocking. It is vital for the Commission

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<sup>11</sup> NECA, NTCA, OPASTCO, and WTA Comments on FNPRM, p 29 (2/24/12)

to continue its clarification and enforcement of the Order and related matters to bring stability to the marketplace. The Commission must create an environment for carriers to develop business plans, book revenue, and eliminate damaging disputes.

This proposed Further Notice, against the backdrop of such uncertainty, should not add much beyond some protections to retain competitive markets and some stability for carriers and VoIP providers so that they can do what they do best—provide world class voice communications.