Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of AT&T Petition to Launch a Proceeding Concerning the TDM-to-IP Transition	)	
Petition of the National Telecommunications Cooperative Association for a Rulemaking to Promote and Sustain the ongoing TDM-to-IP Evolution	)	Docket No. 12-353
Technology Transitions Policy Task Force	)	Docket No. 13-5

To: The Commission

COMMENTS OF THE TELECOMMUNICATIONS INDUSTRY ASSOCIATION

The Telecommunications Industry Association ("TIA")[1] supports the broad objectives of AT&T and the National Telecommunications Cooperative Association ("NTCA")'s petitions (collectively, "Petitions")—as well as the Federal Communications Commission's ("Commission's") new technology transitions policy task force—to consider in a comprehensive and systematic fashion how both the industry and applicable governing regulations will transition to next-generation services and platforms.[2]

[1] TIA represents the global information and communications technology ("ICT") industry through standards development, advocacy, tradeshows, business opportunities, market intelligence and world-wide environmental regulatory analysis. Its hundreds of member companies manufacture or supply the products and services used in the provision of broadband and broadband-enabled applications. Since 1924, TIA has enhanced the business environment for broadband, mobile wireless, information technology, networks, cable, satellite and unified communications. TIA's standards committees create consensus-based voluntary standards for numerous facets of the ICT industry.

[2] AT&T Petition to Launch a Proceeding Concerning the TDM-to-IP Transition (filed Nov. 7, 2012) ("AT&T Petition"); Petition of the National Telecommunications Cooperative Association for a Rulemaking to Promote and Sustain the Ongoing TDM-to-IP Evolution ("NTCA Petition"); *see also* Public Notice, *Pleading Cycle Established on AT&T and NTCA Petitions*, GN Docket No. 12-353, DA 12-1999 (rel. Dec. 14, 2012); News Release, *FCC Chairman Julius Genachowski Announces Formation of 'Technology Transitions Policy Task Force'* (rel. Dec. 10, 2012), *available at* http://transition.fcc.gov/Daily_Releases/Daily_Business/2012/db1210/DOC-317837A1.pdf ("Task Force Release").

The Commission should be applauded for the foresight to ensure that the inevitable transition of legacy transmission platforms and technologies to Internet Protocol ("IP") networks occurs in an organized and orderly fashion. Facilitating this transition is one of the most significant steps the Commission can take to affirmatively help promote broadband deployment and infrastructure investment while serving the public interest.

Market Data Reveal that the IP Transition is Ongoing. TIA's annual research confirms that a comprehensive review of the transition to IP networks is timely as consumers and businesses increasingly choose to replace legacy services with IP alternatives.[3] Specifically, each year TIA's *Market Review & Forecast* publication analyzes a wide range of data, weighing economic, technology and policy drivers, with specific data on industry segments, including wireless data, wireline data, conferencing services, wired internet access, network equipment and more. This data confirms the speed with which the network transition is taking place independent of the incumbent carriers' change to all –IP technologies and underscores the benefits associated with enabling the network transition.

The *2012 Market Review & Forecast* estimates that the long-term circuit-switched market continued to decline in 2011 by 2.7 percent. This is on top of declines in 2010 (7.6 percent) and 2009 (13.3 percent). At the same time, spending on voice over Internet protocol (VoIP) rose by at least 12 percent in each of the past three years, with some years in excess of 20 percent growth. While TIA expects the circuit-switched voice market to continue to decline,

[3] This data, as well as all other projections and statistics provided in this document which are not cited to otherwise, are derived from the TIA *2012 ICT Market Review & Forecast*, a proprietary annual publication from TIA containing distilled data and analysis on information and communications technology industry trends and market forecasts through the end of 2015. This document is available for purchase at http://www.tiaonline.org/resources/market-forecast.

those decreases are projected to moderate as the VoIP market matures.[4] Moreover, the impact of the cancellation of second lines when households switched from dial-up to broadband and when children switched from landline to wireless has largely run its course.

In contrast to the circuit switched market, TIA projects that Fiber-to-the-Home will be the fastest-growing broadband access technology during the next four years and also the fastest-growing access equipment market, with double-digit annual gains projected for 2012–15. This growth will be facilitated by the extension of the fiber backbone into areas not currently reached. TIA data indicates that Fiber-to-the-Home and other upgrades and extensions to the broadband infrastructure will also enhance the market for VoIP, Internet protocol television (IPTV), Web conferencing and cloud computing services, each of which uses the broadband platform. These four services categories, along with wireless infrastructure equipment, will be the fastest-growing components of the U.S. telecommunications market during the next four years. By avoiding piecemeal and disjointed action, the Commission can better ensure that important functionalities and services that rely upon the legacy networks—from government users, public safety and critical infrastructure to fax machines and alarm systems—are not stranded.

As the Commission considers any policy forcing transition from TDM to IP, it must protect the public interest furthered by the use by critical infrastructure of TDM services provided by commercial service providers. Many critical infrastructure systems across the nation rely on TDM for services and applications, and these essential functions must be provided an appropriate transition path so that key safety services can continue to function and are not stranded.

[4] Similarly, spending on circuit-switched and VoIP follow the same general trend line. TIA projects that circuit-switched spending to decrease at a 1.5 percent compound annual rate to $127.0 billion in 2015 from $134.8 billion in 2011. A portion of the decrease in the circuit-switched market will be picked up by VoIP, which is projected to increase to $18.9 billion in 2015 from $13.2 billion in 2011, a 9.4 percent compound annual increase.

FCC's Transition Process Should Be Guided by Core Policy Objectives. As the Commission considers how best to structure the transition to IP platforms, its review should be guided by clearly articulated goals: (1) encouraging investment in intelligent network infrastructure; (2) fostering competition in the IP industry; (3) allowing the market, rather than the government, to reflect consumer choice; and (4) accelerating broadband infrastructure investment.

Promisingly, the Transitions Task Force recognizes the need to take a "hard look at many rules that were written for a different technological and market landscape."[5] To that end, the Commission should avoid the reflexive application of legacy rules to competitive IP platforms. Outdated regulation can deter investment and distort competition, and may impede, rather than facilitate, the IP transition. Further, this review is fully consistent with the Commission's overall strategy for bringing broadband to all Americans through the removal of roadblocks to deployment, increasing investment certainty, and accelerating infrastructure investment that will expand broadband network reach and robustness across the country.[6]

FCC Should Not Mandate Indefinite Retention of TDM and PSTN Networks. The Commission should recognize that the indefinite retention of dual IP and PSTN networks is the inappropriate and that the lack of a clear regulatory process by which to transition to IP networks acts as a disincentive to additional investment in our nation's broadband infrastructure. AT&T notes that approximately half of the capital expenditures from incumbent LECs are dedicated to

[5] *See, e.g.,* Task Force Release at 1.

[6] *See, e.g.*, *Implementation of Section 224 of the Act*, Report and Order and Order on Reconsideration, 26 FCC Rcd 5240 (2011); *Acceleration of Broadband Deployment: Expanding the Reach and Reducing the Cost of Broadband Deployment by Improving Policies Regarding Public Rights of Way and Wireless Facilities Siting*, Notice of Inquiry, 26 FCC Rcd 5384 (2011); *Connect America Fund et al*., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Red 17663 (2011).

the upkeep of legacy networks: money that would be better spent on deploying IP services and broadband deeper into our networks with advanced functionalities to support commercial, public safety, government, health care and other purposes.[7]

The National Broadband Plan recognized that continued maintenance of legacy networks not only risks stranding that ongoing investment, but "siphon[s] investments away from new networks and services."[8] The Plan highlighted the costs of "requiring an incumbent to maintain two networks," and recommended the Commission to "ensure that legacy regulations and services did not become a drag on the transition to a more modem and efficient use of resources."[9] This process now underway is responsive to that recommendation.

AT&T's petition accurately stresses that the cost of maintaining its legacy networks serves as a significant drag on its ability to invest in next-generation facilities.[10] PSTN-related costs increasingly serve as a barrier to increased innovation and infrastructure buildout. AT&T notes that "every dollar spent on [legacy] networks is another dollar stranded in obsolete facilities and services, and which cannot be invested in deployment of next-generation services."[11] The consumer and societal impact of that diversion of funds alone warrant close Commission scrutiny to ensure its policies promote all the societal benefits and opportunities associated with IP platforms. The Commission should ensure that its policies do not prolong the

[7] AT&T Petition at 12.

[8] Federal Communications Commission, *Connecting America: The National Broadband Plan*, at 49, 59 (2010).

[9] *Id.* at 59.

[10] AT&T Petition at 11-12.

[11] *Id.* at 11.

nation's reliance on legacy copper-based services or frustrate the ability of providers to choose the most efficient solutions for serving consumers.

The FCC Should Assert Exclusive Federal Jurisdiction. As the Commission has recognized on numerous occasions, broadband Internet access offerings are inherently interstate in nature.[12] So too are IP-based offering such as interconnected VoIP services, which cannot feasibly be partitioned into intra- and interstate traffic streams.[13] Consequently, the Commission should eliminate any uncertainty and declare that IP-based services are within an exclusively federal regulatory framework. By employing its authority to foreclose patchwork state regulation, the Commission can ensure that providers are subject to a single, consistent regime that will protect American consumers while fostering certainty and promoting deployment.

AT&T Trial Proposal Has Merit. Much like the broadcast digital television transition benefited from a trial in Wilmington, North Carolina in 2008 to help advance of the nationwide transition,[14] AT&T's common sense proposal of discrete TDM-to-IP trials is a sensible approach that will encourage all parties to work collaboratively to find solutions.[15] TIA's members commit to work with all affected stakeholders on the design and operation of any such trials. Importantly, trials that maintain critical communications functions that currently rely on TDM

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[12] *Vonage Holdings Corp. Petition for Declaratory Ruling Concerning an Order of the Minn. Pub. Utils. Comm'n*, Memorandum Opinion and Order, 19 FCC Rcd 22404, (2004), *aff'd Minn. Pub. Utils. Comm'n v. FCC*, 483 F.3d 570 (8th Cir. 2007).

[13] *See Universal Service Contribution Methodology*, 21 FCC Rcd 7518, 7545 (2006) (extending 47 U.S.C. § 254(d) permissive authority to require interconnected VoIP providers to contribute to the USF), *petition for review denied, and vacated in part on other grounds, Vonage Holdings Corp. v. FCC*, 489 F.3d 1232 (D.C. Cir. 2007); *Vonage Holdings Corp. v. Neb. PSC*, 564 F.3d 900 (8th Cir. 2009).

[14] *See* News Release, *DTV Transition Premiers in Wilmington, North Carolina* (rel. May 8, 2008), *available at* http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-282032A1.pdf.

[15] AT&T Petition at 20.

will help facilitate the overall transition; reveal the technical and policy challenges that will need to be resolved; and ensure that appropriate consumer safeguards against the loss of any important TDM-based functionalities or services currently used in protection of our nation's critical infrastructure and functions. Federal regulators, working with all stakeholders, have the opportunity to help lead America's transition to an all-IP world, bringing the benefits of this technology to more consumers, and maximizing the benefits of this technology for consumers and business across the country.

Conclusion. The Commission should conduct a thorough review of our nation's transition to IP platforms, and help all affected parties navigate this transition in a manner that promotes additional infrastructure investment while protecting consumers and competition.

Respectfully submitted,

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