

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of	)	
	)	
Technology Transitions Policy	)	GN Docket No. 13-5
Task Force Seeks Comment on	)	
Potential Trials	)	

**COMMENTS OF SPRINT CORPORATION**

Sprint Corporation (“Sprint”) hereby respectfully submits its comments in the above-captioned docket on Iowa Network Services, Inc.’s, proposed experiment on the TDM-to-IP transition for Centralized Equal Access Service.<sup>1</sup>

**I. SPRINT SUPPORTS INS’S PROPOSED TRIAL**

Sprint welcomes Iowa Network Services, Inc.’s (“INS”) proposed trial to test the aggregation of IP voice traffic from smaller, mostly rural, carriers for exchange with national inter-exchange carriers (“IXC”) and wireless carriers. To the extent that the Commission has been concerned with how these smaller carriers will fare in the IP transition, this trial presents an opportunity to confirm that IP voice interconnection can work for all types of carriers. Sprint urges the Commission, however, to reject any effort to replicate the inefficiencies of the existing TDM architecture and eliminate the regulatory barriers to effective competition.

Sprint must maintain more than 14,000 interconnection points around the country for the exchange of TDM traffic with its nationwide wireless and IXC networks. Data networks, on the other hand, exchange traffic at a handful of “carrier hotels.” As a result, these data networks are vastly more efficient than the traditional TDM architecture currently contemplated by the

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<sup>1</sup> Public Notice, *Commission Seeks Comment on Proposal of Iowa Network Services, Inc. For Service-Based Technology Transitions Experiment*, GN Docket No. 13-5, DA 14-238 (released February 21, 2014).

intercarrier compensation regime. Because, at its core, IP voice traffic is just another type of data traffic,<sup>2</sup> it is inevitable that the IP transition will result in voice networks emulating the data networks in terms of architecture and interconnection points, reducing costs to consumers and opening the door to new products and services. What remains to be determined is how rural carriers will get their traffic to these interconnection points—whether one per state, or eventually a small number of regional points—and who will bear the cost of doing so.

Where there are a number of smaller carriers, it appears reasonable to assume that some entity will need to aggregate their traffic to facilitate simple interconnection arrangements and agreements. Sprint is agnostic as to whether that role is played by ILECs, centralized equal access providers (“CEAP”) such as INS, or independent third-parties, such as Inteliquent (formerly Neutral Tandem). Indeed, Sprint hopes that a competitive market develops, similar to the IP data market, in which companies compete to aggregate traffic and transport it to the interconnection points. INS has a role to play in that competitive market, as do others.

## **II. INS SHOULD NO LONGER HAVE EXCLUSIVE CENTRALIZED-EQUAL ACCESS AUTHORITY IN AN IP WORLD**

INS was created by FCC order in 1988 to facilitate equal access, whereby telephone customers in rural areas would be able to choose an independent IXC even in situations where it was not economically feasible for each IXC to interconnect directly with every small LEC in the nation.<sup>3</sup> Centralized Equal Access played an important role in the development of long-distance competition, but the market has changed in the 26 years since the Commission endorsed the

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<sup>2</sup> Although Sprint recognizes the technical similarities between IP voice and data traffic and the inevitability that both will traverse the same networks, the regulatory structure is different and has to remain distinct for the foreseeable future. Voice networks have additional requirements—e911, carrier of last resort, equal access, etc.—that mandate some additional regulatory oversight. Furthermore, because ILECs have become accustomed to special access and switched access revenues, they have been reluctant to engage in IP interconnection even as their affiliates have shown that data peering and wireless IP interconnection is possible now on a settlement-free basis.

<sup>3</sup> *Application of Iowa Network Access Division*, Memorandum Opinion, Order, and Certificate, 3 FCC Rcd 1468, 1468, para. 3 (Com. Car. Bur. 1988) (*INAD Application Order*)).

creation of INS and other CEAPs. The Commission's precedents granting a monopoly to INS and other CEAPs must end, to enable competition among the CEAP, ILECs, third-party voice providers, and other data providers for the aggregation and transport of IP voice traffic.

Where no competition exists and an incumbent carrier—whether a CEAP or an ILEC—has market power, the Commission must recognize the lack of competition and require just and reasonable rates for transit and other services. INS (and other CEAPs as well) operate in a unique regulatory environment where other carriers are required by FCC orders to interconnect through INS. This regulatory construct has hindered the development of competition and allowed incumbents to impose inflated rates on other carriers. This regulatory bottleneck should not be recreated in the IP world.

The evolving IP voice network will be different, and the Commission should not feel constrained going forward to recreating the legacy TDM network in IP format, with its accompanying byzantine connections and archaic rate structures. Rather, the Commission's rules should encourage carriers to exchange traffic as efficiently as data traffic is done today. The obvious solution is to exchange traffic at one point, taking advantage of the existing circuits that are already in place.<sup>4</sup>

Under the *Connect America Fund* order, rates for traffic termination will be reduced to zero over the next several years.<sup>5</sup> The CAF order did not address the transit market directly, but obvious arbitrage incentives remain if an intermediary carrier is allowed to serve as a gatekeeper in a market that otherwise requires carriers to recover costs from their own customers. IP data networks currently use regional interconnection points, and each carrier can choose how to deliver

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<sup>4</sup> Des Moines is the obvious candidate for this single point of traffic exchange in Iowa, as INS already exchanges traffic in Des Moines.

<sup>5</sup> *Connect America Fund, et al., Report and Order and Further Notice of Proposed Rulemaking*, FCC 11-161, WC Docket No. 10-90, 26 FCC Red. 17663 (2011).

traffic to that interconnection point, either directly, or by aggregating traffic and using a third party. Given that voice traffic in IP format is just data bits, the more flexible and competitively neutral data network should be the model for the future.

Moreover, just as the more efficient data network should be the technical model for the future, the Commission should not impose the existing compensation structure on IP voice traffic. INS charges its carrier customers, such as Sprint, \$0.00896 per minute to transport a voice call from Des Moines to one of 16 interconnection points across the state, where the call is handed off to a LEC for termination to the end-user customer.<sup>6</sup> INS's charge of \$0.00896 per minute for a 64 kilobit per second voice call is equivalent to \$6.02 per minute for a 45 megabit DS-3 connection. Extrapolated out to a monthly charge, INS's current rate for TDM traffic that it also wants to apply to IP voice traffic in its proposed experiment is \$260,112 per month for a data DS-3 operating at full capacity. In contrast, the largest ILEC in Iowa charges \$4,210 for a 100-mile<sup>7</sup> DS-3 circuit with multiplexing, a rate that is 1/62 the rate charged by INS for the equivalent voice capacity.<sup>8</sup>

### III. CONCLUSION

Sprint welcomes INS's proposal to exchange traffic in IP format. (As explained in Sprints' earlier comments in this docket, Sprint is ready and willing to exchange all traffic in IP format on a settlement-free basis as soon as possible.<sup>9</sup>) Sprint's support of INS's experiment, however, should not be seen as an endorsement of the continuation of the CEAP regime or the exorbitant legacy TDM rates that INS is seeking to carry forward into IP interconnection.

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<sup>6</sup> Iowa Network Access Division Tariff F.C.C. No. 1 (INAD Tariff) 12<sup>th</sup> revised page 145 (June 17, 2013).

<sup>7</sup> Sprint chose 100 miles as a reasonable estimate of the typical distance that INS transports a call to one of the 16 interconnection points. Shorter or longer distances will affect the ILEC rate, but regardless of the distance chosen, the INS rate is massively higher.

<sup>8</sup> Sprint is not supporting the reasonableness of ILEC special access rates with this comparison; rather, Sprint is showing the absurdity of INS's rate structure compared to the already inflated ILEC special access rates.

<sup>9</sup> Comments of Sprint Nextel Corporation, GN Docket No. 13-5 (filed July 8, 2013).

Respectfully submitted,

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