

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

In the Matter of)	
)	
Technology Transitions)	GN Docket No. 13-5
)	
AT&T Petition to Launch a Proceeding Concerning the TDM-to-IP Transition)	GN Docket No. 12-353
)	

**REPLY COMMENTS OF VERIZON¹
ON APPLICATION OF IOWA NETWORK SERVICES, INC.
TO CONDUCT SERVICE-BASED TECHNOLOGY EXPERIMENT**

In some cases trials may provide the Commission and industry participants with useful information about the challenges and impacts of transitioning telecommunications services from traditional TDM circuit-switched voice services to IP-based alternatives.² Unfortunately, the backwards-looking technology “experiment” that Iowa Network Services, Inc. (“INS”) proposes appears to perpetuate the network architecture, compensation arrangements and equal access concept that led to numerous abuses. Accordingly, if the Commission is inclined to proceed with the INS proposal at all, the Commission should require INS to provide additional information about what INS expects to achieve through a trial and how such a trial would in fact benefit the IP transition.

DISCUSSION

1. As an initial matter, INS’ application does not contain “sufficiently detailed information” about how its experiment will be designed to allow meaningful public comment

¹ The Verizon companies participating in this filing are the regulated, wholly-owned subsidiaries of Verizon Communications Inc. (collectively, “Verizon”).

² *In the Matter of Technology Transitions, et al.*, Order, Report and Order and Further Notice of Proposed Rulemaking, GN Docket No. 13-5, *et al.*, FCC 14-5, at ¶¶ 1, 5 (Jan. 31, 2014) (“*Technology Transition Trials Order*”).

and enable the Commission to conduct a thorough evaluation of the proposed experiment.³

Among other things, INS does not explain the “technical parameters, including [a] description of any physical or network changes” that will occur.⁴ Nor does INS explain the process it intends to undertake for addressing with other service providers the various technical aspects of IP-to-IP interconnection that require mutual agreement.⁵ INS’ application also does not provide specific timelines for the three phases of the experiment, the timelines for any proposed network changes, or when the experiment is likely to conclude. Other service providers need a clear understanding of these matters before they can make a reasonable decision of whether (and when) to voluntarily participate in the experiment.

2. Nonetheless, even if INS could overcome these and other deficiencies in its application, the basic construct of its proposed experiment raises significant concerns. The centralized equal access network INS developed a quarter of a century ago was designed to facilitate long distance communications originated by (and terminated to) end users of local exchange carriers in Iowa, by transporting each call over INS’ network to the interexchange carrier selected by an end user; the IXC, in turn, delivers the traffic to another local exchange carrier that serves the called party. Because this structure forces INS between IXCs, and the subtending LECs and IXCs must deliver their traffic to INS, this creates the potential for inefficient “mileage pumping” arrangements that the Commission found unlawful in the *Alpine*

³ *Technology Transition Trials Order* at ¶ 34, Appendix B at ¶¶ 4-5. See *CenturyLink* at 2, 7; *AT&T* at 7-8.

⁴ *Technology Transition Trials Order* at ¶ 34, Appendix B at ¶¶ 4-5.

⁵ *CenturyLink* and *AT&T* explain that because numerous service providers are already deploying IP functionality, there is no need to conduct a “trial” of IP-to-IP interconnection to generate useful information. *CenturyLink* at 8, *AT&T* at 4-5.

case.⁶ INS proposes to retain this network architecture and routing arrangements, rather than move to peer-to-peer arrangements, while allowing IP functionality to be introduced at different points in the transmission path during the three “phases” of its experiment. INS also proposes to retain the switched access rate structure that applies to these historical traffic arrangements.

3. There are several fundamental problems with this approach. IP networks do not adhere to the hierarchical approach inherent in INS’ proposal. For example, VoIP providers can and do exchange domestic voice traffic between their respective customers without relying on established “interexchange carriers.” The traditional notion of equal access is thus no longer relevant or applicable in an IP world. As AT&T explained, given the “all distance” nature of IP services, it is highly unlikely that customers of such services will want to select, let alone have the option of selecting, a separate IXC to carry “long distance” calls.⁷ Thus, basing the proposed INS experiment on “anachronistic concepts rooted in discrete markets for local, intraLATA, interLATA, and interstate traffic that no longer reflect customer preferences and marketplace conditions would be counterproductive.”⁸ In its *Technology Transition Trials Order*, the Commission explained that service-based experiments are expected to “substitute new communications technologies for the TDM-based services over copper lines that [incumbent providers] currently are providing to customers, with an eye toward *discontinuing those legacy services*,” and to enable other providers to propose “*new and innovative services* that bring benefits to consumers.”⁹ By perpetuating antiquated equal access/long distance routing arrangements, INS’ proposed experiment would do neither.

⁶ *AT&T Corp. v. Alpine Communications, LLC, et al.*, 27 FCC Rcd 11511 (2012).

⁷ AT&T at 4; *see also* CenturyLink at 6.

⁸ AT&T at 3-4.

⁹ *Technology Transition Trials Order* at ¶ 22 (emphasis added).

4. INS also proposes to maintain the long-standing arrangement whereby all traffic between IXCs and LECs subtending its network is exchanged at an INS tandem.¹⁰ However, with IP networks, there is no need to establish separate interconnection arrangements within LATAs or within a given state. On the contrary, VoIP providers typically agree to interconnect at only a handful of points across the country. The fact that INS treats traditional tandem switches as “a given” in the transition to IP technology undermines the potential networking efficiencies and lower costs that IP network providers could obtain were they to negotiate on their own reasonable interconnection arrangements.

5. Finally, and perhaps most disturbing, INS proposes that the existing switched access rate structure will continue to apply during and after the transition to IP. In each phase of the experiment, INS proposes to charge the same centralized equal access rates that it does at present.¹¹ Under that rate structure, IXCs are billed end office, tandem switching, and transport charges (and other rate elements) for originating *and* terminating interexchange calls. But the Commission determined in the *USF/ICC Transformation Order* that this legacy intercarrier compensation regime “is riddled with inefficiencies” that create opportunities for wasteful arbitrage and traffic pumping schemes and impede the development of IP networks.¹²

6. The rate structure contemplated by INS makes no sense and is antithetical to the manner in which traffic is currently exchanged in an IP environment. “All distance” IP traffic is *not* routed in the same manner as traditional “long distance” calls, and is typically exchanged at only a handful of locations across the country (not at individual tandems in each LATA). Thus, many of the conventional rate elements in switched access tariffs simply do not apply to such

¹⁰ INS Application at 7-8.

¹¹ *Id.* at 8.

¹² *Connect America Fund, et al.*, 26 FCC Rcd 17663 at ¶ 9 (2011) (“*USF/ICC Transformation Order*”).

traffic and it would be improper to continue billing them as networks transition to and connect on an IP basis.¹³ While the Commission's *Technology Transition Trials Order* anticipated that applicants would maintain the "intercarrier compensation (ICC) status quo ante" as part of their technology experiments,¹⁴ INS' proposal to charge "the same rates" that it charges for other centralized equal access traffic is inconsistent with that concept. The rates for VoIP-PSTN traffic are scheduled to be reduced steadily over time (not stay the same) until they reach bill-and-keep pursuant to the Commission's *USF/ICC Transformation Order*,¹⁵ while compensation for IP-to-IP traffic is not subject to that regime at all, but is to be agreed upon through commercial negotiations (which INS does not contemplate).¹⁶ No carrier should be permitted to circumvent meaningful intercarrier compensation reform under the guise of an "experiment."

Respectfully submitted,



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¹³ See, e.g., AT&T at 7, Sprint at 4.

¹⁴ *Technology Transition Trials Order* at ¶ 63.

¹⁵ *USF/ICC Transformation Order* at ¶¶ 801, 944.

¹⁶ CenturyLink at 6, AT&T at 6.