

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

**COMMENTS OF THE
UNITED STATES TELECOM ASSOCIATION
ON PETITION FOR WAIVER OF SECTION 51.913(a) REGARDING
REDUCTIONS IN INTERCARRIER COMPENSATION RATES FOR ORIGINATING
INTRASTATE TOLL VOICE OVER INTERNET PROTOCOL TRAFFIC**

The United States Telecom Association (“USTelecom”)¹ hereby respectfully submits these comments pursuant to the Public Notice (“Notice”)² issued by the Wireline Competition

¹ USTelecom is the premier trade association representing service providers and suppliers for the telecom industry. Its diverse member base ranges from large publicly traded communications corporations to small companies and cooperatives – all providing advanced communications service to both urban and rural markets.

² See Public Notice, Wireline Competition Bureau Seeks Comment on Petition for Waiver of Section 51.913(a) Regarding Reductions in Intercarrier Compensation Rates for Originating Intrastate Toll Voice Over Internet Protocol Traffic, (WC Docket Nos. 03-109, 05-337, 07-135,

Bureau (“Bureau”) concerning the Emergency Petition for Waiver of NTCA – The Rural Broadband Association, ITTA, The Eastern Rural Telecom Association, WTA – Advocates for Rural Broadband, Frontier Communications Corporation, and Windstream Communications Inc. (“Petitioners”).³ USTelecom agrees with the Petitioners that the Commission should act to address any revenue losses from the reductions in intercarrier compensation (ICC) rates for originating intrastate toll Voice over Internet Protocol (VoIP) traffic.⁴

I. The Commission Should Address the Revenue Shortfall Stemming from the Rate Reduction that Took Effect on July 1, 2014

The Commission should develop and implement a mechanism to recover any revenues lost due to the reduction in intrastate originating access for originating intrastate toll VoIP. As noted by the Petitioners, the Commission carefully balanced the ICC transition and new universal service mechanisms, including an access recovery mechanism to address the disruption caused by the transition of access charges to bill-and-keep. According to the Petition, the estimated annual revenue shortfall for rate-of-return incumbent local exchange carriers exceeds \$18.5 million based on FCC monitoring data showing that approximately 30 percent of voice connections are now VoIP in nature.⁵ Based on the same assumptions as to the percentage of

10-90; CC Docket Nos. 01-92, 96-45; GN Docket No. 09-51; WT Docket No. 10-208), DA 14-1001 (rel. July 15, 2014).

³ See Emergency Petition for Waiver of NTCA-The Rural Broadband Association, the National Exchange Carrier Association ITTA, the Eastern Rural Telecom Association, WTA-Advocates for Rural Broadband, Frontier Communications Corporation, and Windstream Communications, Inc., WC Docket Nos. 03-109, 05-337, 07-135, 10-90; CC Docket Nos. 01-92, 96-45; GN Docket No. 09-51; WT Docket No. 10-108 (filed July 7, 2014) (“Petition”).

⁴ This traffic is also referred to in Section 51.913(a) of the Commission’s rules as “intrastate originating Access Reciprocal Compensation ...exchanged between a local exchange carrier and another telecommunication carrier in Time Division Multiplexing (TDM) format that originates and/or terminates in IP format.” See 47 C.F.R. § 51.913(a)(2).

⁵ See Petition at p. 7.

voice connections, Frontier Communications and Windstream Communications have an estimated annual revenue shortfall of \$14.5 million.

The Commission should not disturb its carefully calibrated and timed transition of intercarrier compensation to lower rates. Nonetheless, the Commission should address the revenue impacts of the originating VoIP transition as it did for terminating access. In particular, the Commission should put in place a methodology for carriers to calculate the impact of lost intrastate originating access revenue for originating intrastate toll VoIP. That mechanism should be implemented as soon as possible and should address revenue losses beginning July 1, 2014, the date the new rates took effect. Carriers should not have to wait until July 1, 2015, to be accorded the opportunity for recovery. To the extent a carrier has headroom under the cap in its Access Recovery Charge (ARC), increases up to the cap should be permitted prior to the carrier drawing more CAF/ICC support.

II. Conclusion

The Petitioners should promptly be granted relief from the revenue losses created by the reduction in rates implemented July 1, 2014, in intrastate originating access rates for PSTN-originated calls that are terminated over VoIP facilities. The relief should be in the form of increases to ARC charges within the current cap and CAF/ICC support for the remainder of the lost revenue.

Respectfully submitted,

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