



May 18, 2020

VIA ECFS

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

RE: 8YY Access Charge Reform, WC Docket No. 18-156; Call Authentication Trust Anchor, WC Docket No. 17-97; Implementation of TRACED Act Section 6(a) — Knowledge of Customers by Entities with Access to Numbering Resources, WC Docket No. 20-67

Dear Ms. Dortch:

On Thursday, May 14, 2020, Brian Ford and the undersigned on behalf of NTCA–The Rural Broadband Association (“NTCA”), and Larry Thompson of Vantage Point Solutions, spoke via telephone with Lisa Hone, Gil Strobel, David Zesiger, Al Lewis, Erik Raven-Hansen, Rhonda Lien, Jonathan Cannon, and Peter Bean from the Wireline Competition Bureau and Eric Ralph, Emily Talaga, Octavian Carare, Shane Taylor, and Richard Kwiatkowski from the Office of Economics and Analytics regarding matters in the above-referenced proceedings.

Our presentation focused upon interconnection and “network edge” issues arising out of the potential transition of any transport rate elements to bill-and-keep in connection with 8YY access charge reform. *See 8YY Access Charge Reform*, WC Docket No. 18-156, Notice of Proposed Rulemaking (rel. June 8, 2018), at ¶ 85. While much of the discussion related to such reform typically and understandably revolves around revenue impacts, we observed that the Federal Communications Commission (the “Commission”) should be mindful as well of the potential interconnection cost implications of any access charge reforms in may choose to implement. Specifically, we explained that the infliction of increased costs on rural local exchange carriers (“RLECs”) as larger entities leverage reform of transport rate elements to remake existing interconnection arrangements is of significant concern and must not be overlooked.

NTCA noted that such concerns are hardly hypothetical. Larger operators have been openly salivating for years – and still are – at the prospect of leveraging intercarrier compensation reform to alter existing interconnection arrangements, to move to a handful of regional or national interconnection hubs, and thereby to shift the costs of reaching far-flung points of interconnection to RLECs, who would in turn be forced to recover such costs from small rural customer bases. *See, e.g.*, Initial Comments of CTIA, CC Docket No. 01-92, (dated May 23, 2005), at 5-6 (urging so-called “Mutually Efficient Traffic Exchange,” wherein an originating carrier would be responsible to pay all costs for delivering traffic to any point designated by the terminating carrier);

Comments of Sprint Corporation, WC Docket No. 10-90 and CC Docket No. 01-92 (dated Nov. 20, 2017), at 5 (urging “the default network edge for the exchange of voice traffic be the same Internet exchange points (IXPs) used to interconnect IP data and video traffic, with each carrier assuming responsibility for the cost of delivering traffic to and accepting traffic at those regional points of interconnection.”); *Ex Parte* Letter from Indra Sehdev Chalk, Director, Federal Regulatory Affairs, T-Mobile, to Marlene H. Dortch, Secretary, Commission, WC Docket No. 18-156 (filed Apr. 27, 2020) (“T-Mobile *Ex Parte*”) (advocating for a “few dozen [points of interconnection] for the entire country”).

We further explained how interconnection arrangements work today between RLECs and interexchange carriers or wireless operators, and that a shift to RLECs serving relatively small customer bases in rural areas of all financial responsibility for transport to reach distant points of interconnection would undermine universal service and the ability to maintain reasonably comparable rates. We discussed that most interconnections take place in TDM today, despite the fact that many RLECs are “IP-enabled” in at least parts of their networks, because either calls route through tandem switches owned by *other providers* that are not IP-enabled or because, even when establishing direct interconnection with RLEC end offices, interexchange carriers and wireless operators continue to opt for TDM interconnection.

Precisely to address concerns that larger and regional providers could leverage a migration to bill-and-keep to demand a reshuffling of “network edges,” when adopting a bill-and-keep regime for intraMTA traffic similar to that being contemplated now for 8YY traffic, the Commission adopted a rule that RLECs “will be responsible for transport to the CMRS provider’s chosen interconnection point when it is located within the [RLEC]’s service area.” In the event that the CMRS provider were to choose a network edge outside of that area, the RLEC’s “transport and provisioning obligation stops at its meet point and the CMRS provider is responsible for the remaining transport to its interconnection point.” interconnection to smaller and regional operators. *See, e.g., Connect America Fund*, WC Docket No. 10-90, *et al.*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17965 (2011), 26 FCC Rcd at 18040, ¶ 999. This rule preserved, as a default, then-existing network edges, providing greater certainty as to interconnection *cost* responsibilities even as substantial changes took effect with respect to intercarrier compensation *revenues*; parties were (and remain) free to negotiate other transport and interconnection arrangements as they found them *mutually* more efficient, but the default was and is that existing interconnection points are retained absent mutual agreement to change them.

To the extent that any reforms were to result in the origination of 8YY calls being likewise subject to bill-and-keep, we urged the Commission to follow this clear precedent and adopt a similar default rule in the prudent interest of maintaining certainty and clarity for *all* parties – RLECs, interconnecting carriers, and even the Commission itself – with respect to relative responsibility for transport costs. Indeed, we observed that intercarrier compensation reforms proceed against a backdrop of then-existing interconnection arrangements, and if that backdrop can be changed post-reform at the unilateral whim of any given party, this creates the opportunity for arbitrage as parties move tandems, end offices, and interconnection point designations in attempts to circumvent or exploit the new rules. A simple default rule preserving existing interconnection arrangements and network edges in the absence of mutual agreement to change them would obviate such confusion and potential for disputes.

In its recent filing, T-Mobile contends that discarding existing network edges and moving to a few national or regional to-be-determined points of interconnection will promote a transition to more efficient IP-enabled networks. T-Mobile *Ex Parte* at 2-3. We explained that this assertion defies logic, however, because moving from existing network edges would introduce a much greater degree of uncertainty and exacerbate the potential for confusion or disruption as underlying network technologies change. By contrast, adopting a clear default rule that maintains existing divisions of financial responsibility for transport through default network edges would advance, rather than hinder, an IP transition. First and foremost, all networks would simply bear the same well-known and well-understood responsibilities to meet at the same places for the exchange of voice calls as they have in the past (in the absence of mutual agreement to change them). Moreover, many parties have long touted the “efficiencies” inherent in IP routing of voice traffic – and presuming these are real, this approach would simply ensure that these “efficiencies” are shared among all networks.

By contrast, if existing interconnection arrangements are *not* preserved as underlying technology migrates to IP, any “efficiencies” gained in such a transition will accrue entirely and exclusively to the benefit of larger providers who have long expressed their desire to “pull back” to regional or national interconnection points, leaving smaller rural operators to pay for “voice transit” (*i.e.*, transport) to reach those distant points of interconnection. Indeed, T-Mobile could not be more transparent about its motivations in this regard when it states, “If the Commission’s goal is to bring interconnection rates – and costs – to zero, an efficient network design is required.” *Id.* at 2. But, of course, *costs* do not and cannot go “to zero” just because interconnection is achieved in IP; even if more efficient, IP is not “pixie dust” that magically makes network transport costs disappear. In fact, if costs really *did* go to zero simply by migrating to IP, T-Mobile would presumably have no objection then to interconnecting with RLECs at existing network edges (or even more deeply into rural areas), because this should be costless for T-Mobile. Instead, it is clear that T-Mobile’s true intent is for transport costs to go to zero *for T-Mobile* – to take very real network transport costs that are today apportioned by reference to certain points and to shift those entirely to the rural carriers serving small customer bases in remote areas of the United States. Put another way, even if the *overall* costs of routing calls may be reduced by a migration to IP routing technology, RLECs’ share of those transit/transport costs will undoubtedly rise if existing network edges can be discarded – resulting in RLECs needing to recover those increased costs from a small rural customer base in defiance of universal service objectives.¹ This would represent a substantial *disincentive* to any IP transition for smaller and rural carriers in particular.

¹ NTCA further noted that the assumption by RLECs of additional costs of routing calls to distant points of interconnection could have significant second-level effects. Specifically, RLECs in need of IP interconnection agreements necessary to comply with a mandate to adopt STIR/SHAKEN call authentication technology would, in the absence of default network edge rules, assume additional transport costs atop the already significant costs of implementing this technical standard. RLECs’ efforts to protect their subscribers from spoofer would thus be accomplished only at the price of increased voice service rates. See *Ex Parte* Letter from Michael R. Romano, Sr. Vice President, NTCA, to Marlene H. Dortch, Secretary, Commission, CG Docket No. 17-59, *et al.*, (filed Jan. 16, 2020) (discussing the IP interconnection barriers RLECs face with respect to STIR/SHAKEN and the need for “network edge” rules to overcome them and maintain affordable voice service). It should also be noted that T-Mobile’s assertion that “[t]he Safe Harbor POI Proposal provides a pathway to the IP Transition and will allow the full benefits of STIR/SHAKEN to be implemented” incorrectly assumes that either IP routing is “free” or that the transfer to and foisting of transport costs solely on rural consumers is somehow beneficial. T-Mobile *Ex Parte* at 3.

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For these reasons, NTCA continues to recommend that, in conjunction with any migration to bill-and-keep of 8YY traffic, the Commission should adopt a *default* “rural transport rule” that would maintain existing network edges for the exchange of such traffic with RLECs. Specifically, in adopting such a rule, the Commission should make clear that, absent mutual agreement between a RLEC and any party exchanging traffic with that RLEC, in the wake of any reforms that transition access charges to bill-and-keep, all calls shall continue to be routed between those parties as they were prior to reform, and that each party’s financial responsibility for the exchange of such traffic (including transport and other interconnection costs associated with reaching existing interconnection points) shall not be changed. *In particular, the Commission should confirm through such a default rule that, even as RLEC access rates and access revenues may decline, RLEC costs of originating or terminating calls will not increase as a result of any such reform, and that RLECs will neither be required nor financially responsible to transport calls beyond the RLEC’s service area.* To be clear, such a rule would merely serve as a *default* for interconnection, transport, and exchange of traffic, and would not preclude parties from negotiating other arrangements as they found them more efficient on a truly mutual basis.

Thank you for your attention to this correspondence. Pursuant to Section 1.1206 of the Commission’s rules, a copy of this letter is being filed via ECFS.

Sincerely,

/s/ Michael R. Romano

Michael R. Romano

Senior Vice President –

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