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

In the Matter of:	)	
Developing a Unified Intercarrier Compensation Regime	)	CC Docket No. 01-92
Connect America Fund	)	WC Docket No. 10-90

COMMENTS OF THE VOICE ON THE NET COALITION

The Voice on the Net Coalition ("VON")[1] respectfully files these comments in response to the Commission's Public Notice[2] seeking to refresh the record regarding the transition to bill-and-keep that was mandated in 2011.[3] With the transition for most local exchange carriers nearly complete, VON strongly recommends that the Commission stay the course and maintain existing deadlines. Bill-and-keep remains the best methodology for all intercarrier compensation traffic, providing for the first time a national, uniform framework for the exchange of voice traffic, encouraging the deployment of IP networks and the use of IP technology and interconnection.

The *ICC Reform Order* presented in exhaustive detail the benefits of bill-and-keep.[4] These benefits included the introduction of market discipline as carriers would recover the costs of their networks through end user charges, which are subject to competition, rather than through

[1] The VON Coalition works to advance regulatory policies that enable Americans to take advantage of the promise and potential of IP enabled communications. VON Coalition members are developing and delivering voice and other communications applications that may be used over the Internet. For more information, see www.von.org.
[2] *Parties Asked to Refresh the Record on Intercarrier Compensation Reform Related to the Network Edge, Tandem Switching and Transport and Transit*, Pubic Notice, DA 17-863 (rel. September 8, 2017); 82 Fed. Reg. 44754 (September 26, 2017) (establishing the October 26, 2017 comment deadline).
[3] *Report and Order and Further Notice of Proposed Rulemaking*, 26 FCC Rcd 17663 (2011), paras. 740-781 (*"ICC Reform Order")*.
[4] Under bill-and-keep, carriers do not bill each for terminating calls to other carriers' customers. Instead, a carrier looks to its own end users to pay for the cost its network. Id. at para. 737.

intercarrier charges which are not.[5] Bill-and-keep is also less burdensome to implement and significantly reduces costs associated with the regulatory proceedings otherwise necessary to determine the reasonableness of intercarrier rates.[6]

Bill-and-keep was also expected to reduce prices for customers of carriers who incur, but do not collect, intercarrier charges, including wireless, VoIP and long distance carriers. Lower termination charges would result in larger bundles of free calls for the same or lower prices (or no cost at all for broadband customers).[7] The lower costs would also reflect more accurately the actual cost of providing voice service on next-generation network – which the Commission concluded was close to zero.[8] Finally, bill-and-keep would promote larger Commission policy goals of encouraging deployment of IP networks,[9] facilitating IP-to-IP interconnection[10] and improving rural call completion rates.[11]

The FCC chose to phase in the transition to bill-and-keep over a number of years, first with incremental reductions to terminating access and reciprocal compensation rates. For price cap local exchange carriers, bill-and-keep would be required by July 2017 for terminating local switching and reciprocal compensation rates. In July 2018, terminating transport rates would move to bill and keep. For rate of return local exchange carriers, the transition would be slower, with terminating end office rates moving to bill-and-keep in July 2020. [12]

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[5] Id. at para. 742 ("[B]ill-and-keep gives carriers appropriate incentives to serve their customers efficiently.")
[6] Id. at para. 743. The proceedings rely heavily on information from carriers who have incentives to "maximize their own revenues rather than ensure socially optimal intercarrier compensation charges."
[7] Id. at paras. 748-750.
[8] Id. at para. 753.
[9] Id. at para. 35.
[10] Id. at para. 783.
[11] *Report and Order and Further Notice of Proposed Rulemaking,* WC Docket No. 13-39 at para. 101 (rel. November 8, 2013) ("In particular, the Commission adopted a bill-and-keep methodology for all intercarrier traffic, and adopted a transition plan to gradually reduce most termination charges, which, at the end of the transition, should eliminate the financial incentive that appears to be contributing significantly to rural call completion problems.")
[12] *ICC Reform Order* at para. 801.

As the Commission reviews the comments filed in response to the Public Notice, it should remain firm in its commitment to subjecting all intercarrier charges to bill and keep. This will facilitate the deployment of broadband networks and IP interconnection. The Commission should eliminate in all due haste any incentive carriers may have to maintain costly TDM networks and their inefficient per minute charges.

Respectfully submitted,

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