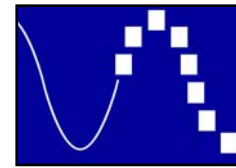


June 15, 2004



The VON Coalition

Senator John Sununu  
111 Russell Senate Office Building  
Washington, D.C. 20510-2903

Dear Senator Sununu:

As the nation's leading VoIP companies, on the cutting edge of developing and delivering voice innovations over the Internet, we are writing to express our strong support of the goals contained in **the VoIP Regulatory Freedom Act, S. 2281**.

We support the goals of the legislation which includes a national declaration that VoIP is an unregulated information service and a focus on industry led solutions, and believe that all forms of VoIP, even those that do not require a broadband connection, would benefit from this unregulated treatment. This legislation recognizes that with the right regulatory framework, VoIP can deliver extraordinary consumer benefits. But automatically applying legacy regulations designed for a 100 year old telephone network could stifle innovation and stall important consumer benefits.

Attached is a new whitepaper that the Voice on the Net (VON) Coalition is releasing this week. It outlines the types of dramatic consumer benefits that VoIP can deliver when VoIP is allowed to thrive under the kind of regulatory framework envisioned in S. 2281. The whitepaper finds that with the right public policies, VoIP can help deliver new innovations and more affordable ways to communicate. VoIP can also be a force for increased competition, a platform for innovation, a driver of broadband deployment, and an enabler of economic growth.

In fact the whitepaper reports that:

- ✓ 2/3<sup>rd</sup>s of Americans already believe VoIP will forever change how we communicate
- ✓ VoIP could allow consumers to achieve savings of 40 to 60 percent off their phone bills
- ✓ Innovators around the globe are on the road to a dramatic transformation in the way we communicate.

However in order to achieve these benefits, the VON Coalition believes policymakers should refrain from applying traditional telecom regulation that could stifle VoIP benefits, while industry and government find new solutions and ways to address important concerns without imposing legacy regulation on VoIP.

The Voice on the Net (VON) Coalition consists of leading VoIP companies, on the cutting edge of developing and delivering voice innovations over Internet. The coalition, which includes AT&T, BMX, Callipso, CallSmart, Convedia, Covad, IceNet, iBasis, Intel, Intrado, MCI, Microsoft, PointOne, Pulver.com, Skype, TeleGlobe, Texas Instruments, VocalData, and Voiceglo, believes that American's are fundamentally better off with a generally hands off regulatory approach to Internet and Internet based services like VoIP.

VoIP is not another flavor of telephone service. It's a new frontier in communications for individuals and businesses alike, and it requires forward-thinking regulatory approaches. If we subject this new technology to legacy telecom regulation, consumers and business users will miss

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out on the new services, increased choices and better prices that VoIP can deliver. The hands off approach to Internet regulation has been an enormous success making the U.S. a leader in the development of VoIP and providing an influential policy model that has been emulated by many other countries. S. 2281 builds off of this successful policy approach to enable future benefits.

The **VoIP Regulatory Freedom Act** would help Americans achieve these benefits by allowing creative policy solutions to emerge. For example, the VON Coalition has been at the forefront of VoIP policy efforts to find forward-thinking solutions to important policy goals. We believe that all forms of VoIP, even those that don't require a broadband connection, and other IP-enabled services should be classified as unregulated information services subject exclusively to federal jurisdiction. We understand there are important social policy issues that need to be addressed, but believe these issues can be more effectively addressed without imposing heavy handed legacy telephone regulations to innovative Internet voice communications.

For example, the VON Coalition supports efforts to address critical issues like the availability of 911 emergency services and disability access through voluntary and other efforts that that don't require imposing heavy regulation that could stifle voice innovations. To advance these solutions, in December 2003 the VON Coalition joined with the National Emergency Number Association (NENA) to bring together leaders from the VoIP industry to forge a voluntary agreement on the next steps to develop the technical and operational mechanisms for providing effective access to emergency services by users of VoIP.

With respect to Universal Service, the Coalition favors reforming the Universal Service Fund to ensure its sustainability through a system of fair contributions from all providers through either a telephone number-based or connection based contribution system. Likewise, as a way to ensure fair compensation for carriers, the group favors an overhaul of the outmoded inter-carrier compensation regime which is now a hodgepodge of implicit subsidies.

And while VoIP helps raise important new policy questions, the most pressing question policymakers need to address today is how we ensure that Americans can take full advantage of the promise and potential of VoIP.

The potential for a vast new wave of VoIP-led technological innovation is here. But in order to unlock the vast new productivity, economic growth, and consumer benefits that lie ahead, policymakers need to help overcome a set of emerging policy challenges and nurture future innovation. **The VoIP Regulatory Freedom Act** would help foster new solutions, enable new opportunity, and allow American's to usher in a new era of Internet driven voice innovations. We look forward to working closely with you on this legislation.

Sincerely,

**The VON Coalition**

cc: Senate Commerce Committee Members  
Michael D. Gallagher, Acting Administrator, NTIA  
FCC Chairman and Commissioners