

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

FCC Intercarrier Compensation -
Workshop and Solicitation of Comments
On the Missoula Plan

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Docket No. M-00061972

**COMMENTS OF
The Missoula Plan Supporters
and
North Pittsburgh Telephone Company**

The Missoula Plan supporters, which include the 325-company Rural Alliance of which North Pittsburgh Telephone Company is a member, would like to thank the Commission for this opportunity to make this presentation in this workshop. We support adoption of the Missoula plan by the FCC and through these comments respectfully request that the Pennsylvania Public Utility Commission also support the adoption of the Missoula Plan in comments before the FCC.

Over the past twenty-two years the FCC and this Commission have both taken numerous steps to open the telecommunications market to competition. These actions, which have benefited Pennsylvania consumers in the form of greater choice and lower prices, have now resulted in severe disruptions in the current intercarrier compensation regime. The current intercarrier compensation system, initially developed under the old monopoly franchise based system has not kept pace with the changes in the marketplace and is now under significant stress and must be revised if we are to continue to evolve the industry to a fully competitive model.

Under the old regulatory model, toll and access rates were priced above cost in order to keep local exchange rates low and allow all members of society to access the network, thus fostering universal service. Any network support shortfalls under

this model were then funded through Universal Service Funds instituted by both the FCC and this Commission .

However, as we have shown in our presentation, intercarrier compensation rates for the termination of traffic differ dramatically between the different jurisdictions of interstate, intrastate and local. These differences in rates contribute to a number of problems such as tariff arbitrage, the misreporting of traffic and unidentified traffic, all of which result in the loss of critical revenue streams that help support the cost of carriers networks while keeping local service prices affordable.

The Missoula Plan, developed in a spirit of compromise by a large number of the main industry participants, which includes large and small ILECs, CLECs and wireless providers, directly deals with the major problems that currently plague intercarrier compensation. The Plan as proposed:

- Minimizes the rate differences between regulatory jurisdictions and between services and thus should minimize arbitrage;
- Recognizes the differences between small, medium and large size carriers through the use of three tracks;
- Creates a measured transition to a unitary and a unified intercarrier rate structure for all carriers;
- Allocates a modest portion of the rate transition, spread over time, to end users, thereby avoiding rate shock and continuing to support the public policy goal of Universal Service

- Retains revenues lost by carriers as intercarrier rates are reduced, in order to insure that critical revenues are still available to provide basic and advanced services, especially in rural areas so that the services offered are comparable in price and service quality to those provided in urban areas;
- Provides incentives to carriers to invest in the infrastructure that supports not only incumbent services but also wireless, IP and other services that utilize that rural infrastructure;
- Provides mechanisms and processes to deal with equity issues between states that have already undertaken intercarrier compensation reform and those that have not;
- Resolves many issues that have and continue to consume enormous resources of carriers and the FCC and this Commission. For instance, the proposed plan (a) defines whether calls are local or access; (b) resolves the wireless intraMTA calling issues; (c) deals with the virtual NXX issue; (d) provides rules to resolve phantom traffic conflicts; and (e) provides rules that fairly resolve interconnection meet point and transport cost responsibility disputes without harming local service ratepayers.

Resolution of these issues through adoption of the Missoula Plan will bring substantial benefits for consumers. Rather than focusing resources on intercarrier disputes, all carriers will be able to focus their resources on providing services to their customers. Rural carriers and their customers will share in that benefit as the rural carriers will continue to provide local services and new broadband services at

prices and service quality levels that are comparable to those provided in urban areas.

The Missoula Plan to reform intercarrier compensation may not be perfect from any party's perspective; however it reflects an extraordinary effort and encompasses many valuable concepts that warrant consideration by the FCC and the support of this Commission.

The Plan is comprehensive and is the best compromise that could be negotiated to deal with the very real and critical intercarrier compensation problems that exist today while maintaining broad industry support.

Given the benefits of the plan for all carriers and for consumers, North Pittsburgh Telephone Company on behalf of the Rural Alliance and the Missoula Plan Supporters urges the Commission to support the adoption of the Missoula Plan by the FCC.

Thank you.

Respectfully submitted by,

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North Pittsburgh Telephone Company