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

In the Matter of	)	
	)	
Developing a Unified Intercarrier Compensation Regime	)	CC Docket No. 01-92
	)	
Missoula Intercarrier Compensation Reform Plan	)	DA 06-1510

TO: The Commission

COMMENTS TO REFRESH RECORD BY THE WESTERN TELECOMMUNICATIONS ALLIANCE

The Western Telecommunications Alliance ("WTA") submits its comments in response to the Public Notice (*Interim Cap Clears Path for Comprehensive Reform*), released May 2, 2008.

A. Prior WTA Comments Regarding Intercarrier Compensation

In filings made in this proceeding on October 25, 2006, January 11, 2007 and March 28, 2007, WTA has supported the basic approach and framework of the pending Missoula Plan. In particular, WTA has advocated:

1. Retention of cost-based access revenue stream for rural ILECs.

Access charges (interstate and intrastate) are one of the three primary revenue streams of rural incumbent local exchange carriers ("ILECs"), and typically comprise approximately 20-to-30 percent of the revenues of WTA members. Stabilization of this critical revenue stream will enable rural ILECs to continue to provide the financial assurances necessary to obtain infrastructure investment loans at affordable interest rates. In addition, if all carriers and service providers making use of "last mile" (or, in the rural West, "last 10-to-50 mile") facilities to carry their traffic are required to pay fair compensation for such use rather than getting it virtually or entirely for free, rural ILECs will have the incentive to continue to invest in the construction and maintenance of the lengthy and expensive loop facilities necessary to bring all of rural America into the modern information age.

2. Harmonization of interstate and intrastate access charges to minimize arbitrage.

The Missoula Plan's proposed reduction of the rate differences between interstate and intrastate access charges will minimize the arbitrage that plagues the existing intercarrier compensation mechanisms. This will benefit consumers by decreasing toll rates, and will also improve telecommunications competition by taking significant strides toward the placement of traditional interexchange carriers, wireless carriers, Voice over Internet Protocol ("VoIP") service providers and others on a much more level playing field where they can focus upon service and quality improvements rather than ways to minimize, evade or avoid access charges.

3. Revenue-neutral Restructure Mechanism for reduced intrastate access rates.

The Missoula Plan proposes to make substantial reductions in the existing intrastate access charges of many rural ILECs, and to offset such decreases by a series of residential SLC increases (from $6.50 to $8.75 per month) and a residual Restructure Mechanism. WTA recognizes that this is a reasonable compromise, so long as the Restructure Mechanism is sufficient to make the overall impact of the changes revenue neutral and to preclude the shifting of much more substantial portions of current access cost recovery into monthly retail customer service rates

4. Call signaling and record requirements to curtail "phantom traffic" practices.

The Missoula Plan includes important call signaling and call record requirements intended to reduce substantially or eliminate the "phantom traffic" problem that has afflicted both rural ILECs and honest service providers. These requirements would address both the intentional and the inadvertent stripping of originating carrier and location information from call records to prevent or impair the billing of terminating access charges for traffic received over common trunks from access tandems. When all terminating access traffic can be properly identified and billed, existing exchange access costs can be recovered via lower rates, and the competitive disadvantages suffered by honest service providers (vis-a-vis those using "phantom traffic" tactics to evade or avoid payment of intercarrier compensation) can be eliminated.

5. Modified rural transport rule to limit the adverse impact of high transport costs.

The Missoula Plan includes a "Modified Rural Transport Rule" intended to eliminate disputes over the application of "transit" costs to the termination of local traffic through an intermediate carrier.

6. Benchmark mechanism for states that have previously reformed access charges.

Some "early adopter" states have already substantially reduced intrastate access charges by shifting cost recovery to increased local service rates, state universal service funds and/or other mechanisms. The proposed benchmark mechanism recognizes that states which have previously restructured or rebalanced intrastate access rates are in a different position vis-à-vis the Missoula Plan proposals than states which have not yet done so, and is designed to minimize any potential adverse impacts of the Missoula Plan upon end users and carriers in the early adopter states. In addition, it seeks to enhance state-by-state rate comparability by reducing the differences between the combined local service rates and subscriber line charges ("SLCs") paid by end users in the various states.

B. Current WTA Position

WTA continues to support the approach and framework of the Missoula Plan as a broad-based industry proposal for intercarrier compensation reform. Whereas WTA may not support independently each and every provision thereof, the Missoula Plan as a whole constitutes an equitable and effective compromise among a broad cross-section of affected service providers that addresses many of the problems of interconnection and intercarrier compensation in both the existing and the future telecommunications industry. If the Commission is willing and able to enact comprehensive intercarrier compensation reform at this time, the Missoula Plan continues to constitute the best proposal before it.

On the other hand, if the Commission prefers a slower and more limited approach, its starting point should be the adoption and enforcement of call signaling and call record requirements that address the "phantom traffic" problem. The intentional and inadvertent omission or stripping of originating carrier and location information from call records renders unidentifiable and non-billable an estimated twenty percent (20.0%) or more of the traffic terminated by many rural telephone companies. As noted above, this "phantom traffic" adversely impacts not only rural telephone companies, but also honest service providers whose properly labeled traffic is subject to higher termination rates than would be the case if all terminating traffic was identified and billed. Elimination or substantial reduction of "phantom traffic" would allow federal and state regulators as well as service providers to identify accurately the nature and origin of all traffic for which intercarrier compensation should be paid, and to immediately reduce termination rates by recovering termination costs over the entire base of terminating traffic. This would simplify the Commission's task of harmonizing interstate and intrastate access rates and other forms of intercarrier compensation, as well as reduce the size of potential SLC increases and restructure and benchmark mechanisms.

Respectfully submitted,
WESTERN TELECOMMUNICATIONS ALLIANCE

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