



NEWS

Federal Communications Commission
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FCC INITIATES A BROAD-RANGING PROCEEDING TO EXPLORE WAYS OF REFORMING INTERCARRIER COMPENSATION RULES

Inquiry Seeks to Update Intercarrier Compensation Rules to Make Them Compatible With Competitive Markets

Washington, D.C. – Today, the Federal Communications Commission (FCC) adopted a proposal to begin a fundamental examination of all forms of intercarrier compensation – the payments among telecommunications carriers resulting from their interconnecting networks. Specifically, the Commission seeks comment on the feasibility of a bill-and-keep approach for intercarrier compensation. Bill-and-keep refers to an arrangement in which carriers recoup all of the costs of originating and terminating traffic from their own customers rather than from other carriers.

In addition to seeking comment on a bill-and-keep regime, the Commission seeks comment on all existing intercarrier compensation regimes and alternative reform measures that would build upon current cost-based intercarrier payments. In total, the Commission aims to move away from the existing, transitional intercarrier compensation systems to a more permanent regime that will provide a stable foundation for the pro-competitive goals of the Telecommunications Act of 1996.

Intercarrier arrangements between carriers are currently governed by a complex system of regulations that treat different types of carriers and different types of services differently, even though there may be no significant differences in the costs among them. Broadly speaking, intercarrier compensation rules can be categorized into two distinct categories: 1) reciprocal compensation rules that apply to “local” calls and 2) access charge rules that apply to “long distance” calls, with both sets of rules subject to various exemptions (e.g., ISPs are exempt from access charges).

The purpose of today’s Notice of Proposed Rulemaking (NPRM) is to examine the existing patchwork of interconnection rules, which were based upon assumptions that did not account for a competitive and deregulated telecommunications environment, and to seek an approach that minimizes the need for regulatory intervention, both now and as competition continues to develop.

Docket No.: CC 01-92

Action by the Commission April 19, 2001, by Notice of Proposed Rulemaking (FCC 01-132). Chairman Powell, Commissioners Ness and Tristani, with Commissioner Furchtgott-Roth concurring and Chairman Powell and Commissioners Ness and Furchtgott-Roth issuing separate statements.

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