



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

December 4, 2019

The Honorable Abby Finkenauer  
U.S. House of Representatives  
124 Cannon House Office Building  
Washington, DC 20515

Dear Congresswoman Finkenauer:

Thank you for your letter regarding the Commission's order to address access arbitrage schemes. I agree that the Commission should stop efforts to exploit the intercarrier compensation system through which phone companies pay each other for carrying and completing calls.

In particular, some local phone companies make arrangements with providers of high-volume calling services (like "free" conference calling and chat lines) to inflate their incoming call traffic and artificially increase their access charge revenues. These "access stimulation" schemes result in excessive charges to long-distance companies that far exceed the costs of completing the calls, and they ultimately cost American consumers an estimated \$60 to \$80 million each year.

That's why the FCC adopted a *Report and Order* in September to eliminate the financial incentives to engage in this wasteful arbitrage. *First*, to eliminate the use of our intercarrier compensation system to subsidize "free" high-volume calling services, the *Order* shifted the financial responsibility for paying certain access charges to the access-stimulating carriers that are responsible for generating them.

*Second*, recognizing the evolving nature of these schemes, we closed a loophole that allowed access-stimulating carriers to profit from high-volume calling even without using a revenue sharing agreement. At the same time, in response to concerns raised by rural carriers regarding the draft order, the Commission calibrated the new rules to avoid ensnaring rural carriers that have higher ratios of inbound to outbound calling traffic but are not engaged in access stimulation. Additionally, to ensure that parties have enough time to come into compliance with our rules, the *Order* adopted a reasonable transition period for carriers to implement any changes to their tariffs and billing systems.

With these steps, we believe we can combat gaming of our intercarrier compensation system. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink that reads "Ajit V. Pai". The signature is written in a cursive style with a large, looped initial "A".

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION  
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THE CHAIRMAN

December 4, 2019

The Honorable Charles E. Grassley  
United States Senate  
135 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Grassley:

Thank you for your letter regarding the Commission's order to address access arbitrage schemes. I agree that the Commission should stop efforts to exploit the intercarrier compensation system through which phone companies pay each other for carrying and completing calls.

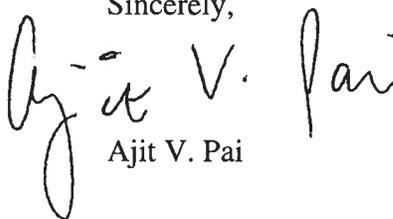
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Ajit V. Pai



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December 4, 2019

The Honorable Cindy Axne  
U.S. House of Representatives  
330 Cannon House Office Building  
Washington, DC 20515

Dear Congresswoman Axne:

Thank you for your letter regarding the Commission's order to address access arbitrage schemes. I agree that the Commission should stop efforts to exploit the intercarrier compensation system through which phone companies pay each other for carrying and completing calls.

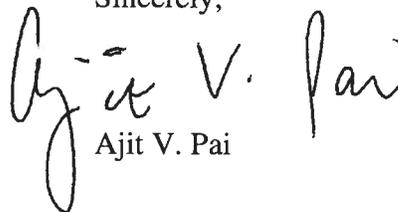
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Ajit V. Pai



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December 4, 2019

The Honorable Dave Loebsack  
U.S. House of Representatives  
1211 Longworth House Office Building  
Washington, DC 20515

Dear Congressman Loebsack:

Thank you for your letter regarding the Commission's order to address access arbitrage schemes. I agree that the Commission should stop efforts to exploit the intercarrier compensation system through which phone companies pay each other for carrying and completing calls.

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Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

December 4, 2019

The Honorable Joni Ernst  
United States Senate  
730 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Ernst:

Thank you for your letter regarding the Commission's order to address access arbitrage schemes. I agree that the Commission should stop efforts to exploit the intercarrier compensation system through which phone companies pay each other for carrying and completing calls.

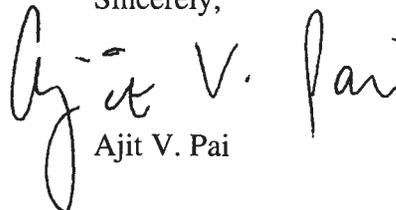
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Ajit V. Pai



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THE CHAIRMAN

December 4, 2019

The Honorable Steve King  
U.S. House of Representatives  
2210 Rayburn House Office Building  
Washington, DC 20515

Dear Congressman King:

Thank you for your letter regarding the Commission's order to address access arbitrage schemes. I agree that the Commission should stop efforts to exploit the intercarrier compensation system through which phone companies pay each other for carrying and completing calls.

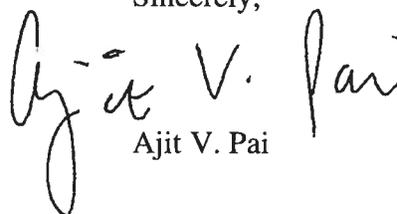
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