

**STATEMENT OF  
CHAIRMAN MICHAEL K. POWELL**

*Re: Petition for Declaratory Ruling That AT&T's Phone-to-Phone IP Telephony Services Are Exempt From Access Charges, WC Docket No. 02-361, Order*

Today's decision is correctly decided on very narrow grounds. A straightforward application of existing law places the long distance telephone service, as it is factually described by AT&T, squarely in the category of a telecommunications service. The carrier has long been obligated to pay access charges for this service and we unanimously confirm that it still is required to do so.

I have stated my solid view that VOIP offers enormous potential for consumers and should be very lightly regulated. I remain staunchly committed to that position. VOIP is clearly not your father's telephone service. It represents a uniquely new form of communication that promises to offer dramatic advances in the consumer experience. Consumers can anticipate greater value, greater personalization, and a wealth of features that are only possible through the convergence of voice and data on a broadband network that pushes more intelligence to the edge of the network and into the hands of end-users. The promise of such services and the potential for greater competition combine to justify a minimal and innovation-friendly regulatory policy.

In that vein, the objectives of digital migration are achieved by moving to networks and services that empower individuals. Therefore, it is important to be guided by the perspective of consumers that are purchasing service, in determining how a service should be understood. The services that are the subject of this petition merely use IP technology in a manner that does not offer consumers any variation in experience or capability. We therefore should approach AT&T's request that it not be subject to the obligations of a telecommunications carrier with skepticism. The petitioner argues that its service should be exempt from the access charge regime because it may use IP in its transport system. Yet, as the Order notes, customers are in no discernable way receiving the transforming benefits of an IP-enabled service. In fact, the consumer receives the same plain old telephone service. To allow a carrier to avoid regulatory obligations simply by dropping a little IP in the network would merely sanction regulatory arbitrage and would collapse the universal service system virtually overnight.

Carriers understandably are anxious to lower their significant access costs as long distance revenue declines. The Commission has recognized that our intercarrier compensation system is under severe stress in light of technological change. We have committed ourselves to reforming the system and I am aware that carriers themselves are working toward solutions. The appropriate way to address these challenges is through intercarrier compensation reform and we will focus our efforts there.