

**STATEMENT OF
COMMISSIONER JONATHAN S. ADELSTEIN**

Re: Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92, Further Notice of Proposed Rulemaking.

With this item, the Commission adopts a detail-rich inquiry into vexing questions about how telecommunications firms compensate one another. We should not conclude, however, that this is a proceeding solely of interest to rival companies on the rapidly-evolving telecommunications landscape. The decisions that this Commission will make in this proceeding will have profound effects on the prices that consumers pay for telecommunications services and on the choice of services available to them.

This Notice is not the first step in the Commission's revision of its intercarrier compensation regime. Since the passage of the Telecommunications Act of 1996, the Commission has acted on several occasions to address the interplay of its long-standing access charge rules and its reciprocal compensation rules, adopted to implement the 1996 Act. In that time, the Commission has also made substantial changes to the pre-1996 Act rules, reducing rates for access services and seeking to preserve universal service by providing explicit support for hard-to-serve areas of our country.

These actions notwithstanding, there is a widespread call for further reform of the intercarrier compensation regime, particularly with developing intermodal competition and the advent of Internet-Protocol-based services like VoIP. The voices calling for further reform represent a wide diversity of interests: state policymakers, consumer groups, incumbent and competitive local wireline carriers, wireless carriers, long distance carriers, VoIP providers, and others. It is remarkable and encouraging that numerous parties from all segments of the industry have come forward to offer goals, principles and specific proposals for further reform. These parties have expended significant resources to develop proposals and many have tried to find common ground, even if it means moving off of their initial positions.

With this Notice, we hope to capitalize on these parties' hard work and to encourage others to roll up their sleeves and recommit themselves to this effort. Without that broad participation and commitment to find compromise, we may end up with a less than optimal result, and parties may find that the final solutions do not fully reflect their interests.

The proposals included in this Notice are diverse in scope and solutions: some advocate moderate reform, others more far-reaching changes. I'm pleased that this Notice seeks comment on these proposals comprehensively and quickly, so that we can harness the momentum provided by these collective efforts. While this Notice may not precisely reflect my balance of the competing policy goals for intercarrier compensation reform, I am pleased that the item sets out our commitment to harmonize and unify our rules. Given the rapid changes in the communications marketplace, we must work both promptly and carefully to make sure that our regulatory framework continues to promote the innovation and customer choice that drive so much economic growth and benefit for American consumers.

I also give heavy weight to our statutory obligation to preserve and advance universal service even as we move forward with reform proposals. We must quantify with some specificity and weigh carefully the impact of any proposals on all consumers, including those consumers who live in high costs areas or who are low volume users. In addition, this Commission has traditionally been sensitive to drastic shifts in the way that carriers, particularly small companies serving the hardest-to-reach areas, recover their costs. We will need more than

idle assurances about the importance of universal service to be successful here; rather, we must develop coherent and responsive approaches to this Congressional directive.

As we move forward, I want to commend in particular the National Association of Regulatory Commissioners (NARUC) for its efforts to bring parties together. A collaborative process is essential, particularly given the complex jurisdictional issues raised in this proceeding, and I appreciate NARUC's leadership on this front.

Finally, I want to thank the staff of the Wireline Competition Bureau and the Wireless Telecommunications Bureau. While I cannot endorse today the separate staff analysis of intercarrier compensation proposals, which is not the product of Commission vote, I thank the staff for their dedication from the beginning to the end of this process and look forward to working with them as we tackle the challenges ahead.