

Before the
 Federal Communications Commission
 Washington, D.C. 20554

In the Matter of)	
)	
Developing a Unified Intercarrier Compensation Regime)	CC Docket No. 01-92
)	
T-Mobile et al. Petition for Declaratory Ruling Regarding Incumbent LEC Wireless Termination Tariffs)	
)	
)	

ORDER ON REMAND

Adopted: September 15, 2014

Released: September 17, 2014

By the Commission:

I. INTRODUCTION

1. In response to claims by Commercial Mobile Radio Service (CMRS) providers that incumbent local exchange carriers (LECs) were filing state tariffs charging excessive rates for terminating wireless-originated local traffic on their wireline networks, the Commission in its 2005 *T-Mobile Order*¹ adopted a rule banning such wireless termination tariffs on a prospective basis. Two incumbent LECs sought judicial review, arguing that the rule conflicted with the “rural exemption” in section 251(f)(1) of the Communications Act of 1934 (the Act), which exempts rural incumbent LECs from certain market-opening requirements imposed on incumbent LECs by section 251(c) unless a state commission terminates that exemption according to specified criteria. Finding that the *T-Mobile Order* did not adequately analyze and explain the effects of its rule on the rural exemption in section 251(f)(1), the United States Court of Appeals for the Ninth Circuit last year “remand[ed]” the *T-Mobile Order* to the FCC “for further consideration.”²

2. This Order on Remand responds to the court’s directive. Specifically, the Commission examines the interplay between the *T-Mobile Order* and the rural exemption set forth in section 251(f)(1)(A). As explained below, the *T-Mobile Order* was based on the Commission’s plenary authority under sections 201 and 332 of the Act, and the rural exemption contained in section 251(f)(1)(A) only relieves rural LECs from complying with obligations arising under an entirely separate statutory provision, i.e., section 251(c) of the Act. Accordingly, we conclude that the *T-Mobile Order* rule prohibiting the filing of wireless termination tariffs for non-access traffic is not at odds with the section 251(f)(1) rural exemption.

¹ *Developing a Unified Intercarrier Compensation Regime; T-Mobile et al. Petition for Declaratory Ruling Regarding Incumbent LEC Wireless Termination Tariffs*, CC Docket No. 01-92, Declaratory Ruling and Report and Order, 20 FCC Rcd 4855 (2005) (*T-Mobile Order*).

² *Ronan Tel. Co. v. FCC*, 539 F.App’x 722 (9th Cir. 2013) (*Ronan Remand*).

II. BACKGROUND

A. Interconnection and Compensation Arrangements

3. *LEC/CMRS Interconnection Regime.* The Commission established rules governing interconnection between LECs and CMRS providers in 1994.³ Pursuant to its authority under sections 201(a) and 332 of the Act, the Commission adopted rules requiring LECs and CMRS carriers to negotiate in good faith the terms and conditions of interconnection, and pay mutual compensation for the exchange of traffic.⁴ As originally adopted, section 20.11 of the Commission's rules required LECs to provide the type of interconnection reasonably requested and also required the originating carrier, whether LEC or CMRS provider, to pay reasonable compensation to the terminating carrier in connection with traffic that terminates on the latter's network facilities.⁵ As a general matter, early decisions addressing CMRS interconnection issues indicate that the Commission intended for these arrangements to be negotiated agreements between the parties and also reflect an expectation that tariffs would be filed only after carriers had negotiated agreements.⁶

4. *Section 251 Duties.* Adopted as part of the Telecommunications Act of 1996 (1996 Act), section 251 of the Act provides a graduated set of interconnection requirements and other obligations designed to foster competition in telecommunications markets. The nature and scope of these obligations vary depending on the type of service provider. Section 251(a) sets forth general duties applicable to all telecommunications carriers, including the duty "to interconnect directly or indirectly with the facilities and equipment of other telecommunications carriers."⁷ Section 251(b) sets forth additional duties for LECs pertaining to resale of services, number portability, dialing parity, access to rights-of-way, and reciprocal compensation – the duty of LECs to establish reciprocal compensation arrangements for the transport and termination of telecommunications (i.e., arrangements for exchange of traffic terminating on another carrier's network).⁸ Section 251(c) sets forth the most detailed obligations, which apply only to

³ See generally *Implementation of Sections 3(n) and 332 of the Communications Act and Regulatory Treatment of Mobile Services*, GN Docket No. 93-252, Second Report and Order, 9 FCC Rcd 1411, 1493-1500, paras. 220-39 (1994) (*CMRS Second Report and Order*) (subsequent history omitted).

⁴ *Id.* at 1497-98, paras. 228-32. See also 47 C.F.R. § 20.11. In a subsequent Notice of Proposed Rulemaking, the Commission explored whether it should retain the system of negotiated agreements or adopt tariffing requirements. See *Equal Access and Interconnection Obligations Pertaining to Commercial Mobile Radio Services*, CC Docket No. 94-54, RM-8012, Notice of Proposed Rulemaking and Notice of Inquiry, 9 FCC Rcd 5408, 5455-57, paras. 113-20 (1994). The Commission issued yet another Notice of Proposed Rulemaking in 1996 to examine further its policies related to interconnection between CMRS providers and LECs, including compensation arrangements. See *Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers; Equal Access and Interconnection Obligations Pertaining to Commercial Mobile Radio Service Providers*, CC Docket Nos. 95-185, 94-54, Notice of Proposed Rulemaking, 11 FCC Rcd 5020, 5058-64, paras. 82-95 (1996).

⁵ See *CMRS Second Report and Order*, 9 FCC Rcd at 1497-98, paras. 230-32 (adopting section 20.11).

⁶ See *The Need to Promote Competition and Efficient Use of Spectrum for Radio Common Carrier Services*, Report No. CL-379, Declaratory Ruling, 2 FCC Rcd 2910, 2916, para. 56 (1987) (stating that "we expect that tariffs reflecting charges to cellular carriers will be filed only after the co-carriers have negotiated agreements on interconnection"); *The Need to Promote Competition and Efficient Use of Spectrum for Radio Common Carrier Services (Cellular Interconnection Proceeding)*, Report No. CL-379, Memorandum Opinion and Order on Reconsideration, 4 FCC Rcd 2369, 2370-71, paras. 13-15 (1989) (reaffirming that "tariffs should not be filed before the co-carriers have conducted good faith negotiations on an interconnection agreement," but providing that whether a particular tariff filing constituted bad faith in negotiating would be determined on a case-by-case basis).

⁷ 47 U.S.C. § 251(a)(1).

⁸ 47 U.S.C. § 251(b).

incumbent LECs.⁹ These section 251(c) obligations include, among other things, the duty to “negotiate in good faith in accordance with section 252 the particular terms and conditions of agreements” to fulfill the section 251(b) and (c) requirements.¹⁰

5. *The Rural Exemption.* Section 251(f)(1)(A), generally known as “the rural exemption,” specifies that section 251(c) “shall not apply to a rural telephone company” until the rural telephone company, or rural LEC, has received a bona fide “request for interconnection, services, or network elements,” and the relevant state commission determines “that the request is not unduly economically burdensome, is technically feasible, and is consistent with section 254”¹¹ The Commission has stated that Congress intended exemption from the section 251(c) requirements to be the exception rather than the rule, and to apply only to the extent, and for the period of time, that policy considerations justify such exemption.¹²

6. *Section 252.* Section 252 of the Act provides that incumbent LECs, upon receiving a request for interconnection under section 251, may seek to negotiate a voluntary interconnection agreement with the requesting carrier. Any party negotiating such an agreement may ask a state commission to mediate any differences.¹³ Additionally, section 252(b) sets forth a mandatory arbitration scheme for the resolution of disputes.¹⁴ Further, the final agreement, whether arrived at by negotiation or arbitration, must be submitted for approval to the state commission.¹⁵ The Commission has declined to adopt rules advising the state commissions on how to conduct mediations and arbitrations, and has asserted that the states are in a better position to develop mediation and arbitration rules that support the objectives of the 1996 Act.¹⁶

B. The T-Mobile Order

7. The *T-Mobile Order* dealt with certain issues that had arisen in the context of LEC-CMRS interconnection and traffic exchange. CMRS providers typically interconnect indirectly with incumbent LECs via tandems owned by third parties.¹⁷ In this scenario, a CMRS provider delivers the

⁹ 47 U.S.C. § 251(c); *see also* 47 U.S.C. §§ 251(h), 252(j) (defining incumbent LEC).

¹⁰ 47 U.S.C. § 251(c). After the passage of the 1996 Act, the Commission relied upon these statutory provisions to adopt new rules regulating interconnection, including LEC-CMRS interconnection. *See Implementation of the Local Competition Provisions in the Telecommunications Act of 1996; Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers*, CC Docket Nos. 96-98, 95-185, First Report and Order, 11 FCC Rcd 15499 (1996) (subsequent history omitted) (*Local Competition Order*). The Commission emphasized, however, that “[b]y opting to proceed under sections 251 and 252, [it was] not finding that section 332 jurisdiction over interconnection has been repealed by implication, or rejecting it as an alternative basis for jurisdiction.” *Id.* at 16005, para. 1023.

¹¹ 47 U.S.C. § 251(f)(1)(A). *See also* 47 U.S.C. § 153(44) (defining “Rural Telephone Company”). The Commission also has defined the term “rural incumbent local exchange carrier” as a carrier that is both an incumbent LEC and satisfies the definition of rural telephone company. *See* 47 C.F.R. § 54.5.

¹² *See Local Competition Order*, 11 FCC Rcd at 16118, para. 1262.

¹³ *See* 47 U.S.C. § 252(a)(2).

¹⁴ From the 135th to 160th day after the date on which an incumbent LEC receives a request for negotiation under section 252, the carrier or any other party to the negotiation may petition a state commission “to arbitrate any open issues.” 47 U.S.C. § 252(b)(1).

¹⁵ 47 U.S.C. § 252(e)(1).

¹⁶ *See Local Competition Order*, 11 FCC Rcd at 16127, para. 1283.

¹⁷ *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, Notice of Proposed Rulemaking, 16 FCC Rcd 9610, 9643, para. 91 & n.148 (2001).

call to a tandem, which in turn delivers the call to the terminating incumbent LEC.¹⁸ The indirect nature of the interconnection enables the CMRS provider and incumbent LEC to exchange traffic even if there is no interconnection agreement or other compensation arrangement between the parties.¹⁹ This structure led to disputes about whether terminating compensation was due in the absence of a compensation arrangement, as well as the type of intercarrier compensation due.²⁰ In response, incumbent LECs began filing state tariffs that included wireless termination charges, which some CMRS providers claimed were excessive.²¹ In 2002, T-Mobile USA, Inc., Western Wireless Corporation, Nextel Communications and Nextel Partners jointly filed a petition for declaratory ruling asking the Commission to reaffirm “that wireless termination tariffs are not a proper mechanism for establishing reciprocal compensation arrangements for the transport and termination of traffic.”²²

8. In the *T-Mobile Order*, the Commission determined that nothing in the 1996 Act or pre-1996 Act requirements specifically prohibited incumbent LECs from filing such state wireless termination tariffs.²³ Given the clear preference for negotiated interconnection agreements reflected in both the 1996 Act and the Commission’s past actions and policies under sections 201(a) and 332, however, the Commission found it in the public interest to preclude the filing of wireless termination tariffs in this context going forward.²⁴ Accordingly, the Commission amended section 20.11 of its rules to prohibit LECs from imposing non-access compensation obligations on CMRS providers pursuant to tariff.²⁵ The Commission revised this section of the rules pursuant to its “plenary authority under sections 201 and 332 of the Act.”²⁶

9. Recognizing that CMRS providers may lack incentives to enter into agreements for compensation arrangements, the Commission also amended section 20.11 to provide that an incumbent LEC may request interconnection from a CMRS provider and invoke the same negotiation and arbitration procedures that apply under section 252 of the Act to interconnection requests made by a CMRS provider to an incumbent LEC.²⁷ This revision also was adopted pursuant to the Commission’s authority under sections 201 and 332 of the Act. The Commission did not exempt rural incumbent LECs from the rules adopted in the *T-Mobile Order* nor did it expressly address how the new tariff prohibition and procedures related to rural incumbent LECs’ exemption from section 251(c) under section 251(f)(1) of the Act. Shortly after the *T-Mobile Order* was released, Ronan Telephone Co. and Hot Springs Telephone Co.

¹⁸ *T-Mobile Order*, 20 FCC Rcd at 4857, para. 5.

¹⁹ *Id.*

²⁰ *Id.* at 4857-58, paras. 4, 6.

²¹ *Id.* at 4858-59, para. 7.

²² *Id.* at 4859-60, para. 8; see T-Mobile USA, Inc. et al. Petition for Declaratory Ruling: Lawfulness of Incumbent Local Exchange Carrier Wireless Termination Tariffs, CC Docket Nos. 01-92, 95-185, 96-98 (filed Sept. 6, 2002) (T-Mobile et al. Petition for Declaratory Ruling). Comment was sought and received on the petition. See *Comment Sought on Petitions for Declaratory Ruling Regarding Intercarrier Compensation for Wireless Traffic*, CC Docket No. 01-92, Public Notice, 17 FCC Rcd 19046 (WCB/WTB 2002). Comments were filed on October 18, 2002 and replies were filed on November 1, 2002.

²³ *T-Mobile Order*, 20 FCC Rcd at 4860, para. 10.

²⁴ *Id.* at 4863, para. 14.

²⁵ *Id.*

²⁶ *Id.* at 4863-64, para. 14.

²⁷ *Id.* at 4864-65, paras. 15-16.

(Petitioners) filed a petition for review in the Ninth Circuit. The Ninth Circuit ordered the case held in abeyance until the Commission addressed pending reconsideration requests.²⁸

10. In the *2011 USF/ICC Transformation Order*, the Commission declined to reconsider, in the context of broader intercarrier compensation reform, certain aspects of the *T-Mobile Order*.²⁹ Among the issues considered was whether the Commission had improperly extended the obligations contained in section 252 to providers that are not subject to that provision.³⁰ The Commission clarified that it did not extend negotiation and arbitration requirements to non-incumbent LECs under section 252, but rather, acting pursuant to sections 201 and 332 and authority ancillary to those provisions and sections 251(a)(1) and 251(b)(5), applied duties “analogous to the [section 252] negotiation and arbitration requirements.”³¹ Thus, the Commission agreed with parties arguing that references to the negotiation and arbitration procedures in section 252 were intended merely to describe, in an abbreviated manner, duties similar to those applied under section 252.³²

11. As part of its broader reforms, the Commission also adopted bill-and-keep as the immediately applicable default compensation methodology for non-access traffic between LECs and CMRS providers under section 20.11 and the reciprocal compensation requirements in part 51 of our rules.³³ The Commission reasoned that a federal bill-and-keep methodology for such compensation would address growing confusion and litigation over the appropriate compensation rates for this traffic and eliminate the incentives for traffic stimulation and regulatory arbitrage.³⁴ Significantly, the Commission did not abrogate existing agreements or otherwise adopt a “fresh look” in light of its reforms.³⁵ Thus, carriers bound by an existing compensation agreement would continue to receive compensation pursuant to such agreements until the conclusion of the contract term.³⁶ On reconsideration, however, the Commission acknowledged that these agreements often contain change of law provisions that would, as a practical matter, result in carriers moving to a bill-and-keep methodology upon the effective date of the rule rather than when the agreement expires.³⁷ Accordingly, the

²⁸ Sprint Nextel, T-Mobile and MetroPCS intervened on behalf of the Commission, and CTIA filed an amicus brief. MetroPCS subsequently withdrew from the proceedings.

²⁹ See *Connect America Fund et al.*, WC Docket Nos. 10-90 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17947-56, paras. 832-46 (2011) (*USF/ICC Transformation Order*), *pets. for review denied sub nom. In re FCC 11-161*, 753 F.3d 1015 (10th Cir. 2014).

³⁰ See *id.* at 17952-53, para. 841.

³¹ *Id.*; see also *id.* at 17947-51, paras. 833-39.

³² *Id.* at 17952, para. 841 n.1611.

³³ *Id.* at 18034-35, para. 988. “Under bill-and-keep arrangements, a carrier generally looks to its end-users—which are the entities and individuals making the choice to subscribe to that network—rather than looking to other carriers and their customers to pay for the costs of its network. To the extent additional subsidies are necessary, such subsidies will come from the Connect America Fund, and/or state universal service funds.” *Id.* at 17904, para. 737. Because this is a default methodology, parties retain the ability to agree upon different compensation pursuant to commercial negotiations. The Commission also clarified that the compensation obligations under 20.11 are coextensive with the reciprocal compensation requirements. *Id.* at 18034, para. 988.

³⁴ *Id.* at 18037, para. 995. To address the potential impact of transport costs on rate-of-return carriers, the Commission also adopted a rule limiting the provisioning obligations when the point of interconnection is located outside of the rate-of-return carrier’s service area. *Id.* at 18039-40, paras. 998-99.

³⁵ *Id.* at 18040, para. 1000.

³⁶ *Id.*

Commission extended the effective date of the new default-bill-and-keep methodology from December 29, 2011 to July 1, 2012 for situations where carriers were exchanging non-access traffic pursuant to an agreement.

12. Subsequent to the *USF/ICC Transformation Order*, the Ninth Circuit returned the appeal to the active calendar. In their opening brief to the court, Petitioners maintained that, under section 251(f)(1), rural telephone companies are exempt from the negotiation and arbitration obligations set forth in section 251(c) unless the exemption is terminated by a state public utility commission.³⁸ They argued that, under the *T-Mobile Order*, LECs are eligible for compensation for terminating CMRS provider traffic only if they enter into negotiated agreements with CMRS providers or submit to the arbitration process.³⁹ Thus, they contended that the Commission unlawfully usurped the authority of state commissions by essentially terminating the rural exemption.⁴⁰

13. On August 21, 2013, the Ninth Circuit granted the petition for review and remanded the *T-Mobile Order*.⁴¹ Specifically, the court observed that Congress had exempted rural telephone companies from certain section 251 obligations generally applicable to incumbent LECs but that, in the *T-Mobile Order*, the Commission had not included any exemption for rural carriers from the rule prohibiting wireless termination tariffs. Responding to arguments from the petitioners that the rule, effectively eliminated the rural exemption, the court remanded to the Commission to consider and explain this aspect of the issue.⁴² We now address that issue.

III. DISCUSSION

14. We confirm that the Commission's *T-Mobile Order* did not terminate or otherwise affect operation of the rural exemption or rural carriers' rights under that provision. Nor did it affect the states' role in ruling on petitions to terminate the rural exemption in specific circumstances.⁴³ Although the rural exemption adopted in 1996 excused rural LECs from specific new obligations under section 251, it did not excuse them from obligations established pursuant to other sections of the Act. As discussed above, LECs have long been required to negotiate interconnection agreements in good faith governing both the physical linking of networks and any associated charges.⁴⁴ These obligations were adopted pursuant to sections 201 and 332 of the Act,⁴⁵ and predate the obligations contained in section 251 adopted as part of

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³⁷ See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Order on Reconsideration, 26 FCC Rcd 17633, 17635-37, paras. 6-7 (2011).

³⁸ See Brief of Petitioners at 12, *Ronan Tel. Co. v. FCC*, 539 F.App'x 722 (9th Cir. filed May 18, 2012) (Petitioners Opening Brief). See also Comments of the Michigan Rural Incumbent Local Exchange Carriers, CC Docket No. 01-92, at 6-7 (filed Oct. 18, 2002) (stating that rural LECs should be allowed to establish compensation arrangements via tariff due to the rural exemption); Comments of Montana Local Exchange Carriers, CC Docket No. 01-92, at 6 (filed Oct. 18, 2002) (arguing that requiring the use of interconnection agreements would effectively be lifting the rural exemption). See also Reply Comments of Missouri Independent Telephone Company Group, CC Docket Nos. 95-185, 96-98, 01-92, at 18-19 (filed Nov. 1, 2002); Reply Comments of the Montana Local Exchange Carriers, CC Docket No. 01-92, at 3 (filed Nov. 1, 2002).

³⁹ See Petitioners Opening Brief at 12.

⁴⁰ *Id.* See also Montana Local Exchange Carriers Motion to Dismiss, CC Docket No. 01-92, DA 02-2436, at 1 (filed Oct. 18, 2002) (characterizing the *T-Mobile et al.* Petition for Declaratory Ruling as having preemptive effect and seeking dismissal by the Commission on procedural grounds).

⁴¹ *Ronan Remand* at 722-23. In the *T-Mobile Order*, the term "non-access traffic" referred to traffic not subject to the interstate or intrastate access charge regimes, including traffic subject to section 251(b)(5) of the Act and ISP-bound traffic. See *T-Mobile Order*, 20 FCC Rcd at 4855-56, para. 1 n. 6.

⁴² *Ronan Remand* at 722-23 (citing 47 U.S.C. § 251(f)(1)(A)).

the 1996 Act. Like the pre-1996 Act orders adopting the LEC-CMRS interconnection regime, the Commission's actions with respect to that regime in the *T-Mobile Order* were based on the Commission's plenary authority under sections 201 and 332 of the Act.⁴⁶

15. The adoption of the 1996 Act in general, and section 251 in particular, did not alter the relevant Commission authority under sections 201 and 332 of the Act with respect to the LEC-CMRS interconnection regime.⁴⁷ Section 601(c) of the 1996 Act states that “[t]his Act and the amendments made by this Act shall not be construed to modify, impair, or supersede Federal, State, or local law unless expressly so provided in such Act or amendments.”⁴⁸ The 1996 Act was adopted against the backdrop of Commission regulation of LEC-CMRS interconnection, and nothing in section 251 expressly modified, impaired, or superseded the Commission's efforts. To the contrary, as to section 201, section 251(i) provides: “Nothing in this section shall be construed to limit or otherwise affect the Commission's authority under section 201.”⁴⁹ Courts likewise have upheld the Commission's continued exercise of sections 201 and 332 authority notwithstanding the adoption of section 251 in the 1996 Act.⁵⁰ Thus, sections 201 and 332 provide the basis for the LEC-CMRS interconnection and compensation rules adopted prior to the 1996 Act and an independent and sufficient basis for the modifications of those rules adopted in the *T-Mobile Order*.

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⁴³ See 47 U.S.C. 251(f)(1)(B).

⁴⁴ See *The Need to Promote Competition and Efficient Use of Spectrum for Radio Common Carrier Services*, 2 FCC Rcd 2910, 2912, para. 21 (1987) (*1987 Interconnection Ruling*); *CMRS Second Report and Order*, 9 FCC Rcd at 1497-98, paras. 228-234; see also *USF/ICC Transformation Order*, 26 FCC Rcd at 17948-49, paras. 834-36 (discussing LEC/CMRS interconnection under sections 201 and 332). Indeed, as the pre-1993 Orders demonstrate, section 201(a) standing alone has provided the Commission with sufficient authority to regulate LEC-CMRS interconnection, including the circumstances under which LECs would be permitted to file tariffs to govern such interconnection. See *1987 Interconnection Ruling*, 2 FCC Rcd at 2916, para. 56; *The Need to Promote Competition and Efficient Use of Spectrum for Radio Common Carrier Services (Cellular Interconnection Proceeding)*, Report No. CL-379, Memorandum Opinion and Order on Reconsideration, 4 FCC Rcd 2369, 2370-71, paras. 13-14 (1989).

⁴⁵ See 47 U.S.C. §§ 201, 332.

⁴⁶ See *supra* para. 8.

⁴⁷ See *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-98, First Report and Order, 11 FCC Rcd 15499, 16005, para. 1023 (1996) (stating that “[b]y opting to proceed under sections 251 and 252, we are not finding that section 332 jurisdiction over interconnection has been repealed by implication or rejecting it as an alternative basis for jurisdiction.”). There is precedent that a later, more specific statute should trump an earlier, more general one “to the extent of any inconsistency between the two statutes.” *Tn. Gas Pipeline v. FERC*, 626 F.2d 1020, 1022 (D.C. Cir. 1980). As described herein, there is no inconsistency between section 251 and the Commission's exercise of its authority in sections 201 and 332.

⁴⁸ 1996 Act, § 601(c)(1), 110 Stat. 143.

⁴⁹ 47 U.S.C. § 251(i).

⁵⁰ See, e.g., *Core v. FCC*, 592 F.3d 139, 143-44 (D.C. Cir. 2010) (holding that although sections 201 and 251-252 intersect, neither is more specific and neither regime is a subset of the other, and that “[g]iven this overlap, § 251(i)'s specific saving of the Commission's authority under § 201 against any negative implications from § 251 renders the Commission's reading of the provisions [as continuing its preexisting authority under section 201] at least reasonable”); *Iowa Utils. Bd. v. FCC*, 120 F.3d 753, 800 n.21 (8th Cir. 1997) (holding that although the Commission generally lacked authority to adopt the pricing rules at issue there as a matter of sections 251 and 252 of the Act, “because section 332(c)(1)(B) gives the FCC the authority to order LECs to interconnect with CMRS carriers, we believe that the Commission has the authority to issue the [rate] rules of special concern to the CMRS providers, . . . but only as these provisions apply to CMRS providers”) *rev'd on other grounds sub nom. AT&T v. Iowa Utils. Bd.*, 525 U.S. 366 (1999).

16. Moreover, the Section 251 rural exemption is limited to exempting rural incumbent LECs from obligations arising under a different statutory provision, *i.e.*, section 251(c) of the Act.⁵¹ Because the amendments to the LEC-CMRS interconnection regime adopted in the *T-Mobile Order* were supported by the Commission's authority under 201 and 332, the Commission's *T-Mobile Order* did not terminate or otherwise affect operation or applicability of the rural exemption as to rural LECs. We also emphasize that the *T-Mobile Order* did not preempt the authority of a state commission under section 251(f)(1) to evaluate and, if appropriate, terminate a carrier's rural exemption.

17. Some parties have contended that, by precluding, as a practical matter, a LEC from receiving compensation from a CMRS provider for providing call termination services unless it enters into an agreement with the CMRS provider, the Commission "eviscerates the rural LEC's exemption from negotiating."⁵² This characterization of the rural exemption is incorrect in that it fails to acknowledge the limited scope of the rural exemption, given the specific reference in section 251(f)(1) to section 251(c).⁵³

18. Thus, even to the extent that the *T-Mobile Order* relied, as an alternate basis for authority, on section 251(b), it is not at odds with the section 251(f)(1) rural exemption. In particular, we disagree with Petitioners' claim that the rural exemption extends to obligations in section 251(b) by virtue of a reference to such section in section 251(c).⁵⁴ In the *CRC/Time Warner Declaratory Ruling*, the Commission clarified that rural incumbent LEC obligations under sections 251(a) and (b) can be implemented through the state commission arbitration and mediation provisions in section 252 of the Act independently of the 251(c)(1) negotiation obligation.⁵⁵

19. Finally, the LEC obligations under the LEC-CMRS regime are different from the obligations under the 251 regime. Specifically, the relevant "duty" in section 251(c)(1) is a legal obligation enforceable against the incumbent LEC to negotiate in good faith.⁵⁶ To the extent that the *T-Mobile Order* framework gives a rural incumbent LEC some incentive to negotiate with CMRS providers, that

⁵¹ See 47 U.S.C. § 251(f)(1) (specifies that section 251(c) shall not apply to a rural telephone company until certain conditions are met). See *Petition of CRC Communications of Maine, Inc. and Time Warner Cable Inc. for Preemption Pursuant to Section 253 of the Communications Act, as Amended*, WC Docket No. 10-143, GN Docket No. 9-51, CC Docket No. 01-92, 26 FCC Rcd 8259, para. 2 (2011) (clarifying that LECs are obligated to fulfill all of the duties set forth in sections 251(a) and (b) of the Act even if the LEC has a rural exemption from section 251(c)) (*CRC/Time Warner Declaratory Ruling*).

⁵² See, e.g., Reply Brief of Petitioners at 15, *Ronan Tel. Co. v. FCC*, 539 F.App'x 722 (9th Cir. filed Sept. 17, 2012) (Petitioners Reply Brief); Montana LEC Comments at 6 (arguing that requiring the use of interconnection agreements would effectively be lifting the rural exemption).

⁵³ See 47 U.S.C. § 251(f)(1).

⁵⁴ Petitioners Reply Brief at 17.

⁵⁵ *CRC/Time Warner Declaratory Ruling*, 26 FCC Rcd at 8269, para. 19. Specifically, the Commission found that, although LECs subject to the rural exemption are not required to negotiate in good faith the terms and conditions of agreements to fulfill their obligations under section 251(b), the section 252 arbitration process can be invoked to implement and enforce those obligations. *Id.* at 8268, paras. 17-18. For similar reasons, we reject claims that tariffs are the only practical way for rural LECs to implement section 251(b) obligations. See, e.g., Comment of the Michigan Rural Incumbent Local Exchange Carriers, CC Docket No. 01-92, at 6-7 (filed Oct. 18, 2002) (stating that tariffs are the only practical way for rural LECs to comply with section (b)(5)); Comments of Montana Local Exchange Carriers, CC Docket No. 01-92, at 5 (filed Oct. 18, 2002) (arguing that some means other than interconnection agreements must be used to implement various interconnection obligations contained in sections 251(a) and (b) of the Act).

⁵⁶ 47 U.S.C. § 251(c)(1).

incentive falls well short of a legal duty of the sort at issue in section 251(c)(1). This is particularly true where the rural LEC has other possible options to seek revenues (e.g., from its end users if it can modify its local retail rates), and thus seeking compensation from the CMRS provider is but one alternative.

IV. CONCLUSION

20. For the reasons discussed above, we reject claims that the *T-Mobile Order* “eviscerates the rural LEC’s exemption from negotiating.”⁵⁷ For those same reasons, we likewise reject arguments that the Commission’s actions in the *T-Mobile Order* usurped the authority of state utility commissions to terminate the rural exemption.⁵⁸ Thus, in response to the *Ronan Remand*, we conclude that the *T-Mobile Order* rule prohibiting the filing of wireless termination tariffs for non-access traffic is not at odds with the section 251(f)(1) rural exemption.

V. PROCEDURAL MATTERS

A. Final Regulatory Flexibility Act Certification

21. As we are adopting no rules in this Order on Remand, no regulatory flexibility analysis is required.

B. Paperwork Reduction Act Analysis

22. This Order does not contain proposed information collection(s) subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104-13. In addition, therefore, it does not contain any new or modified “information collection burden for small business concerns with fewer than 25 employees,” pursuant to the Small Business Paperwork Relief Act of 2002.⁵⁹

C. Congressional Review Act

23. The Commission will not send a copy of this Order on Remand in a report to Congress and the Government Accountability Office pursuant to the Congressional Review Act⁶⁰ because no rules are being adopted.

VI. ORDERING CLAUSES

24. Accordingly, IT IS ORDERED that, pursuant to the authority contained in sections 1-5, 7, 10, 201-05, 207-09, 214, 218-20, 225-27, 251-54, 256, 271, 303, 332, 403, 405, 502 and 503 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-55, 157, 160, 201-05, 207-09, 214, 218-20, 225-27, 251-54, 256, 271, 303, 332, 403, 405, 502, 503, and sections 1.1, 1.2 of the Commission’s rules, 47 C.F.R. §§ 1.1, 1.2, this Order on Remand in CC Docket No. 01-92 IS ADOPTED.

⁵⁷ See, e.g., Petitioners Reply Brief at 15; Comments of Montana Local Exchange Carriers, CC Docket No. 01-92, at 6 (filed Oct. 18, 2002) (arguing that requiring the use of interconnection agreements would effectively be lifting the rural exemption).

⁵⁸ See Petitioners Opening Brief at 12 (emphasizing that only state utility commissions may terminate the rural exemption under section 251(f)(1)).

⁵⁹ Small Business Paperwork Relief Act of 2002, Public Law 107- 198, 116 Stat. 729 (2002); 44 U.S.C. § 3506(c)(4).

⁶⁰ See 5 U.S.C. § 801(a)(1)(A).

25. IT IS FURTHER ORDERED that this Order on Remand SHALL BECOME EFFECTIVE thirty (30) days after publication in the Federal Register.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch
Secretary