

**STATEMENT OF
COMMISSIONER AJIT PAI**

Re: *Numbering Policies for Modern Communications*, WC Docket No. 13-97, *IP-Enabled Services*, WC Docket No. 04-36, *Telephone Number Requirements for IP-Enabled Services Providers*, WC Docket No. 07-243, *Telephone Number Portability*, CC Docket No. 95-116, *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, *Connect America Fund*, WC Docket No. 10-90, *Numbering Resource Optimization*, CC Docket No. 99-200.

For those of us born under the Ma Bell system, today is the future. A monopoly has been replaced by hundreds of competitors. Consumers are giving up their copper landlines and embracing the IP Transition. Interconnected VoIP providers now serve a majority of residential consumers and an increasing number of enterprises.¹ And innovations, both on the network and riding over it, abound.

But the Commission's rules are stuck thirty years in the past. Despite the technological changes that are reshaping the way Americans communicate, our rules pretend that all calls originate and terminate on the public switched telephone network, that routing must be done using last-generation switches and SS7, and that telephones are tied to a particular geographic area.

It's time to modernize our rules and give interconnected VoIP providers direct access to telephone numbers so they can serve their customers without paying off "intermediate carriers"—basically middlemen that raise the cost of interconnected VoIP service. It's been over a year since the successful interconnected VoIP numbering trial and more than a decade since we started looking at the regulatory framework for IP-enabled services,² so there's nothing left to hold us back. To that end, I'm especially excited we've made clear that interconnected VoIP providers need only apply once to serve anywhere in the nation. This one-and-done system keeps regulatory barriers to telephone numbers low, which ultimately will benefit would-be competitors and competition.

I am nonetheless disappointed that we are not reforming another aspect of our numbering system: how we pay for it. The Commission established the current payment scheme in 1998, but it has come under increasing strain. One problem is that the system departs from the longstanding regulatory principle of linking costs and benefits. This means that some carriers financially benefit from the numbering system's bells and whistles (in regulatory speak: intra-provider ports and "modifies"), while their competitors must pick up the tab. Another problem is that payments are assessed on a declining and unsustainable base—telecommunications revenues—even though more and more numbers are in service. And this mismatch perversely means that carriers that make a business of vending telephone numbers may contribute nothing at all. We need to pry these rules out of the muck of the past.

I am grateful to my colleagues for accepting my suggestions to improve this order, and I want to thank the numbering team in the Wireline Competition Bureau—Randy Clarke, Marilyn Jones, Melissa Droller Kinkel, Ann Stevens, and John Visclosky—for their innumerable efforts to get this done right. Consumers benefit when we eliminate unnecessary regulatory barriers to innovation and investment, and with today's action, we're doing just that.

¹ FCC, Wireline Competition Bureau, Local Telephone Competition Status as of Dec. 31, 2013, at 14 (2014), available at <http://go.usa.gov/3yDeW>.

² *Numbering Policies for Modern Communications et al.*, WC Docket No. 13-97 et al., Report, 29 FCC Rcd 927 (Wireline Comp. Bur. 2014); *IP-Enabled Services*, WC Docket No. 04-36, Notice of Proposed Rulemaking, 19 FCC Rcd 4863 (2004).