

**STATEMENT OF
CHAIRMAN AJIT PAI**

Re: *Connect America Fund*, WC Docket No. 10-90; *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92.

When consumers pick up their phones to make a call and dial the number of a friend or loved one on the other side of the country, they probably don't think about whether their call is being carried on traditional copper wires and physical switches on one hand, or sent as packets over modern Internet Protocol-based networks on the other. They don't think about how that call might be routed and handed off between multiple carriers before it's delivered to the person on the other end of the call or how those companies get paid for doing the work of delivering that call to its destination. And they certainly don't think about the tangled web of regulations known as intercarrier compensation.

One of those regulations permits the local phone company to charge a long-distance carrier for terminating a long-distance call to a customer on the local carrier's network. In 2011, the Commission adopted a rule to put increasingly popular VoIP providers on equal footing with traditional providers by allowing them to collect those charges if they're performing the same function. And in 2015, the Commission, in a party-line decision from which I dissented, tried to expand the interpretation of that rule to cover all VoIP providers, so that even those who were not actually providing the physical connection or doing the work of switching a call would get compensated. Shortly after, the D.C. Circuit overturned the Commission's Order. So today we address the court's concerns and bring our interpretation of the 2011 rule back in line with years of Commission and telecommunications industry practice.

This might seem like an arcane and weedy matter, and it is. But it's also important. By limiting intercarrier compensation charges to companies that are actually providing a physical connection, we're ensuring that our rules provide an incentive to build out networks and continue the transition from traditional copper networks to modern IP-based networks that will support continued future innovation.

I'd like to thank our expert staff that contributed their deep, technical knowledge of voice telephone regulations to this item, including Irina Asoskov, Susan Bahr, Aaron Garza, Lisa Hone, Rhonda Lien, Kris Monteith, and Gil Strobel of the Wireline Competition Bureau; Lisa Griffin and Rosemary McEnery of the Enforcement Bureau; and Marcus Maher, Richard Mallen, and Linda Oliver of the Office of General Counsel.