

**STATEMENT OF
COMMISSIONER MICHAEL O'RIELLY**

Re: *Updating the Intercarrier Compensation Regime to Eliminate Access Arbitrage*, WC Docket No. 18-155.

As with other relics of our legacy telephone network—such as jurisdictional separations, tariffing, and Part 32 cost accounting—one might reasonably assume that our intercarrier compensation system would be fading from relevance on its own. Nonetheless, the record makes clear that entire businesses and markets have developed around interstate access charges, even in the aftermath of the Commission's 2011 efforts to shift end office terminating charges to bill-and-keep and establish that framework as the ultimate end state of intercarrier compensation traffic.

Based on the numbers cited in the draft, the current costs imposed by access stimulation pale in comparison to those that existed prior to the USF/ICC Transformation Order. While access arbitrage is by no means the problem it once was, I support efforts by the Commission to reform our intercarrier compensation rules and drive out inefficiencies that continue to plague the system.

In terms of this item, the steps we take today on tandem switching and transport are well-meaning, and I certainly support revisions to the draft to try to ensure our new trigger does not capture innocent parties. At the same time, I do worry that delineating between rural local exchange carriers (LECs) and competitive LECs runs counter to the spirit, if not the letter, of the Telecom Act. Moreover, I have concerns over the particulars of this line-drawing effort and suspect that it will need to be revisited in the future. Over the long-term, we should shift the entire system to bill-and-keep, which I believe is the only true viable solution, and I hope more comprehensive reform is in the works to do just that.