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

In the Matter of	)	
	)	
Reforming Legacy Rules for an All-IP Future	)	WC Docket No. 25-311
	)	
Accelerating Network Modernization	)	WC Docket No. 25-208

NOTICE OF PROPOSED RULEMAKING

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By the Commission: Chairman Carr and Commissioner Trusty issuing separate statements.

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Heading Paragraph #

I. INTRODUCTION

1. Today, we take the next step to accelerate network deployment and modernization by proposing comprehensive reform of the regulatory framework for voice telecommunications rates. The voice services market has evolved dramatically over the past several decades—shifting from switched access to Internet Protocol (IP) technologies. As a result, consumers have gained access to a wide range of competitive alternatives to traditional analog telephone services, including fixed Voice over Internet Protocol (VoIP), mobile, and satellite options. Completing the transition to IP will promote technological modernization and public safety and consumer protection benefits;[1] enhance long-term efficiency, competition, and service quality for consumers; and lead to decreased maintenance expenses for service providers.[2] Although IP-based technologies are widely available, some providers continue to use legacy Time-Division Multiplexing (TDM) equipment, potentially due in part to regulatory incentives embedded in the intercarrier compensation (ICC) regime, as well as the costs associated with transitioning to IP technologies. We recognize that shifting from the current regulatory framework for intercarrier compensation, interexchange services (i.e., long-distance services), and end user charges—which is rooted in decades-old assumptions and outdated technology—to a full bill-and-keep framework is complex and will take time to ensure that the changes do not create regulatory uncertainty or hinder network modernization.

2. In this *Notice of Proposed Rulemaking* (*Notice*), we seek input on how best to ensure a smooth transition for carriers that appropriately recognizes potential challenges and encourages investment in modern infrastructure. Specifically, as part of the broader initiative to encourage carriers to transition to all-IP networks,[3] we propose to move remaining intercarrier compensation charges to a bill-and-keep framework, including the detariffing of intercarrier access charges, and invite comment on this proposal. To enable carriers to recover costs from their end users, we propose to eliminate ex ante pricing regulation and tariffing of end-user charges, also referred to as Telephone Access Charges (TACs). With carriers able to recover their costs from end users, we seek comment on phasing out Connect America Fund Intercarrier Compensation (CAF ICC) following the transition of remaining access charges to bill-and-keep. We seek comment on the removal of remaining regulatory obligations—including tariffing and outdated account information exchange requirements—for interstate and international long-distance

[1] See Advancing IP Interconnection; Accelerating Network Modernization; Call Authentication Trust Anchor, WC Docket Nos. 25-304, 25-208, and 17-97, Notice of Proposed Rulemaking, FCC 25-73, at 6-8, paras. 11-14 (Oct. 29, 2025) (IP Interconnection Notice) (describing the benefits of a modernized, all-IP network).

[2] *See, e.g.*, *id.* at 8, para. 13 ("[T]he economic and operational burdens of sustaining legacy TDM systems are compounded by practical difficulties—TDM switches are increasingly obsolete, spare parts are scarce, and technicians with legacy expertise are retiring, forcing providers into an expensive, stop□gap maintenance cycle.").

[3] The reforms proposed in this *Notice* are part of a broader initiative to encourage carriers to transition to all-IP networks. In October 2025, the Commission adopted a Notice of Proposed Rulemaking aimed at revising incumbent local exchange carriers' (LECs) interconnection obligations to better align with modern technologies. *See id.* at 2-3, paras. 1-3. In a future proceeding, the Commission will also consider proposed reforms to modernize its legacy high-cost support mechanisms. These proceedings, though separate, are underway and are being closely coordinated. *See e.g.*, Letter from Stephen L. Goodman, Regulatory Counsel, WTA, to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 25-311, 25-208, at 1 (filed Feb. 9, 2026) (WTA Feb. 9, 2026 *Ex Parte*) (supporting the consideration of issues affecting the transition to all-IP networks "in a harmonious and timely manner"); Letter from Stephen L. Goodman, Regulatory Counsel, WTA, to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 25-311, 25-208, at 1 (filed Feb. 12, 2026) (WTA Feb. 12, 2026 *Ex Parte*).

services, given the longstanding competitiveness of these markets. Finally, we seek comment on the elimination of regulations that will no longer be necessary in a post-TDM environment and invite input on a transitional framework to ensure regulatory and market stability during the shift to an all-IP market. We encourage commenters to identify any manner by which the Commission may not only promote technological modernization, but also enhance long-term efficiency, competition, and service quality for consumers. In all of this, the Commission will be moving forward in this proceeding in a thoughtful way—mindful of the complex issues, transition timelines, and paramount connectivity goals.

II. BACKGROUND

3. Recognizing the rise of competition, particularly intermodal competition, from wireless, cable, VoIP, and satellite services, we propose reforms to facilitate the transition from circuit-switched networks[4] to packet-based IP networks.[5] The Commission has adopted reforms to the original regulatory framework—which assumed that each end user would be served by one incumbent local exchange carrier (LEC)—over time, including in the 2011 *USF/ICC Transformation Order*, and we propose to complete those efforts in this proceeding.

4. *Access Charge History.* Until the 1970s, most telephone subscribers obtained both local and long-distance services from the Bell System, owned and operated by AT&T.[6] Some telephone subscribers received local service from independent incumbent local telephone companies; however, they could only obtain long-distance service from AT&T Long Lines.[7] Compensation for traffic exchanged between the Bell Operating Companies (BOCs) and the hundreds of unaffiliated independent (i.e., non-Bell) LECs was handled through individual agreements rather than uniform tariffs.[8] The emergence of competitive interexchange carriers (IXCs) in the 1970s introduced competition in long-distance service, but these carriers still relied on the BOCs and the independent LECs—that held local monopolies—for access to end users.[9] Following the 1982 court-ordered breakup of the Bell System, AT&T's local exchange operations were divested.[10] All IXCs, including AT&T, then paid the BOCs and independent LECs for providing the necessary access to end users (i.e., exchange access service).[11] In 1983, the

[4] The circuit-switched network (also known as the public switched telephone network or PSTN) is the traditional telephone system that sets up a dedicated path for each call. TDM is a method used in this system to send multiple calls over the same line by assigning each one a time slot. We use these terms interchangeably in this item because TDM is the primary method by which circuit-switched networks operate.

[5] While, as a matter of convenience, we sometimes refer in this *Notice* to the proposed elimination of ex ante pricing regulation as the "deregulation" of intercarrier and end-user access charges, we do not propose to fully deregulate these charges. For example, local exchange carriers remain subject to the Commission's regulatory authority under sections 201, 202, and 208 of the Act. 47 U.S.C. §§ 201, 202, 208. These statutory provisions authorize the Commission to determine whether rates, terms, and conditions are just, reasonable, and not unjustly or unreasonably discriminatory in the context of a section 208 complaint proceeding. The Commission retains the authority to initiate proceedings "on its own motion" (*sua sponte*). 47 CFR §§ 1.1, 1.108, 1.117.

[6] *Access Charge Reform et al*., CC Docket No. 96-262 et al., Sixth Report and Order, 15 FCC Rcd 12962, 12965-66, paras. 5-7 (2000) (*CALLS Order*) (subsequent history omitted).

[7] *See Access Charge Reform et al*., CC Docket No. 96-262 et al., First Report and Order, 12 FCC Rcd 15982, 15991, para. 19 (1997) (*1997 Access Charge Reform Order*).

[8] *CALLS Order*, 15 FCC Rcd at 12965-66, paras. 6, 9.

[9] *Id.* at 12965-66, para. 7.

[10] *Id.*

[11] *See id.* at 12966, para. 8. Other independent (non-BOC) LECs held similar monopoly franchises in their local service areas and also provided long-distance carriers with the ability to originate and complete their customers' calls to the end user. *Id.* at 12965-66, para. 7.

Commission replaced the earlier agreement-based system with an intercarrier compensation system built around uniform interstate access charge rules.[12]

5. *Commission Reforms Responding to Competition.* In response to growing long-distance competition and to strengthen incentives for regulated carriers to operate efficiently, over the past several decades, the Commission has undertaken a series of reforms to modernize its regulatory framework. In 1991, it adopted mandatory price cap regulation for the largest LECs "to avoid the perverse incentives of [cost-based] rate-of-return regulation," which continued to apply to most rural and small LECs, and to "act as a transitional regulatory scheme until the advent of actual competition makes price cap regulation unnecessary."[13] The 1996 Telecommunications Act (the 1996 Act) further advanced a pro-competitive, deregulatory policy framework[14] and required the Commission to forbear from applying any provision of the Communications Act of 1934, as amended (the Act) when competitive conditions are met.[15] Acting on this authority, in 1996, the Commission promptly eliminated tariffing obligations for nondominant IXCs providing interstate, domestic, interexchange telecommunications services.[16] The Commission has consistently recognized that tariffing obligations were originally imposed to protect consumers from unjust, unreasonable, and discriminatory rates in a concentrated market, but that end-user tariffs have

[12] *MTS and WATS Market Structure*, CC Docket No. 78-72, Third Report and Order, 93 F.C.C.2d 241 (1983) (*1983 Access Charge Order*), *recon.*, *MTS and WATS Market Structure*, CC Docket No. 78-72, Memorandum Opinion and Order, 97 F.C.C.2d 682 (1983) (*First Reconsideration of 1983 Access Charge Order*), *recon.*, *MTS and WATS Market Structure*, CC Docket No. 78-72, Memorandum Opinion and Order, 97 F.C.C.2d 834 (1984) (*Second Reconsideration of 1983 Access Charge Order*). These rules governed the provision of interstate access services by all incumbent LECs, BOCs as well as independents. *CALLS Order*, 15 FCC Rcd at 12966, para. 9. The access charge rules provide for the recovery of incumbent LECs' costs assigned to the interstate jurisdiction by the separations rules. *Id.* at 12966, para. 9; 47 CFR pt. 36.

[13] *CALLS Order*, 15 FCC Rcd at 12968-69, paras. 14, 16. Under rate-of-return regulation, carriers calculate access rates based on actual costs and demand for access services that "can create perverse incentives, because reimbursing the firm's costs removes the incentive to reduce costs and improve productive efficiency." *Id.* at 12968, para. 13. "Price cap regulation encourages incumbent LECs to improve their efficiency by harnessing profit-making incentives to reduce costs, invest efficiently in new plant and facilities, and develop and deploy innovative service offerings, while setting price ceilings at reasonable levels." *Id.* at 12968-69, para. 16; *see also Policy and Rules Concerning Rates for Dominant Carriers*, CC Docket No. 87-313, Second Report and Order, 5 FCC Rcd 6786 (1990) (adopting price cap regulation for LECs).

[14] Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996) (1996 Act). The 1996 Act amended the Communications Act of 1934. 47 U.S.C. §§ 151 *et seq*.

[15] 47 U.S.C. § 160. Section 10 of the Act, as amended by the 1996 Act, requires the Commission to forbear from applying a provision of the Act or its rules to a telecommunications carrier or service if the Commission determines that: (1) enforcement "is not necessary to ensure that the charges, practices, classifications, or regulations by, for, or in connection with [the] carrier or [] service are just and reasonable and are not unjustly or unreasonably discriminatory," (2) enforcement "is not necessary for the protection of consumers," and (3) "forbearance from applying such provision or regulation is consistent with the public interest." *Id.* In determining whether forbearance is in the public interest, the Commission must consider "whether forbearance from enforcing the provision or regulation will promote competitive market conditions." *Id.* Forbearance is required only if all three criteria are satisfied. *Id.*

[16] *Policy and Rules Concerning the Interstate, Interexchange Marketplace; Implementation of Section 254(g) of the Communications Act of 1934, as amended,* CC Docket No. 96-61, Second Report and Order, 11 FCC Rcd 20730, 20744, para. 23 (1996) (*Interexchange Forbearance Order*), *reconsideration granted in part*, Order on Reconsideration, 12 FCC 15014 (1997) (*Nondominant IXC Forbearance Recon Order*); *further reconsideration granted*, Second Order on Reconsideration and Erratum, 14 FCC Rcd 6004 (1999) (*Second Order on Reconsideration*), *rev. denied sub nom.*; *MCI WorldCom, Inc. v. FCC*, 209 F.3d 760 (D.C. Cir. 2000) (*MCI WorldCom*); 47 U.S.C. § 203; 47 CFR pt. 61 (requiring tariff schedules specifying the rates, terms, and conditions governing interstate service offerings).

become unnecessary in a marketplace where the provider faces significant competitive pressure for subscribers.[17]

6. The Commission undertook major intercarrier compensation reforms following the 1996 Act to bring the American public benefits of competition and choice by rationalizing the access rate structure.[18] In these proceedings, the Commission reduced certain interstate access charges for price cap and rate-of-return carriers, respectively,[19] and permitted local carriers to offset the interstate access rate reductions through an increase in end-user charges and additional subsidies from the Universal Service Fund (USF).[20]

7. *Adoption of Bill-and-Keep.* In the 2011 *USF/ICC Transformation Order*, the Commission significantly modernized the intercarrier compensation system to ensure affordable voice and broadband service "as consumers increasingly shift from traditional telephone service to substitutes including VoIP, wireless, texting, and email."[21] By transitioning terminating switched access charges to bill-and-keep,[22] the Commission created "a more incentive-based, market-driven approach [to] reduce arbitrage and competitive distortions by phasing down byzantine per-minute and geography-based charges . . . provid[ing] more certainty and predictability regarding revenues to enable carriers to invest in modern, IP networks."[23] As the Commission observed, "Bill-and-keep brings market discipline to intercarrier compensation because it ensures that the customer who chooses a network pays the network for the services the subscriber receives. Specifically, a bill-and-keep methodology requires carriers to recover the cost of their network through end-user charges which are potentially subject to competition."[24]

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[17] *See, e.g.*, *Interexchange Forbearance Order*, 11 FCC Rcd at 20738-68, paras. 14-66; *Petition of AT&T Inc. for Forbearance Under 47 U.S.C. § 160(c) from Title II and Computer Inquiry Rules with Respect to Its Broadband Services*; *Petition of BellSouth Corp. for Forbearance Under Section 47 U.S.C. § 160(c) from Title II and Computer Inquiry Rules with Respect to Its Broadband Services*, WC Docket No. 06-125, Memorandum Opinion and Order, 22 FCC Rcd 18705, 18724, para. 30 (2007) (*AT&T Forbearance Order*).

[18] *See, e.g.*, *1997 Access Charge Reform Order*, 12 FCC Rcd at 15985 (adopting rules to "foster and accelerate the introduction of competition into all telecommunications markets").

[19] *See generally id.*, 12 FCC Rcd 15982 (adopting rules for access charge reform); *see also CALLS Order*, 15 FCC Rcd at 12964, para. 1 (adopting integrated interstate access and universal service reform); *see also Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers et al.*, CC Docket Nos. 96-45 et al., Second Report and Order and Further Notice of Proposed Rulemaking Fifteenth Report and Order in CC Docket No. 96-45, and Report and Order in CC Docket Nos. 98-77 and 98-166, 16 FCC Rcd 19613, 19614, para. 1 (2001) (*MAG Order*) ("Our actions today . . . build on interstate access charge reforms previously implemented for price cap carriers . . . . They are designed to bring the American public benefits of competition and choice by rationalizing the access rate structure and driving per-minute rates towards lower, more cost-based levels, while furthering universal service goals.").

[20] *CALLS Order*, 15 FCC Rcd at 13046-49, paras. 201-05; *MAG Order*, 16 FCC Rcd at 19617, para. 3. Although the high-cost program increased in size as a result of the creation of these programs, consumers also typically saw reductions in their long-distance phone bills during this time period. *Connect America Fund et al.*, WC Docket No. 10-90 et al., Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, 26 FCC Rcd 4554, 4574, para. 54 (2011) (*USF/ICC Transformation Notice*).

[21] *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17669, para. 9 (2011) (*USF/ICC Transformation Order* or *USF/ICC Transformation Further Notice*).

[22] "Bill-and-keep" refers to an arrangement under which carriers look first to their subscribers to cover the costs of the network, then to explicit universal service support where necessary. *Id.* at 17676, para. 34.

[23] *Id.* at 17669, para. 9.

[24] *Id.* at 17905-06, para. 742 (footnotes omitted).

The Commission further advanced this approach in 2020 by moving 8YY originating end-office access charges to bill-and-keep.[25]

8. *Broader Deregulatory Efforts.* This year, President Trump issued a series of Executive Orders calling on administrative agencies to alleviate unnecessary regulatory burdens.[26] Consistent with this direction, in March, the Commission's Office of General Counsel issued a *Public Notice* seeking public comment on "deregulatory initiatives that would facilitate and encourage American firms' investment in modernizing their networks, developing infrastructure, and offering innovative and advanced capabilities."[27] Commenters identified part 61 tariff requirements and part 69 access charge rules as ripe for further deregulation and streamlining.[28] We agree that the Commission should look at these regulatory areas and initiate this proceeding to seek comment on proposals to reform the regulatory framework for the voice services market given the technological and marketplace developments in recent years.

III. MARKETPLACE DYNAMICS IN VOICE SERVICES

9. The telecommunications industry is undergoing significant transformations, driven by technological advancements and evolving consumer preferences. As the industry transitions from traditional TDM-based networks to IP-based and mobile voice services, regulatory frameworks must adapt to support innovation and competition.

A. End-User Trends in Voice Communications Services

10. Technological and competitive advancements have significantly outpaced the existing regulatory framework, including prior deregulatory efforts. Today, incumbent LECs face competition in the voice calling marketplace from diverse sources, including competitive providers offering both facilities-based VoIP and mobile service, satellite broadband providers, and, most recently, over-the-top (OTT) applications for voice calling, such as Ooma, Zoom, Microsoft Teams, Google Meet, and WhatsApp.[29] These OTT applications, layered over broadband connections, offer integrated

[25] *8YY Access Charge Reform*, WC Docket No. 18-156, Report and Order, 35 FCC Rcd 11594, 11595, para. 4 (2020) (*8YY Access Charge Reform Order*). As a transitional step toward bill-and-keep, in the *8YY Access Charge Reform Order* the Commission combined 8YY originating transport and originating tandem switching services into a single nationwide tandem switched transport access service rate capped at $0.001 per minute, capped 8YY database queries needed to route all 8YY calls at $0.0002 and prohibited carriers from charging for more than one 8YY database query per call. *Id.*

[26] *See, e.g.*, Exec. Order No. 14,192, Unleashing Prosperity Through Deregulation, 90 Fed. Reg. 9065 (Feb. 6, 2025); *see also* Exec. Order No. 14,219, Ensuring Lawful Governance and Implementing the President's "Department of Government Efficiency" Deregulatory Initiative, 90 Fed. Reg. 10583 (Feb. 25, 2025).

[27] *In Re: Delete, Delete, Delete*, GN Docket No. 25-133, Public Notice, 40 FCC Rcd 1601 (OMR 2025) (*Delete, Delete, Delete Public Notice*).

[28] *See, e.g.*, International Center for Law & Economics Comments, GN Docket No. 25-133, at 18-19 (rec. Apr. 11, 2025) (ICLE Comments); Digital Progress Institute Comments, GN Docket No. 25-133, at 5-6 (rec. Apr. 11, 2025) (DPI Comments).

[29] *See, e.g.*, *Communications Marketplace Report*, GN Docket No. 24-119; 2024 Communications Marketplace Report, 39 FCC Rcd 14116, 14232, para. 154 (2024) (*2024 Communications Marketplace Report*) ("We focus on interconnected voice in our reporting, but acknowledge that there are many other types of telecommunications offerings, including apps running solely on data networks that are nearly indistinguishable to the consumer from the core communications functionality of the public switched telephone network, and nearly indistinguishable to providers from other network data traffic. Many of these apps combine the benefits of voice, video, and text communications into one data-based service.").

communication features, including voice, video, and text messaging, at little to no additional cost to the consumer,[30] and as a result, competitive alternatives have been widely adopted by consumers.

11. In 1996, incumbent LECs controlled over 99% of the local voice market due to their "virtually ubiquitous" networks and the resulting low incremental costs of serving each additional customer.[31] By the end of 2023, the number of mobile telephone subscriptions in the U.S. exceeded the total population, and more than 75% of adults lived in households that relied exclusively on mobile voice service.[32] Even among fixed voice connections, their share had declined to just 25% by June 2024, with the majority of remaining subscriptions held by non-incumbent LECs offering interconnected VoIP services.[33]

12. Our analysis of the voice services marketplace confirms that competitive alternatives to incumbent LEC voice calling services abound. To make an initial determination of the available competitive alternatives to incumbent LEC voice service, we examine data from the Broadband Data Collection (BDC), which shed light on the incumbent LECs and competitors offering fixed and mobile voice service based on reported voice service subscriptions across the United States.[34] As of December 31, 2024, the BDC data indicate that only 0.8% of census tracts do not have a competing non-incumbent LEC with at least one facilities-based residential fixed voice subscriber in the tract.[35] We find it more informative, however, to examine broadband coverage and the number of competing broadband providers available at residential locations, since all broadband providers either also offer voice services as part of a bundled service package or support over-the-top voice services. First, BDC data, as of December 31, 2024, indicate that 87.7% of households had two or more providers offering 10/1 Mbps, 85.3% of households had two or more providers offering 25/3 Mbps, and 74.4% of households had two or more

[30] *See, e.g.*, *About WhatsApp*, https://www.whatsapp.com/about (last visited Jan. 26, 2026) (emphasizing that "WhatsApp is free and offers simple, secure, reliable messaging and calling, available on phones all over the world.").

[31] *Modernizing Unbundling and Resale Requirements in an Era of Next-Generation Networks and Services*, WC Docket No. 19-308, Report and Order, 35 FCC Rcd 12425, 12427, para. 5 (2020); *see also id.* at 12434-35, para. 22.

[32] *2024 Communications Marketplace Report*, 39 FCC Rcd at 14234, para. 158 (reporting approximately 386.1 million mobile subscriptions in the U.S. based on December 2023 FCC Form 477 data); U.S. Census Bureau, Quick Facts, https://www.census.gov/quickfacts/fact/table/US/PST045223 (showing estimate of over 334 million people in the U.S. as of July 2023) (last viewed Jan. 26, 2026).

[33] FCC, Industry Analysis Division, Office of Economics and Analytics, Voice Telephone Services: Status as of June 30, 2024 at 3, Fig. 2 (May 2025) (May 2025 Voice Telephone Services Report) (reporting that, across both residential and business markets, incumbent LECs hold 25% of the market share of total wireline retail voice telephone service connections including interconnected VoIP service connections, while non-incumbent LECs hold the remaining 75% of the market share, and also reporting that only 29% of incumbent LECs' total wireline retail voice telephone service connections are interconnected VoIP while 95% of non-incumbent LECs total wireline retail voice telephone service connections are interconnected VoIP). The Commission's rules define "interconnected VoIP service" as a service that (i) enables real-time, two-way voice communications; (ii) requires a broadband connection from the user's location; (iii) requires Internet protocol-compatible customer premises equipment (CPE); and (iv) permits users generally to receive calls that originate on the public switched telephone network and to terminate calls to the public switched telephone network. 47 CFR § 9.3.

[34] Broadband Deployment Accuracy and Technological Availability Act, Pub. L. No. 116-130, 134 Stat. 228 (2020) (codified at 47 U.S.C. §§ 641-646); *Establishing the Digital Opportunity Data Collection; Modernizing the FCC Form 477 Data Program*, WC Docket Nos. 19-195, 11-10, Third Report and Order, 36 FCC Rcd 1126 (2021); *see also Establishing the Digital Opportunity Data Collection et al.*, WC Docket No. 19-195, Order, 37 FCC Rcd 14957, 14957, para. 1 (2022) (requiring filers to submit FCC Form 477 data through the BDC system).

[35] Staff analysis of FCC Form 477 data as of December 31, 2024. If a non-incumbent LEC provider has reported at least one subscription in a census tract (switched access, interconnected VoIP, over-the-top, etc.), that tract is considered served by the non-incumbent LEC.

providers offering 100/20 Mbps.[36] We further note that, even where a household only has the choice of the incumbent LEC for fixed broadband service, it will have the ability to take stand-alone broadband Internet access service and then subscribe to over-the-top voice services instead of the incumbent LEC's public switched telephone network (PSTN) service as long as the incumbent LEC offers broadband.

13. Moreover, the vast majority of U.S. households have access to one or more mobile wireless providers offering 4G LTE or 5G-NR service. As of June 30, 2025, 99.4% of residential locations had access to 4G LTE or 5G-NR service.[37] And it is clear that an increasing percentage of U.S. households have dropped fixed voice service in favor of mobile voice service. The National Center for Health Statistics estimated that 78.7% of adults lived in households with at least one mobile voice subscription and no fixed voice subscription as of December 2024.[38] This reflects a nearly 10 percentage point increase over three years when 69% of adults were estimated to live in mobile-only households in December 2021.[39]

14. Recent advancements in satellite broadband—particularly the widespread deployment and availability of low Earth orbit (LEO) systems—have introduced a new platform capable of supporting voice services. While providers such as Starlink, Amazon's LEO constellation (formerly Kuiper), and Eutelsat OneWeb do not currently offer bundled VoIP services, their broadband speeds are sufficient to support third-party, over-the-top interconnected voice applications that compete with traditional voice services. In the past six years, the number of active satellites in the U.S. has grown from 2,000 to 9,641, an increase of approximately 382%.[40] About 5,700 of those satellites are LEOs—a number that is projected to rapidly grow within the next two years.[41]

15. How can we improve this analysis to develop a more granular picture of the competitive alternatives to voice service? How can we account for the fact that the BDC data on switched access voice services are subscription data for voice services and, therefore, understate availability? How can broadband availability data inform our analysis given the intermodal competition for voice services over broadband? What other types of services (e.g., mobile, satellite) should be reasonably included in analyzing competitive alternatives to incumbent LECs' voice services?[42] If an incumbent LEC offers voice services to a particular region and has an affiliate offering broadband in the same area, should we count the incumbent LEC's broadband affiliate as a competitive alternative where the two services overlap? Similarly, should we count an incumbent LEC's mobile affiliate as a competitive alternative in

[36] Staff analysis of FCC Form 477 data as of December 31, 2024.

[37] Staff analysis of FCC Form 477 data as of December 31, 2024.

[38] National Center for Health Statistics, National Health Interview Survey Early Release Program, *Wireless Substitution: Early Release of Estimates from the National Health Interview Survey, July-December 2024*, at 2 (June 2025), https://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless202506.pdf (*2025 Wireless Substitution Survey*).

[39] National Center for Health Statistics, National Health Interview Survey Early Release Program, *Wireless Substitution: Early Release of Estimates from the National Health Interview Survey, July-December 2023*, at 4 (June 2024), https://stacks.cdc.gov/view/cdc/156660.

[40] Trade & Industry Development, *Survey Says Orbital Traffic Surges: 13,036 Active Satellites as of Oct. 1, a 23% Y-O-Y Increase* (Oct. 6, 2025), https://www.tradeandindustrydev.com/industry/aerospace-defense/survey-says-orbital-traffic-surges-13026-active-35036 (reporting on worldwide trends in the satellite industry).

[41] *See* Communications Daily, *Satellite Is the Best Use of BEAD Funds, but Only in Some Markets: Panelists* (Dec. 4, 2025), https://communicationsdaily.com/article/view?BC=bc_6932e16413b04&search_id=55656&id=2539261 (estimating there will be "three to five times" more LEO satellites in orbit within the next year to 18 months).

[42] We do not, however, conflate analysis of the voice services market with that of data services, which presents additional considerations. Nor do we reach any conclusions regarding competitive conditions in the data services market or in markets for bundled voice and data services. Our review here is limited to switched access services. *See infra* note 43.

the same situation? Would the answers to the last two questions change if both an incumbent LEC's broadband and mobile affiliates offer such services in the same service area as the incumbent LEC?

16. The growing reliance on alternatives to traditional switched access voice services such as mobile voice service and VoIP appears to indicate that consumers increasingly view voice services as interchangeable, regardless of the underlying technology.[43] The prevalence of mobile-only households further underscores this shift.[44] These trends suggest that the voice services marketplace has evolved into a technology-neutral environment, where consumers prioritize functionality and accessibility over the specific platform used. In essence, anyone with a broadband connection—regardless of the technology used to deliver it—can access voice services. Given this evolution, we seek comment on how best to define the scope of voice services for regulatory purposes in today's converged communications landscape. Should we adopt a technology-neutral approach when defining the voice services marketplace for purposes of determining the number of competitive alternatives in a particular area? If so, what criteria should be used to determine whether different types of voice services (e.g., TDM-based, interconnected VoIP, mobile, OTT VoIP) provide the same functionality? To what extent do consumers view mobile, VoIP, and other IP-based voice services as substitutes for TDM-based service? Are there any remaining distinctions between voice service types that are meaningful from a consumer perspective? Should we rely on existing definitions of voice service previously adopted by the Commission, such as those used in the BDC[45] or Communications Marketplace Report?[46]

17. If the Commission determines that various types of voice services are substitutable, should it rely on BDC data—which provides location-specific availability information—to assess service coverage and competitive alternatives? If not, what alternative data sources should the Commission consider? Commenters are encouraged to submit any data that could assist the Commission in evaluating the current state of the voice services marketplace.

18. Has the widespread broadband deployment made it easier to enter the voice services market? What challenges do providers typically face when attempting to expand into new geographic areas? Are there regulatory, technical, or economic barriers that make expansion difficult? What specific advantages do incumbent LECs have over new entrants, particularly as end users rapidly move away from switched access services? To what extent do Commission regulations hinder new entrants from competing effectively with incumbents who benefit from ICC and USF support? Do consumers face

[43] For example, the 2024 American Community Survey, conducted by the Unites States Census Bureau, found that approximately 93.2% of U.S. households had one or more non-dial-up Internet subscriptions. *See* United States Census Bureau, American Community Survey, Questions about Telephone, Computer, and Internet Access (2024), https://data.census.gov/table?q=Telephone,+Computer,+and+Internet+Access. We note, however, that any comparison we make here between these technologies is one-directional and is necessarily limited to the interchangeability of voice services. Traditional switched access voice service has a significantly narrower functional scope than broadband, mobile, or satellite services, and lacks the capability to replicate the broader data transmission offerings those services provide. For example, while one may place a mobile wireless call from the same location as a fixed landline, one cannot place a call on a landline while roaming. Accordingly, from the consumers' perspective, mobile voice service may be considered as a potential substitute for switched access service; however, switched access—offering inferior performance over outdated technology—cannot reasonably to be regarded as an effective substitute for mobile voice service.

[44] *2025 Wireless Substitution Survey* at 2 (reporting that 78.7% of U.S. adults now live in wireless-only households).

[45] *See* FCC, Broadband Data Collection Help Center, Mobile Voice Subscription Definitions, https://help.bdc.fcc.gov/hc/en-us/articles/5297412829723-Mobile-Voice-Subscription-Definitions (last updated Mar. 26, 2025); FCC, Broadband Data Collection Help Center, Fixed Voice Subscription Definitions, https://help.bdc.fcc.gov/hc/en-us/articles/5296999815579-Fixed-Voice-Subscription-Definitions (last updated June 30, 2025).

[46] *2024 Communications Marketplace Report*, GN Docket No. 24-119, Report, 39 FCC Rcd 14116, 14232-34, paras. 154-58.

significant costs when changing voice service providers? Commenters are encouraged to provide detailed insights into the ease or difficulty of expanding into new service areas.

B. Regulatory Incentives Affect IP-Network Adoption

19. The current regulatory framework permits LECs to receive access charge payments for TDM-based switched voice services, but not for entirely IP-based or mobile voice services.[47] Thus, by enabling LECs to recover a portion of their network costs from other carriers, the ICC system could be viewed as insulating TDM network technology from the effects of market forces. We seek comment on whether this disparity reduces LECs' incentives to invest in IP networks and services.[48] Is this an accurate assessment of the dynamics in the voice services marketplace? Does the existing ICC framework discourage some carriers from transitioning to IP-based technologies due to the potential loss of ICC revenues and, in some cases, associated USF support? Would a transition to a bill-and-keep framework and associated deregulation facilitate the industry-wide migration to IP?

20. In contrast, all-IP voice providers and commercial mobile radio service (CMRS) carriers have generally operated under a bill-and-keep regime and do not receive access charges, except where negotiated through specific agreements, and the Commission has observed that "this framework has proven to be successful for that industry."[49] Indeed, IP-based and mobile voice services have experienced significant growth in recent years.[50] Does this suggest that these services are more efficient than traditional TDM-based offerings? Or is this growth due more to consumer preference for modern technologies? Or is it combination of both factors? To what extent does the ICC regulatory structure distort competition and delay technological transition?[51]

21. The ICC regime was designed to make universal voice service available in a voice-centric world. However, today's consumers require far more than basic voice service—they rely on high-

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[47] Although carriers are allowed to tariff and assess access charges for VoIP-PSTN traffic, they are not allowed to do so for IP-to-IP traffic. *See Connect America Fund; Developing a Unified Intercarrier Compensation Regime*, WC Docket No. 10-90 and CC Docket No. 01-92, Order on Remand and Declaratory Ruling, 34 FCC Rcd 12692, 12697, para. 14 (2019) (clarifying that "a VoIP provider, or a VoIP-LEC partnership, that transmits calls to an unaffiliated ISP for routing over the Internet does not provide the functional equivalent of end office switching, and may not impose an end office switching access charge on IXCs that receive or deliver traffic to or from the VoIP-LEC partnership").

[48] *USF/ICC Transformation Notice*, 26 FCC Rcd at 4570, para. 40 ("The record suggests that the current ICC system is impeding the transition to all-IP networks and distorting carriers' incentives to invest in new, efficient IP equipment.").

[49] *Id.* at 17904, para. 737 ("Wireless providers have long been operating pursuant to what are essentially bill-and-keep arrangements, and this framework has proven to be successful for that industry. Bill-and-keep arrangements are also akin to the model generally used to determine who bears the cost for the exchange of IP traffic, where providers bear the cost of getting their traffic to a mutually agreeable exchange point with other providers.").

[50] *See, e.g.*, *Inquiry Concerning Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion*, GN Docket No. 20-269, Fourteenth Broadband Deployment Report, 36 FCC Rcd 836, 837-38, para. 3 (2021) ("As of the end of 2019, the vast majority of Americans, 94% had access to *both* 25/3 Mbps fixed broadband service *and* mobile broadband service with a median speed of 10/3 Mbps.") (emphasis in original); *2025 Wireless Substitution Survey* at 1 (finding that during the second six months of 2024, 78.7% of adults and 86.9% of children in the survey group lived in wireless-only households); *2024 Communications Marketplace Report*, 39 FCC Rcd at 14234, para. 159 (noting that for the period between 2021 and 2023, "[m]ore people continue to live in wireless-only homes across all age groups"); FCC, Voice Telephone Services: Status as of June 30, 2024, at 2, Fig. 1 (2025), https://docs.fcc.gov/public/attachments/DOC-411462A1.pdf (showing a decline in retail switched access lines between June 2021 and June 2024).

[51] *See USF/ICC Transformation Order*, 26 FCC Rcd at 17669, para. 9 ("The [ICC] system creates competitive distortions because traditional phone companies receive implicit subsidies from competitors for voice service, while wireless and other companies largely compete without the benefit of such subsidies.").

speed, reliable broadband for work, education, healthcare, and civic engagement. The Commission recently sought comment on how section 251(c)'s interconnection mandates burden carriers and "stymies IP network investments,"[52] and now, we seek comment on the impact of maintaining the ICC regime on carriers' incentives to upgrade their networks to the IP-networks of the next generation. We also seek comment on the ways the legacy rules are aligned or misaligned with current consumer needs.

22. Carriers have informed the Commission that TDM network components are becoming increasingly "outdated, inefficient, harder to acquire and maintain, and increasingly expensive."[53] Are there safety, security, or service continuity risks associated with reliance on second-hand or obsolete equipment? We note that some legacy and transitional 911 networks continue to rely on TDM-based facilities, such as selective routers and DS1/DS3 circuits, to route and deliver 911 calls to public safety answering points until they can fully upgrade to NG911. Would our proposals change the incentives for incumbent LECs to continue to support these network elements during the NG911 transition? Would 911 Authorities or consumers incur additional costs if incumbent LECs no longer receive ICC in connection with legacy facilities used to provide 911 service? Could these changes lead, directly or indirectly, to interruptions in 911 service, and if so, are protections needed to ensure the continuity of 911 service? Why or why not? What form should any protections take? We seek comment on the incentives and disincentives carriers, and particularly rate-of-return LECs, may face to upgrade their networks to all-IP.[54] What role does ICC and CAF ICC[55] play for incumbent LECs? What incentives do incumbent LECs, especially rate-of-return carriers, have to upgrade infrastructure, improve service quality, or respond to consumer complaints, particularly where they may earn revenues from ICC and CAF ICC?[56] What are the consequences for consumers, especially in rural or high-cost areas, when providers have not yet upgraded networks or improved service? How can the Commission ensure that pricing policies support access to affordable, high-quality communications networks while avoiding unintended consequences such as underinvestment in future-proof networks?

IV. PRICING REFORM FOR AN ALL-IP FUTURE IN VOICE SERVICES

23. To accelerate the transition to all-IP networks, we propose to complete the intercarrier compensation reforms initiated by the Commission in 2011 by transitioning the remaining intercarrier charges to a bill-and-keep framework. To support cost recovery, we also propose to eliminate ex ante pricing regulation and to mandate the nationwide detariffing of Telephone Access Charges and seek

[52] *IP Interconnection Notice* at 12, 16, paras. 23, 31 (seeking comment on the "technical, financial, and regulatory factors that account for the persistence of TDM architectures in our nation's networks," and the burdens carriers face due to section 251(c)'s duty to interconnect).

[53] Letter from Steven Morris, Vice President & Deputy General Counsel, NCTA, to Marlene H. Dortch, Secretary, FCC, WC Docket 10-90 et al., at 2 (filed June 11, 2025) (NCTA June 11, 2025 *Ex Parte*).

[54] *See* Letter from Michael Romano, Executive Vice President, NTCA, to Marlene H. Dortch, Secretary, FCC, GN Docket No. 13-5; WC Docket Nos. 25-311 et al., at 1 (filed Feb. 9, 2026) (NTCA Feb. 9, 2026 *Ex Parte*) (highlighting that "nearly 90% of NTCA members have IP switching capabilities in their networks, and nearly half are now using cloud-based platforms to deliver voice telephony services (up from less than 30% just two years ago); these services ride atop networks that on average can deliver broadband of 100 Mbps to more than 90% of customers").

[55] As part of the intercarrier compensation reforms adopted in the *USF/ICC Transformation Order*, the Commission created a "transitional recovery mechanism to facilitate incumbent LECs' gradual transition away from ICC revenues," which is known as CAF ICC. *USF/ICC Transformation Order*, 26 FCC Rcd at 17956, para. 847.

[56] *See* FCC, *Connecting America: The National Broadband Plan*, at 140 ("The ICC system provides a positive revenue stream for certain carriers, which in turn affects their ability to upgrade their networks during the transition from voice telephone service to broadband service."). Moreover, "[b]ecause providers' rates are above cost, the current system creates disincentives to migrate to all-IP-based networks. For example, to retain ICC revenues, carriers may require an interconnecting carrier to convert Voice over Internet Protocol (VoIP) calls to time-division multiplexing in order to collect intercarrier compensation revenue." *Id.* at 142.

comment on phasing out CAF ICC once the transition to bill-and-keep is complete. Additionally, recognizing the longstanding competitiveness of the interstate and international long-distance markets, we propose to eliminate rate regulation, tariffing requirements, and account record exchange obligations for these services. We seek comment on transition issues, costs, and how to ensure continued connectivity.

24. We recognize that alternative approaches to cost recovery such as intercarrier compensation, end-user charges, and universal service funding can intersect in different ways with the universal service principles of section 254 of the Act.[57] When addressing the cost recovery issues discussed in this *Notice* we invite general comment on how the principles of section 254 should inform the Commission's approach or how those principles might implicate related issues that should be considered in a separate proceeding focused on universal service.

A. Proposed Intercarrier Compensation Reform

25. To further the transition to all-IP networks and promote more efficient, modernized networks, the Commission must complete the reform of intercarrier compensation by transitioning the remaining access charges to a bill-and-keep framework.[58] The ICC framework is based on per-minute charges, which "are inconsistent with peering and transport arrangements for IP networks, where traffic is not measured in minutes."[59] At the time the Commission adopted bill-and-keep as the end state for all intercarrier compensation traffic, it sought comment on whether "any final transition of originating access [should] be made to coincide with the final transition for terminating access."[60] The Commission has already transitioned terminating end office access charges to bill-and-keep for price cap and rate-of-return carriers.[61] Other terminating access charges, such as terminating tandem switching and common transport for rate-of-return carriers, and originating access charges for all carriers, other than for 8YY calling, remain subject to the intercarrier compensation regime.[62] We now seek comment on how to complete the transition to bill-and-keep for the remaining ICC charges in a thoughtful way, both originating and terminating, for all carriers.

1. Remaining Access Charges That Are Not at Bill-and-Keep

26. The Commission's adoption of bill-and-keep as the end state of its legacy intercarrier compensation framework shifted the ways carriers may recover their network costs, marking a departure from a complex system of intercarrier charges, end-user charges, and universal service support mechanisms to a more direct framework where carriers are to recover their network costs directly from their customers.[63] The Commission found these changes were necessary as "consumers increasingly

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[57] *See, e.g.*, NTCA Feb. 9, 2026 *Ex Parte* at 4; WTA Feb. 9, 2026 *Ex Parte* at 1-2; WTA Feb. 12, 2026 *Ex Parte* at 1-2.

[58] *USF/ICC Transformation Further Notice*, 26 FCC Rcd at 18109, para. 1297 (agreeing with commenters' concerns that any delay in transitioning the remaining rate elements could "perpetuate inefficiencies, delay the deployment of IP networks and IP-to-IP interconnection, and maintain opportunities for arbitrage" and seeking "to reach the end state for all rate elements as soon as practicable, but with a sensible transition path"). As a result, carriers have been "on notice since at least 2011 that the Commission plans to move all intercarrier compensation to bill-and-keep." *See 8YY Access Charge Reform Order*, 35 FCC Rcd at 11616, para. 50 (referencing the *USF/ICC Transformation Order* generally).

[59] *USF/ICC Transformation Notice*, 26 FCC Rcd at 4570, para. 40.

[60] *USF/ICC Transformation Further Notice*, 26 FCC Rcd at 18110, para. 1299.

[61] *See, e.g.*, *id.* at 17905, para. 739.

[62] *Id.* at 17934-36, Fig. 9.

[63] *Id.* at 17904, para. 737 (stating that "[t]o the extent additional subsidies are necessary, such subsidies will come from the Connect America Fund, and/or state universal service funds").

shift[ed] from traditional telephone service to substitutes."[64] While the Commission opted for a multi-year transition plan for the charges then moved to bill-and-keep, it did not specify or begin a transition of all of the existing ICC charges at that time.[65] We now return to complete the task and seek comment on how to best implement bill-and-keep to support carriers as they transition to all-IP calling. As we explain in greater detail below, the access charges still in use include: (1) non-8YY originating switched access charges, such as end office switching, tandem switching and common transport, and dedicated transport rates; (2) some terminating switched access charges,[66] including certain tandem switching and common transport and dedicated transport rates; and (3) originating 8YY access charges, including joint tandem switched transport and database query rates.[67]

27. The bill-and-keep framework recognizes that both the calling and called parties benefit from a call, and therefore that both should bear their own costs to complete the call.[68] Under bill-and-keep principles, because customers bear the costs of their carrier of choice, customers receive clearer pricing signals, and consequently, carriers are incentivized to operate more efficiently, to invest in their networks, and engage "in substantial innovation to attract and retain customers."[69] In turn, consumers then benefit from lower "effective price[s] of calling, through reduced charges and/or improved service quality."[70] In further support of the decision to move most terminating access charges to bill-and-keep, the Commission in 2011 also concluded that the incremental cost of call termination is "very nearly zero," rendering any potential benefit from rate-setting "more than offset by the considerable costs of doing so,"[71] and that even if bill-and-keep does not allow for overall cost recovery, "it is more efficient to ensure cost recovery via direct subsidies."[72]

28. We now seek comment on whether these conclusions support the movement of all remaining access charges to bill-and-keep for all carriers. Will carriers realize benefits through regulatory simplicity upon completing the transition to bill-and-keep? We believe the move to bill-and-keep would also ease the administrative burdens that carriers face to ensure their compliance with regulatory and legal frameworks and seek comment on this belief.[73] We also seek comment on how the easing of these administrative burdens supports the transition to all-IP networks, and how consumers may also realize these benefits.

[64] *Id.* at 17669, para. 9 (explaining that the ICC system became "riddled with inefficiencies and opportunities for wasteful arbitrage").

[65] By comparison, we note that the Commission adopted a three-year transition for moving originating 8YY end office access charges to bill-and-keep. *See 8YY Access Charge Reform Order*, 35 FCC Rcd at 11615, para. 49; *see also USF/ICC Transformation Order*, 26 FCC Rcd at 17873, paras. 650-51.

[66] 47 CFR § 51.907(h).

[67] *See generally* 47 CFR §§ 51.903, 51.907, 51.909, 69.101-69.132.

[68] *USF/ICC Transformation Order*, 26 FCC Rcd at 17907, para. 744 (articulating cost causation principles that find "both parties generally benefit from participating in a call" and noting commenters who similarly observed if this were not true "'users would either turn off their phone or not pick up calls'") (citations omitted).

[69] *Id.* at 17910, paras. 749-50.

[70] *Id.* at 17909, para. 748.

[71] *Id.* at 17912, para. 753.

[72] *Id.* at 17912, para. 753, n.1333.

[73] *See, e.g.*, 47 U.S.C. § 251(b)(5) (imposing "[t]he duty to establish reciprocal compensation arrangements for the transport and termination of telecommunications"). Under the bill-and-keep framework we propose today, the reciprocal compensation aspect will be satisfied when each carrier collects the cost for a call from its own customers, which moots the need for separate accounting and administrative tasks for charges and payments to other carriers. We seek comment on this view and any other types of administrative burdens that are eased or otherwise mooted as a result of bill-and-keep.

29. Interested parties have long known that bill-and-keep is the "default methodology that will apply to all telecommunications traffic," and we believe further delaying the transition to bill-and-keep may continue to result in market distortion and hinder the transition to all-IP networks.[74] As the Commission has observed, "[i]ntercarrier compensation rates above incremental cost have enabled" arbitrage opportunities, many of which the Commission has tried to remedy in recent years.[75] We seek comment on whether the Commission's partial implementation of bill-and-keep to date may have created or contributed to marketplace inefficiencies.[76] Have the longevity of the ICC regime and the partial continuation of the original access charge regime for non-IP voice calls resulted in carriers reinvesting in existing equipment, as opposed to investing in the development of IP networks?[77] Will such dynamics be effectively muted by the completion of the move to bill-and-keep? We seek comment on the extent to which carriers that are transitioning to IP networks or that have been delayed in deploying IP networks are experiencing increased costs from the legacy ICC framework, such as costs incurred from retaining tandem switches.[78] Additionally, we believe that completing the gradual, multi-year transition of remaining access charges to bill-and-keep will permit incumbent LECs to adapt to lower rates in a manner that will provide them time and funding to evolve their networks and, as necessary, business models, and we seek comment on that proposed transition below to prevent revenue shocks.[79] How will a multi-year

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[74] *USF/ICC Transformation Further Notice*, 26 FCC Rcd at 18109, para. 1297.

[75] *USF/ICC Transformation Order*, 26 FCC Rcd at 17911-12, para. 752; *see Updating the Intercarrier Compensation Regime to Eliminate Access Arbitrage*, WC Docket No. 18-155, Report and Order and Modification of Section 214 Authorizations, 34 FCC Rcd 9035, 9066, para. 70 (2019) (*Access Arbitrage Order*) (strengthening the Commission's anti-arbitrage rules to combat access stimulation); *8YY Access Charge Reform Order*, 35 FCC Rcd 11594 (reducing or taking to bill-and-keep certain 8YY intercarrier compensation charges to reduce incentives for 8YY arbitrage); *see also USF/ICC Transformation Order*, 26 FCC Rcd at 17875, para. 663 (explaining that all customers of a long-distance provider bear the costs of access stimulation because "the rate integration requirements of section 254(g) of the Act [prohibit] long-distance carriers . . . from passing on the higher access costs directly to the customers making the calls to access stimulating entities"). Put differently, arbitrage opportunities will remain a persistent threat to market efficiency where the compensation framework imposes duties to bear costs that are detached from each party's incremental costs of the services used to complete the call. Given that the ICC framework acts as "an implicit subsidy" for the entire network of a call, we believe that the incentives to engage in these types of market distorting behaviors will continue to exist until the transition to bill-and-keep is completed. *See USF/ICC Transformation Order*, 26 FCC Rcd at 17968, para. 870.

[76] *See USF/ICC Transformation Further Notice*, 26 FCC Rcd at 18110, para. 1299 (noting commenter concerns that "establishing separate transitions for different intercarrier charges invites opportunities for arbitrage").

[77] *See IP Interconnection Notice* at 7-8, para. 13 (observing "economic and operational burdens of sustaining legacy TDM systems" and "practical difficulties" such as "TDM switches are increasingly obsolete, spare parts are scarce, and technicians with legacy expertise are retiring" which force "providers into an expensive, stop gap maintenance cycle") (citations omitted); *see also* AT&T Reply, WC Docket No. 25-45, at 5 (filed Feb. 25, 2025) (stating that AT&T spends over $6 billion annually to maintain its legacy copper networks); DPI Comments at 3 (arguing that maintaining parallel networks "imposes excessive operational costs and discourages investment in next-generation networks"); Section 63.71 Application of Lumen Competitive Local Exchange Carrier and Interexchange Carrier Affiliates for Authority Pursuant to Section 214 of the Communications Act of 1934, as Amended, to Grandfather the Provision of Low-Bandwidth Interstate Private Line Services, WC Docket No. 25-158, at 3 (filed Apr. 3, 2025) (stating that "[i]n many cases, the electronic equipment needed to support these [legacy] services is no longer manufactured").

[78] *See* Letter from Tamar E. Finn, Counsel to Bandwidth Inc. and Bandwidth.com CLEC, LLC, to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 25-209 et al. (filed Sept. 19, 2025) (Bandwidth *Ex Parte*); *see also* International Center for Law & Economics Comments, WC Docket Nos. 25-208 and 25-209, at 6 (filed Aug. 22, 2025) (arguing that "[m]aintaining legacy copper networks imposes a significant deadweight loss on the economy"). We encourage carriers to quantify these costs in the record.

[79] *See infra* Section IV.A.2 (Proposed Transition of Remaining Access Charges to Bill-and-Keep); *see also* WTA Feb. 9, 2026 *Ex Parte* at 1 (arguing that if remaining intercarrier compensation mechanisms are eliminated, any

(continued….)

transition period minimize any such effects? In 2011, the Commission stated that bill-and-keep "will ultimately eliminate the competitive distortions and consumer inequities" that stem from competing carriers employing different technologies used to complete a call which "are subject to different regulatory classifications and requirements."[80] Has that prediction proven to be true? Why or why not? Do the charges we propose moving to bill-and-keep today present any different considerations or potential market effects than those taken to bill-and-keep previously? We ask commenters to be as thorough as possible in any explanations.

30. While we discuss various access charges below, we seek to obtain the clearest possible picture of the current access charge landscape. To that end, we seek broad comment on what tariffed switched access charges are being charged today and the revenues associated with those charges. This includes any intercarrier compensation charges still collected by competitive LECs. Commenters should be as specific as possible in identifying and describing these access charges, including by reference to the Commission's rules, and in providing revenue figures.[81]

31. *Originating Switched Access Charges*. Originating switched access refers to the set of services provided by a LEC to transmit long-distance calls over its local network using end office and tandem switches to route these calls from a calling party to an IXC's point of presence (POP). In the *USF/ICC Transformation Order*, the Commission only initiated the transition to bill-and-keep for certain terminating access charges, due largely to the Commission's view that reforming originating access charges was less pressing at the time.[82] In light of those observations and the Commission's stated goal of implementing bill-and-keep as the default framework for all-IP networks, the Commission capped price cap incumbent LECs' intrastate and interstate originating and terminating switched access rates, and rate-of-return incumbent LECs' interstate originating and terminating and intrastate terminating access charges.[83] Rate-of-return incumbent LECs' intrastate originating access charges were not capped. However, outside of capping the aforementioned originating access charges, the Commission took no further action on originating access charges.[84] Since then, in the *8YY Access Charge Reform Order*, the Commission curbed arbitrage abuse by bringing 8YY originating end office switching rates to bill-and-keep, creating a new 8YY joint tandem switched transport rate element and capping the rate for this element, and capping the 8YY database query rate, for both intrastate and interstate traffic, but has otherwise left the ICC regime of originating switched access charges undisturbed.[85]

32. Building on the *USF/ICC Transformation Further Notice*, we seek comment on capping all intrastate originating access rates that have not yet been capped and transitioning all remaining intrastate and interstate originating access charges to bill-and-keep, consistent with the Commission's

(Continued from previous page)
transition should be phased in a manner that accounts for potentially disproportionate impacts on some carriers); WTA Feb. 12, 2026 *Ex Parte* at 1.

[80] *USF/ICC Transformation Order*, 26 FCC Rcd at 17929-30, para. 791.

[81] *See* NTCA Feb. 2, 2026 *Ex Parte* at 3 (estimating that the proposed reforms will result in a $60M "access elimination").

[82] *Id.* at 17933-36, paras. 800-01 (starting the move to bill-and-keep with terminating traffic "which is where the most acute intercarrier compensation problems . . . currently arise").

[83] *Id.* at 17932-36, paras. 798, 801.

[84] *See id.* at 18109, para. 1298 (restating that "[o]ther than capping interstate originating access rates and bringing dedicated switched access transport to interstate levels, the [*USF/ICC Transformation Order*] does not fully address the complete transition for originating access charges"); *id.* at n.2343 ("For price cap carriers, intrastate originating access charges are also capped.").

[85] 47 CFR §§ 51.905, 51.907, 51.909, 51.911, 69.111. *See, e.g.*, *8YY Access Charge Reform Order*, 35 FCC Rcd at 11604-05, para. 25.

stated goals in the *USF/ICC Transformation Order*.[86] We believe these steps, which replicate those taken to move most terminating access charges to bill-and-keep, are necessary to avoid cost-shifting during the transition, and seek comment on that view. We also seek comment on how carriers avoided or resolved any issues stemming from the ongoing operation of originating access charges, and how those solutions may aid or assist the Commission's implementation of bill-and-keep for the same charges.

33. The Commission's current ICC framework applies different rules and restrictions to price cap carriers and rate-of-return carriers. In particular, this distinction between carriers reflects underlying differences in how each is compensated for the provision of switched access services under our rules, owing in part to rate-of-return carriers' greater reliance on access revenues to support their networks.[87] Given that greater efficiency can be achieved by a transition to bill-and-keep as the end-state for all switched access traffic, are there any specific concerns or considerations, either by carrier regulatory status or size, that the Commission should account for when transitioning originating access charges to bill-and-keep? If so, what are they, and how should they be handled? We believe a universal approach to moving all originating access charges to bill-and-keep is more efficient and predictable, and we seek comment on whether that perspective is supported by the experiences of both network operators and consumers under the previous transition.

34. We also seek comment on whether all originating access charges should be moved to bill-and-keep in the same manner or on the same schedule. How much revenue is still associated with originating access charges? What impacts might carriers experience during or after the transition of all originating access charges to bill-and-keep? Please explain as completely and specifically as possible how moving originating access charges to bill-and-keep may disparately impact carriers, including any details on service availability and performance. Are there obstacles that prevented carriers from preparing for these changes since they were first proposed in 2011? In particular, we seek comment on how these actions may affect intermediate access providers, such as tandem providers or centralized equal access providers, that arguably stand in distinctive postures in the call flow and may not have end users of their own.[88] Under a bill-and-keep framework, we anticipate that the originating LEC would be responsible for arranging transport from its tandem to the network edge, typically by contracting with intermediate carriers. Similarly, the terminating LEC would need to arrange transport from the network edge to its tandem, which may also involve contracting with intermediate carriers. Under bill-and-keep, an independent third party tandem would not be prohibited from charging contractually negotiated prices to its LEC-customers in exchange for service. To recover these costs, LECs would likely need to set end-user rates at levels sufficient to allow them to compensate intermediate carriers for their services in turn. Is this an accurate assumption of how the market will operate under a bill-and-keep framework? Are

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[86] *USF/ICC Transformation Further Notice*, 26 FCC Rcd at 18109, para. 1298. This includes but is not limited to any end office charges, dedicated transport charges, tandem switching charges, or other separately identifiable originating access rate elements. *See* 47 CFR §§ 51.903(c), (d), and (i); *see also* 47 CFR §§ 69.101 *et seq.* (listing and explaining the computation of access charges).

[87] *MAG Order*, 16 FCC Rcd at 19671, para. 134 (noting how revenue reductions from implementing a cap on interstate access support differs between price cap carriers and rate-of-return carriers to find that course of action inadvisable for rate-of-return carriers); *USF/ICC Transformation Order*, 26 FCC Rcd at 17965, para. 863 (explaining why the Commission adopted different recovery mechanisms for carriers of different types in the transition to bill-and-keep); *see also 8YY Access Charge Reform Order*, 35 FCC Rcd at 11631-32, para. 86.

[88] *See 8YY Access Charge Reform Order*, 35 FCC Rcd at 11617, para. 53 (declining to adopt bill-and-keep for tandem switching and transport charges for 8YY services and instead establishing a nationwide rate cap, based on record evidence that, absent a cost recovery mechanism, intermediate providers would be left uncompensated); *see also Iowa Network Access Division, Tariff F.C.C. No. 1*, WC Docket No. 18-60, Transmittal No. 36, Memorandum Opinion and Order, 33 FCC Rcd 7517, 7563, para. 114 (2018) (concluding the first Aureon tariff investigation, and finding that "[w]ith respect to the competitive LEC benchmark and the cost-based rate, we recognize that CEA providers . . . are uniquely situated under the existing rules due to their status as both competitive LECs and dominant carriers").

there any actions the Commission may need to take to preserve competition in markets that depend on such carriers as all remaining access charges move to bill-and-keep, and if so, what are they, and why?

35. In the *USF/ICC Transformation Further Notice*, the Commission noted that commenters suggested that it should not prioritize originating access charges because for many "originating access is simply 'an imputation, not a real payment,'" but also recognized other commenters' claims that these charges "remain[] problematic for independent long distance carriers and competitive LECs."[89] We seek comment on these perspectives. Since 2011, have these views changed? If so, what lessons can the Commission apply to the effort to move originating access charges to bill-and-keep? Does the diminishment of the standalone long-distance market discussed elsewhere in this *Notice* affect commenters' positions?[90]

36. *Terminating Switched Access Charges*. In contrast, the Commission moved certain "terminating end office switching and certain transport rate elements" to bill-and-keep in the *USF/ICC Transformation Order*.[91] Terminating switched access refers to the set of services provided by a LEC to transmit long-distance calls over its network using end office switches to route these calls from an IXC's POP to a called party. Importantly, in 2011, the Commission distinguished the terminating access charges for price cap carriers and competitive LECs that benchmark their access rates to price cap carriers from those of rate-of-return carriers and competitive LECs that benchmark their access rates to rate-of-return carriers.[92] Specifically, all carriers' terminating end office access charges were brought to bill-and keep. For terminating tandem switching and common transport access services provided by price cap carriers, rates were taken to bill-and-keep where the carrier owns the tandem and the terminating end office switch; otherwise, price cap carriers' rates for these services are capped.[93] Thus, for price cap carriers where the terminating carrier does *not* own the tandem serving switch, transport and termination within the tandem serving area has not yet been transitioned to bill-and-keep. In contrast, terminating tandem switching and common transport access services provided by rate-of-return carriers were capped under both of these scenarios. As for dedicated transport, the Commission capped the rates for these services in the *USF/ICC Transformation Order*, with no transition plan announced.

37. In service of the goal of encouraging all providers to move to modern, all-IP networks, we now seek comment on completing the move to bill-and-keep for all remaining terminating access charges consistent with the transition of other access charges. We prefer to transition all remaining terminating switched access charges to bill-and-keep in lockstep but given that the Commission previously only moved certain terminating access charges to bill-and-keep,[94] we seek comment on whether the Commission alternatively should treat any remaining terminating access charges going forward differently and, if so, why. How much revenue is still associated with terminating access charges? Will moving the remaining terminating access charges to bill-and-keep in lockstep with originating access charges benefit providers and consumers, or would an alternative approach be less administratively burdensome?[95] If so, why?

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[89] *USF/ICC Transformation Further Notice*, 26 FCC Rcd at 18110, para. 1300 (citations omitted).

[90] *See infra* Section IV.C (Deregulating Domestic Interstate and International Long-Distance Interexchange Services).

[91] *USF/ICC Transformation Order*, 26 FCC Rcd at 17933-36, paras. 800-01.

[92] *Id.* at 17933-36, paras. 800-01, Fig. 9.

[93] *Id.* at 18112, para. 1306 & n.2358.

[94] *Id.* at 17933, para. 800 ("set[ting] forth [the] transition path for terminating end office switching and certain transport rate elements and reciprocal compensation charges").

[95] The Commission's previous transition path implicitly recognized that some carriers may be able to implement bill-and-keep more easily when they own the transport or tandem switching facilities. *See USF/ICC Transformation Order*, 26 FCC Rcd at 17934-36, para. 801, Fig. 9 (directing price cap carriers to move terminating switched end

(continued….)

38. *Switched Access Tandem Switching and Tandem Switched Transport Access Charges*. We seek to refresh the record on moving all remaining tandem switching and tandem switched transport access charges to bill-and-keep.[96] Tandem switching refers to the use of a tandem switch to route long-distance calls between an end office switch and a wire center serving an IXC's POP. Tandem switched transport refers to the common transport of individual long-distance calls of multiple IXCs using shared circuits between a tandem switch and an end office switch and dedicated transport between a tandem switch and a serving wire center.[97] As noted above, the Commission has transitioned these charges to bill-and-keep only in specific circumstances,[98] and the remaining tandem switching and tandem switched transport access charges, like other remaining access charges, continue to be capped.[99] We seek comment on whether the transition of other terminating access charges to bill-and-keep has affected these two types of access charges.[100] How much revenue is still associated with switched access tandem switching and tandem switched transport?

39. In the *USF/ICC Transformation Order*, the Commission noted concerns from carriers that the treatment of transport and tandem services under the adopted transition plan would create incentives for cost shifting and that rate caps would create disincentives for interconnection or exacerbate arbitrage in the market for transport services.[101] Have any carriers experienced cost shifting as some carriers predicted?[102] Separately, but similarly, have any carriers encountered arbitrage or other kinds of exploitative behavior related to non-transitioned tandem switching and tandem switched transport access charges?[103] We seek comment on any alternate approaches that would resolve such concerns, including with respect to transport access charges. Should these charges be transitioned to bill-and-keep concurrently with the other access charges in this item? If not, what is an appropriate transition timeframe for transport access charges, and why?

40. *Switched Access Dedicated Transport*. We seek comment on the transition to bill-and-keep of switched access dedicated transport services.[104] Dedicated transport access service refers to the

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office and terminating transport rates to bill-and-keep when the price cap carrier owns the tandem switch within the tandem serving area).

[96] *See id.* at 18112-14, paras. 1306-10 (seeking comment on the Commission's treatment of tandem switching and transport access service rates and the move to bill-and-keep generally).

[97] 47 CFR § 51.903(i).

[98] *See USF/ICC Transformation Further Notice*, 26 FCC Rcd at 18112, para. 1306 & n. 2358 (explaining that "rates will be bill-and-keep in the following cases: (1) for transport and termination within the tandem serving area where the terminating carrier owns the tandem serving switch; and (2) for termination at the end office where the terminating carrier does not own the tandem serving switch").

[99] *See id.* at 17934-36, para. 801, Fig. 9 (capping tandem switching and tandem switched transport rates and bringing interstate and intrastate rates into parity for both price cap and rate-of-return transition timelines).

[100] 47 CFR § 69.111(a)(2) (listing the three rate elements for tandem-switched transport which cover transport over common transport facilities, tandem switching, and dedicated transport facilities).

[101] *USF/ICC Transformation Further Notice*, 26 FCC Rcd at 18113, para. 1307 (raising commenter concerns about the Commission's treatment of transport and tandem services).

[102] *See id.* (raising commenter concerns that the Commission's transition plan for transport will create "powerful incentives" for incumbent LECs to engage in cost shifting) (citations omitted).

[103] *Id.* (citing comments that argue the capped transport rates "serve as a disincentive for efficient interconnection" and may "extend arbitrage behavior").

[104] 47 CFR § 51.903(c) (defining "dedicated transport access service rate elements" as entrance facility (69.110), dedicated transport (69.111), direct-trunked transport rate elements (69.112)). Switched access direct-trunked transport refers to the use of dedicated circuits for the transport of long-distance calls between an end office switch and a serving wire center, or between any other two points the direct-trunked customer requests. *See id.* § 69.2(oo).

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provision of service that moves traffic over separately committed transport facilities between the serving wire center and: (1) the tandem switching office (e.g., as part of a tandem-switched transport service); (2) an end office (i.e., Direct-Trunked Transport); or (3) an IXC's point of presence (i.e., Entrance Facility).[105] To date, the Commission has only capped the rates for these charges.[106] We seek comment on whether and, if so, how dedicated transport should be moved to bill-and-keep. How much revenue is still associated with switched access dedicated transport? Is there a need to treat switched access dedicated transport services differently from other switched access services (e.g., end office switching, tandem switching and common transport between an end office switch and a tandem switch)? Under our existing rules, IXCs decide whether to buy direct-trunked transport or tandem switched transport and pay access charges for whichever of these services they choose.[107] After the proposed transition of all access charges to bill-and-keep is complete, including dedicated transport, should IXCs continue to be permitted to specify how their traffic is transported? Are there any other considerations that the Commission should weigh when deciding whether and how to move dedicated transport access charges to bill-and-keep? If so, what are they and how should they affect the Commission's decision-making? In all-IP networks, does the Commission need to regulate dedicated transport at all?

41. *Transit Service*. Transit service routes non-access traffic of two carriers that are not directly interconnected with each other through an intermediary carrier's network.[108] In essence, "transit is the functional equivalent of tandem switching and transport" whereas "transit refers to non-access traffic" while "tandem switching and transport apply to access traffic."[109] The Commission did not exercise its authority over transit under section 251(b)(5) in the *USF/ICC Transformation Order*, despite taking a unified approach to moving all traffic to bill-and-keep.[110] Indeed, on the record before it, the

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Switched access entrance facility refers to the use of dedicated circuits to carry long-distance calls between a serving wire center and an IXC's POP, whether the IXC used direct-trunked transport or tandem-switched transport. *See generally id.* §§ 69.2(qq), (rr).

[105] *Id.* §§ 69.111(a)(2)(iii), 69.112. Unlike common transport service, which is calculated on a per access minute of use basis, dedicated transport charges are flat-rated and calculated in the same manner as direct-trunked transport. *See id*. § 69.709(a)(4) (defining transport as non-end user channel termination special access service under section 69.114). *Cf. USF/ICC Transformation Order*, 26 FCC Rcd at 17934-36, para. 801, Fig. 9 (capping dedicated transport as a part of the transition to bill-and-keep); *See also Price Cap Business Data Services; Regulation of Business Data Services for Rate-of-Return Local Exchange Carriers*, WC Docket Nos. 21-17 & 17-144, Notice of Proposed Rulemaking, Third Further Notice of Proposed Rulemaking, and Order, 40 FCC Rcd 6275, 6278, para. 6 (2025) (*2025 BDS Notice*), (defining BDS transport); *id.* at 6286, para. 28 (proposing to deregulate BDS dedicated transport provided by rate-of-return carriers).

[106] *USF/ICC Transformation Order*, 26 FCC Rcd at 17943, para. 821.

[107] 47 CFR §§ 69.111, 69.112.

[108] *USF/ICC Transformation Further Notice*, 26 FCC Rcd at 18114, para. 1311.

[109] *Id.*

[110] *Id.* (noting that "all traffic is unified under Section 251(b)(5)," but also separately noting that "[t]he Commission has not addressed whether transit services must be provided pursuant to section 251"); *see also id.* at 17916, para. 764 ("Consistent with our approach to comprehensive reform generally and the desire for a more unified approach, we find it appropriate to bring *all* traffic within the section 251(b)(5) regime at this time.") (emphasis added). States and courts have interpreted section 251 to impute transit services as well. *See id.* at 18114, para. 1311 & n.2367 (identifying court cases and state commission actions that have imputed transit services under section 251 and requiring interconnection of associated transit facilities (citing *Qwest Corp. v. Cox Neb. Telcom, LLC*, No. 4:08CV3035, 2008 U.S. Dist. LEXIS 102032 (D. Neb. Dec. 17, 2008); *Brandenburg Tel. Co. v. Windstream Kentucky East, Inc.*, Case No. 2007-0004, Order, 2010 WL 3283776 (Ky PSC Aug. 16, 2010)). *See also S. New Eng. Tel. Co. v. Perlermino*, No. 3:09-cv-1787(WWE), 2011 U.S. Dist. LEXIS 48773, at *3 (D. Conn. May 6, 2011)), *aff'd sub nom. S. New Eng. Tel. Co. v. Comcast Phone of Conn., Inc.*, 718 F.3d 53 (2d Cir. 2013) (finding
(continued….)

Commission recognized that "a competitive market for transit services exists."[111] We now seek to refresh the record on how the Commission should view transit service following the move to bill-and-keep. Commenters should identify "the need for regulatory involvement and the appropriate end state for transit service."[112] How much revenue is still associated with transit service? Have there been marketplace changes in the way transit services are offered as other regulated transport access services moved to bill-and-keep? We seek comment on whether those developments, if any, might guide the Commission in taking action on transit service charges as equivalent services move to bill-and-keep. As a functionally equivalent service, did carriers experience rate increases for transit services or other adverse consequences when some transport access service rates were capped and moved to bill-and-keep? We recognize that functional equivalency is not always a direct comparison for substitute services, however we seek comment on whether transit services served as a substitute for tandem switching and transport during the Commission's transition of transport access services to bill-and-keep. In the time since the *USF/ICC Transformation Order* was adopted, has the market for transit services remained competitive?

42. We also acknowledge that transit services may become critical when IP interconnection is the default. As a result of the flexibility that transit services offer and the availability of technological alternatives to deliver transit, transit for IP services and transit to the network edge in the bill-and-keep end state for ICC may replace tariffed transport access services as carriers ultimately switch to IP networks for voice calling.[113] We seek comment on the likelihood of this shift, and on how carriers that utilize IP networks for voice calling may use or rely upon transit services to complete IP-based voice calling. We also seek comment on the end state of transit services under a nationwide bill-and-keep framework for ICC, given that transit services are not currently rate-regulated. We note that in the *USF/ICC Transformation Order* the Commission does not distinguish between transit services where a CMRS carrier indirectly interconnects with a wireline carrier or where carriers indirectly interconnect via IP technologies, from transit services used to indirectly interconnect wireline carriers, and we seek comment on whether the Commission should recognize such differences going forward, and if so how.[114] We seek comment on whether there is any need for additional Commission action concerning transit service at this time. For example, are there any benefits from a uniform regulatory framework for traffic that the Commission should be aware of? Should the Commission formally recognize transit services under the authority granted by section 251 for clarity and consistency within our rules? In an all-IP world, is there any need for the Commission to regulate transit service, of any type?

43. *Remaining 8YY Access Charges*. We propose to transition the remaining 8YY charges—specifically, the originating joint tandem switching and common transport charge of $0.001 per minute to

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the Connecticut Department of Public Utility Control had the authority and properly concluded that section 251's interconnection obligations included transit services).

111 *USF/ICC Transformation Notice*, 26 FCC Rcd at 4776-77, para. 683 (citations omitted).

112 *USF/ICC Transformation Further Notice*, 26 FCC Rcd at 18115, para. 1313 (seeking comment on how the Commission should approach transit service).

113 *See id.* at 18114, para. 1311 (explaining that transit refers to non-access traffic, in which two carriers exchange non-access traffic through an intermediary carrier's network). We think this may be one possible option for carriers that wish to provide voice calling using TDM after the move to all-IP voice calling as the default. *See also IP Interconnection Notice* at 10-15, paras. 17-29 (seeking comment on current arrangements for TDM interconnection and IP interconnection for voice services).

114 *See USF/ICC Transformation Order*, 26 FCC Rcd at 17892, para. 707 & n.1194 (explaining that "[c]ompetitive LECs, CMRS carriers, and rural LECs . . . often rely upon transit service from incumbent LECs to facilitate indirect interconnection with each other"); *see also id.* at 18115, para. 1313 (recognizing that "providers pay for transit for IP services and transit may apply to get traffic to a network 'edge'" under bill-and-keep).

the bill-and-keep framework together with the other originating access charges.[115] We seek comment on this proposal.[116] How much revenue is still associated with the remaining 8YY access charges? Since toll-free calling requires an 8YY provider to compensate other carriers for transmitting traffic and associated charges, we also seek comment on how moving the tandem switched transport access service charge to bill-and-keep would impact the toll-free nature of 8YY calling.[117] We also seek comment on the role these services may play in the distance insensitive, all-IP calling world.

44. *Remaining Switched Access Charges*. The goal of this proceeding is to move all remaining intrastate and interstate switched access charges to bill-and-keep. That includes all charges for the rate elements identified in our Part 69 rules or the functionally equivalent rate elements.[118] As such, we seek comment on whether there are any additional charges—beyond those discussed herein or specified in Part 69—that should also be moved to bill-and-keep.

45. *Call Routing Charges Bearing Special Consideration*. As we move all other access charges to bill-and-keep, we are especially cognizant of those access charges that require special consideration due to the role each plays in traditional TDM voice calling, call routing, and identification. Specifically, we seek comment on whether the Commission should move the charges for the Signaling System 7 (SS7) call signaling service[119] and 8YY database query to bill-and-keep.[120] Both of these access services provide key information to carriers in the TDM call path, assisting in identifying calling parties as well as determining the pathway along which a call can be completed. Given the specific nature of these services, we seek comment on how to move the access charges for these parts of the TDM call routing system to bill-and-keep, if the Commission decides to do so. We seek comment on and encourage proposals that address the call routing and calling party identification aspects of these two services and how they are used to identify the correct call path. How much revenue is still associated with these two services? Will call signaling service remain relevant or necessary once we move to all-IP networks? Should the Commission delay taking action to move either the 8YY database query charge or the signaling charges to bill-and-keep until a more complete record on post-transition all-IP call routing develops? We seek comment on whether these charges help resolve problems with call routing and calling party identification that are not cured by the move to IP networks, absent other solutions. Given

[115] *8YY Access Charge Reform Order*, 35 FCC Rcd at 11604-05, para. 25 (explaining that originating 8YY end office charges move to bill-and-keep, while originating 8YY tandem switching and transport access charges and 8YY database query charges are subject to nationwide rate caps); 47 CFR §§ 51.903(p), 51.907(i)(5), 51.909(m)(5).

[116] In contrast, we note that the Commission adopted a three-year transition in the *8YY Access Charge Reform Order*. *See 8YY Access Charge Reform Order*, 35 FCC Rcd at 11615, para. 49 (discussing the three-year transition to move originating 8YY end office access charges to bill-and-keep); *see also infra* Section IV.A.2 (Proposed Transition of Remaining Access Charges to Bill-and-Keep).

[117] *See 8YY Access Charge Reform Order*, 35 FCC Rcd at 11597, 11604-05, paras. 10, 25. An 8YY provider pays the capped tandem switching and transport service rate to a carrier that transmits the call to the 8YY provider, which completes the call to its end-user customer. *Id*.

[118] 47 CFR Part 69. Under our existing rules, the intrastate terminating access rate structure for both price cap and rate-of-return incumbent LECs is required to be the same as the interstate terminating access rate structure specified under our Part 69 rules. Our existing rules do not require the intrastate and interstate originating access rate structures to be the same. *See* 47 CFR §§ 51.907(c)(1) and 51.909(c)(1).

[119] *USF/ICC Transformation Order*, 26 FCC Rcd at 17892, para. 708. The SS7 system is a call signaling system, which operates outside of the traditional PSTN, that identifies "a path a call can take after the caller dials the called party's number." *Id.* at 17892, para. 708 & n.1196.

[120] *8YY Access Charge Reform Order*, 35 FCC Rcd at 11626-27, paras. 72-76. Unlike traditional or non-toll free calls, toll-free calling requires the originating carrier to query "an industrywide database operated by the Toll Free Number Administrator (the 8YY Database) to determine the 8YY provider for the dialed number." *Id.* at 11596, para. 7; 47 CFR §§ 51.903(n), 51.907(k)(2), 51.909(o)(2).

that IP networks are more efficient than TDM networks,[121] will IP-based solutions more effectively or efficiently handle tasks like calling party identification or toll-free calling look ups, or otherwise render these services obsolete? Are alternative call signaling and call identification solutions already available for IP calling? We seek comment on how to transition these access charges to bill-and-keep.

46. With respect to the 8YY database query charge, we also ask whether it would be more appropriate to recover the costs of administering the database through a mechanism similar to that used for the North American Numbering Plan, such as contributions based on FCC Form 499-A filings.[122] We seek comment on whether a comparable database will be necessary to handle 8YY traffic in an all-IP environment. If so, what modifications to the Commission's rules would be needed to ensure that the 8YY database remains fully functional and effective in a post-TDM landscape?

47. *VoIP-PSTN Traffic*. In the *USF/ICC Transformation Order*, the Commission adopted transitional rules specifying the default intercarrier charges for VoIP-PSTN traffic.[123] Consistent with its other intercarrier compensation reforms, the Commission specified that VoIP-PSTN traffic "ultimately will be subject to a bill-and-keep framework."[124] To that end, the Commission brought all VoIP-PSTN traffic within the section 251(b)(5) framework and adopted "a prospective intercarrier compensation framework for VoIP traffic."[125] Under this framework, the default intercarrier compensation rates for intrastate and interstate toll VoIP services are equal to interstate access rates applicable to functionally equivalent PSTN services and the default intercarrier compensation rates for other VoIP-PSTN traffic are the otherwise applicable reciprocal compensation rates.[126] We seek comment on the charges currently assessed for VoIP-PSTN traffic, including a description of the rate elements for which these rates are being charged. We also seek comment on what carriers, if any, are tariffing these charges and the revenues associated with these charges. To the extent there are currently-assessed intercarrier compensation charges for VoIP-PSTN traffic, we propose to bring those charges to bill-and-keep, consistent with the declaration the Commission made in the *USF/ICC Transformation Order* and the reforms proposed in this *Notice*. We seek comment on this proposal.

48. *The Role of States After the Transition to Bill-and-Keep.* We seek comment on the states' perspective on and experience with the transition of some access charges to bill-and-keep after the *USF/ICC Transformation Order*. We also seek comment on the roles states should have following the transition of all access charges to bill-and-keep. Will the implementation of bill-and-keep nationwide affect state regulations, and if so, how? Will the move to bill-and-keep have varying impacts across different states? If state regulations over intrastate access charges are not preempted, and intrastate charges are left as they currently stand by the completion of our move to bill-and-keep, will incentives for

[121] *See* Patty Medberry, *TDM vs. IP Telephony: a Retro Conversation Still Relevant Today* (May 16, 2016), https://blogs.cisco.com/collaboration/tdm-vs-ip-telephony (explaining that companies switching from TDM or mixed TDM/IP environments to all IP environments experienced cost savings resulting in lower operational expenses and lower total expenses overall).

[122] *2025 FCC Form 499-A Instructions* at 5, https://docs.fcc.gov/public/attachments/DA-24-1095A3.pdf ("North American Numbering Plan Administration—All telecommunications carriers and interconnected VoIP providers in the United States shall contribute to meet the costs of establishing numbering administration. *See* 47 CFR § 52.17.").

[123] *See USF/ICC Transformation Order*, 26 FCC Rcd at 18008, para. 944; 47 CFR § 51.913.

[124] *Id.* at 18002, para. 933.

[125] *Id.*

[126] *Id.* at 18008, para. 944; 47 CFR § 51.913. In 2019, the Commission clarified that carriers can "assess end office switched access charges only if the LEC or its VoIP partner provides a physical connection to the last-mile facilities used to serve an end user." *See Connect America Fund et al.*, Order on Remand and Declaratory Ruling, WC Docket No. 10-90 et al., 34 FCC Rcd 12692, 12693, para. 4 (2019) (*2019 VoIP Symmetry Declaratory Ruling*). Reciprocal compensation rates are now at bill-and-keep. 47 CFR § 51.705(c)(4), (5).

carriers to use legacy technologies remain? What role could or should state regulators have in resolving disputes that might arise from the transition to bill-and-keep?[127]

2. Proposed Transition of Remaining Access Charges to Bill-and-Keep

49. *Capping Intrastate Access Charges*. As the first step in the transition of the remaining intercarrier charges, we propose to immediately cap those access charges that remain uncapped, namely the intrastate originating switched access charges for rate-of-return carriers and competitive LECs that benchmark to rate-of-return carriers, effective 30 days after the final rules adopted in a forthcoming order are published in the Federal Register. Freezing these rates would ensure that rates do not increase and would help prevent carriers from shifting costs to other rate elements during the transition period. We seek comment on this proposal. Our proposal is consistent with the approach taken in the *USF/ICC Transformation Order*.[128] We tentatively conclude that capping these charges will provide certainty and stability during the transition process and minimize disruption for consumers and service providers and seek comment on this conclusion. How would this affect carriers' present business plans? Does it prevent possible arbitrage or gaming of rates?[129] Alternatively, should the Commission make any cap on remaining access charges effective a certain time period after an order's adoption? If so, how long after adoption of an order implementing the transition to bill-and-keep, as proposed in this *Notice*, should such a cap become effective? What are the potential benefits and drawbacks of this approach?

50. *Transition Period for Intercarrier Access Charges*. To mitigate the potential operational disruptions an abrupt regulatory shift may cause, we propose a two-year transition period for the remaining intercarrier access charges, including both intrastate and interstate access charges which had previously been capped in the *USF/ICC Transformation Order*, as well as transit rates and rate-of-return incumbent LECs' originating intrastate switched access rates, which were not capped in 2011.[130] This approach is consistent with the Commission's contemplated two-year transition to bill-and-keep for originating access rates in the *USF/ICC Transformation Further Notice* and with concerns in the record that "establishing separate transitions for different intercarrier charges invites opportunities for arbitrage."[131] To achieve the goal of moving all remaining access charges by price cap and rate-of-return carriers to bill-and-keep, we propose a 24-month transition period as follows: a 33% reduction in each remaining access charge as of the first annual interstate access tariff filing following the effective date of an order in this proceeding; another 33% reduction by the following annual tariff filing (that would mean a total 66% reduction at that time from the initial rates); and a final 34% reduction as of the annual tariff

[127] *See, e.g.*, *USF/ICC Transformation Order*, 26 FCC Rcd at 17936, para. 803 ("In particular, states will oversee changes to intrastate access tariffs to ensure that modifications to intrastate tariffs are consistent with the framework and rules we adopt today. For example, states will help guard against carriers improperly moving costs between or among different rate elements to reap a windfall from reform.").

[128] *Id.* at 17932-33, para. 798 (capping terminating intrastate rates for all carriers effective 30 days after publication of the adopted rules in the Federal Register).

[129] In the *USF/ICC Transformation Order*, the Commission recognized that intrastate access rate disparities "created incentives for arbitrage and pervasive competitive distortions within the industry." *Id.* at 17929-30, para. 791. To address this concern the Commission, after initially capping certain interstate and intrastate switched access rate elements, reduced the intrastate rates to parity with interstate rates. *See id.* at 17934-35, para. 801, Fig. 9; 47 CFR §§ 51.907(b)(2), 51.909(b)(2). Because there is no evidence of similar intrastate rate disparities today, we decline to propose a transitional step after capping rates that would require carriers to reduce intrastate rates to interstate rate parity. We seek comment on this approach.

[130] In the *8YY Access Charge Reform Order*, the Commission created a new 8YY originating joint tandem switched transport rate and capped the rate for this rate element, and lowered and capped the 8YY toll free data base query rate. Under our proposal, these rates also would be transitioned to bill-and-keep over a two-year transition period. *See 8YY Access Charge Reform Order*, 35 FCC Rcd at 11604-05, para. 25.

[131] *USF/ICC Transformation Further Notice*, 26 FCC Rcd at 18110, para. 1299.

filing following that one, thereby completing the transition to bill-and-keep, bringing all remaining access charges to zero.[132] We seek comment on this proposed transition schedule.

51. We seek comment on whether the proposed timeframe effectively and expeditiously facilitates the transition from existing intercarrier compensation charges to a bill-and-keep framework, while also facilitating carriers' migration from TDM-based switched access services to all-IP networks. Does the proposed transition period provide sufficient time for carriers to adapt to the evolving regulatory and technological landscape? If not, what alternative timeframe would strike the right balance between minimizing disruption and advancing the transition? Will the transition otherwise affect existing commercial contracts or interconnection arrangements between parties?[133] Providers are encouraged to identify any issues related to how the transition may interact with existing commercial contracts, including the sufficiency of contractual change of law provisions or similar terms and conditions to address issues here.

52. The Commission has noted that all originating access charges "should be eliminated at the conclusion of the ultimate transition to the new intercarrier compensation regime."[134] The record suggests that establishing separate transitions for different charges could lead to arbitrage opportunities.[135] Accordingly, we propose that the two-year transition period apply uniformly to all remaining originating and terminating access charges for both interstate and intrastate traffic, all of which would transition to a bill-and-keep framework on the same schedule. We seek comment on this proposal. Alternatively, should we instead consider a transition schedule that differentiates among various access charges? If so, what alternative schedule should the Commission consider and why would that be more appropriate? Should, for example, the Commission distinguish the 8YY database query charge or the signaling charge for a different transition period than we apply to other originating access charges? If so, why, and what periods should apply for which charges? Similarly, are there reasons to distinguish transit services during the transition of the remaining access charges to bill-and-keep? Likewise, should dedicated transport be transitioned in the same manner as the common transport access charges? Should the Commission engage in a more specific transition plan for these services, or is the same two-year transition plan as with tandem switched transport and tandem switching appropriate? Why or why not? If there remain reasons to distinguish between any types of access charges when reaching bill-and-keep, we request that commenters identify those reasons and charges with specificity, and support why they should be distinguished.

53. In the *USF/ICC Transformation Order*, the Commission adopted separate transition schedules for rate-of-return and price cap carriers.[136] Here, we propose that the transition period apply uniformly to all carriers that currently tariff access charges. Establishing different timeframes for different categories of carriers could lead to unintended consequences, such as inefficiencies or opportunities for arbitrage. We seek comment on whether rate-of-return carriers should be granted additional time to transition these rates. If so, what justification supports a longer transition period, and how much additional time would be appropriate? We also invite comment on whether a two-year

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[132] Carriers withdrawing from the NECA tariffs and tariff pools are required to notify NECA by March 1 of the year the tariff becomes effective that it will no longer participate in the NECA tariff. *See* 47 CFR § 69.3(e)(6), (e)(9), (i)(1).

[133] We do not anticipate that the proposed reforms will result in the abrogation of existing contracts, and we seek comment on this tentative conclusion. *See, e.g.*, *USF/ICC Transformation Order*, 26 FCC Rcd at 17940-41, para. 815 (emphasizing that the reforms "do not abrogate existing commercial contracts or interconnection agreements or otherwise require an automatic 'fresh look' at these agreements") (internal citations omitted).

[134] *Id.* at 18109-10, para. 1298.

[135] *See id.* at 18110, para. 1299. To further clarify how the two-year period operates, the first reduction occurs at month 0 of the transition, the second reduction occurs at month 12, and the final reduction occurs at month 24.

[136] *Id.* at 17934-36, para. 801.

transition would be too rapid for certain carriers. If so, what safeguards could the Commission implement to mitigate such concerns?

54. We seek comment on lessons learned during previous transitions to bill-and-keep. For those terminating access charges that already have moved to bill-and-keep, we seek comment on carriers' experiences during the transition. Specifically, did any carrier experience new or novel difficulties in implementing bill-and-keep? If so, please describe the difficulties and any actions taken to resolve them. We also seek comment on whether the Commission had accurately gauged the marketplace effects from the transition to bill-and-keep for these charges.

55. *Competitive LEC Benchmarking.* For intercarrier compensation purposes, when access charges move to bill-and-keep for price cap or rate-of-return carriers, the same rate applies to those charges for benchmarking competitive LECs.[137] We seek comment on how the transition of the remaining switched access charges to bill-and-keep will affect competitive LECs that benchmark to incumbent LEC rates. Are there any circumstances that would signal adverse effects in those markets? After bill-and-keep has been successfully implemented for all access charges, is the competitive LEC benchmarking rule still necessary, since competitive LECs will be prohibited from charging any access charges? We seek comment on these and any other perspectives on how moving the remaining access charges to bill-and-keep will impact benchmarking competitive LECs.

3. Network Edge

56. The network edge refers to the demarcation point in the telecommunications network for establishing financial responsibility between sending and terminating carriers for transmitting calls in a bill-and-keep framework.[138] Under the intercarrier compensation regime, there was no need to define the network edge because access charges determined which carrier paid for each segment of traffic delivery.[139] As the Commission completes the transition to bill-and-keep and accelerates the transition to all-IP communications networks, the definition of the network edge becomes important for determining financial responsibility for transport costs between carriers' networks.[140]

57. When the Commission began the transition to bill-and-keep in the *USF/ICC Transformation Order*,[141] it defined the network edge for non-access traffic exchanged between rural rate-of-return LECs and CMRS providers.[142] The Commission also explained that it did not intend to "affect

[137] 47 CFR § 61.26.

[138] *USF/ICC Transformation Further Notice*, 26 FCC Rcd at 18117, para. 1320 (defining the network edge as "the point where bill-and-keep applies, [and] a carrier is responsible for carrying, directly or indirectly by paying another provider, its traffic to that edge"). The network edge is distinct from a point of interconnection (POI) because a call may pass through multiple POIs before reaching the network edge—the point at which the originating carrier's financial responsibility for the call ends and the terminating carrier's responsibility begins.

[139] *See id.* at 18113, para. 1310 (noting that "[i]n the traditional access charge system, tandem switching and transport charges were typically assessed against interexchange carriers").

[140] *Id.* at 18117, para. 1320 (explaining that a "critical aspect to bill-and-keep is defining the network 'edge' for purposes of delivering traffic"); *see id.* at 18039, para. 998 ("[M]oving to a default bill-and-keep methodology . . . raises issues regarding the default point at which financial responsibility for the exchange of traffic shifts from the originating carrier to the terminating carrier.").

[141] *Id.* at 17905, 17923, paras. 741, 778 (initially adopting bill-and-keep for terminating access charge rates).

[142] *Id.* at 18031, 18039-40, paras. 978, 998-99 (establishing that the LEC is responsible for transport to the CMRS provider's chosen interconnection point when it is located within the LEC's service area; when the CMRS provider's chosen interconnection point is located outside the LEC's service area, the LECs' transport and provisioning obligation stops at its meet point, and the CMRS provider is responsible for the remaining transport to its interconnection point). The Commission sought to "ease the move to bill-and-keep for rural, rate-of-return regulated LECs" and adopted an interim rule limiting their responsibility for transport costs for non-access traffic. *Id.* at 18031, para. 978. 47 CFR § 51.709. The Commission noted that price cap carriers did not raise concerns

(continued….)

the ability of states to define the network edge for intercarrier compensation under bill-and-keep as a general matter" and sought comment on transitioning the remaining access charges to bill-and-keep and on related network edge issues.[143] In 2017, the Commission sought to refresh the record on intercarrier compensation reform, including carrier obligations to deliver traffic under bill-and-keep.[144] To date, the record reflects a lack of consensus on how to define the network edge. In addition, evolving market conditions, ongoing technological advancements, and the reforms proposed in this *Notice* underscore the need for a fresh look at network edge issues.

58. In the *USF/ICC Transformation Further Notice*, the Commission stated that it "believe[d] states should establish the network edge pursuant to Commission guidance," and sought comment on this approach and other options.[145] Given the amount of time that has elapsed since comments on this issue were filed, we renew our request for input now. As the Commission considers the reforms proposed in this *Notice*—moving to bill-and-keep to encourage the transition to all-IP networks—we seek input on whether carriers and state regulatory commissions believe there is a need to and benefit from defining the network edge today, and on the role that the Commission and states may play in that process.[146]

59. To promote consistency across states in defining the network edge, would guidance from the Commission be helpful? If so, what form should that guidance take—for example, general principles, best practices, or a default framework? Would a default framework provided by the Commission be the most practicable solution if a state fails to define the network edge or if states develop inconsistent definitions? We seek comment on how the Commission should proceed in a manner that ensures consistency with sections 251 and 252 of the Act.[147] We are interested also in hearing from state commissions about how any action by the Commission might affect past state decisions or open proceedings. To aid the Commission in potentially offering guidance, we seek to learn as much as possible from the experience and knowledge that states have garnered in addressing network edge issues.

60. At the same time, we also invite input from providers, consumers, and other stakeholders on their experiences and perspectives regarding these questions and issues. We are particularly interested in learning whether the industry is in agreement on principles that would serve as the basis for defining the edge. Because LECs may need to rely on third-party carriers to deliver or receive calls, we seek comment on whether the current marketplace for transit services is sufficiently robust to ensure that disparities in size between large transit providers and small LECs do not undermine the latter's bargaining power to negotiate fair and reasonable terms and conditions.[148]

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about transport costs, and concluded that no particular transition was required or warranted for traffic exchanged between these carriers and CMRS providers. *USF/ICC Transformation Order*, 26 FCC Rcd at 18039-40, para. 998.

[143] *USF/ICC Transformation Further Notice*, 26 FCC Rcd at 18117-18, para. 1321 & n.2390 (seeking proposals on how and under what circumstances carriers would bear their own costs to deliver traffic to each other at specified network edges); *see also id.* at 17922, para. 776 (explaining that the network edge under a bill-and-keep framework "is addressed by states through the arbitration process where parties cannot agree on a negotiated outcome").

[144] *Parties Asked To Refresh the Record On Intercarrier Compensation Reform Related To The Network Edge, Tandem Switching and Transport, and Transit*, WC Docket No. 10-90; CC Docket No. 01-92, Public Notice, 32 FCC Rcd 6856 (2017) (*2017 Refresh the Record Public Notice*).

[145] *USF/ICC Transformation Further Notice*, 26 FCC Rcd at 18117, para. 1321.

[146] *See USF/ICC Transformation Notice*, 26 FCC Rcd at 4774, para. 680 (noting that "proposals to treat traffic under a bill-and-keep methodology typically assume the existence of a network edge").

[147] *See* 47 U.S.C. §§ 251(c)(2); 252(a), (e). *See IP Interconnection Notice*, at 9-10, para. 16 (seeking comment on current carrier practices and arrangements for interconnection for voice services, and proposing and seeking comment on ending incumbent LECs' additional interconnection obligations under section 251(c)).

[148] *See, e.g.*, *USF/ICC Transformation Notice*, 26 FCC Rcd at 4776-77, para. 683 (noting that "the record in this proceeding indicates that a competitive market for transit services exists"); *see also IP Interconnection Notice* at 23-

(continued….)

61. *Network Edge Issues During Transition to Bill-and-Keep and All-IP Networks.* Do commenters anticipate disputes over financial responsibility for transporting voice traffic during the transition unless the network edge is clearly defined?[149] If so, when should such a definition take effect? To facilitate the transition to all-IP networks, should the Commission require each state to designate a single point of interconnection (POI) for TDM and VoIP traffic during the two-year transition and designate that POI as the network edge?[150] Should carriers be financially responsible for transporting traffic to that POI—including the cost of any necessary TDM-to-IP conversion—even if it lies outside of their traditional service areas?[151] Would carriers be able to contract with intermediate providers to deliver traffic to the POI, and could they leverage existing network capabilities amidst evolving all-IP platforms to reduce costs?[152] We also ask whether a single POI per state aligns with states' responsibilities under sections 251 and 252 and whether states have the resources and time to implement this approach.[153] Alternatively, should the Commission leverage existing regional IP meet points as the default network edge to reduce costs and avoid creating separate state-specific POIs? Would this be more efficient and cost-effective during the two-year phase-out of access charges?[154]

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24, para. 55 (seeking comment on "whether and how the Commission should modify its regulatory framework for interconnection to account for IP voice services" and asking whether "any carriers possess sufficient market power to pressure other carriers into accepting unfavorable interconnection terms").

[149] *See USF/ICC Transformation Order*, 26 FCC Rcd at 18031, 18040, paras. 977, 999 (establishing the network edge for rural, rate-of-return LECs and CMRS voice traffic and noting that "this rule is warranted . . . to help minimize disputes and provide greater certainty").

[150] *See* 47 U.S.C. § 252(a), (e). States have already been required to designate a single POI as the NG911 Delivery Point. *See Facilitating Implementation of Next Generation 911 Services (NG911), Location-Based Routing for Wireless 911 Calls*, PS Docket Nos. 21-479 and 18-64, Report and Order, 39 FCC Rcd 8137, 8173, para. 74 (2024) (*NG911 Order*). The Commission does not intend to disrupt present commercial agreements in any actions it may take and welcomes any comments to ensure that result.

[151] We anticipate that, because it would be costly for a carrier to transport a call from its service area to the POI designated as the network edge within a state, the carrier would instead convert the call to IP format and hand it off to an intermediate carrier. That intermediate carrier would then carry the call to the network edge, where it would be handed off to the terminating carrier or to an intermediate carrier selected by the terminating carrier. Accordingly, each call would have only one network edge and would likely be transported in IP most of the way. *See, e.g.*, NTCA Feb. 2, 2026 *Ex Parte* at 2 (expressing concern over potential costs related to requirements to reach distant points of interconnection).

[152] *See, e.g.*, 47 CFR § 9.32 (Designation of NG911 Delivery Points); *NG911 Order*, 39 FCC Rcd at 8173, para. 74 (requiring wireline, CMRS, interconnected VoIP, and Internet-based Telecommunications Relay Service (TRS) providers to be financially responsible for the costs of transmitting 911 calls in IP format, including any TDM-to-IP conversion, to certain NG911 Delivery Points designated by each state). *Connect America Fund*, WC Docket No. 10-90, Order on Reconsideration, 34 FCC Rcd 10109, 10111, para. 6 (2019) (requiring broadband service quality testing for universal service purposes between the customer's premises and FCC-designated Internet Exchange Points).

[153] *See* 47 U.S.C. §§ 251, 252.

[154] IP-based calls significantly reduce the cost of transport compared to TDM-based calls. *See, e.g.*, *NG911 Order*, 39 FCC Rcd at 8231-32, para. 202 (citing "the ample evidence showing that IP transport costs are significantly lower than TDM transport costs . . . . For example, South Carolina RFA [Revenue and Fiscal Affairs Office] submits data indicating that IP transport of 911 traffic is generally 27% cheaper than TDM call delivery, regardless of where the calls are delivered. iCERT points out that, to avoid the higher cost of transporting TDM calls, RLECs could convert their traffic from TDM to IP format prior to transporting them. Five Area Telephone also points out that OSPs [originating service providers] could significantly lower the overall costs of transmitting 911 calls to ESInets [Emergency Services IP Networks] by taking advantage of third-party aggregators' services.") (internal citations omitted).

62. We also seek comment on the relationship between defining points of interconnection in the network and defining the network edge. We recognize that the definition of network edge is an important point for both this *Notice* and the *IP Interconnection Notice*,[155] and we seek comment on how we should consider the overlap. How does the definition of the network edge for purposes of ICC impact other aspects of the IP transition?

63. *Network Edge After Transitions to Bill-and-Keep and All-IP Networks Are Completed*. Once the industry completes the transition of the intercarrier access charge system to a national bill-and-keep framework, we anticipate that carriers generally will seek to maximize efficiencies by delivering voice traffic in IP format.[156] It is, therefore, likely that at the end of the transition period voice calls carried in IP format from origination to termination will travel through established Internet exchange points and pathways as does all other current Internet traffic.[157] Once all communications are transitioned from the PSTN to all-IP networks, do carriers or state commissions believe there is a need to define the network edge?[158] Should such a definition apply to networks still using TDM facilities after the proposed transition to bill-and-keep is completed if some networks have not completely transitioned to all-IP networks by then? Would this definition continue to be necessary so long as TDM facilities are in use? Should the Commission set a definite sunset date for when the network edge definition would no longer be applied?

64. In the absence of access charges defining the financial responsibility for transporting voice traffic in all-IP networks, does the network edge still need to be defined to establish financial responsibility, or what steps should be taken, to ensure that financial disputes do not cause service disruptions? At the same time, we seek comment on whether the Commission or the states have the authority to define the network edge when the transition to all-IP networks is completed?[159] Given that IP traffic is jurisdictionally mixed in nature, should the Commission preempt state authority to define the network edge for all-IP traffic?[160] We also seek comment on whether the Commission alternatively should distinguish voice traffic from other traffic and whether this establishes a need to determine network edges for voice traffic in all-IP networks. If so, we ask commenters to explain why, and describe and illustrate a potential network edge in this scenario.

65. Is it correct to assume that most providers already maintain either direct peering arrangements or agreements with third-party IP transit providers for transporting existing Internet traffic from their end users, and that they can readily in a cost-efficient manner incorporate voice traffic—given that it represents only a small portion of overall data traffic—into those existing arrangements? To the

[155] *See generally IP Interconnection Notice* (proposing to forbear from interconnection and related obligations imposed on incumbent LECs under sections 251(c)(2) and (c)(6) of the Act and the Commission's rules implementing those provisions by December 31, 2028).

[156] Most carriers already have the capability to offer VoIP services to their end users. As of December 2023, only 9% of residential connections remained copper-based. *See 2024 Communications Marketplace Report* at 14132, para. 25.

[157] The industry has already established standards for transmitting VoIP calls over the Internet without compromising call quality. *See* ATIS, *VoIP Interconnection over the Public Internet*, Technical Report, ATIS-1000100 (Dec. 12, 2022).

[158] *See* Appx. A (Proposed Rules) (47 CFR §§ 51.907 (Transition of price cap carrier access charges), 51.909 (Transition of rate-of-return carrier access charges)).

[159] *See IP Interconnection Notice* at 3, para. 3 (seeking comment on what, if any, regulatory framework for IP interconnection should replace the current interconnection framework under section 251(c)(2), and on the scope of the Commission's authority to regulate IP interconnection under any such framework).

[160] *See, e.g.*, 47 U.S.C. § 252; *see also In re FCC 11-161*, 753 F.3d 1015, 1125-28 (10th Cir. 2014); *see, e.g.*, *Vonage Order,* 19 FCC Rcd 22404, 22413, para. 17 (jurisdictionally mixed services are services "that are capable of communication both between intrastate end points and between interstate end points").

extent that, at the end of the transition to bill-and-keep and all-IP networks, carriers continue to rely on TDM technology, we propose that the costs associated with a carrier's continued TDM use should be borne by the carrier that elects to maintain it and seek comment on this proposal. For example, under this proposal, any costs associated with converting a call to IP format will be borne by the carrier that elects to originate, interconnect, or terminate the call in TDM.

66. We strongly encourage parties to submit concise, clear-cut call-flow diagrams to help illustrate and explain their comments. Parties should also define their use of the terms "transit," "meet point," "interconnection point," and "peering point," including distinctions.

4. Implementation of the Transition to Bill-and-Keep

67. We seek comment on the role of tariffs during the transition of interstate and intrastate access charges to bill-and-keep. We propose to maintain a role for tariffing access charges to implement the rate step down to bill-and-keep (i.e., zero). After access charges transition to bill-and-keep, we propose to grant incumbent and competitive LECs forbearance under section 10 of the Act from the application of section 203 tariffing requirements to access charges.[161] The Commission will, at that time, no longer permit any tariffs containing access charges.[162] We seek comment on this proposal and any alternative proposals.

68. *Background*. The Commission's existing ICC framework has relied on tariffing access charges to ensure that common carriers' "charges, practices, classifications, and regulations" are "just and reasonable" under section 201 of the Act and not subject to "unjust or unreasonable discrimination" under section 202 of the Act.[163] Under section 203(a) of the Act, "common carriers" are required to file with the Commission "schedules," i.e., tariffs, "showing all charges for itself and its connecting carriers for interstate and foreign wire or radio communications."[164] A carrier may not "charge, demand, collect, or receive" a different amount for such communications, "refund or remit" a portion of the charges, or "extend to any person any privileges or facilities in such communication, or employ or enforce any classifications, regulation, or practices affecting such charges, except as specified in such [tariff]" pursuant to section 203(c) of the Act.[165] Section 204 of the Act authorizes the Commission to "conduct a hearing concerning the lawfulness" of "any new or revised charge, classification, regulation, or practice" contained in a tariff.[166] Upon a finding of unlawfulness of the tariffed charge, section 205 of the Act

[161] 47 U.S.C. §§ 160(a), 203.

[162] *See MCI Worldcom*, 209 F.3d at 764 ("[No] provision of the Communications Act except § 203(a) requires tariffing, and no provision gives a carrier a positive right to file a tariff, so if it forbears from applying § 203(a) the Commission's staff is not obliged to accept filings.").

[163] *See USF/ICC Transformation Order*, 26 FCC Rcd at 18019, para. 961; 47 U.S.C. §§ 201, 202; *Boomer v. AT&T Corp*., 309 F.3d 404, 421 (7th Cir. 2002) (Section 203 of the Act has "served as a mechanism by which the [Commission] could assure compliance with the standards set forth in Sections 201 and 202"); *see MCI v. AT&T*, 512 U.S. 218, 230 (1994) (''[T]his Court has repeatedly stressed that rate filing was Congress's chosen means of preventing unreasonableness and discrimination in charges.''); *AT&T v. Central Office Tel., Inc*., 524 U.S. 214, 215 (1998) (*AT&T v. Central Office*).

[164] 47 U.S.C. § 203(a).

[165] *Id.* § 203(c). The tariffing provisions in section 203 of the Act effectively codified the "filed-rate doctrine." *See AT&T v. Central Office*, 524 U.S. at 215. Under the doctrine, "the rate a carrier duly files is the only lawful rate." *See id*. at 1962-63. In other words, "where a filed tariff rate, term, or condition differs from a rate, term, or condition in a non-tariffed carrier-customer contract, the carrier is required to assess the tariff rate, term, or condition." *See Policy and Rules Concerning the Interstate, Interexchange Marketplace; Implementation of Section 254(g) of the Communications Act of 1934, as amended*, CC Docket No. 96-61, Order on Reconsideration, 12 FCC Rcd 15014, 15017, para. 3 (1997).

[166] 47 U.S.C. § 204(a)(1).

authorizes the Commission to "determine and prescribe . . . the just and reasonable charge."[167] Tariffed rates that are subsequently found to be unlawful are not subject to refund liability for damages incurred while the tariffed rate was in effect.[168]

69. The Commission's part 61 tariffing rules, among other things, ensure compliance with the Commission's part 69 access charge regime. In the *USF/ICC Transformation Order*, the Commission relied on the continued tariffing of access charges to transition terminating interstate and intrastate access charges to bill-and-keep.[169] During the transition, the Commission permitted LECs to tariff intrastate toll traffic with the states, and interstate toll traffic with the Commission.[170] In lieu of tariffing access charges, however, carriers were free to enter into negotiated agreements.[171] The Commission's July 1 annual access charge tariff filings, among other things, implemented the transition of terminating access charges to bill-and-keep required by sections 51.700 to 51.715 and 51.901 to 51.919 of the Commission's rules.[172]

70. *Role of Tariffs During Transition to Bill-and-Keep*. To provide carriers with financial certainty, we propose to preserve a role for tariffing access charges during the transition of intrastate and interstate access charges to bill-and-keep.[173] During the proposed transition, carriers will tariff interstate and intrastate access charges consistent with the transitional rate step-down described above. We propose that the Commission would continue to accept new interstate tariffs and revisions to existing tariffs and states would be expected to do the same for intrastate tariffs. Alternatively, should we allow carriers to immediately detariff intrastate and interstate access charges, i.e., bring them down to zero, if they choose to do so? Why or why not? Should we allow carriers to enter into negotiated commercial agreements instead of tariffing access charges? We seek comment on these proposals and any other alternatives.

71. *VoIP-PSTN Traffic*. During the transition adopted in the *USF/ICC Transformation Order*, the Commission permitted "LECs to file tariffs that provide that, in the absence of an interconnection agreement, toll VoIP-PSTN traffic will be subject to charges not more than originating and terminating interstate access rates."[174] During that transition, the Commission permitted LECs to tariff interstate toll VoIP-PSTN traffic in interstate tariffs and intrastate toll VoIP-PSTN traffic in intrastate tariffs.[175] Should the Commission adopt a similar approach to transition the remaining intrastate and interstate access charges to bill-and-keep? Meaning, during the transition, should the Commission permit carriers to tariff interstate originating VoIP-PSTN traffic in interstate tariffs and intrastate originating VoIP-PSTN traffic in intrastate tariffs? What are the costs and benefits of this approach and any alternatives? During the transition, to what extent should the Commission permit carriers to tariff interstate and intrastate terminating VoIP-PSTN traffic? The Commission has held that carriers may not

[167] *Id.* § 205(a).

[168] *See Implementation of Section 402(b)(1)(A) of the Telecommunications Act of 1996*, CC Docket No. 96-187, Report and Order, 12 FCC Rcd 2170, 2182-83, para. 20 (1997) (*Implementation of Section 402(b)(1)(A) of the Act Order*).

[169] *USF/ICC Transformation Order*, 26 FCC Rcd at 17939, para. 812; *id.* at 18022-23, para. 964 ("[M]aintaining a continuing role for tariffs during the transition to a new intercarrier compensation framework is a reasonable approach.").

[170] *Id.* at 17939, para. 812.

[171] *Id.*

[172] *See, e.g.*, *Material to be Filed in Support of 2012 Annual Access Tariff Filings*, WCB/Pricing File No. 12-08, Order, 27 FCC Rcd 3960, para. 1 (WCB 2012).

[173] *See USF/ICC Transformation Order*, 26 FCC Rcd at 17939, para. 812 (acknowledging the "revenue predictability that has been associated with tariffing").

[174] *Id.* at 18019, para. 961.

[175] *Id.*

tariff purely IP-IP traffic that does not touch the PSTN.[176] In other words, carriers may not tariff access charges if the LEC or its VoIP provider partner does not provide a physical connection to last mile facilities used to serve an end user over the TDM-based PSTN network.[177] We similarly propose to maintain the prohibition of carriers and their VoIP provider partners from tariffing purely IP-to-IP traffic that does not touch the PSTN and seek comment on this proposal.

72. *Reciprocal Compensation Agreements*. In the *USF/ICC Transformation Order*, the Commission asserted legal authority to bring all traffic—terminating and originating access service—within the section 251(b)(5) reciprocal compensation regime in order to advance the migration to all-IP networks.[178] ICC traditionally has been subdivided between access charges (payments to LECs to originate and terminate long-distance traffic) and reciprocal compensation (payments between carriers to transport and terminate local traffic).[179] Section 251(b)(5) of the Act imposes a duty on LECs "to establish reciprocal compensation arrangements for the transport and termination of telecommunications."[180] Section 252 of the Act outlines the responsibilities of incumbent LECs to negotiate, arbitrate, and approve interconnection agreements and allows parties to petition state commissions "to participate in the negotiation and to mediate any differences."[181] How will the transition of access charges to bill-and-keep affect reciprocal compensation agreements? Is the section 251(b)(5) framework appropriate for originating access service? Why or why not? What is the role of state commissions, if any, in resolving disputes between incumbent LECs and competitive LECs over rates for reciprocal compensation? How could the Commission's section 251(b)(5) framework be improved for originating and terminating access service? Is there any evidence that rates, terms, and conditions contained in reciprocal compensation agreements are unjust and unreasonable? Is there any evidence that LECs are offering similarly situated customers rates, terms, and conditions that are unjustly or unreasonably discriminatory?[182]

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[176] *Teliax Colorado, LLC Tariff F.C.C. No. 1*, WCB Pricing File No. 21-01, Transmittal No. 7, Order, 36 FCC Rcd 8285, 8288, para. 9 (WCB/PPD 2021).

[177] The Commission's "VoIP Symmetry Rule" allows carriers to charge tariffed access charges for services that are "functionally equivalent" to tariffed legacy TDM-based access charge. *2019 VoIP Symmetry Declaratory Ruling* at 12965, para. 8; *USF/ICC Transformation Order*, 26 FCC Rcd at 18026-27, para. 970; 47 CFR § 51.913(b), 51.903(d). The Commission has held that LEC-VoIP partnership provides the functional equivalent of end office switched access only if the LEC or its VoIP provider partner provides a physical connection to last mile facilities used to serve an end user. *See CenturyLink Communications, LLC, as the successor to Qwest Communications Corporation, Level 3 Communications, LLC, WilTel Communications, LLC, and Global Crossing Telecommunications, Inc., Complainants, v. Peerless Network, Inc., Defendant*, Proceeding No. 22-172, Memorandum Opinion and Order, 38 FCC Rcd 2318, 2319-20, para. 3 (EB 2023).

[178] *USF/ICC Transformation Order*, 26 FCC Rcd at 17916, para. 764 (finding "it appropriate to bring all traffic within the section 251(b)(5) regime" and "that the legal authority to adopt bill-and-keep . . . applies to all intercarrier compensation traffic"); *see 8YY Access Charge Reform Order*, 35 FCC Rcd at 11644-45, paras. 113-14 (discussing Commission authority under section 251(b)(5) of the Act over originating access charges and citing *In re FCC 11-161*, 753 F.3d at 1123).

[179] *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, Notice of Proposed Rulemaking, 16 FCC Rcd 9610, 9613, para. 6 (2001).

[180] 47 U.S.C. § 251(b)(5).

[181] *Id.* § 252(a)(2).

[182] *See, e.g.*, *Competition in the Interstate Interexchange Marketplace*, CC Docket No. 90–132, Memorandum Opinion and Order on Reconsideration, 10 FCC Rcd 4562, 4566, para. 10 (1995) (recognizing "individually negotiated contracts could satisfy the nondiscrimination provisions" for common carrier services under section 202 "of the Act if the terms of the contract were made generally available to similarly situated customers"); *Orloff v. FCC*, 352 F.3d 415, 420-21 (D.C. Cir. 2023) (in cases involving tariffed services "the Commission and this court

(continued….)

73. Under sections 251 and 252 of the Act, incumbent LECs generally cannot compel other LECs to negotiate over traffic that is not exchanged by tariff.[183] In the *USF/ICC Transformation Order*, the Commission declined to extend the duty of CMRS providers to negotiate interconnection agreements with incumbent LECs to competitive LECs and other interconnecting service providers.[184] The Commission, however, sought comment in the *USF/ICC Transformation Further Notice* on extending the interconnection agreement process adopted in the *T-Mobile Order* to all telecommunications carriers.[185] As part of any detariffing reforms we propose, we seek comment on whether we need to revisit the rights and obligations of carriers to negotiate interconnection agreements.

74. *NECA*. Most rate-of-return carriers establish rates for access service by participating in the National Exchange Carrier Association, Inc. (NECA) tariff and tariff pools.[186] During the transition to bill-and-keep, should we allow rate-of-return carriers to continue to make elections regarding participation in the NECA tariffs and pooling process?[187] Why or why not? Because we propose to detariff the remaining interstate access charges once carriers transition to bill-and-keep, we propose to require rate-of-return carriers participating in the NECA tariff pools to remove access charges from the NECA tariff pools once they transition to bill-and-keep. We seek comment on this proposal and the role of the NECA tariff and tariff pools during and after the transition of access charges to bill-and-keep.

75. *Role of Intrastate Tariffs*. Under the framework adopted in the *USF/ICC Transformation Order*, rates for intrastate access traffic continued to be tariffed in state tariffs.[188] We seek comment on the extent to which carriers should continue to tariff remaining intrastate access charges with state commissions pursuant to intrastate tariffs. To what extent do carriers tariff TDM-based intrastate access charges in state tariffs? To what extent do carriers tariff intrastate VoIP-PSTN traffic in state tariffs? Is VoIP-PSTN traffic inherently jurisdictionally mixed in nature and therefore not subject to state regulation? We seek comment on the role of the states and state commissions to ensure compliance with the transition of remaining intrastate access charges to bill-and-keep. Are there concerns that carriers could shift cost recovery for access services from interstate to intrastate tariffed rates? If so, are there any

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have allowed common carriers to charge customer-specific-rates only if they offered the same terms to other, similarly situated customers”).

[183] *USF/ICC Transformation Order*, 26 FCC Rcd at 17945, para. 825.

[184] *Id.* at 17945, para. 827; *see 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), *remanded sub. nom. Ronan Tel. Co. v. FCC,* 539 Fed. Appx. 722 (9th Cir. 2013); Order on Remand, 29 FCC Rcd 11521 (2014).

[185] *USF/ICC Transformation Further Notice*, 26 FCC Rcd at 18119, para. 1324.

[186] 47 CFR § 69.601 *et seq.*; *USF/ICC Transformation Notice*, 26 FCC Rcd at 4760, para. 645; *Regulation of Business Data Services for Rate-of-Return Local Exchange Carriers, et al.,* WC Docket no. 17-144 et al., Report and Order, Second Further Notice of Proposed Rulemaking, and Further Notice of Proposed Rule Making, 33 FCC Rcd 10403, 10416-17, para. 34 (2018) (*Rate-of-Return BDS Order*); *Connect America Fund et al*., WC Docket No. 10-90 et al., Report and Order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3087, 3159-60, paras. 194-96 (2016) (*Rate-of-Return Reform Order*). NECA sets access charges for carriers participating in the traffic-sensitive tariff pool based on aggregate costs projected to earn the authorized rate of return. NECA tariff pool participants are either (1) “cost companies” that calculate cost recovery based on individual cost studies, or (2) “average schedule companies” that calculate cost recovery based on formulas developed by NECA and approved by the Commission representative of the compensation cost companies would receive. *See Connect America Fund et al.*, WC Docket No. 10-90, et al., Order, 37 FCC Rcd 13383, 13383-84, para. 2 (WCB/PPD 2022).

[187] *See USF/ICC Transformation Order*, 26 FCC Rcd at 17934, para. 801 & n.1499; 47 CFR § 69.601 *et seq.*

[188] *USF/ICC Transformation Order*, 26 FCC Rcd at 17940, para. 813; *id.* at 18020, para. 961.

actions the Commission and state commissions could take to prevent a windfall or double-recovery?[189] Are there other arbitrage opportunities that the Commission and state commissions should address in any framework adopted? Is there any evidence that intrastate access charges vary by state?[190] Is there any evidence of arbitrage opportunities with respect to intrastate originating access charges provided by rate-of-return carriers?

76. *Existing Agreements*. We seek comment on how existing commercial contractual agreements might be affected by the reforms we propose.[191] The reforms we propose above would require carriers to revise their interstate and intrastate switched access charge tariffs. We do not, however, propose to repeal existing commercial contracts, interconnection agreements, or service guides, or propose to require a "fresh look" at these agreements. Instead, we propose to defer to existing change-in-law provisions with respect to these agreements and seek comment on this approach.[192] To what extent do our proposed reforms trigger contractual change-in-law provisions allowing for the parties to renegotiate certain rates, terms, and conditions? Are there situations in which the proposed reforms could not be addressed through change-in-law provisions? Would the Commission's waiver process under section 1.3 address any such concerns? If not, would the public interest still be best served by proceeding with the proposed reforms?

5. Forbearance from Section 203 Tariffing Obligations for Intercarrier Access Charges

77. In this section, we propose to grant incumbent and competitive LECs forbearance under section 10 of the Act from the application of section 203 tariffing requirements to interstate access charges once all access charges transition to bill-and-keep.[193] If the Commission forbears from section 203 of the Act, sections 204 and 205 of the Act would no longer apply with respect to interstate access charges.[194] We therefore propose to also forbear from sections 204 and 205 of the Act with respect to detariffed interstate access charges once all access charges transition to bill-and-keep. We propose to require LECs to detariff remaining interstate access charges after which the Commission would no longer accept interstate tariffing of these charges.[195] Instead, carriers would enter into negotiated commercial agreements and/or list rates, terms, and conditions in service guides. We seek comment on whether the section 10 criteria for forbearance are met.

78. Beginning in the 1980s, the Commission pursued permissive and mandatory detariffing policies.[196] Initially courts found that the Commission lacked mandatory detariffing authority; however, that changed with the 1996 Act, which compelled the Commission to forbear from applying statutory requirements where certain criteria are met.[197] Section 10 of the Act requires the Commission to forbear from applying any requirement of the Act and Commission rules if it finds that the rule is unnecessary to

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[189] *See id.* at 17940, para. 813 ("[T]o ensure compliance with the framework and to ensure carriers are not taking actions that could enable a windfall and/or double recovery, state commissions should monitor compliance with our rate transition.").

[190] *See id.* at 17929-31, paras. 791, 794 (discussing intrastate access rate disparity).

[191] *See IP Interconnection Notice* at 21, para. 47.

[192] *See USF/ICC Transformation Order*, 26 FCC Rcd at 17940-41, para. 815; *USF/ICC Transformation Notice*, 26 FCC Rcd at 4779, para. 689.

[193] 47 U.S.C. §§ 160(a), 203.

[194] *Id.* §§ 204(a)(1), 205(a).

[195] *See MCI Worldcom*, 209 F.3d at 764.

[196] *See Interexchange Forbearance Order*, 11 FCC Rcd at 20735-38, paras. 8-13; *MCI Worldcom*, 209 F.3d at 762.

[197] *MCI Worldcom*, 209 F.3d at 762 (citing *MCI Telecommnc's Corp. v. FCC*, 765 F.2d 1186 (D.C. Cir. 1985)).

ensure just and reasonable rates or to protect consumers and that forbearance serves the public interest, particularly by promoting competition.[198]

79. The Commission has exercised its forbearance authority to order mandatory detariffing in various contexts.[199] The Commission has expressed concern that "the necessity of filing tariffs hinders competitive responsiveness"[200] and the filed-rate doctrine reduces competition.[201] More recently, commenters have identified part 61 tariffing requirements as ripe for further deregulation and streamlining.[202] For example, commenters argued that tariffs are "cumbersome and slow" and thus "unnecessary"[203] and that "thanks to competition are largely obsolete."[204]

80. Are tariffing requirements for access charges under section 203 of the Act still necessary, following the transition to bill-and-keep, to ensure that rates, terms, and conditions of access service remain just and reasonable, and not unjustly or unreasonably discriminatory? When Congress passed the 1996 Act, incumbent LECs controlled 99.7% of the local telephone service marketplace.[205] Today, incumbent LECs' switched access lines account for only 3.1% of the voice telephony marketplace.[206] Once the transition to bill-and-keep is complete, will tariffing these services still be necessary to ensure that rates, terms, and conditions of service are just and reasonable and not unjustly or unreasonably discriminatory? Will carriers and their customers be able to receive the same or similar transparent price and service information provided by tariffs through negotiated contractual agreements, service guides, and other agreements? We seek comment on the extent that competition for voice services is sufficient to constrain prices for access services to just and reasonable levels absent tariffing access charges.

81. Are sections 201, 202, and 208 of the Act, in conjunction with market forces, sufficient to protect consumers from unjust and unreasonable rates, terms, and conditions or unjust and unreasonable discrimination without continued tariffing of access charges?[207] If continued tariffing of access charges is

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198 47 U.S.C. § 160; *see infra* Section IV.H (Legal Authority).

199 *See, e.g.*, *Business Data Services in an Internet Protocol Environment et al.*, WC Docket No. 16-143 et al., Report and Order on Remand and Memorandum Opinion and Order, 34 FCC Rcd 5767, 5775, 5787, paras. 15, 42 (2019) (*UNE Transport Forbearance Order*); *Business Data Services in an Internet Protocol Environment, et al.*, WC Docket no. 16-143 et al., Report and Order, 32 FCC Rcd 3459, 3529-31, paras. 153-59 (2017) (*Price Cap BDS Order*); *Rate-of-Return BDS Order*, 33 FCC Rcd at 10445-47, paras. 120-24; *Interexchange Forbearance Order*, 11 FCC Rcd at 20732-33, para. 3.

200 *MCI Worldcom*, 209 F.3d at 764.

201 *See id.*; *Interexchange Forbearance Order*, 11 FCC Rcd at 20762, para. 55 (noting that the "filed-rate doctrine provides carriers with the ability to alter or abrogate their contractual obligations in a manner that is not available in most commercial relationships").

202 *See* USTelecom Reply Comments, WC Docket No. 25-133, at 17 (rec. Apr. 11, 2025).

203 DPI Comments, GN Docket No. 25-133, at 5-6.

204 ICLE Comments, GN Docket No. 25-133, at 18-19.

205 *IP Interconnection Notice* at 5-6, para. 9 & n.29.

206 *Id.* at 6, para. 9 & n.30 (citing FCC, Voice Telephone Services: Status of June 30, 2024, Tbl. 1, Voice Subscriptions (in Thousands) – Total for US, Reference Lines 1, 4, and 14).

207 47 U.S.C. §§ 201, 202, 208. *See, e.g.*, *Price Cap Business Data Services et al.*, WC Docket No. 21-17 et al., Notice of Proposed Rulemaking, Third Further Notice of Proposed Rulemaking, and Order, 40 FCC Rcd 6275, 6286, para. 31 (2025) (asking whether "sections 201, 202, and 208 of the Act are sufficient to protect consumers from unjust and unreasonable rates, charges, and practices" if the Commission detariffs certain business data services); *Price Cap BDS Order*, at 3505-06, para. 102 (affirming that section 208 complaint process continues to protect common carriers despite detariffing certain TDM-based business data services); *id*. at 3532, para. 162 (finding that, in light of protections under sections 201, 202, and 208 of the Act, the "additional contribution that tariffing . . . price cap LEC's special access services" provides was not necessary under section 10(a)(1) and (a)(2)

(continued….)

necessary to protect consumers following the transition to bill-and-keep, why? Is there price, cost support, service, or other information, that otherwise would be available through a tariff filing, that carriers should make available to Commission staff and the public for purposes of preparing complaints under section 208 of the Act? For example, section 211 of the Act requires carriers to "file with the Commission copies of all contracts, agreements, or arrangements with other carriers."[208] And section 43.51 of our rules requires carriers to maintain a copy of contracts between telephone carriers and connecting carriers available to Commission staff and the public upon request.[209] Is this information sufficient to protect consumers? Absent tariffs, to what extent can customers assert their rights under interconnection agreements or reciprocal compensation agreements? If contract negotiations break down, to what extent can customers avail themselves of state mediation and arbitration procedures under sections 251 and 252 of the Act? To what extent can consumers pursue remedies under state consumer protection and contract laws in ways otherwise precluded in a tariffing regime by the filed-rate doctrine?[210]

82. Is forbearance from tariffing consistent with the public interest? For example, would forbearance from tariffing switched access services promote competitive market conditions? Does tariffing access charges create disincentives for carriers to transition from TDM to all-IP networks?[211] To what extent does tariffing access charges impose unnecessary regulatory burdens on carriers? Would detariffing access charges reduce compliance costs, increase regulatory flexibility, increase incentives to invest in innovative products and services, or otherwise be in the public interest? Why or why not? Are there ways the Commission could reorient the tariffing regime to incentivize carriers to transition from TDM to all-IP networks? If the Commission detariffed access charges, what effect would this have on prices, service availability, innovation, and competition? To what extent does detariffing access charges increase litigation costs and refund liability for carriers by removing protections under the filed-rate doctrine?[212] To what extent does detariffing access charges increase transaction costs through individually-negotiated contractual agreements? Are there any approaches the Commission could take to minimize these concerns?

83. *Other Considerations*. If we detariff access charges, what other rules should we subject to forbearance or further streamlining as a result? Commenters advocate that "a careful review" of parts 32, 36, 64, 65, and 69 of the Commission's rules is necessary.[213] Parts 32, 36, 64, 65, and 69 contain rules

(Continued from previous page)
of the Act); *Rate-of-Return BDS Order*, 33 FCC Rcd at 10405, para. 6 (affirming Commission's obligations under sections 201, 202, and 208 of the Act while forbearing from section 203 of the Act for certain business data service offerings provided by rate-of-return carriers).

[208] 47 U.S.C. § 211.

[209] 47 CFR § 43.51(c).

[210] *See Policy and Rules Concerning the Interstate, Interexchange Marketplace; Implementation of Section 254(g) of the Communications Act of 1934, as amended*, CC Docket No. 96-61, Order on Reconsideration, 12 FCC Rcd 15014, 15017, para. 3 (1997); *see AT&T v. Central Office*, 524 U.S. at 222.

[211] DPI Comments, GN Docket No. 25-133, at 5-6 (arguing that "arbitrary caps and tariffs stimulate artificial demand for" legacy TDM networks); *see* ICLE Comments, GN Docket No. 25-133, at 19 (arguing that tariffs "are now largely obsolete" and "[f]urther simplification would reduce administrative burdens and align with market-driven pricing").

[212] Under the filed-rate doctrine, tariffed rates that are subsequently found to be unlawful are not subject to refund liability for damages incurred while the tariffed rate was in effect. *Implementation of Section 402(b)(1)(A) of the Act Order*, 12 FCC Rcd at 2177, para. 11 (citing *Arizona Grocery Co. v. Atchison, T & S.F. Railway, Co*., 284 U.S. 370, 384) & 2182-83, para. 20.

[213] *See* NTCA–The Rural Broadband Association Comments, GN Docket No. 25-133, at 2-6 (rec. Apr. 11, 2025); NTCA–The Rural Broadband Association Reply, GN Docket No. 25-133, at 1-2 (rec. Apr. 28, 2025); USTelecom—The Broadband Association Comments, GN Docket No. 25-133, at 17-19 (rec. Apr. 14, 2025).

for calculating CAF BLS support attributable to common line and Consumer Broadband-Only Loop (CBOL) services and interstate rates for common line, CBOL, and special access services subject to rate-of-return regulation.[214] Parts 32, 64, and 65 contain rules for calculating high-cost loop support. At the end of the transition to bill-and-keep, to what extent should we also grant rate-of-return carriers forbearance from provisions of the parts 32, 63, 64, 65, and 69 cost assignment rules,[215] and part 36 separations rules? Should we also forbear from section 54.1305 reporting requirements for rate-of-return carriers' access charges?[216] We seek detailed comment on these and other rules we should eliminate or forbear from and the associated costs and benefits. Commenters note that to the extent that the Commission does not reform its universal service rules for legacy carriers that cross-reference tariffs, "such carriers . . . could continue to impute such charges for universal service purposes without actually filing any tariffs."[217] To what extent should the Commission allow carriers to impute access charges for purposes of calculating universal service support not based on tariffs? We seek comment on the extent to which we need to revise our part 54 rules to reflect detariffing access charges, specifically the CAF ICC support rules in section 54.304 and CAF BLS support rules in section 54.901.[218]

84. *Role of Tariffs After Transition to Bill-and-Keep*. We seek comment on the continuing role of state and federal tariffs and associated cost support (i.e., tariff review plans) once intrastate and interstate access charges transition to bill-and-keep. We believe that transitioning all access charges to bill-and-keep obviates the need to tariff intrastate and interstate access services and seek comment on this view. Going forward, to what extent should the Commission allow carriers to permissively tariff certain rates, terms, and conditions of interstate telecommunications service? For example, should we permit carriers to continue to tariff terms and conditions of interstate telecommunications services once the transition to bill-and-keep for all access charges is complete? Are there any charges for interstate telecommunications service we should permit common carriers to tariff? Similarly, to what extent should the states allow carriers to tariff certain rates, terms, and conditions of intrastate telecommunications service? Should the Commission preempt state tariffing of remaining access charges and, if so, under what statutory authority? Alternatively, are there any approaches the Commission could take to encourage states to detariff intrastate access charges?[219] For example, should we adopt a "backstop" if states fail to detariff intrastate access charges within a specific period of time?[220] If so, we seek comment on how much time the states may need to detariff intrastate access charges.

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[214] *See Rate-of-Return Reform Order*, 31 FCC Rcd at 3157-62, paras. 188-204; *Connect America Fund et al*., WC Docket No. 10-90 et al, Second Order on Reconsideration and Clarification, 33 FCC Rcd 2399, 2402-03, paras. 10-13 (2018).

[215] *See Rate-of-Return BDS Order*, 33 FCC Rcd at 10447-51, paras. 125-37. The Commission has defined the term "Cost Assignment Rules" to include various rules from Parts 32, 63, 64, 65, and 69 of the Commission's rules and section 220(a)(2) of the Act that "generally require carriers to assign costs to build and maintain the network and revenues from services provided to specific categories." *Petition of USTelecom for Forbearance Pursuant to 47 U.S.C. § 160(c) from Enforcement of Certain Legacy Telecommunications Regulations et al*., WC Docket No. 12-61 et al., Memorandum Opinion and Order and Report and Order and Further Notice of Proposed Rulemaking and Second Further Notice of Proposed Rulemaking, 28 FCC Rcd 7628, 7646, para. 31 (2013) (*USTelecom Forbearance Order*), *aff'd sub nom Verizon v. FCC*, 770 F.3d 961 (D.C. Cir. 2013). The rules the Commission included in the term "cost assignment rules" in the *Rate-of-Return BDS Order* are listed in Appendix B of the *USTelecom Forbearance Order*. *USTelecom Forbearance Order*, 28 FCC Rcd at 7747-48, Appx. B; *Rate-of-Return BDS Order*, 33 FCC Rcd at 10447, para. 126 n.325.

[216] 47 CFR § 54.1305.

[217] *See* DPI Comments, GN Docket No. 25-133, at 6 n.18.

[218] *See id.*; 47 CFR pt. 54 (universal service rules).

[219] *See USF/ICC Transformation Notice*, 26 FCC Rcd at 4724, para. 544.

[220] *See id.* at 4725, para. 548.

85. We also seek comment on the continuing role of tariffs and related cost support once carriers complete the transition to end-to-end IP voice communications.[221] The Commission's tariffing regime applies to common carriers.[222] While carriers may tariff access charges for VoIP-PSTN traffic,[223] they are currently prohibited from tariffing access charges for purely IP-IP traffic.[224] We propose to maintain this prohibition and seek comment on this approach. In light of this, we seek comment on the role, if any, that the Commission's tariffing regime should play in an all-IP world. Are there reasons to maintain the Commission's tariffing regime after a transition of voice traffic to all-IP?

B. End Users Cover the Cost of the Networks They Choose

86. To support a more market-driven approach to cost recovery and encourage continued investment in modern communications infrastructure, we propose to deregulate and detariff end-user charges, known as Telephone Access Charges, thereby allowing carriers to recover lost ICC revenues directly from their end users. In addition, to further strengthen the incentive for carriers to transition to all-IP networks, we seek comment on phasing out CAF ICC support following the shift to the comprehensive bill-and-keep framework. In particular, we seek comment on how best to ensure a smooth and speedy transition for carriers while appropriately recognizing any challenges.

1. Deregulating and Detariffing Telephone Access Charges

87. To facilitate the transition to a bill-and-keep framework and ensure that carriers can recover their costs from end users, we propose to eliminate ex ante pricing regulation and tariffing requirements of all end-user charges associated with interstate access service offered by incumbent LECs.[225] These end-user charges, known as Telephone Access Charges (TACs), are remnants of legacy telephone regulation when LECs were subject to comprehensive rate oversight designed to protect subscribers from supracompetitive prices.[226] The regulations were intended to protect consumers from the monopoly power of incumbent LECs and ensure that rates were just and reasonable, as required by the Act.[227] However, with the growth of competition in the voice services market, rate regulation of incumbent LECs is no longer necessary to protect consumers—who now have the ability to switch to

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[221] Under the Commission's rules, incumbent LECs are required annually to submit to the Commission effective July 1 revised access charge tariffs containing rates charged for telecommunications service as well as supporting information. *See, e.g., July 1, 2025 Annual Access Charge Tariff Filings*, WC Docket No. 25-94, Order, DA 25-397, at *1, para. 2 (WCB May 16, 2025); 47 CFR § 69.3(a) ("[A] tariff for access service shall be filed with this Commission for a two-year period . . . with a scheduled effective date of July 1."); 47 CFR §§ 61.38, 61.39 (supporting information to be submitted with tariff filings), 69.3(f).

[222] 47 U.S.C. § 203(a).

[223] *See USF/ICC Transformation Order*, 26 FCC Rcd at 18008, para. 944; 47 CFR § 51.913(b) ("[A] local exchange carrier shall be entitled to assess and collect the full Access Reciprocal Compensation charges . . . that are set forth in the local exchange carrier's interstate tariff . . . .").

[224] *CenturyLink Communications, LLC, as the successor to Qwest Communications Corporation, Level 3 Communications, LLC, WilTel Communications, LLC, and Global Crossing Telecommunications, Inc.*, Proceeding No. 22-172, Order on Reconsideration, 39 FCC Rcd 3795, 3804-05, para. 18 (2024) (a carrier that "operates exclusively in IP, cannot tariff a purely IP-IP traffic exchange under the Commission's intercarrier compensation rules").

[225] *See* 47 U.S.C. § 160(a). Although the term "access charges" typically refers to intercarrier charges, it includes some end-user charges that we collectively reference as Telephone Access Charges. Our proposals here are part of this new *Notice* seeking comment on issues in the context of completing the transition of all remaining access charges to a bill-and-keep system and the transition of TDM networks to all-IP technologies.

[226] *See Eliminating Ex Ante Pricing Regulation and Tariffing of Telephone Access Charges,* WC Docket No. 20-71, Notice of Proposed Rulemaking, 35 FCC Rcd 3165, para. 1 (2020) (*2020 Telephone Access Charge Notice*).

[227] 47 U.S.C. § 201(b).

alternative providers if an incumbent LEC raises rates above competitive levels. To ensure stability in the USF contributions base following any deregulation and detariffing of TACs, we propose options for calculating federal USF contributions and high-cost universal service support.

a. Overview of TACs and Procedural History

88. Section 203 of the Act, requires that common carriers file tariffs or "schedules showing all charges for itself and its connecting carriers for interstate and foreign wire or radio communication . . . and showing the classifications, practices, and regulations affecting such charges."[228] The Commission, through its tariff and ex ante pricing rules, regulates various end-user charges for interstate access service provided by incumbent LECs.[229] Commission rules currently consist of five tariffed TACs: the Subscriber Line Charge, Access Recovery Charge (ARC), Presubscribed Interexchange Carrier Charge, Line Port Charge, and Special Access Surcharge.[230]

89. *Subscriber Line Charge*. The Commission created the Subscriber Line Charge (SLC) in 1983 to allow incumbent LECs to recover a portion of non-traffic-sensitive loop costs through a flat, per-line fee assessed on end users.[231] To prevent rate shock, particularly in high-cost areas,[232] the Commission capped SLCs and required that remaining common line costs be recovered through a per-minute Carrier Common Line charge on IXCs.[233] In 1996, the Commission reformed interstate access charges to better align rates with cost causation principles and established a federal high-cost universal service support mechanism to replace implicit subsidies.[234] The Commission further reformed interstate access charges in the *CALLS Order* that included increasing the SLC caps for price cap carriers to $6.50 per month for primary residential and single-line business lines, $7 for non-primary residential lines, and $9.20 for multi-line business lines.[235] In the *MAG Order*, the Commission adopted the same caps for residential lines and single and multi-line businesses served by rate-of-return carriers.[236] There is no non-primary residential line SLC rate element for rate-of-return carriers under our rules.

[228] *Id.* § 203(a).

[229] *See* 47 U.S.C. § 203(a); 47 CFR pt. 61 (tariff rules); 47 CFR §§ 51.915(e), 51.917(e), 69.115, 69.152, 69.153, 69.157.

[230] *See* 47 CFR §§ 51.915(e), 51.917(e), 69.115, 69.152, 69.153, 69.157.

[231] *See, e.g.*, *AT&T Corp., MCI Telecommunications Corp. et al. v. Bell Atlantic - Pennsylvania*, File No. E-95-006 et al., Memorandum Opinion and Order, 14 FCC Rcd 556, 559, para. 4 (1998) ("A common line, sometimes called a 'local loop,' connects an end user's home or business to a [local exchange carrier's] central office. A characteristic feature of a common line is that it enables the end user to complete local as well as interstate and foreign calls.") (citations omitted), *recon. denied*, 15 FCC Rcd 7467 (2000). The SLC was intended to cover a portion of the cost of providing interstate access over the local loop that incumbent LECs could fully recover through intercarrier charges. *See 1983 Access Charge Order*, 93 F.C.C.2d 241, *recon.*, *First Reconsideration of 1983 Access Charge Order*, 97 F.C.C.2d 682, *recon.*, *Second Reconsideration of 1983 Access Charge Order*, 97 F.C.C.2d 834.

[232] *1997 Access Charge Reform Order*, 12 FCC Rcd at 16007-08, para. 68.

[233] *See generally* Federal Communications Commission, MTS and WATS Market Structure, and Amendment of Part 67 of the Commission's Rules and Establishment of a Joint Board, Decision and Order, 50 Fed. Reg. 939 (Jan. 8, 1985) (publishing *MTS and WATS Market Structure, and Amendment of Part 67 of the Commission's Rules and Establishment of a Joint Board,* CC Docket Nos. 78-72 and 80-286, Decision and Order, FCC 84-637 (Nov. 15, 1984)). *See Access Charge Reform Order*, 12 FCC Rcd at 16007, para. 68. The Commission required that these access charges be calculated based on the average embedded cost of providing such services. *1983 Access Charge Order*, 93 F.C.C.2d at 242-45, paras. 1-8. *See* 47 CFR §§ 69.104, 69.152.

[234] *See Access Charge Reform Order*, 12 FCC Rcd at 16007-33, paras. 67-120.

[235] *See CALLS Order,* 15 FCC Rcd at 12974-75, 12988-89, 12990-93, 13004-07, paras. 30, 70-72, 75-79, 105-112; 47 CFR §§ 69.152(d)(1), 69.152(e)(1), (k)(1).

[236] *MAG Order*, 16 FCC Rcd at 19621, para. 15.

90. *Access Recovery Charge*. To mitigate revenue losses for incumbent LECs and support broadband investment resulting from the transition to bill-and-keep adopted in the 2011 *USF/ICC Transformation Order*, the Commission allowed incumbent LECs to recover a portion of their reduced intercarrier compensation revenues (i.e., Eligible Recovery) from end users through an Access Recovery Charge (ARC), and where applicable, through CAF ICC support.[237] For residential and single-line business customers, ARC increases are capped at $0.50 per month, up to a maximum monthly charge of $2.50 (price cap carriers) and $3.00 (rate-of-return carriers).[238] For multi-line businesses, increases are limited to $1.00 per month, and the maximum monthly charge is capped at $5.00 (price cap carriers) and $6.00 (rate-of-return carriers).[239] The combined ARC and SLC for multi-line businesses may not exceed $12.20 per line per month.[240] In addition, the Commission adopted the Residential Rate Ceiling, which prohibits incumbent LECs from assessing an ARC on residential customers that would cause the carrier's total charges for basic local telephone service to exceed $30.[241]

91. *Presubscribed Interexchange Carrier Charge.* Created in 1997, the Presubscribed Interexchange Carrier Charge (PICC) recovers a portion of the interstate common line costs not recovered by the SLC.[242] This is a monthly per-line access charge that a price cap carrier may bill an IXC for automatically routing a multi-line business customer to that presubscribed IXC when the end-user business customer makes a long distance call via a 1+ telephone number.[243] If the end-user customer does not have a presubscribed IXC, the price cap carrier may collect the PICC directly from the end user.[244]

92. *Line Port Charge*. The Line Port Charge is a monthly end-user charge that recovers costs associated with digital lines, such as integrated services digital network (ISDN) line ports, to the extent

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[237] *USF/ICC Transformation Order*, 26 FCC Rcd at 17957, para. 850. This support sunset on July 1, 2019, for price cap carriers, though they may continue to assess ARCs up to the applicable caps. 47 CFR § 51.915(e). There is no sunset date for CAF ICC support for rate-of-return carriers. 47 CFR § 51.915(f)(5). *See also*, *USF/ICC Transformation Order*, 26 FCC Rcd at 17996, para. 920. Carriers must impute the full ARC amount for CAF ICC calculations, regardless of whether the charge is assessed. *USF/ICC Transformation Order*, 26 FCC Rcd at 17990, para. 910. Rate-of-return carriers offering broadband-only lines must also impute ARC revenue equivalent to that of a voice or voice-data line. R*ate-of-Return Reform Order*, 31 FCC Rcd at 3161-62, para. 203. *See infra* Section IV.B.2 (Phasing Out CAF ICC).

[238] *USF/ICC Transformation Order*, 26 FCC Rcd at 17958-61, para. 852; 47 CFR §§ 51.915(e)(5)(i), 51.917(e)(6)(i).

[239] *USF/ICC Transformation Order*, 26 FCC Rcd at 17958-61, para. 852; 47 CFR §§ 51.915(e)(5)(ii), 51.917(e)(6)(ii). In determining how transitional recovery should be funded, the Commission concluded that "it is appropriate to first look to customers paying lower rates for some limited, reasonable recovery, and adopt a number of safeguards to ensure that rates remain affordable and that consumers are not required to contribute an inequitable share of lost intercarrier revenues." *USF/ICC Transformation Order*, 26 FCC Rcd at 17988, para. 906.

[240] *USF/ICC Transformation Order*, 26 FCC Rcd at 17958-61, para. 852; 47 CFR §§ 51.915(e)(5)(iv), 51.917(e)(6)(iv).

[241] *USF/ICC Transformation Order*, 26 FCC Rcd at 17958, 17991-92, paras. 852, 914; 47 CFR § 51.915(b)(11)-(12). The Residential Rate Ceiling is the total of the Rate Ceiling Component Charges which consist of the Subscriber Line Charge, the Access Recovery Charge, the flat rate for residential local service, mandatory extended area service charges, state subscriber line charges (if applicable), state universal service fund charges, state 911 charges, and state Telecommunications Relay Service charges. 47 CFR § 51.915(b)(11).

[242] *See Access Charge Reform Order*, 12 FCC Rcd at 16019, paras. 91-92. Some price cap incumbent LECs do not assess a PICC presumably because they are able to recover all of their interstate common line costs through the SLC and other rate elements.

[243] *See* 47 CFR § 69.153.

[244] *Id.* § 69.153(b).

those port costs exceed the costs for a line port used for basic, analog service.[245] This charge, which was established for price cap carriers in 1997 and for rate-of-return carriers in 2001, varies because costs are carrier specific.[246]

93. *Special Access Surcharge*. Adopted in 1983, the $25 per month Special Access Surcharge is assessed on trunks to address the problem of a "leaky private branch exchange (PBX)."[247] This problem can arise where large end users that employ multiple PBXs in multiple locations lease private lines to connect their various PBXs and permit long-distance calls to leak from the PBX into the local public network, where they are terminated without incurring access charges. The assessed amount currently constitutes only a *de minimis* portion of revenues for a very small number of carriers.[248]

94. *Procedural History*. In 2020, the Commission sought comment on its proposal to eliminate ex ante pricing regulation of TACs and to require both incumbent and competitive LECs to detariff these charges,[249] and in June 2025, the Commission issued a Public Notice to refresh the record on that proposal.[250] We incorporate the existing record by reference, but emphasize that the proposal set forth in this *Notice* is part of a broader, comprehensive reform of the switched access cost recovery system. Accordingly, we encourage commenters to evaluate this proposal as part of the Commission's effort to comprehensively reform its intercarrier compensation regime as the nation moves to all-IP communications networks.[251]

b. Deregulating Telephone Access Charges

95. Since the Commission adopted these end-user charges and caps in 1980,[252] and in response to both the enactment of the 1996 Act and subsequent technological changes, the voice service marketplace has fundamentally changed. Today, consumers and businesses nationwide have a variety of competitive alternatives to voice services provided by incumbent LECs and may purchase voice service

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[245] *Id.* §§ 69.130, 69.157. Line ports connect subscriber lines to the switch in the LEC's central office. *Access Charge Reform Order*, 12 FCC Rcd at 16035, para. 125. The costs associated with line ports include the line card, protector, and main distribution frame. *Id*.

[246] *See Access Charge Reform Order*, 12 FCC Rcd at 16035-36, paras. 125-26 (setting caps for price cap carriers and noting "LECs incur differing costs for line ports used in the provision of different services"); *MAG Order*, 16 FCC Rcd at 19654, para. 90 (setting similar caps for rate-of-return carriers).

[247] *First Reconsideration of 1983 Access Charge Order*, 97 F.C.C.2d at 720-21, 743, paras. 88, 151; *see also* 47 CFR §§ 69.5(c), 69.115. Despite its name, the Special Access Surcharge is unrelated to Business Data Services, which were formerly known as Special Access Services.

[248] Few carriers continue to collect the Special Access Surcharge, and those that do recover little revenue. For example, the National Exchange Carrier Association projects that less than a dozen of its members will collect a total of $2,100 from charging the Special Access Surcharge in tariff year 2025-2026. *See, e.g.*, National Exchange Carrier Association, Tariff Review Plan, Transmittal No. 1748, Vol. 4, Exh. 2 (June 16, 2025).

[249] *See generally 2020 Telephone Access Charge Notice*, 35 FCC Rcd 3165.

[250] *Parties Asked To Refresh the Record on Telephone Access Charges Notice Of Proposed Rulemaking*, WC Docket No. 20-71, Public Notice, DA 25-508 (WCB June 11, 2025).

[251] *See* USTelecom Comments, WC Docket No. 20-71, at 2 (filed Aug. 6, 2025) (arguing that "[p]rematurely mandating" the elimination of TACs could delay transition to all-IP networks and instead suggesting that "the Commission should continue to examine how it can help drive the IP transition forward by removing outdated regulatory barriers to the transition and adopting forward-looking policies that encourage both carriers and end-users to transition away from legacy copper-based services and onto future-ready IP and wireless solutions").

[252] *Policy and Rules Concerning Rates for Competitive Common Carrier Services and Facilities Authorizations Therefor*, CC Docket No. 79-252, First Report and Order, 85 F.C.C.2d 1, 10-11, paras. 25-27 (1980) (*Competitive Carrier First Report and Order*) (finding that incumbent LECs held market power in local and long-distance fixed voice services).

as part of bundled IP-based services—including wireless, video, and broadband. None of the various entities providing competing voice services, including mobile wireless providers,[253] competitive LECs,[254] interconnected VoIP providers, and over-the-top VoIP providers are subject to price regulation of end-user charges. Thus, mobile wireless providers and competitive LECs are free to price these services as they wish, subject only to the general requirement that the rates be just and reasonable.[255]

96. Consistent with other proposals in this *Notice* to complete the transition to bill-and-keep, we propose to eliminate ex ante pricing regulation for TACs and mandatorily detariff these charges nationwide by exercising our authority to forbear from the related tariffing and pricing rules and obligations.[256] We seek comment on whether the three-prong test for forbearance in section 10 of the Act is satisfied.[257]

97. Are the TAC rules and requirements imposing ex ante price regulation and tariffing still necessary to ensure that the charges, practices, classifications, or regulations for the services at issue are just and reasonable and are not unjustly or unreasonably discriminatory, given the widespread competition for voice services as discussed above?[258] As the Commission has previously explained, "competition is the most effective means of ensuring" that rates are just and reasonable.[259] When markets become competitive, pricing and tariffing regulations are not only unnecessary, they can become counterproductive.[260] In 2016, the Commission examined the voice services marketplace and observed that "[t]here has been an indisputable 'societal and technological shift' away from switched telephone

[253] *See Petitions of Sprint PCS and AT&T Corp. for Declaratory Ruling Regarding CMRS Access Charges*, WT Docket No. 01-316, Declaratory Ruling, 17 FCC Rcd 13192, 13198-99, para. 14 (2002), *petitions for review dismissed*, *AT&T Corp. v. FCC*, 349 F.3d 692 (D.C. Cir. 2003).

[254] *See USF/ICC Transformation Order*, 26 FCC Rcd at 17965-66, para. 864-65.

[255] *See*, *e.g.*, *id.* at 17965-66, paras. 864-65 (explaining that competitive LECs are not subject to the same end-user rate regulations as incumbent LECs because competitive LECs, unlike incumbent LECs, "are free to choose where and how they provide service, and their ability to recover costs from their customers is generally not as limited by statute or regulation"); *id.* at 17965 n.1668 (noting mobile wireless providers, unlike incumbent LECs, generally do not collect access charges). All common carriers providing interstate communications are subject to the Act's provisions requiring just and reasonable charges. 47 U.S.C. § 201(b).

[256] Ex ante pricing regulation of Telephone Access Charges includes the Commission's rules that establish these rates and charges. 47 CFR §§ 51.915(e), 51.917(e), 69.115, 69.152, 69.153, 69.157. Tariffing requirements are contained in section 203 of the Act and part 61 of the Commission's rules. 47 U.S.C. § 203(a); 47 CFR pt. 61. We propose to forbear from both ex ante pricing regulation and tariffing obligations.

[257] *See* 47 U.S.C. § 160(b); *see infra* Section IV.H (Legal Authority).

[258] *See* 47 CFR §§ 51.915(e), 51.917(e), 69.115, 69.152, 69.153, 69.157.

[259] *See*, *e.g.*, *Petition of Qwest Corporation for Forbearance Pursuant to 47 U.S.C. § 160(c) in the Phoenix, Arizona Metropolitan Statistical Area*, WC Docket No. 09-135, Memorandum Opinion and Order, 25 FCC Rcd 8622, 8673, para. 97 (2010) (*2010 Qwest Forbearance Order*) (citing *Petition of US WEST Communications, Inc., for Declaratory Ruling Regarding the Provision of National Directory Assistance et al.*, CC Docket No. 97-172 et al., Memorandum Opinion and Order, 14 FCC Rcd 16252, 16270, para. 31 (1999)).

[260] *See Price Cap BDS Order*, 32 FCC Rcd at 3517-19, paras. 125-29 (explaining how the net costs of tariffing and regulation can undermine the benefits of competition); *see also generally Interexchange Forbearance Order* and *Nondominant IXC Forbearance Recon Order.* These decisions exemplify Commission findings that forbearance was warranted on the basis that market forces and the section 208 complaint process were sufficient to ensure just and reasonable rates and protect consumers, and that tariffs and other regulation were not in the public interest because that would create market inefficiencies, inhibit carriers from responding quickly to market conditions, and impose unnecessary burdens and costs. *Id.*

service as a fixture of American life."[261] The Commission's conclusion is even more true today, given the proliferation of non-switched access voice service alternatives in the marketplace.[262] As carriers transition to all IP-network services in an increasingly competitive marketplace, voice service will become one of many applications on that network. With the industry poised to complete the transition of remaining access charges to bill-and-keep following the adoption of an order, we expect carriers will rely on IP-network efficiencies to recover service costs directly from their end users, like other IP-based services do today. Given these IP-related efficiencies and the proportionately small data volume voice traffic comprises, is it nonetheless likely that carriers will significantly increase end-user charges over the long term if they are no longer subject to ex ante rate regulation and detariffed? If so, then for how long might such increases persist?

98. Will the widespread availability of competitive alternatives for voice services constrain the prices pertaining to TACs? Are the related tariffing requirements and ex ante pricing regulation no longer necessary for consumer protection? Will enabling end-user rates to more closely reflect the actual costs incurred by incumbent LECs to provide service send more accurate pricing signals, stimulate competition, and lead to more efficient investment and production? Will it also promote transparency and support a more sustainable and market-driven framework for voice services?[263] Are the steps we propose aligned with the overall objectives in this *Notice*?

99. Do ex ante pricing regulation and tariffing requirements no longer serve the public interest, given the evidence of widespread competition and the harmful effects that unnecessary regulation can impose?[264] The Commission has found that costs of regulation may outweigh the benefits, even in less-than-fully-competitive markets, particularly where regulatory costs are imposed on only one class of competitors.[265] In this case, because TACs are limited to legacy voice service provided by incumbent LECs and do not apply to end-user-IP or mobile voice services, eliminating ex ante rate regulation of end-user charges will likely enable efficient pricing signals and lead incumbent LECs to align their services more closely with end-user needs. Similarly, eliminating the administrative costs of ex ante pricing regulation and tariffing requirements may help free up resources that carriers can devote to deploying next-generation networks with modern voice and advanced communications services. We seek comment on these effects and other effects we should consider.

100. Under a bill-and-keep framework, carriers will have the opportunity to recover their costs of providing voice service directly from end users, subject to the competitive constraints of the marketplace which we consider to be in the public interest.[266] Would removing ex ante rate regulation

[261] *Technology Transitions et al.*, GN Docket No. 13-5 et al., Declaratory Ruling, Second Report and Order, and Order on Reconsideration, 31 FCC Rcd 8283, 8291, para. 22 (2016) (*2016 Technology Transitions Declaratory Ruling*); *see id.* at 8290, para. 17 ("Consumers are increasingly able and willing to abandon their landlines in favor of communications technologies that do not rely on local telephone switches. In turn, they are depending less and less on the interstate switched access services of incumbent LECs to facilitate communications across state lines.").

[262] *See supra* Section III (Marketplace Dynamics in Voice Services).

[263] *See USF/ICC Transformation Order*, 26 FCC Rcd at 17905-06, para. 742 ("Bill-and-keep brings market discipline to intercarrier compensation because it ensures that the customer who chooses a network pays the network for the services the subscriber receives."); *see also id*. at 17908-09, paras. 745-46 (finding that "accurate pricing signals [will] allow [subscribers] to identify lower-cost or more efficient providers.").

[264] 47 U.S.C. § 160.

[265] *See Price Cap BDS Order*, 32 FCC Rcd at 3517-19, paras. 125-29 (finding that there were "substantial costs of regulating the supply of BDS and these likely outweigh any costs due to the residual exercise of market power that may occur in the absence of regulation"); *Petition of USTelecom for Forbearance Pursuant to 47 U.S.C. § 160(c) to Accelerate Investment in Broadband and Next-Generation Networks,* WC Docket No. 18-141, Memorandum Opinion and Order, 34 FCC Rcd 6503, 6510-11, paras. 14-16 (2019) (discussing harm from distorting competition in the voice market when a regulatory mandate imposes unnecessary costs on one class of competitors).

and detariffing end-user charges provide carriers with the pricing flexibility and certainty necessary to support a successful transition to a bill-and-keep framework for intercarrier compensation? Will increased pricing flexibility enable carriers to respond more promptly and effectively to evolving competitive conditions in the marketplace?

101. *Other Rules Related to TACs*. We propose to eliminate the Residential Rate Ceiling because it would serve no purpose after the elimination of ARCs.[267] We also seek comment on any additional rules related to TACs that should be eliminated.[268] We ask commenters to evaluate these proposals in the context of the two converging industry transitions that form the basis of this *Notice*: the financial transition from intercarrier compensation to subscriber-based cost recovery, and the technological transition from legacy TDM switched access services to all-IP services.[269] What other rules may impede the financial and technological transitions and therefore warrant elimination or modification? We ask that commenters provide specific rule sections and language edits if necessary.

c. Implementing Telephone Access Charge Reform

102. To allow affected carriers sufficient time to detariff and perform any needed billing system changes, we propose a transition that would permit carriers to detariff Telephone Access Charges with a July 1 effective date, consistent with the effective date of the annual access charge tariff filing following the effective date of the order in this proceeding, and would require carriers to detariff these charges no later than the effective date of the second annual tariff filing following the effective date of such order.[270] Carriers would be allowed to permanently remove Telephone Access Charges from relevant portions of their interstate tariffs only on one of these two annual access tariff filing dates at their option. Carriers would not be permitted to detariff these charges on any other dates. Once detariffed, these charges will no longer be subject to ex ante pricing regulation. We seek comment on these proposals. Would this timeframe provide carriers with sufficient time to complete any billing system changes, notify customers of rate changes, and more generally complete tariff revisions and detariffing? If not, how much time would carriers require? If carriers believe other detariffing timeframes are appropriate, they should specifically explain and provide the reasoning of their proposal. Do the two designated annual filing dates offer carriers sufficient flexibility in choosing when to detariff their TACs?

d. Proposed Changes to Universal Service Support and Contributions Calculations Related to Telephone Access Charge Deregulation

103. *Telephone Access Charges Used to Calculate USF Support*. Revenues from some TACs are factors in the computation of USF support for rate-of-return carriers. Specifically, ARC revenue is subtracted from the Eligible Recovery to determine the amount of CAF ICC support a rate-of-return carrier is entitled to receive.[271] The SLC, Line Port Charge, and Special Access Surcharge revenues are

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[266] *USF/ICC Transformation Order*, 26 FCC Rcd at 17905-06, para. 742.

[267] 47 CFR § 51.915(b)(11)-(12).

[268] We decline to revisit the Commission's prior proposal to impose restrictions on how carriers display end-user charges on customer bills. *See 2020 Telephone Access Charge Notice*, 35 FCC Rcd at 3185-87, paras. 61-67.

[269] *See*, *e.g.*, *IP Interconnection Notice* at 2, para. 1 ("[T]he majority of voice traffic is now IP-based – with 74.5% of residential service and 80.2% of business wireline voice service being IP-based as of June 2024" compared with using legacy TDM equipment.").

[270] "Annual" access service tariff filings are required by section 69.3 of the Commission's rules. Many carriers file such access service tariffs each year to be effective July 1. Other carriers file every other year with an effective date of July 1. *See* 47 CFR § 69.3. Specifically, carriers filing an access tariff pursuant to section 61.38 of the Commission's rules file for a biennial period in even numbered years and carriers filing an access tariff pursuant to section 61.39 of the Commission's rules file for a biennial period in odd numbered years. *See id.* § 69.3(f)(1)-(2).

subtracted from a carrier's common line revenue requirement to determine the amount of Connect America Fund Broadband Loop Support (CAF BLS) a carrier is entitled to receive.[272]

104. *CAF ICC*. As discussed below, the CAF ICC support that a rate-of-return carrier receives is reduced by the ARC that the carrier is permitted to charge or by an imputed amount in certain situations. In this *Notice*, we seek comment on phasing down CAF ICC following the completion of the transition of the remaining access charges to bill-and-keep.[273] We also propose to discontinue all CAF ICC calculations under section 51.917 effective June 30 of the tariff year in which the transition to bill-and-keep is completed. Following the detariffing of TACs, including the ARC, CAF ICC will no longer be based on the portion of Eligible Recovery not recovered through the ARC. Thus, a rate-of-return carrier would not need to subtract ARC revenues from Eligible Recovery to determine the amount of CAF ICC support it is entitled to receive. We seek comment on this assumption. We invite parties to suggest other approaches for addressing potential effects of detariffing TACs on CAF ICC. Parties should identify potential issues and quantify the costs and benefits that would result from any alternative proposals.

105. *CAF BLS*. Pending additional review and discussion in related proceedings,[274] we propose that legacy rate-of-return carriers receiving CAF BLS support based on costs use fixed amounts—$6.50 per month for residential and single-line business lines, and $9.20 per month for multi-line business lines (the maximum SLC permitted under our rules)—to calculate their CAF BLS. Using fixed values rather than tariffed rates will ensure stable support calculations while simplifying administration during TAC deregulation and the detariffing transition. We anticipate minimal impact since most such carriers already are entitled to assess the maximum SLCs. We seek comment on this proposal.

106. We also propose to remove any requirement to offset Special Access Surcharges from CAF BLS during the TAC deregulation and detariffing transition period.[275] As a result, a carrier receiving CAF BLS will not have to reflect any revenues from the Special Access Surcharge in determining revenues for purposes of calculating CAF BLS. Given the minimal amount of Special Access Surcharge revenues currently being collected, we expect making this change will have a negligible impact on carriers' receipt of CAF BLS support. Additionally, we propose to require carriers to use the rates they are charging for line ports as of the effective date of an order adopting these reforms in their CAF BLS support calculations. This recognizes that rates for individual Line Port Charges vary among carriers.

107. We expect that these proposed approaches will limit any adverse effects on the CAF BLS program during the TAC deregulation and detariffing transition and also minimize the administrative and other burdens on legacy rate-of-return carriers, most of which are small entities. We invite parties to comment on this expectation. Are there alternative approaches the Commission should consider to account for the transition of TAC revenues when carriers calculate their CAF BLS?

108. *Contributions to USF and Other Federal Programs*. Every telecommunications carrier that provides interstate telecommunications services has an obligation to contribute, on an equitable and nondiscriminatory basis, to the federal USF and several other programs.[276] Contributions to the USF are

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[271] 47 CFR § 51.917(d)(1)(v). Although our rules prohibit an incumbent LEC from assessing an ARC on residential customers that would cause the carrier's total charges to exceed the Residential Rate Ceiling, a rate-of-return carrier can recover this amount through CAF ICC. *Id*. § 51.917.

[272] *Id.*§ 54.901.

[273] *See infra* Section IV.B .2 (Phasing Out CAF ICC).

[274] *See supra* note 2 (recognizing that a forthcoming proceeding will more deeply examine this issue).

[275] 47 CFR § 54.901(a)(3).

[276] 47 U.S.C. § 254(d).

based on a percentage of the providers' interstate and international end-user telecommunications revenues.[277] Thus, carriers must apportion telecommunications revenues between the intrastate, interstate, and international jurisdictions.[278] Although the Commission has not codified any rules for how USF contributors should allocate revenues between the interstate and intrastate jurisdictions for contributions purposes, many incumbent LECs (and some competitive carriers) have relied on the tariffing of TACs at the federal level as their means of determining their interstate and international revenues for contributions purposes.[279] Among other things, the Commission instructs that revenues from services offered under interstate tariffs, such as revenues from federal subscriber line charges, should be classified as interstate revenues.[280] Carriers report their revenues on FCC Form 499-A[281] and those revenues are used for purposes of determining carriers' contributions to the USF, the Interstate Telecommunications Relay Service Fund, Local Number Portability Administration, and North American Number Plan Administration.[282]

109. In certain cases the Commission permits providers to use safe harbors or traffic studies to allocate revenues. Wireless telecommunications providers and providers of interconnected and non-interconnected VoIP may avail themselves of safe harbors to allocate interstate revenues. The Commission has set an interstate safe harbor of 37.1% for wireless providers and 64.9% for VoIP providers.[283] In adopting the wireless safe harbor, the Commission reasoned that this would ensure that mobile wireless providers' obligations are on par with carriers offering similar services (e.g., wireline telecommunications providers) that must report actual interstate end-user telecommunications revenue.[284] And, in adopting the VoIP safe harbor, the Commission explained that interconnected VoIP service is often marketed as a substitute for wireline toll service and is thus an "appropriate analogue" for that service.[285] On this basis, the Commission established the 64.9% safe harbor, which was the percentage of interstate revenues reported to the Commission by wireline toll providers.[286] Wireless providers and providers of interconnected and non-interconnected VoIP may also rely on traffic studies if they are unable to determine their actual interstate and international revenues.[287] Traffic studies must be filed with the Commission and follow strict requirements.[288]

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[277] 47 CFR § 54.706; *Federal-State Joint Board on Universal Service*; *1998 Biennial Regulatory Review*; *Changes to the Board of Directors of the National Exchange Carrier Associations, Inc.*, CC Docket No. 96-45 et al., Order, 20 FCC Rcd 1012, 1013, para. 4 (WCB 2004) (*Form 499-A Modifications Order*). This percentage is known as the contribution factor. *Id*. The Commission determines the contribution factor each quarter. 47 CFR § 54.709(a).

[278] *2025 FCC Form 499-A Instructions* at 20.

[279] The Commission requires voice service providers to report their TAC revenue from providing voice services on line 405 of FCC Form 499-A in determining the total amount of revenue on which to base their contributions to USF. *Id.* at 25-26.

[280] *Id.* at 40.

[281] 47 CFR § 54.711.

[282] *See, e.g.*, *2025 FCC Form 499-A Instructions* at 4.; 47 CFR §§ 52.17 (numbering administration), 52.32 (number portability), 54.706 (USF), 64.604(c)(5)(iii)(A) (TRS).

[283] *See, e.g.*, *2025 FCC Form 499-A Instructions* at 41.

[284] *See Federal-State Joint Board on Universal Service et al.*, CC Docket No. 96-45 et al., Report and Order and Notice of Proposed Rulemaking, 21 FCC Rcd 7518, 7531-32, paras. 23-27 (2006) (*2006 Contribution Methodology Reform Order*).

[285] *2006 Contribution Methodology Reform Order*, 21 FCC Rcd at 7545, para. 53.

[286] *Id.*

[287] *2025 FCC Form 499-A Instructions* at 42.

110. We propose to adopt an interstate safe harbor during the transition of access charges to bill-and-keep allowing carriers to treat 25% of their local voice services revenue—including revenues from local exchange service and associated access charges, but excluding bundled toll services—as assessable for contributions purposes.[289] As the Commission has recognized, adopting a safe harbor is "necessarily the product of line drawing."[290] Here, we note that our proposed 25% safe harbor reflects the historical allocation of common line costs to the interstate jurisdiction, and should therefore not meaningfully affect the contribution factor.[291] Alternatively, a carrier that does not want to rely on the safe harbor would have the option of providing a traffic study demonstrating the actual percentage of its voice traffic that is interstate and international in nature and using that percentage to determine its contributions base. We seek comment on these proposals, including alternative safe harbors. Should we apply the 64.9% safe harbor for VoIP to all voice services as the industry transitions toward all-IP networks? As the industry contributions to the USF are calculated based on USF demand, how relevant is the safe harbor rate, since the contribution factor will be applied across the entire assessable base to collect the amount needed to fund demand for the quarter?

2. Phasing Out CAF ICC

111. We seek comment on phasing out CAF ICC following the transition of the remaining access charges to bill-and-keep as proposed above. Consistent with the principle of bill-and-keep, carriers would look to their own end users instead of USF support to recover the costs of their networks following the phasedown.[292] We expect that gradually phasing out CAF ICC, in conjunction with the other reforms we propose today, will expedite the transition to all-IP networks by giving carriers the incentive to invest in new technologies.[293] We recognize that a gradual and thoughtful approach is essential to avoid creating regulatory uncertainty and minimize impacts on carriers, such as destabilizing revenue and hindering future network investment. As discussed below, we seek comment on a phasedown of rate-of-return carriers' CAF ICC support amounts over two years following the completion of the transition to bill-and-keep to promote an orderly transition away from CAF ICC support.[294] We seek comment on alternative approaches—enacting the phasedown by instead reducing the amount of the total CAF ICC budget over the same time period as well as beginning the phasedown in conjunction with the transition to bill-and-keep.

112. *Background*. As part of the intercarrier compensation reforms adopted in the *USF/ICC Transformation Order*, the Commission created a "transitional recovery mechanism to facilitate incumbent LECs' gradual transition away from ICC revenues."[295] The recovery mechanism has two basic

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[288] *Id.* at 12, Tbl. 3; 42-43. Telecommunications carriers and certain other providers of telecommunications (including interconnected VoIP providers) report each year on Form 499-A the revenues they receive from providing service for purposes of determining their contributions to the USF and other federal programs. *See* 47 CFR §§ 52.17(b), 52.32(b), 54.708, 54.711, 64.604(b)(5)(iii)(B).

[289] Bundled interstate and international toll services are separately reported on line 404.2 of FCC Form 499-A. *2025 FCC Form 499-A Instructions* at 24, 40. Carriers contribute separately on those revenues.

[290] *2006 Contribution Methodology Reform Order*, 21 FCC Rcd at 7545, para. 53.

[291] *See* 47 CFR § 36.2(b)(3)(iv).

[292] *See, e.g.*, *USF/ICC Transformation Order*, 26 FCC Rcd at 17676, para. 34.

[293] *Cf. Id*. at 17962, para. 856 (explaining that "reductions in intercarrier compensation charges will result in reduced prices for network usage, thereby enabling more customers to use unlimited all-distance service plans or plans with a larger volume of long distance minutes, and also leading to increased investment and innovation in communications networks and services").

[294] Price cap carriers no longer receive CAF ICC support. 47 CFR § 51.915(f)(5).

[295] *USF/ICC Transformation Order*, 26 FCC Rcd at 17956, para. 847.

components. First, the Commission defines the revenues that incumbent LECs are eligible to recover, other than those derived from access rates that are at bill-and-keep, which is referred to as "Eligible Recovery."[296] Then, the Commission specifies how incumbent LECs may receive their Eligible Recovery.[297] In general, a carrier's Eligible Recovery is based on a decreasing percentage of the cumulative reduction in revenue each year resulting from the intercarrier compensation reform transition.[298]

113. Eligible Recovery is calculated differently for rate-of-return and price cap carriers.[299] As of July 1, 2019, price cap incumbent LECs no longer receive CAF ICC support.[300] Thus, at present, only rate-of-return carriers may receive CAF ICC support. The calculation of a rate-of-return carrier's Eligible Recovery begins with its Base Period Revenue.[301] A rate-of-return carrier's Base Period Revenue is the sum of certain intrastate switched access revenues net reciprocal compensation revenues received by March 31, 2012 for services provided during Fiscal Year 2011, and the projected revenue requirement for interstate switched access services for the 2011-2012 tariff period.[302] The Rate-of-Return Carrier Baseline Adjustment Factor is equal to 95% for the period beginning July 1, 2012 and is reduced by 5% of its previous value in each annual tariff filing.[303] A rate-of-return carrier's Eligible Recovery for each relevant year of the transition is equal to the adjusted Base Period Revenue for the year in question, less the sum of: (1) projected intrastate switched access revenue; (2) projected interstate switched access revenue; and (3) net reciprocal compensation revenue (currently zero as reciprocal compensation rates are now at bill-and-keep).[304]

114. The Commission's rules require rate-of-return carriers to project intercarrier compensation revenues for use in determining Eligible Recovery.[305] Because projected demand likely differs from actual demand, the Commission adopted a true-up procedure for rate-of-return carriers to adjust their Eligible Recovery to account for any difference between projected and actual switched access and ARC revenues resulting from demand variations.[306] Thus, the recovery mechanism now incorporates in the Eligible Recovery calculation a true-up of the revenue difference arising from differences between projected and actual demand for interstate and intrastate switched access services and the ARC for the tariff period that began two years earlier.[307] Under the true-up procedure, a carrier's Eligible Recovery for

[296] *See, e.g.*, *id.* at 17957, para. 850.

[297] *See, e.g.*, *id.*

[298] *See, e.g.*, *id.* at 17957-58, paras. 850-51.

[299] 47 CFR §§ 51.915(d) (price cap carriers), 51.917(d) (rate-of-return carriers). Eligible Recovery for price cap carriers is based on a formula that: (1) calculates an amount for the rate reductions required by the intercarrier compensation transition based on Fiscal Year 2011 (FY2011) demand; (2) adjusts that amount downward by applying a 90% base factor and a traffic demand factor that decreases by 10% each year; and (3) adds to this adjusted amount the true-up of Access Recovery Charge (ARC) revenue amounts for the year beginning July 1 two years earlier. *Id*. § 51.915(d).

[300] *Id.* § 51.915(f)(5).

[301] *Id.* § 51.917(b)(7).

[302] *Id.*

[303] *Id.* § 51.917(b)(3).

[304] *Id.* § 51.917(d).

[305] *USF/ICC Transformation Order*, 26 FCC Rcd at 17982-83, paras. 898-99.

[306] 47 CFR § 51.917(d)(1)(iii); *see USF/ICC Transformation Order*, 26 FCC Rcd at 17982-83, paras. 898-99.

[307] 47 CFR § 51.917(d)(iii). The Commission chose not to annually true-up actual minutes of use for price cap carriers, choosing instead to use "a straight line decline of 10 percent relative to FY2011 MOU," which the

(continued….)

the period reflecting the true-up would be reduced if the carrier's actual demand exceeded projected demand. Likewise, a carrier's Eligible Recovery would be increased if the carrier's actual demand was less than projected demand.[308] The true-up process runs on a two-year lag such that any true-up payments are reflected two years after the relevant funding period.[309]

115. After calculating Eligible Recovery, incumbent LECs may recover that amount first through the ARC, subject to caps,[310] and, where eligible, CAF ICC support.[311] A rate-of-return carrier may recover any Eligible Recovery that it did not or could not have recovered through the ARC through CAF ICC.[312] For purposes of receiving CAF ICC support, a rate-of-return carrier must impute the maximum ARC charges it could have assessed under the Commission's rules.[313] The Universal Service Administrative Company (USAC) administers CAF ICC.[314] Under the Commission's rules, the CAF ICC funding period provides for disbursement of funds beginning July 1 through June 30 of the following year.[315] A rate-of-return carrier seeking CAF ICC support must file data with USAC establishing projected eligibility for CAF ICC funding during the upcoming funding period, including any true-ups associated with earlier funding periods, on the date it files its annual access tariff filing with the Commission, which is generally July 1.[316] During the funding period, USAC monthly pays each rate-of-return carrier one-twelfth of the amount the carrier is eligible to receive during that annual funding period.[317] USAC revises CAF ICC support amounts through the true-up process, which reconciles actual versus projected revenues for purposes of determining a carrier's Eligible Recovery.[318]

116. Claims for CAF ICC support have decreased annually over the past decade.[319] In 2015, CAF ICC claims were approximately $426 million but they have dropped to approximately $330 million in 2025.[320] For program year 2026, FCC staff estimates that CAF ICC disbursements will be

(Continued from previous page)
Commission concluded was "a more predictable and administratively less burdensome approach." *USF/ICC Transformation Order*, 26 FCC Rcd at 17971, para. 879.

308 *See USF/ICC Transformation Order*, 26 FCC Rcd at 17982-83, para. 899.

309 47 CFR § 51.917(b)(iii).

310 *See id.*§§ 51.915(e), 51.917(e); *see also USF/ICC Transformation Order*, 26 FCC Rcd at 17958, para. 852 (discussing the Access Recovery Charge). In Section IV.B.1., we propose to eliminate end-user Telephone Access Charges, including the Access Recovery Charge, and such charges are discussed in greater detail there. *See supra* Section IV.B.1 (Deregulating and Detariffing Telephone Access Charges).

311 *USF/ICC Transformation Order*, 26 FCC Rcd at 17987, para. 905; 47 CFR §§ 51.917(d)(1), (e), (f). If a carrier does not assess an ARC, it must impute those ARC amounts for purposes of determining CAF ICC support. 47 CFR § 51.917(e)-(f).

312 47 CFR § 51.917(f)(2).

313 *Id.* §§ 51.917(e), (f)(2).

314 *Id.* § 54.304(a).

315 *Id.* § 54.304(b).

316 *Id.* § 54.304(d)(1). CAF ICC amounts are revised as projected demand used to calculate Eligible Recovery for a given funding period is trued-up in accordance with the Commission's rules. *See Id.*§ 54.917(d)(iii)-(iv).

317 *Id.* § 54.304(d)(2).

318 *Id.* § 51.917(b)(6); (d)(1)(iii).

319 *See, e.g.*, Federal-State Joint Board on Universal Service, CC Docket Nos. 96-45 et al., 2025 Universal Service Monitoring Report 2025, at 45, Tbl. 3.1 (2025) (2025 Universal Service Monitoring Report), https://www.fcc.gov/document/2025-universal-service-monitoring-report.

320 *Id.* at 45, Tbl. 3.1.

approximately $324 million, indicating continued decline.[321] Approximately 1,091 rate-of return carriers currently receive CAF ICC support.[322]

117. *Discussion*. We seek comment on phasing down CAF ICC support over two years, beginning once the transition to bill-and-keep is complete. As an initial matter, we note that the recovery mechanism adopted in the *USF/ICC Transformation Order* is "limited in time."[323] Indeed, in the *USF/ICC Transformation Further Notice*, the Commission sought comment "on the timing for eliminating the recovery mechanism—including end user recovery—in its entirety."[324] The time-limited nature of the recovery mechanism is consistent with the Commission's goal of moving all intercarrier compensation charges to a bill-and-keep framework.[325] As noted, the Commission phased out CAF ICC support for price cap carriers by 2019.[326] In the *USF/ICC Transformation Further Notice*, the Commission sought comment on whether CAF ICC for rate-of-return carriers should be subject to a defined phase-out similar to the phase-out adopted for price cap carriers.[327]

118. We seek comment on switched access line loss and decreases in switched access revenues since the adoption of the *USF/ICC Transformation Order*. In the *USF/ICC Transformation Order*, the Commission observed that "carriers are losing lines and experiencing a significant and ongoing decrease in minutes-of-use."[328] The Commission observed that rate-of-return carriers' interstate switched access revenues had been declining by approximately 3% annually.[329] Taking into account declining switched access revenue[330] and declining minutes-of-use, the Commission limited the decrease in the baseline amount from which rate-of-return carriers calculate Eligible Recovery to 5% annually.[331] In the *USF/ICC Transformation Further Notice*, the Commission sought comment on how to treat demand in determining Eligible Recovery for rate-of-return carriers, proposing to modify the recovery baseline, including through the use of the same 10% decline it uses for price cap carriers.[332] As we consider how to gradually and thoughtfully phase down CAF ICC support, we invite comment on switched access line loss and decreases in switched access revenues for rate-of-return carriers. In the

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[321] As there are currently no published CAF ICC claims data for FY 2026, staff used CAF ICC disbursements for December 2025 from the USAC disbursement tool to develop an annualized estimate of likely CAF ICC claims. *See* USAC, High Cost Funding Disbursement Search, Total Disbursement Amount by Year, https://opendata.usac.org/High-Cost/High-Cost-Funding-Disbursement-Search/cegz-dzzi (last visited Feb. 11, 2026). December 2025 CAF ICC disbursements were approximately $27 million. Multiplying that figure by 12 months equals approximately $324 million. We believe this is an accurate estimate of what CAF ICC claims will be for FY 2026.

[322] *See id*.

[323] *USF/ICC Transformation Order*, 26 FCC Rcd at 17974, para. 885.

[324] *Id.*

[325] *Id.*

[326] *Id.*

[327] *Id.*

[328] *Id.*

[329] *Id.* at 17978, para. 892; *see* 2025 Universal Service Monitoring Report at 82, Tbl. 6.14 (showing declines in rate-of-return carriers' switched access voice lines between 2019 and 2024).

[330] *USF/ICC Transformation Order*, 26 FCC Rcd at 17961, para. 853. Rate-of-return carriers' Base Period Revenue from which carriers calculate Eligible Recovery has cumulatively been reduced by more than 50% since July 1, 2012 due to the annual 5% reduction in that amount. 47 CFR §§ 51.917(b)(3), (d).

[331] *USF/ICC Transformation Order*, 26 FCC Rcd at 17980-81, para. 894.

[332] *Id.* at 18121, para. 1329.

USF/ICC Transformation Order, the Commission predicted that such trends were likely to continue.[333] Have rate-of-return carriers continued to experience switched access line loss and decreases in switched access revenues since adoption of the *USF/ICC Transformation Order*? If yes, do those declines support phasing out CAF ICC? Why or why not?

119. How might the transition of the remaining originating and terminating access charges to bill-and-keep and the deregulation of end-user charges affect the ability of carriers to recover their costs?[334] To aid the Commission in evaluating cost recovery, we seek cost data demonstrating the percentage of revenues derived from intercarrier compensation.[335] The Commission has recognized that as the telecommunications industry transitions to all-IP networks, "non-regulated services are an increasingly important source of revenue derived from multi-purpose networks."[336] Given this trend and the availability of other sources of revenue in an all-IP world, what effect would the phase-out of CAF ICC likely have on carriers' ability to recover the costs of their networks, particularly given the transition of access charges to bill-and-keep and the deregulation of end-user charges we propose today? How would our phase-out of CAF ICC facilitate the transition to all-IP networks? Would beginning the phase-down following the transition to bill-and-keep provide rate-of-return carriers with greater financial stability during the transition to bill-and-keep? Why or why not?

120. We seek comment on a three-step phase-out. First, we would discontinue the requirement for all CAF ICC calculations under section 51.917 of the Commission's rules effective June 30 of the tariff year in which the transition to bill-and-keep is completed.[337] Second, in the first tariff year following the transition of access charges to bill-and-keep, rate-of-return carriers would receive 66% of the amount of CAF ICC support they received in the tariff year in which the transition to bill-and-keep is completed. In the second tariff year following the transition of access charges to bill-and-keep, rate-of-return carriers would receive 33% of the amount they received during the tariff year in which the transition to bill-and-keep was completed. Beginning in the third tariff year, carriers would no longer receive CAF ICC support. We believe that this phase-out approach would provide sufficient time for rate-of-return carriers that may currently rely on CAF ICC support to upgrade their networks and make necessary adjustments, and we seek comment on this view.

121. We also seek comment on how to establish the baseline amount from which to enact the phase-out. As noted above, we seek comment on discontinuing all CAF ICC calculations under section 51.917 of the Commission's rules effective June 30 of the tariff year in which the transition to bill-and-keep is completed. Our proposed baseline amount—the amount of CAF ICC support carriers receive in the tariff year in which the transition to bill-and-keep is completed (i.e., all ICC charges are at zero)—includes demand and therefore revenue true-up amounts for switched access services, Access Recovery Charges, and the imputation of Access Recovery Charges on CBOLs corresponding to the tariff year two years prior to the tariff year in which the transition to bill-and-keep is completed, as these revenues are trued-up with a two-year lag under our existing rules.[338] This approach is administratively simple and

[333] *See, e.g.*, *id.*at 17975, para. 886.

[334] *See, e.g.*, WTA Feb. 9, 2026 *Ex Parte* at 1-2 (suggesting that "local rate increases may not be a solution to a loss of intercarrier compensation revenues").

[335] *See, e.g.*, NTCA Feb. 9, 2026 *Ex Parte* at 2 (arguing that losing a recovery mechanism for eligible telecommunications carriers would eliminate "millions of dollars of revenues").

[336] *USF/ICC Transformation Notice*, 26 FCC Rcd at 4729, para. 561.

[337] The tariffing period is coterminous with the CAF ICC support funding period, which runs from July 1 through June 30 of the following year. 47 CFR § 54.304(b). For example, if the Commission adopts an order reforming CAF ICC in 2026, CAF ICC calculations pursuant to section 51.917 of the Commission's rules would end as of June 30, 2026, regardless of when the Commission adopts its order.

[338] *Id.* § 51.917(d)(iii).

reflects precisely how CAF ICC should be calculated under our existing rules. Our proposed baseline will not consider revenue true-ups corresponding to the tariff year in which the transition is completed as these will not be available on the start date of the CAF ICC phasedown (i.e., July 1 of the tariff year following the one in which the order is adopted) and otherwise would be inconsistent with the Commission's rules. Furthermore, even if these demand true-ups were available on the start date, their inclusion in the baseline amount, which already includes true-up revenues corresponding to two years prior to the tariff year in which the transition is completed, would lead to double-counting of the relevant revenues. As an alternative, the amount of CAF ICC carriers received during the tariff year in which the transition is completed (tariff year "0") could be adjusted by subtracting the true-ups already reflected in that amount and adding the true-ups corresponding to tariff year 0 when these become available. Under this alternative, the CAF ICC support the carriers receive in the first tariff year of the phasedown would then be trued up. We believe that this alternative is too complicated. We seek comment on whether the benefits of simplicity reflected in our proposed approach outweigh any costs.

122. As an alternative to stepping down each rate-of-return carriers' CAF ICC support to zero by the percentages specified above over two consecutive tariff years, should we instead phase out CAF ICC by making incremental reductions to the total amount budgeted for the program over three tariff years? As noted above, for program year 2026, FCC staff estimates that CAF ICC disbursements are approximately $324 million. For example, taking that as a starting point, we alternatively propose to reduce the total annual budget for CAF ICC to $225 million (about 70% of the 2025 budgeted amount) beginning on July 1 following the completion of the transition to bill-and-keep, and then to $100 million (about 31% of the 2025 budgeted amount) beginning on July 1 of the second year, and finally to $50 million (about 15% of the 2025 budgeted amount) beginning on July 1 of the third year following the completion of the transition. After the third year, the CAF ICC budget would be zero. Because this alternative proposal reduces the total amount budgeted for CAF ICC rather than an individual carrier's CAF ICC support amount, it would still be necessary to calculate each carrier's CAF ICC support amount pursuant to each budget reduction. Do commenters agree? Why or why not? How would each carrier's CAF ICC support be calculated under this approach? Could we reduce each carrier's CAF ICC support so that each receives the aforementioned percentages of its baseline amount in the first, second, and third phasedown year (i.e., respectively 70%, 31%, and 15% of the amount of CAF ICC support it received in the tariff year in which the order is adopted)? How, if at all, would phasing out CAF ICC through reductions in the total budget be preferable to reducing each carrier's support amount as discussed above?

123. Finally, rather than phasing down CAF ICC following the completion of the transition of remaining access charges to bill-and-keep, we seek comment on whether we should initiate the phase-out in conjunction with the transition to bill-and-keep. Under this approach, the three-step phase-out would begin June 30 of the tariff year in which the Commission adopts an order phasing down CAF ICC support. The baseline amount from which the Commission would enact the phasedown would be the amount of CAF ICC support carriers receive in the tariff year in which the Commission adopts an order phasing down CAF ICC support. Effective June 30 of the tariff year in which the Commission adopts an order phasing out CAF ICC, the Commission would discontinue the requirement for all CAF ICC calculations under section 51.917 of the Commission's rules. Then in the first tariff year following the Commission's adoption of an order, rate-of-return carriers would receive 66% of the amount of CAF ICC support they received in the tariff year in which the order was adopted. And, in the second tariff year following the Commission's adoption of an order, carriers would receive 33% of the amount they received during the tariff year in which the order was adopted. In the third tariff year, carriers would no longer receive CAF ICC support. We seek comment on the advantages and disadvantages of each of these approaches, and whether there are other approaches we should consider.

C. Deregulating Domestic Interstate and International Long-Distance Interexchange Services

124. In this section, we seek comment on the markets for domestic and international interstate interexchange services (long-distance services) and propose to detariff and deregulate these services.[339] We propose to grant carriers forbearance from these remaining regulations that impose unnecessary regulatory burdens on carriers providing domestic and international long-distance services. We also propose to forbear from tariffing requirements for the remaining domestic and international long-distance telecommunications services. We seek comment on these proposals.

1. Domestic Interstate Interexchange Services

125. The Commission has largely deregulated and detariffed domestic, interstate, interexchange services provided by IXCs except for a narrow subset of services and reporting requirements. In 1995, the Commission reclassified AT&T as nondominant in the interstate, domestic, interexchange market because AT&T lacked market power with respect to this market.[340] In light of the 1996 Act and increasing competition, in 1996 the Commission exercised its forbearance authority under section 10 of the Act to prohibit nondominant IXCs from tariffing interstate, domestic, interexchange services under section 203 of the Act.[341] The Commission concluded that "market forces" would ensure that "rates, practices and classifications" for interstate, domestic, interexchange services provided by nondominant IXCs are "just and reasonable" and "not unjustly or unreasonably discriminatory" and that it could address any illegal conduct through the complaint process.[342] The Commission further found that detariffing domestic, interstate, interexchange services would "enhance competition among providers of such services" and "promote competitive market conditions."[343] Accordingly, the Commission adopted

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[339] The Commission has generally used the term "long-distance" service to refer to all "interexchange service" or "telephone toll service." *See Petition of Qwest Communications International Inc. for Forbearance from Enforcement of the Commission's Dominant Carrier Rules as They Apply After Section 272 Sunsets*, WC Docket No. 05-333, Memorandum Opinion and Order, 22 FCC Rcd 5207, para. 1 n.3 (2007). Telephone toll service is defined in the Act as "telephone service between stations in different exchange areas for which there is made a separate charge not included in contracts with subscribers for exchange service." 47 U.S.C. § 153(55). The Commission defines an interexchange carrier as a "telephone company that provides telephone toll service." 47 CFR § 64.4001(d). Interexchange services or facilities provided as interstate or international telecommunications are not considered "access service" for purposes of part 69 of the Commission's rules. 47 CFR § 69.2(s) ("Interexchange or the interexchange category includes services or facilities provided as an integral part of interstate or foreign telecommunications that is not described as 'access service' for purposes of this part."). The Commission has also used the term "long distance services" to mean "interstate, domestic or international, inter[local access and transport area (LATA)] services provided by the BOC interLATA affiliates and interstate, domestic or international, interexchange services provided by independent LECs, respectively." *Regulatory Treatment of LEC Provision of Interexchange Services Originating in the LEC's Local Exchange Area et al.*, CC Docket No. 96-149 et al., Second Report and Order in CC Docket No. 96.-149 and Third Report and Order in CC Docket No. 96-61, 12 FCC Rcd 15756, 15762, para. 5, n.19 (1997); *see id.* at 15759, para. 2 n.4 (discussing the treatment of interLATA services under the 1996 Act); 47 U.S.C. § 153(26) (defining "interLATA").

[340] *Motion of AT&T Corp. to be Reclassified as a Non-Dominant Carrier*, Order, 11 FCC Rcd 3271, 3271, para. 1 (1995).

[341] Interexchange Forbearance Order, 11 FCC Rcd at 20733, paras. 4-5; see also generally Nondominant IXC Forbearance Recon Order; Second Order on Reconsideration; MCI WorldCom, 209 F.3d 760; Domestic, Interexchange Carrier Detariffing Order Takes Effect, CC Docket No. 96-61, Public Notice, 16 FCC Rcd 3688 (CCB 2000) (making the forbearance adopted in 1996 effective); 47 CFR § 61.19(a).

[342] *Interexchange Forbearance Order*, 11 FCC Rcd at 20742-43, para. 21.

[343] *Id.* at 20760, para. 52.

section 61.19(a) of its rules which provides that "carriers that are nondominant in the provision of . . . interstate, domestic interexchange services shall not file tariffs for such services."[344]

126. In 1997, the Commission reconsidered the extent to which interexchange services provided by nondominant IXCs were subject to mandatory detariffing.[345] Specifically, the Commission allowed nondominant IXCs to permissively detariff "interstate, domestic, interexchange direct-dial services to which end-users obtain access by dialing a carrier's access code" (i.e., dial-around 1+ service).[346] In other words, IXCs were allowed, but not required, to tariff dial-around 1+ services.[347] Dial-around 1+ calls are long-distance calls made by accessing an IXC other than the presubscribed IXC generally to take advantage of lower rates offered by the competing IXC.[348] The Commission concluded that, absent a tariff, IXCs lacked a way to establish an enforceable contract for dial-around 1+ services due to technical limitations which prevented the IXC from distinguishing dial-around 1+ calls from direct dial 1+ calls.[349] Accordingly, section 61.19(b) of the Commission's rules allows nondominant IXCs to file tariffs for "dial-around 1+ services" that are "made by accessing the interexchange carrier through the use of carrier's carrier access code."[350] The Commission also allowed permissive detariffing for the first 45 days of service to new customers that contact the LEC to choose their primary IXC.[351] The Commission reasoned that tariffing should be permissible in this case because an IXC "does not have direct contact with the customer" and "may be unable immediately to ensure that a legal relationship is established."[352] Accordingly, section 61.19(c) of the Commission's rules allows nondominant IXCs to tariff domestic, interstate, interexchange services applicable to "customers who contact the local exchange carrier to designate an interexchange carrier or to initiate a change with respect to their primary interexchange carrier."[353]

127. In 2007, the Commission classified the BOCs and their independent incumbent LEC affiliates as "nondominant in the provision of in-region, interstate and international, long distance services."[354] In effect, the BOCs and their independent incumbent LEC affiliates, among other things, were no longer subject to section 203 tariffing requirements and are barred from tariffing "in-region, interstate and international, long distance services."[355]

128. *Interexchange Marketplace*. We seek comment on the state of the marketplace for TDM-based domestic, interstate, interexchange services provided by telecommunications carriers. We invite

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[344] 47 CFR § 61.19(a).

[345] *Nondominant IXC Forbearance Recon Order*, 12 FCC at 15018, para. 5.

[346] *Id*.

[347] *See* AT&T Enterprises, LLC F.C.C. Tariff No. 2, § 5, Casual Calling Services (issued Apr. 29, 2024); Verizon Long Distance LLC F.C.C. Tariff No. 11, 3rd rev. title p. (issued Aug. 30, 2018).

[348] *See Nondominant IXC Forbearance Recon Order*, 12 FCC at 15029, para. 22 & n. 93.

[349] *Id*. at 15034, para. 32.

[350] 47 CFR § 61.19(b).

[351] *Id*. § 61.19(c).

[352] *Nondominant IXC Forbearance Recon Order*, 12 FCC at 15038, para. 40.

[353] 47 CFR § 61.19(c).

[354] *Section 272(f)(1) Sunset of the BOC Separate Affiliate and Related Requirements, et al*., WC Docket No. 02-112, et al., Report and Order and Memorandum Opinion and Order, 22 FCC Rcd 16440, 16477, para. 75 (2007) (*Section 272 Sunset Order*). The framework adopted in the *Section 272 Sunset Order* applied to AT&T, Qwest, and Verizon. *Id*. at 16442, para. 2; *see* 47 CFR § 53.3 (defining "Bell Operating Company (BOC)" as including "any successor or assign . . . that provides wireline telephone exchange service").

[355] *Section 272 Sunset Order*, 22 FCC Rcd at 16477, para. 76.

commenters to submit or identify data that would justify further pricing deregulation and detariffing of legacy TDM domestic, interstate, interexchange services. To what extent do TDM-based standalone or bundled long-distance service providers face declining sales and customers? To what extent do customers still purchase dial-around 1+ services from IXCs subject to tariff? Between December 2015 and December 2023, total voice subscriptions for local exchange telephone service and long-distance service decreased from 64.6 million to 20.6 million.[356] Over this same period, total switched access lines provided by incumbent LECs declined from 51.1 million to 16.5 million connections, while interconnected VoIP provided by non-incumbent LECs increased from 46.5 million to 58.1 million.[357] However, these figures are dwarfed by 386.1 million mobile wireless voice subscriptions as of December 2023.[358] We seek updated data and information on the marketplace for bundled local and long-distance interexchange service and presubscribed domestic, interstate, interexchange service.

129. The Commission traditionally regulated legacy TDM-based telecommunications service intercarrier compensation by distinguishing local traffic (reciprocal compensation) from long-distance traffic (access charges).[359] More modern wireless and VoIP services are offered on an all-distance basis. To what extent is the distinction between local and long-distance service relevant to consumers? As of June 2024, approximately 40% of incumbent LEC switched access lines (5.84 million lines) were presubscribed to an IXC that is not an incumbent LEC or affiliate of an incumbent LEC.[360] To what extent do business and residential customers currently purchase stand-alone long-distance service from presubscribed IXCs? To what extent do business and residential customers currently purchase long-distance service from an IXC unaffiliated with their LEC?[361] To what extent do customers designate an IXC to the LEC?

130. Would forbearance from tariffing domestic, interstate, interexchange services (long-distance) under section 203 of the Act meet the statutory forbearance criteria under section 10 of the Act, specifically dial-around 1+ services and customer-designated IXC services?[362] Why or why not? Is tariffing these services no longer necessary to ensure just and reasonable rates, terms, and conditions of service that are not unjustly or unreasonably discriminatory? Is tariffing these services no longer necessary to protect consumers? Is forbearance from tariffing these services consistent with the public interest? Would forbearance from tariffing these services promote competitive market conditions? The Commission permitted IXCs to tariff dial-around 1+ interexchange service because the technology at the time could not distinguish these calls from direct dial 1+ calls to establish a contractual relationship.[363] In light of LECs then "rapidly" deploying SS7-capable switches, the Commission predicted that the concern which gave rise to the rule "will not be an issue in the near future."[364] Are IXCs capable of distinguishing

[356] FCC, Voice Telephone Service: Status as of December 31, 2024 (Nov. 2024) (2024 Voice Service Report), https://www.fcc.gov/voice-telephone-services-report; FCC, Voice Telephone Service: Status as of December 31, 2015 (Nov. 2016) (2016 Voice Service Report), https://www.fcc.gov/voice-telephone-services-report.

[357] *See supra* III. A (End-User Trends in Voice Communications Services); 2024 Voice Service Report at 3, Fig. 2; 2016 Voice Service Report at 3, Fig. 2.

[358] *2024 Communications Marketplace Report*, 39 FCC Rcd at 14234, para. 158.

[359] *See Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, Notice of Proposed Rulemaking, 16 FCC Rcd 9610, 9613, para. 6 (2001).

[360] FCC, Voice Telephone Service Report: Status as of June 30, 2024, at *9, Tbl. 1, Voice Subscriptions (in Thousands) - Total for US (rel. May 16, 2024), https://www.fcc.gov/document/voice-telephone-services-status-june-30-2024.

[361] *See id*.

[362] 47 U.S.C. § 160(a); *see infra* Section IV.H (Legal Authority); *see also* 47 CFR § 61.19(b)-(c).

[363] *Nondominant IXC Forbearance Recon Order*, 12 FCC Rcd at 15034-35, paras. 32-33.

[364] *Id.* at 15036, para. 35.

dial around 1+ services from direct dial 1+ interexchange calling? Do advanced IP calling services eliminate the technical concerns that rationalized the rule?

131. *Certification and Recordkeeping Requirements*. When the Commission detariffed nondominant interexchange services in 1996, it imposed certification and recordkeeping requirements to ensure compliance with the geographic rate averaging and rate integration obligations under section 254(g) of the Act.[365] Section 254(g) of the Act ensures "that the rates charged by providers of interexchange telecommunications services to subscribers in rural and high cost areas shall be no higher than the rates charged by each such provider to its subscribers in urban areas."[366] This section also ensures that a "provider of interstate interexchange telecommunications services shall provide such services to its subscribers in each State at rates no higher than the rates charged to its subscribers in any other State."[367] The Commission codified this provision in section 64.1801 of its rules.[368]

132. To ensure compliance with section 254(g) of the Act, in 1996 the Commission required nondominant IXCs providing interexchange services to "file annual certifications signed by an officer of the company under oath that they are in compliance with their statutory geographic rate averaging and rate integration obligations" under section 254(g) of the Act.[369] The intent was to "put carriers on notice that they may be subject to civil and criminal penalties for violations of these requirements, especially willful violations."[370] Section 64.1900 of the Commission's rules requires nondominant IXCs providing detariffed interstate, domestic, interexchange services, to annually certify through an officer of the company, under oath, that it is in compliance with their "geographic rate averaging and rate integration obligations" under section 254(g) of the Act.[371]

133. In light of marketplace and technological developments, we seek comment on whether we should forbear from section 254(g) and eliminate section 64.1801 of the Commission's rules. Does forbearance from section 254(g) satisfy the statutory criteria under section 10 of the Act?[372] Why or why not? Is section 254(g) of the Act no longer necessary to protect consumers, particularly in rural and high cost areas?[373] To what extent has the transition from distance-sensitive TDM-based services to all distance IP-based services rendered section 254(g) of the Act unnecessary? Do the costs and burdens associated with the transition from distance-sensitive TDM-based services to all distance IP-based services disproportionately impact smaller, rural providers? Are there sufficient competitive alternatives to TDM-based interexchange service in rural and high cost areas such as wireless and satellite? Are competitive alternatives to interexchange service being offered at rates in rural and high cost areas no higher than urban and lower cost areas?

134. We also seek comment on whether we should eliminate certification requirements under section 64.1900 of the Commission's rules. Commenters in the Commission's *Delete, Delete, Delete* proceeding identified section 64.1900 certifications as "needless certifications" that "require regulatees (who are already required to comply with the law) file additional paperwork with the Commission that

[365] *See Interexchange Forbearance Order*, 11 FCC Rcd at 20773-78, paras. 78-87.

[366] 47 U.S.C. § 254(g).

[367] *Id*.

[368] 47 CFR § 64.1801.

[369] *Interexchange Forbearance Recon Order*, 11 FCC Rcd at 20775, para. 83.

[370] *Id*. at 20775, para. 83.

[371] 47 CFR § 64.1900.

[372] 47 U.S.C. § 160(a); *see supra* Section H (Legal Authority).

[373] *See* NTCA Feb. 9, 2026 *Ex Parte* at 1 (suggesting that costs and burdens may "fall uniquely and disproportionately upon smaller providers serving high-cost rural areas").

they are indeed complying with the law."[374] If the Commission forbears from section 254(g) of the Act, is section 64.1900 no longer necessary? Do the costs to carriers of administering section 64.1900 certifications outweigh the benefits? Are section 64.1900 certifications no longer necessary to ensure just and reasonable rates, terms, and conditions of interexchange service that are not unjustly or unreasonably discriminatory? Are these requirements no longer necessary to protect consumers, particularly in rural and high cost areas? Would forbearance be in the public interest and promote competitive market conditions? Does the Commission have sufficient authority under section 208 of the Act and other sources to punish the behavior section 64.1900 certifications were intended to discourage?

135. In 1996, the Commission also required nondominant IXCs to make public current rates, terms, and conditions for all detariffed interstate, domestic, interexchange services.[375] The Commission recognized that "in competitive markets carriers would not necessarily maintain geographically averaged and integrated rates for interstate, domestic, interexchange services" as required by section 254(g) of the Act.[376] The Commission found that "publicly available information is necessary to ensure that consumers can bring complaints, if necessary, to enforce" the 1996 Act's geographic rate averaging and rate integration requirements.[377] Section 42.10 of the Commission's rules requires nondominant IXCs to make publicly available their current rates, terms and conditions for all interstate, domestic, interexchange services[378] and also make this information available online on their websites.[379] Section 42.11 of the Commission's rules requires nondominant IXCs to "maintain, for submission to the Commission and to state regulatory commissions upon request, price and service information regarding all of the carrier's . . . interstate, domestic, interexchange service offerings."[380] This information must be available to be produced within ten business days[381] and must be retained for at least two years and six months following the date the carrier ceases to provide service.[382]

136. In light of marketplace changes and technological developments, we seek comment on whether the Commission should eliminate sections 42.10 and 42.11 of its rules.[383] Without these recordkeeping requirements, to what extent can the public, Commission, and state regulatory commissions review rates, terms, and conditions to ensure compliance with section 254(g) of the Act? If the Commission forbears from section 254(g) of the Act, are sections 42.10 and 42.11 of the Commission's rules no longer necessary? We seek comment on whether the costs on carriers of maintaining price and service information required by sections 42.10 and 42.11 outweigh the benefits. To what extent do these rules impose unnecessary regulatory burdens on carriers?

137. Are there any other rules related to domestic, interstate, interexchange service that the Commission should consider revising, streamlining, or eliminating? If so, why? Do the costs of maintaining these rules outweigh any benefits?

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[374] Digital Progress Institute Comments, GN Docket No. 25-133, at 5 (rec. Apr. 11, 2025); *see* Free State Foundation Reply, GN Docket No. 25-133, at 12 (rec. Apr. 28, 2025).

[375] *Interexchange Forbearance Order*, 11 FCC Rcd at 20776, para. 84.

[376] *Id*.

[377] *Id*.

[378] 47 CFR § 42.10(a).

[379] *Id*. § 42.10(b).

[380] *Id*. § 42.11(a) (retention of information concerning detariffed interexchange services).

[381] *Id*.

[382] *Id*. § 42.11(b).

[383] *See id*. §§ 42.10, 42.11.

138. *Transition*. We seek comment on whether we should adopt a transition for IXCs to detariff domestic, interstate, interexchange services and, if so, how long this period should be. We believe a two-year transition period to detariff these services would be appropriate and would coincide with the transition of switched access charges to bill-and-keep and seek comment on this approach.[384] During the transition period under our proposed approach, IXCs would be allowed to cancel their tariffs for interstate, domestic, interexchange services and the Commission would accept revisions to the IXC's tariffs for these services. However, the Commission would not accept new tariffs or revisions to existing tariffs for long-term service arrangements for domestic, interstate, interexchange service beyond the two-year transition. At the conclusion of the transition period, IXCs would no longer be permitted to tariff domestic, interstate, interexchange services and would have to cancel any such tariffs. We seek comment on this proposed approach.

2. Eliminating Outdated Interexchange Service Requirements

139. We also propose to eliminate outdated customer account record exchange requirements contained in part 64 of the Commission's rules.[385] The Commission adopted these rules in the early 2000s to facilitate the exchange of customer account information between LECs and IXCs in order to execute customer billing change requests in a timely manner.[386] We seek comment on whether we should delete part 64, Subpart CC given changes in the marketplace or whether these rules remain necessary, in whole or in part. Do these rules impose unnecessary burdens on LECs and/or IXCs? Are these rules necessary to protect consumers or to facilitate timely exchange of customer account information? Do our rules prohibiting slamming and establishing truth-in-billing requirements resolve the underlying concerns of our customer account record exchange requirements such that these requirements are no longer necessary?[387] And would that remain true if we modify the slamming and truth-in-billing rules as we recently proposed?[388] Do carriers rely on these rules to implement customer requests or for other business and operational reasons? Are there modifications to these rules that might better serve consumers and carriers in lieu of elimination of the rules?

3. International Interexchange Service

a. Detariffing International Interexchange Service

140. We propose to eliminate all remaining tariff requirements applicable to international interexchange services for dominant and nondominant carriers.[389] Currently, carriers that are classified as dominant in the provision of international telecommunications services on a particular route for reasons other than holding a foreign carrier affiliation are required to file tariffs for international interexchange service.[390] With respect to nondominant carriers, in the *2001 International Interexchange Order*, the Commission no longer required these carriers to file tariffs for their international interexchange services but they may file tariffs based on four limited exceptions under "permissive detariffing."[391] The

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[384] *See supra* Section IV.A.2 (Proposed Transition of Remaining Access Charges to Bill-and-Keep).

[385] *See* 47 CFR §§ 64.4000-64.4006.

[386] *See Rules and Regulations Implementing Minimum Customer Account Record Exchange Obligations on All Local and Interexchange Carriers*, CG Docket No. 02-386, Report and Order and Further Notice of Proposed Rulemaking, 20 FCC Rcd 4560, 4567, para. 15 (2005).

[387] *See* 47 CFR § 64.1100 *et seq.*; 47 CFR § 64.2400 *et seq.*

[388] *See Protecting Consumers from Unauthorized Carrier Changes and Related Unauthorized Charges; Truth-in-Billing and Billing Format*, CG Docket No. 17-169 and CC Docket No. 98-170, Notice of Proposed Rulemaking, FCC 25-41 (rel. July 25, 2025).

[389] *See* 47 CFR §§ 61.19, 61.28.

[390] *Id.* § 61.28.

Commission found that the market at the time for nondominant carriers necessitated the detariffing in accordance with the forbearance criteria in section 10 of the Act but allowed and did not require carriers to file tariffs under "permissive detariffing."[392] The Commission allowed "permissive detariffing"[393] of certain services, stating that these exceptions to the general detariffing rule were necessary to address specific, largely short-term situations where the reliance upon a contract could delay service initiation for a particular user.[394] Over the past two decades, the international interexchange service marketplace has changed significantly with the myriad options for international calling now available, including free VoIP. We seek comment generally on the current market and usefulness of tariffing for dominant carriers and whether the Commission should continue to allow permissive tariffing for nondominant carriers in these limited circumstances. We seek comment on whether the current international interexchange service tariffing rules remain in the public interest.

141. *Dominant Carriers*. We propose to detariff international interexchange services for dominant carriers entirely.[395] Accordingly, we tentatively conclude that the Act requires us to forbear from applying section 203 of the Act and to adopt a policy of complete detariffing for dominant carrier international interexchange services. We seek comment on this tentative conclusion. We further seek comment about whether this tentative conclusion meets the three prongs of the statutory forbearance criteria of section 10(a).[396] Is tariffing dominant international interexchange service no longer necessary to ensure just and reasonable rates, terms, and conditions of service that are not unjustly or unreasonably discriminatory? Is tariffing international interexchange service no longer necessary to protect consumers? Is forbearance from tariffing consistent with the public interest? Would forbearance from tariffing interexchange services promote competitive market conditions? As discussed in greater detail below, we tentatively conclude that a formal market power analysis is not required, nor must we determine that carriers are nondominant in the provision of international interexchange services in order to support our

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[391] *2000 Biennial Regulatory Review, Policy and Rules Concerning the International, Interexchange Marketplace*, Report and Order, IB Docket No. 00-202, 16 FCC Rcd 10647 (*2001 International Interexchange Order*). Under the current rules, nondominant carriers may continue to file tariffs in these limited situations: (1) Dial-around 1 + services (specifically, calls made by accessing the interexchange carrier by "dialing around" the customer's presubscribed long distance carrier through the use of desired carrier's carrier access code); (2) The initial forty-five days of nondominant interexchange carriers' provision of international interexchange services to new residential and business customers, or until a written contract is consummated, whichever is earlier; (3) Provision of international inbound collect calls to the United States; and (4) "On-demand" Mobile Satellite Services (MSS) for which customers have not entered into pre-existing ISP service contracts with a particular provider. 47 CFR § 61.19.

[392] Section 10(a) of the Act requires the Commission to forbear from applying, to a telecommunications carrier or telecommunications service, regulations or provisions of the Act, if the Commission makes three specific determinations. *See* 47 U.S.C. §§ 160, 160(d) (prohibiting the use of forbearance, except as provided in section 251(f), with respect to the requirements of sections 251(c) or 271 until the Commission determines that the requirements have been fully implemented).

[393] *2001 International Interexchange Order*, 16 FCC Rcd at 10652, para. 8. In the *2001 International Interexchange Order*, the Commission stated that "[c]omplete detariffing" refers to a policy of neither requiring nor permitting nondominant interexchange carriers to file tariffs pursuant to section 203 of the Act for their interstate, domestic, interexchange services. The Commission added that "[p]ermissive detariffing" refers to a policy of allowing, but not requiring, nondominant interexchange carriers to file tariffs for such services. *See 2001 International Interexchange Order,* 16 FCC Rcd at 10650, n.8.

[394] *See Id.* at 10667-68, paras. 39-41.

[395] 47 CFR § 61.28 ("[a]ny carrier classified as dominant for the provision of particular international communications services on a particular route for any reason other than a foreign carrier affiliation under § 63.10 of this chapter shall file tariffs for those services pursuant to the notice and cost support requirements for tariff filings of dominant domestic carriers, as set forth in subpart E of this part.").

[396] 47 U.S.C. § 160(a).

forbearance analysis.[397] To the extent commenters argue that the Commission should or must determine that carriers are nondominant in the provision of international interexchange services, what type of market analysis would be required or appropriate?

142. We further seek comment on the current state of the international interexchange market. Are there currently any carriers with market power on the U.S. end of any U.S.-international routes?[398] If there are currently no dominant carriers, are the market conditions suitable for a carrier to become dominant on a U.S.-international route in the future? What other factors should we consider in examining the international interexchange market for dominant carriers since we last revised the rules? Are there any regional differences that we should consider? How would detariffing these services comport with our international trade obligations?[399] How could this change mitigate the risk of international contract disputes? Has the market for international interexchange service evolved through technology such that dominant carrier tariffs are no longer needed? If we find that there are no longer dominant carriers on U.S.-international routes, should we remove the dominant carrier tariff requirement as it would no longer be needed, consistent with broader goals of the Commission's *Delete, Delete, Delete* proceedings?[400]

143. *Nondominant Carriers*. We propose to eliminate the permissive tariff requirement for nondominant carriers. We seek comment on this proposal. The Commission allows nondominant carriers to file permissive tariffs on four services listed in section 61.19[401] of the Commission's rules.[402] For nondominant carriers, are there any reasons for retaining the permissive tariff rule? We seek comment on whether the services listed in the rule have changed significantly in the last 20-plus years. Are there any services that we should retain for permissive tariffing and why? Our records indicate that nondominant carriers continue to tariff some international interexchange service.[403] We seek comment on

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[397] *See infra* Section IV.H (Legal Authority).

[398] *See, e.g.*, *Verizon Communications, Inc., Transferor, and América Móvil, S.A. DE C.V., Transferee, Application for Authority to Transfer Control of Telecommunications de Puerto Rico, Inc. (TELPRI)*, WT Docket No. 06-113, Memorandum Opinion and Order and Declaratory Ruling, 22 FCC Rcd 6195, 6227, para. 73 (2007).

[399] *See, e.g.*, World Trade Organization, *Services: Sector by Sector Telecommunication services*, https://www.wto.org/english/tratop_e/serv_e/telecom_e/telecom_e.htm (last visited Jan. 26, 2026); Office of the United States Trade Representative, *Free Trade Agreements*, https://ustr.gov/trade-agreements/free-trade-agreements (last visited Jan. 26, 2026).

[400] *See, e.g., Delete, Delete, Delete Public Notice*; *Consumer and Governmental Affairs Bureau Seeks Comment On Termination of Certain Proceedings As Dormant*, CG Docket No. 25-165, Public Notice, DA 25-376, 40 FCC Rcd 2893 (2025) (*2025 Dormant Dockets PN*).

[401] 47 CFR § 61.19.

[402] With regard to the second category of permissive detariffing, when the rule was adopted more than 20 years ago, new LEC customers could contact their LEC service provider and request (or change) an international interexchange provider, without establishing a direct relationship between the customer and the international interexchange provider until the parties entered into a contract. The permissive tariff covers the initial 45 days of international interexchange service or until there is a written contract between the international interexchange service carrier and the customer, whichever occurs first. *See 2001 International Interexchange Order,* 16 FCC Rcd at 10664-65, para. 35. In 2001 when the Commission adopted detariffing, customers of "on-demand" MSS could dial up any earth station within view of the satellite being used. This "on-demand" capability permitted customers to choose a different service provider each time a call was started, giving customers the flexibility to take advantage of different rates and service plans. The Commission concluded it would not impose complete detariffing in instances where entering into contracts with individual customers is not possible or where the burdens of requiring carriers to provide notice would be unreasonable. The Commission found that because providers of "on-demand" MSS generally cannot provide notice regarding rates and terms to customers prior to use of the service because of the unique features of "on-demand" MSS, permissive detariffing would be appropriate. *See id.* at 10666-67, paras. 38-39.

[403] *See*, *e.g*., Verizon Long Distance LLC Tariff F.C.C. No. 12, International Common Carrier Service, Rates & Regulations (issued Nov. 14, 2014); AT&T Enterprises LLC Tariff F.C.C. No. 2, Section 4 – Initial Subscription to

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the extent that carriers still tariff these international services. How would detariffing these services comport with our international trade obligations?[404] How could this change mitigate the risk of international contract disputes? Do the current services for permissive tariffs continue to be offered in the market? For example, how prevalent is the availability and use of 1010-XXX dial-around international long distance service? Is international inbound collect calling to the United States commonly in use? How have Mobile Satellite Services (MSS) offerings evolved since 2001? What other considerations should we take into account? We believe that on-demand MSS as described when the permissive tariff rule was adopted is no longer an available service, and seek comment on this. What would be the benefits of removing the rule? What are the cost and benefits for either approach? How would this affect small entities?

144. Twenty years ago, new LEC customers could contact their LEC service provider and request (or change) an international interexchange provider, without establishing a direct relationship between the customer and the international interexchange provider until the parties entered into a contract. Do local exchange carrier customers still contact their provider to request a different international interexchange carrier? To the extent that these customers still contact their provider to request a different international interexchange carrier, is 45 days still a reasonable timeframe for a provider to establish a contract with the customer after the provider receives a customer's request? If so, we seek information or estimates on the number of customers that still contact their landline carrier to change their international interexchange carriers.

145. Would removal of permissive tariffs impede competition in the market for international interexchange services? For example, do international dial-around services still exist, and if so could they be provided in the absence of tariffs? When the international IXC tariff rules were adopted, international dial-around service providers could not enter into contracts with customers without tariffing.[405] Moreover, the Commission noted decades ago that mass market customers rarely, if ever, consult tariff filings and when they do, they find them difficult to understand.[406] What methods exist for communicating service plans and rates to customers today?

146. We believe that elimination of permissive tariffs for nondominant carriers will produce pro-consumer benefits by incentivizing carriers to be more responsive to customer demands and to offer a greater variety of innovative price and service packages. The elimination of all nondominant carrier tariff filings would also prevent potential situations in which carriers seek to avoid contract obligations or refuse to negotiate with customers based upon the filed-rate doctrine (which is in effect even for tariffs

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AT&T (issued Apr. 29, 2024). Tariffs are available on the Commission's Electronic Tariff Filing System (ETFS), https://www.fcc.gov/etfs/ (last visited Jan. 26, 2026).

[404] *See*, *e.g.*, World Trade Organization, *Services: Sector by Sector Telecommunication services*, https://www.wto.org/english/tratop_e/serv_e/telecom_e/telecom_e.htm (last visited Jan. 26, 2026); Office of the United States Trade Representative, *Free Trade Agreements*, https://ustr.gov/trade-agreements/free-trade-agreements (last visited Jan. 26, 2026).

[405] *See 2001 International Interexchange Order*, 16 FCC Rcd at 10665, para. 36. In the *International Interexchange Order*, the Commission noted that "the adoption of complete detariffing at this time for dial-around 1+ services would not be in the public interest until the cost burdens on non-dominant interexchange carriers to install the necessary signaling equipment to distinguish dial-around 1+ services and to provide recorded announcements regarding information about rates, terms, and conditions of dial-around 1+ services to customers are reduced; or alternative ways to notify customers become more widespread." *Id*.

[406] *2000 Biennial Regulatory Review, Policy and Rules Concerning the International, Interexchange Marketplace*, Notice of Proposed Rulemaking, IB Docket No. 00-202, 15 FCC Rcd 20008, 20023, para. 22 (*2000 International Interexchange Notice*).

filed on a permissive basis) and the Commission's tariff filing and review processes.[407] We seek comment on our assessment.

b. Public Disclosure and Retention Requirements

147. When the Commission detariffed international interexchange service in 2001, it found that adopting public disclosure and maintenance of information requirements would benefit consumers and further the public interest, while also promoting carrier compliance with the requirements of the Act.[408] The Commission also believed that these requirements would permit consumers to have the information necessary to make efficient choices regarding their optimal service plans.[409] The Commission has recognized that consumers need information about carriers' rates, terms, and conditions. For example, the Commission stated that "consumers will need information concerning carriers' rates, terms and conditions in order to bring complaints to ensure carrier compliance with the requirements of the Act . . . ."[410] Consumers also need this information to determine the most appropriate rate plans that may meet their individual calling patterns.[411] Below we seek comment on our proposal to eliminate or reduce these disclosure and maintenance requirements given the changes in the international interexchange market since they were adopted.

148. *Public Disclosure*. For nondominant IXCs, we seek comment on whether to eliminate the public disclosure requirement in section 42.10 of the Commission's rules.[412] Nondominant carriers provide information to the public through either voluntary tariffs for certain services or through the public disclosure requirements. For the public disclosure requirement, nondominant carriers provide information to the public concerning current: (1) rates; (2) terms; and (3) conditions for all of their international interexchange services, in at least one location during regular business hours, and on websites (if the carrier maintains a website).[413] As discussed herein, if the Commission removed the ability for nondominant IXCs to file voluntary tariffs (permissive tariffs), we propose to eliminate the nondominant IXCs' public disclosure requirement to have publicly accessible rate and service information files available at a physical location. Should nondominant IXCs instead provide that information on their websites since under the current requirement, if a nondominant IXC maintains a

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[407] Pursuant to the filed-rate doctrine, in a situation where a filed tariff rate, term or condition differs from a rate, term, or condition set in a non-tariffed carrier-customer contract, the carrier is required to assess the tariff rate, term or condition. *See Armour Packing Co. v. United States*, 209 U.S. 56 (1908); *American Broadcasting Cos., Inc. v. FCC*, 643 F.2d 818 (D.C. Cir. 1980); *see also Aero Trucking, Inc. v. Regal Tube Co.*, 594 F.2d 619 (7th Cir. 1979); *Farley Terminal Co., Inc. v. Atchison, T. & S.F. Ry.,* 522 F.2d 1095 (9th Cir.), *cert. denied*, 423 U.S. 996 (1975). Consequently, if a carrier unilaterally changes a rate by filing a tariff revision, the newly filed rate becomes the applicable rate unless the revised rate is found to be unjust, unreasonable, or unlawful under the Communications Act. *See* 47 U.S.C. § 201(b); *see also Maislin Industries, U.S., Inc. v. Primary Steel, Inc.*, 497 U.S. 116 (1990).

[408] *2001 International Interexchange Order*, 16 FCC Rcd at 10669, para. 45.

[409] *Id*.

[410] *See id*. at 10668-69, paras. 42-45.

[411] *See id*.; *2000 International Interexchange Notice*, 15 FCC Rcd at 20023, para. 22. In 2001, the Commission found that requirements for public disclosure and maintenance of information about international interexchange services would serve the public interest by promoting carrier compliance with the requirements of the Act and permitting consumers to have the information necessary to make efficient choices regarding their optimal service plans. *See 2001 International Interexchange Order*, 16 FCC Rcd at 10669, para. 45. Historically, the Commission has believed that although most carriers will have incentives to provide some information about their offerings in an accessible format in order to remain competitive for consumers, consumers may have difficulty obtaining complete information concerning all of the international interexchange service offerings available. *2000 International Interexchange Notice,* 15 FCC Rcd at 20023, para. 23.

[412] See 47 CFR § 42.10.

[413] *See id*.

website currently it must make such rate and service information available there in a timely and easily accessible manner, and update this information regularly?[414] Or, should we eliminate the section 42.10 public disclosure requirements for nondominant IXCs altogether? Is this information necessary for consumers to make an informed choice, and is this information necessary for the Commission to evaluate consumer complaints and enforce sections 201 and 202 of the Act? We seek comment on the benefits and costs for either of these approaches. How would this comport with international obligations to make such offers available?[415] If the publicly accessible information is available at a physical location (rather than, or in addition to, a website), where should this be and how should it be maintained and updated for public access? Moreover, how would our rule changes impact small entities? What are the cost and benefits that may result from our proposal compared to the current cost and benefit?

149. For dominant IXCs, we consider a public disclosure requirement given the changes discussed above. As a starting point, dominant carriers provide the public with information about service rates, terms, and conditions through filing tariffs with the Commission. However, as discussed today, if the Commission no longer requires tariffs for dominant international IXCs, and if there are any dominant IXCs still providing service, we seek comment whether we should adopt new public disclosure requirements for dominant IXCs. Should a new public disclosure requirement for dominant IXCs be the same or different than the disclosure requirements for nondominant carriers? What market considerations and consumer needs influence the amount of and method for a public disclosure requirement for dominant IXCs? Would limiting the public disclosure requirement to website information posts instead of physical location files help achieve our goal of giving the public information about service rates, terms, and conditions for dominant interexchange service?

150. *Retention Rule.* We seek comment whether to eliminate or modify the retention rule that requires nondominant carriers to maintain price and service information regarding all of their international interexchange service offerings. Under section 42.11 of the Commission's rules, the Commission requires nondominant international IXCs to retain price and service information regarding all of their international interexchange service offerings for a period of at least two years and six months following the date the carrier ceases to provide international services on such rates, terms and conditions.[416] This affords the Commission sufficient time to notify a carrier of the filing of a section 208 complaint.[417] This price and service information must be maintained in a manner that allows the carrier to produce such records within ten business days of receipt of a Commission request.[418] In adopting these requirements, the Commission stated that such records would assist the Commission in monitoring compliance with the Act and the Commission's rules and will help address potential violations that may require enforcement action.[419] We seek comment on whether we should eliminate this rule. If we retain it, should the dates be shortened? How would our rule changes impact small entities? What are the cost and benefits that may result from our proposal compared to the current cost and benefit?

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[414] *Id*. § 42.10(b).

[415] World Trade Organization, Reference Paper: Negotiating Group on Basic Telecommunications (Apr. 24, 1996), WTO Doc. S/GBT/3/Add.1, https://www.wto.org/english/tratop_e/serv_e/telecom_e/tel23_e.htm (providing that "a major supplier will make publicly available either its interconnection agreements or a reference interconnection offer") (*WTO Telecommunications Reference Paper)*; World Trade Organization, United States—Schedule of Specific Commitments, GATS/SC/90, Apr. 15, 1994, as modified by GATS/SC/90/Suppl.2 (Apr. 11, 1997) (including the Reference Paper: Negotiating Group on Basic Telecommunications as part of U.S. commitments).

[416] 47 CFR § 42.11(b).

[417] *Id*.

[418] *Id*. § 42.11(a).

[419] *See 2001 International Interexchange Order*, 16 FCC Rcd at 10670-71, para. 50.

c. Filing of Carrier-to-Carrier Contracts for International Service for Dominant Carriers

151. We propose to eliminate section 43.51(b)(2) of the Commission's rules that requires routine filing of dominant interexchange carrier-to-carrier contracts with foreign carriers as this rule is no longer necessary.[420] Section 211(a) of the Act requires a carrier to file with the Commission the contracts that the carrier has with other carriers affecting traffic regulated under the Act.[421] Section 211(b), provides that the Commission "shall also have the authority to exempt any carrier from submitting copies of such minor contracts as the Commission may determine,"[422] giving the Commission "the discretion to exempt carriers from filing contracts, including those referred to in Section 211(a), when we determine that those contracts are of minor significance to the regulatory scheme."[423] Section 43.51 implements section 211 of the Act by requiring certain common carriers providing domestic services and all common carriers providing international services to file with the Commission copies of carrier-to-carrier contracts for domestic and international services.[424] Section 43.51 requires these carriers to file copies of contracts, agreements, concessions, licenses, authorizations, or other arrangements that relate to the exchange of services and the interchange or routing of traffic and matters concerning rates.[425] The current contract filing requirements for international interexchange carriers apply to U.S. dominant carriers for any service on any of the U.S.-international routes included in the contract, other than U.S. carriers classified as dominant due only to a foreign carrier affiliation.[426] Section 43.51 also states that any U.S. carrier, other than a provider of commercial mobile radio services, that is engaged in foreign communications, and enters into an agreement with a foreign carrier, is subject to the Commission's authority to require the filing of a copy of each agreement to which it is a party.[427]

152. Even if we retain dominant international interexchange carrier rules, we propose to eliminate the routine filing of carrier-to-carrier contracts because less burdensome options are available for the Commission to obtain this information. We propose instead to require dominant international carriers to maintain copies of the contracts (specifically, contracts related both to: (a) the exchange of services and (b) rates as described in section 43.51(a)(i) and (ii))[428] on their premises, consistent with the contract maintenance provision of section 43.51 that applies to contracts for domestic service,[429] and that the international interexchange carrier contracts must be readily accessible to Commission staff and

[420] 47 CFR § 43.51(b)(2).

[421] 47 U.S.C. § 211(a).

[422] *Id*. § 211(b).

[423] *Amendment of Sections 43.51, 43.52, 43.53, 43.54 and 43.74 of the Commission's Rules to Eliminate Certain Reporting Requirements*, CC Docket No. 85-346, Report and Order, 1 FCC Rcd 933, 934, para. 10 (1986).

[424] 47 CFR § 43.51; 47 U.S.C. § 211.

[425] *See* 47 CFR § 43.51(a).

[426] *Id*. § 43.51(b)(2). In 2012, the Commission ended the requirement that contracts with foreign carriers with market power on the foreign end be filed as well. *See International Settlements Policy Reform et al*., Report and Order, IB Docket Nos. 11-80, 05-254, 09-10, RM 11322, 27 FCC Rcd 15521 (2012).

[427] 47 CFR § 43.51(d).

[428] *See Id*. § 43.51(a)(1)(ii).

[429] *See id*. § 43.51(c) ("With respect to contracts coming within the scope of paragraph (a)(1)(ii) of this section between subject telephone carriers and connecting carriers. . . such documents shall not be filed with the Commission; but each subject telephone carrier shall maintain a copy of such contracts to which it is a party in appropriate files at a central location upon its premises, copies of which shall be readily accessible to Commission staff and members of the public upon reasonable request therefor; and upon request by the Commission, a subject telephone carrier shall promptly forward individual contracts to the Commission.").

members of the public upon reasonable request.[430] We also propose that upon request by the Commission, the interexchange carrier would promptly (and within 10 business days) need to forward individual contracts to the Commission. We seek comment on this proposal, as well as methods by which the Commission can request the contracts (e.g., via electronic filing through ICFS, email, or paper mailing). Moreover, we expect that such contracts will rarely need to be filed, considering that few, if any, contracts have been filed since the late 1990s. Would this requirement satisfy the United States' international trade commitments to ensure "that a major supplier will make publicly available either its interconnection agreements or a reference interconnection offer"?[431] If, on the other hand, the filing of these foreign communications contracts is no longer necessary, should the Commission rescind the related rules and what exact rules should be deleted?

d. Transition to Mandatory Detariffing of International Interexchange Services

153. We propose to eliminate the ability to file permissive tariffs and completely detariff international interexchange services for dominant carriers and nondominant carriers pursuant to section 203 of the Act for their international interexchange services, following the transition plan for access charges to mandatory detariffing described above.[432] We propose that once a carrier (whether dominant or nondominant) has detariffed its international services, it must be in compliance with the relevant public information and disclosure requirements, to the extent any international services remain and to the extent that we adopt any such requirements for dominant carriers.[433] We seek comment on these proposals, and we invite commenters to offer other transition proposals, including a shorter timeframe. How would our proposals impact small entities? What are the cost and benefits for either of our proposals?

D. Necessary Rule Changes

154. In Appendix A, we propose rules that would effectuate the reforms proposed in today's *Notice*. We seek comment on these proposed rules. We also seek comment on any other specific rule changes or new rules necessitated by today's proposals after consideration of the record. Any comments proposing new or amended rules should include, as part of the commenter's submission, a draft rule or markup of an existing rule.

E. Other Considerations

155. We believe that a thoughtful transition of all remaining access charges to bill-and-keep will lead to more efficient telecommunications networks to serve consumers.[434] We seek comment on this belief and general comment on how providers' market incentives will change as they complete the transition of remaining access charges to bill-and-keep. Are there other reasons that carriers may need to maintain and prolong the use of legacy TDM networks which we have overlooked? Are there any access services that would continue to offer utility in an all-IP network? If so, what are they, and why?

156. *Costs of the IP Transition for Rate-of-Return Carriers*. We invite comment on the estimated costs of the transition to all-IP networks for rate-of-return carriers, including the costs associated with transitioning remaining access charges to bill-and-keep. The Commission has observed

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[430] For example, we may want to review the carrier-to-carrier contract when a complaint against a dominant carrier is filed with the Commission.

[431] *WTO Telecommunications Reference Paper.*

[432] *See supra* IV.A.2 (Proposed Transition of Remaining Access Charges to Bill-and-Keep).

[433] The Commission adopted similar transition requirements when it detariffed domestic services. *See 2001 International Interexchange Order*, 16 FCC Rcd at 10682-83, para. 78.

[434] *USF/ICC Transformation Order*, 26 FCC Rcd at 17905-06, para. 742.

that "rate-of-return carriers are particularly sensitive to disruptions in their interstate revenue streams."[435] To what extent will rate-of-return carriers need additional funding to implement the IP transition? If so, what type of funding mechanism do commenters propose? Instead of phasing out CAF ICC as discussed above, should the Commission instead continue to allow rate-of-return carriers to receive CAF ICC support until the transition to all-IP networks is complete? How should the Commission determine when the transition is complete for this purpose?[436] Is existing CAF ICC support sufficient to cover some or all of the costs of the IP transition? Why or why not? We ask that commenters provide detailed information regarding any gaps between existing support and the costs to fully transition to an all-IP network.

157. If the Commission were to create a new funding mechanism specific to the IP transition for certain carriers, how should that funding be allocated among eligible carriers?[437] Should such funding be tied to the costs of the IP transition as a whole, allocated based on lost intercarrier compensation revenues, or based on some other metric? How should the Commission obtain reliable cost data? Should the Commission adopt a Total Cost and Earnings Review mechanism similar to the mechanism adopted in the *USF/ICC Transformation Order* to allow carriers to demonstrate that supplemental funding is needed?[438] If so, what categories of information should carriers be required to provide to the Commission? Should any new funding mechanism be based only on the forward-looking costs of the transition? How should carriers estimate those costs for the Commission? We invite comment on these and any other issues concerning the need for additional funding for rate-of-return carriers to support the IP transition.

158. *Competitive Conditions*. How will the transition to the bill-and-keep framework and all-IP networks change the market power that various carriers currently exercise?[439] As providers transition to bill-and-keep and move to all-IP interconnection, will certain types of providers gain market power over voice services, and will any be positioned to exercise market dominance?[440] For instance, could intermediate carriers exert disproportionate negotiating leverage over smaller rural LECs, or is the market for intermediate and transit services sufficiently competitive to mitigate such concerns? Conversely, will the transition to bill-and-keep and IP networks help prevent any particular providers from gaining dominance and market power? What effect, if any, will the IP transition have upon providers that maintain their networks using TDM technology? Are any consumers at risk of large price increases for service as a result of the transition to bill-and-keep? If so, which consumers, and why, and are alternative voice services available to those consumers?

[435] *MAG Order*, 16 FCC Rcd at 19671, para. 134.

[436] *See IP Interconnection Notice* at 3, para. 3 (proposing to forbear from incumbent LEC-specific interconnection and related obligations and eliminate related Commission rules by December 31, 2028).

[437] *See supra* note 2 (recognizing that a forthcoming proceeding will explore how to modernize the Commission's legacy high-cost support mechanisms).

[438] *See USF/ICC Transformation Order*, 26 FCC Rcd at 17996-18002, paras. 924-32 (discussing the Total Cost and Earnings Review procedure for requesting additional USF support).

[439] *See Interexchange Forbearance Order*, 11 FCC Rcd at 20733, paras. 4-5 (declaring interstate, domestic, interexchange carriers as nondominant); *see also 2016 Technology Transitions Order*, 31 FCC Rcd at 8291, para. 21 (determining "that incumbent LECs no longer possess market power over interstate switched access" and are "nondominant in their provision of interstate switched access services").

[440] *See* 47 CFR § 61.3(q) (defining dominant carrier as "carrier found by the Commission to have market power (i.e., power to control prices)"); *see* Letter from Tamar E. Finn, Counsel to Bandwidth, Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 25-209, et al., at 2 (filed Sept. 18, 2025) ("The continued ILEC insistence on TDM trunk-side interconnection is important given the extreme price increases for DS1s/DS3s. For example, Bandwidth noted cost increases for a DS3 to DS1 multiplexer from $2,696.66 per month in October 2022 to $58,344.29 per month, effective June 26, 2025.").

159. *Access Arbitrage Concerns*. The Commission has long fought against arbitrage of its access charge system.[441] Most recently, the Commission adopted rules to combat the insertion of an Internet Protocol Enabled Service (IPES) provider into the call flow to evade its access stimulation rules.[442] The Commission has previously concluded that the transition to bill-and-keep will reduce arbitrage incentives.[443] However, we still seek comment on whether transitioning remaining access charges to bill-and-keep in the manner set out above could create incentives for providers to introduce unnecessary entities or charges into the call flow and increase charges during or after the transition.[444] Have market-driven arrangements led to efficient practices? We request that commenters describe how arbitrage opportunities might arise after providers have completed the move of all remaining access charges to bill-and-keep. Similarly, what aspects of an all-IP network may be subject to abuse?

160. *Potential Intercarrier Disputes*. The Commission has observed that shifts in intercarrier compensation regimes can generate disputes over issues such as call routing and cost recovery.[445] Disputes between carriers can delay completing the transition to bill-and-keep, impose unnecessary costs, and potentially deter bringing innovative calling services to consumers.[446] We therefore seek comment on the nature of disputes likely to occur during and after the transition of remaining access charges to bill-and-keep. What types of disputes may occur (e.g., financial responsibility and build-out obligations, billing and collection disagreements, call routing disputes, and access arbitrage allegations) as carriers shift remaining access charges to bill-and-keep? What disputes currently exist with the exchange of IP traffic? What role should the Commission have, if any, in resolving disputes that might arise from completing the transition to bill-and-keep? Are there any aspects of an all-IP call flow that might benefit from Commission oversight in order to deter or eliminate such disputes or abuse?

161. *Quality of Service Considerations*. As the transition to IP-based networks continues, we recognize that transitioning remaining access charges to bill-and-keep may influence how providers

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[441] *USF/ICC Transformation Order*, 26 FCC Rcd 17874-90, paras. 656-701 (adopting a definition of access stimulation as well as rules requiring carriers that engage in that practice to lower their tariffed access charges); *Access Arbitrage Order*, 34 FCC Rcd 9035 (modifying the Commission's access stimulation rules to address ongoing access stimulation).

[442] *See Updating the Intercarrier Compensation Regime to Eliminate Access Arbitrage*, WC Docket No. 18-155, Second Report and Order, 38 FCC Rcd 3822, 3829, para. 13 (2023).

[443] In the *USF/ICC Transformation Order*, the Commission found that bill-and-keep would reduce arbitrage opportunities by enabling rates to reflect the incremental cost of providing service, rather than average costs across the entire network. We tentatively conclude that the Commission's reasoning in the *USF/ICC Transformation Order* still applies and we seek comment on this conclusion. *See USF/ICC Transformation Order*, 26 FCC Rcd at 17911-12, paras. 752-54 (explaining that transitioning all terminating access charges to bill-and-keep will likely reduce arbitrage opportunities by enabling rates to better reflect the incremental costs of terminating voice service).

[444] *See* Letter from Tamar E. Finn, Counsel to Bandwidth Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket No. 18-155, at 2 (filed Jan. 26, 2023) ("So long as access charges exist, however, parties that originate and terminate traffic have an incentive to arbitrage the associated economics for themselves, their affiliates, and their carrier partners.").

[445] *See USF/ICC Transformation Order*, 26 FCC Rcd at 17999-18000, para. 930 (stating that carriers are "frequently embroiled in costly litigation over payment, jurisdiction, and type of traffic") (citing Letter from Paul Kouroupas, Vice President, Regulatory Affairs, Global Crossing North America, Inc., to Marlene H. Dortch, Secretary, FCC, CC Docket No. 01-92, at 1 (filed Dec. 17, 2010) (estimating that disputes regarding intercarrier compensation may represent $450,000,000 annually)); *id*. at 18003-05, paras. 936-39.

[446] *See id*. at 18005, para. 939 (explaining payment disputes for VoIP traffic between carriers and stating, "[a]gainst this backdrop, and the fact that the current uncertainty and associated disputes are likely deterring innovation and introduction of new IP services to consumers, we find it appropriate to address the prospective intercarrier compensation obligations associated with VoIP-PSTN traffic").

approach standards of service quality and availability.[447] While competitive forces may encourage providers to maintain and improve standards to attract and retain customers, we seek comment on if market forces alone are enough to ensure that consumers receive reliable and high-quality voice service.[448] We seek comment on whether and, if so, how the Commission should consider additional oversight of service quality and availability standards for voice calls transmitted over IP networks. If the Commission were to adopt additional oversight, what aspects of service quality and availability should be subject to minimum standards (e.g., call completion rates, reliability, latency, and accessibility)? What metrics or performance benchmarks would be appropriate to evaluate compliance with such standards? Are the Commission's current rules that prescribe service quality and availability standards adequate, or even necessary, for IP networks?[449] Does IP-based calling inherently provide the call quality that the Commission would otherwise require from providers, obviating the need for prescriptive standards? How have providers of voice calls over IP ensured service standards to date?

162. *Additional Considerations*. Are there any legacy networks, including critical infrastructure, that are being overlooked or would suffer from moving to bill-and-keep? If so, how and why? How will the transition to bill-and-keep impact providers' legacy 911 voice service and NG911 service and other critical government services?[450] How will the transition to bill-and-keep affect rural LECs and smaller providers?[451] How will the transition to bill-and-keep affect Centralized Equal Access (CEA) providers?[452] How will the transition to bill-and-keep affect third-party tandem or intermediate providers? Are there carriers that may not want to convert their legacy networks to IP? If so, which carriers, and why? Are there any rules or regulations we should adopt, or other steps we should take with respect to particular groups of carriers that may be disparately impacted by the transition to bill-and-keep? If so, what are they, and why? Are there systems or resources that carriers believe are necessary to effectuate the transition? For example, is a database needed to help route calls to various providers' IP addresses?[453] If so, how should the costs of operating that database be covered? Would it be appropriate to recover the costs of administering the database through a mechanism similar to that used for the North

[447] *Id*. at 17909-10, para. 748 ("Lower termination charges could also enable more investment in wireless networks, resulting in higher quality service—e.g., fewer dropped calls and higher quality calls.").

[448] *See IP Interconnection Notice*, FCC 25-73, at 26, para. 62 (requesting comment on technical and industry standards).

[449] We note that providers are currently required to comply with various service quality and availability standards. *See, e.g.*, 47 CFR § 51.305(a)(3) ("At a minimum, this requires an incumbent LEC to design interconnection facilities to meet the same technical criteria and service standards that are used within the incumbent LEC's network" and "is not limited to a consideration of service quality as perceived by end users, and includes, but is not limited to, service quality as perceived by the requesting telecommunications carrier"); *see, e.g.*, *id*. § 64.2119(a) ("Intermediate providers must take steps reasonably calculated to ensure that all covered voice communications that traverse their networks are delivered to their destination.").

[450] *IP Interconnection Notice*, FCC 25-73, at 15, para. 29 (requesting comment on impact of IP interconnection on NG911); *see also id.* at 12, paras. 22-23 (seeking comment on certain types of voice traffic transiting over legacy TDM networks, such as the Federal Aviation Administration's Telecommunications Infrastructure (FTI), emergency communications, security alarms, etc.); *see NG911 Order*, 39 FCC Rcd at 8151-52, para. 27 (explaining the need for the nation's 911 system to function effectively and utilize advanced capabilities).

[451] *See IP Interconnection Notice*, at 10-11, paras. 18-20 (requesting comment on impact of IP interconnection on rural and small LECs).

[452] *See generally Access Arbitrage Order*, 34 FCC Rcd 9035 (eliminating decades-old requirements that force IXCs delivering traffic to access-stimulating LECs that subtend certain intermediate access providers (known as centralized equal access or CEA providers) to use those CEA providers for tariffed tandem switching and transport services).

[453] *See IP Interconnection Notice*, FCC 25-73 at 26-27, para. 63 (inquiring about a database connecting telephone numbers to providers' IP addresses).

American Numbering Plan, such as contributions based on FCC Form 499-A filings.[454] Should this database be combined with the 8YY database to improve efficiency of call routing?

163. We seek comment on whether the transition of all remaining access charges to bill-and-keep may result in any conflicts or inconsistencies with the Commission's existing rules or statutory obligations.[455] For example, the Commission granted incumbent LECs forbearance from equal access and dialing parity requirements for interexchange services, in part, because of "the trend toward all-distance voice services" and the decline in "demand for stand-alone long distance service for mass market or business customers . . . ."[456] Although the Commission forbore from these requirements, it grandfathered end users that presubscribed to third-party long-distance services to retain equal access and dialing parity services[457] because, at the time, there were "still a significant number of retail customers that presubscribe to a stand-alone long distance carrier."[458] Is this still the case? Following the shift of all remaining access charges to bill-and-keep, are equal access obligations still necessary in the voice services marketplace, and should the Commission sunset all remaining equal access and dialing parity obligations?[459] The Commission has undertaken a sweeping review of all of its rules aimed at eliminating outdated rules and deregulating across multiple fronts to better serve the public and support technological progress.[460]

F. Proposed Efficiency Measures

1. Sunsetting Commission Rules in Light of Proposed Reforms

164. In this section, we seek comment on sunsetting Commission rules that may be rendered unnecessary following the reforms we propose today. In particular, following the transition of intercarrier switched access and TACs to bill-and-keep, we propose to sunset the Commission's existing rules imposing ex ante pricing regulation and tariffing requirements for those charges for price cap and rate-of-return carriers.[461] We seek comment on these proposals, particularly in light of the Commission's commitment to eliminate outdated and unnecessary regulations.[462]

165. *Sunsetting Ex Ante Pricing and Tariffing Rules Applicable to Intercarrier Switched Access and TACs*. After the transition to bill-and-keep, the Commission's rules imposing ex ante pricing

[454] *2025 FCC Form 499-A Instructions* at 5 ("North American Numbering Plan Administration—All telecommunications carriers and interconnected VoIP providers in the United States shall contribute to meet the costs of establishing numbering administration. *See* 47 CFR § 52.17.").

[455] In conjunction with any proposed revisions, we likewise seek comment on whether the Commission's rules may become unnecessary or outdated and should therefore be deleted, as we discuss below. *See infra* IV.F.1 (Sunsetting Commission Rules in Light of Proposed Reforms).

[456] *See Petition of USTelecom for Forbearance Pursuant to 47 U.S.C. § 160(c) from Enforcement of Obsolete ILEC Legacy Regulations that Inhibit Deployment of Next-Generation Networks et al.*, WC Dockets Nos. 14-192 et al., Memorandum Opinion and Order, 31 FCC Rcd 6157, 6184-85, para. 49 (2015); *see id*. at 6183, para. 47 n.139 (defining exchange access services, dialing parity, and equal access).

[457] *Id*. at. 6182, para. 46.

[458] *Id*. at 6187, para. 52.

[459] 47 U.S.C. § 251(g) (continued enforcement of exchange access and interconnection requirements); *see* USTelecom Comments, GN Docket No. 25-133, at 21-22 (rec. Apr. 11, 2025) ("Continuing to require ILECs to grandfather customers who presubscribed to third-party long-distance services over a decade ago stifles investment in IP networks because VoIP platforms are unable to support the Carrier Identification Code routing needed to transfer a call to an alternate provider. Accordingly, the grandfathering provision forces ILECs to maintain outdated, and increasingly costly to maintain, POTS networks for a small minority of customers.").

[460] *See generally Delete, Delete, Delete Public Notice*.

[461] 47 CFR pts. 61, 69.

[462] *See generally Delete, Delete, Delete Public Notice*.

regulation and tariffing requirements on intercarrier switched access and TACs would appear to no longer be necessary.[463] Specifically, we believe that sections 51.915(e), 51.917(e), 69.111, 69.112, 69.115, 69.152, 69.153, and 69.157 of the Commission's rules will no longer be necessary after the transition to bill-and-keep.[464] We seek comment on this view. The intercarrier compensation system was originally "designed for an era of separate long-distance companies and high per-minute charges, and established long before competition emerged among telephone companies."[465] Those conditions required a uniform system of pricing rules to govern the provision of interstate access services by incumbent LECs to ensure that rates were just and reasonable.[466] But those conditions do not hold under a bill-and-keep regime in which carriers look to their subscribers, rather than other carriers, to recover the costs of their networks.[467]

166. Are there any reasons that these rules should or must be retained? If so, what are those reasons? Are there any rules that must be retained because, for example, they are tied to other parts of the Commission's rules? Commenters should be detailed in identifying specific rules that should be retained with appropriate justification. We also invite comment on the appropriate timeframe under which to sunset these rules following the transition to bill-and-keep. Should the rules sunset immediately following the completion of the transition to bill-and-keep or should the Commission adopt a longer timeframe? Are there certain rules that cannot practically be sunset immediately following the transition to bill-and-keep? If so, what are those rules? Commenters should be detailed in identifying specific rules that may or must be retained and/or setting forth and justifying any alternative timeframes for sunsetting the rules. We invite commenters to include suggested rule language they believe should be revised.

167. *Sunsetting Price Cap Ratemaking Rules*. We seek comment on the continuing need for the Commission's rules applicable to price cap carriers given our proposed reforms today.[468] Following the transition of remaining access charges to bill-and-keep, are there specific rules currently applicable to price cap carriers that will no longer be necessary? For example, in connection with their annual tariff filings, price cap carriers are required to establish baskets of services, which include rate elements for end-user charges that we propose to deregulate and detariff today.[469] And, section 61.43 of the Commission's rules requires annual price cap filings that propose rates for the upcoming tariff year, among other things.[470] Given our proposals to move remaining access charges to bill-and-keep and

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[463] *See supra* Sections IV.A. (Proposed Intercarrier Compensation Reform) and IV.B (End Users Cover the Cost of Networks They Choose).

[464] 47 CFR §§ 51.915(e), 51.917(e), 69.111, 69.112, 69.115, 69.152, 69.153, 69.157.

[465] *See, e.g.*, *USF/ICC Transformation Order*, 26 FCC Rcd at 17669, para. 9.

[466] *See, e.g.*, *CALLS Order*, 15 FCC Rcd at 12966, para. 9; *1983 Access Charge Order*, 93 F.C.C.2d at 255, para. 41 (concluding under section 201(b) that it is "necessary and desirable to establish access charges in lieu of existing access compensation arrangements in order to eliminate existing access compensation disparities and to prevent the development of disparities that might arise if a variety of access compensation mechanisms were used in the future").

[467] *See USF/ICC Transformation Order*, 26 FCC Rcd at 17676, para. 34. *Supra* Section IV.A.1 (Remaining Access Charges That Are Not at Bill-and-Keep). Although we propose to sunset the rules imposing tariffing requirements and ex ante pricing regulation on access charges, carriers would still remain subject to the Commission's regulatory authority and protections under sections 201, 202, and 208 of the Act. *See* 47 U.S.C. §§ 201, 202, 208; *see also supra* Section IV.A.5 (Forbearance from Section 203 Tariffing Obligations).

[468] 47 CFR §§ 61.31-61.50. We do not propose to sunset rules applicable to business data services. *See, e.g.*, *id.* §§ 61.201-203. The Commission is currently considering further deregulation and detariffing of business data services in separate proceedings. *See generally 2025 BDS Notice*, 40 FCC Rcd 6275.

[469] *See, e.g.*, 47 CFR § 61.42 (d)(1) (requiring carriers to establish a basket for various interstate access elements, including the end user common line charge in section 69.152).

[470] *Id.* § 61.43.

deregulate and detariff end-user chargers, should we sunset these and other price cap ratemaking rules? Why or why not? Are there any rules that should or must be maintained? If so, what are they and why?

168. *Other Rules or Statutory Provisions Affected by Our Proposed Reforms*. While we have identified certain Commission rules that may be rendered unnecessary if the Commission were to adopt the proposals in today's Notice, we seek comment on other rules that the Commission should consider removing. In addition, we also seek comment on whether there are other statutory provisions in the Act for which forbearance might be appropriate given our proposals. Commenters are encouraged to be as specific as possible in identifying rules or statutory provisions that may be affected by the reforms we propose today.

2. Incorporating Relevant Proceedings

169. In this *Notice*, we open a new docket—WC Docket No. 25-311, "Reforming Legacy Rules for an All-IP Future." On July 3, 2025, the Commission established WC Docket No. 25-208, "Accelerating Network Modernization."[471] All filings made in response to the proposals and questions in this *Notice* that address the Commission's comprehensive reforms of Telephone Access Charges and intercarrier compensation rules should be filed in WC Docket Nos. 25-311 and 25-208. We also incorporate by reference comments filed in WC Docket Nos. 07-135, 10-90, 16-143, 18-155, 18-156, 20-71, 21-17, 25-209, 25-304, GN Docket Nos. 09-51 and 25-133, or CC Docket No. 01-92 that are responsive to the issues raised in this proceeding. Although we urge parties that previously made responsive filings in WC Docket Nos. 07-135, 10-90, 20-71, 18-155, 18-156, GN Docket Nos. 09-51 and 25-133, or CC Docket No. 01-92 to re-file in the new WC Docket No. 25-208, such filings will nevertheless be considered in this proceeding.

170. Many of the Commission's ratemaking rules have been in place for decades, and some of the associated dockets have remained open just as long. While these dockets have historically remained open in case a ratemaking issue might arise, that possibility will no longer exist once all intercarrier charges transition to the bill-and-keep framework proposed in this *Notice*. Even where Notices of Proposed Rulemaking remain pending in these dockets, the issues they raise will become irrelevant in an all-IP, bill-and-keep environment. As part of our holistic, forward-looking effort to modernize legacy ratemaking, we propose that, once the reforms outlined in this proceeding reach their end state, the Commission will close all related dockets. To the extent these dockets contain open notices that remain unresolved, we propose to terminate them in favor of eliminating regulatory confusion and increasing simplicity. Maintaining parallel dockets on duplicative issues risks unnecessary delay, administrative burden, and confusion for filers. Consolidating into a single, forward-looking docket will simplify the commenting process and reduce administrative overhead. It will also encourage parties to engage with the issues raised in this *Notice* with a fresh perspective. Specifically, we propose to terminate the following docketed proceedings: WC Docket Nos. 20-71 and 07-135. We seek comment on this proposal. Commenters should provide detailed arguments about why any of these dockets should remain open. Are there other dockets that we should consider closing?

171. The Commission periodically reviews all open dockets and identifies dockets that appear to be candidates for termination.[472] In a dormant docket proceeding, the Commission closes dockets where no substantive filings have been made for several years or where no further action is required or

[471] *Wireline Competition Bureau Establishes WC Docket Nos. 25-208 and 25-209*, WC Docket Nos. 25-208 and 25-209, Public Notice, 40 FCC Rcd 4382 (WCB July 3, 2025).

[472] *See generally Amendment of Certain of the Commission's Part 1 Rules of Practice and Procedure and Part 0 Rules of Commission Organization*, GC Docket No. 10-44, Report and Order, 26 FCC Rcd 1594 (2011) (establishing a proceeding to terminate dormant dockets); *see also 2025 Dormant Dockets PN* (seeking comment on "whether the referenced 2,057 docketed Commission proceedings should be terminated as dormant"); *Termination of Certain Proceedings as Dormant*, CG Docket No. 25-165, Order, DA 25-1002 (CGB Dec. 3, 2025) (terminating, as dormant, 2,048 proceedings).

anticipated. It also terminates as moot any pending petitions or other requests for relief. Should the Commission instead allow the dockets listed above to become dormant and address them through the existing dormant dockets process? If so, why? Are there other ways to accomplish the Commission's regulatory and docketing efficiency goals?

3. Petitions Rendered Moot by Proposed Reforms

172. We seek comment on the merits of dismissing certain filings requesting Commission action, such as waiver petitions or petitions for declaratory ruling, that have been open for many years and that may have been rendered moot or will be rendered moot by policy reforms that have occurred since their filing or that will be effectuated in an order following from this *Notice*. Below, we propose to dismiss several waiver petitions related to access arbitrage and call signaling. Are there other industry requests for Commission action that we should consider dismissing? If so, we ask that commenters provide detailed information and justification for such requests.

173. *Access Arbitrage Petitions*. In 2019, the Commission adopted rules to prevent or reduce access arbitrage, including those focused on allegations of traffic pumping, inappropriate routing of calls, and billing disputes.[473] Following those reforms, providers filed several waiver petitions seeking relief from the Commission's access stimulation rules. Three petitions remain pending.[474] Given the passage of time and subsequent Commission actions clarifying and implementing its access stimulation rules, we tentatively conclude that these pending waiver petitions are outdated and now unnecessary. Accordingly, we propose to dismiss these petitions for waiver of the Commission's access stimulation rules. We seek comment on this proposal.

174. *Call Signaling Petitions*. Similarly, shortly after the rules in the *USF/ICC Transformation Order* became effective, numerous parties filed waiver petitions with the Commission claiming that compliance with the Commission's call signaling rules was technically infeasible.[475] We tentatively conclude that these waiver petitions are moot as to their merits. Each of these petitions was filed more than a decade ago. In the intervening decade, we believe these providers have come into compliance with the Commission's call signaling rules, or the advent of and migration to all-IP networks has effectively made moot the issues these petitions raised. Accordingly, we propose to dismiss these petitions for waiver of the Commission's call signaling rules. We seek comment on this proposal. Are there any other outstanding petitions in the dockets related to this proceeding that commenters suggest we dismiss? If so, why?

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[473] *Access Arbitrage Order*, 34 FCC Rcd at 9041, para. 14.

[474] Petition of Telengy LLC for Waiver, WC Docket No. 18-155, at 1-3 (filed May 13, 2021); Petition of CarrierX, LLC for Waiver, WC Docket No. 18-155, at 1-3 (filed Apr. 1, 2020); Petition of Native American Telecom – Pine Ridge, LLC for Waiver, WC Docket No. 18-155, at 1-2 (filed Mar. 19, 2020).

[475] The following petitions request limited waiver of the call signaling rules adopted in the *USF/ICC Transformation Order*: Petition of AT&T for Waiver, WC Docket No. 10-90 et al., at 1-2 (filed Dec. 29, 2011); Petition of CenturyLink, Inc. for Waiver, WC Docket No. 10-90 et al., at 1-2 (filed Jan. 23, 2012); Petition of Verizon for Waiver, WC Docket No. 10-90 et al., at 1-2 (filed Feb. 10, 2012); Petition of General Communication, Inc. for Waiver, WC Docket No. 10-90 et al., at 1-2 (filed Feb. 27, 2012); Petition of Hawaiian Telcom, Inc., WC Docket No. 10-90 et al., at 1-2 (filed Mar. 1, 2012); Petition of Alaska Communications Systems Group, Inc. for Waiver, WC Docket No. 10-90 et al., at 1-2 (filed Mar. 16, 2012); Petition of FairPoint Communications, Inc. for Waiver, WC Docket No. 10-90 et al., at 1-2 (filed Mar. 28, 2012); Petition of Alaska Rural Coalition for Waiver, WC Docket No. 10-90 et al., at 3 (filed Mar. 23, 2012); Petition of Level 3 Communications, LLC for Waiver, WC Docket No. 10-90 et al., at 1-2 (filed Apr. 5, 2012); Petition of Consolidated Communications, Inc. for Waiver, WC Docket No. 10-90 et al., at 1 (filed May 11, 2012); Petition of C Spire Wireless, Corr Wireless, Delta Telephone Co., Inc., Franklin Telephone Co., Inc., and Telepak Networks, Inc. for Waiver, WC Docket No. 10-90 et al., at 1-2 (June 20, 2012); Petition of HyperCube Telecom, LLC for Waiver, WC Docket No. 10-90 et al, at 2 (filed June 28, 2012).

4. Encouraging Industry Collaboration

175. The Commission is committed to thoughtfully completing the transition of all remaining access charges to a bill-and-keep framework and accelerating the broader shift to all-IP networks, taking into account the complexity of the issues presented, transition timelines, and connectivity goals. Stakeholders now have a clearer understanding of the Commission's long-term vision. However, we acknowledge that the proposals set forth in this *Notice* may not fully reflect the operational and competitive nuances known only to industry participants, or may inadvertently advantage some providers over others.

176. To explore possible operational and competitive challenges associated with the transition to a bill-and-keep framework, should the Commission convene meetings with industry experts and stakeholders? The goal of such meetings would be to facilitate collaboration and provide an opportunity for all participants, including Commission staff, to examine the most significant issues carriers may face from the transition to bill-and-keep, including any issues involving interconnection requirements, intercarrier compensation, and USF support, and identify potential obstacles, share best practices, and develop potential solutions that promote a smooth and efficient transition to bill-and-keep and all-IP networks.

177. We invite stakeholders to collaborate on and submit a joint industry proposal that outlines the technical, legal, and economic frameworks necessary to achieve a fully deregulated and detariffed voice services marketplace—while preserving competition, fostering innovation, and protecting consumers.[476] We also seek targeted recommendations for Commission actions that would facilitate a streamlined transition to an IP-based voice environment consistent with the public interest, while appropriately recognizing the challenges of the transition.

178. Indeed, industry participants have urged that "the Commission convene an industry working group to coordinate a process for completing the IP transition" and thereby "open critical lines of communication among all types and sizes of providers."[477] This *Notice* and potential subsequent meetings would present opportunities for industry participants to establish open lines of communication and work collaboratively and thoughtfully toward a consensus on the path to all-IP networks. While the Commission may not directly participate in such negotiations, we strongly encourage all interested parties to engage in good-faith discussions aimed at resolving differences and advancing shared goals. We urge the industry to submit any resulting proposals in a timely manner to ensure Commission staff has adequate time to consider and incorporate them into a forthcoming order.

G. Benefits and Costs

179. We seek comment on the benefits and costs of these proposed rule changes, which we expect will facilitate the transition to all-IP networks by significantly reducing regulatory requirements for carriers. We expect our proposed reforms will affect both voice providers and consumers of voice services. We seek comment on both the benefits and costs of each proposed rule change and also the totality of the rule changes proposed.

180. *Carrier Benefits.* We seek comment on the benefits of reducing the regulatory requirements for carriers, particularly in connection with ensuring a smooth transition to all-IP networks.

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[476] The Commission often requests and accepts industry-developed proposals on how to best develop telecommunications policy in the public interest. *See, e.g., Advanced Methods to Target and Eliminate Unlawful Robocalls; Call Authentication Trust Anchor*, CG Docket No. 17-59 and WC Docket No. 17-97, 34 FCC Rcd 4876, 4882, para. 20 (2019) ("[T]he Commission has pushed industry to quickly develop and implement Called ID authentication, a critical component in the fight against illegal Caller ID spoofing."); *see also CALLS Order*, 15 FCC Rcd at 12964, para. 1 ("[W]e adopt an integrate interstate access reform and universal service proposal set forth by the members of the Coalition for Affordable Local and Long Distance Service (CALLS).").

[477] NCTA June 11, 2025 *Ex Parte* at 2-3.

What are the benefits of transitioning remaining intercarrier access charges to bill-and-keep and eliminating *ex ante* rate regulation and tariffing requirements for end-user access charges? What are the benefits of the proposal to eliminate the remaining long distance, including international interexchange, service regulations? Beyond the reduction in time and monetary costs associated, how will carriers benefit from the elimination of current filing costs, including fees, preparation and document retention costs, associated with tariffs and the other regulations the Commission proposes to eliminate? Are there any additional compliance related costs that will be reduced due to these proposed rule changes? What are the expected reductions in administrative costs to the industry of eliminating the requirements for carriers to keep records and to prepare supporting documents to meet compliance obligations? What administrative costs will carriers avoid by no longer needing to monitor other carriers' tariff filings and contest them when necessary? Additionally, are there any benefits attributable to a reduction of arbitrage opportunities that may result from the proposed rule changes? What specific benefits might voice service providers that compete with incumbent LECs realize as a result of the proposed reforms?

181. *Consumer Benefits.* We also seek comment on the consumer benefits of the proposed rule changes. Are there any benefits that customers may experience from the proposed rule changes? Will consumers benefit from any operational or economic efficiencies that carriers should be positioned to realize as a result of the proposed rule changes? Will consumers benefit from more competition or service offerings? Should consumers expect to observe lower prices for services, and if so, will the benefits of the proposed rule changes vary by type of service? Will the proposed rule changes accelerate the IP transition, and if so, how will this benefit consumers? For example, will the proposed rules accelerate the adoption of certain public safety and consumer protection technologies, such as NG911 and STIR/SHAKEN? If so, are there unique costs of this adoption that would disproportionately impact small providers?[478] Are there any benefits that consumers may expect in the long term that may not appear during a transition period?

182. *Carrier Costs.* While the proposed rule changes are likely to reduce regulatory requirements, we seek comment on the possibility of temporary increases in compliance costs as the industry adjusts and transitions to the bill-and-keep end state as proposed. What temporary compliance costs might carriers face? Are there any costs associated with updating billing systems and existing contracts that may be necessary to comply with the proposed rule changes? Will there be additional costs associated with intercarrier disputes and dispute resolution during the transition period? Are there likely to be costs associated with negotiating agreements with intermediate carriers for the transport of traffic from the tandem switch to the network edge? If so, what are they?

183. Separately, we also seek comment on whether carriers expect some costs associated with the implementation of these proposed rules to persist beyond the transition period.[479] The Commission's ultimate decision regarding the definition and location of the network edge may also impact costs for some carriers, particularly transport costs. We seek comment on how different approaches to defining the network edge may affect the allocation of costs and benefits across carriers. Are there any additional costs of having the states establish a network edge for the transition period? Would the proposals to

[478] *See, e.g.,* NTCA Feb. 9, 2026 *Ex Parte* at 2 (expressing concern over possible disproportionate burden on smaller providers serving remote areas in each state).

[479] *See id.* at 1 (requesting analysis of scenarios where legacy technology-dependent providers must upgrade their networks or contract externally to provide IP-network service). We remind providers that although we contemplate the transition to all-IP networks, providers would still be permitted to interconnect in TDM as a contractual matter. *See IP Interconnection Notice* at 21, para. 45. *See also* NTCA Feb. 2, 2026 *Ex Parte*, at 4 ("But as the Commission has adopted certain policies in the past and may consider others related to network transitions, it cannot be overlooked that such decisions have implications for the costs of serving rural high-cost areas and universal service policy more broadly – particularly in keeping service rates more affordable and ensuring that the burdens of shifting interconnection and other regulatory obligations do not fall back directly and disproportionately on rural consumers."); *but see supra* notes 58, 64 (recognizing "inefficiencies" from TDM-dependency).

establish a single point of interconnection for TDM and VoIP traffic or regional meet points on the existing IP-network within a state's borders impose new costs on carriers? If so, how? Will any new proposed administrative requirements impose additional costs on carriers that are not offset by the removal of past rules? What is the likelihood that some carriers may choose to discontinue offering voice services or change voice offerings as a result of the proposed rule changes? What is the projected likelihood of industry consolidation, and what are the expected costs and benefits—both economic and operational—associated with such consolidation?

184. *Consumer Costs.* The proposed rule changes may have transitional and long-term impacts on consumers. On balance, will consumers face increased costs or other nonmonetary burdens as a result of the proposed rule changes? If so, please explain fully. What market effects or additional costs, if any, would be imposed on end users if some end users choose to discontinue their existing wireline voice service in response to rate changes or changes to offerings? What share of those customers are likely to take advantage of voice service offered via wireless or other IP-based voice providers? How do rates for mobile voice and VoIP-based services compare to current rates for traditional PSTN service? What upfront expenses or logistical hurdles, such as sign-up fees or equipment requirements, do consumers face when transitioning to alternative voice services? What should consumers expect from the long-term effects of the proposed rule changes and the costs they face for continuing to use switched access voice calling service?

185. *IP Transition.* The ultimate goal of the proposed reforms in this *Notice*, along with related Notices addressing the IP transition, is to encourage carriers to migrate to fully IP-based networks. Such a transition may introduce additional costs and benefits. Should we consider the potential costs and benefits of this transition to all-IP when evaluating the merits of the proposed rules? If so, how should we measure the impact, given that some carriers may have already transitioned to all-IP networks absent the proposed rule changes? If carriers have already transitioned to a fully IP-based network, we seek comment on their experiences including any benefits they realized over maintaining legacy TDM networks. What would be the potential benefits, to carriers and customers, of carriers transitioning their network to fully IP-based networks? What would be the costs to carriers to move to IP-based networks? Will customers face increased prices or other costs as a result of a carrier's decision to move to IP-based networks? Or, will the efficiency expected from all-IP networks result in lower costs and greater choice for consumers?

186. *USF Impact.* The proposed phase down of CAF ICC support and rule changes to CAF BLS will impact USF expenditures. We seek comment on whether these direct reductions in USF expenditures should be considered a benefit. To what extent will these savings translate into lower contribution burdens or improved sustainability of the Fund? We also seek comment on whether any of the proposed rule changes may result in temporary increased USF expenditures. What may this increase be and should the potential increase in USF expenditures be considered a cost to the broader base of contributors to the fund? Finally, are there systemic risks or unintended consequences related to the financial stability of impacted carriers that the Commission should consider in evaluating the overall impact of the proposed reforms?

H. Legal Authority

187. In this section, we seek comment on our legal authority to implement the proposals in this *Notice* to comprehensively reform our treatment of access charges, end-user charges, and tariffing requirements.

188. *Sections 251(b)(5) and 201(b)*. Consistent with precedent, we propose to rely on sections 251(b)(5) and 201(b) of the Act to transition all remaining interstate and intrastate access charges, whether originating or terminating, to bill-and-keep.[480] The Commission has recognized that its "statutory

[480] 47 U.S.C. §§ 201(b), 251(b)(5). *See supra* Section IV.A.4 (Implementation of the Transition to Bill-and-Keep).

authority to implement bill-and-keep as the default framework for the exchange of traffic with LECs flows directly from sections 251(b)(5) and 201(b) of the Act."[481] Section 251(b)(5) states that LECs have a "duty to establish reciprocal compensation arrangements for the transport and termination of telecommunications."[482] In the *USF/ICC Transformation Order*, the Commission "br[ought] all traffic within the section 251(b)(5) regime," including access traffic.[483] Doing so, the Commission explained, "is key to advancing [the Commission's] goals of eliminating the thicket of disparate intercarrier compensation rates and payments that are ultimately borne by consumers."[484] In addition to providing the substantive authority for various rules and requirements, the Supreme Court in *AT&T Corp. v. Iowa Utilities Board*, held that "the grant in § 201(b) means what it says: The FCC has rulemaking authority to carry out the 'provisions of this Act,' which include §§ 251 and 252."[485] Thus, we intend to rely on sections 251(b) and 201(b) to implement changes to the pricing methodology governing the exchange of traffic with LECs. We seek comment on this proposal.

189. This statutory authority also allows us to establish a transition plan, as proposed, to bring remaining interstate and intrastate access charges to bill-and-keep. Indeed, the Commission's pre-existing regimes for establishing reciprocal compensation rates for section 251(b)(5) traffic have been upheld as lawful[486] and, as the U.S. Court of Appeals for the D.C. Circuit has recognized, "[w]hen necessary to avoid excessively burdening carriers, the gradual implementation of new rates and policies is a standard tool of the Commission," and a transition "may certainly be accomplished gradually to permit the affected carriers, subscribers and state regulators to adjust to the new pricing system, thus preserving the efficient operation of the interstate telephone network during the interim."[487]

190. We also intend to rely on our section 201(b) authority to eliminate ex ante pricing regulation of end-user Telephone Access Charges. Section 201(b) of the Act specifies that "[a]ll charges, practices, classifications, and regulations for and in connection with such communication service, shall be just and reasonable, and any such charge, practice, classification, or regulation that is unjust or unreasonable is declared to be unlawful."[488] It also allows the Commission to "prescribe such rules and regulations as may be necessary in the public interest to carry out the provisions of this chapter."[489] This authority necessarily includes the authority to opt not to regulate—or to deregulate—carriers' interstate rates if such regulation is no longer necessary and thus, deregulation is in the public interest.[490] Even if we eliminate our current pricing regulations, any violations of the reasonableness and nondiscrimination

[481] *USF/ICC Transformation Order*, 26 FCC Rcd at 17914, para. 760.

[482] 47 U.S.C. § 251(b)(5).

[483] *USF/ICC Transformation Order*, 26 FCC Rcd at 17916, para. 764.

[484] *Id.* at 17916, para. 764.

[485] *AT&T Corp. v. Iowa Utils. Bd.*, 525 U.S. 366, 378 (1999) (recognizing the Commission's rulemaking authority under section 201(b)); *see also USF/ICC Transformation Order*, 26 FCC Rcd at 17914-15, paras. 760-62.

[486] *See, e.g.*, *In re FCC 11-161*, 753 F.3d at 1123; *AT&T Corp. v. Iowa Utils. Bd.*, 525 U.S. at 384-85 (upholding the Commission's authority to adopt a pricing methodology for section 251(b)(5) traffic); *Core Commc'ns, Inc. v. FCC*, 592 F.3d 139 (D.C. Cir. 2010) (upholding the Commission's reciprocal compensation regime for ISP-bound traffic).

[487] *USF/ICC Transformation Order*, 26 FCC Rcd at 17938, para. 809 (citing *Nat'l Ass'n of Regulatory Util. Comm'rs v. FCC*, 737 F.2d 1095, 1135-36 (D.C. Cir. 1984)).

[488] 47 U.S.C. § 201(b).

[489] *Id.*

[490] *Cf. Policies and Rules Concerning Rates for Competitive Common Carrier Services and Facilities Authorizations Therefor*, CC Docket No. 79-252, Second Report and Order, 91 F.C.C.2d 59, 71, para. 24 (1982) (stating that Congress did not mean for the tariffing requirement in section 203 to be the only means of achieving the goal of reasonable rates, and consequently eliminating the tariffing requirements for competitive entities).

requirements of sections 201 and 202 of the Act could be addressed through the complaint process under section 208 of the Act.[491] We seek comment on this analysis.

191. *Forbearance Authority*. We intend to rely on our authority under section 10 of the Act to forbear from the application of section 203 tariffing requirements and any associated regulations to the extent necessary to detariff all access charges, including for international interexchange services and end-user TACs, on a mandatory basis.[492] An integral element of the "pro-competitive, de-regulatory national policy framework" adopted in the 1996 Act is the Commission's forbearance authority under section 10.[493] Section 10 of the Act, as amended by the 1996 Act, requires the Commission to forbear from applying the Act or its rules to a telecommunications carrier or a telecommunications service if the Commission determines that: (1) enforcement "is not necessary to ensure that the charges, practices, classifications, or regulations . . . are just and reasonable and are not unjustly or unreasonably discriminatory," (2) enforcement "is not necessary for the protection of consumers," and (3) "forbearance from applying such provision or regulation is consistent with the public interest."[494] In making the public interest determination, the Commission must also consider, pursuant to section 10(b) of the Act, "whether forbearance from enforcing the provision or regulation will promote competitive market conditions."[495] Forbearance is required only if all three criteria are satisfied.[496] The Commission has previously relied on its forbearance authority to detariff and deregulate interstate services.[497] We seek comment on whether the forbearance criteria are met with respect to mandatory detariffing of access charges, including TACs, and interexchange service charges.

192. Relatedly, we tentatively conclude that we need not adopt or apply a formal market-power analysis or conclude that incumbent LECs are nondominant in in the provision of switched access services before we can find that forbearance from access charge regulation is justified. We seek comment on this tentative conclusion. The Commission has previously determined that incumbent LECs possess

[491] 47 U.S.C. §§ 201-202, 208.

[492] *Supra* Sections IV.A.2 (Proposed Transition of Remaining Access Charges to Bill-and-Keep), IV.A.5 (Forbearance from Section 203 Tariffing Obligations), and IV.B.1.b (Deregulating Telephone Access Charges).

[493] *Policy and Rules Concerning the Interstate, Interexchange Marketplace et al*., CC Docket No. 96-61, Second Report and Order, 11 FCC Rcd 20730, 20731-32, para. 1, n.2 (1996); 47 U.S.C. § 160.

[494] 47 U.S.C. § 160(a). *Cellular Telecomms. & Internet Ass'n v. FCC*, 330 F.3d 502, 509 (D.C. Cir. 2003) (explaining that the three prongs of section 10(a) are conjunctive and that the Commission could properly deny a petition for failure to meet any one prong); 47 U.S.C. § 160(d).

[495] 47 U.S.C. § 160(b).

[496] *Id.* § 160(a).

[497] *Id.* § 203(a); *e.g.*, 47 CFR § 51.917 (Access Recovery Charge); *id.* § 69.4(a) ("The end user charges . . . filed with this Commission shall include charges for the End User Common Line element [(also known as the Subscriber Line Charge)]."); *see, e.g.*, *Petition of ACS of Anchorage, Inc., Pursuant to Section 10 of the Communications Act of 1934, as Amended (47 U.S.C. § 160(c)), for Forbearance from Certain Dominant Carrier Regulation of Its Interstate Access Services, and for Forbearance from Title II Regulation of Its Broadband Services, in the Anchorage, Alaska, Incumbent Local Exchange Carrier Study Area*, WC Docket No. 06-109, Memorandum Opinion and Order, 22 FCC Rcd 16304, 16307, para. 4 (2007) (granting forbearance from tariffing and pricing rules for interstate switched access services provided by dominant carriers) (*ACS Forbearance Order*); *UNE Transport Forbearance Order*, 34 FCC Rcd at 5775, para. 15 (forbearing from tariffing requirements for Business Data Services TDM transport services in price cap areas); *2001 International Interexchange Order*, 16 FCC Rcd at 10684, para. 83 (forbearing from tariffing requirements for international interexchange services provided by nondominant carriers); *Access Charge Reform et al.*, CC Docket No. 96-262, Seventh Report and Order and Further Notice of Proposed Rulemaking, 16 FCC Rcd 9923, 9956, para. 82 (2001) (forbearing from tariffing requirements for competitive local exchange carrier interstate switched access services that are above the benchmark); *see also Detariffing of Billing and Collection Services*, CC Docket No. 85-88, Report and Order, 102 F.C.C.2d 1150, 1151, para. 1 (1986) (detariffing billing and collection and removing those services from the access charge rules).

market power (and are thus dominant)[498] in the provision of originating and terminating switched access services.[499] However, the Commission's objective in making such a determination has not been to preserve any particular technology but to ensure that end users have access to voice services at just and reasonable rates, consistent with our statutory obligation.[500] And, in the context of its forbearance analysis, the Commission has adopted a flexible approach in evaluating whether the forbearance criteria are met.[501] We also note that the D.C. Circuit has held that "[o]n its face" section 10 "imposes no particular mode of market analysis or level of geographic rigor," but "allow[s] the forbearance analysis to vary depending on the circumstances."[502] We therefore tentatively conclude that we need not adopt or apply a formal market power analysis or find that the entities being granted forbearance are nondominant before we can exercise our forbearance authority. We seek comment on these issues.

193. *Preemption*. To the extent there are states that authorize or require carriers to assess intrastate access or end-user charges and thereby undermine the goals of this reform, should we consider preempting such laws or regulations on the basis that such laws or regulations conflict with the regulatory objectives of this proceeding? In general, the Commission is precluded from entering the field of intrastate communication service by section 152(b) of the Act.[503] But, the Commission may preempt state law in certain circumstances, including where state regulation "negates a valid federal policy."[504] The Supreme Court has explained that "[e]ven where Congress has not completely displaced state regulation

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[498] The Commission has long classified carriers as dominant if they possess market power (i.e., the power to control price). *See, e.g.*, *Competitive Carrier First Report and Order*, 85 F.C.C.2d at 11, para. 25.

[499] *2010 Qwest Forbearance Order*, 25 FCC Rcd at 8664, para. 79. It is true that the Commission later made a determination that incumbent LECs are nondominant in the provision of interstate switched access. *See 2016 Technology Transitions Declaratory Ruling*, 31 FCC Rcd at 8290, para. 19. However, the Commission made that determination in the context of easing discontinuance obligations and against the backdrop of the reforms made in the *USF/ICC Transformation Order*. Indeed, the Commission explained that the reforms in the *USF/ICC Transformation Order* "prevent incumbent LECs from charging IXCs excessive rates for switched access or inappropriately shifting costs among rate elements." *Id.*, 31 FCC Rcd at 8292, para. 27. On that basis, the Commission concluded that incumbent LECs "are already divested of market power in their provision of interstate switched access services under these rules." *Id.* In effect, then, the Commission's conclusions were based on "changes to the regulatory structure of interstate switched access" and not on any explicit finding that there was actually competition in the provision of these services. *Id.* at 8293, para. 29.

[500] *See, e.g.*, *Competitive Carrier First Report and Order*, 85 F.C.C.2d at 6, para. 15 (explaining that "the power to keep prices above full costs . . . mean[s] the firm could violate the 'just and reasonable' mandate of the Act"). Indeed, the Commission has found that "competition is the most effective means of ensuring that the charges, practices, classifications and regulations . . . are just and reasonable, and not unjustly or unreasonably discriminatory." *Petition of US West Communications, Inc. For A Declaratory Ruling Regarding the Provision of National Directory Assistance*, *Petition of US West Communications, Inc. for Forbearance; The Use of N11 Codes and Other Abbreviated Dialing Arrangements*, CC Docket Nos. 97-172 and 92-105, Memorandum Opinion and Order, 14 FCC Rcd 16252, 16270, para. 31 (1999).

[501] *See, e.g.*, *Petition of Qwest Corporation for Forbearance Pursuant to 47 U.S.C. § 160(c) In the Omaha Metropolitan Statistical Area*, WC Docket No. 04-223, Memorandum Opinion and Order, 20 FCC Rcd 19415, 19425, para. 17 n.52 (2005) (explaining that while the Commission "look[s] to the Commission's previous caselaw on dominance for guidance," the traditional market power inquiry does not "bind [the Commission's] section 10 *forbearance* analysis") (emphasis in original); *ACS Forbearance Order*, 22 FCC Rcd at 16315, para. 20 (noting that, as part of its forbearance request that "ACS is not seeking a declaratory ruling that it is nondominant"); *AT&T Forbearance Order*, 22 FCC Rcd at 18716, para. 20. (considering "marketplace conditions" for the services subject to forbearance "broadly" but not making a determination regarding dominance).

[502] *EarthLink, Inc. v. FCC*, 462 F.3d 1, 8 (D.C. Cir. 2006).

[503] 47 U.S.C. § 152(b).

[504] *Nat'l Ass'n of Regulatory Util. Comm'rs v. FCC*, 880 F.2d 422, 431 (D.C. Cir. 1989).

in a specific area, state law is nullified to the extent that it actually conflicts with federal law."[505] Such a conflict can arise when a law "stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress."[506] While there are no "precise guidelines" governing when state law creates such an obstacle, the Supreme Court has acknowledged that federal agencies "have a unique understanding of the statutes they administer and an attendant ability to make informed determinations about how state requirements may pose" such an obstacle.[507] Additionally, the Supreme Court has found that the inquiry into whether state law poses an obstacle sufficient to allow preemption requires consideration of "the relationship between state and federal laws as they are interpreted and applied, not merely as they are written."[508] One situation in which the Supreme Court has determined that state law can interfere with federal goals is when such a law is at odds with Congress's intent to create a uniform system of federal regulation.[509]

194. Furthermore, a federal agency acting within the scope of its authority may preempt state law.[510] When federal regulation is said to preempt state law, the key issue is not whether Congress explicitly intended to override state authority, but whether the regulation itself has the force to displace state law.[511] In other words, the relevant question is whether Congress has delegated the authority to act in a sphere, and whether the agency has exercised that authority in a manner that preempts state law. The Supreme Court also has explained that "an 'assumption' of nonpre-emption [sic] is not triggered when the State regulates in an area where there has been a history of significant federal presence."[512]

195. The Commission undoubtedly has authority under section 201(b) to ensure that rates and charges for and in connection with interstate and international telecommunications services are just and reasonable.[513] And the Commission's regulation of those services involves an area that has long been subject to extensive federal regulation. Since the original enactment of the Act, section 2(a) has made clear that the Act applies to "all interstate and foreign communication by wire or radio," and section 201(b) has directed the Commission to ensure that rates and charges for or in connection with interstate

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[505] *See, e.g.*, *Hillsborough County v. Automated Med. Labs., Inc.*, 471 U.S. 707, 713 (1985).

[506] *Hines v. Davidowitz*, 312 U.S. 52, 67 (1941) (*Hines*); *Geier v. Am. Honda Motor Co.*, 529 U.S. 861, 873 (2001) ("This Court, when describing conflict pre-emption, has spoken of pre-empting state law that 'under the circumstances of th[e] particular case . . . stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress'—whether that 'obstacle goes by the name of 'conflicting; contrary to . . . repugnance; difference; irreconcilability; inconsistency; violation; curtailment . . . interference,' or the like." (quoting *Hines*, 312 U.S. at 67)).

[507] *City of Burbank v. Lockheed Air Terminal, Inc.*, 411 U.S. 624, 638 (1973); *Wyeth v. Levine*, 555 U.S. 555, 577 (2009).

[508] *Jones v. Rath Packing Co.*, 430 U.S. 519, 526 (1977).

[509] *See, e.g.*, *Hines*, 312 U.S. at 69 (concluding that because Congress had created a "broad and comprehensive plan" regarding the terms and conditions upon which non-citizens may enter the country and because the federal government has control over foreign relations, the government's plan preempted a more stringent plan adopted by Pennsylvania).

[510] *La. Pub. Serv. Comm'n v. FCC*, 476 U.S. 335, 369 (1986).

[511] *City of New York v. FCC*, 486 U.S. 57, 64 (1988) (quoting *Fidelity Fed. Savings & Loan Ass'n v. De la Cuesta*, 458 U.S. 141, 154 (1982)) ("[I]n a situation where state law is claimed to be pre-empted by federal regulation, a 'narrow focus on Congress' intent to supersede state law [is] misdirected,' for '[a] pre-emptive regulation's force does not depend on express congressional authorization to displace state law.'").

[512] *United States v. Locke*, 529 U.S. 89, 107-108 (2000).

[513] 47 U.S.C. § 201(b). In fact, "Congress intended the 1996 Act to apply to intrastate communications and expressly allowed the FCC to preempt state law." *In re FCC 11-161*, 753 F.3d at 1120 (citations omitted).

and foreign communication services are just and reasonable.[514] We thus propose to find that section 201(b) provides us with authority to preempt state laws and regulations allowing or requiring carriers to assess access or end-user charges in connection with intrastate services. We seek comment on this analysis. Do state laws that may require or allow carriers to assess access or end-user charges conflict with the deregulatory objectives we propose today? Why or why not? We also invite comment on the extent to which preemption is relevant to the transition to all-IP networks. We propose to find that a failure to preempt state laws that may require or allow carriers to assess access or end-user charges would only further incentivize carriers to retain TDM-based networks, contrary to the goals of these proceedings. Do commenters agree with this analysis? Why or why not?

196. We also invite comment on our preemption authority with respect to intrastate access charges pursuant to section 251(d)(3) of the Act.[515] Section 251(d)(3) provides that in prescribing and enforcing regulations to implement section 251, which establishes interconnection obligations, the Commission "shall not preclude the enforcement of any regulation, order, or policy of a state commission that (A) establishes access and interconnection obligations of local exchange carriers; (B) is consistent with the requirements of this section; and (C) does not substantially prevent implementation of the requirements of this section and the purposes of this part."[516] The Commission has observed that "section 251(d)(3) of the Act independently establishes a standard very similar to the judicial conflict preemption doctrine,"[517] and "[i]ts protections do *not* apply when the state regulation is inconsistent with the requirements of section 251, *or* when the state regulation substantially prevents implementation of the requirements of section 251 or the purposes of sections 251 through 261 of the Act."[518] In the *USF/ICC Transformation Order*, the Commission found that "to the extent section 251(d)(3) applies . . . it does not prevent [the Commission] from adopting rules to implement the provisions of section 251(b)(5) and applying those rules to traffic traditionally classified as intrastate access."[519] The U.S. Court of Appeals for the Tenth Circuit noted that section 251(d)(3) "preserves state regulations only if they would not substantially prevent implementation of § 251."[520] The court also held that the Commission's conclusion in the *USF/ICC Transformation Order* that intrastate access charges are obstacles to reform was "enough for the FCC to exercise its authority to preempt intrastate access charges under § 251(d)(3)."[521] We seek comment on our authority to preempt intrastate access charges pursuant to section 251(d)(3). The Commission has stated that while "the judicial conflict preemption doctrine is 'similar to' the authority provided by section 251(d)(3)," section 251(d)(3) "may grant the Commission broader preemption authority than the judicial doctrine."[522] Do commenters agree? Why or why not?

197. We also seek comment on the Commission's authority to preempt the states in defining the network edge following the transition to bill-and-keep. The Tenth Circuit has concluded that under section 252(d)(2) of the Act, "states continue to enjoy authority to arbitrate 'terms and conditions' in

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[514] 47 U.S.C. §§ 152(a); 201(b).

[515] *Id.* § 251(d)(3).

[516] *Id.*

[517] *BellSouth Telecommunications, Inc. Request for Declaratory Ruling that State Commissions May Not Regulate Broadband Internet Access Services by Requiring BellSouth to Provide Wholesale or Retail Broadband Services to Competitive LEC UNE Voice Customers*, WC Docket No. 03-251, Memorandum Opinion and Order and Notice of Inquiry, 20 FCC Rcd 6830, 6839, para. 19 (2005) (*BellSouth Memorandum Opinion and Order*).

[518] *Id.* at 6842, para. 23 (emphasis in original).

[519] *USF/ICC Transformation Order*, 26 FCC Rcd at 17918, para. 776.

[520] *In re FCC 11-161*, 753 F.3d at 1121.

[521] *Id.*

[522] *BellSouth Memorandum Opinion and Order*, 20 FCC Rcd at 6839, n.56.

reciprocal compensation."[523] And "[e]ven under bill-and-keep arrangements, states must arbitrate the 'edge' of carrier's networks."[524] Given this precedent, what is the extent of the Commission's authority to preempt states in defining the network edge? We invite comment on this and any other preemption issues that may be triggered by the actions we propose today.

198. *Section 254*. Finally, we intend to use our authority under section 254 of the Act to make any changes necessary to ensure that we minimize any adverse impact of our proposed reforms on universal service contributions and support. Section 254(d) requires telecommunications carriers that provide interstate telecommunications services to "contribute, on an equitable and nondiscriminatory basis, to the specific, predictable, and sufficient mechanisms established by the Commission to preserve and advance universal service."[525] Section 254(d) also provides our authority to require other providers of interstate telecommunications "to contribute to the preservation and advancement of universal service if the public interest so requires."[526] Section 254(e) specifies that only Eligible Telecommunications Carriers designated under section 214(e) of the Act shall be eligible to receive universal service support, and that "such support should be explicit and sufficient to achieve the purposes" of section 254 of the Act.[527] Together, these statutory provisions provide the Commission authority to revise our rules consistent with these requirements and adopt the proposals relating to universal service. We invite comment on this use of our section 254 authority.

199. Similarly, we intend to use our authority under sections 225, 251 and 715 of the Act to make any changes necessary to ensure that we minimize any adverse impact of our proposed reforms on the TRS Fund, Local Number Portability Administration, and North America Numbering Plan Administration. Sections 225 and 715 provide the Commission authority to prescribe contributions to TRS from "all subscribers for every telecommunications service" and from interconnected and non-interconnected VoIP service providers.[528] Section 251(e)(2) provides that the "cost of establishing telecommunications numbering administration arrangements and number portability shall be borne by all telecommunications carriers on a competitively neutral basis as determined by the Commission."[529] We seek comment on our authority under sections 225, 251, and 715 of the Act to minimize any adverse impacts of our proposed reforms on these programs.

V. PROCEDURAL MATTERS

200. *Ex Parte Rules*. The proceeding this *Notice* initiates shall be treated as a "permit-but-disclose" proceeding in accordance with the Commission's *ex parte* rules.[530] Persons making *ex parte* presentations must file a copy of any written presentation or a memorandum summarizing any oral presentation within two business days after the presentation (unless a different deadline applicable to the Sunshine period applies). Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must (1) list all persons attending or otherwise participating in the meeting at which the *ex parte* presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of the presentation of data or arguments already reflected in the presenter's written comments, memoranda or other filings in the proceeding, the presenter may provide citations to such data or arguments in his or her prior comments,

[523] *In re FCC 11-161*, 753 F.3d at 1126 (quoting 47 U.S.C. § 252(d)(2)).

[524] *Id.*

[525] 47 U.S.C. § 254(d).

[526] *Id.*

[527] *Id.* § 254(e).

[528] *Id.* §§ 225, 616.

[529] *Id.* § 251(e)(2).

[530] 47 CFR § 1.1206.

memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of summarizing them in the memorandum. Documents shown or given to Commission staff during *ex parte* meetings are deemed to be written *ex parte* presentations and must be filed consistent with rule 1.1206(b). In proceedings governed by rule 1.49(f) or for which the Commission has made available a method of electronic filing, written *ex parte* presentations and memoranda summarizing oral *ex parte* presentations, and all attachments thereto, must be filed through the electronic comment filing system available for that proceeding, and must be filed in their native format (e.g., .doc, .xml, .ppt, searchable .pdf). Participants in this proceeding should familiarize themselves with the Commission's *ex parte* rules.[531]

201. *Paperwork Reduction Act Analysis*. This *Notice* may contain proposed new and revised information collection requirements. The Commission, as part of its continuing effort to reduce paperwork burdens, invites the general public and the Office of Management and Budget (OMB) to comment on the information collection requirements contained in this document, as required by the Paperwork Reduction Act of 1995, Public Law 104-13. In addition, pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198, *see* 44 U.S.C § 3506(c)(4), we seek specific comment on how we might further reduce the information collection burden for small business concerns with fewer than 25 employees.

202. *Providing Accountability Through Transparency Act*. Consistent with the Providing Accountability Through Transparency Act, Public Law 118-9, a summary of this document will be available on https://www.fcc.gov/proposed-rulemakings.

203. *Regulatory Flexibility Act*. The Regulatory Flexibility Act of 1980, as amended (RFA),[532] requires that an agency prepare a regulatory flexibility analysis for notice-and-comment rulemaking proceedings, unless the agency certifies that "the rule will not, if promulgated, have a significant economic impact on a substantial number of small entities."[533] Accordingly, the Commission has prepared an Initial Regulatory Flexibility Analysis (IRFA) concerning potential rule and policy changes contained in this *Notice*. The IRFA is set forth in Appendix B. The Commission invites the general public, in particular small businesses, to comment on the IRFA. Comments must be filed by the deadlines for comments on the *Notice* indicated on the first page of this document and must have a separate and distinct heading designating them as responses to the IRFA.

204. *Filing of Comments and Reply Comments*. Pursuant to sections 1.415 and 1.419 of the Commission's rules, 47 CFR §§ 1.415, 1.419, interested parties may file comments and reply comments on or before the dates indicated on the first page of this document. All filings must refer to WC Docket Nos. 25-311 and 25-208. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS).

- *Electronic Filers*: Comments may be filed electronically using the Internet by accessing the ECFS: https://www.fcc.gov/ecfs. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 FR 24121 (1998).
- *Paper Filers*: Parties who choose to file by paper must file an original and one copy of each filing.
    - Filings can be sent by hand or messenger delivery, by commercial courier, or by the U.S. Postal Service. **All filings must be addressed to the Secretary, Federal Communications Commission.**

[531] *Id.* §§ 1.1200-1216.

[532] 5 U.S.C. §§ 601 *et seq*., as amended by the Small Business Regulatory Enforcement and Fairness Act (SBREFA), Pub. L. No. 104-121, 110 Stat. 847 (1996).

[533] *Id.* § 605(b).

- Hand-delivered or messenger-delivered paper filings for the Commission's Secretary are accepted between 8:00 a.m. and 4:00 p.m. by the FCC's mailing contractor at 9050 Junction Drive, Annapolis Junction, MD 20701. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes and boxes must be disposed of before entering the building.
- Commercial courier deliveries (any deliveries not by the U.S. Postal Service) must be sent to 9050 Junction Drive, Annapolis Junction, MD 20701.
- Filings sent by U.S. Postal Service First-Class Mail, Priority Mail, and Priority Mail Express must be sent to 45 L Street NE, Washington, DC 20554.

205. Comments and reply comments must include a short and concise summary of the substantive arguments raised in the pleading. Comments and reply comments must also comply with section 1.49 and all other applicable sections of the Commission's rules. We direct all interested parties to include the name of the filing party and the date of the filing on each page of their comments and reply comments. All parties are encouraged to use a table of contents, regardless of the length of their submission. We also strongly encourage parties to track the organization set forth in this *Notice* to facilitate our internal review process.

206. *People with Disabilities*: To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at 202-418-0530.

207. *Contact Persons*. For further information about this proceeding, please contact Erik Raven-Hansen, Pricing Policy Division, Wireline Competition Bureau, at (202) 418-1532 or erik.raven-hansen@fcc.gov or Irina Asoskov, Pricing Policy Division, Wireline Competition Bureau, at (202) 418-2196 or irina.asoskov@fcc.gov.

VI. ORDERING CLAUSES

208. Accordingly, IT IS ORDERED, pursuant to sections 1, 4(i)-(j), 10, 201-206, 214, 218-220, 225, 251-254, ,403, of the Communications Act of 1934, as amended, and section 706 of the Telecommunications Act of 1996, 47 U.S.C. §§ 151, 152, 154(i)-(j), 160, 201-206, 214, 218-220, 225, 251-254, 403, 1302, and sections 1.1 and 1.1421 of the Commission's rules, 47 C.F.R. §§ 1.1, 1.421, this Notice of Proposed Rulemaking IS ADOPTED.[534]

209. IT IS FURTHER ORDERED that, pursuant to applicable procedures set forth in sections 1.415 and 1.419 of the Commission's rules, 47 CFR §§ 1.415, 1.419, interested parties may file comments on this Notice of Proposed Rulemaking on or before 60 days after publication in the Federal Register, and reply comments on or before 90 days after publication in the Federal Register.

[534] Pursuant to Executive Order 14215, 90 Fed. Reg. 10447 (Feb. 20, 2025), this regulatory action has been determined to be economically significant under Executive Order 12866, 58 Fed. Reg. 68708 (Dec. 28, 1993).

210. IT IS FURTHER ORDERED that the Commission's Office of the Secretary, SHALL SEND a copy of this Notice of Proposed Rulemaking, including the Initial Regulatory Flexibility Analysis, to the Chief Counsel for Advocacy of the Small Business Administration.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch
Secretary

APPENDIX A

Proposed Rules

For the reasons set forth above, the Federal Communications Commission proposes to amend Parts 43, 51, 54, 61, 64, and 69 of Title 47 of the Code of Federal Regulations as follows:

PART 43—REPORTS OF COMMUNICATION COMMON CARRIERS, PROVIDERS OF INTERNATIONAL SERVICES AND CERTAIN AFFILIATES

1. The authority citation for part 43 continues to read as follows:

Authority: 47 U.S.C. 35-39, 154, 211, 219, 220; sec. 402(b)(2)(B), (c), Pub. L. 104-104, 110 Stat. 129.

2. Amend § 43.51 by modifying paragraph (b) to read as follows:

§ 43.51 Contracts and concessions.

* * * * *

(b) A carrier that is engaged in domestic communications and has not been classified as non-dominant pursuant to § 61.3 of this Chapter must comply with the requirements of paragraph (a) of this section.

PART 51—INTERCONNECTION

3. The authority citation for part 51 continues to read as follows:

Authority: 47 U.S.C. 151-55, 201-05, 207-09, 218, 225-27, 251-52, 271, 332, unless otherwise noted.

4. Amend § 51.907 by adding paragraph (l) to read as follows:

§ 51.907 Transition of price cap carrier access charges.

* * * * *

(l) **Transition of Remaining Switched Access Charges.**

(1) As of [EFFECTIVE DATE OF COMMISSION ORDER ADOPTING REFORMS], each Price Cap Carrier shall cap all intrastate and interstate switched access service rates not yet capped. This includes all charges associated with switched access rate elements specified in Part 69, as well as any functionally equivalent intrastate rate elements.

(2) ***Step 1.*** Beginning [July 1, XXXX], and notwithstanding any other provision of the Commission's rules, each Price Cap Carrier shall reduce all intrastate and interstate switched access service rates not yet transitioned to bill-and-keep to sixty-six percent (66%) of the amount of such charges in paragraph (l)(1). This includes all charges associated with switched access rate elements specified in Part 69, as well as any functionally equivalent intrastate rate elements.

(3) ***Step 2.*** Beginning [July 1, XXXX], and notwithstanding any other provision of the Commission's rules, each Price Cap Carrier shall reduce all intrastate and interstate switched access service rates not yet transitioned to bill-and-keep to thirty-three percent (33%) of the amount of such charges in paragraph (l)(1). This includes all charges associated with switched access rate elements specified in Part 69, as well as any functionally equivalent

intrastate rate elements.

(4) ***Step 3***. Beginning [July 1, XXXX], and notwithstanding any other provision of the Commission's rules, each Price Cap Carrier shall reduce all intrastate and interstate switched access service rates not yet transitioned to bill-and-keep to bill-and-keep. This includes all charges associated with switched access rate elements specified in Part 69, as well as any functionally equivalent intrastate rate elements.

5. Amend § 51.909 by adding paragraph (p) to read as follows:

§ 51.909 Transition of rate-of-return carrier access charges.

* * * * *

(p) **Transition of Remaining Access Charges.**

(1) As of [EFFECTIVE DATE OF COMMISSION ORDER ADOPTING REFORMS], each Rate-of-Return Carrier shall cap all intrastate and interstate switched access service rates not yet capped. This includes all charges associated with switched access rate elements specified in Part 69, as well as any functionally equivalent intrastate rate elements.

(2) ***Step 1***. Beginning [July 1, XXXX], and notwithstanding any other provision of the Commission's rules, each Rate-of-Return Carrier shall reduce all intrastate and interstate switched access service rates not yet transitioned to bill-and-keep to sixty-six percent (66%) of the amount of such charges in paragraph (p)(1). This includes all charges associated with switched access rate elements specified in Part 69, as well as any functionally equivalent intrastate rate elements.

(3) ***Step 2***. Beginning [July 1, XXXX], and notwithstanding any other provision of the Commission's rules, each Rate-of-Return Carrier shall reduce all intrastate and interstate switched access service rates not yet transitioned to bill-and-keep to thirty-three percent (33%) of the amount of such charges in paragraph (p)(1). This includes all charges associated with switched access rate elements specified in Part 69, as well as any functionally equivalent intrastate rate elements.

(4) ***Step 3***. Beginning [July 1, XXXX], and notwithstanding any other provision of the Commission's rules, each Rate-of-Return Carrier shall reduce all intrastate and interstate switched access service rates not yet transitioned to bill-and-keep to bill-and-keep. This includes all charges associated with switched access rate elements specified in Part 69, as well as any functionally equivalent intrastate rate elements.

6. Amend § 51.915 by adding paragraph (e)(6) to read as follows:

§ 51.915 Recovery mechanism for price cap carriers.

* * * * *

(e) * * *

(6) **Detariffing of Price Cap Carriers' Access Recovery Charge**. As set forth in § 61.27 of this chapter, all Price Cap Carriers must detariff their Access Recovery Charges as of [DATE].

7. Amend § 51.917 by adding paragraphs (e)(7) and (f)(6) to read as follows:

§ 51.917 Recovery mechanism for Rate-of-Return Carriers.

* * * * *

(e) * * *

(7) As set forth in § 61.27 of this chapter, all Rate-of-Return carriers must detariff their Access Recovery Charges as of [DATE].

(f) * * *

(6) CAF ICC transition for rate-of-return carriers.

(i) Effective June 30, [YEAR IN WHICH THE TRANSITION TO BILL-AND-KEEP IS COMPLETED], all CAF ICC calculations required by this section shall cease to be performed.

(ii) Beginning July 1, [YEAR THAT BEGINS THE TARIFF YEAR IMMEDIATELY FOLLOWING THE ONE IN WHICH THE TRANSITION TO BILL-AND-KEEP IS COMPLETED], a Rate-of-Return Carrier may receive no more than sixty-six percent (66%) of the amount of CAF ICC support it received in the [TARIFF YEAR IN WHICH THE TRANSITION TO BILL-AND-KEEP IS COMPLETED].

(iii) Beginning July 1, [YEAR THAT BEGINS THE SECOND TARIFF YEAR I FOLLOWING THE ONE IN WHICH THE TRANSITION TO BILL-AND-KEEP IS COMPLETED], a Rate-of-Return Carrier may receive no more than thirty-three percent (33%) of the amount of CAF ICC support it received in the [TARIFF YEAR IN WHICH THE TRANSITION TO BILL-AND-KEEP IS COMPLETED].

(iv) Beginning July 1, [YEAR THAT BEGINS THE THIRD TARIFF YEAR FOLLOWING THE ONE IN WHICH THE TRANSITION TO BILL-AND-KEEP IS COMPLETED], a Rate-of-Return Carrier may no longer receive CAF ICC support.

PART 54—UNIVERSAL SERVICE

8. The authority citation for part 54 continues to read as follows:

Authority: 47 U.S.C. 151, 154(i), 155, 201, 205, 214, 219, 220, 229, 254, 303(r), 403, 1004, 1302, 1601-1609, and 1752 unless otherwise noted.

9. Amend § 54.901 by revising paragraph (a) and adding paragraph (h) to read as follows:

§ 54.901 Calculation of Connect America Fund Broadband Loop Support.

(a) Subject to the requirements of paragraph (h) of this section, Connect America Fund Broadband Loop Support (CAF BLS) available to a rate-of-return carrier shall equal the Interstate Common Line Revenue Requirement per Study Area, plus the Consumer Broadband-Only Revenue Requirement per Study Area as calculated in accordance with part 69 of this chapter, minus:

***

(h) In calculating support pursuant to paragraph (a), if a rate-of-return carrier is subject to detariffing pursuant to § 61.27 of this chapter, the values for paragraphs (a)(1) and (a)(4) shall be as follows:

(1) The study area revenues obtained from end user common line charges shall be set at $6.50 per line per month for residential and single-line business lines and $9.20 per line per month for multiline business lines;

(2) any line port costs in excess of basic analog service as described in § 69.130 of this chapter being assessed on [EFFECTIVE DATE OF COMMISSION ORDER ADOPTING REFORMS].

PART 61—TARIFFS

10. The authority citation for part 61 continues to read as follows:

Authority: 47 U.S.C. 151, 154(i), 154(j), 201-205, 403, unless otherwise noted.

11. Amend § 61.19 by deleting paragraphs (b) through (e) and amending paragraph (a) to read as follows:

§ 61.19 Detariffing of international and interstate, domestic interexchange services.

Carriers shall not file tariffs for the provision of international and interstate domestic interexchange services.

12. Amend § 61.26 by adding paragraph (h) to read as follows:

§ 61.26 Tariffing of competitive interstate switched exchange access services.

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(h) Within 15 days of the effective date that the competing ILEC detariffs its switched access charges effective July 1 [YEAR THAT IS LAST YEAR OF THE TRANSITION], a competitive local exchange carrier must detariff all interstate switched access charges. This includes all charges for switched access rate elements specified in Part 69, or the functional equivalents.

13. Add § 61.27 to subpart C to read as follows:

§ 61.27 Detariffing of intercarrier and end-user access charges.

(a) An incumbent local exchange carrier as defined in § 51.5 of this chapter shall detariff all of the interstate and intrastate switched access carrier-to-carrier charges moved to bill-and-keep in §§ 51.907(l) and 51.909(p) and all of the interstate switched access end user charges by July 1 [YEAR THAT IS LAST YEAR OF THE TRANSITION].

(b) A rate-of-return local exchange carrier participating in a National Exchange Carrier Association interstate access tariff must remove its interstate switched access carrier-to-carrier charges and interstate switched access end user charges from the corresponding tariffs on the date the detariffing requirement in paragraph (a) of this section takes place. As of that date, the National Exchange Carrier Association may no longer pool any costs or revenues associated with detariffed offerings.

(c) Interstate and intrastate switched access carrier-to-carrier charges and interstate switched access end user charges shall not be subject to *ex ante* pricing regulation once detariffed.

14. Remove and reserve § 61.28.

§ 61.28 [Removed and Reserved]

PART 64—MISCELLANEOUS RULES RELATING TO COMMON CARRIERS

15. The authority citation for part 64 continues to read as follows:

AUTHORITY: 47 U.S.C. 151, 152, 154, 201, 202, 217, 218, 220, 222, 225, 226, 227, 227b, 228, 251(a), 251(e), 254(k), 255, 262, 276, 403(b)(2)(B), (c), 616, 620, 716, 1401–1473, unless otherwise noted; Pub. L. 115–141, Div. P, sec. 503, 132 Stat. 348, 1091; Pub. L. 117–338, 136 Stat. 6156.

Subpart R—Geographic Rate Averaging and Rate Integration

16. Remove and reserve subpart R.

Subpart R [Removed and Reserved]

Subpart S—Nondominant Interexchange Carrier Certifications Regarding Geographic Rate Averaging and Rate Integration Requirements

17. Remove and reserve subpart S.

Subpart S [Removed and Reserved]

Subpart CC—Customer Account Record Exchange Requirements

18. Remove and reserve subpart CC.

Subpart CC [Removed and Reserved]

PART 69—ACCESS CHARGES

19. The authority citation for part 69 continues to read as follows:

Authority: 47 U.S.C. 154, 201, 202, 203, 205, 218, 220, 254, 403.

20. Amend § 69.4 by revising paragraph (a) to read as follows and removing and reserving paragraphs (b), and (d):

§ 69.4 Charges to be filed.

(a) As of July 1, [YEAR THAT IS THE LAST YEAR OF THE TRANSITION], no switched access charges shall be filed with the Commission. This includes all charges for switched access rate elements specified in Part 69.

(b) [Removed and Reserved]

(c) ***

(d) [Removed and Reserved]

21. Amend § 69.5 by revising paragraph (a) to read as follows and removing and reserving paragraphs (b) and (c):

§ 69.5 Persons to be assessed.

(a) End user charges shall be computed and assessed upon providers of public telephones, as defined in this subpart, and as provided in subpart B of this part.

(b) [Removed and Reserved]

(c) [Removed and Reserved]

APPENDIX B

Initial Regulatory Flexibility Analysis

1. As required by the Regulatory Flexibility Act of 1980, as amended (RFA),[1] the Federal Communications Commission (Commission) has prepared this Initial Regulatory Flexibility Analysis (IRFA) of the policies and rules proposed in the *Notice of Proposed Rulemaking* (*Notice*) assessing the possible significant economic impact on small entities. The Commission requests written public comments on this IRFA. Comments must be identified as responses to the IRFA and must be filed by the deadlines for comments specified on the first page of the *Notice*. The Commission will send a copy of the *Notice*, including this IRFA, to the Chief Counsel for the Small Business Administration (SBA) Office of Advocacy.[2] In addition, the *Notice* and IRFA (or summaries thereof) will be published in the Federal Register.[3]

A. Need for, and Objectives of, the Proposed Rules

2. The *Notice* seeks to accelerate Internet Protocol (IP) network deployment and modernization by proposing comprehensive reform of the regulatory frameworks for intercarrier compensation, Connect America Fund Intercarrier Compensation (CAF ICC), interexchange services, and end-user charges. To encourage providers to transition all voice telecommunications from Time Division Multiplexing (TDM) to IP networks, the *Notice* proposes to move remaining intercarrier compensation charges to a bill-and-keep framework, including the detariffing of access charges. After carriers transition remaining access charges to bill-and-keep, the *Notice* seeks comment on gradually phasing out CAF ICC. The *Notice* also seeks comment on the removal of remaining regulatory obligations for interstate and international interexchange services, given the longstanding competitiveness of these markets. To enable carriers to recover costs from their end users, the *Notice* proposes to eliminate ex ante regulation and tariffing of end-user charges (also referred as Telephone Access Charges). Finally, the *Notice* seeks comment on the elimination of regulations that will no longer be necessary in a post-TDM environment and invites input on a transitional framework to ensure regulatory and market stability during the shift to a fully IP-based voice services landscape. The elimination and reform of these frameworks would create a stronger financial motivation for carriers to upgrade their networks and complete the transition to IP as soon as practicable. This shift will not only promote technological modernization but also enhance long-term efficiency, competition, and service quality for consumers.

B. Legal Basis

3. The proposed action is authorized pursuant to sections 1, 4(i)-(j), 10, 201-206, 214, 218-220, 225, 251-254, 403 of the Communications Act of 1934, as amended, and section 706 of the Telecommunications Act of 1996, 47 U.S.C. §§ 151, 152, 154(i)-(j), 160, 201-206, 214, 218-220, 225, 251-254, 403, 1302, and sections 1.1 and 1.1421 of the Commission's rules, 47 C.F.R. §§ 1.1, 1.421.

C. Description and Estimate of the Number of Small Entities to Which the Proposed Rules Will Apply

4. The RFA directs agencies to provide a description of and, where feasible, an estimate of the number of small entities that may be affected by the proposed rules, if adopted.[4] The RFA generally defines the term "small entity" as having the same meaning as the terms "small business," "small

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[1] 5 U.S.C. §§ 601 *et seq*., as amended by the Small Business Regulatory Enforcement and Fairness Act (SBREFA), Pub. L. No. 104-121, 110 Stat. 847 (1996).

[2] *Id.* § 603(a).

[3] *Id*.

[4] *Id*. § 603(b)(3).

organization," and "small governmental jurisdiction."[5] In addition, the term "small business" has the same meaning as the term "small business concern" under the Small Business Act (SBA).[6] A "small business concern" is one which: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the SBA.[7] The SBA establishes small business size standards that agencies are required to use when promulgating regulations relating to small businesses; agencies may establish alternative size standards for use in such programs, but must consult and obtain approval from SBA before doing so.[8]

5. Our actions, over time, may affect small entities that are not easily categorized at present. We therefore describe three broad groups of small entities that could be directly affected by our actions.[9] In general, a small business is an independent business having fewer than 500 employees.[10] These types of small businesses represent 99.9% of all businesses in the United States, which translates to 34.75 million businesses.[11] Next, "small organizations" are not-for-profit enterprises that are independently owned and operated and not dominant their field.[12] While we do not have data regarding the number of non-profits that meet that criteria, over 99 percent of nonprofits have fewer than 500 employees.[13] Finally, "small governmental jurisdictions" are defined as cities, counties, towns, townships, villages, school districts, or special districts with populations of less than fifty thousand.[14] Based on the 2022 U.S. Census of Governments data, we estimate that at least 48,724 out of 90,835 local government jurisdictions have a population of less than 50,000.[15]

6. The rules proposed in the *Notice* will apply to small entities in the industries identified in the chart below by their six-digit North American Industry Classification System (NAICS)[16] codes and

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[5] *Id*. § 601(6).

[6] *Id*. § 601(3) (incorporating by reference the definition of "small-business concern" in the Small Business Act, 15 U.S.C. § 632). Pursuant to 5 U.S.C. § 601(3), the statutory definition of a small business applies "unless an agency, after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definition(s) in the Federal Register."

[7] 15 U.S.C. § 632.

[8] 13 CFR § 121.903.

[9] 5 U.S.C. § 601(3)-(6).

[10] *See* SBA, Office of Advocacy, *Frequently Asked Questions About Small Business* (July 23, 2024), https://advocacy.sba.gov/wp-content/uploads/2024/12/Frequently-Asked-Questions-About-Small-Business_2024-508.pdf.

[11] *Id*.

[12] 5 U.S.C. § 601(4).

[13] *See* SBA, Office of Advocacy, *Small Business Facts, Spotlight on Nonprofits* (July 2019), https://advocacy.sba.gov/2019/07/25/small-business-facts-spotlight-on-nonprofits/.

[14] 5 U.S.C. § 601(5).

[15] *See* U.S. Census Bureau, 2022 Census of Governments –Organization, https://www.census.gov/data/tables/2022/econ/gus/2022-governments.html, tables 1-11.

[16] The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. *See* www.census.gov/NAICS for further details regarding the NAICS codes identified in this chart.

corresponding SBA size standard.[17] Based on currently available U.S. Census data regarding the estimated number of small firms in each identified industry, we conclude that the proposed rules will impact a substantial number of small entities. Where available, we also provide additional information regarding the number of potentially affected entities in the industries identified below.

Table 1. 2022 U.S. Census Bureau Data by NAICS Code

Regulated Industry (Footnotes specify potentially affected entities within a regulated industry where applicable)	NAICS Code	SBA Size Standard	Total Firms[18]	Total Small Firms[19]	% Small Firms
Wired Telecommunications Carriers[20]	517111	1,500 employees	3,403	3,027	88.95%
Wireless Telecommunications Carriers (except Satellite)[21]	517112	1,500 employees	1,184	1,081	91.30%
All Other Telecommunications[22]	517810	$40 million	1,673	1,007	60.19%

[17] The size standards in this chart are set forth in 13 CFR § 121.201, by six digit North American Industrial Classification System (NAICS) code.

[18] *U.S. Census Bureau*, "*Selected Sectors: Employment Size of Firms for the U.S.: 2022*." Economic Census, ECN Core Statistics Economic Census: Establishment and Firm Size Statistics for the U.S., Table EC2200SIZEEMPFIRM, 2025, "*Selected Sectors: Sales, Value of Shipments, or Revenue Size of Firms for the U.S.: 2022*." Economic Census, ECN Core Statistics Economic Census: Establishment and Firm Size Statistics for the U.S., Table EC2200SIZEREVFIRM, 2025.

[19] *Id.*

[20] Affected Entities in this industry include Competitive Local Exchange Carriers (CLECs), Incumbent Local Exchange Carriers (Incumbent LECs), Interexchange Carriers (IXCs), Local Exchange Carriers (LECs), Operator Service Providers (OSPs) and Other Toll Carriers.

[21] Affected Entities in this industry include Wireless Broadband Internet Access Service Providers.

[22] Affected Entities in this industry include Internet Service Providers (Non-Broadband).

Table 2. Telecommunications Service Provider Data

2024 Universal Service Monitoring Report Telecommunications Service Provider Data [23] **(Data as of December 2023)**	**SBA Size Standard (1500 Employees)**		
Affected Entity	**Total # FCC Form 499A Filers**	**Small Firms**	**% Small Entities**
Cable/Coax CLEC	67	62	92.54
CAP/CLEC	655	562	85.80
Competitive Local Exchange Carriers (CLECs)[24]	3,729	3,576	95.90
Incumbent Local Exchange Carriers (Incumbent LECs)	1,175	917	78.04
Interexchange Carriers (IXCs)	113	95	84.07
Local Exchange Carriers (LECs)[25]	4,904	4,493	91.62
Operator Service Providers (OSPs)	22	22	100
Other Toll Carriers	74	71	95.95
Wired Telecommunications Carriers[26]	4,682	4,276	91.33
Wireless Telecommunications Carriers (except Satellite)[27]	585	498	85.13

D. Description of Economic Impact and Projected Reporting, Recordkeeping, and Other Compliance Requirements for Small Entities

7. The RFA directs agencies to describe the economic impact of proposed rules on small entities, as well as projected reporting, recordkeeping and other compliance requirements, including an estimate of the classes of small entities which will be subject to the requirements and the type of professional skills necessary for preparation of the report or record.[28]

8. In the *Notice*, the Commission seeks comment on proposals that, if adopted, would reduce reporting, recordkeeping, and other compliance requirements, as small and other carriers would

[23] Federal-State Joint Board on Universal Service, Universal Service Monitoring Report at 26, Table 1.12 (2024), https://docs.fcc.gov/public/attachments/DOC-408848A1.pdf.

[24] Affected Entities in this industry include all reporting local competitive service providers.

[25] Affected Entities in this industry include all reporting fixed local service providers (competitive and incumbent LECs).

[26] Local Resellers fall into another U.S. Census Bureau industry (Telecommunications Resellers) and therefore data for these providers is not included in this industry.

[27] Affected Entities in this industry include all reporting wireless carriers and service providers.

[28] 5 U.S.C. § 603(b)(4).

then be subject to fewer regulatory burdens. We first propose to transition all remaining intercarrier compensation charges, both originating and terminating, for carriers of all types to bill-and-keep. To enable carriers to recover their costs directly from end users, we propose to eliminate ex ante pricing regulation for end-user charges and mandatorily detariff these charges nationwide for all carriers. After carriers transition remaining switched access charges to bill-and-keep, the *Notice* seeks comment on a gradual phase out of CAF ICC, particularly on how and when this should occur to ensure carriers' continued financial viability. We propose to forbear from tariffing requirements for the remaining domestic and international long-distance telecommunications services. Finally, in the *Notice* we seek comment on the costs and benefits of these proposals and whether small carriers face specific challenges resulting from transitioning remaining access charges to bill-and-keep.

9. We expect that the proposals in the *Notice* will decrease regulatory burdens on small and other carriers, and also free up resources for use in development and deployment of IP networks. The reforms, if adopted, would reduce costs of reporting and recordkeeping requirements for carriers operating legacy networks. For example, nondominant interexchange carriers would no longer need to maintain, for submission to the Commission and to state regulatory commissions upon request, price and service information regarding all of the carrier's international and interstate, domestic, interexchange service offerings.[29]

10. Commenters in related proceedings have explained that costs associated with maintaining TDM networks have been rising and that transitioning to fully IP networks offers cost and service efficiencies.[30] In this proceeding, we seek comment on the costs and benefits of the proposed rule changes, which promote the transition to IP, to better understand the impact on small and other carriers. For instance, although we do not expect carriers to need to hire additional professionals to comply with the proposals herein, we request comments on any potential burdens or costs small entities may incur in connection with these requirements, including whether they would require support to implement the proposed reforms. Furthermore, the Commission seeks comment on engaging in meetings with experts and stakeholders to provide an opportunity for all participants to give input on the most significant issues they may face.

E. Discussion of Significant Alternatives Considered That Minimize the Significant Economic Impact on Small Entities

11. The RFA directs agencies to provide a description of any significant alternatives to the proposed rules that would accomplish the stated objectives of applicable statutes, and minimize any significant economic impact on small entities.[31] The discussion is required to include alternatives such as: "(1) the establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance and reporting requirements under the rule for such small entities; (3) the use of performance rather than design standards; and (4) an exemption from coverage of the rule, or any part thereof, for such small entities."[32]

[29] 47 CFR § 42.11(a) (retention of information concerning detariffed interexchange services).

[30] *See* Letter from Tamar E. Finn, Counsel to Bandwidth Inc. and Bandwidth.com CLEC, LLC, to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 25-209 et al. (filed Sept. 19, 2025); *see also* International Center for Law & Economics Comments, WC Docket Nos. 25-208 and 25-209, at 6 (filed Aug. 22, 2025) (arguing that "[m]aintaining legacy copper networks imposes a significant deadweight loss on the economy").

[31] 5 U.S.C. § 603(c).

[32] *Id.* § 603(c)(1)-(4).

12. In the *Notice*, we seek comment on proposals and alternatives that we expect will minimize any significant economic impact of the proposed rules on small entities. Specifically, we invite comment on alternative approaches for transitioning remaining terminating access charges to bill-and-keep, in parallel with originating access charges, in ways that reduce administrative burdens.[33] In seeking comment on phasing out CAF ICC, we seek comment on alternative timelines[34] and, generally, on whether any additional support may be needed to cover one-time costs associated with upgrading networks to IP-based technology, particularly for rate-of-return carriers which typically are smaller entities.[35] We also seek comment on regulatory approaches that would mitigate concerns over cost shifting and arbitrage opportunities which might arise during the transition.[36] The Commission will fully consider the economic impact on small entities as it evaluates the comments filed in response to the *Notice*, including comments related to the costs and benefits of these proposed rules. Alternative proposals and approaches from commenters will further develop the record and could help the Commission further minimize the economic impact on small entities. The Commission's evaluation of the comments filed in this proceeding will shape the final actions it ultimately takes to minimize the economic impact of any final rules on small entities.

F. Federal Rules that May Duplicate, Overlap, or Conflict with the Proposed Rules

13. None.

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[33] *See Notice* at Section IV.A.1 (Remaining Access Charges That Are Not at Bill-and-Keep).

[34] *See Notice* at Section IV.B.2 (Phasing Out CAF ICC).

[35] *See Notice* at Section IV.E (Other Considerations).

[36] *Id.*

APPENDIX C

Initial Regulatory Impact Analysis

1. The *Notice* seeks comment on a number of potential regulatory changes that would complete the transition of the current, calling-party-pays intercarrier compensation (ICC) regime to a bill-and-keep framework; these changes, if adopted, would remove artificial incentives of carriers to preserve outdated legacy systems. The principal potential changes include: (1) capping and then phasing down and eliminating originating and terminating intrastate and interstate access charges; (2) detariffing access charges and interstate and remaining domestic interstate and international long-distance interexchange services that remain subject to tariffing requirements; and (3) phasing out the current CAF ICC support program.

2. With respect to (1), this change, if adopted, would shift responsibility for the cost of completing a call (i.e., from the calling party's network to the called party's network) and would result in a transfer of as much as $802 million per year (based on 2023 data).[1]

3. Potential change (2), if adopted, would yield administrative cost savings to carriers from not having to file tariffs of around $4.7 million.[2] With respect to (3), phasing down CAF ICC over two years, if adopted would result in a potential total decline in USF expenditures of as much as $346 million, which was the total CAF ICC support distributed in 2024.[3] This in turn would reduce the USF contribution factor from 37.6% to 35.4% of interstate and international end-user telecommunications revenues.[4]

[1] *See* FCC, Federal-State Joint Board Monitoring Reports, 2024 Monitoring Report, Supplementary Material, Table S.1.2, https://www.fcc.gov/general/federal-state-joint-board-monitoring-reports.

[2] The Commission has estimated the annual compliance filing cost of three components of related tariff filings to be around $4.7 million annually ($3,684,838.08 + $604,000 + $407,360). See Federal Communications Commission, Supporting Statement for OMB Control No. 3060-008, April 2023. Available at: https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202304-3060-008; Federal Communications Commission, Supporting Statement for OMB Control No. 3060-0745, January 2024. Available at: https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202401-3060-006; Federal Communications Commission, Supporting Statement for OMB Control No. 3060-1142, December 2024. Available at: https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202511-3060-024.

[3] *See* FCC, Federal-State Joint Board Monitoring Reports, 2024 Monitoring Report, Updated 2024 High-Cost Claims, https://www.fcc.gov/general/federal-state-joint-board-monitoring-reports.

[4] Staff calculations based on Q1 2026. Proposed First Quarter 2026 Universal Service Fund Contribution Factor, https://docs.fcc.gov/public/attachments/DA-25-1026A1.pdf.

STATEMENT OF
CHAIRMAN BRENDAN CARR

Re: *Reforming Legacy Rules for an All-IP Future; Accelerating Network Modernization*, WC Docket Nos. 25-311, 25-208, Notice of Proposed Rulemaking (February 18, 2026).

Completing the transition to all IP networks will unlock real benefits for consumers. It will mean more investment in next-gen networks. It will mean more effective solutions to illegal robocalls. And it will mean modern, competitive technologies, instead of slow, legacy networks built for a bygone era.

But for too long, outdated regulatory frameworks have skewed market incentives and slowed down the IP transition. It's time to remove these barriers and pave way for new deployments. Today's item keeps this momentum going by exploring how we can reform legacy intercarrier compensation rules and eliminate regulatory obligations that just don't make sense anymore.

At the same time, we know this transition can't be sloppy or rushed. As reflected in the item we are voting on today, the Commission will be moving forward in this proceeding in a thoughtful way, mindful of the complex issues, transition timelines, and paramount connectivity goals. That's why we're inviting meaningful collaboration from industry, our federal partners, and consumer groups on how to move the remaining pieces of intercarrier access and related rules to a bill-and-keep approach in a smart, practical way.

Bottom line is that we want to finish the job and do it right.

I would like to thank our staff for their hard work to get us one step closer. Thanks to Joseph Calascione, Allison Baker, Lynne Engledow, Irina Asoskov, Christopher Koves, Erik Raven-Hansen, Peter Bean, Marvin Sacks, Simon Solemani, Shabbir Hamid, and Sara Rahmjoo from WCB, Richard Kwiatkowski from OEA, Malena Barzilai from OGC, and Denise Coca, Arthur Lechtman, Brenda Villanueva, and David Krech from OIA for their hard work to get us one step closer.

STATEMENT OF
COMMISSIONER OLIVIA TRUSTY

Re: *Reforming Legacy Rules for an All-IP Future; Accelerating Network Modernization*, WC Docket Nos. 25-311, 25-208, Notice of Proposed Rulemaking (February 18, 2026).

The transition to advanced communications networks promises significant benefits for consumers. Those benefits include enhanced service quality, greater innovation and competition, stronger public safety capabilities, and improved resiliency. These developments will help protect our communications infrastructure from threats ranging from coordinated attacks to copper theft.

Today's Notice builds on the IP Interconnection NPRM the Commission issued in October. Taken together, these proceedings position the FCC to address several key aspects of IP interconnection – from the governing policy framework, to technological solutions, to elements of the cost recovery framework in an all IP environment. Clear guidance in these areas through coordinated action in those and other proceedings will be essential to sustain continued network investment throughout the IP transition.

I'm pleased to see this item build on lessons learned from prior reforms. The Commission's adoption of bill-and-keep for many forms of intercarrier compensation provides important context for the proposals here. Likewise, the FCC's substantial deregulation of the domestic long-distance market suggests it is appropriate to consider whether any remaining requirements should be eliminated and whether similar deregulation should extend to international long distance.

Another important lesson learned from past reforms is the value of industry collaboration. While FCC staff bring deep expertise, industry participants are often best positioned to understand the operational and competitive realities on the ground. The Commission has previously relied on stakeholder proposals when shaping intercarrier compensation and universal service reforms, and this item wisely seeks that input again.

In particular, in all our proceedings addressing the IP transition, I welcome industry proposals that help the Commission thoughtfully implement reforms needed to facilitate technological and marketplace evolution while fully accounting for our universal service responsibilities. Where the Commission relies on networks to meet our universal service goals, we must ensure that the move to advanced networks does not inadvertently undermine connectivity or affordability.

Advancing the transition to IP-based networks is a vital step toward restoring U.S. leadership in next-generation communications technologies. By working together, we can ensure this transition is both smooth and timely.

I thank the Wireline Competition Bureau and the Office of International Affairs for their hard work on this item.