

Intercarrier Compensation Docket Topic Organization

- Scope of the PUC Investigation
- Relationship to FCC Docket 01-92
- Motivations for these investigations
- Overview of the issues
- Position of the usual suspects
- Legal and jurisdictional issues
- OCC options on strategy and tactics
- OCC substantive positions

Scope of PUC Investigation I

- Part 1: Scope of issues
 - What reforms are needed?
 - What can be learned from FCC?
 - Regulatory burden of various regimes
 - Should Colorado wait on FCC?
- Part 2: Impact of legal issues
 - Is statutory rate cap a constraint?
 - Must LEC-LEC issue travel with LEC-IXC issue?
 - Must LECs be made whole in access reform?
 - Relationship of varying technologies to choices

Scope of PUC Investigation II

- Part 3: Impact of factual issues
 - Who is the cost causer when a phone call is made?
 - How can BAK be efficient when costs vary, especially in out-of-balance traffic situations?
 - What is the financial effect of various regimes on carriers and consumers?
 - Rate rebalancing and growth in hi-cap loop services
 - Are residential local loop rates subsidized in CO?
- Part 4: Consequences of various policies
 - How do choices relate to monopoly/oligopoly power?
 - How do choices affect LEC and IXC targetted customers?
 - How would regimes affect calling and called parties' behavior?

Scope of PUC Investigation III

- Part 4: Consequences of various policies (cont'd)
 - Implications on Points of Presence
 - Implications for universal service
 - Implications for toll rates
 - How does traffic imbalance affect choice of regimes?
 - How do you like BAK as a default?
- Part 5: Possible alternatives
 - Would you support baseball arbitration?
 - Would you support BAK if imbalances were limited?
 - Would you support lowered access as hicap apps grow?
 - Would you support LATA-wide calling areas?

Scope of CC Docket No. 01-92

- Kicked off by two staff policy papers
 - “Central Office Bill and Keep” (COBAK), DeGraba
 - “Bill Access to Subscribers-Interconnection Cost Split” (BASICS) Atkinson-Barnekov
- Mainly concerned with
 - ISP-bound traffic
 - Interconnection subject to §251(b)(5)
 - LEC-CMRS traffic

Scope of CC Docket No. 01-92 (cont'd)

- Will not affect CLEC-to-CLEC, IXC-to-IXC, CMRS-to-CMRS, IXC-to-CMRS traffic
- Will eventually affect interstate access
 - “What comes after CALLS?”

Motivations for These Investigations

- Promise of improved efficiency gains
- Problem of the termination monopoly
- Makes deregulation more likely
- Growth in IP networks
- Problems with patchwork of existing regulations
- Arbitrage; unfair competition

Highest Level Policy Choices

- Maintain and reform current structure of intercarrier compensation, “Calling Party’s Network Pays” (CPNP)
 - Move prices to efficient levels
 - Reform administrative processes
- Move to a version of Bill-and-Keep

Where do the parties line up?

CPNP

- CLECs
- IXC
- Rural LECs
- NASUCA members
- State Commissions

Bill&Keep

- ILECs
- CMRS carriers
- FCC

Note: there are nuances in all these positions.

OCC Strategy Options

Options on Substantive and Legal Issues

- If OCC endorses reform of CPNP, what happens to access charges, local prices?
- What are the implications of using BAK for non-IXC traffic, CPNP for access