

Advocacy Bolsters FCC's Consideration of Impacts and Alternatives to Intercarrier Compensation Plans

On May 23, 2005 the Office of Advocacy (Advocacy) filed a comment with the Federal Communications Commission (FCC) to discuss the regulatory impacts and available alternatives in response to the FCC's proposed rule on "Developing a Unified Intercarrier Compensation Regime." Advocacy agreed with the FCC's determination that this proposed rule will have a significant economic impact on small telecommunications carriers and urged the FCC to give careful consideration to the impact of the rule on small entities and alternatives that would minimize that impact. Advocacy's comments referred solely to providers (such as telecommunications carriers) and did not address the impact of this rule on consumers. A complete copy of Advocacy's letter may be accessed at <http://www.sba.gov/advo/laws/comments/>.

- The FCC is considering intercarrier compensation plans submitted by various coalitions and companies within the telecommunications industry. Intercarrier compensation is how telecom carriers reimburse each other for terminating telephone calls on each others' network. The FCC has been attempting to reform and unify the current antiquated and complex system of compensation schemes for several years.
- As a guide to what issues the FCC should consider in the IRFA, Advocacy spoke with representatives of small telecommunications carriers and their representatives and held a roundtable to discuss the small business implications of the plans. The small carriers (rural, competitive, and wireless) identified issues that will have a significant impact on small businesses. These issues include: regulatory complexity, cost recovery, interconnection, and universal service. Advocacy presented these issues to the FCC and asked the agency to consider the impact that each of the proposed plans would have upon small businesses.
- In addition, Advocacy presented significant alternatives based on its outreach. These alternatives included: making "bill and keep" optional, providing a minimum interconnection agreement rather than removing the requirement altogether, making universal service portable, and moving to a capacity-based interconnection regime. This is not intended to be an exhaustive list and additional impacts and alternatives may become apparent when the FCC conducts its own analysis.
- The RFA and Executive Order 13272 require government agencies to analyze the impact of proposed and final rules on small entities and consider less burdensome alternatives. The initial analysis should be done at the same time as the proposed rule and should be issued concurrently with the proposal. Advocacy urged the FCC to consider the comments from small entities and consider the regulatory impact of reforming the intercarrier compensation regime.

For more information, visit Advocacy's website at <http://www.sba.gov/advo/> or contact Eric Menge at (202) 205-6533.