

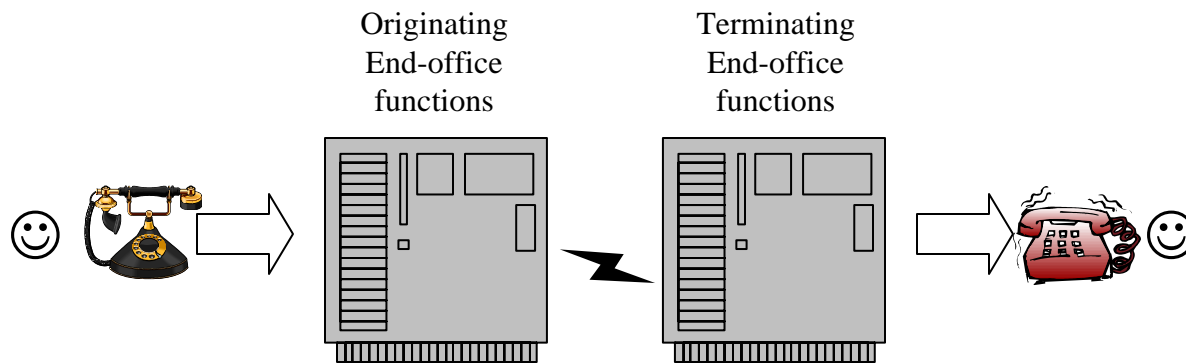
Intercarrier Compensation

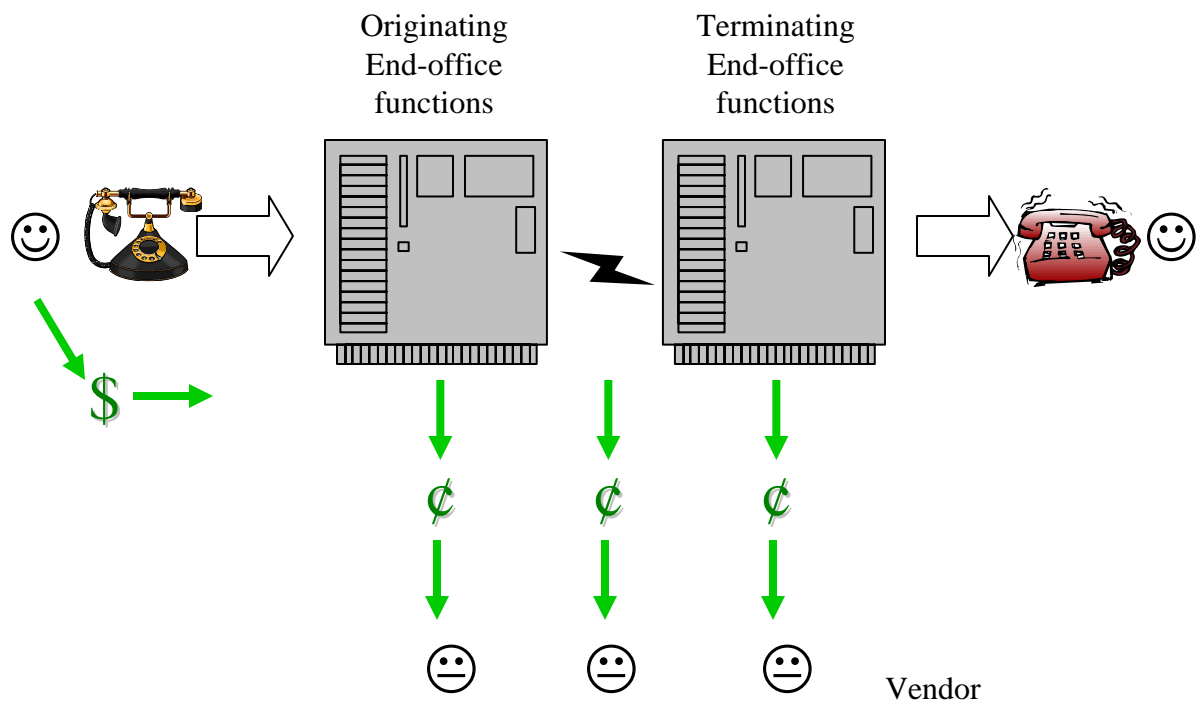
Cost-Based Intercarrier
Compensation Coalition

CBICC

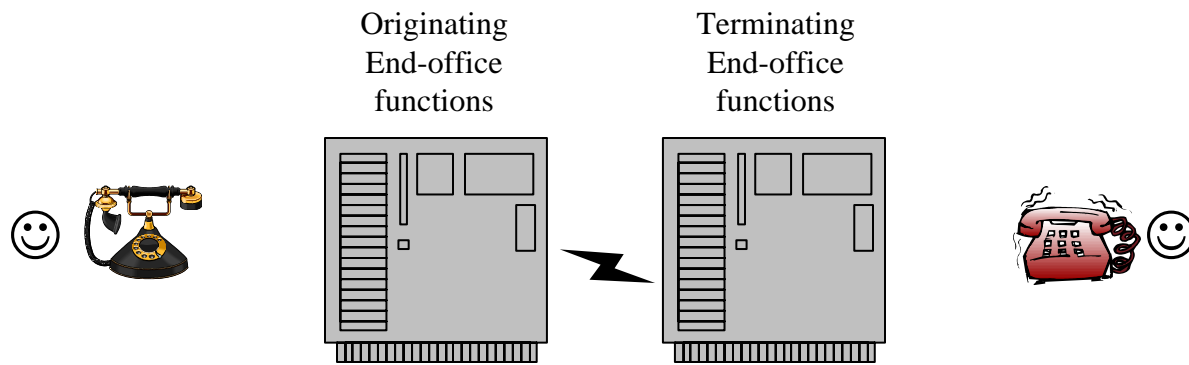
Intercarrier Compensation? Follow the money.

What happens to the money when one carrier serves the call from end to end?

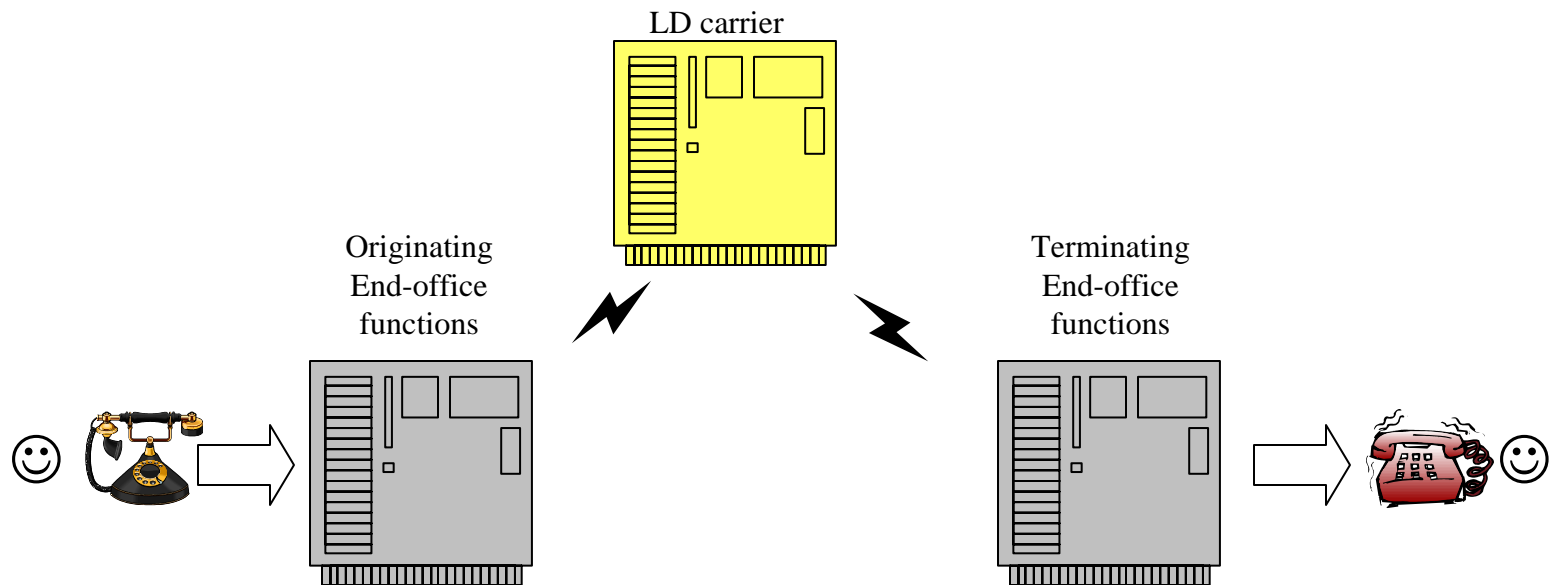




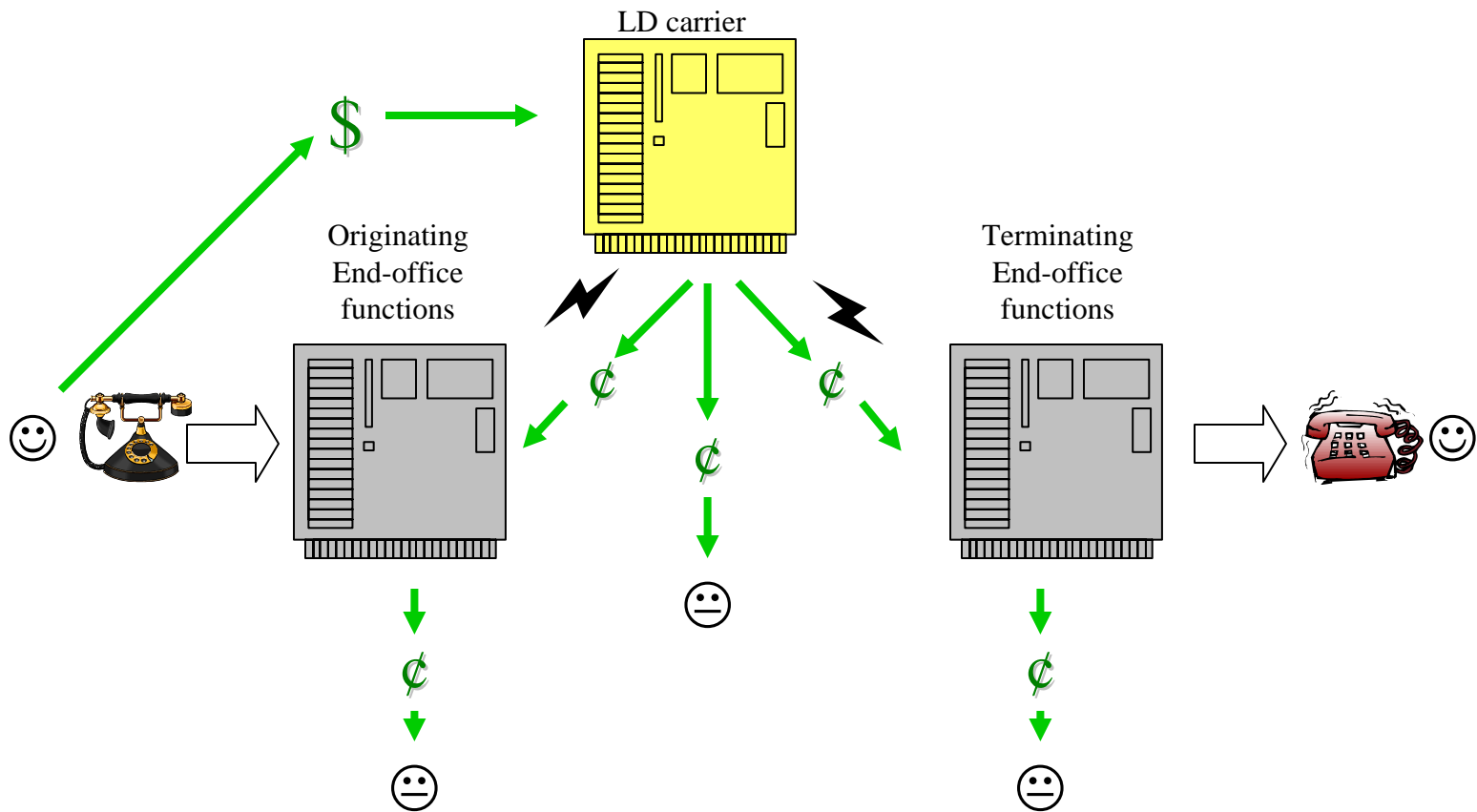
What happens if the call is a long distance call?



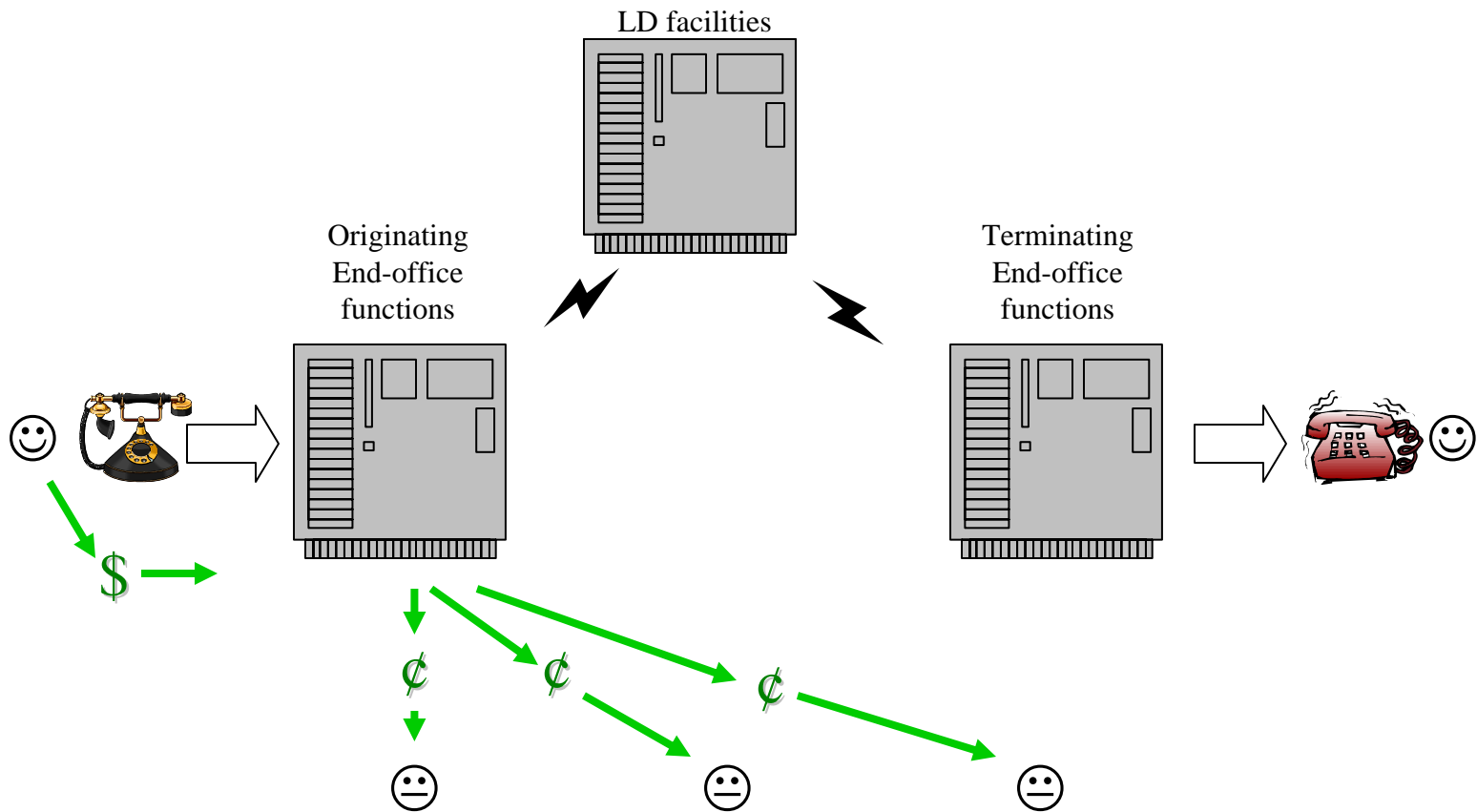
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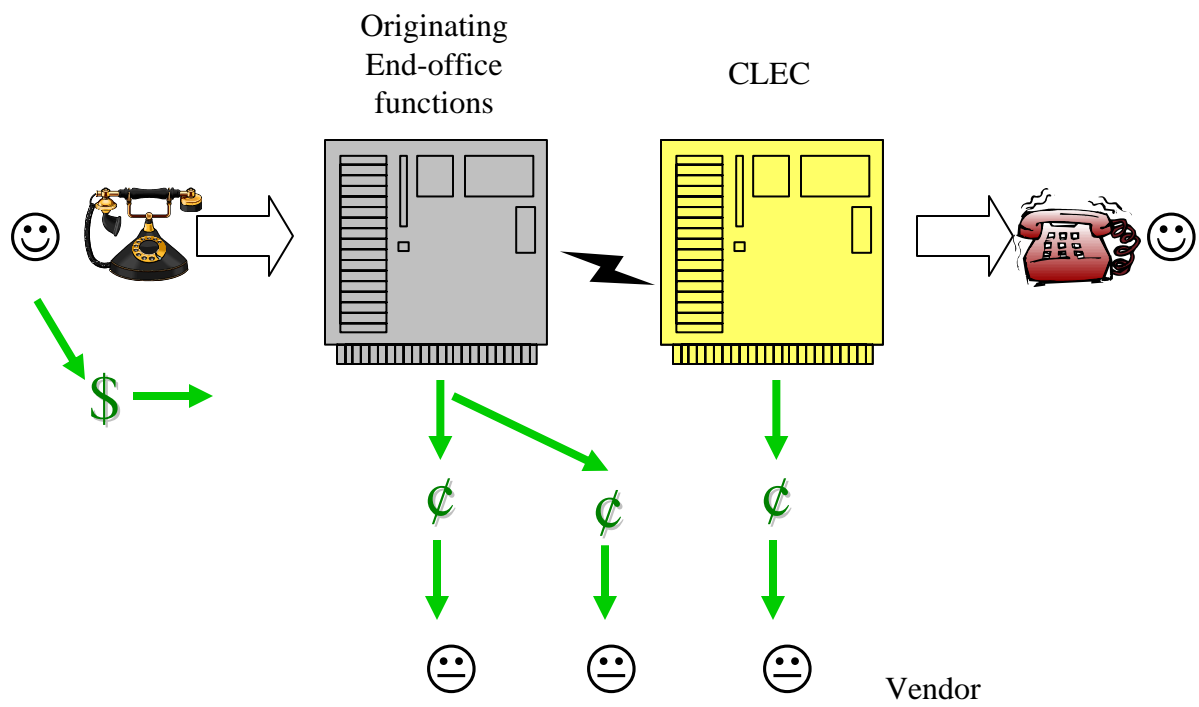


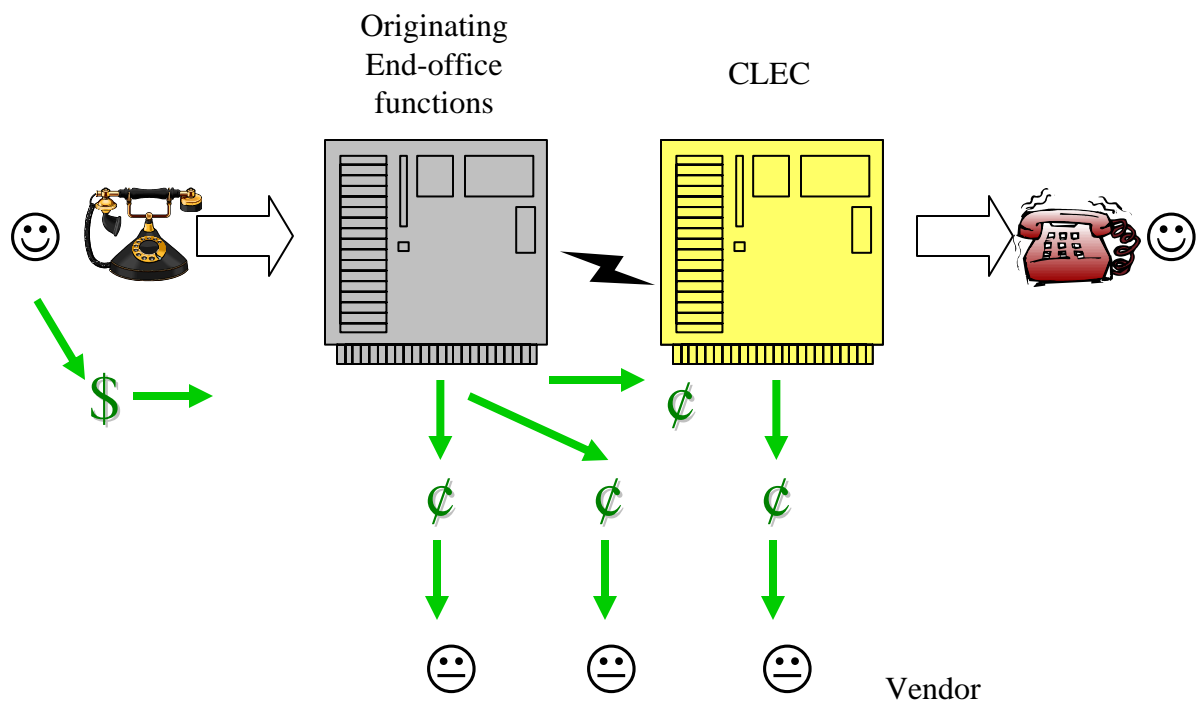
If the calling customer is "PIC'd" to the LD carrier, then the customer pays the LD carrier for the call
The LD carrier pays its vendors and the originating and terminating LECs for the use of their networks
The LECs pay their vendors for the facilities necessary to serve the call



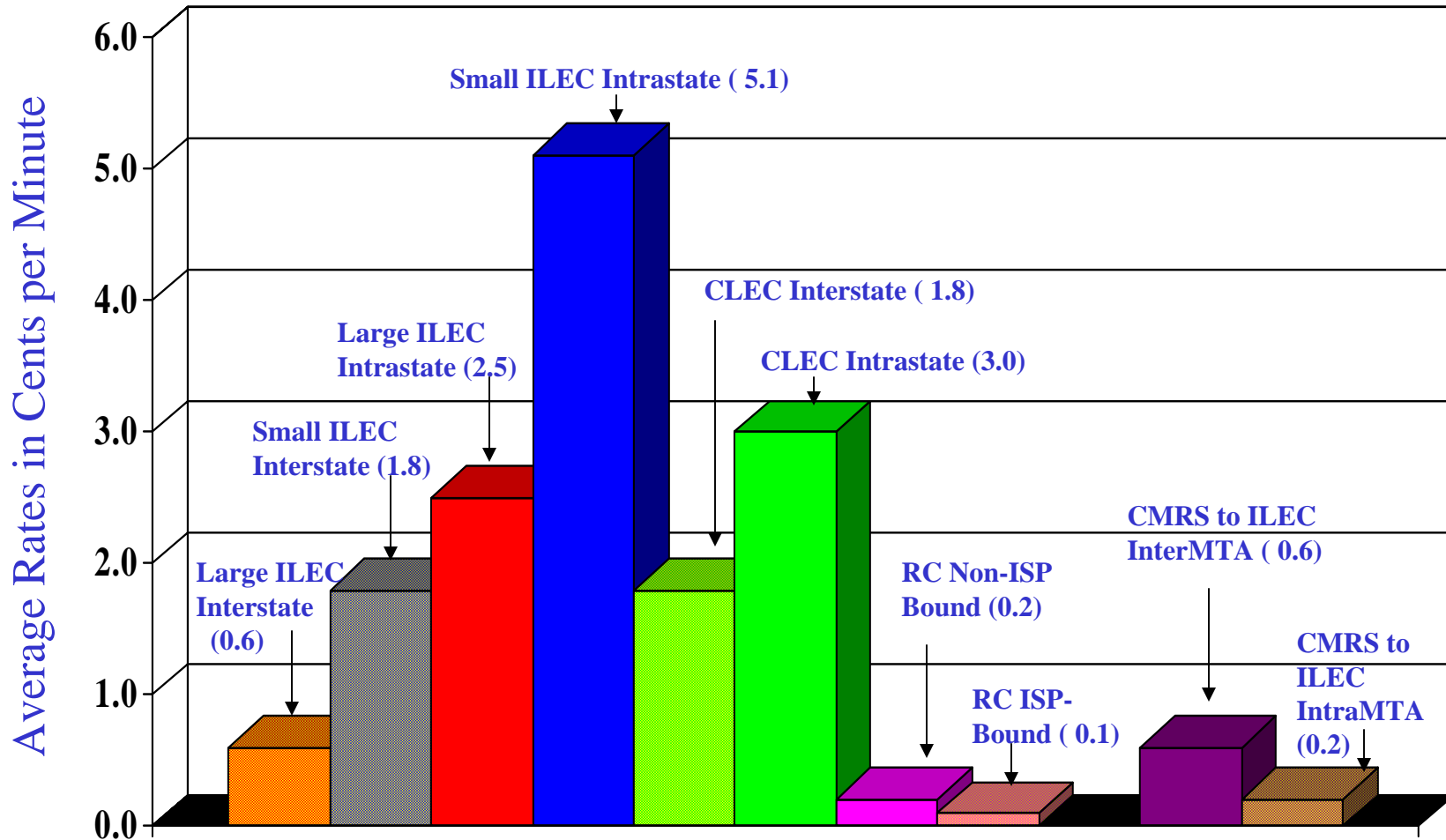
What happens if one carrier serves the entire call – pretend SBC merges with AT&T?
The customer pays the carrier for the call
The carrier pays its vendors





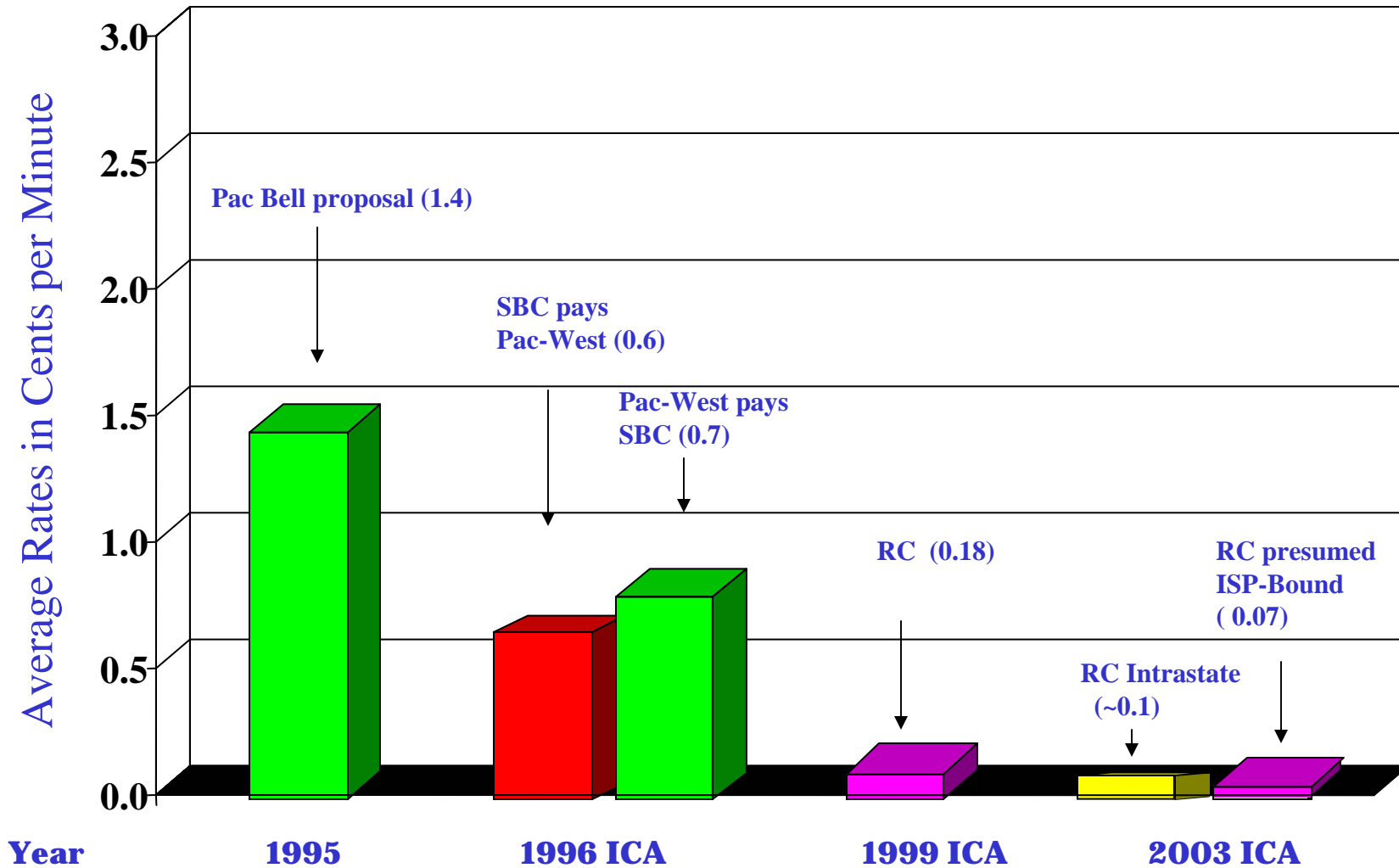


Intercarrier Compensation Rates



High (¢/min): 1.5 8.9 9.9 34.9 6.8 35.9 0.3 0.1 8.9 0.3
Low (¢/min): 0.5 0.3 0.4 0.7 0.2 0.4 0.0 0.0 0.2 0.0

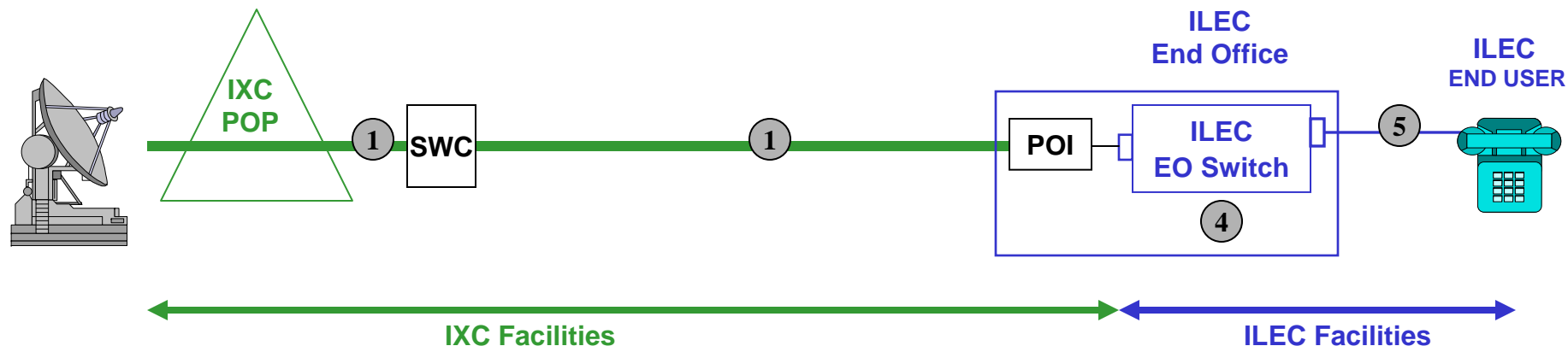
Reciprocal Compensation Over Time



CBICC Principles for Intercarrier Compensation

- Intercarrier compensation for traffic exchanged as circuit-switched should be cost-based, with one unified rate per-minute in each state
- The long-run incremental cost of completing circuit-switched calls are the same for all call-types, jurisdiction, and carrier doing the work (“a minute is a minute”)
- The Calling Party should pay (unless called party agrees to subsidize the call) – this preserves current system and customer expectation. Customers on the receiving end of calls should not be forced to pay for call-completion costs.
- For all calls where more than one carrier cooperates to complete the call, one carrier has the retail relationship with the customer paying for the call (either the calling or called customer)
- All cooperating carriers should receive cost-based compensation for the use of their network(s) from the carrier with the retail relationship with the paying customer
- The largest ILEC’s TELRIC is the most useful basis for setting the uniform rate in each state – take advantage of existing cost estimates
- The uniform rate applies to all non-rural ILECs, CLECs, IXC’s and CMRS carriers (certified carriers) exchanging traffic in a state
- Uniform cost-based intercarrier compensation eliminates uneconomic arbitrage, allows carriers to recover costs from the paying customer without subsidies in either direction – no one gets “rich” on intercarrier compensation – it is a wholesale service provided by carriers to each other

IXC & ILEC Traffic – End Office Routed



Financial Responsibility: IXC financially responsible for the cost of both directions of traffic from the ILEC end-user to IXC POP. Subject to widely varying rates depending on jurisdiction (interstate/intrastate) and widely varying local/long distance calling scopes.

For Both Directions of Traffic

	NETWORK FUNCTION	PAID BY	PAID TO
1	Dedicated Transport	IXC	Dedicated Transport Provider*
4	End Office Switching	IXC	ILEC
5	Common Line	IXC	ILEC

*IXC may self-provision.