



CTIA is the International Association for the Wireless Telecommunications Industry, Dedicated to Expanding the Wireless Frontier.

## Intercarrier Compensation (ICC)

### CTIA Position:

CTIA-The Wireless Association® supports overhauling the current Intercarrier Compensation system to extend economic benefits to consumers instead of providers.

The ICC system dictates the financial and technical terms under which carriers exchange telecommunications traffic. It is currently outdated, inefficient, and does not reflect today's multi-dimensional telecom market.

CTIA advocates a fair system called Mutually Efficient Traffic Exchange (METE), which is the optimal way to fundamentally reform ICC and best serve consumers by allowing the market to work and, when limited regulation is necessary, eliminating distinctions between different types of technology platforms and encouraging efficiency.

### Key Points:

**Rules That Encourage and Reward Efficiency Lead to Better Services at Lower Costs.** Eliminating unnecessary regulations and exposing carriers to the rigors of the competitive market to work will mean more choices and better service for consumers. To that end, individual carriers should be responsible for recovering their networks costs from their own end-user customers. Known as "bill and keep," this process encourages efficiency and promotes competition.

**All Carriers Should be Treated the Same.** The current ICC system is weighted heavily in favor of wireline carriers and an antiquated notion of the telecommunications market, preventing wireless carriers from competing on an even footing—particularly in rural areas. The ICC should treat all carriers the same and not favor one technology over another.

**Administrative Simplicity Will Translate to Better Enforcement and Real Cost Savings for Consumers.** A revised ICC system, such as METE, will greatly decrease administrative complexity. Excessive administrative complexity not only hinders efforts by carriers and regulators to monitor and enforce compliance with the ICC system, but it also increases costs for carriers. That's ultimately reflected in the price of service.

**Consumers Will Benefit from a Transition to a Mutually Efficient Traffic Exchange (METE) System.** METE establishes a basic obligation for an originating provider to deliver traffic to the terminating provider's "network edge." It eliminates regulatory distinctions between different types of providers and traffic (i.e., wireless/wireline, rural/non-rural, price-cap/rate-of-return, intrastate/interstate, local/long distance). METE would also set federal rates for transit/transport based on efficient, forward looking costs and give wireline carriers additional flexibility in how they recover costs from end-user customers. To the extent a carrier serves an objectively high cost area, the METE proposal also contemplates limited access to universal service subsidies.