

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

SPRINTCOM, INC., WIRELESSCO, L.P.,)
NPCR, INC. D/B/A NEXTEL PARTNERS,)
AND NEXTEL WEST CORP.)

Petition for Arbitration, Pursuant to Section)
252(b) of the Telecommunications Act of)
1996, to Establish an Interconnection)
Agreement With)

Docket No. 12-0550

Illinois Bell Telephone)
Company d/b/a Ameritech Illinois)
/

*SprintCom, Inc., WirelessCo, L.P. through their agent Sprint Spectrum L.P.,
NPCR, Inc. d/b/a Nextel Partners and Nextel West Corp.*

*Supplemental Written Statement of
James R. Burt
Filed February 12, 2013*

Exhibit JRB-4.1

*AT&T's Statement in Opposition to Phase III Joint Proposal,
Case 09-M-0527, New York Public Service Commission*



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January 4, 2013

Hon. Jeffrey Cohen
Acting Secretary
State of New York
Public Service Commission
Three Empire State Plaza
Albany, New York 12223

Re: Case 09-M-0527 – Proceeding to Examine Issues Related to a Universal Service Fund

Dear Secretary Cohen:

Attached please find the Statement in Opposition to Phase III Joint Proposal filed on behalf of AT&T Communications of New York, Inc., and its regulated affiliates. Please do not hesitate to contact me if you have any questions regarding this matter.

Respectfully submitted,

A handwritten signature in black ink that reads "Mary E. Burgess". The signature is written in a cursive, slightly slanted style.

Mary E. Burgess

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

**Proceeding to Examine Issues Related
To a Universal Service Fund**

Case 09-M-0527

**AT&T COMMUNICATIONS OF NEW YORK, INC.'S,
AND ITS REGULATED AFFILIATES'
STATEMENT IN OPPOSITION TO PHASE III JOINT PROPOSAL**

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Dated: January 4, 2013

**AT&T COMMUNICATIONS OF NEW YORK, INC.'S AND ITS REGULATED
AFFILIATES' STATEMENT IN OPPOSITION TO PHASE III JOINT PROPOSAL**

On November 19, 2012, Verizon New York Inc. (“Verizon”) and other parties filed a Joint Proposal which purported to “resolve” the Phase III issues in this proceeding. For the reasons explained below, AT&T Communications of New York, Inc. (“AT&T”) opposes the joint proposal and requests that the New York Public Service Commission (“NYPSC”) reject it in its entirety.

**THE COMMISSION SHOULD REJECT THE JOINT PROPOSED SETTLEMENT
AGREEMENT AS PLAINLY CONTRARY TO THE PHASE II SETTLEMENT AND
PATENTLY CONTRARY TO THE PUBLIC INTEREST**

**The Joint Proposal Is Plainly Contrary to the Letter and Spirit of the Phase II
Settlement Agreement and Commission Order Adopting Same**

AT&T opposes the JP. It is contrary to the process that this Commission established to address access charge issues.¹ It is contrary to the Parties’ Phase II Settlement Agreement and to the Commission’s Phase II Order approving that Agreement. It strikes at the heart of the integrity of the Commission’s orderly processes in encouraging parties to enter into settlement agreements and codifying those agreements into Orders. Unsurprisingly, it is also contrary to the public interest.

In concluding Phase II of this process, the Parties agreed that they would attempt to settle the access charge issue in the context of a collaborative proceeding. The Parties agreed to a strict

¹ The Parties are now at Phase III of the process ratified by this Commission in its Phase I Order, which approved a temporary USF funding mechanism, established Phase II to address USF issues, and set Phase III to address access charges. Importantly, in approving the Phase I Joint Proposal, the Commission stated: “At the outset, we wish to make clear that we agree with the opponents of the Phase I Joint Proposal that the time to address intrastate access rate reform in New York has come. This proceeding will provide a forum for achieving it in due course.” *Order Adopting Terms of Phase I Joint Proposal*, issued July 16, 2010, at 28.

schedule for the collaborative -- if after thirty days the Parties were at an impasse, the Phase III litigation phase would commence:

11. Subsequent Phases of Case 09-M-0527:

(b) The Parties will hold discussions in an attempt to resolve Phase III issues beginning on a date thirty days after the Commission issues an order in Phase II (the “Phase III Commencement Date”). Such discussions will continue for no more than sixty days in total. Unless the Parties’ consensus on the thirtieth day after the Phase III Commencement Date is that there is a reasonable possibility that **all unresolved issues** can be resolved by the sixtieth day, **collaboration will end and litigation of all unresolved Phase III issues will begin.** [emphasis added]²

The Commission ratified the Phase II settlement, and specifically ratified the language of the parties’ agreement about commencing the access collaborative, including the Phase III automatic litigation trigger upon a finding of an impasse.³ Judge Stein, the collaborative ALJ, found that the Parties had reached impasse,⁴ and sent the case back to Judge Jack, the litigation ALJ.⁵ The JP is now before the Commission for consideration. The Commission should reject the JP and order Phase III litigation to commence immediately.

Astoundingly, and contrary to any rational reading of the language or intent of the Phase II settlement, the Verizon-led coalition has cobbled together a JP that they claim “settles” the

² Joint Proposal and Settlement Agreement, Attachment I to Commission *Order Adopting Phase II Joint Proposal*, issued and effective August 17, 2012 (Case 09-M-0527).

³ “The Phase II Joint Proposal’s provisions on scheduling consideration of Phase III issues also appear reasonable. They include a relatively short period to explore a collaborative, negotiated solution of those issues, **with a shift to litigation if unsuccessful...**” [emphasis added]. *Id.* at 19.

⁴ Notably, in her letter to the Parties dated October 12, 2012, and declaring the impasse, Judge Stein dismissed the idea that the JP could be termed a “consensus” of the parties within the meaning of the Phase II Agreement and Order: “[I]t is my view, as the long-time mediator of this process, that this resolution cannot be fairly termed ‘consensus.’ Although definitions of consensus do not require unanimity, in this case the group of dissenters represents the sector of the industry which would be most harmed by a Commission decision to defer decision on originating access. The joint opinion of the remaining parties cannot in fairness be considered a consensus of the whole.” Letter at 2.

⁵ Judge Jack weighed the options of commencing litigation under Phase III and having the Commission first consider the JP, and ruled in favor of the latter, apparently to permit the Commission to give final voice to what the parties signed and what the Commission approved in Phase II. *Ruling on Phase III Procedure*, issued December 7, 2012 (Case 09-M-0527, *Proceeding to Examine Issues Related to a Universal Service Fund*).

Phase III litigation by disposing of the central issue of originating access reform by *not* settling the central issue of access reform! Instead, the Verizon-led coalition claims that they have “settled” the critical access issue by agreeing that it should not be addressed, and instead shunted off for further consideration for at least a year.

The JP is terribly misguided for a number of important reasons, and the Commission should reject it outright and order that Phase III litigation commence immediately. First, as a matter of public policy and fundamental fairness, the Commission should enforce the Phase II settlement agreement and its Order approving same. That settlement agreement and Order used words that were plain and compelling, and all Parties understood their meaning and intent: settle the access issue in a collaborative proceeding or proceed immediately to Phase III litigation. There were no other alternatives contemplated or provided. The current JP requires that nothing further should be done to reform access charges in New York until the FCC acts at some unspecified future time and again performs this important function instead of having the Commission do so. This is not what the Parties agreed to (or what the Commission ordered) in Phase II – in fact, the JP contravenes the settlement and Order, doing violence to their letter and spirit, and to the integrity of the process itself.

Second, the JP flagrantly disregards a key fact underlying the settlement and Order in Phase II – all parties were fully aware, and had a number of weeks to digest – the FCC ICC Order concerning access reform. The Parties all knew that the FCC implemented real reform only applicable to terminating access rates. The Parties all knew that the FCC capped originating access, but left it to further proceedings (including **state** proceedings not inconsistent with the FCC’s policy, which it articulated as requiring reform of originating access as well) to deal with reducing these charges. Therefore, in executing the Phase II settlement, all Parties knew that the

only remaining access issue to be litigated in Phase III was the proper rate for originating access.⁶ No Party credibly can assert that it was either contemplated in the Phase II settlement agreement, or ordered by the Commission, that a proper settlement of the Phase III access issue could include *not* settling that issue. It is a logical absurdity.

Third, the JP, if adopted, would set a troubling precedent for future Commission proceedings. No rational party would enter into settlement agreements knowing that the very nature, intent, letter and spirit of what was settled somehow was *not* settled, and in fact could be set aside at the whim of a subset of the settling parties in a later JP. In approving the Phase II settlement, the Commission sent a clear message that remaining access issues must be litigated if they could not be settled. AT&T and other parties interested in access reform took the Commission at its word, and made concessions in the Phase II settlement in order to expedite the Phase III proceedings. If the Commission were to adopt the JP, it would be renegeing on that finding, allowing the proponents to the JP to re-write the parties' agreement after they had received the benefits of that agreement, and sending a clear message that parties entering into any settlement agreement with provisions contingent on future Commission action do so at their peril. Thus, were the Commission to adopt the JP, it would be *discouraging*, rather than encouraging, future settlements.⁷

In plain English, the JP is absurd on its face, fundamentally flawed and an affront to the remaining parties and to the Commission itself. It is simply wrong at every level. There are many sound reasons for the Commission to reject this JP outright and order the Phase III

⁶ The Phase II agreement and Order also permitted qualifying carriers to seek an addition to the USF established in Phase II, if necessary, to offset certain originating access reductions that the parties anticipated.

⁷ The Commission's actions here could have repercussions beyond telephony settlements. A decision scuttling the Phase II Settlement Agreement and Order could deleterious consequences on future potential settlements involving various other regulated industries (e.g., power, gas, water).

litigation to commence immediately, and this is precisely what the Commission should do to preserve the integrity of its procedures and orders.

The Joint Proposal Is Patently Contrary to the Public Interest Underlying Reform of All Switched Access Charges

Judge Jack's Order permits the New York Commission to determine whether the JP would serve the public interest by preserving the status quo of high originating access charges in New York, pending any further FCC action that might occur at some unspecified future time. It is crystal clear that nothing could be more contrary or harmful to the public interest than to continue the status quo, a factual conclusion well-supported in the very FCC Order that the JP would distort into a call for inaction.

The FCC's November 2011 Intercarrier Compensation Order⁸ correctly determined that the public interest required comprehensive access reform.⁹ The Order detailed the many consumer benefits that would flow from access reform, including reduced rates for wireless and long distance customers; increased innovation and quality of service for these customers; and removal of the barriers to investing and implementing next generation technologies and services, including all-IP broadband networks (VoIP and wireless).¹⁰ Importantly, the FCC found that "the existing intercarrier compensation system – built on geographic and per-minute and implicit

⁸ *Connect America Fund*, et al., WC Docket No. 10-90 et al. (November 18, 2011) ("Intercarrier Compensation Order" or "ICC Order").

⁹ FCC ICC Order at p.209 et seq.

¹⁰ *Id.* at p.209. Some parties note that originating access reform may cause local rates to increase. For Verizon and Frontier customers, the potential access shift per line should prove quite small and well within the realm of affordability and reason. Also, many NYSTA companies have very low local rates and still would see relatively small shifts, if any (the recent NY USF Order should provide more than adequate funds if necessary). Other states have implemented access reform with much larger per line access shifts, and have done so with no apparent ill effects. The FCC and many states have noted that the consumer benefits flowing from access reform (including increased competitiveness of toll rates) far outweigh the relatively small local rate effects.

subsidies – is fundamentally in tension with and a deterrent to deployment of all IP networks.”¹¹ In reaching this conclusion, the FCC lauded the many states that have implemented comprehensive access reform, and noted that it had to act in part because of the dereliction of certain states that had failed to implement pro-competitive access reduction policies.¹²

Although the FCC mandated that intrastate terminating access rates be reduced and eventually be replaced by a bill-and-keep structure, it made it very clear that, absent other agreements between carriers, **originating access charges also should be replaced by a bill and keep regime** for the same pro-competitive reasons:

“We find that originating access charges also should ultimately be subject to the bill and keep framework... The legal framework underpinning our decision today is inconsistent with the permanent retention of originating access charges... Accordingly, we find that originating charges for all telecommunications traffic subject to our comprehensive intercarrier compensation framework should ultimately move to bill-and-keep.”¹³

Verizon (the predominant beneficiary of the delay sought by the JP) concurs in the FCC’s finding that originating access rates are too high and must be reduced to serve the public interest. In its recent comments to the FCC, Verizon not only supported the FCC’s decision to reduce terminating rates (asserting that the FCC “has undertaken important, fundamental reform and modernization of the intercarrier compensation system, including reductions in terminating access charges”) – but also made an exceptionally strong case for the immediate reduction of originating access rates as well.¹⁴ Verizon counseled the FCC that: “*Specifically, the*

¹¹ *Id.* The current New York access system, including originating access, suffers the same per-minute and geographic subsidy system that the FCC decried and rejected in its ICC Order.

¹² FCC ICC Order at pp. 266, 267. “[W]e are concerned that many states will be unable to complete reforms in a timely manner or will otherwise decline to act.” *Id.* at p. 267.

¹³ *Id.* at p. 278.

¹⁴ Verizon 2012 FCC Comments generally.

*Commission should transition originating switched access rates down using a framework similar to that now in place for terminating rates.”*¹⁵ Verizon further argued:

There is no reason for the Commission to stop intercarrier compensation reform at the terminating side of rates. *Originating access charges remain too high in many cases and should be reduced just as the Commission required for terminating access.* [emphasis added]. And like switched access terminating rates, originating access rates vary to an illogical extreme for performing the same function. . . . The Commission should take the next step and adopt a framework for reducing originating access generally as well.¹⁶

Verizon has long advocated for the FCC **and** for the states to reduce **all** access charges, both originating and terminating, and has chided states that have deferred reform on this important policy issue. Citing the public interest, Verizon has vociferously demanded the immediate reform of **all** access charges, often citing the anti-competitive harms and market distortions caused by excessive access rates. In other states Verizon has frequently railed against

¹⁵ Comments of Verizon, Connect America Fund, et al., WC Docket No. 10-90 et al., filed February 24, 2012, 2011 (“Verizon 2012 FCC Comments”), p. 1 (citations omitted; emphasis added).

¹⁶ Verizon conceded the public interest argument for reducing originating rates by urging the FCC to “take additional steps to complete the job and achieve fully its goal of ‘an incentive-based, market-driven approach that can reduce arbitrage’ and ‘enable carriers to invest [in] modern, IP networks.’” Verizon 2012 FCC Comments, p. 4 (emphasis added).

the harms caused by high access charges, including New Jersey,¹⁷ Ohio,¹⁸ Washington¹⁹ and Wisconsin,²⁰ making no distinction between terminating or originating charges.

Fortunately, the FCC in the ICC Order concurs with Verizon's advocacy in forums outside of New York – the Order makes it quite clear that the states may continue to act to reduce access charges, as long as state policy is in line with the FCC's overall policy favoring total access reform. Citing sections 251(d)(3) and 261(c), the FCC emphatically and specifically delineated the states' continuing role in reducing access charges, noting that the ICC Order did not preclude any State Commission policies, regulations or orders consistent with the FCC's policy directives, even if the state-sponsored reforms would cause access rates to fall faster than the timeframes provided by the federal mandate.²¹ In short, there is nothing in the ICC Order that remotely suggests that the states should delay further access reform. To the contrary, the

¹⁷ I/M/O Investigation and Review of Local Exchange Carrier Intrastate Exchange Access Rates, Docket No. TX08090830, Verizon Initial Testimony at p. 14 (“Allowing companies to shift too much of their costs to switched access purchasers (and their retail customers) places a disproportionate burden on other carriers in the state and ultimately their customers to subsidize those companies’ services”)(argument directed to excessive Embarq – now CenturyLink – access charges).

¹⁸ Verizon North, Inc., et al. v. CenturyTel of Ohio, Windstream Ohio, Inc., and Windstream Western Reserve, Inc., Relative to Unjust and Unreasonable Intrastate Switched Access Charges, Case No. 07-1100-TP-CSS, filed October 5, 2007 (allowing excessive access rates “hurts the state’s economy, and the development of the telecommunications industry, because more efficient competition and the consumer benefits it yields cannot be achieved as long as carriers seek to recover a disproportionate share of their costs from other carriers, rather than from end users. Such irrational access rate structures ‘lead to inefficient and undesirable economic behavior’”) (citations omitted).

¹⁹ Verizon Select Services, Inc., et al. v. United Telephone Company of the Northwest, Complaint to Reduce Intrastate Switched Access Charges, Washington Utilities and Transportation Commission, filed July 25, 2008 (“excessive switched access rates distort the playing field”).

²⁰ Verizon's Comments and Request for Hearing, Application of CenturyTel of the Midwest-Kendall, LLC for Approval of an Alternative Regulation Plan, Wisconsin Docket No. 2815-TI-105 at p. 2 (“it is not in the public interest to require Verizon and other carriers and their long-distance customers to continue subsidizing CenturyTel for one moment longer”).

²¹ ICC Order at pp. 253, 254 and fn. 1375 (“We note that section 261(c) likewise preserves state authority to ‘impose requirements on a telecommunications carrier for intrastate services that are necessary to further competition in the provision of telephone exchange service or exchange access...”). *Id.* at p. 278, fn. 1542: “Nor does this Order prevent states from reducing rates on a faster transition provided that states provide any additional recovery support that may be needed as a result of a faster transition.” Tellingly, fn. 1542 occurs in a textual reference appearing just before the FCC's conclusion that originating access rates must also fall to zero over time.

wording, intent and tenor of the ICC Order counsel swift state action that aligns with the FCC's pro-competitive access reform policies.

Despite its advocacy totally to the contrary at the FCC and in other states, here in New York, in league with other parties that benefit from the anticompetitive access rate status quo, Verizon asks this Commission yet again to hold off on real access reform. Verizon asks this Commission to retain high access rates for an indefinite time period to further the public interest in New York, even though, as noted above, Verizon concurrently argues that high access rates in other states do irreparable harm to the public interest and must be reduced immediately. High access rates cannot both favor *and* harm the public interest. That proposition is economically, logically and philosophically impossible.

The Commission should flatly reject these blatantly self-serving, hypocritical "wait and see" arguments and promptly order commencement of the Phase III litigation that will lead to originating intrastate access reform in New York. The FCC has clearly authorized states to adopt such relief, which will benefit New York consumers and businesses by reducing toll rates, improving service innovation, and spurring investment in next generation technologies. These are very positive changes that Verizon itself admits are urgently needed.

The Commission Should Order Immediate Litigation of Phase III as the Means to Ensure that Originating Access Rates Will Eventually Be Replaced By a Bill-and-Keep Structure That Will Serve the Public Interest in New York

By ordering Phase III litigation to begin, the Commission will enable the parties to establish a record to support reducing originating access charges in New York to bill and keep, on a timetable to match the FCC's terminating access reforms. Switched access subsidies, whether found in originating or terminating rates, unfairly distort the telecommunications market and hinder efficiencies in services pricing and the development of modern, next-generation

wireless and IP-based networks. Many states have already come to this conclusion and have reduced both originating and terminating access charges, often at the strong behest of Verizon.²² The FCC in its ICC Order came to same conclusion, and notes that it now “abandon[s] the calling-party-network-pays model that dominated [intercarrier compensation] regimes of the last century” in favor of a bill-and-keep model that, when fully implemented, “will eliminate competitive distortions between wireline and wireless services[] and best promotes our overall goals of modernizing our rules and facilitating the transition to IP.”²³ This is completely consistent with Verizon’s arguments to the FCC that:

The backwards-looking intercarrier compensation and universal service programs are relics from a bygone era; the[y] . . . must [be] replace[d] . . . with a system that provides rational market-based incentives to deploy new technologies and services and to move to a more stable, sustainable regime for all concerned. . . .

The . . . existing scheme has the perverse effect of paying some carriers more when they operate inefficiently, and, taken as a whole, the system discourages carriers from updating their business models for the broadband era in order to hold on to legacy universal service and access subsidies. . . .²⁴

The FCC also found that movement to a bill-and-keep system “will ultimately free consumers from shouldering the hidden multi-billion dollar subsidies embedded in the current system,” and that “[t]o the extent additional subsidies are necessary, such subsidies will come from the Connect America Fund, and/or state universal service funds.”²⁵ As a result, “consumers [will] pay only for services that they choose and receive, eliminating the existing opaque implicit subsidy system under which consumers pay to support other carriers’ network costs”²⁶ and any

²² See fns. 12-15, *supra*. Also, in Verizon’s region, the state commissions in Massachusetts, New Jersey, West Virginia, Virginia and Maryland have substantially reduced Verizon’s in-state access charges. Maine has reduced these charges by statute.

²³ ICC Order at p. 14, para. 34.

²⁴ Comments of Verizon and Verizon Wireless, Connect America Fund, et al., WC Docket No. 10-90 et al., filed April 18, 2011 (“Verizon 2011 FCC Comments”), pp. 1-2.

²⁵ ICC Order at p. 240, paras. 736 & 737.

²⁶ *Id.* at p. 240, para. 738.

subsidies will be made explicit, as required by the Telecommunications Act of 1996 (“1996 Act”).²⁷ Verizon agrees with this conclusion as well, arguing that:

The affected carriers are frozen in place; they are unable to forgo the legacy subsidies inherent in the existing system and move forward without any certainty as to the regime that will replace it. In the meantime, consumers suffer, whether because they lose out on access to advanced services, or because they ultimately pay for the legacy subsidies.²⁸

The FCC’s Order also found that access charges “allow[] carriers to shift recovery of the costs of their local networks to other providers . . . [so that] subscribers do not have accurate pricing signals to allow them to identify lower-cost or more efficient providers. By contrast, a bill-and-keep framework helps reveal the true cost of the network to potential subscribers by limiting carriers’ ability to recover their own costs from other carriers and their customers.”²⁹ This, in turn, helps to provide better pricing signals to end user customers.³⁰ In addition, the FCC found that the ultimate elimination of access charge payments to other carriers both reflects the near-zero cost of providing service³¹ and will:

[B]ring substantial benefits to consumers, including reduced rates for all wireless and long distance customers, more innovative communications offerings, and improved quality of service for wireless consumers and consumers of long distance services. The reforms also improve the fairness and efficiency of subsidies flowing to high-cost rural areas, and promote innovation by eliminating barriers to the transformation of today’s telephone networks into the all-IP broadband networks of the future.³²

²⁷ *Id.* at p. 245, para. 747.

²⁸ Verizon 2011 FCC Comments, p. 2

²⁹ ICC Order at p. 244, para. 745.

³⁰ *Id.* at p. 245, para. 746.

³¹ *Id.* at p. 248, para. 753 (“Our conclusion that the incremental cost of call termination is very nearly zero, coupled with the difficulty of appropriately setting an efficient, positive intercarrier compensation charge, further supports our adoption of bill-and-keep”). The FCC Order makes it crystal clear that state proceedings need not involve cost models or lengthy presentations of any type or kind. This is a pure policy decision, and the policy overwhelmingly favors reducing all access charges to bill-and-keep.

³² *Id.* at p. 209, para. 648.

Verizon in its Reply Comments to the FCC forcefully argued in favor of reducing originating access rates to bill-and-keep for the very same public policy reasons that required the FCC to order this regime for terminating access rates:

As Time Warner noted in its comments, “[t]he costs and functions associated with terminating and originating access are the same, and the policy rationales for reducing terminating rates apply equally to originating rates.” Other commenters agree, indicating that “[a]ll of the reasons that the Commission articulated for reducing and then eliminating terminating access charges in favor of a bill-and-keep regime... apply equally, if not more so, to originating access charges.” . . . The Commission should now take the next steps and adopt a framework for reducing originating access generally. . . .³³

Thus, Verizon’s true position on reform of all intrastate access charges is tellingly and conclusively revealed: unreformed, these high access charges are an economic abomination, an immediate threat to the public interest and a reform opportunity whose time has come for New York.

Conclusion

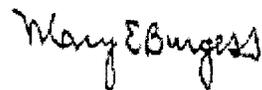
The Commission must take this opportunity to affirm and preserve the integrity of the settlement process, and Commission Orders approving same, here in New York. Procedurally, the Commission can and should order Phase III litigation to commence, consistent with the intent of the parties to the Phase II Settlement Agreement and the Commission Order specifically approving that Agreement, and not allow the proponents of the JP to re-make their agreement -- there are no “do overs” here, particularly after they obtained the benefits of their agreement. It is

³³ Reply Comments of Verizon, Connect America Fund, et al., WC Docket No. 10-90 et al., filed March 20, 2012, (“Verizon 2012 FCC Reply Comments”), pp. 4-5 (citations omitted). Verizon further argued that maintaining artificially high originating access rates and comparatively low terminating access rates would be inconsistent with the Commission’s adoption of uniform rate structures. As Comcast noted in its comments, the [Intercarrier Compensation Order] “highlighted the importance of national uniformity in reforming terminating access rates, ... concluding that “[p]roviding a uniform national transition and recovery framework, to be implemented in partnership with the states, will achieve the benefits of a uniform system and realize the goals of reducing arbitrage and promoting investment in IP networks as quickly as possible.” These policy decisions apply with equal force to originating access. *Id.*

the correct and proper procedure to ensure that the parties can make a compelling record in favor of immediate originating access reform.

The parties to the JP seek to use this untenable “settlement” to derail further access reform in New York. It is small wonder they resort to this desperate tactic. The FCC has given this Commission both a roadmap and a green light to reduce originating access charges in New York, a solution for which Verizon itself is one of the leading advocates. By requiring New York LECs to move quickly to reduce their intrastate access rates, the Commission will join more than 25 other state jurisdictions that have required similar actions by law or regulation to benefit consumers and to improve competition and business opportunities in their states. The Commission should not hesitate to take decisive action to confer the same benefits here in New York.

Respectfully submitted,



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