

## Intercarrier Compensation Reforms—Phase Down of Termination Charges

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*Phase-Down of Termination Charges.* The Order contains a detailed chart (accessible via the link below) that lays out the timeline for the phase-down of termination charges. The phase-down for large carriers subject to price cap regulation begins on July 1, 2012 and is complete on July 1, 2018. For smaller carriers subject to rate of return regulation, the phase-down also begins on July 1, 2012, but is not complete until July 1, 2020. Consult the chart for details, but for large incumbent carriers and competing firms that operate in their areas, the key dates are:

DATE	EVENT
Effective Date of the rules	All intercarrier switched access rates <b>capped</b> .
July 1, 2012	Most intrastate terminating rates brought half-way to interstate rates.
July 1, 2013	Most intrastate terminating rates reduced to interstate level.
July 1, 2014	Terminating end office and reciprocal compensation rates reduced one-third of the way to \$0.0007.
July 1, 2015	Terminating end office and reciprocal compensation rates reduced a the second one-third of the way to \$0.0007.
July 1, 2016	Terminating end office and reciprocal compensation rates reduced to \$0.0007.
July 1, 2017	Terminating end office and reciprocal compensation rates reduced to zero; terminating transport generally reduced to \$0.0007.
July 1, 2018	Terminating transport generally reduced to zero.

The process for smaller, rate-of-return regulated carriers is longer, as shown in the FCC's chart.

The Order contains a detailed chart, reproduced below (without footnotes) laying out the timetable for the transition to the FCC's new bill-and-keep system for termination charges.

Intercarrier Compensation Reform Timeline		
Effective Date	For Price Cap Carriers and CLECs that benchmark access rates to price cap carriers	For Rate-of-Return Carriers and CLECs that benchmark access rates to rate-of-return carriers
Effective Date of the rules	All intercarrier switched access rate elements, including interstate and intrastate originating and terminating rates and reciprocal compensation rates are capped.	All interstate switched access rate elements, including all originating and terminating rates and reciprocal compensation rates are capped. Intrastate terminating rates are also capped.
July 1, 2012	Intrastate terminating switched end office and transport rates, originating and terminating dedicated transport, and reciprocal compensation rates, if above the carrier's interstate access rate, are reduced by 50 percent of the differential between the rate and the carrier's interstate access rate.	Intrastate terminating switched end office and transport rates, originating and terminating dedicated transport, and reciprocal compensation rates, if above the carrier's interstate access rate, are reduced by 50 percent of the differential between the rate and the carrier's interstate access rate.

July 1, 2013	Intrastate terminating switched end office and transport rates and reciprocal compensation, if above the carrier's interstate access rate, are reduced to parity with interstate access rate.	Intrastate terminating switched end office and transport rates and reciprocal compensation, if above the carrier's interstate access rate, are reduced to parity with interstate access rate.
July 1, 2014	Terminating switched end office and reciprocal compensation rates are reduced by one-third of the differential between end office rates and \$0.0007.	Terminating switched end office and reciprocal compensation rates are reduced by one-third of the differential between end office rates and \$0.005.
July 1, 2015	Terminating switched end office and reciprocal compensation rates are reduced by an additional one-third of the original differential to \$0.0007.	Terminating switched end office and reciprocal compensation rates are reduced by an additional one-third of the original differential to \$0.005.
July 1, 2016	Terminating switched end office and reciprocal compensation rates are reduced to \$0.0007.	Terminating switched end office and reciprocal compensation rates are reduced to \$0.005.
July 1, 2017	Terminating switched end office and reciprocal compensation rates are reduced to bill-and-keep. Terminating switched end office and transport are reduced to \$0.0007 for all terminating traffic within the tandem serving area when the terminating carrier owns the serving tandem switch.	Terminating end office and reciprocal compensation rates are reduced by one-third of the differential between its end office rates (\$0.005) and \$0.0007.
July 1, 2018	Terminating switched end office and transport are reduced to bill-and-keep for all terminating traffic within the tandem serving area when the terminating carrier owns the serving tandem switch.	Terminating switched end office and reciprocal compensation rates are reduced by an additional one-third of the differential between its end office rates as of July 1, 2016 and \$0.0007.
July 1, 2019		Terminating switched end office and reciprocal compensation rates are reduced to \$0.0007.
July 1, 2020		Terminating switched end office and reciprocal compensation rates are reduced to bill-and-keep.

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