

Unifying the Intercarrier Compensation Regime

by

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Recommendations and Conclusion

Intercarrier compensation reform is long overdue. Access charges should be abolished. Subsidies should be clearly separated from intercarrier compensation arrangements. The reciprocal compensation structure currently used between LECs serving the same geographical territory should be expanded to a wide range of interconnecting carriers. The default intercarrier compensation method should be bill and keep. Strategic use of intercarrier compensation to gain competitive advantage should be prohibited. The preferred method of developing specific intercarrier compensation agreements should be private bargaining to reach a voluntary agreement. Private bargaining should be supported by an arbitration mechanism in which industry experts serve as the arbitrators.