

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of:)
)
Assessment and Collection of) MD Docket No. 07-81
Regulatory Fees for Fiscal)
Year 2007)
)

COMMENTS OF THE IOWA UTILITIES BOARD

Summary

On April 18, 2007, the Federal Communications Commission (Commission) released a Notice of Proposed Rulemaking (NPRM). The NPRM seeks comment on how to apply regulatory fee obligations to providers of interconnected voice over Internet protocol (VoIP) service providers. Specifically, the NPRM seeks comment on whether the Commission should assess regulatory fees on providers of interconnected VoIP services based on revenue, or whether the Commission should assess regulatory fees using a numbers-based approach.¹ The Iowa Utilities Board (IUB) is on record supporting a numbers-based approach as a means of reforming the Universal Service Fund (USF) and as a means to further optimize the use of telephone numbering resources.² For the purposes of USF reform, the IUB supported the numbers-based approach mainly because of the proliferation of “free VoIP services” that would appear to

¹ NPRM at paragraph 10.

² Comments of Iowa Utilities Board filed August 9, 2006, in the Matter of Universal Service Contribution Methodology and Number Resource Optimization, WC Docket No. 06-122 and CC Docket No. 99-200.

escape any USF contribution obligation based on “revenues.” For the same reasons, the IUB would also support assessing regulatory fees to VoIP service providers using a numbers-based approach as opposed to a revenue-based approach.

The IUB now recommends, however, that the Commission consider expanding its definition of VoIP service providers that would be subject to the assessment of regulatory fees. The NPRM states that “providers of interconnected VoIP services” would be subject to regulatory fees. The Commission has previously defined interconnected VoIP service as:

[a] service that: (1) enables real-time, two-way voice communications; (2) requires a broadband connection from the user's location; (3) requires Internet protocol-compatible customer premises equipment (CPE); and (4) permits users generally to receive calls that originate on the public switched telephone network and to terminate calls to the public switched telephone network.³

The IUB asserts that unless this definition is expanded to also include VoIP service providers who are using NANP resources, either directly assigned or assigned through an underlying carrier, a vast number of VoIP services will escape the Commission’s attempt to assess regulatory fees.

Rationale

In late 2005, a company providing voice over Internet services began partnering with rural telephone companies in Iowa to provide free voice mail boxes via the Internet. The free voice mail boxes are marketed through at least

³ 47 C.F.R. § 9.3

six websites.⁴ Each voice mail box requires a dedicated telephone number. As a result, Iowa has seen a vast number of new telephone number assignments to feed the demand for these free services. To date, 191 NXX Codes, or nearly 2 million Iowa telephone numbers, have been assigned for the free voice mail boxes. The VoIP service provider has told the IUB that it may eventually need as many as 4 to 6 million Iowa telephone numbers to feed the demand for these services. The IUB is aware of at least one other VoIP service provider marketing free voice mail boxes with dedicated telephone numbers from virtually every other state.⁵

The NANPA's most recent area code exhaust forecast shows pronounced erosion for the expected lives of Iowa's five area codes.⁶ In the past year, NPA 319 lost 14 years of expected life; NPA 563 lost 10 years of expected life; NPA 515 lost 7 years of expected life; NPA 641 lost 6 years of expected life; while NPA 712 lost 3 years of expected life. Clearly the proliferation of free VoIP services is a major contributor to this problem. The IUB believes that numbers-based assessment mechanisms for USF and regulatory fees should be applied to all VoIP services using NANP telephone numbers. Besides spreading costs equitably among all users of NANP resources, it would help further optimize the use of telephone numbering resources both in Iowa and the nation.

⁴ See for example: www.freedigits.com www.matchdigits.com www.officedigits.com www.faxdigits.com www.talkdigits.com and www.hopedigits.com

⁵ See: www.privatephone.com

⁶ See page 12 of 25 of: www.nanpa.com/pdf/NRUF/2007_1_NPA_Exhaust_Projections.pdf

Recommendation

The IUB respectfully asserts that the Commission should assess regulatory fees on providers of interconnected VoIP services using a numbers-based approach instead of a revenue-based approach. Additionally, the Commission should expand its definition of “interconnected VoIP service” so it encompasses all VoIP service providers using NANP resources – whether these NANP resources were directly assigned or assigned through an underlying carrier. Such action will help spread regulatory costs equitably among all users of NANP resources, while at the same time helping to further optimize the use of telephone numbering resources.

May 3, 2007

Respectfully submitted,

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