

recently released *Assessment and Collection of Regulatory Fees for Fiscal Year 2003, Report and Order* (68 FR 48445 (August 13, 2003)). The corrections are as follows:

1. On page 48466, in the third column of § 1.1152, the fee amounts in the first four entries, in the second column of the table, immediately following the 220 MHz Nationwide heading is corrected to read \$10.00 instead of \$5.00.

Federal Communications Commission

**Marlene H. Dortch,**

*Secretary.*

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## FEDERAL COMMUNICATIONS COMMISSION

### 47 CFR Part 51

[CC 95-185 and 96-98; WT 97-207; FCC 03-215]

### Cost-Based Terminating Compensation for CMRS Providers

**AGENCY:** Federal Communications Commission.

**ACTION:** Final rule; interpretation.

**SUMMARY:** In this document, the Commission responds to an application for review of a May 9, 2001, letter issued jointly by the Wireless Telecommunications Bureau and the Common Carrier Bureau (now the Wireline Competition Bureau) (Joint Letter) in response to a request for clarification of our reciprocal compensation rules. The Commission concludes that the Joint Letter is consistent with the interpretation of the Communications Act that the Commission adopted in the August 1996 Local Competition Order and reflected in the Commission's rules and prior orders and, accordingly, affirms the interpretation of our rules stated therein.

**FOR FURTHER INFORMATION CONTACT:** Peter Trachtenberg, Wireless Telecommunications Bureau, Policy Division, (202) 418-7369, or via the Internet at [Peter.Trachtenberg@fcc.gov](mailto:Peter.Trachtenberg@fcc.gov).

**SUPPLEMENTARY INFORMATION:** This is a summary of the Order in CC Docket Nos. 95-185 and 96-98, and WT Docket No. 97-207, FCC 03-215, adopted on August 27, 2003, and released on September 3, 2003. The complete text of this Order is available on the Commission's website in the Electronic Comment Filing System and for public inspection during regular business hours in the FCC Reference Center, Room CY-A257, 445 Twelfth Street,

SW., Washington, DC 20554. A copy of the Order may also be purchased from the Commission's duplicating contractor, Qualex International, Portals II, 445 12th Street, SW., Room CY-B402, Washington, DC 20554, telephone (202) 863-2893, facsimile (202) 863-2898, or via e-mail [qualexint@aol.com](mailto:qualexint@aol.com).

1. On February 2, 2000, Sprint PCS filed a letter and legal memorandum requesting that the Commission confirm and clarify Commercial Mobile Radio Service (CMRS) providers' entitlement to reciprocal compensation for all the additional costs of switching or delivering to mobile customers "local traffic originated on other networks." On April 27, 2001, in the context of seeking comment on a unified intercarrier compensation scheme, the Commission issued the Unified Intercarrier Compensation Notice of Proposed Rulemaking (NPRM), 66 FR 28410, (May 23, 2001), which, among other things, reviewed and sought comment on the application of its current orders and rules regarding asymmetric reciprocal compensation to Local Exchange Carrier (LEC)-CMRS interconnection.

2. On May 9, 2001, WTB and WCB responded to the Sprint PCS Letter, relying on clarifications of the reciprocal compensation rules in the NPRM. The Joint Letter stated that, based on the language of section 252(d)(2)(A) of the Communications Act, CMRS carriers are entitled to the opportunity to demonstrate that their termination costs exceed those of ILECs, that the "equivalent facility" language of § 51.701(c) and (d) of the Commission's rules does not require that wireless network components be reviewed on the basis of their relationship to wireline network components or bar a CMRS carrier from receiving compensation for the additional costs that it incurs in terminating traffic on its network if those costs exceed the ILEC's costs, and that if a CMRS carrier can demonstrate that the costs associated with spectrum, cell sites, backhaul links, base station controllers and mobile switching centers vary, to some degree, with the level of traffic that is carried on the wireless network, a CMRS carrier can submit a cost study to justify its claim to asymmetric reciprocal compensation that includes additional traffic sensitive costs associated with those network elements. The Joint Letter also stated that a CMRS carrier is entitled to the tandem interconnection rate under § 51.711(a)(3) of the Commission's rules if it can satisfy a comparable geographic area test, and need not also satisfy a functional equivalency test.

3. On June 8, 2001, SBC submitted an application for review of the Joint Letter contending that the Joint Letter could be read as establishing a broader definition of additional costs for CMRS networks than the Commission previously established for LEC networks and that the Joint Letter improperly read the functional equivalency test out of the rules for purposes of deciding whether a new entrant should be compensated at the tandem interconnection rate.

4. We reaffirm that, under the current rules, a CMRS carrier can seek a compensation rate that includes the traffic-sensitive costs associated with its network elements. We conclude that the Joint Letter correctly addressed the questions raised in the Sprint PCS request.

5. The Joint Letter correctly reflected the Commission's interpretation of section 252(d)(2)(A) of the Act in the Local Competition Order, 61 FR 47284, (September 6, 1996), in stating that, based on the language of section 252(d)(2)(A), carriers are entitled to recover all of their additional forward-looking costs of terminating traffic to the extent they demonstrate such costs. Further, § 51.711(b) of our rules expressly permits connecting carriers, including CMRS carriers, an opportunity to prove that their additional costs justify a higher rate than the rate charged by the incumbent LEC. Such additional costs must be established through a cost study using a forward-looking economic cost model.

6. The Joint Letter also correctly explained that the determination of the additional costs of terminating traffic over a wireless network element does not involve an inquiry into whether the wireless network element is "equivalent" to a recoverable wireline element. The term "equivalent facility" in §§ 51.701(c) and 51.701(d) of our rules was not intended to preclude the recovery by CMRS carriers of the "additional costs" of wireless components that might be regarded as functionally equivalent to wireline elements whose costs are non-recoverable, such as a wireline LEC's local loop. Rather, the term was used to ensure that the costs of non-LEC facilities would be included in transport and termination rates even if such facilities did not precisely track the network facilities architecture of a LEC. Thus, while equivalence does, in part, define what facilities are involved in the function of "termination," it is simply not relevant to determining which of those terminating facilities imposes costs that can be recovered through reciprocal compensation charges.