4901:1-7-12 **Compensation for the transport and termination of telecommunications traffic.**

(A) Compensation principles

(1) Reciprocal compensation

(a) All telephone companies shall have the duty to establish reciprocal compensation arrangements for the transport and termination of telecommunications traffic pursuant to 47 U.S.C. 251(b)(5), as effective in paragraph (A) of rule 4901:1-7-02 of the Administrative Code.

(b) Transport is the transmission, and any necessary tandem switching of telecommunications traffic subject to 47 U.S.C. 251(b)(5), as effective in paragraph (A) of rule 4901:1-7-02 of the Administrative Code, from the interconnection point between the two telephone companies to the terminating telephone company's end office switch that directly serves the called party, or equivalent facility provided by a telephone company other than an incumbent local exchange telephone company (ILEC).

(c) Termination is the switching of the telecommunications traffic at the terminating telephone company's end office switch, or equivalent facility, and delivery of such traffic to the called party's premises.

(2) Eligibility

Telephone companies shall be entitled to compensation for the use of network facilities they own or obtain by leasing from an ILEC (i.e., through purchasing unbundled network elements) to provide transport and terminate telecommunications traffic originated on the network facilities of other telephone companies. Nonfacilities-based, local exchange carriers (LECs) are not eligible for the transport and termination of telecommunications traffic compensation.

(3) Internet service provider (ISP) traffic

Compensation for the transport and termination of ISP traffic shall be addressed in arbitration cases, until the commission or the federal communications commission otherwise establishes a generic policy.

(B) Traffic measurement and identification

(1) All telephone companies exchanging reciprocal compensation traffic and switched access traffic shall measure minutes-of-use for compensation purposes if technically and economically feasible, unless they mutually agree to a different arrangement in the interconnection agreement. However, telephone companies that are unable to measure traffic terminating on their network may use an allocation factor between the types of traffic in order to

bill the originating telephone company. All telephone companies shall be required to maintain such records of traffic measurement, which will be subject to audits for validation of traffic jurisdiction upon request of the interconnecting telephone company. Extended area service (EAS) trunks should only be used to carry the originally intended local traffic unless the LECs on both ends of the EAS trunks mutually agree otherwise. The commission, at its discretion in an arbitration proceeding, may require the interconnecting telephone companies to use separate dedicated trunk groups for reciprocal compensation, intraLATA switched access, and interLATA switched access traffic transport.

(2) All telephone companies exchanging traffic, where technically and economically feasible, as the provider of originating or transiting intrastate traffic that is terminated on the network of another telephone company, shall:

(a) For originating calls, transmit the telephone number of the party originating the call without alteration in the network signaling information.

(b) For forwarded calls, transmit the telephone number of the party originating the call, to the extent such information has been provided by the originating telephone company, without alteration in the network signaling information.

(c) For forwarded calls, the transiting telephone company is not responsible if the originating telephone company did not include the network signaling information.

(C) Traffic subject to reciprocal compensation

(1) Telecommunications traffic exchanged between LECs

As a LEC establishes its own local calling area(s), the perimeter of the local calling area of the ILEC with which the LEC is requesting to establish a reciprocal compensation arrangement shall constitute the demarcation for differentiating reciprocal compensation traffic versus switched access traffic for the purpose of the compensation arrangement. Any call originating and terminating within the boundary of such ILEC local calling area shall be subject to reciprocal compensation. The local calling area of the ILEC shall include nonoptional EAS approved by the commission while excluding optional EAS arrangements.

(2) Telecommunications traffic exchanged between a LEC and a commercial mobile radio service provider that, at the beginning of the call, originates and terminates within the same major trading area as defined in 47 C.F.R. 24.202(a), as effective in paragraph (A) of rule 4901:1-7-02 of the Administrative Code, shall be subject to reciprocal compensation.

(D) Reciprocal compensation arrangements

(1) Rates, terms, and conditions for the transport and termination of reciprocal compensation traffic shall be established through either negotiated or arbitrated agreements. An ILEC's rates for transport and termination of reciprocal compensation traffic shall be established, at the commission's discretion in an arbitration proceeding, on the basis of one of the following:

(a) The forward-looking economic costs of such offerings, using a cost study pursuant to rules 4901:1-7-17 and 4901:1-7-19 of the Administrative Code.

(b) Interim rates as provided in rule 4901:1-7-18 of the Administrative Code.

(c) A bill and keep arrangement, as provided in paragraph (D)(3) of this rule.

(2) Symmetrical reciprocal compensation

(a) For purposes of this section, symmetrical rates are rates that a telephone company assesses upon an ILEC for transport and termination of reciprocal compensation traffic equal to the rates that the ILEC assesses upon the telephone company for the same services.

(b) Rates for transport and termination of reciprocal compensation traffic shall be symmetrical unless the non-ILEC telephone company (or the smaller of two ILECs) proves to the commission, on the basis of a forward-looking economic cost study pursuant to rule 4901:1-7-19 of the Administrative Code, that its forward-looking costs for its network exceed the costs incurred by the ILEC (or the larger ILEC), and that justifies a higher rate.

(c) If both parties to the compensation arrangement are ILECs, symmetrical rates for transport and termination of reciprocal compensation traffic shall be based on the larger telephone company's forward-looking costs, unless the parties voluntarily agree to different rates.

(d) If neither party to the compensation arrangement is an ILEC, symmetrical rates for transport and termination of reciprocal compensation traffic shall not exceed the highest tandem interconnection total element long run incremental cost-based rate charged by the largest ILEC in the state, unless the parties voluntarily agree to different rates.

(e) The commission may establish symmetrical transport and termination rates for reciprocal compensation traffic that vary according to whether this traffic is routed through a tandem switch or directly to an end office switch.

(i) Where the telephone company interconnects at the ILEC's tandem office and the switch of the telephone company serves a geographical area comparable to the area served by that ILEC's tandem switch, the telephone company is eligible for the tandem interconnection rate for the transport and termination of reciprocal compensation traffic over this tandem interconnection facility.

(ii) Where the telephone company interconnects at the ILEC's end office, regardless of the geographical area served by the telephone company's switch, the telephone company is eligible for the end office termination rate only for the transport and termination of reciprocal compensation traffic over this end office interconnection facility.

(3) Bill and keep

(a) Bill and keep arrangements are those agreements in which neither of the two interconnecting telephone companies charge the other for the termination of reciprocal compensation traffic that originates on the other telephone company's network. A negotiated or arbitrated interconnection agreement between telephone companies may employ bill and keep as a method of compensation for the transport and termination of reciprocal compensation traffic.

(b) Nothing in these rules precludes the commission from presuming that the amount of reciprocal compensation traffic from one network to the other is roughly balanced with the amount of reciprocal compensation traffic flowing in the opposite direction and is expected to remain so, unless a party rebuts such a presumption.

(c) The commission, at its discretion, may adopt specific thresholds for determining when reciprocal compensation traffic is roughly balanced, and include provisions for compensation obligations if traffic becomes significantly out of balance based on a showing that the traffic flows are inconsistent with the thresholds adopted by the commission.

(4) Rate structure

(a) Rates for transport and termination of reciprocal compensation traffic shall be structured consistent with the manner that telephone companies incur those costs pursuant to paragraph (B) of rule 4901:1-7-17 of the Administrative Code.

(b) LECs shall offer flat-rate compensation to other telephone companies for dedicated facilities purchased for the transport of reciprocal compensation traffic.

(c) The rate of a telephone company providing transmission facilities dedicated to the transmission of reciprocal compensation traffic between two telephone companies' networks shall recover only the costs of the portion of that trunk capacity used by an interconnecting telephone company to send traffic that will terminate on the providing telephone company's network. Such proportion may be measured during peak periods.

(E) LECs may block calls originated to and/or terminated from another telephone company that has not requested an interconnection agreement with the LEC for the establishment of reciprocal compensation arrangement for the transport and termination of telecommunications traffic, and has not been responsive to a request for interconnection for the establishment of reciprocal compensation arrangement for the transport and termination of telecommunications traffic, in accordance with 47 U.S.C. 251(a)(1) and 47 U.S.C. 251(b)(5), as effective in paragraph (A) of rule 4901:1-7-02 of the Administrative Code.

(F) This section shall not be construed to preclude telephone companies from negotiating and voluntarily agreeing to other interconnection and compensation arrangements.

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