

MCI'S Perspective: Voice over Internet Protocol (VoIP)

The increasing popularity of "voice over Internet Protocol" services has accelerated the need for policymakers to adopt a new regulatory structure. The current framework formed following divestiture of the Bell System, where a segregated set of interexchange carriers support "universal service" by paying access charges to local monopolies. This system was already under pressure before VoIP became a valid consumer option, as lines between local and long distance blurred and consumers began moving traffic to wireless. The challenge now is for regulators to stave off collapse of the current system while transitioning to a structure more appropriate for an IP-driven world and continuing to promote innovation.

The reality today is that VoIP does not fit into existing regulatory and business models and social policies developed over the past century based on the traditional telecom network. With interexchange and local exchange carriers now having moved decisively into each others' markets and both new and traditional carriers racing to embrace VoIP as a means of cutting technology and costs, and providing innovative new services, regulators are at a crossroads.

MCI's Approach: The Bottom Line

MCI opposes the application of outdated common carrier rules to emerging services such as VoIP. Such rules would only stifle innovation and growth, and inhibit competition.

To the extent regulation of telecommunications is needed going forward, it should be where any particular set of players can exercise market power. For example, access to Bell "last mile" facilities must continue to be regulated regardless of what services are provided over these facilities to ensure consumers gain the benefits of competition.

The universal service regime must be reformed to account for market and technological changes. The connections-based approach advocated by MCI would address the problem of trying to classify the jurisdictional nature of calls while expanding the funding base and making USF sustainable during this transition to VoIP.

Access charge regulations also need to change to meet the shift to VoIP. The current system of different rates for different traffic already had become unsustainable because of the growing popularity of wireless/Internet services and bundled packages of local and long distance services. Adoption of a "bill and keep" arrangement -- where all networks benefit from traffic exchange -- is more appropriate for a world where the distinction between "local" and "long distance" is increasingly meaningless.

MCI encourages policymakers to consider a new framework in which regulations are applied to the horizontal "layers" in which the network operates. Today regulations are sorted into vertical "silos" based on industry labels such as "wireline" and "wireless". With technology evolving, and services moving to a common IP platform, regulators should move away from the increasingly outmoded vertical "silos" that artificially separate networks from each other. Regulations and laws should be built around the Internet, rather than the other way around.

MCI Will Work with the VON Coalition for Needed Reforms

MCI looks forward to joining the VON Coalition and working to educate policymakers at a state and federal level. The Coalition and MCI share the common goal of fostering the development and deployment of VoIP while addressing all public safety concerns. MCI will be an active participant in all proceedings on the state and federal level.