

# Interconnection Rules for Wireless Telecommunications

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**P**roviders of wireless services will be powerful participants in building an intermeshed “network of networks” where all sorts of telecommunications companies and technologies have the opportunity to compete. Yet, policy decisions on the regulation of wireless telecommunications have followed a different path than wireline.

Section 332 of the Communications Act, passed in 1993, provides for regulatory parity within the wireless industry but distinguishes between wireless and wireline carriers. The Telecommunications Act of 1996, while explicitly preserving section 332, calls for:

- Similar rules for similarly-situated providers.
- Steps toward deregulation that are consistent and fair.
- Technological neutrality.

Both traditional landline services and commercial mobile radio services (CMRS) are common carriers under the law, which means they must serve the general public and cannot ordinarily refuse a customer.

In a recent research report, the National Regulatory Research Institute (NRRRI) analyzes the complex implementation issues arising from policies that attempt simultaneously to encourage new wireless entrants into local markets and be consistent, fair, and neutral. The report explores several issues, including barriers to entry, universal service, and service quality, particularly as

they affect state public service commissions in their relationship with the Federal Communications Commission (FCC).

Among the most important of these issues is interconnection, where federal oversight has just been reaffirmed by the 8th Circuit Court of Appeals. While ruling that states have authority over intrastate interconnection rates for most carriers, the court excepted CMRS, like cellular and personal communications services, covered by section 332.

The states do have a role to play, however: They must approve (or disapprove) interconnection agreements under the Telecommunications Act. CMRS providers have been somewhat later overall than other carriers in negotiating, so states can expect to renew many more wireless/landline agreements in the coming months. It is encouraging that CMRS providers are using the process provided under the act and appear, so far, to consider it workable and fair.

Wireless providers are aided in their interconnection negotiations by their current classification as telecommunications carriers without the responsibilities of local exchange carriers (LECs). This FCC ruling is helpful to wireless providers challenging incumbent LECs for customers, hastening the time when they will be full competitors. The FCC’s 1996 interconnection ruling assures that wireless providers will have the opportunity to interconnect with the landline network based on costs and technical

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efficiency, a prospect that the CMRS industry considered lacking in the past.

The 1996 Act calls for categorization of providers of telecommunications services as telecommunications carriers, local exchange carriers, or incumbent LECs. LECs have the responsibilities of telecommunications carriers, plus additional ones. Incumbent LECs are assigned obligations of telecommunications carriers and LECs, plus additional requirements (see figure). The act gave the FCC the choice of counting CMRS as LECs or not. The FCC chose not to, although it concluded that CMRS providers do provide telephone exchange service, just like LECs.

All telecommunications carriers have the right to request interconnection and obtain access to unbundled elements from an incumbent LEC. They must interconnect with other carriers, comply with requirements for interconnectivity, and comply with the requirements of the Americans with Disabilities Act.

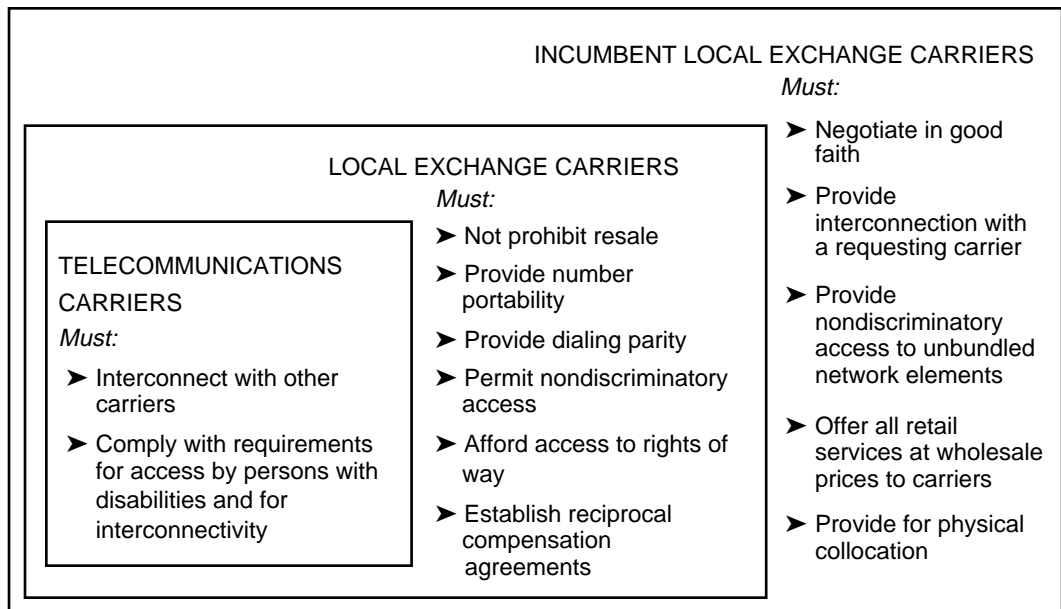
Under the provisions of the Telecommunications Act of 1996:

- LECs may not forbid resale.
- They must provide number portability.
- They must provide dialing parity
- LECs must permit non-discriminatory access.
- They must afford access to rights-of-way.
- They must establish reciprocal compensation agreements.

At first glance, it might appear that being classified as telecommunications carriers, CMRS providers are being let off the hook as full-fledged competitors. In fact, the FCC has, to some extent, imposed LEC-type duties on CMRS or is phasing them in.

*Resale*—The FCC prohibits major types of CMRS providers from unreasonably restricting resale during a transitional period. The resale rule sunsets five years after the last group of initial licenses for broadband

Figure 1  
**Classification of Providers under the Telecommunications Act of 1996 (Section 251)**



Source: Davis & Clements

PCS spectrum is awarded. The commission reasoned that, once broadband PCS licensees build out their networks and are competing with cellular, explicit regulations on resale will be unnecessary.

*Number Portability*—Wireless carriers are required to implement number portability, but on a different schedule from wireline providers. Wireless carriers must be able to deliver calls from their networks to ported numbers anywhere in the United States by December 31, 1998. This corresponds to the date wireline carriers must provide service provider portability in the 100 largest metropolitan statistical areas. Wireless carriers have until June 30, 1999 to provide service provider portability.

*Dialing Parity*—Since CMRS providers are not classified as LECs, dialing parity does not apply to them. Dialing parity permits consumers to choose different carriers without having to dial extra digits to complete a call. By reducing distinctions between incumbent LECs and new market entrants, dialing parity can facilitate greater competition.

*Non-discriminatory Access*—Section 332(c) includes a prohibition against equal access requirements, and CMRS providers are not required to provide non-discriminatory access. However, CMRS providers are entitled to receive non-discriminatory access from LECs.

*Access to Rights-of-Way*—LECs must provide access to their rights-of-way, not vice versa.

*Reciprocal Compensation*—In the 1996 interconnection order, the FCC concluded that CMRS providers are not obliged to provide requesting telecommunications carriers with reciprocal compensation. LECs must, however, offer reciprocal compensation to CMRS providers.

For the FCC, one thing to begin to consider is a decision rule for when a telecommunications carrier takes on the responsibility of a LEC. In the interconnection order, the FCC noted that wireless providers of commercial services may become LECs over time, but did not choose to delve into what might make this happen.

Like the FCC's distinction between fixed and mobile offerings by CMRS providers, the differing obligations of LECs and non-LECs may make it more difficult to see similarities of wireline and wireless providers in the development of a network of networks. Just like landline service through the public switched network, wireless offers voice and data communications, but with a valuable extra selling point—mobility.

We are used to viewing cellular as a high-end service, but the trend is toward cheaper, mass market wireless. Furthermore, wireless and wireline services show signs of increasing complementarity both as business ventures and technologies. It would not, in fact, be much of a stretch to consider CMRS providers as LECs right now.

As the network of networks develops, special protections for some telecommunications carriers will be unnecessary, and CMRS providers as well as others can be called on to meet such obligations as dialing parity and non-discriminatory access. The FCC and the states will need to work together to assure that all the goals of the Telecommunications Act are met for this means of bringing new communications opportunities to customers. **NTQ**

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*Author's Note*—The complete NRRI research report is available by calling the NRRI Publications Office at (614) 292-9404, through the Web site at <http://nrri.ohio-state.edu> or by writing to NRRI, 1080 Carmack Road, Columbus, Ohio 43210. Ask for Wireless Telecommunications in Local Markets: Policies for Inclusion, by Vivian Witkind Davis and Michael Clements (82 pages; \$25.80)