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IDT Domestic Telecom, Inc.
520 Broad Street
Newark, New Jersey 07102

FILED VIA ECFS

March 10, 2021

Mr. Thomas Sullivan
Chief, International Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

**Re: Notification of Acceptance of Terms and Conditions for Waiver of the
Benchmark Rate for Cuba, IB Docket No. 10-95;
IDT Telecom, Inc., International Telecommunications Certificate ITC-214-
20100804-00318**

Dear Bureau Chief Sullivan:

March 2, 2015 was the effective date of IDT Domestic Telecom, Inc.’s (“IDT Domestic”) authorization by Federal Communications Commission (“Commission”) ¹ to operate under a three-year waiver of the benchmark rate for telecommunications transmitted between the United States and Cuba. On March 1, 2018 and again by this letter, and in accordance with paragraph 32 of the *TeleCuba Waiver Order*,² IDT Domestic reaffirms its acceptance of the terms and conditions of the waiver and requests that the Commission extend its initial and subsequent three-year waiver an additional three years and issue an “Informative” as part of the Commission’s Public Notice indicating as such. Should the Commission extend IDT Domestic’s waiver, IDT Domestic’s commercial relationship with Empresa de Telecomunicaciones de Cuba S.A. (“ETECSA”) would continue under the Agreement presently on file with the Commission.

As detailed below, good cause³ exists to extend the waiver, as IDT Domestic’s provision

¹ See generally, IConnect Wholesale, Inc., d/b/a/ TeleCuba, Petition for Waiver of the International Settlements Policy and Benchmark Rate for Facilities-Based Telecommunications Services with Cuba, IB Docket No. 10-95, IBFS File No. ISP-WAV-20100412-00007, Memorandum Opinion and Order, 26 FCC Rcd 5217 (2011) (“*TeleCuba Waiver Order*”).

² *TeleCuba Waiver Order* at ¶ 32 (“[Carrier] may request an extension of the initial three-year period of the waiver. Commission confidence that progress is being made toward a reduction of termination rates will be an important factor in considering any request for extension of the waiver after the initial three-year period.”)

³ 47 C.F.R. § 1.3.

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of direct services to Cuba has served the public interest. In the *TeleCuba Waiver Order*, the International Bureau (“Bureau”) concluded that the public interest would be served by TeleCuba “establish[ing] a working relationship with ETECSA that would enable it to provide a direct ‘single path’ to Cuba in order to offer customers improved call quality (in terms of reduced latency and post-dial delay) and an alternative to currently available indirect services involving multiple hops at higher cost and lower quality.”⁴ IDT’s experience in offering direct services to Cuba affirms the Bureau’s anticipated benefits:

- Prior to IDT Domestic’s establishing a direct route to Cuba, IDT Domestic was sending approximately [REDACTED] minutes per month to Cuba: all minutes were sent *via* third party, non-U.S. telecommunications carriers. Immediately upon establishing a direct route, this figure increased by multiples. Subsequent entry of additional U.S. providers to the Cuba market has seen IDT Domestic’s share of the market lower, however, in recent months, IDT Domestic has still sent as many as [REDACTED] minutes to Cuba per month.⁵
- Minutes from IDT Domestic’s end user consumers are up approximately [REDACTED] since the establishment of a direct route to Cuba.

IDT asserts that its increase in both end-user (retail) and wholesale traffic is due in part to the fact that IDT’s direct connection to Cuba provides a better-quality connection with greater reliability than other carriers who are transmitting traffic *via* multiple carriers or who are using gray routes.

The Commission also stated that “re-establishing direct links should be done in a way that benefits consumers ... [and] lower[] international calling rates for services to Cuba.”⁶ Again, IDT’s experience affirms the Commission’s anticipated benefits as it has found that another key component in IDT Domestic’s success (and further support that its request to extend its waiver should be granted) is on the reduced rates U.S. consumer and wholesale carriers have seen as a result of IDT Domestic’s provision of direct services to Cuba:

- The majority of IDT Domestic’s end user consumers⁷ have seen considerable rate reductions: prior to the establishment of a direct route to Cuba, approximately [REDACTED] of IDT end-user customers paid [REDACTED] or more per minute. Subsequent to the establishment of the direct route, approximately [REDACTED] of IDT Domestic’s end-user customers pay less than [REDACTED] per minute and nearly all other IDT Domestic end-user customers pay no more than [REDACTED] per minute.

⁴ *TeleCuba Waiver Order* at ¶ 21.

⁵ Recent market activity indicates that a large US carrier will be raising wholesale rates to Cuba and IDT expects that it will see an increase in its Cuba minutes as a result thereof.

⁶ *Id.* at ¶ 15.

⁷ As was the case in our 2018 filing, approximately [REDACTED] of US-Cuba traffic originates from Florida (with a large percentage of that traffic originating from Miami NPA-NXXs), strongly indicating that IDT’s high-quality connection and reduced rates are helping Cuban-Americans stay in touch with friends and family in Cuba.

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- IDT Domestic has not only passed along savings to our end-user customers, it also has reduced its wholesale rates by approximately \$██████: not only does this save US carriers money, but based on information and observation, we have seen other US carriers reduce rates to their end-users as well.
- While difficult to quantify, IDT Domestic believes that the availability of its high-quality route and reduced rates have displaced bad actors in the telecommunications industry that would offer low rates because of poor quality “gray” routes and dubious practices such as low per-minute rates with (often unadvertised) high connection fees and “mysterious” disconnections prior to the conclusion of a call’s first minute.

Critical to IDT Domestic’s ability to offer lower rates is the return traffic it receives from ETECSA as a result of the two carriers’ direct commercial relationship. While the nature of the differences in population and telecommunications density between the U.S. and Cuba ensures that more minutes will always go *to* Cuba than *from* Cuba, the high cost of Cuba-originated/US terminated traffic (which IDT Domestic receives in accordance with its agreement with ETECSA) allows for IDT Domestic to reduce its retail and wholesale rates. Absent this return traffic, which IDT Domestic only receives *but for* its Agreement, IDT Domestic would be compelled to raise both its retail and wholesale rates. Moreover, if IDT ceased receiving the return traffic it presently receives, the minutes would likely be handed off to a foreign carrier, therefore benefitting foreign telecommunications service providers and harming U.S. providers.

The *TeleCuba Waiver Order* also noted the policy to “facilitate greater contact between separated family members in the United States and Cuba and increase the flow of information to the Cuban people”⁸ Again, IDT Domestic’s provision of direct services to Cuba has borne fruit in ways beyond its (and possibly even the Commission’s) expectations: IDT Domestic has been able to provide International Mobile Top Up services in partnership with ETECSA, thereby allowing US consumers to pay for the wireless phone service of approximately 75,000 Cubans. In a country of approximately 11M people, this figure is considerable. Moreover, IDT Domestic is now beginning to expand its Top Up services to include Internet access, thereby allowing Cubans to receive Internet access, expanding their access to news and information that might not otherwise be available to them. Both agreements, which would not exist *but for* the commercial relationship established with ETECSA because of the waiver further the goal of expanding access to information for the Cuban people.

Perhaps notable by its absence listed above is the fact that IDT Domestic has not yet been able to secure a reduction in termination rates paid to ETECSA. However, we respectfully remind the Commission that the condition of paragraph 32 is not that a reduction in rates has been secured, but rather, that the Commission be confident that “progress is being made toward the reduction of termination rates.”⁹ IDT Domestic takes this opportunity to assure the Commission that we have engaged ETECSA in good-faith negotiations and have made progress toward a mutual understanding of the need to reduce termination rates. As we hope the

⁸ *TeleCuba Waiver Order* at ¶ 23.

⁹ *Id.* at ¶ 32.

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Commission will understand, such negotiations proceed at their own pace and are sensitive in nature and neither IDT Domestic nor any other US carrier can expect to quickly achieve that which has been unattainable by the U.S. government and telecommunications industry for decades. Moreover, we believe that the ongoing negotiations we have had may at some point in the future bear fruit, whereas such negotiations would rot on the vine should IDT Domestic not receive an additional waiver and lose its commercial relationship with ETECSA.

Should you have any questions with respect to this notification or require additional information, please do not hesitate to contact me.

Sincerely,



Carl Billek
Vice President - Regulatory
IDT Domestic Telecom, Inc.

Attachment

- c: David Krech, Associate Division Chief, Telecommunications and Analysis Division, International Bureau (*via email*)
- Jodi Cooper, Attorney, Telecommunications and Analysis Division, International Bureau (*via email*)