HWG | HARRIS, WILTSHIRE & GRANNIS LLP

August 15, 2018

Ex Parte

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *In re Petition for Declaratory Ruling Regarding Applicability of the IntraMTA Rule to LEC-IXC Traffic*, WC Docket No. 14-228

Dear Ms. Dortch:

The letter of August 9, 2018, in this docket from the "LEC Coalition" merely recycles an argument the Commission already considered twice—and on both occasions the Commission rejected the LECs' position. Accordingly, the LECs have provided no reason why the Commission should not deny their petition for declaratory ruling and/or file an amicus brief in the related Fifth Circuit case supporting reversal of the district court's ruling.

In its ex parte letter, the LEC Coalition reports that it "addressed whether it would be beneficial for the Commission to provide further guidance with respect to mechanisms that might be used on a *prospective* basis to allow interexchange carriers to route commingled traffic through Feature Group D trunks, while treating intraMTA wireless traffic as exempt from access charges" (emphasis in original). As that request shows, the LECs contend that the Commission's rules currently permit them to impose access charges on IXCs delivering intraMTA calls. But the Commission squarely rejected the LECs' position in its 2011 Universal Service Fund/Intercarrier Compensation Order ("*USF/ICC Order*"), confirming its prior decisions that intraMTA traffic is not subject to access charges and ruling that reciprocal compensation governs all intraMTA calls. *USF/ICC Order*, 26 FCC Rcd 17,663 (2011), ¶ 1007.

In the docket in the proceeding leading to the 2011 Order, Missouri's Small LECs argued that, where "wireless traffic is commingled with interexchange traffic and delivered over 'access' facilities and connections" such as Feature Group D trunks, access charges should apply rather than reciprocal compensation. Letter from Sylvia Lesse, WTB Docket 01-316, attachment (Mar. 22, 2002); *cited in USF/ICC Order*, n. 2130. Vantage Point sketched out the same argument nine years later by contending that "the Commission needs to proceed with substantial caution in specifically handling the rating and routing of intraMTA calls where an IXC is employed by the CMRS carrier to help route and receive or deliver those calls." Letter from Larry D. Thompson, WC Docket 10-90 (Oct. 21, 2011), at 3. Sprint, in opposing the LECs' contentions prior to the 2011 Order, urged the Commission to reiterate that *all* intraMTA traffic "is subject to reciprocal compensation rather than access charges …." Comment of Sprint Nextel Corp., WC Docket No. 10-90 (Apr. 1, 2011), at 22-23, *cited in USF/ICC Order*, n. 2133.

The Commission squarely rejected the LECs' argument in 2011, holding that "all traffic routed to or from a CMRS provider that, at the beginning of a call, originates and terminates within the same MTA, is subject to reciprocal compensation, without exception." *USF/ICC Order*, ¶ 979. The Commission approvingly cited Sprint's filing, which it described as "arguing that the Commission should reaffirm that all intraMTA traffic to or from a CMRS provider is subject to reciprocal compensation." *Id*., n.2133. The Commission also noted that its decision was "consistent with how the intraMTA rule has been interpreted by the federal appellate courts." *Id.*

The Commission specifically found that "the potential implementation issues raised by Vantage Point do not warrant a different construction of the intraMTA rule than we adopt above." *Id.*, n. 2132. The Commission cited the 1996 Local Competition Order, which stated "that parties may calculate overall compensation amounts by extrapolating from traffic studies and samples. *Id*., *citing Local Competition Order*, 11 FCC Rcd 15,499 ¶ 1044. Thus, the Commission has twice considered the LECs' contention that they may impose access charges on intraMTA calls delivered on Feature Group D trunks. Rather than allowing LECs to impose charges, the Commission has instructed the LECs to utilize factors based on traffic studies to determine how much traffic is exempt from access charges. Sprint has provided LECs with factors and stands ready to resolve the amounts in dispute as the Commission directed. Because the LEC Coalition apparently discussed this long-settled issue as needing further guidance from the Commission, attached to this letter is an ex parte letter from May 2017 describing how Sprint has implemented the Commission's 1996 and 2011 rulings.

Therefore, there is no need for the Commission to provide the "guidance" the LEC Coalition now seeks. The Commission has already twice rejected the LECs' contentions and made clear that they may not impose access charges on intraMTA calls. Accordingly, the LEC Coalition has provided no reason for the Commission not to deny their petition for declaratory ruling and/or file an amicus brief in the Fifth Circuit.

Moreover, it is telling that the LEC Coalition's ex parte letter did not address the main point made in our ex parte letter of July 2, 2018, in this docket, which, as we explained in the letter, is that the district court plainly erred by concluding "that the FCC's rules allowed local exchange carriers to charge *both* reciprocal compensation *and* access charges on the traffic at issue in the litigation and this proceeding—even though both compensation regimes have never been applied to the same calls." In 2011, the Commission rejected the LECs' request to allow them to impose access charges *rather than* reciprocal compensation. *USF/ICC Order*, ¶ 1007. The Commission would have dismissed as frivolous the argument that LECs may impose access charges on IXCs *and* collect reciprocal compensation from CMRS providers for the same call, if such an argument had been advanced.

Apparently, the LEC Coalition did not try to defend that position in its meeting with the General Counsel. But that is the position the LECs are defending in the Fifth Circuit.

Sincerely,

/s/ Christopher J. Wright

Christopher J. Wright
Counsel to Sprint Communications Co., L.P.

cc: Thomas Johnson
David Gossett
Richard Welch
Pam Arluk
Victoria Goldberg
Peter Trachtenberg

attachment

verizon✓

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May 30, 2017

Ex Parte

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Petition for Declaratory Ruling To Clarify Applicability of the IntraMTA Rule to LEC-IXC Traffic, WC Docket No. 14-228

Dear Ms. Dortch:

On May 25, 2017, Joe Cavender of Level 3, Keith Buell of Sprint, Christopher Wright of Harris, Wiltshire, and Grannis (representing Sprint), and I met with Pamela Arluk, Victoria Goldberg, Joseph Price, Emily Lentz, and Alexandra Mays of the Wireline Competition Bureau and Peter Trachtenberg of the Wireless Telecommunications Bureau to discuss this proceeding. Kevin Bearden, Jeff Pfaff and Janette Luehring from Sprint participated in the meeting by phone, as did Amy Richardson of Harris, Wiltshire, and Grannis, counsel to Sprint.

Consistent with our earlier advocacy,[1] we asked the Commission to end an industry-wide controversy and deny the declaratory ruling petition. The Commissions should reiterate that the intraMTA rule applies without exception to all intraMTA traffic exchanged between local exchange carriers and wireless carriers—and that intraMTA wireless traffic is not subject to access charges—regardless of whether an intermediary interexchange carrier or other provider is involved in routing, and regardless of the facilities on which the traffic is routed.

Since 1996, the Commission's intraMTA rule has held that all traffic between wireless carriers and local exchange carriers that begins and terminates within a major trading area is subject to reciprocal compensation and not access charges.[2] And the Commission in 2011 reinforced its holding, confirming that intraMTA traffic exchanged between LECs and CMRS

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[1] *See*, *e.g.*, Sprint Ex Parte Letter from Christopher J. Wright, Counsel, to Marlene H. Dortch, FCC, WC Docket No. 14-228 (Apr. 26, 2017).

[2] *See Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*; *Interconnection between Local Exchange Carriers and Commercial Mobile Radio Service Providers*, First Report and Order, 11 FCC Rcd 15,499, ¶ 1036 (1996).

providers is local traffic not subject to access charges, regardless of whether the traffic is carried by an intermediary carrier.[3]

Nevertheless, for more than 15 years some LECs have raised questions about this rule. In 2001, for example, AT&T Wireless noted that "some carriers such as independent ILECs have imposed access charges on CMRS traffic where the traffic transits another carrier's network, such as an IXC, even though the traffic is within an MTA.[4] And more recently there has been related litigation in federal district court.[5]

With the intraMTA rule on the books for more than 20 years, the Commission should not, as some have suggested, reach a conclusion that applies only prospectively.[6] Declaratory rulings are agency adjudications, and agency adjudications normally apply retroactively.[7] The exception is when retroactivity would result in manifest injustice. Here, applying the intraMTA rule to this traffic retroactively would not constitute a "manifest injustice" for the LECs that have assessed access charges. Manifest injustice "results from reliance that is 'reasonably based on settled law contrary to the rule established in the adjudication.'"[8] If anything has been reasonably settled here, it is that access charges do not apply to intraMTA traffic, as the Commission concluded in 1996 and reiterated several times including in 2011. And while since at least 2001 some carriers have raised questions about the rules, "a mere lack of clarity in the law does not make it manifestly unjust to apply a subsequent clarification of that law to past conduct."[9]

Not only would there be no manifest injustice if the Commission applied retroactively a reaffirmation that the intraMTA rule means no access charges can be assessed on any intraMTA traffic exchanged between CMRS providers and LECs, there also is no overarching lack of fairness. To the contrary, we explained in our meeting that LECs that improperly have billed us switched access charges have received from us reliable intraMTA traffic factors going back to 2012, based on a rigorous process to identify intraMTA traffic.

This process begins with call detail records (CDR) that document the details of the calls at issue. Working with a third-party vendor, we identified calls that went to and from certain LECs. We determined whether these calls were CMRS originated or terminated. Once we determined a call was CMRS on one end, we then determined whether the calls originated and terminated in the same MTA. We and the third-party vendor used information including the Jurisdiction Information Parameter (JIP), calling and called numbers, and Location Routing Numbers (LRN) along with certain industry information to make these determinations. Once we were able to identify the wireless originated or terminated intraMTA calls that we exchanged

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[3] *Connect America Fund*, *et al.*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17,663, ¶¶ 41, 1007 (2011) ("*Connect America Fund Order*").

[4] Comments of AT&T Wireless Services, Inc. on Notice of Proposed Rulemaking, *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, at 45-46 (Aug. 21, 2001).

[5] *See In re intraMTA Switched Access Charges Litigation*, Civ. No. 3:14-MD-2587-D (MDL No. 2587) (N.D. Tex. Nov. 17, 2015) *attached to* The CenturyLink LECs Ex Parte Letter from Yaron Dori, Counsel, to Marlene H. Dortch, FCC, WC Docket No. 14-228 (Nov. 20, 2015).

[6] *See*, *e.g.*, Letter from Matthew Nodine, AT&T, to Marlene H. Dortch, FCC, WC Docket No. 14-228 (May 11, 2017).

[7] *Qwest Services v. FCC*, 509 F.3d 531, 539 (D.C. Cir. 2007) ("*Qwest v. FCC*") (quoting *Am. Tel. & Tel. Co. v. FCC*, 454 F.3d 329, 332, 372 U.S. App. D.C. 133 (D.C. Cir. 2006) ("*AT&T v. FCC*")).

[8] *Connect America Fund Order*, ¶ 41, *quoting Qwest v. FCC*, 509 F.3d at 540.

[9] *Id*.

between these LECs, we calculated a "Percent Local Wireless" factor that we provided the LECs. We calculated these factors and provided them to the LECs each month. We first provided the factors in 2014, and we developed and calculated them using the same rigorous process going back to at least 2012.

During our meeting Sprint shared the attached presentation, which describes its version of this process in more detail.

Consistent with its longstanding precedent, the Commission therefore should deny the petition and state—once again—that there is no exception to the intraMTA rule and that all intraMTA wireless traffic is subject to the reciprocal compensation regime and not access charges for all carriers in the call path, regardless of whether it is carried by an intermediary carrier, including an IXC.

Very truly yours,

cc: Pamela Arluk
Victoria Goldberg
Joseph Price
Emily Lentz
Alexandra Mays
Peter Trachtenberg

IntraMTA Meeting Overview

May 25, 2017

Background

- Sprint used TEOCO to assist in identifying intraMTA traffic.
- Sprint analyzed the originating and terminating attributes of Sprint IXC traffic exchanged with each company over Feature Group D ("FGD") trunks.
- This analysis included identification of 1) the MTA for each end of a call, 2) the respective carriers responsible for originating and terminating a given call (including whether the carrier on a given end of a call was a LEC, CLEC or CMRS carrier).
- In addition to MTA and carrier identification information, Jurisdiction Indicator Parameter ("JIP"), Originating Local Routing Number ("LRN"), Originating Telephone Number ("TN"), Terminating LRN, and Terminating TN are utilized in the analysis. When combined with industry reference data, carrier specific IntraMTA Wireless factors can be determined for any OCN, State, Jurisdiction, and direction combination.

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Process

- ➢ Sprint sent dispute letters with factors to all carriers and offered to discuss the methods used to develop the process used to identify intraMTA traffic and calculate factors for billing disputes. (Examples in Appendix 1).
- ➢ Sprint continued to provide notice and factors with monthly disputes (Verbiage in Appendix 2).
- ➢ Some LECs contacted Sprint after dispute letters were sent. Upon request Sprint provided CDR samples to support traffic analysis. Nearly 70 carriers were provided CDR samples for review and if requested additional discussion.
- ➢ Some LECs settled and accepted factors going forward.
- ➢ One large LEC indicated in settlement discussions they had implemented their own billing process to identify intraMTA traffic and excluded that traffic from access billing.
  - Five smaller companies implemented a similar process and others agreed with the issue.
  - Other carriers acknowledged the issue but in discussions we could not reach resolution.
- ➢ Billing vendor used by many LECs had developed process to identify wireless intraMTA traffic and publicized the availability of this solution on their website. (Appendix 3)

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Appendix

1. Letters
2. Monthly Dispute Verbiage
3. TEOCO and CDG Relationships

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Appendix 1

Attached

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Appendix 2

Dispute note:

As established by the FCC, intraMTA CMRS traffic is not subject to access charges. Sprint is disputing access charges billed on intraMTA CMRS traffic. Sprint has calculated the IntraMTA bill adjustment to apply to the billing (3.4281%). Sprint, reserving all its rights, is disputing the overcharges and paying under protest that portion of the access inappropriately billed on intraMTA traffic. Please be aware that despite any denial of claims, Sprint's dispute will remain open, and we will not provide further responses to future denials. Sprint Contact: Kevin.A.Bearden@sprint.com

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Appendix 3

Attached

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Sprint

Kevin A. Bearden
Manager Access Verification
Kevin.A.Bearden@sprint.com

Sprint
6500 Sprint Parkway
KSOPHL0412 - 4A476
Overland Park, KS 66251
(913) 762-6462

April 2, 2014

VIA Overnight Federal Express

[redacted]

Re: Overbillings for Originating and Terminating IntraMTA Traffic

Dear [redacted]:

Sprint Communications Company L.P. ("Sprint") has reviewed Call Detail Records ("CDRs") for traffic exchanged between our companies' respective networks, and is notifying you that [redacted] [and its subsidiaries and affiliates] have improperly billed Sprint for intraMTA wireless traffic as if the traffic was subject to access charges. In some instances you terminated this traffic, and in others you originated this traffic. Sprint seeks a refund of at least $[redacted] of overbillings previously paid by Sprint. This letter constitutes formal notice of a dispute under the dispute resolution provisions of your company's interstate and intrastate switched access tariffs, and any applicable contracts.

This letter also provides you with formal notice of Sprint's intention to name [redacted] in a lawsuit claiming that it billed Sprint switched access charges out of its interstate and intrastate switched access tariffs for traffic originating and terminating within the same Major Trading Area ("MTA"). According to Federal Communications Commission rules and numerous federal court cases, such traffic is not subject to originating or terminating switched access charges. While Sprint intends to file this lawsuit with the relevant court promptly to preserve its rights, we will not formally serve the suit on your company or trigger a requirement that you reply until April 30, 2014 to encourage prompt resolution of this dispute. However, if your company has not reached an agreement with Sprint resolving this outstanding dispute on or before April 30, 2014, Sprint will serve the complaint asserting its claims on your company.

In addition, going forward Sprint hereby provides [redacted] with a factor to apply to future billing and expects the minutes of use identified using such factor to be compensated in accordance with the FCC's determination that intraMTA traffic is not subject to access. Prospectively, your company should apply the factors attached for the traffic billed to Sprint to determine the portion of traffic that is IntraMTA wireless traffic. These percentages are based upon actual traffic measured for a recent one-month period. Future billings should reflect the billing adjustment based on the factors in a clear and conspicuous manner.

Sprint will continue to monitor this traffic. To the extent that there is a significant change in one or more of the factors, Sprint will notify you of the new factor(s) to be used from that date forward.

If you have any questions or wish to negotiate a resolution of this dispute with us, please contact Kevin Bearden at 913-762-6462.

Sincerely,

Kevin A. Bearden

Kevin A. Bearden
Manager Access Verification

ATTACHMENT

State	ORIG TER	ORIG TRA	TERM TER	TERM TRA	OCN_#
AR	0.02%			0.93%	[redacted]
MA	1.11%	28.67%	1.18%	18.69%	[redacted]
WI	0.03%	19.88%	0.09%	16.84%	[redacted]
CA		12.38%		0.04%	[redacted]
CT	0.27%	17.87%	0.04%	1.10%	[redacted]
NY			0.03%	17.65%	[redacted]
AL	0.33%				[redacted]
GA	0.00%	38.24%	0.04%	17.24%	[redacted]
DE	0.87%		0.32%		[redacted]
TX	0.01%	11.11%	0.04%	6.43%	[redacted]
IA		14.23%			[redacted]
IN	0.08%		2.77%	13.58%	[redacted]
KY			0.00%	20.51%	[redacted]
MN	0.15%	12.28%	0.35%	28.42%	[redacted]
NC	0.06%	10.94%	0.12%	8.55%	[redacted]
NE	0.02%	14.62%	0.00%		[redacted]
NJ	0.99%		0.94%	1.67%	[redacted]
NY	1.33%		0.39%	6.85%	[redacted]
OH	0.01%	4.54%	0.13%	32.49%	[redacted]
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MO	0.10%	10.44%	1.17%	12.04%	[redacted]
AZ		16.85%		29.06%	[redacted]
IL	0.21%	38.33%	0.11%	40.19%	[redacted]
LA				4.12%	[redacted]
MI	0.09%	18.46%	0.04%	11.46%	[redacted]
ND			21.14%		[redacted]
OK		26.85%		1.81%	[redacted]
PA	0.25%	24.38%	0.06%	2.07%	[redacted]
WV	0.00%		1.21%	0.01%	[redacted]
NM				28.35%	[redacted]
DC	0.78%		0.22%		[redacted]
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WA	0.01%		6.79%	69.25%	[redacted]
NH	0.86%				[redacted]
VA		6.38%	0.00%	24.57%	[redacted]
NV	0.96%	0.14%	2.66%	3.33%	[redacted]

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NY	1.83%	23.95%	0.48%	6.62%	[redacted]
NJ	1.42%	28.72%	1.00%	2.06%	[redacted]
CT	0.84%	16.74%	0.25%	1.49%	[redacted]
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WA	0.02%	22.60%	6.84%	69.26%	[redacted]
CA	0.00%	25.83%	0.03%	2.50%	[redacted]
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MO	0.17%	8.01%	0.58%	1.56%	[redacted]
PA	0.25%	24.38%	0.06%	2.07%	[redacted]
PA	0.36%	24.45%	0.07%	5.31%	[redacted]
NJ	2.93%	2.56%	0.29%	1.19%	[redacted]
IN	0.07%	7.93%	2.62%	14.26%	[redacted]
PA	0.15%	26.30%	0.01%	1.48%	[redacted]
CO	0.04%	27.34%	0.00%	27.63%	[redacted]
DC	0.82%	0.13%	0.22%	0.88%	[redacted]
MD	0.55%				[redacted]
UT	0.01%	21.07%			[redacted]
OR	0.48%	21.92%	0.22%	78.75%	[redacted]
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DE	0.87%	0.29%	0.32%		[redacted]
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NJ	0.99%	28.10%	0.94%	1.67%	[redacted]
NY	1.33%	23.01%	0.39%	6.85%	[redacted]
AZ		16.85%		29.06%	[redacted]
PA	0.25%	24.38%	0.06%	2.07%	[redacted]
WV	0.00%		1.21%	0.01%	[redacted]
MD	0.73%	29.30%	0.18%	3.25%	[redacted]

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VA	0.24%	7.45%	0.11%	15.95%	[redacted]
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GA	0.16%	27.31%	0.82%	20.46%	[redacted]
NC	0.66%	23.41%	1.78%	22.88%	[redacted]
SC	1.26%	26.24%	12.28%	32.79%	[redacted]
AL	0.47%	26.42%		8.21%	[redacted]
KY	0.69%	24.54%	0.18%	9.66%	[redacted]
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TN	0.48%	12.99%	0.36%	2.62%	[redacted]
NM			3.89%		[redacted]
MS		0.06%	2.07%	14.21%	[redacted]
VA		6.38%	0.00%	24.57%	[redacted]
WV	0.05%				[redacted]
OK		10.31%		0.32%	[redacted]
SC	0.03%		1.39%	11.82%	[redacted]
LA	0.09%	0.01%	1.01%	37.93%	[redacted]
MA	1.11%	28.67%	1.18%	18.69%	[redacted]
MA	1.34%	31.28%			[redacted]
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TX	0.03%	15.25%	0.02%	4.15%	[redacted]
MI		18.46%		11.46%	[redacted]
WI	0.03%	20.11%	0.10%	16.88%	[redacted]
AZ		17.35%		29.06%	[redacted]
MO	0.17%	8.01%	0.58%	1.56%	[redacted]
DE	0.87%	0.29%	0.32%		[redacted]
PA	0.36%	24.45%	0.07%	5.31%	[redacted]
IN	0.07%	7.93%	2.62%	14.26%	[redacted]
MD	1.79%	33.91%	0.03%	1.88%	[redacted]
RI			0.11%	2.67%	[redacted]
CO	0.04%	27.34%	0.00%	27.63%	[redacted]
DC	0.82%		0.22%		[redacted]
UT	0.01%	21.07%	0.13%	4.70%	[redacted]
OR	0.48%	21.92%	0.22%	78.75%	[redacted]

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AR	0.03%			0.97%	[redacted]
ID			58.42%	0.98%	[redacted]
AL	0.01%	30.60%		4.74%	[redacted]
FL	0.06%	14.62%	0.03%	12.07%	[redacted]
IA				2.71%	[redacted]
NC	0.13%	13.18%	0.11%	5.25%	[redacted]
GA	0.00%	37.29%	0.04%	17.30%	[redacted]
MN	0.26%	17.96%	0.36%	28.47%	[redacted]
KY		0.90%	0.00%	20.55%	[redacted]
KS	0.04%	1.63%	0.46%	14.06%	[redacted]
OH	0.26%	15.72%	0.04%	5.22%	[redacted]
MI	0.34%	30.62%	0.16%	10.28%	[redacted]
IN	0.85%	23.51%	0.78%	7.73%	[redacted]
WI	0.53%	21.19%	0.21%	7.05%	[redacted]
IL	0.38%	35.63%	0.17%	20.13%	[redacted]
NV	2.37%	13.12%	0.17%	12.71%	[redacted]
CA	0.17%	22.85%	0.08%	10.48%	[redacted]
CT	1.52%	19.93%	5.47%	7.31%	[redacted]
AR	0.34%	26.26%	0.00%	21.52%	[redacted]
KS	0.48%	14.90%	0.31%	12.71%	[redacted]
MO	0.67%	21.94%	0.71%	6.72%	[redacted]
OK	0.19%	24.35%	0.00%	0.84%	[redacted]
TX	0.10%	15.57%	0.03%	4.94%	[redacted]

Kevin A. Bearden
Manager Access Verification
Kevin.A.Bearden@sprint.com

Sprint
6500 Sprint Parkway
KSOPHL0412 - 4A476
Overland Park, KS 66251
(913) 762-6462

[redacted]

April 2, 2014

VIA Overnight Federal Express

Re: Overbillings for Originating and Terminating IntraMTA Traffic

Dear [redacted]:

Sprint Communications Company L.P. ("Sprint") has reviewed Call Detail Records ("CDRs") for traffic exchanged between our companies' respective networks, and is notifying you that [redacted] [and its subsidiaries and affiliates] have improperly billed Sprint for intraMTA wireless traffic as if the traffic was subject to access charges. In some instances you terminated this traffic, and in others you originated this traffic. Sprint seeks a refund of at least $[redacted] of overbillings previously paid by Sprint. This letter constitutes formal notice of a dispute under the dispute resolution provisions of your company's interstate and intrastate switched access tariffs, and any applicable contracts.

This letter also provides you with formal notice of Sprint's intention to name [redacted] in a lawsuit claiming that it billed Sprint switched access charges out of its interstate and intrastate switched access tariffs for traffic originating and terminating within the same Major Trading Area ("MTA"). According to Federal Communications Commission rules and numerous federal court cases, such traffic is not subject to originating or terminating switched access charges. While Sprint intends to file this lawsuit with the relevant court promptly to preserve its rights, we will not formally serve the suit on your company or trigger a requirement that you reply until April 30, 2014 to encourage prompt resolution of this dispute. However, if your company has not reached an agreement with Sprint resolving this outstanding dispute on or before April 30, 2014, Sprint will serve the complaint asserting its claims on your company.

In addition, going forward Sprint hereby provides [redacted] with a factor to apply to future billing and expects the minutes of use identified using such factor to be compensated in accordance with the FCC's determination that intraMTA traffic is not subject to access. Prospectively, your company should apply the factors listed below for the traffic billed to Sprint to determine the portion of traffic that is IntraMTA wireless traffic. These percentages are based upon actual traffic measured for a recent one-month period. Future billings should reflect the billing adjustment based on the factors in a clear and conspicuous manner.

State	ORIG TER	ORIG TRA	TERM TER	TERM TRA	OCN_#
MO	0.01%	2.55%	11.48%	46.71%	[redacted]
KY			0.00%	73.86%	[redacted]
MO	0.01%	2.55%	11.48%	46.71%	[redacted]
NM		30.53%	0.14%		[redacted]
IL		39.02%		7.63%	[redacted]
TX				9.50%	[redacted]
CO		39.16%		99.05%	[redacted]
IN			0.19%	14.58%	[redacted]
OK				3.59%	[redacted]
TX		0.81%	0.06%	31.59%	[redacted]
LA			45.34%		[redacted]
KS		3.17%	43.20%	71.63%	[redacted]
KY			0.00%	73.86%	[redacted]
MS		23.50%			[redacted]

Sprint will continue to monitor this traffic. To the extent that one or more different factors later becomes appropriate, Sprint will notify you of the new factor(s) to be used from that date forward.

If you have any questions or wish to negotiate a resolution of this dispute with us, please contact Kevin Bearden at 913-762-6462.

Sincerely,

Kevin A. Bearden

Kevin A. Bearden
Manager Access Verification

Sprint

Kevin A. Bearden
Manager Access Verification
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6500 Sprint Parkway
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April 2, 2014

VIA Overnight Federal Express

[redacted]

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State	ORIG TER	ORIG TRA	TERM TER	TERM TRA	OCN_#
KS	0.00%	20.31%	38.56%	21.06%	[redacted]
NV	0.82%	0.21%	0.83%	29.53%	[redacted]
OH		4.84%		5.89%	[redacted]
GA		9.64%		0.14%	[redacted]
CT	0.31%	19.75%	0.23%	2.16%	[redacted]
AZ		18.76%		7.95%	[redacted]
VA	0.08%	15.97%	0.08%	8.27%	[redacted]
LA	0.34%	18.46%	0.01%	2.45%	[redacted]
OK		5.47%		2.14%	[redacted]
FL	0.16%	0.26%	0.41%	1.98%	[redacted]
AR	0.01%	32.03%		11.18%	[redacted]
CA	0.05%	14.42%	0.03%	13.37%	[redacted]
NE	0.05%	19.49%	0.01%	5.72%	[redacted]
RI	0.45%	5.12%	0.07%	10.47%	[redacted]
ID	0.44%	62.77%		25.10%	[redacted]

Sprint will continue to monitor this traffic. To the extent that there is a significant change in one or more of the factors, Sprint will notify you of the new factor(s) to be used from that date forward.

If you have any questions or wish to negotiate a resolution of this dispute with us, please contact Kevin Bearden at 913-762-6462.

Sincerely,

Kevin A. Bearden

Kevin A. Bearden
Manager Access Verification

MBS: SUBSCRIBER BILLING AND MANAGEMENT MEDIATION BDS-I: BDS/WHOLESALE AND INTERCONNECT

MEDIATION

Process and prepare your usage with confidence.

Mediation is the first step in billing. You must consolidate and correlate an unending stream of usage records so that they can be reliably delivered to billing and reporting systems.

To guarantee that the maximum number of records reach their intended destinations, you need a system that can help you track and audit your records through every step. CDG's Mediation receives data from switches and other network systems and converts the information to manageable formats for billing, auditing and reporting purposes. Irrelevant data is filtered out; call report data is correlated and organized. Billing is easily reconciled and disputes are settled without delay.

Features

- Gathers and prepares diverse switch and network system data for processing.
- Supports next-generation softswitches, such as Taqua, GenBand, MetaSwitch, Redcom, and Siemens, as well as an array traditional switches for wireline, wireless, and IP service types.
- Flexible business rules for filtering and editing call detail records.
- Correlates and organizes call report data.
- Automated input validation system.
- Process scheduling options ranging from full manual intervention to full automation.
- Event notifications regarding job statuses, potential processing issues and general information.
- Quickly and easily identify incoming and outgoing files.
- Audit IDs for tracking files throughout the system.
- Variance identification, including trending and auditing reports to identify anomalies and help with revenue assurance and fraud detection.
- AMA and EMI search capabilities.
- Create and save custom usage search profiles to find specific usage messages and charge records from master or work files. Downloadable CSV data output of search results.
- Usage by Day by Hour reporting.
- Generates call volume, origin, and service type reports, among others, for resource planning and allocation.
- Integrated Query Reporting Tool (QRT) for creating custom reports and downloadable CSV data output for external evaluation.

Mediation Overview

MBS Rating Engine
Switch and Data Formats
Global Services
Delivery and Development
Client Testimonials
Support

Download Center

Download PDFs, files, and other information.

VIEW DOWNLOADS

Product Videos

See our product demo videos on YouTube.

VIEW VIDEOS

CDG's Mediation was selected and modified to replace our in-house written software ... During the paralleling processes, CDG's Mediation software out produced our in-house programs, in accuracy and error checking ... I

- Integrated standard rating for non-tiered/non-bulk plans, as well as advanced rating capabilities when combined with the full rating engine in our MBS billing system.
- Determine local usage based on the to and from NPA-NXX in the data record through the Localizer module.
- Correctly identify terminating intraMTA wireless usage.
- Multiple usage data warehousing options with data mining and anaytics tools.
- NPAC database integration available for LRN, OCN and line type verification of ported call detail records.
- Top-quality implementation and customer support.

have worked with other software companies but have not had better response or relationships.

SRT COMMUNICATIONS
MINOT, ND

MORE

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December 2016

Email a colleague

CDG: The Go-To Experts in C/BOS, Interconnect Billing & Mechanized Service Orders

interview with Stan Redden

Constant change and disruption is the curse of all operators who aim to survive and thrive in North American communication markets, one of the largest and most competitive telecom markets in the world.

Think about the dramatic growth that's occurred in: cloud, smartphones, internet, data centers, digital services, and the back office systems needed to support all that.

Operators are running a mile a minute to keep up. And that presents an endless stream of new challenges for the software suppliers who support them. Many of those support firms dropped out in recent years. They collapsed like the **Billing & OSS World** conference, escaped to less fierce markets outside the telco space, or were absorbed by rivals.

The companies who have survived deserve big kudos for finding a path through the maze. And yet, no telecom software vendor can rest on its laurels today: survival is an on-going process.

Today's winners come from many backgrounds. Many of the firms were born before the internet. A fair portion of them were privately spun out by telecom operators themselves. And each of them, no doubt, has an interesting story to tell.

We caught up with one such B/OSS vendor, Champaign Illinois-based Communications Data Group Inc. or CDG. The company's VP, Product Development, Stan Redden, briefed us on CDG's broad portfolio of billing, BDS, interconnection and service order software and services.

> **Dan Baker, Editor, Top Operator:** Stan, on your website I noticed that CDG actually dates back to 1970 and a company in the banking industry. Fascinating.

Stan Redden: Dan, it is interesting to see the unpredictable directions a business takes. CDG began as part of the data processing department within the Bank of Illinois when some of the bank's biggest customers were local telephone companies who needed to produce some new regulatory reports. After some discussion, we agreed to develop those reports. Soon thereafter the customers persuaded us to develop an end-user telephone billing system for them. This eventually led to our developing the first wireless end-user billing system in the country for GTE.

From there, we went on to produce a carrier access billing system (CABS) and in January, 1984 our system was credited with producing the first access invoice to be received by AT&T on behalf of Alltel. Today, the system is considered to be one of the top billing systems available on the market today and our clients consist of some of the largest telecom service providers in the country from ILECs, to CLECs, to broadband providers.

CABS has been your leading product category for years. But what will that business be like now that regulators changed the access rules?

You might be surprised, Dan, but we expect our CABS/interconnect billing to be strong for many years to come. Regulatory changes are ending the billing of terminating access minutes, which are scheduled to sunset at the end of 2020. However, we will continue to bill originating access minutes and facility/special access circuits.

Plus, with the explosion of 'data' on the networks, we are experiencing a tremendous growth in the ordering and billing of Ethernet Virtual Circuits that are used to connect and carry this data, which also includes wireless backhaul.

Other technologies such as small cell sites and dark fiber are other services where we're seeing an increase in billing on our product. These new services make up a good portion of the billing revenue we are losing as terminating access minutes phase out.

So to better reflect our capabilities in billing for these new technologies in today's telecom environment, we recently changed the product name from CABS to BDS-I for Business Data Services and Interconnection ordering and billing system.

You also have subscriber billing and mediation products too.

That's right. On the subscriber billing side we have our MBS application which is building a strong reputation in the market place. Our Mediation product handles the usage and event aggregation and filtering for both the CABS/BDS-I and MBS lines.

Our strong Mediation capability allows us to convert everything into a common format for bill processing by either system. Over the years we've gotten very good at normalizing billing data from all kinds of switches and networks including soft switches. That was a challenge when they first appeared on the scene due to the numerous formats each vendor produced.

On the CABS/BDS-I side, we are currently working and nearing completion on developing a service order system for Centurylink. This system will enable them to convert their legacy Century, Embarq, and Qwest markets onto a single/unified ordering and billing system. It will also support 'real time' processing of ASRs (Access Service Requests).

CenturyLink? Sounds like the large telecom players are a big part of your business.

Absolutely, in addition to CenturyLink, we also provide interconnection billing for other major service providers like Frontier, Bright House Networks, TDS Telecom, Level 3, Consolidated, and certain AT&T markets to name a few. We are also negotiating with a very large broadband provider whom we hope to announce very soon.

Large carriers very much demand mechanized processing. The ASOG and C/BOS formats are the industry standards for ordering and billing and we support both. These carriers already have systems in place to process these formats, so they prefer to <u>not</u> reinvent the wheel nor spend millions writing new systems to support new formats/standards.

Ethernet Virtual Circuits can be billed on the same invoices as their DS1s, DS3s, etc., or broken out on their own stand alone account. Using a format like ASOG and C/BOS allows them to keep the processes they've built and refined over the years, which allow for mechanized auditing, accounts receivable, and ancillary reporting.

So we are seeing a big push to bill Ethernet, small cell, dark fiber, and other wholesale billing in a CABS format to support this mechanized processing. It is a very good fit especially when you consider that the vast functionality needed to calculate and discount legacy DS1s, DS3s, etc. circuits is already in place in our CABS/BDS-I system.

It's surprising, but CenturyLink is actually the third largest operator in the US now. What's your take on these big wireline providers? Verizon and AT&T, of course, have divested much of their wireline assets.

To me, Dan, wireline is still the backbone of telecom — something like 85% of all wireless calls still touch the wireline/fixed network and depend on it to carry their traffic, hence the huge demand for services like wireless backhaul.

Even still, large carriers are looking for huge economies of scale and to invest in places where the long term margins look the best. It's here where AT&T and Verizon are in a different business model from CenturyLink and other large legacy carriers who have loaded up wireline properties everywhere that makes sense: they aim to be major backhaul/broadband providers.

Relationships certainly matter when it comes to Tier 1 players — we've enjoyed a long history with CenturyLink and several other legacy providers — yet I think one of the biggest factors in retaining and acquiring new business is helping them become as efficient as possible.

As you know, many of them have funded their own software development for decades. However the focus has changed: today they seek to offload much of their internal hardware and software costs so they can focus on more strategic investments.

> What about the Tier 2 and 3 market who you also serve? What's your take on the challenges those companies face going forward?

The tier 2 and tier 3 markets will always be attractive to us: that's where our foundation is from. The profit margins are not as big as they are working with a large provider, of course, but we have extensive history and experience working with the tier 2 and 3 providers.

Tier 2 and 3 operators are trying to survive in this new world order of digital and IP. Some of them are doing quite well actually, but others struggle.

The challenge for them is to know where they can be efficient and rededicate themselves to their customers. They are constantly looking for new services that will give them a leg up on their rivals. Trouble is, they were hit almost simultaneously by consumer and regulatory changes that negatively impacted their business.

First, wireless got away from them. Some of the problems can be traced back to device offerings — when you're not offering the latest iPhone or Galaxy S7, wireless is not an easy sell. Other issues like roaming agreements also hurt small providers who didn't have the leverage to negotiate good arrangements like large providers did. Then they got hit on the regulatory side. The FCC has pushed these companies to redefine themselves and they are also no longer subsidized at the same level as they once were.

The good thing is the world is still hungry for connectivity, so the internet continues to open up opportunities. Verizon and AT&T are not going to directly connect to all those rural communities they are not serving today. That means the ILECs are still essential to providing service in rural America.

> To what extent is your product line moving to the cloud?

We offer clients three different service options for billing with our systems. We sell licensed versions of our solutions that you can install and run on your computer environment in-house. Or, on the other end of the spectrum, you can send all your CDRs, access orders, and other table activity to us and we can process it at CDG in a full service bureau arrangement. We also offer a cloud based online solution where their reps can view and control all system tables updates in real time while all the data is stored on our servers.

The trend is unmistakable though: more and more, carriers are moving away from hardware and software costs. The other advantages in moving to the cloud are in the time and expense spent on disaster recovery and SOC compliance of supporting a full IT environment. It really comes down to the efficiency angle I talked about. There's tremendous demand to offload costs and complexities and allow your company to focus on its core business objectives.

> How about cost assurance among the North American players?

Cost and revenue assurance is a constant battle. You still have companies trying to avoid paying access charges or creating 'phantom' traffic. Incomplete CDR recordings are a key component to how these practices can still happen.

One of the more useful things we've done is to build automated processes to detect up/down fluctuations in a given month, so operators can investigate those spikes quickly. That's key because if they don't resolve issues right away, it can lead to lengthy disputes and cash flow troubles.

> In years past, accurately identifying the local jurisdiction of traffic was a key problem on the access side.

Yes, that was a big issue for billing disputes in the early to mid-2000, but is less so today. It really depends on the traffic flow, their recording capabilities, and how a particular operator is situated in a LATA and state. One thing that has really helped in this area is vendors, like Teletech, who support nationwide calling route tables that can discern a local call from an IntraLATA call.

Stan, thanks for the fine briefing. CDG has a lot of hot irons in the fire.

Thanks, Dan. We're very excited about the future as I stated earlier, as we are still seeing a lot of activity in our niche of interconnection billing as it branches out into these new technologies. That's why we made the decision to rename our CABS product to BDS-I, or Business Data Services and Interconnection.

We also look forward to new opportunities coming from the new Service Order application we are nearing completion. This will give us another product/service to push in the marketplace. So we are working hard to take full advantage of these new opportunities as they present themselves now and in the future.

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Our Customers

TEOCO offers solutions for a wide-breadth of communication service providers worldwide, addressing the needs of traditional carriers and cable operators, wireless and wireline service providers, regional carriers and multi-billion dollar global service providers. Our portfolio provides solutions and services meant for all major players participating in the success of your business, whether engineers, financial experts or marketeers.

Bell	CenturyLink	colt smarter / faster / further	COX	cricket wireless
Hutchison Telecoms	kpn	Level(3)	metroPCS Wireless for All.	orange
RELIANCE	Sprint	TELE2	TeliaSonera	T
T · · Mobile ·	U.S. Cellular	verizon	Virgin media	WIND