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**WC 18-155  
Proposed Ruling**

To the ruling body of the FCC

The arbitrage and traffic pumping by the operators of the free conference services is an exploit of the FCC telephone exchanges tiering by population. The intent of the exchange tiering was to provide fair intercarrier compensation rates where the cost per capita was higher in rural areas.

The tiered system as worked quite well with the exception of free conference services. Over the last 10-15 years with the introduction of SIP trunking and soft switches, we have seen several rural phone companies exploit the tiering system by locating huge conference bridges in rural locations where telephone exchanges have a high termination rate, thereby allowing them to create a business model never intended by the original FCC compensation system.

Another factor that facilitates this problem is that some exchanges have never been fully deregulated and opened to the CLEC market place.

Proposed Rulings:

* Further deregulated by opening all exchanges to the CLEC market. By allowing competition in rural exchanges the price will drop to a price point that will not sustain free conference services.
* Consider an immediate tier change for some of the top exchanges that have been exploited such as 712-432. Switch them from tier 4 to tier 0.
* Do not address traffic blocking. Blocking of traffic by some long distance providers to free conference exchanges will take care of itself if the playing field is leveled.

Best Regards,

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