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November 13, 2018

**Ex Parte**

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

**Re: Rural Call Completion – WC Docket No. 13-39; Updating the Inter-carrier  
Compensation Regime to Eliminate Access Arbitrage – WC Docket No. 18-155**

Dear Ms. Dortch:

On November 8, 2018, Curtis L. Groves, Fred Moacdieh, and I of Verizon met with D’wana Terry, Pamela Arluk, Daniel Kahn, Heather Hendrickson (by phone), Gregory Capobianco, Al Lewis, and Zachary Ross of the Wireline Competition Bureau about the Commission’s implementation of the Improving Rural Quality and Reliability Act of 2017<sup>1</sup> (“RCC Act”)<sup>2</sup> and its ongoing intercarrier compensation proceedings.<sup>3</sup> We reiterated our longstanding support for the Commission’s efforts to address rural call completion issues and to reform intercarrier compensation. We also urged the Commission to adopt flexible service quality standards for intermediate providers and to eliminate the data recording and retention requirements upon full implementation of the RCC Act.

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<sup>1</sup> Improving Rural Call Quality and Reliability Act of 2017, Pub. L. No. 115-129 (2018).

<sup>2</sup> See *Rural Call Completion*, Second Report and Order and Third Further Notice of Proposed Rulemaking, WC Docket No. 13-39, FCC 18-45 (Apr. 17, 2018) (“*Second R&O*” or “*Third FNPRM*”).

<sup>3</sup> See *Updating the Inter-carrier Compensation Regime to Eliminate Access Arbitrage*, Notice of Proposed Rulemaking, WC Docket No. 18-155, FCC 18-68 (June 5, 2018).

## **I. The Commission Should Complete Intercarrier Compensation Reform**

Several open intercarrier compensation proceedings are ripe for decision. Of them, the Notice of Proposed Rulemaking related to access stimulation—which would address terminating tandem and transit charges that have not yet transitioned to bill-and-keep—is most relevant to rural call completion. AT&T and Sprint have both pointed to incomplete reform of the intercarrier compensation system as a primary cause of rural call completion issues,<sup>4</sup> and the Commission itself has drawn a connection, reiterating in the *Second R&O* that “providers’ incentives to minimize their intercarrier compensation payments contributes to problems involving carriers blocking or degrading traffic to rural areas.”<sup>5</sup> Completing intercarrier compensation reform—and in particular moving terminating transit and tandem charges to bill-and-keep—should reduce or eliminate the financial incentives the Commission has identified.

We also explained that while the current definition of access stimulation may leave some room for improvement, the Commission does not have to revise the definition to adopt its proposal to address tandem and transit access stimulation. Contrary to what some parties have asserted, the companies at the forefront of access arbitrage have access revenue sharing agreements, which the Commission defines broadly.<sup>6</sup> For example, Blitz Telecom Consulting, LLC (“Blitz”) won a judgment of \$2.3 million, which the Eleventh Circuit recently affirmed, in connection with Peerless’s failure to pay fees to Blitz that were due under the operative revenue-sharing agreement between Blitz and Peerless.<sup>7</sup>

## **II. The Commission Should Eliminate the Recording and Retention Requirement for Covered Providers**

While the access stimulation proceeding is ready for decision, the Commission should not wait to complete it before eliminating the data recording and retention requirements.<sup>8</sup> The collected data, including fields such as number of call attempts, call answer rates, and total calls answered, are unrelated to intercarrier compensation.<sup>9</sup> The Commission has determined that the data collected are not useful to advance rural call completion efforts,<sup>10</sup> and as many commenters have noted, there is no reason to require providers to adhere to the burdensome requirements.<sup>11</sup>

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<sup>4</sup> See AT&T Comments, *Rural Call Completion, et al.*, WC Docket No. 13-39, *et al.*, at 6 (Aug. 28, 2017); Sprint Comments, *id.*, at 1-3.

<sup>5</sup> *Second R&O* ¶ 4.

<sup>6</sup> See 47 CFR 61.3(bbb); see also *Connect America Fund*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17,663, ¶ 669 (2011).

<sup>7</sup> *Blitz Telecom Consulting, LLC v. Peerless Network, Inc.*, Case No. 16-11622 (11th Cir. March 5, 2018).

<sup>8</sup> See *Third FNPRM* ¶¶ 109-110.

<sup>9</sup> See FCC Form 480.

<sup>10</sup> See *Second R&O* ¶ 59.

<sup>11</sup> See CTIA Comments, *Rural Call Completion*, WC Docket No. 13-39, at 4 (June 4, 2018) (“*RCC Third FNPRM Comments*”); ITTA Comments, *id.*, at 7; NCTA Comments, *id.*, at 5; Sprint Comments, *id.*, at 3; USTelecom Comments, *id.*, at 15.

The Commission may eliminate the recording and retention requirements while maintaining the covered provider Safe Harbor.<sup>12</sup> The RCC Act exemption to the service quality standards includes the language “or any successor regulation,” which recognizes that the Commission may adopt subsequent regulations that change the parameters of the existing Safe Harbor.<sup>13</sup> The Commission should amend the Safe Harbor regulation under Section 64.2107(a) as proposed in the *Second R&O*.<sup>14</sup> Doing so will eliminate the recording and retention requirement while still allowing Safe Harbor providers to opt into the RCC Act exemption to the service quality standards.

### **III. The Commission Should Adopt Flexible Service Quality Standards for Intermediate Providers**

We explained that the Commission should adopt flexible, technology neutral service quality standards for intermediate providers. The Commission’s recent actions to implement the RCC Act and newly adopted rules will address concerns about intermediate provider service quality. First, new transparency mechanisms such as the intermediate provider registry, list of rural and non-rural LEC OCNs, and NECA list of covered providers, will help the Commission address behavior affecting rural call completion. Second, the new covered provider rules that require performance monitoring of intermediate providers, using registered intermediate providers, and addressing complaints will hold covered providers accountable for their role, if any, in call completion issues. Third, the proposed intermediate provider self-monitoring rule should require intermediate providers to monitor their own performance, another accountability measure that will address rural call completion efforts. The combined effects of these transparency and accountability measures for intermediate and covered providers weigh against mandating specific, rigid service quality standards.

Several concerns raised in the comments demonstrate why the proposed standards should be flexible and technology neutral. Alaska Communications (“ACS”), for example, is seeking an exemption from adhering to *any* service quality standards because of specific issues relating to its network technology.<sup>15</sup> This technology-based exemption, which could potentially expand to other providers using similar networks, would be directly contrary to the purpose of the RCC Act and the Commission’s efforts to address rural call completion issues. Additionally, West Telecommunications and ANI Networks (“ANI”) seek to add specific, technical requirements to the proposed “crank back” standard.<sup>16</sup> The Commission should avoid micromanagement by

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<sup>12</sup> See 47 C.F.R. § 64.2107(a).

<sup>13</sup> 47 U.S.C. §262(h).

<sup>14</sup> See *Second R&O* at Appendix C.

<sup>15</sup> See ACS RCC *Third FNPRM* Comments at 2, 5.

<sup>16</sup> See West Telecom RCC *Third FNPRM* Reply Comments at 7-8; ANI RCC *Third FNPRM* Comments at 5-7.

adopting service quality standards that include “the more general adoption of duties to complete calls analogous to those that already apply to covered providers[.]”<sup>17</sup>

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Based on Verizon’s experience, rural call completion complaints have declined over the past few years. Verizon has received eight complaints so far during 2018, compared to 25 complaints in 2015. And, after investigating the eight complaints we received this year, Verizon determined that none presented a true rural call completion issue. Taking the actions described above will ensure smooth implementation of the new rural call completion requirements while furthering the goal of ensuring that calls are completed to rural areas.

Very truly yours,

*/s/ Michele G. Caber*

cc: D’wana Terry  
Daniel Kahn  
Gregory Capobianco  
Zachary Ross

Pamela Arluk  
Heather Hendrickson  
Al Lewis

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<sup>17</sup> Senate Committee on Commerce, Science, and Transportation, “Improving Rural Call Quality and Reliability Act of 2017,” S. Rep. No. 115-6 on S. 96, at 6 (Mar. 21, 2017), <https://www.gpo.gov/fdsys/pkg/CRPT-115srpt6/pdf/CRPT-115srpt6.pdf>.