

September 13, 2005

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

Re: *Notice of ex parte presentation: CC Docket No. 01-92*

Dear Ms. Dortch:

This is to advise you that, on September 12, 2005, Charon Phillips and John Clampitt (via teleconference) of Verizon Wireless and the undersigned on behalf of Verizon Wireless, met with the following staff from the Commission's Wireline Competition Bureau, Pricing Policy Division: Tamara Preiss, Chief; Steve Morris, Deputy Chief; Jay Atkinson; Chris Barnekov; Victoria Goldberger; and Randolph Clarke. The purpose of the meeting was to discuss "phantom traffic" issues in the Commission's above-referenced inter-carrier compensation docket as they relate to wireless carriers.

What is phantom traffic. We first discussed the need to be clear about what constitutes "phantom traffic" and what does not. In the present calling-party's-network-pays ("CPNP") regime, phantom traffic is traffic for which a terminating carrier cannot properly bill reciprocal compensation or access charges because it cannot: (1) identify the originating carrier, or (2) the jurisdiction of the call. Phantom traffic is *not* traffic about which parties disagree about the correct interpretation of the Commission's rules.¹

In most instances, allegations of phantom traffic involving wireless carriers come from rural incumbent local exchange carriers ("RLECs") that are interconnected indirectly with wireless carriers. RLECs typically receive traffic via a tandem switch operated by a third carrier, such as a Bell Operating Company ("BOC") or other regional tandem provider. All of the major

¹ One way to eliminate disputes over the Commission's rules regarding the exchange of traffic is to grant the Sprint Petition. *See, e.g.,* Sprint Petition for Declaratory Ruling, Obligation of Incumbent LECs to Load Numbering Resources Lawfully Acquired and to Honor Routing and Rating Points Designated by Interconnecting Carriers, CC Docket No. 01-92 (filed July 18, 2002) ("Sprint Petition").

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tandem providers, including all of the BOCs, provide terminating carriers with traffic reports identifying the carriers that originate the traffic. We emphasized that wireless carriers also receive phantom traffic and as a result lose revenue for traffic they terminate.

Role of SS7 signaling information. We discussed the limitations of SS7 signaling information in providing the identity of the originating carrier or the jurisdiction of traffic. The parameters in the SS7 signaling information were designed to facilitate call routing and not to provide the information necessary for inter-carrier compensation. Industry standards determine how carriers populate signaling streams.² Telcordia GR-317-CORE specifies that certain parameters are “mandatory” and others are “optional,” but states that “parameters marked ‘optional’ are optional only in that their inclusion in the indicated message depends on the use of the message. Their availability, when needed, is essential to fulfill these requirements.”³

Verizon Wireless populates all of the mandatory SS7 fields, which are as follows:⁴

- a. Message Type
- b. Nature of Connection Indicators
- c. Forward call Indicators
- d. Calling party’s category
- e. User service information
- f. Called party number

Verizon Wireless also populates the following optional parameters:⁵

- a. Calling party number⁶
- b. Charge number (when appropriate).
- c. Originating line information.
- d. Jurisdiction Information Parameter
- e. Generic Address Parameter (when appropriate)
- f. Original called number (when appropriate).
- g. Redirecting Number (when appropriate).

² LSSGR: Switching System Generic Requirements for Call Control Using the Integrated Services Digital Network User Part (ISDNUP), Telcordia Technologies Generic Requirements GR-317-CORE, Issue 5 (Dec. 2001) (“Telcordia GR-317-CORE”).

³ *Id.* at A-1.

⁴ *Id.* at A-3, Table A-4.

⁵ *Id.*

⁶ Although the calling party number (“CPN”) is deemed “optional” in the industry standard, it must be passed on interstate calls per the FCC’s Caller ID rules. 47 C.F.R. § 64.1601. Verizon Wireless always populates the CPN on traffic it originates.

It is Verizon Wireless' understanding that tandem providers identify originating carriers based on SS7 data or the operating company number ("OCN") associated with the trunk group upon which the traffic was delivered. We noted that the carrier identification code ("CIC") does not provide sufficient data to identify the originating carrier because CIC field is populated for traffic bound for an interexchange carrier ("IXC"), but the IXC does not generally pass the CIC on to the terminating carrier given that the purpose of the CIC was to ensure that the call was conveyed to the IXC. This is consistent with industry standards. We also stated that SS7 data is not useful for the purpose of identifying the jurisdiction of traffic exchanged between LECs and wireless carriers. For example, the CPN does not identify the location of a wireless subscriber that is roaming. In addition, the jurisdiction information parameter ("JIP") identifies only the originating mobile switching center ("MSC"), which can cover a large geographic area.

In Verizon Wireless experience, regional tandem providers' traffic reports accurately and reliably identify originating carriers' usage in most instances. Problems arise, however, when rural ILECs attempt to second-guess tandem traffic reports and generate their own billing statements for carriers with whom they are indirectly interconnected. Tandem traffic reports may be less useful where traffic passes through two tandems before reaching the terminating carrier, because the second tandem will not be able to identify originating carriers based on trunk groups. The two-tandem situation most often arises as a result of network arrangements chosen by rural ILECs themselves – primarily when they enter into consortia to purchase shared tandems.

Identifying the jurisdiction of traffic. Verizon Wireless explained that its interconnection agreements with LECs base the jurisdiction of traffic on agreed-upon factors rather than actual measurement. This is because, as the Commission has acknowledged, the mobile nature of wireless service makes it difficult if not impossible to determine the jurisdiction of traffic in real time.⁷ It is possible to conduct traffic studies after the fact, but such studies are burdensome, and for this reason are not conducted on a frequent basis.

RLECs can rely upon the factors included in their interconnection agreements with wireless carriers to determine the jurisdiction of traffic. Verizon Wireless stated in the meeting that it already has interconnection agreements with several hundred RLECs and is in the process of negotiating dozens more. The Commission recently clarified that RLECs may force wireless carriers to negotiate and, if necessary, arbitrate interconnection agreements; thus, any RLEC that wishes to exchange traffic with a CMRS carrier pursuant to an agreement unequivocally can do so.⁸ In the absence of an agreement, however, "no compensation is owed for termination."⁹ The

⁷ Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, *First Report and Order*, 11 FCC Rcd 15499, 16017-18, ¶ 1044 (1996), subsequent history omitted.

⁸ *Developing a Unified Inter-carrier Compensation Regime; T-Mobile et al. Petition for Declaratory Ruling Regarding Incumbent LEC Wireless Termination Tariffs*, CC Docket No. 01-

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T-Mobile Order was adopted only seven months ago, and the Commission should provide carriers time to avail themselves of the decision. In sum, RLECs can determine the jurisdiction for CMRS-originated traffic based upon the factors in their interconnection agreement with the CMRS carrier, or the question is moot because no compensation is owed.

Solutions. In the meeting, Verizon Wireless discussed whether potential solutions to the phantom traffic “problem” may be workable. As described above, RLECs can determine the originating CMRS carrier for indirectly routed traffic based on traffic reports provided by the tandem operator. RLECs determine the jurisdiction of CMRS traffic originated by carriers with whom they have interconnection agreements through the application of the factors specified in the agreements. These are the solutions to phantom traffic in the CMRS context.

Other potential solutions that have been discussed in the record would create more problems than they would solve, and should be rejected. For example, the Commission should not permit carriers to block incoming traffic that they identify as “phantom.” Similarly, allowing carriers to impose unilaterally the highest potentially applicable terminating rate on any traffic they identify as “phantom” would merely exacerbate existing disputes regarding compensation, and would create incentives to inflate the extent of the problem to maximize compensation. The Commission cannot mandate direct interconnection between carriers that exchange traffic, because the Act specifically contemplates indirect interconnection.¹⁰

Finally, Verizon Wireless noted that other situations may exist besides those discussed here where carriers experience phantom traffic.¹¹ Verizon Wireless urged the Commission not to adopt a blanket solution to phantom traffic issues that adversely affects the interconnection rights of CMRS carriers vis-à-vis rural ILECs.

92, Declaratory Ruling and Report and Order, 20 FCC Rcd 4855 (2005), *reconsideration and appeal pending* (“*T-Mobile Order*”).

⁹ *Id.* at 4867, n.57.

¹⁰ 47 U.S.C. § 251(a)(1).

¹¹ *See, e.g.*, Ex parte letter of SBC, CC Docket No. 01-92 (filed Aug. 11, 2005) (illustrating a number of phantom traffic scenarios involving CLECs).

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Pursuant to the Commission's ex parte rules, this letter is being filed electronically in the above-referenced docket. Please direct any questions regarding this filing to the undersigned.

Sincerely,

WILKINSON BARKER KNAUER, LLP

By: _____/s/
L. Charles Keller

cc (by email): Tamara Preiss
Steve Morris
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