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Tandem Providers and Phantom Traffic

make every minute count.

- The draft order may make transit providers (along with other providers in the middle of the call flow of any type of call) financially responsible at the highest possible terminating rate to the terminating carrier if the call flow data accompanying the call does not provide sufficient information to enable the terminating carrier to identify the responsible party.
- In the case of transit providers such as Neutral Tandem, this would change the existing rules because under existing rules it is the originating carrier or the inter-exchange carrier, as applicable, and not Neutral Tandem, that is responsible for reciprocal compensation or other terminating charges owed to the terminating carrier.
- In two respects a rule structured to attack phantom traffic in this way should be narrowly drafted to avoid unfairly and unhelpfully entangling transit providers in billing disputes that do not involve them:

Summary (cont.)

- *First*, the rule should specify that the tandem provider will not be responsible for charges if it provides the terminating carrier with information sufficient to allow the terminating carrier to identify the party that delivered the traffic to the tandem provider (whether from information in the call data stream or by exchange of records).
 - Unlike access calls, where the originating carrier by regulation must provide a CIC code in the call flow, there currently is no similar regulatory requirement for local calls that the analogous JIP code be included in the call flow by the originating carrier.
 - Accordingly, Neutral Tandem always provides records to the terminating carrier (if requested) fully identifying the carrier that delivered the traffic to Neutral Tandem. As long as it continues to do so, Neutral Tandem should not be drawn into billing disputes between the originating and terminating carriers. To do so would engender needless disputes and would not deter phantom traffic.

Summary (cont.)

- *Second*, the rule should be clear that the transit provider is not responsible for disputes regarding the jurisdictional nature of the call.
 - Improperly rated calls create a different problem – and call for a different solution – than “phantom” calls, that is, calls where it is not possible to identify the party that is financially responsible for the call.
 - Transit providers are in no position to know if the originating carrier is making proper payments to the terminating carrier or trying to hide the jurisdictional nature of the call. That is a matter between the originating and terminating carrier.

“Phantom Traffic”

The term “phantom traffic” is sometimes used interchangeably to apply to calls where insufficient information exists to allow the terminating carrier to identify either:

- The carrier that is financially responsible for the call; or
- The jurisdictional nature of the call (which prevents the terminating carrier from determining the appropriate inter-carrier compensation owed to it by the financially responsible carrier).
- The carrier that is financially responsible for the call is typically:
 - The originating carrier for an intraLATA call; or
 - The IXC for access calls.

The problems associated with not knowing the identity of the financially responsible carrier of a call can be solved by:

- The originating carrier of intraLATA calls should include a Jurisdictional Information Parameter (JIP) on all calls.
- The IXC should include its Carrier Identification Code (CIC) on all access calls.
- If a carrier inserts the JIP or its CIC on a call, as appropriate, the terminating carrier will be able to identify the carrier that is financially responsible for that call.

Tandem Provider's Role in Identifying the Financially Responsible Party

- The tandem provider must pass through to the terminating carrier the JIP or CIC it receives in the call data stream.
- If the originating call data stream does not include the JIP or CIC, as appropriate, the tandem provider may provide records to the terminating carrier that identify the carrier that delivered the call to the tandem provider.

The Tandem Provider is not Financially Responsible if it Identifies the Carrier that Delivers Traffic to the Tandem Provider



If the Commission adopts a rule that provides that a tandem provider will be required to pay the highest lawful terminating rate to a terminating carrier if the terminating carrier cannot determine the identity of the financially responsible carrier, then such rule should also provide that:

1. The tandem provider will not be responsible for such charge if it provides the terminating carrier with information sufficient to allow the terminating carrier to identify the party that delivered the traffic to the tandem provider (whether from information in the call data stream or by exchange of records).
2. If the tandem provider pays any amount to the terminating carrier, then, notwithstanding any term in any contract, the tandem provider may recover such amount immediately from the carrier that delivered the traffic to it.

Calls of Indeterminate Jurisdiction

- If the terminating carrier and the carrier financially responsible for the call dispute the jurisdictional nature of the call (and therefore the appropriate inter-carrier compensation due for the call), the tandem provider shall not be implicated in the dispute or otherwise responsible for any amounts owed so long as the tandem provider has identified the party that delivered the traffic to it (either in the call data stream or by exchange of records).
- Treatment of VOIP is a regulatory issue; the tandem provider should not be implicated in the resolution of this issue.