

Traffic Pumping

**Presentation to
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Office of Commissioner Capps**

**CTIA – The Wireless Association®
November 4, 2010**

Traffic Pumping – Introduction

- **FCC urgently needs to address the issue of traffic pumping in a manner that includes:**
 - All types of traffic (including intraMTA traffic); and
 - All providers (including CLECs).
- **Confluence of factors – including gaps in FCC rules, decisions on CMRS-CLEC interconnection, and need for ICC reform – has fueled:**
 - new and expanding versions of traffic pumping;
 - litigation; and
 - legal uncertainty.
- **The magnitude of the problems is significant and rapidly growing.**
- **FCC has the authority, ability, and record to address these issues.**

Background

- **FCC has recognized traffic pumping problem since 2007**
 - NPRM sought comment on access stimulation by CLECs;
 - NPRM sought comment on stimulation of non-access traffic;
 - CTIA comments noted that wireless carriers are harmed by traffic pumping as well.

- ***North County v. MetroPCS* Decision**
 - Failed to clarify whether compensation is owed under section 20.11 in obvious arbitrage situations;
 - Failed to provide guidance on process or rules for setting rates in cases where compensation may be due.
 - Resulted in:
 - Reduced CLEC incentives to negotiate reasonable interconnection agreements;
 - Procedural quagmire for industry;
 - Burden and confusion for state commissions and federal courts;
 - Overhang of uncertain liability; and
 - Patchwork of conflicting results.

An Expanding Problem

- **Wireless carriers are experiencing increasing traffic pumping volumes:**
 - From CLECs;
 - Of IntraMTA traffic.

- **Variations of traffic pumping include:**
 - free conference calling;
 - international bypass calling;
 - chat lines;
 - rehomeing numbers to create interMTA calling;
 - other arrangements to generate high volumes of terminating traffic.

A Path Forward

- **FCC must act quickly to address traffic problem.**
- **Remedies must address:**
 - All traffic, including interMTA and intraMTA traffic;
 - Charges imposed by all providers, including CLECs and ILECs.
- **CTIA supports remedies including:**
 - Finding that traffic pumping (and revenue sharing to generate such traffic pumping) is an unjust and unreasonable practice, such that no compensation is due.
 - Development of a mechanism similar to that applied to dial-up ISP traffic.
 - *E.g.*, if any LEC's traffic – including access as well as local termination traffic – is in excess of a 3:1 ratio of terminating to originating traffic, it should be subject to a default bill-and-keep regime.

Prompt FCC Action is Needed

- **Traffic pumping schemes are a significant and rapidly-growing problem.**
 - Litigation arising in states across the country;
 - Creating legal quagmire;
 - Likely to lead to balkanized set of rules;
 - Estimates indicate that traffic pumping costs the wireless industry more than \$190 million in annual long distance expenses alone. [Source: Connectiv Solutions, www.connectiv-solutions.com]
- **The FCC should not wait for comprehensive ICC reform.**
 - National Broadband Plan recognized traffic stimulation as an area that requires interim action.
- **Proposed solutions will allow:**
 - Wireless providers to continue to operate under national framework;
 - Wireless providers to continue to make massive network investments necessary to achieve goals of the National Broadband Plan.