

# Indiana Telecommunications Association FCC USF/ICC Order Workshop



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***VantagePoint***

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# Misc. Issues

- New Reporting Requirements
- VoIP Tariffs
- Access Stimulation
- Phantom Traffic
- IP/IP Interconnection
- CMRS/LEC Calling - Wireless Transport and Billing



# Reporting Requirements

- April 1, 2012:
  - Federal designated ETCs must file a progress report on existing 5-yr build-out plan, annual ETC report (April 1<sup>st</sup>)
- Report all Flat Rates for Residential Local Service and State Fees
  - When to Report = TBD – Waiting for format from WCB
- Annual Audit report filing
  - RUS borrowers may file Annual RUS Financial Operating Reports in lieu of audited financial statement
    - When to Report = TBD – Waiting for OMB PRA approval
- State designated ETCs - continue to comply with state requirements for annual ETC reports

# Clarification of Reporting Requirements



- April 1, 2013:
  - All ETCs that receive USF high-cost support are required to file with the FCC, IURC and USAC a new five-year build-out plan that accounts for the new broadband obligations
  - All ETCs must file information broken out for both voice and broadband service plans (and annually thereafter)
  - Reporting of Tribal Engagement (Within Annual Report)
  - Network Outage Information, unfulfilled service requests, and complaints

# Reporting Requirements



- IURC designated ETC's should send any 54.313(a)(2)-(6) data in 2012 to the FCC when filed with IURC. (**But no process on how yet**)
- Get ready for April 1, 2013 to meet new FCC requirements listed in 54.313(a)(2)-(6) separately for voice and broadband
  - So Prepare yourself and staff to keep track of these requirements in 2012

# Reporting Requirements



## Annual ETC progress report filing

**Section 54.313** - Applies to High Cost Support Recipient

Filed after April 1 (or data set) - decreased support (July 1- 3 Qtrs, Oct 1 - 2 Qtrs, January 1 - 1 Qtr)

ROR required reporting:

(1) -**Progress report** on current multi year service quality improvement plan (for State Commission designated ETCs)

(2) -Detailed info on any **outage in prior calendar year** (defined in 47 CFR 4.5)

For State Designated ETCs = Nothing new for 2012 other than addition of BB tracking of this data for 4/1/13 filing. May need to provide FCC with any overlapping (2)-(6) IURC data

# Reporting Requirements



## Annual ETC progress report filing (cont.)

(3)-Number of **unfilled requests for service** from potential customers within recipient's service areas during the prior calendar year. Also detail how it attempted to provide service.

(4)-Number of **complaints per 1,000 connections** (fixed or mobile) in prior calendar year

(5)-Certification of **compliance with applicable service quality standards and consumer protection rules**;

(6) certification carrier is able to **function in emergency situations** (54.202(a)(2))

(7)-Company's **price offerings** in format specified by Wireline Comp Bureau

For State Designated ETCs = Nothing new for 2012 other than addition of BB tracking of this data for 4/1/13 filing. May need to provide FCC with any overlapping (2)-(6) IURC data



# 5 Year Plan

- Submit details at study area or census block level
  - Maps detailing progress towards planned targets
  - Projected \$ amounts for capital and operating expenses
  - Detail USF support received, how it advanced service quality, coverage and capacity
  - Targets not met in previous year
- Detail action plan and outages (if over 30 minutes in length)
  - 10% of service area
  - 911 facility

# Accountability and Oversight



- New section 54.313 (cont.)
  - New reporting requirements ensure compliance with the broadband public interest obligations
    - Beginning April 1, 2013
      - Letter certifying voice pricing within 2 standard deviations above national average urban rate
        - » Ave rate Identified in public notice released annually by WCB
      - Provide results of network performance tests by voice & BB
    - Beginning April 1, 2014
      - Progress on 5 Year Build-out Plan shall include number, names and addresses of community anchor institutions provided service in prior calendar year

# Reporting Summary



- RoR ETCs will include self certification letter
  - Steps taken to offer BB throughout service area
  - Requests being met within a reasonable time
  - Notice of all unfulfilled requests for service and status of such requests
- ROR carriers reporting requirements
  - Report to FCC, USAC & State Commission
  - Annual Report/Audit Report due by April 1 each year (2012 is different is state or federal certified but 2013 everyone should be on same level)
    - Send any data that overlaps to FCC also in 2012



# VoIP





# VoIP Over IP Order

- Order declines to classify VoIP service as telco service...however...they bring it under 251(b)(5)
  - Originates or Terminates in IP format
    - Initiated/terminated at the premise in IP format
- Default rates:
  - “toll” VoIP-PSTN traffic = interstate access rates
  - Other VoIP-PSTN traffic = applicable reciprocal compensation rates
- Ultimately VoIP-PSTN traffic will be B&K like TDM toll



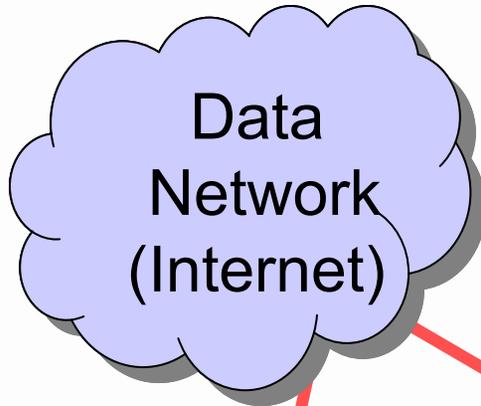
# VoIP Tariff

- LECs are permitted to tariff the default charges for toll VoIP-PSTN traffic in federal and state tariffs, in the absence of an agreement for different intercarrier compensation
  - Interstate tariff - NECA tariff #5 has been updated
  - Intrastate tariff – Communications Corporations of Indiana mirrors NECA tariff #5 switched access
    - Should have exception for Intrastate Access treatment
  - Update CLEC intrastate and interstate tariffs
- Use the lessor of Inter or Intrastate rate
- Carriers can negotiate Interconnection Agreements (good luck)



# The Customer Premises

## SIP (IP) Phones



Analog Terminal Adapter

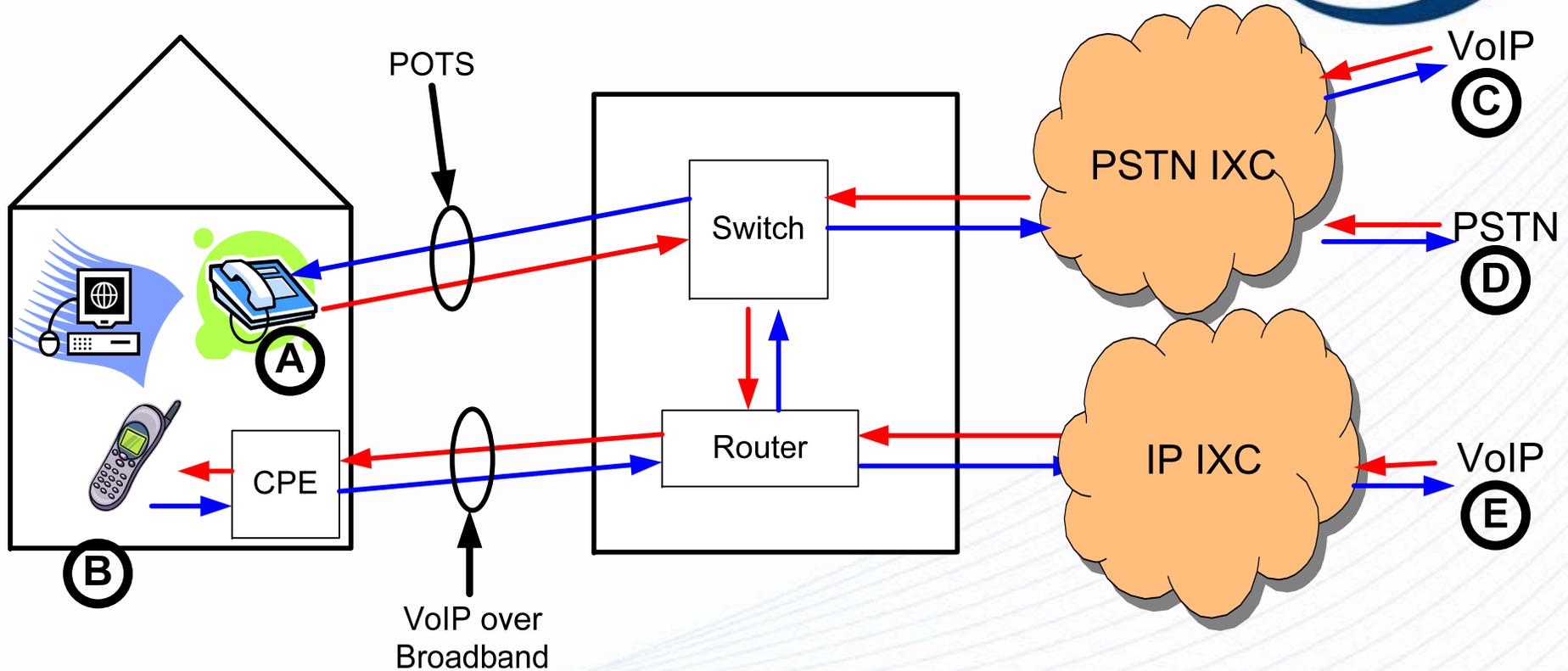
## Standard Phones



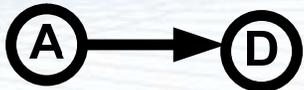
## Soft Phones



# VoIP Order



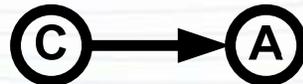
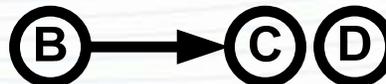
## Intrastate Access Rates



No Access



## Interstate Access Rates



## Likely Interstate Access Rates





# VoIP Summary

- FCC Attempting to put VoIP on Equal Footing with other PSTN Traffic
  - July 1, 2013 all VoIP traffic will be at interstate rates
- Access Losses for Terminating VoIP Can be Recovered Through the RM (provided it was billed previously)
  - No RM for originating access reductions
- IXCs Are to Provide Terminating Carriers with a “Factor”
  - Factor will likely NOT be easy to verify



# VoIP PVU

- Know your VoIP Tariff Language!!
- LECs are receiving notices from IXCs stating the IXC's percentage of VoIP usage (PVU)
  - Discrepancies between IXC's PVU notifications
    - IXC A – around 35% PVU
    - IXC B – around 1% PVU
    - IXC C – around 19% PVU
  - Each company has different calling patterns and specifics...Use default PVU if can't agree
- Work with your staff, consultants, billing vendors and/or advisors to determine the correct PVU calculation.

Ask for Supporting  
Documentation



# TDM vs. VoIP – Toll

- VoIP Providers
  - Several different providers...
- VoIP-in-the-Middle
- Orig. VoIP-PSTN
- Term. VoIP-PSTN
- Best to look at your options, tariffs, and your application of VoIP...where/when it is implemented (and by what) in the network



# Access Stimulation





# Access Stimulation

- LECs required to refile interstate switched access tariffs if the following conditions are met:
  - Involved in a revenue sharing agreement
  - and**
  - 3 to 1 ratio of terminating-to-originating traffic in any month **or**
  - Increase of more than 100% in traffic volume in any month measured against same month in previous year
- Clarified in Feb. that the Order does not supersede previous Commission decisions



# Phantom Traffic



# Strong Motive for Traffic Arbitrage



- Example intercarrier compensation rates of a rural LEC
  - Intrastate Access Rate/Min. - \$0.048260
  - Interstate Access Rate/Min. - \$0.048260
  - Recip. Comp. Rate/Min. - \$0.015
  - Local/EAS Rate/Min. - \$0.00
- Other carriers try to find “least cost route”
  - Traffic misrouted
  - Call details can be manipulated





## Motive for LECs to Collect Access Revenue is Strong, Too

- Significant portion of telco revenue comes from intercarrier compensation payments
  - Although may be recoverable via RM in future, it will be at the expense of other support
- Industry estimates of intercarrier traffic that cannot be billed because it lacks sufficient billing information can be as high as 30%



# Phantom Traffic Order

- Transmit telephone number associated with calling party to next provider in call path
  - Applies to PSTN calls, including interconnected VoIP
- Require Charge Number (CN) be passed unaltered where it is different from Calling Party Number (CPN)
- Prohibit stripping or altering of call signaling information
  - ATT has asked for a waiver (which the FCC allowed as an option in the order) of this altering of call signaling information in legacy areas of their network.

# How the Order Helps (or Hurts)



- Helps:
  - Step forward
    - Reiterated call blocking is not allowed for missing info
    - Removed “industry standards” language and set up waiver process for exceptions (some have applied)
    - Calling information shall be passed on unaltered
- Does not Help:
  - Did not address all issues
    - Left JIP, OCN, and CIC to industry standard setting bodies
    - Declined to adopt additional measures related to enforcement and a penalty rate
    - Declined to use calling party number or originating and terminating numbers as basis for jurisdictionalizing calls



# IP/IP Interconnection





# IP-to-IP Interconnection

- FNPRM seeks comments on:
  - Reasonableness for IP-to-IP interconnection rates, terms, and conditions to assess party's negotiating positions are reasonable and in good faith
  - Responsibility for the costs of IP-to-TDM conversions
  - Steps to ensure rates remain reasonable
  - Continue interconnection with TDM

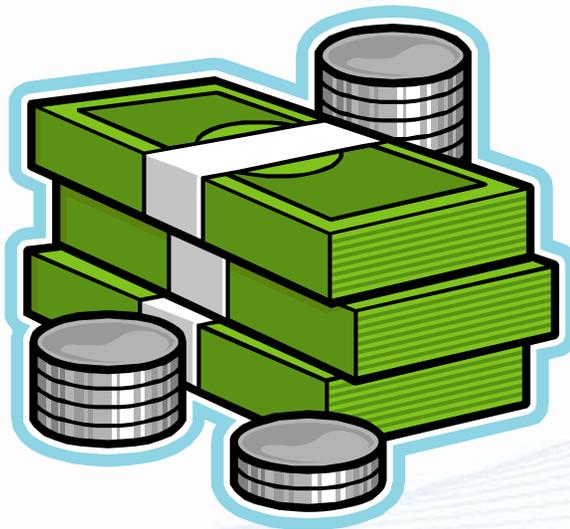
# IP-to-IP Interconnection (Cont.)



- Specific mechanisms to require IP-to-IP interconnection
  - Scope of issues to address under different policy frameworks requiring IP-to-IP interconnection
  - Would it be necessary to address providers' physical POIs in the context of IP-to-IP interconnection?
- Should the policy framework leave IP-to-IP interconnection largely unregulated by the Commission?



# IntraMTA Issues

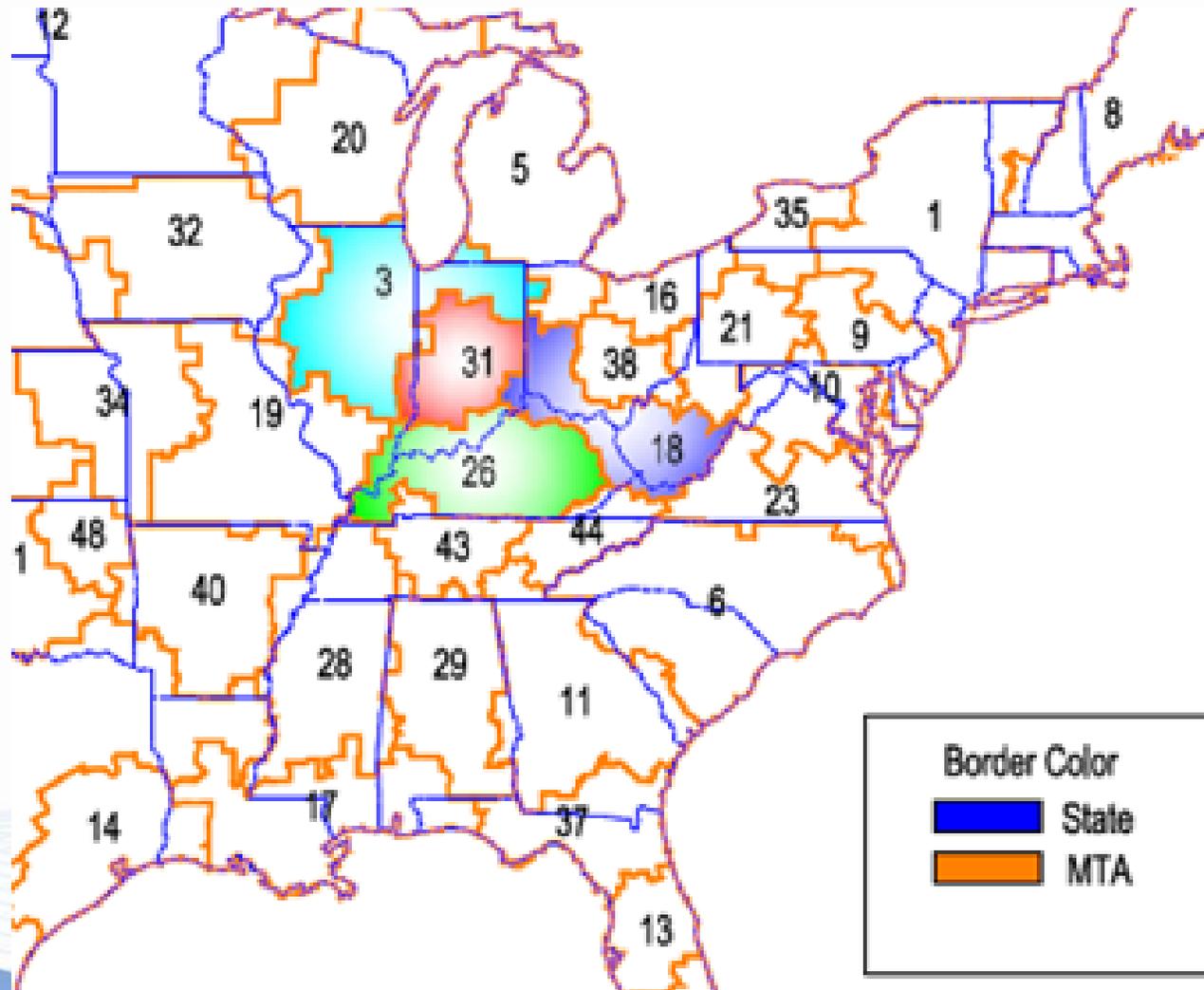


# Technology Risk – CMRS IntraMTA Order

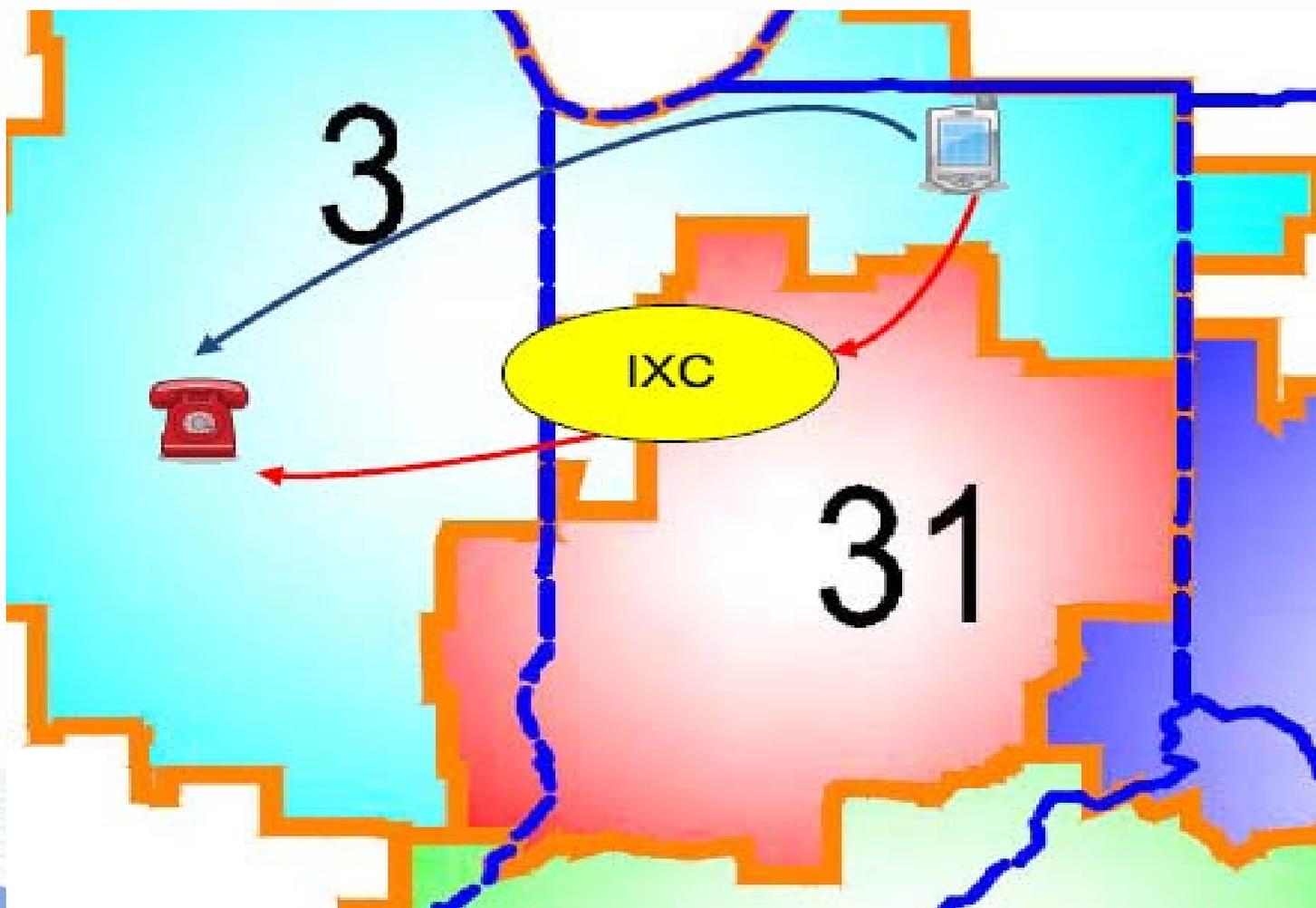


- FCC USF/ICC Order (11-161), para 979
  - “Second, we affirm that all traffic routed to or from a CMRS provider that, at the beginning of a call, originates and terminates within the same MTA, is subject to reciprocal compensation, without exception.”
- First Report and Order allows the connecting tower at the start of the call to be used as a proxy for the location of the wireless caller
- Order adopted B&K as default compensation for non-access traffic

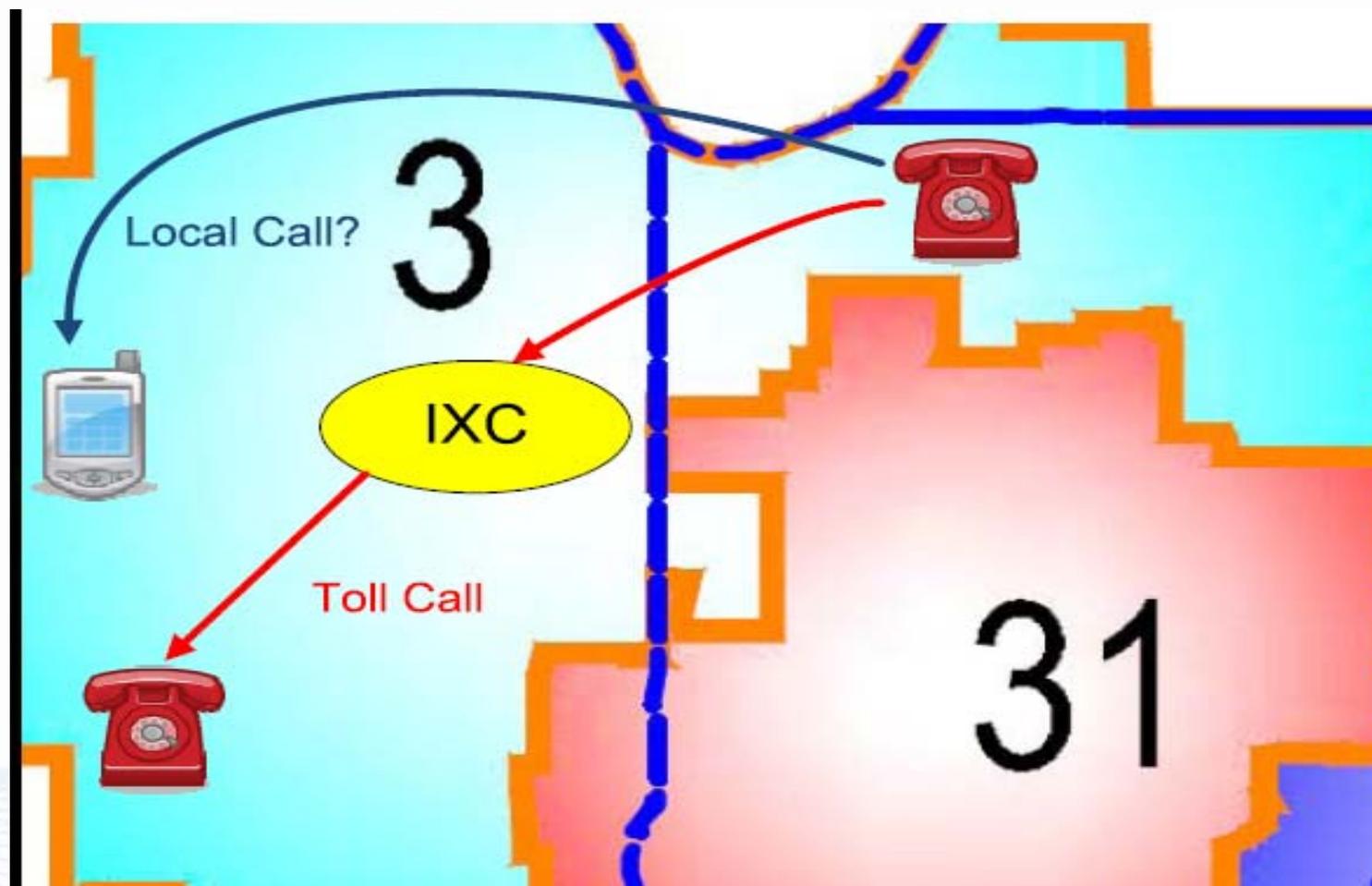
# MTA Map



# Mobile to Land



# Land to Mobile



# Technology Risk – CMRS IntraMTA Order



- LEC-terminated IntraMTA traffic
  - Routing of traffic (Interconnection, Access, etc.?)
  - Issues with billing for traffic routed via an IXC
  - FCC believes “factors” could be used
  - Could be 10-20% of terminating intrastate access traffic...originating could be more.
- LEC-originated IntraMTA traffic
  - Technical issues with routing (location of CMRS customer)
  - Transport Facilities
    - Direct Trunks
    - Access Trunks



Factors may go unsupported (initially) and we can hope they are more consistent than VoIP factors seem to be

# Transport and Terminating Agreements



- FCC Rule states current agreements may continue until they are terminated (or may need changing)
- Sending letters terminating agreements
  - AT&T Mobility
  - Verizon Wireless
  - Others?
- Read all agreements and termination letters thoroughly before any change
  - Not all statements are factual...no matter what the claim or reason
- Order specifies agmts continue until terminated

# Questions?

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**Thank You !!!!**

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