



September 6, 2016

TO: Members, Subcommittee on Communications and Technology

FROM: Committee Majority Staff

RE: Legislative Hearing on “Rural Call Quality and Reliability”

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## **I. INTRODUCTION**

The Subcommittee on Communications and Technology will hold a legislative hearing Thursday, September 8, 2016, at 2:00 p.m. in 2322 Rayburn House Office Building on “Rural Call Quality and Reliability.” One panel of witnesses will testify:

## **II. WITNESSES**

- Eric LeBeau, General Manager, Dakin Farm; and
- Lance Miller, President, McClure Telephone Company.

## **III. BACKGROUND AND SUMMARY OF LEGISLATION**

The process of directing a call from its origin to its destination is called “routing.” When routing a call to a destination outside of an originating provider’s network, the provider uses third party intermediate carriers to route the call from the calling party to the called party. As part of this process, long-distance providers must pay a local carrier to access its exchange—known as “access charges” — a cost that can be high, particularly in rural and hard to reach endpoints.

In part because of the routing process, rural consumers experience call quality and call failure issues at a much higher rate than their urban counterparts. The problems seem to occur most commonly in areas of the country where long distance and wireless providers use “least cost routers,” or inexpensive third party intermediate providers, to complete calls while minimizing the cost of call termination charges. During the process of routing calls through these intermediate providers, calls are dropped, lost, or the quality is degraded, depriving rural consumers of reliable telephone service. Callers may experience silence or “dead air,” prolonged ringing with no answer, or prerecorded messages that a call cannot be completed. Callers and recipients may also experience poor quality, including bad sound, breaks in connection, and delays. Call failure can create problems for public safety, small businesses, school districts, and many other essential services seeking to place calls to rural consumers.

At the urging of rural telecommunications providers<sup>1</sup> and Congress,<sup>2</sup> the Federal Communications Commission (FCC) has taken steps to mitigate call completion and quality issues for rural consumers. First, the Commission took steps to clarify its existing rules. In 2012, the Commission issued a declaratory ruling making it clear that carrier practices that result in call failure could be a violation of the Communications Act's prohibition on unjust and unreasonable practices.<sup>3</sup> Beyond rulemakings, the agency has also taken steps to promote industry-led solutions to the problem of rural call completion by hosting workshops to bring together stakeholders to discuss the problem and potential solutions.<sup>4</sup>

Finally, the FCC has taken steps to address rural call completion through new rules. In 2013, the agency adopted rules that required more detailed data collection regarding rural telephone companies' ability to complete long distance calls.<sup>5</sup> In addition, it adopted rules that gave carriers incentives to reduce reliance on least-cost routers and prohibited "phantom ringing."<sup>6</sup> In addition, as part of reforms to the intercarrier compensation regime, the FCC has made changes to its rules that eventually eliminate terminating access charges,<sup>7</sup> which will remove economic incentives for bad call routing.

Despite these efforts by both legislators and regulators, the problem persists. A recent survey indicated that a majority of the telephone providers that responded had received consumer complaints in the past 12 months.<sup>8</sup>

### **A. H.R. 2566, Improving Rural Call Quality and Reliability Act of 2015**

As part of the Subcommittee's ongoing efforts to address the rural call completion issue, it will examine H.R. 2566, the Improving Rural Call Quality and Reliability Act of 2015. H.R. 2566 amends the Communications Act of 1934 by adding a new section to require intermediate providers who offer the capability of transmitting covered voice communications to register with the Federal Communications Commission. The bill also requires the Commission to establish service quality standards for intermediate providers to ensure the integrity of voice

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<sup>1</sup> In the Matter of Rural Call Completion, Report and Order and Further Notice of Proposed Rulemaking, WC No. 13-39, October 28, 2013, see e.g. footnote 2,

[https://transition.fcc.gov/Daily\\_Releases/Daily\\_Business/2013/db1108/FCC-13-135A1.pdf](https://transition.fcc.gov/Daily_Releases/Daily_Business/2013/db1108/FCC-13-135A1.pdf) ("Rural Call Completion R&O")

<sup>2</sup> H. Res. 234, *Expressing the Sense of the House of Representatives that telephone service must be improved in rural areas of the United States and that no entity may unreasonably discriminate against telephone users in those areas*, <http://lis.gov/cgi-lis/query/z?c114:H.RES.234>.

<sup>3</sup> In the Matter of Developing a Unified Intercarrier Compensation Regime et al, Declaratory Ruling, CC No. 01-92, WC No. 07-135, February 6, 2012, [https://apps.fcc.gov/edocs\\_public/attachmatch/DA-12-154A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/DA-12-154A1.pdf).

<sup>4</sup> Rural Call Completion Workshop, October 18, 2011, video available at: <https://www.fcc.gov/news-events/events/2011/10/rural-call-completion-workshop>.

<sup>5</sup> Rural Call Completion R&O

<sup>6</sup> Id.

<sup>7</sup> In the Matter of Connect America Fund et al, Report and Order and Further Notice of Proposed Rulemaking, WC No. 10-90, October 27, 2011, para. 34, [https://apps.fcc.gov/edocs\\_public/attachmatch/FCC-11-161A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/FCC-11-161A1.pdf).

<sup>8</sup> In the Matter of Rural Call Completion, Ex Parte by NTCA—The Rural Broadband Association, June 2, 2016, <http://www.ntca.org/images/stories/Documents/Advocacy/ExParteLetters/05.31.16%20fcc%20ex%20parte-ntca%20meeting%20with%20fcc%20staff%20re%20rural%20call%20completion,%20wc%2013-39.pdf>.

communication and prevent unjust or unreasonable discrimination among areas of the United States. The bill also prohibits the use of any intermediate provider that is not registered with the Commission.

H.R. 2566 also provides some transparency in the provision of intermediate routing by requiring the Commission to establish a database of registered intermediate providers and to make it available on the Commission's website. The bill also requires the FCC to establish service quality standards that intermediate providers must meet. Finally, the bill clarifies that state agencies and public utility commissions will continue to have a role in ensuring the quality of voice service within the state.

#### **IV. STAFF CONTACTS**

If you have any questions regarding this hearing, please contact Kelsey Guyselman of the Committee staff at (202) 225-2927.