

ONE HUNDRED FOURTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
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WASHINGTON, DC 20515-6115

Majority (202) 225-2927
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MEMORANDUM

September 6, 2016

To: Subcommittee on Communications and Technology Democratic Members and Staff

Fr: Committee on Energy and Commerce Democratic Staff

Re: Subcommittee Hearing on “Improving Rural Call Quality and Reliability Act of 2015”

On Thursday, September 8, 2016 at 2:00 p.m. in room 2322 of the Rayburn House Office Building, the Subcommittee on Communications and Technology will hold a legislative hearing titled “Improving Rural Call Quality and Reliability Act of 2015.” At this hearing, the subcommittee will discuss H.R. 2566, a bill that would require the Federal Communications Commission (FCC) to establish basic quality standards for providers that transmit voice calls to consumers, among other things.

I. BACKGROUND

Several years ago, the FCC recognized that customers were having significant problems with telephone calls not going through to rural areas. Customers reported false busy signals, calls not arriving at their destination, or long periods of dead air on the calling party’s end after dialing a number.¹ Because consumers do not know how the calls they make and receive are handled and carried over these networks, they are often inclined to blame their local telephone company for dropped calls and call quality problems.

Long distance and wireless carrier typically pay local phone companies when they need to connect a call to the local company’s customers. To minimize how much they have to pay to connect these calls, long distance and wireless carriers’ can contract with a third party provider

¹ Federal Communications Commission, *Rural Call Completion*, Report and Order and Further Notice of Proposed Rulemaking, WC Docket No. 13-139 (Rel. Nov. 8, 2013) (online at apps.fcc.gov/edocs_public/attachmatch/FCC-13-135A1.pdf) [hereinafter “Rural Call Completion Order”].

to handle the call.² This is called “least cost routing.”³ The companies that facilitate least-cost routing are called “intermediate providers.”⁴ Intermediate providers often use complicated routes that minimize their own expenses.⁵ Unfortunately, these complicated routes can result in dropped or poor quality calls as it is passed around from one carrier to another.

The FCC has taken the following actions to address rural call quality issues and improve call completion:⁶

- Adopted the *2011 USF/ICC Transformation Order*, which makes changes to the intercarrier compensation system by moving providers away from charging each other reciprocating access charges to a “bill-and-keep” regime where charges are not paid by the carriers. Full implementation of “bill-and-keep” is not set to occur until 2020.
- Issued a declaratory ruling in 2012, stating that a carrier may be liable under section 201 of the Communications Act for not resolving issues related to call completion.⁷
- Adopted rules in 2013, to improve its ability to monitor the delivery of long distance calls to rural areas.⁸
- Entered into several consent decrees with carriers it had been investigating for potential violations of section 201 and 202 of the Communications Act due to poor completion rates for rural calls.

² Federal Communications Commission, *Rural Call Completion: Problems with Long distance or Wireless Calling to Rural Area* (accessed Aug. 30, 2016) (online at fcc.gov/general/rural-call-completion-problems-long-distance-or-wireless-calling-rural-areas).

³ Ohio Public Utilities Commission, *Rural Call Completion Issues* (accessed Aug. 30, 2016) (online at www.puco.ohio.gov/puco/index.cfm/be-informed/consumer-topics/rural-call-completion-issues/#sthash.mmZGKOHQ.dpbs).

⁴ 47 C.F.R. § 64.1600(f).

⁵ See Note 3.

⁶ See Rural Call Completion Order, *supra* note 1.

⁷ Federal Communications Commission, *Developing an Unified Intercarrier Compensation Regime*, Declaratory Ruling, CC Docket No. 01-92 (Rel. Feb 6, 2012) (online at apps.fcc.gov/edocs_public/attachmatch/DA-12-154A1.pdf).

⁸ See Rural Call Completion Order, *supra* note 1.

II. H.R. 2566, IMPROVING RURAL CALL QUALITY AND RELIABILITY ACT OF 2015

H.R. 2566, the Improving Rural Quality and Reliability Act of 2015, is a bipartisan bill that would require intermediate providers to register their companies with the FCC and to comply with FCC service quality standards. The bill is supported by the National Association of Regulatory Utility Commissioners, NTCA-The Rural Broadband Association, and WTA-Advocates for Rural Broadband.

The Senate Commerce Committee marked up an identical bill, S. 827 the “Improving Rural Call Quality and Reliability Act of 2015” on June 29, 2016. The Senate Commerce Committee adopted an amendment in the nature of a substitute (AINS) that made the following changes:

- Extends deadlines for service quality standards for intermediate providers from 180 days to one year;
- Exempts intermediate providers that have been certified as a safe harbor provider; and
- Amends the definition of intermediate provider.

For this legislative hearing, the Majority noticed an AINS which is identical to the above-referenced Senate Commerce Committee AINS.

III. WITNESSES

The following witnesses have been invited to testify:

Eric LeBeau

General Manager
Dakin Farm

Lance Miller

President
McClure Telephone Company