Statement by

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On behalf of

NTCA–The Rural Broadband Association

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Rural Call Quality and Reliability
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INTRODUCTION

Chairman Walden, Ranking Member Eshoo, Vice Chairman Latta, and members of the Subcommittee, thank you for this opportunity to testify before you about rural call quality and reliability issues. I am Lance Miller, President of McClure Telephone Company, located in McClure, Ohio. My remarks today are on behalf of McClure, as well as NTCA–The Rural Broadband Association and the more than 800 small community-based NTCA members like my company that provide a variety of communications services throughout the far reaches of rural America.

McClure is a small rural independent local exchange carrier located in northwestern Ohio. Our service area covers 35-square miles and averages 5.2 households per mile. We are a family-owned and operated business. Our current owners have a 46-year history with the company, but the town of McClure has been served by an independent telephone company since 1910. We have borrowed approximately $3.5 million from the USDA Rural Utilities Service loan program in order to build an advanced fiber network to serve homes and businesses in our area. We currently have just under 600 customers, of which about 130 are land-line only. We offer several services, including phone, high-speed Internet, and video. The McClure Telephone Company strives to ensure that our rural customers have the same services as those who live in urban areas.

CALL COMPLETION PROBLEMS VARY AND ARE NUMEROUS

For several years, our company and our customers have been hit very hard by call completion problems. It has led to lost revenues, loss of customers, and time lost trying to resolve individual issues or prove that this problem is outside of our network and out of our control. I have used many examples over the years to educate people as to the implications for our community beyond a single call failing.

Our customer base includes many older and aging consumers, with many younger people moving away to larger urban areas such as Toledo and Columbus. Our customers' kids will try to call home to check on their parents and will get dead air or continuous ringing. They will try to call their parents three or four times – even up to eight times – and still not be able to connect. The kids will start to get worried and will then understandably call our local sheriff's department to request someone check in on their parents. Of course, the professional men and women of our sheriff's department will send an officer out to this customer's residence to make sure everyone is alright. When the deputies arrive at the home, they find mom and dad sitting down watching the *"Price is Right"* and having a cup of coffee, not realizing that anyone was trying to contact them. Not only did the call fail, inconveniencing and unnecessarily worrying family members, but a substantial burden was placed on local law enforcement agencies and local taxpayers in the face of budget constraints and increased call volumes.

Our company also just recently lost a major business account because of call failures. The business could no longer afford the lost revenues from missed phone calls or having frustrated customers repeatedly call back to establish a clear voice call. As a communications provider, it is very difficult for us to tell a paying customer that we are not the problem and that we have no way of correcting the issue. Customers do not care who is to blame – they just want the services that they are paying good money for to work.

There are many reported examples of the consequences of call failure across rural America. Not only have family members been unable to contact loved ones and rural businesses have lost opportunities and customers, but doctors have been unable to reach patients, hospitals have been unable to reach on-call emergency surgeons, schools have been unable to send alerts to students, and in one reported case a public responder was unable to make emergency "call-backs" to people who dialed 9-1-1.

In Iowa, the home state of Rep. David Young, who introduced the "Rural Call Quality and Reliability Act," there have been reported incidents of health care facilities not being able to effectively communicate with their satellite clinics. For example, over a 12-month period starting in June 2014, medical staff at the Horn Memorial Hospital in Ida Grove experienced difficulties in communicating consistently with surrounding clinics, hospitals, patients, visiting nurses, and pharmacies. In one particular case, hospital staff was unable to fax critical lab results requiring immediate attention to the clinics.

During the June markup of Senator Amy Klobuchar's "Improving Rural Call Quality and Reliability Act," Senate Commerce Committee Chairman John Thune spoke about a South Dakota constituent who works from home as a customer service representative for a company located outside of the state. She has a fiber connection to her home, yet her employer noticed that she was not answering a substantial number of calls placed to her home. Her rural service provider – Golden West Telecommunications – investigated the issue and discovered that she did not receive 41 percent of the calls placed to her home number because in many cases they never reached Golden West's network.

Call completion problems have been around for years and despite the Federal Communications Commission's efforts and enforcement actions, rural consumers and businesses continue to fail to receive calls at an alarming rate. According to an NTCA questionnaire regarding call completion, 80 percent of association members indicated they have experienced call completion problems in the past year. More than one-fourth stated that they receive complaints from subscribers at least weekly.

WHY ARE RURAL CALLS NOT CONNECTING?

Why aren't these calls being completed? One apparent and significant source of the problem appears to be the use of intermediate providers, also known as "least-cost routers." Intermediate providers or least-cost routers are entities employed by long distance providers to terminate calls to

rural areas where the long-distance providers do not have networks of their own. Here's how they work.

First, a consumer makes a long distance call. Rather than connecting directly, the calling party's long distance provider routes the call to the intermediate provider who pledges to complete the call for the least amount of money. From there, the call may be rerouted again as the intermediate provider looks for others who will offer the same capability. As the call nears its destination, the last intermediate provider involved should pass the call to the terminating provider and the call should complete properly. This happens quite often, and things work fine. But there are times too where the least-cost router may drop the call (because it won't make enough money by completing the call), or it may send it to yet another router. That next least-cost router may complete the call, drop it, or send it to another router still. The call can even get stuck in a loop between two routers. And even if the call is connected, the end result may be far from optimal. The caller may hear nothing initially, then the call is disconnected. Or the caller may hear an automated announcement, such as "this call cannot be completed as dialed," even though the number is in service and was dialed correctly.

There is no visibility into who these least-cost routers are and no minimum standards by which they must abide. Almost anyone with some basic technical knowledge can purchase equipment and service and hold itself out as a least-cost router. And there are no controls in place to ensure that these intermediate providers properly route calls.

It is very difficult and time-consuming to determine how and where calls are failing. Carriers like McClure cannot run a call trace on most of the calls that fail because the calls do not make it to their network. It then falls to the person who initiated the call to register a complaint with their long distance provider, who must determine which least-cost router is failing to properly route calls. Through no fault of their own, the blame is often misplaced on the rural provider like McClure on the (non)-receiving end of the call. As I noted earlier, complaints may be registered only in those instances when a rural customer happens to find out that he or she has not received calls. Even then, consumers are not likely to complain until multiple instances occur. For this reason, registered consumer complaints are likely only the "tip of the iceberg." This issue has been so prevalent for so long that I truly believe our customers have stopped letting us know when problems occur and are just coping instead with subpar service.

URGENT NEED FOR FURTHER ACTION

Even as we move increasingly to a broadband world, Americans still depend upon quality voice service to conduct business, contact emergency services, schools, libraries, and hospitals, and otherwise keep in touch with family and friends. The economic consequences of the rural call completion epidemic have sadly become part of the cost of doing business for companies based in rural America. Every day that call completion problems go unaddressed will bring more missed

family connections, lost sales from dropped business calls, and failed attempts to reach fire departments, police stations, and hospitals.

This problem will not go away over time or work itself out through changes in consumer preferences or financial incentives for providers. Even as compensation arrangements between carriers may change and transition, the plain fact remains that it is simply more costly to get calls to and from distant points in rural America. Incentives will remain to hand off calls to least-cost routers who will retain their own incentives to minimize or even avoid the burden of delivering calls to higher-cost portions of our country. In fact, even in instances where direct costs of terminating calls in rural areas have already been minimized or eliminated – such as certain wireless-to-landline calls – call completion problems persist. Financial incentives are not the only reason these problems occur – lack of technical expertise, shoddy network management, and a lack of consequences for carelessness are contributing factors too. Because multiple considerations influence the rural call completion problem and each factor will remain for the foreseeable future, a direct response that restores reliability to voice service is necessary. Rural consumers, businesses, and public safety officials cannot afford to keep waiting for a resolution to this problem.

The FCC has taken much appreciated action in an attempt to address failed calls on the originating carriers' end. The Commission has made clear that originating providers bear the primary legal obligation to ensure that calls originating on their networks properly complete. There have been industry meetings to try to better understand and address the problem, a declaratory ruling that reminded originating providers of their responsibility to ensure that calls complete, an order that requires most originating providers to collect and retain data about their call completion rates, and a handful of enforcement actions made public.

The Commission has worked to track down originating carriers who knowingly use poor quality routes or fail to adequately monitor the call completion paths. However, despite this action, calls continue to fail. One problem is that to date, no action can get directly at one of the most typical sources of the problem – the least-cost routers themselves. To be clear, many intermediate providers are, in fact, quality providers that offer value in helping to complete calls in an efficient way – and carriers across the industry use them to route calls without problem or concern. But other intermediate, least-cost routers may be inexperienced, unqualified or even unscrupulous – and the primary problem is that no one knows who any of them are or what their role is in routing any given call. A fundamental lack of transparency keeps this market from working well for the benefit and interest of the ultimate consumer.

H.R. 2566, the "Improving Rural Call Quality and Reliability Act," is a narrowly targeted bill. It seeks only to eliminate a "black market" of least-cost routing and bring intermediate providers "into the light of day." It will enable regulators and others in this marketplace to know basic information, such as contact information, about an intermediate provider. Requiring intermediate providers to register and originating carriers to use only registered providers is a "light touch" way of helping to restore the integrity of essential voice communication in rural America.

In particular, H.R. 2566 takes three important steps to address the ongoing call completion problem. First, it would bring least-cost routers out of the shadows by directing them to register with the FCC, so we know who they are and how to contact them when things go wrong. Second, the bill would direct least-cost routers to abide by minimum standards that they actually complete calls – to prevent discrimination among rural areas of the United States in the delivery of voice communications. Third, it would ensure that originating providers use only registered least-cost routers.

As noted earlier, the Senate Commerce Committee unanimously approved a similar bill (S.827) introduced by Senator Amy Klobuchar (D-Minn.) earlier this summer. As the Senate bill moved through the Committee process, there were some minor changes made to it that helped make it even more targeted toward fixing the problem at hand. First, additional time was provided for the FCC to develop the service quality standards for the transmission of covered voice communications by intermediate providers. Second, to lessen potential burdens, a provision was added that clarifies providers participating in a "safe harbor" established by the Commission's initial call completion order will be exempt from the bill's service quality standards, since that safe harbor already contemplates the achievement of certain levels of service quality. Finally, the definition of "intermediate provider" was redrafted to ensure it did not inadvertently capture providers that are not engaged in a "least-cost routing" function and are instead actually helping to originate calls. Each of these changes has helped to refine the bill further to target the root cause of many call completion issues.

CONCLUSION

We appreciate the efforts of the Commission in attempting to understand and examine call completion failures over the past few years. However, the problem persists, so more must be done to ensure that call quality and reliability improves and that no entity may unreasonably discriminate against consumers and businesses in rural America. Congress should pass H.R. 2566 to require least-cost routers to register with the FCC and abide by minimum standards for call completion, and to ensure that originating providers use registered least-cost routers. We hope that such targeted measures will help to overcome the call completion problems that continue to threaten the quality of life, economic development, and safety of rural Americans.