

GENERAL SESSION III

Access Revenues and Declining Revenues

Dale Merten

Access Revenue Opportunities

Bill and Keep and the
rise of access revenues?



There's a Lot of Bad Everywhere

- FCC's ICC reform set on \$0.00 glide path
- COE expense / recovery frozen
- Access revenue in steep decline
- Microsoft released Windows 8.1

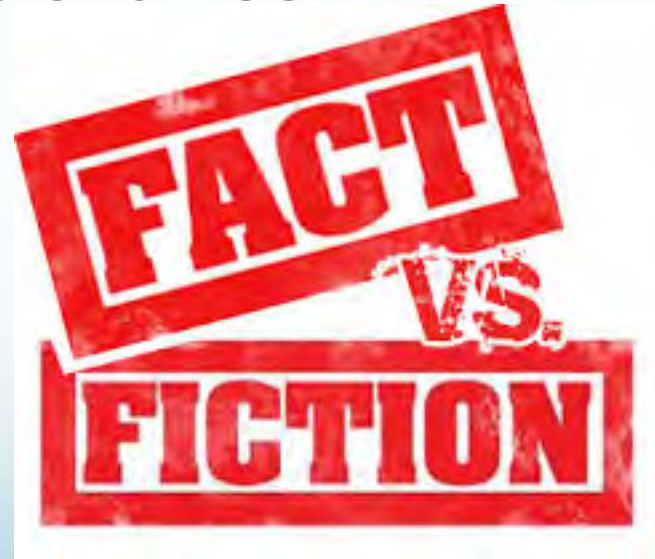


Long Journey

- Original investigation was on call completion problems
- Total minutes of use are exploding
- Access revenue dropping like a rock
- Customers mad at us!

Fiction Vs Fact

- The current model of USF and ICC does not account for changing customer preferences and continuing declines in access minutes. “You need reform to address these challenges,”
 - Carol Matthey, Deputy Bureau Chief FCC
 - Circa 2011



Wrong Data Point

- FCC determined access was in steep decline based on what we were able to bill.
 - Total revenues were in decline
- Total Minutes of Use continue to rise
 - Just real hard to know who to bill
- Therefore, ignoring the real issue FCC say's go to “bill and keep”

How We Found It

- MetaSwitch with 1960 lines
- Purchased MetaSwitch Service Assurance Server (SAS)
- Created script to run .csv files every night
 - I didn't trust Qwest EMI records
- Compared .csv to SAS and dug deep



Lot's of Minutes


- A random sample of our call data 07/08/11 shows 8813 call terminations in 24hrs
- 4155 all from a single local EAS number
- 8714 calls show no CIC (0000 or blank)
- 98% of traffic terminates for free
- 47% of traffic terminates from one local number

FCC Testimony

- October 2011 FCC Hearing on Call Completion
- I had shared data on high volume from a single number
- Just needed the smoking gun...



Margaret Dailey, FCC calling Toledo Washington


 Call from 202-418-2396 to 360-864-2044 10/12/2011

Charge number: 360-232-0041

360-232-0041 called 360-864-2044

Initiated: Wed 2011-10-12 09:44:57 PDT Connected: 09:45:00 Ended:
09:51:11 Duration: 00:06:11

Terminating local call using trunk group number 38, TCIC (Trunk Circuit
Identification Code) 26


 Call from 202-418-2396 to 360-864-4552 10/07/2011

Charge number: 360-232-0041

360-232-0041 called 360-864-4552

Initiated: Fri 2011-10-07 08:47:24 PDT Connected: 08:47:28 Ended:
08:48:25 Duration: 00:00:57

Terminating local call using trunk group number 38, TCIC (Trunk Circuit
Identification Code) 61

 Call from 202-418-2396 to 360-864-4552 10/06/2011

Charge number: 360-232-0041

360-232-0041 called 360-864-4552

Initiated: Thu 2011-10-06 09:51:43 PDT Connected: 09:51:48 Ended:
09:54:16 Duration: 00:02:28

Terminating local call using trunk group number 38, TCIC (Trunk Circuit
Identification Code) 68

Pink Slip Moment

- PAETEC admitted to using fraudulent Charge Number and stripping CIC
 - Tami Spocogee, Director Carrier Access
- Did Windstream's Paetec Purchase Lead to \$2.5 Million Rural Call Completion Settlement?
 - Telecompetitor 2/21/2014



You Gotta Be Joking

- “TEOCO delivers Rural Call Completion Usage Analytics Solution to Tier One US Operator”



Tandem 101

- Tandems should have dedicated trunks to each carrier
- Each trunk within the Tandem has a Trunk Identification Code (TCIC)
- Toll traffic riding over any trunk should belong to the carrier assigned to it

Tandem Loop Holes

- 0000 CIC is used as a “test” CIC by AT&T, CenturyLink, Qwest LD etc.
- Cheaters figured this out
- CenturyLink will only provide CIC that is sent.
 - Blanks or 0000 included
- No CIC, no bill = no revenue
- I was right about the EMI record

I Know What You're Thinking

- If a call comes over the Sprint Tandem Trunk with a 0000 CIC, why can't the Tandem provider just insert CIC 555?



Tandem With Revenue

- November 2012 installed ANPI Tandem
- If a blank CIC comes over the Sprint Trunk
 - We see 555
- December 2012 saw 50% increase in access revenue
- Access revenue increased 150% overall



Details

- Added new toll route to LERG
 - NECA Tariff 4
- Notified carriers
- Installed 2 DS-1's to PDX
- Cross connected to ANPI
- Instant revenue



Not 100%

- Had to keep CenturyLink because of wireless traffic
- Still see large volume of calls with no CIC or same Charge Number and Blank CIC
- Revenue potential of another 50% increase

Example

- Call from 360-280-5782 to 360-864-4404 Charge Number: 503-260-0000
- Bogus common Charge Number
 - Used by at lease three carriers
- Blank CIC

Other Challenges

- Toll calls terminated over EAS (local) trunks
 - CenturyLink will work with us on these
- Pay for Qwest-LD data file
 - Still no CIC
 - Can't bill from OCN
 - Does not match my switch records

Recommendations

- Use your state network & Tandem
- Talk to ANPI about their Tandem
- Create you own EMI record
- Bill interconnected provider
- Dialogue with State Commission



Q & A

Dale Merten
C.O.O.
ToledoTel

dale@toledotel.co
360-8642044



ERATE Opportunities

- Common belief schools have inadequate access to broadband
- “About 72% of public schools across the country (rural, suburb, and urban communities) lack high-speed Internet access”
- ConnectED to the rescue?



K-20 Washington

- Schools contract to quasi-government group called K-20
- K-20 thinks they have better buying power
- Only contracts to big companies
- K-20 buys circuit, resells it to the school
- Rather not deal with little guys
 - That would be you and me...

Access is Not the Problem

- K-20 RFP for 10 MB dedicated Ethernet to Toledo
- CenturyLink can't do Ethernet
 - We can
- Circuit ordered and installed as DS-3
 - Way overkill and \$\$\$
- K-20 tells legislature “rural providers are the bottleneck”

Two Issues

- K-20 insists on dedicated point to point
 - Ordering IP services in TDM mindset
- Middle mile carriers blaming rural providers

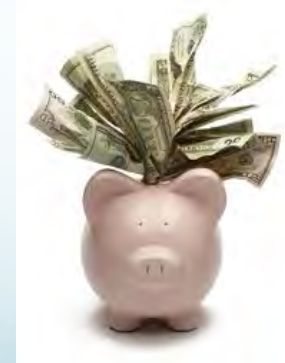
No Dedication

- Any program, database, etc is web based
- Teachers working from home accessing same databases
- Absolutely no need for expensive dedicated circuits at rural schools.



My Tax Dollars Too

- NECA rate on 10 MB dedicated apx \$2100.00
- ToldeoTel rate on 20 MB regular internet connection \$124.95
- Savings to the school = \$24,000.00 per year
- 177 rural district's x \$24k = over \$4.2 Million
- \$212,400,000.00 nation wide?



We Can Do It

- Vast majority of rural ILEC's can provide 10 – 20 MB Internet today, probably much more
- Yet, we are overlooked and berated
- TDM Mindset in an IP world
- Wasting hundreds of millions of dollars



Hurdles

- If you have a “K-20” prepare for war
 - Dedicated circuits keeps them in business
- Larger schools may need 100 mb symmetrical
- Even bigger schools may need 1 Gig
- ConnectED will bring feeding frenzy



Failure To Act

- Rural ILEC's will always be the problem
- ConnectED money will overbuild you
- Schools will not be the only target
- Your local tax rates will pay for the competition's profit

Next Steps

- Meet face to face
 - Superintendent School Board
- First, sell the savings
 - Every schools loves to save
- Explain the costs dedicated vs. non
- Offer free 90 trial
- Get their IT staff on-board
 - This is the easy part

Thank You!



GENERAL SESSION III

The IP Interconnection Debate

Joe Gillan

**FAILURE
IS NOT
AN OPTION**

**BOOT
CAMP
II**



**2014 FALL MEETING | SEPTEMBER 14-17
COEUR D'ALENE, ID**