

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair  
Commissioner  
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In the Matter of the Commission Investigation  
of the Completion of Long-Distance Calls to  
Rural Areas in Minnesota

ISSUE DATE: July 21, 2014

DOCKET NO. P-999/CI-12-1329

ORDER REQUIRING INTEREXCHANGE  
CARRIERS TO REPORT CALL  
COMPLETION COMPLAINTS

**PROCEDURAL HISTORY**

On January 13, 2014, the Department of Commerce (the Department) filed a petition recommending that the Commission open an investigation regarding rural telephone call completion issues. The Department recommended that the Commission ask parties to respond to some fourteen questions, nine of which addressed the Commission's jurisdiction over intermediate providers, and the remainder addressing issues related to monitoring of call completion problems (including data collection and the contracts between intermediate providers and interexchange carriers).<sup>1</sup>

On January 16, 2014, the Commission issued a notice soliciting comments from interested parties regarding the issues raised by the Department (Attachment A).

Between February 14, 2014 and March 19, 2014 the following parties filed comments and/or reply comments:

- AT&T Corp
- CenturyLink
- Integra Telecom of Minnesota, Inc. and Eschelon Telecom of Minnesota, Inc. d/b/a Integra
- Minnesota Cable Communications Association
- Minnesota Telecom Alliance
- Sprint Corporation
- TW Telecom of Minnesota LLC
- Verizon Communications Inc.
- Minnesota Department of Commerce

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<sup>1</sup> Intermediate providers have no direct relationship with either the originating or terminating end user on a toll call. They act as least-cost routing carriers by offering terminating services at low rates. The Federal Communications Commission formalized the definition of intermediate carrier in its USF/ICC Transformation Order (See footnote 2, *infra*) to state: "the term intermediate provider means any entity that carries or processes traffic that traverses or will traverse the public switched telephone network at any point insofar as that entity neither originates nor terminates that traffic."

On June 26, 2014, the Commission met to consider the matter. Representatives of a northern Minnesota manufacturer of rubber truck conversion systems, Mattracks, appeared at the hearing. Mattracks' owner and its sales manager described the significant customer phone issues the company has experienced since 2011, which they asserted has caused the company some \$10 – 15 million dollars in lost or dropped customer sales calls.

## **FINDINGS AND CONCLUSIONS**

### **I. Summary of Commission Action**

The Commission will keep this docket open, track the Federal Communications Commission's (FCC's) initiatives regarding rural call completion issues, and investigate all complaints received regarding this issue on a case-by case basis.

The Commission will accept and adopt the Department's recommendations to require interexchange carriers to report to the Commission and the Department all call completion complaints they receive on a quarterly basis for a year, including the information set forth more specifically herein.

Finally, the Commission will also require rural incumbent carriers to make test lines available so that interexchange carriers have the opportunity and ability to test the effectiveness of their call routing systems.

### **II. Background**

#### **A. Rural Call Completion Issues**

Since at least 2010, rural telephone customers have reported to their rural local exchange companies that they sometimes failed to receive long distance telephone calls and facsimile transmissions. The problems are difficult to detect and appear in many forms, including call blocking, dropped calls, call routing problems, and long set-up times with false ringing (which leads callers to incorrectly believe the phone is ringing at the terminating end of the call). The problems also appear to include intermediate providers altering call signaling information (including the calling party number) to avoid or minimize certain phone access charges.

While the causes of the rural call termination issues have yet to be specifically identified, multiple factors appear to be in play. The FCC has pointed to the involvement of multiple carriers in transporting and terminating long distance calls in rural areas. Long distance (interexchange) carriers frequently make use of intermediate carriers to transport and terminate calls, especially where they do not have their own facilities in the affected area.

Use of intermediate carriers can have advantages for interexchange carriers, but rural local carriers allege that numerous call completion problems have arisen from the manner in which the originating carrier sets up signaling and routing of the calls. Further, calls may be routed through multiple intermediate providers, which appears to increase the likelihood that calls may be dropped.

The Department began investigating complaints concerning calls failing to complete to rural Minnesota customers in December of 2012. Because rural consumers who do not receive a call are usually unaware of the call attempt, the problems are very difficult to uncover, and it is difficult to ascertain the scope and extent of the issue.

## **B. Action Taken by the Federal Communications Commission**

Since 2007, the FCC has taken a number of steps to address the problems at the interstate level caused by rural telephone call completion problems. On June 28, 2007, the FCC issued a declaratory ruling regarding access rates of local exchange carriers.<sup>2</sup> The FCC reiterated its position that no carriers, including interexchange carriers, may block, choke, reduce, or restrict traffic.

On September 26, 2011, the FCC announced the creation of the Rural Call Completion Task Force, to address a dramatic increase in call completion complaints between April 2010 and March 2011.

On November 18, 2011, the FCC issued its USF/ICC Transformation Order, which reformed intercarrier compensation and the Universal Service Fund.<sup>3</sup> In that order the FCC again stated its concerns that call blocking has the potential to degrade the reliability of the nation's telecommunications network, and harms consumers. The FCC reiterated that its general prohibition on call blocking by carriers applies to voice over internet protocol (VoIP)-public switched telephone network (PSTN) traffic. The FCC also adopted rules requiring telecommunication carriers and providers of interconnected VoIP service to include the calling party's telephone number in all call signaling, and required that intermediate providers pass this signaling information, unaltered, to the next provider in the call path.

On February 6, 2012, the FCC issued a second declaratory ruling on rural call completion complaints, in response to further complaints.<sup>4</sup> The FCC clarified the scope of its prohibition on blocking, choking, reducing, or restricting telephone traffic, and noted that carriers may be subject to liability for the actions of their agents or other persons acting for or employed by the carriers.<sup>5</sup>

On February 4, 2013, the FCC initiated a rulemaking on the rural call completion issue. The FCC generally described the issues to be addressed as the lengthy periods of dead air on the dialing party's end after dialing a number, audible ringing tones on the calling party's end when the called party's telephone never rings at all, false busy signals, inaccurate intercept messages, and the inability of one or both parties to hear the other even when the call does go through.

On November 8, 2013, the FCC released a Report and Order and Further Notice of Proposed Rulemaking.<sup>6</sup> The FCC Report and Order required that, among other things: 1) providers with over 100,000 lines that make the initial choice as to call routing must collect and retain the data for six months; 2) false audible ringing is prohibited (signaling that leads the calling party to believe the

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<sup>2</sup> *In the Matter of Establishing Just and Reasonable Rates for Local Exchange Carriers; Call Blocking by Carriers*, WC Docket No. 07-135, Declaratory Ruling and Order, June 28, 2007.

<sup>3</sup> *In the Matter of Connect America, et al.* in WC Dockets No. 10-90, 07-135, 03-109, and 10-208, GN Docket No. 09-51, CC Dockets 09-92 and 96-45, and WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking.

<sup>4</sup> *In the Matter of Developing a Unified Interexchange Compensation Regime, Establishing Just and Reasonable Rates for Local Exchange Carriers*, CC Docket No. 01-92, WC Docket No. 07-135, Declaratory Ruling, February 6, 2012

<sup>5</sup> *Id.*, para. 4.

<sup>6</sup> *In the Matter of Rural Call Completion*, WC Docket No. 13-29, Report and Order and *Further Notice of Proposed Rulemaking*, adopted October 28, 2013, released November 8, 2013.

phone is ringing at the called party's premises when it is not);<sup>7</sup> and 3) reduced reporting obligations for providers who follow industry best practices.<sup>8</sup>

### **III. Positions of the Parties**

#### **A. The Department**

The Department observed that the rural telephone call completion problem is a serious problem in Minnesota, as elsewhere. The agency noted that the recent actions by the FCC may reduce call termination problems over time. The Department noted, however, that certain interexchange providers have already petitioned the FCC for a waiver of the bulk of the reporting requirements established in the 2013 Report and Order,<sup>9</sup> and questioned whether this "safe harbor" provision would potentially be used by carriers to sidestep the FCC's reporting requirements.

The Department also noted that the recent FCC actions do not focus on the issues faced by rural customers with respect to intrastate telephone calls; the FCC has further recognized that states are responsible for resolving the intrastate rural telephone call completion issues discussed herein.

The Department initially explored the possibility of extending jurisdiction over intermediate providers, and requested that the Commission solicit responses from the parties regarding this issue. In its reply comments, however, the Department recommended that the Commission not make a determination on whether the Commission has jurisdiction over intermediate providers at this time, because these carriers do not serve end users directly.

Accordingly, the Department recommended that the Commission:

- Not make a determination on whether intermediate providers are subject to the Commission's jurisdiction at this time. If the actions taken by the FCC and the Commission on rural call completion prove to be inadequate, the question of regulating intermediate providers can be addressed in the future.
- Find that interexchange carriers need to proactively ensure that any intermediate providers in the call paths used for the termination of calls they originate do not cause call failures to occur.
- Require that all originating interexchange carriers report each call completion complaint it receives to the Commission and Department on a monthly basis, for some period of time, such as a year, or until the Commission determines that the data is no longer needed.

The Department recommended that the report include:

- a) Root cause analysis on any call completion complaints for any intrastate call completion problem regardless of who reports the incident to the carrier.

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<sup>7</sup> The FCC also extended this rule to intermediate providers as well as all other covered providers

<sup>8</sup> The new FCC data collection requirements are not currently scheduled to commence until the fall of 2014.

<sup>9</sup> Providers who receive the advantage of the "safe harbor" provision, which incorporates an industry best practice to limit the number of intermediate long distance providers to two, receive the benefit of reduced data retention and reporting obligations.

- b) If an intermediate providers in the call path was responsible for call failure, the name of that intermediate provider and whether the intermediate provider was removed as a routing alternative.
- c) Any past performance or call failure problems that the interexchange carrier has had with the intermediate provider.
- d) An explanation of what steps the interexchange carrier has taken with the intermediate provider to ensure call completion problems do not occur in the future.
- e) Whether test lines were made available by the incumbent local exchange carrier in the exchange where the call failed, and if so, the testing process used by the interexchange carrier.

Further, the Department requested the Commission to take the following actions:

- Require each interexchange carrier to supply the list of intermediate providers they route intrastate calls to, the name of the contact person of the intermediate provider the interexchange carrier has on file to address any call completion problems, and the contact person's telephone number. The Department has agreed to maintain the list on its website.
- Require any new contracts entered for call routing/termination to contain the typical provisions found in legal contracts, such as the agreement to comply with legal and regulatory requirements.
- Encourage interexchange carriers to not include confidentiality provisions in call routing/termination contracts to avoid any delay in producing information deemed necessary by regulatory authorities.
- Express that the removal or altering of call signaling information to commit fraud is a serious offense in violation of federal and state law, and will not be tolerated.
- Require rural incumbent carriers to make test lines available so that interexchange carriers have the opportunity and ability to test the effectiveness of their call routing.

#### **B. The Interexchange carriers**

The majority of the interexchange carriers commenting in this docket stated that they currently attempt to investigate any complaints received regarding the rural telephone call completion issues discussed herein. These carriers indicated that they have experienced significant problems, however, with collecting the necessary data to pinpoint at what stage in the call completion path the call fails, or terminates, without reaching the end user.

The interexchange carriers largely agreed that the Commission should defer any generalized regulatory action regarding rural call completion issues for the present until the effects of the FCC's actions and requirements enjoining call blocking, lowering access charges, and the adoption of data collection requirements in the FCC's 2013 Report and Order<sup>10</sup> are fully analyzed.

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<sup>10</sup> See, note 8, *supra*.

Several interexchange carriers commented that, as yet, there is no clear understanding of the causes contributing to, nor even a clear definition of the rural call completion problem. The interexchange carriers argued that the record before the Commission is simply insufficient to impose any new state specific requirements prior to the FCC regulatory action taking effect.

Under such circumstances, the interexchange carriers asserted that it would be unwise at present for the Commission to embark on additional reporting regulation at the state level, at least until such time as the federal actions have had the full opportunity to be implemented, the data gathered and shared with the states, and the results analyzed. Instead, the interexchange carriers recommended that the Commission for the present limit its actions in this docket to continuing to investigate complaints on a case-by-case basis.

#### **IV. Commission Action**

The Commission has considered the comments of the parties regarding rural telephone completion issues. The issues contributing to the rural call completion failures are complex, and may well be beyond the Commission's jurisdictional capacity to fully resolve. The FCC has been grappling for several years to define the scope and extent of the issues.

While the interexchange carriers have urged the Commission to adopt a "wait and see" approach to this docket pending the FCC's yet-to-be-implemented data-gathering, reporting requirements, the Commission finds that it must take a more immediate hands-on approach.

Reliable telephone service is essential to public health, public safety, and a strong economy, and the Commission cannot defer action on these important issues pending completion of the FCC's action, especially since this Commission alone has responsibility for uncompleted intrastate calls.

Accordingly, the Commission will limit and adopt those aspects of the Department's recommendations that are narrowly focused, as set forth below. The Commission anticipates that the information to be gathered will help to establish a baseline of complaints received by the interexchange carriers regarding rural call completion issues, and the actions, if any, they have taken to address the complaints received.

First, recognizing the serious nature of the problems faced by rural telephone customers, the Commission will keep this docket open. The Commission will also continue to track the Federal Communications Commission's initiatives regarding rural call completion issues, and investigate complaints received relating to this issue on a case-by-case basis.

Second, the Commission will adopt the Department's recommendation to require all originating interexchange carriers doing business in Minnesota to report each call completion complaint they receive to the Commission and the Department on a quarterly basis, for one-year. The Commission will require that the quarterly reports include the following information:

- A. Root cause analysis on any call completion complaints for any intrastate call completion problem regardless of who reports the incident to the carrier;
- B. If an intermediate provider in the call path was responsible for call failure, the name of that intermediate provider and whether the intermediate provider was removed as a routing alternative;

- C. Any past performance or call failure problems that the interexchange carrier has had with the intermediate provider (if not already reported via this process);
- D. An explanation of what steps the interexchange carrier has taken with the intermediate provider to ensure call completion problems do not occur in the future; and
- E. Whether test lines were made available by the incumbent local exchange company in the exchange where the call failed, and if so, the testing process use by the interexchange carrier.

The Commission notes that interexchange companies that have not received a complaint need not file any reports.

Further, the Commission will require that rural incumbent carriers make test lines available so that interexchange carriers have the opportunity and ability to test the effectiveness of their call routing processes.

Finally, the Commission cautions that removal or altering of call signaling information to commit fraud is a serious offense in violation of federal and state law.

These measures are designed to ensure that every failure to properly complete a call to a rural customer is reported to state regulatory authorities, investigated, examined for any pattern of negligence or misconduct, and followed up with remedial action. Further, while the goal of dealing with *every* uncompleted call may be unattainable (because customers often don't know that calls placed to them have been blocked), requiring rural local exchange carriers to open their lines for testing—and expecting long-distance carriers to use them for that purpose—should substantially reduce the confusion and misdirection that have permitted this problem to flourish.

### **ORDER**

1. The Commission adopts the Department's recommendation to keep this docket open, continue to track the Federal Communications Commission's initiatives regarding rural call completion issues, and investigate complaints relating to this issue on a case-by-case basis.
2. All originating interexchange carriers doing business in Minnesota shall report each call completion complaint they receive to the Commission and the Department on a quarterly basis, for a one-year period. The report shall include the following details:
  - A. Root cause analysis on any call completion complaints for any intrastate call completion problem regardless of who reports the incident to the carrier;
  - B. If an intermediate provider in the call path was responsible for call failure, the name of that intermediate provider and whether the intermediate provider was removed as a routing alternative;
  - C. Any past performance or call failure problems that the interexchange carrier has had with the intermediate provider (if not already reported via this process);
  - D. An explanation of what steps the interexchange carrier has taken with the intermediate provider to ensure call completion problems do not occur in the future; and

E. Whether test lines were made available by the incumbent local exchange company in the exchange where the call failed, and if so, the testing process used by the interexchange carrier.

Interexchange companies that have not received a complaint need not file any reports.

3. Rural incumbent carriers shall make test lines available so that interexchange carriers have the opportunity and ability to test the effectiveness of their call routing processes.
4. Removal or altering of call signaling information to commit fraud is a serious offense in violation of federal and state law.
5. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary



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*Mark E. Oberlander for*

Burl W. Haar, Executive Secretary

## STATE OF MINNESOTA PUBLIC UTILITIES COMMISSION

### Notice of Commission Investigation and Solicitation of Comments

*Issued: January 16, 2014*

#### **In the Matter of the Commission Investigation of the Completion of Long-Distance Calls to Rural Areas in Minnesota**

**PUC Docket Number: P999/CI-12-1329**  
(Formerly P999/DI-12-1329)

**Comment Periods:** Comment period closes **February 17, 2014**, at 4:30pm.  
Reply comment period closes **March 19, 2014**, at 4:30pm.

#### **Background:**

On January 13, 2014, the Department of Commerce (DOC) filed a petition in Docket P999/DI-12-1329 recommending that the Commission open an investigation of rural call completion issues by soliciting comments from interested parties addressing the following questions:

1. Are intermediate providers that provide either transport or switching for intrastate Minnesota calls subject to the Commission's jurisdiction as provided in 237.74 Subd. 12 or other statute?
2. If intermediate providers are subject to the Commission's jurisdiction, should they be required to obtain a certificate of authority or be subject to a certification/registration process?
3. If intermediate providers are required to be certified or register with the Commission, should retail interexchange carriers be required to only use certified/registered intermediate providers for the termination of toll calls?
4. If intermediate providers are subject to the Commission's jurisdiction, what requirements, as outlined in Minnesota Rules 7811 and 7812 are applicable and which requirements are not applicable?
5. If intermediate providers are not subject to the Commission's jurisdiction, are there any actions that the Commission can take to ensure that calls to rural Minnesota customers are properly completed?
6. If intermediate providers are not subject to the Commission's jurisdiction, should the responsibility for any call termination problems rest solely with the originating interexchange carrier?
7. If intermediate providers are not subject to the Commission's jurisdiction, what requirements should the Commission place on the originating interexchange carriers to ensure call termination problems do not occur?
8. Should there be "point of contact" information for any intermediate carrier so that any call failures identified can more readily be addressed?
9. Should there be a requirement that any contract between an originating interexchange carrier and an intermediate carrier require the full cooperation of the intermediate carrier to resolve any call failures, including any inquiries by regulatory agencies?
10. What processes are in place to monitor call completion problems?

11. What data has been collected to demonstrate that calls through the originating interexchange carrier are completing?
12. If an originating interexchange carrier, do the contracts you have with intermediate providers:
  - a) ensure that all calls will be completed?
  - b) require that if the intermediate carrier cannot complete the call, it must be handed back for completion?
  - c) ensure that the intermediate carrier is not providing a false ring back?
  - d) require that the intermediate carrier is not changing the originating number?
  - e) establish how quickly a call must be completed to the terminating end-user?
13. Do confidentiality clauses in contracts with intermediate providers exist that would prevent the disclosure of information needed to determine where a call failed in the call path? If so, explain why such clauses do, or do not, interfere with resolution of call completion issues.
14. How should the Commission deal with intrastate calls in which the calling party number has been stripped, or altered so that the call appears interstate when in fact the call is intrastate?

The DOC petition, in its entirety, is available in eDockets.

### **Notice of Commission Investigation**

The Commission opens this investigation of rural call completion by re-designating Docket P999/DI-12-1329 as P999/CI-12-1329.

### **Notice Soliciting Comments and Reply Comments**

The Commission solicits comments and reply comments regarding the DOC petition. More specifically, The Commission solicits comments responding to the questions presented above from all telephone companies, telecommunications carriers, and other interested parties. Please provide the responses under the heading of each question and in the same sequence as presented above.

Questions regarding this notice may be directed to Ganesh Krishnan at 651-201-2215, or [ganesh.krishnan@state.mn.us](mailto:ganesh.krishnan@state.mn.us).

**Filing Requirements:** Utilities, telecommunications carriers, official parties, and state agencies are **required** to file documents using the Commission's electronic filing system (eFiling). All parties, participants and interested persons are encouraged to use eFiling.

**Full Case Record:** All documents filed in this docket are available on the Commission's website at [www.puc.state.mn.us](http://www.puc.state.mn.us), select "Search eDockets," enter the year (12) and the docket number (1329), select "Search."

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