

# RURAL CALL QUALITY AND RELIABILITY

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## HEARING

BEFORE THE

SUBCOMMITTEE ON COMMUNICATIONS AND  
TECHNOLOGY

OF THE

COMMITTEE ON ENERGY AND  
COMMERCE

HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

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## **RURAL CALL QUALITY AND RELIABILITY**

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**THURSDAY, SEPTEMBER 8, 2016**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON COMMUNICATIONS AND TECHNOLOGY,  
COMMITTEE ON ENERGY AND COMMERCE,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 2:35 p.m., in room 2322, Rayburn House Office Building, Hon. Greg Walden (chairman of the subcommittee) presiding.

Present: Representatives Walden, Latta, Barton, Shimkus, Blackburn, Lance, Guthrie, Olson, Kinzinger, Bilirakis, Johnson, Long, Collins, Cramer, Eshoo, Welch, Loeb sack, and McNerney.

Staff Present: Elena Brennan, Staff Assistant; Blair Ellis, Press Secretary and Digital Coordinator; Gene Fullano, Detailee Telecom; Kelsey Guyselman, Counsel, Telecom; Grace Koh, Counsel, Telecom; David Redl, Chief Counsel, Telecom; Charlotte Severcool, Professional Staff, Communications and Technology; Dan Schneider, Press Secretary; Gregory Watson, Legislative Clerk, Communications and Technology; David Goldman, Minority Chief Counsel, Communications and Technology; Jerry Leverich, Minority Counsel; Lori Maarbjerg, Minority FCC Detailee; and Ryan Skukowski, Minority Senior Policy Analyst.

### **OPENING STATEMENT OF HON. GREG WALDEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON**

Mr. WALDEN. We will call to order the subcommittee on Communications and Technology. And certainly welcome our witnesses here and welcome our members back for our first subcommittee hearing after the district work period in August.

This subcommittee has spent a great deal of time over the years looking at technology and its future in America, and all the great and innovative things it will bring, all the ways it will change our lives.

Now, while these new and exciting offerings are an important piece of the future, we cannot ignore the very real technological problems that exist today as we talk about 5G service and the Internet of Everything. Let's not forget that for some people the big technological advancement they are hoping for is to actually receive all of their voice calls. What a concept.

Most of us take for granted that when someone dials our phone number, that the call will reach us. Unfortunately, for millions of rural telephone customers, that is not the case. Somewhere in the handoff and the delivery of traffic, calls to rural customers are

being dropped or degraded. The caller continues to hear a ringing on their end, but the call never makes it to the intended recipient.

This isn't merely an inconvenience. It can mean lost sales for small businesses, we will hear about that; missing out on important and timely information from banks, or maybe it is your doctor; or even if you have that failure in a life-and-death situation, think what that means.

Why is this happening? Well, to put it simply, long distance and voice traffic starts with one provider who then hands the call off to a third-party router who will ultimately deliver it to the end provider serving the person who is being called. This process is typically seamless, it is usually high quality, and is transparent to American consumers.

However, in rural and hard-to-serve areas, it can be expensive to move traffic to remote customers. So the provider who originates the call will look for the least-expensive option for delivering that call, and in some cases these least-cost routers simply cut corners to offer the lowest prices, which means that calls can be low quality or, the worst situation, not connected at all.

So I have heard from people in my district about this issue. I know many other members on this subcommittee have raised this issue with Ms. Eshoo and I. Subcommittee Vice Chair Latta and the Rural Telecom Working Group have looked at this problem in depth, and I thank you for your work on that. Letters have been written, resolutions introduced. The FCC has also tried to mitigate the problem by requiring more extensive data collection, reporting, and sanctioning those who are responsible for call completion issues.

Yet the problem remains, which is why it is time for us to act. Today, as we consider legislation authored by my colleague from Iowa, Mr. Young, we will hear from witnesses who are on the front lines providing services in rural areas and facing these problems head on.

Mr. Miller operates a telephone company that serves rural customers in Ohio, and Mr. Latta will be formally introducing him in just a minute. And as he will tell you, he has lost customers over the call completion issues.

When your customers are not receiving their calls, guess what? They are not happy and they take it out on the provider, even though that provider typically does not have any control over the path that the call must take to get to its network. So when Mr. Miller's customers miss a call, who do they contact? Not the least-cost router who abandoned the call traffic somewhere along the line. They call Mr. Miller, or they find a new provider.

I believe Mr. Young's bill, as amended by the text we are considering today, will be a significant step forward in the fight to ensure that rural customers get high-quality voice service. By requiring the network providers in the middle to adhere to service standards, we greatly improve the likelihood that calls are delivered to where they are supposed to go.

As we continue our efforts to promote America's technological leadership in so many spaces, we cannot ignore the day-to-day issues that continue to plague consumers. This bipartisan, com-

monsense legislation ensures that rural customers are not left behind.

With that, I would yield to the gentleman from Ohio, Mr. Latta. [The prepared statement of Mr. Walden follows:]

#### PREPARED STATEMENT OF HON. GREG WALDEN

This subcommittee has spent a great deal of time over the past 5 years looking to the future of technology—all the great and innovative things it will bring, all of the ways it will change lives. While these new and exciting offerings are an important piece of the future, we cannot ignore the very real technological problems that exist today. As we talk about 5G service and the Internet of Everything, let's not forget that for some folks, the big technological advancement they are hoping for is to actually receive all of their voice calls.

Most of us take for granted that when someone dials our phone number that the call will reach us. Unfortunately, for millions of rural telephone customers, that isn't the case. Somewhere in the handoff and delivery of traffic, calls to rural customers are being dropped or degraded. The caller continues to hear ringing on their end, but the call never makes it to the intended recipient. This isn't merely an inconvenience; it can mean lost sales for small businesses, missing out on important and timely information from banks or doctors, or even the failure of life or death emergency calls.

Why is this happening? To put it simply, long distance and voice traffic starts with one provider, who then hands the call off to a third party "router" who will ultimately deliver it to the end provider serving the person who is being called. This process is typically seamless, high quality, and is transparent to American consumers. However, in rural and hard-to-serve areas, it can be expensive to move traffic to remote customers, so the provider who originates the call will look for the least expensive option for delivering the call. In some cases, these "least-cost routers" simply cut corners to offer the lowest prices, which means that calls can be low-quality or not connected at all.

I've heard from my constituents about this issue, and I know many of the other members of the subcommittee have as well. Subcommittee Vice Chairman Latta and the Rural Telecom Working Group have looked at the problem, letters have been written, resolutions introduced. The FCC has also tried to mitigate the problem by requiring more extensive data collection and reporting and sanctioning those who are responsible for the call completion issues. Yet the problem persists, which is why it is time for Congress to act.

Today, as we consider legislation authored by my colleague from Iowa, Mr. Young, we will hear from witnesses who are on the front lines, providing services in rural areas and facing these problems head-on. Mr. Miller operates a telephone company that serves rural customers in Ohio, and as he will tell you, has lost customers over the call completion issues. When your customers aren't receiving their calls, they get angry with their provider—even though that provider typically doesn't have any control over the path that the call must take to get to its network. So when Mr. Miller's customers miss a call, who do they contact? Not the least-cost router who abandoned the call traffic somewhere along the line. They call Mr. Miller, or they find a new provider.

I believe that Mr. Young's bill, as amended by the text we are considering today, will be a significant step forward in the fight to ensure that rural customers get high-quality voice service.

By requiring the network providers in the middle to adhere to service standards, we greatly improve the likelihood that calls are delivered to where they are supposed to go.

As we continue our efforts to promote America's technological leadership in so many spaces, we can't ignore the day-to-day issues that continue to plague consumers. This bipartisan, common-sense legislation ensures that rural consumers are not left behind.

Mr. LATTA. Well, thank you, Mr. Chairman, and thanks for holding today's hearing.

And thanks to our witnesses for being here. Appreciate it.

Over the past 5 years, as the chairman said, we have been hearing complaints from our local telephone providers and constituents who have experienced call-quality and call-completion issues. And

again, as the chairman pointed out, there are a lot of issues out there that folks are having. But one thing that also happens in our area is if you can't get a call through, like to an older adult, you might call the county sheriff's office and say: Hey, can you go out and check to see if someone is still OK?

And so I know that our two witnesses here are on the front line, and I appreciate all they are doing. I also appreciate working with my colleague from Vermont on these issues.

And with that, Mr. Chairman, I would like to yield the balance of my time to the gentlelady from Tennessee.

Mrs. BLACKBURN. Thank you. I appreciate that. And I want to join in welcoming our witnesses and raise how important this is to those of us who have rural areas.

Mr. Miller, I am just really impressed with your RUS loan program and what you have done with your advanced fiber network to bring to rural areas. I have a physician, a pharmacist from my district in the room who is in one of those rural areas, and he knows the importance for health care and for being able to process the needs of his customers how important having a reliable network is.

With that, I yield back the balance of my time.

Mr. WALDEN. And I believe all time has expired for me.

I do want to enter into the record a letter from Eagle Telephone System and Snake River PCS, who are small rural providers from Oregon's Second District, which describes some of the call-completion issues they have had in the past and how it has affected their customers; and a statement from our colleague, Representative David Young of Iowa, who alongside our subcommittee member Representative Welch, who has been terrific on this, introduced H.R. 2566. Mr. Young's letter stresses the importance of this piece of legislation and thanks our subcommittee for taking this action.

And without objection, those will be entered into the record.

[The information appears at the conclusion of the hearing.]

Mr. WALDEN. I am now delighted to recognize my friend and colleague from California, Ms. Eshoo, for opening comments.

**OPENING STATEMENT OF HON. ANNA G. ESHOO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA**

Ms. ESHOO. Thank you, Mr. Chairman. It is good to be back with everyone. And I think that the hearing today is a great way to start the rest of what we have before we leave here.

I couldn't help but think when you were reading your comments that maybe our staffs got together, because I have just about the same thing to say, which shows actually the commonality that we share relative to this issue. Because our Nation's telecommunications system is really grounded in the principal of universal service. And yet today, second decade of the 21st century, we still have Americans that are really dropped and left out of the loop, so to speak. And it is a problem that has existed for a long time.

And I really want to salute my colleagues, both Mr. Welch for leading on this, Mr. Loeb sack, who has partnered, and it obviously and should be a bipartisan effort, and it is.



So I think that we are kind of coming out of the chute in the right way here, because this is important to individuals, as has been stated, it is important to businesses, it is important to everyone. And when this doesn't work, when calls are either dropped, if you can't reach someone, this subtracts from not only the quality of life, but in emergency situations, fill in that one, and imagine where it goes when you can't get through.

And we have such a high expectation. I mean, we really, the rest of us, are spoiled that when we dial, even though we may not reach someone, that the phone is going to ring and that we can leave a message. But there are people, as I said, that are not enjoying what the rest of us have. And as the chairman said, the FCC has been engaged on the issue. They have taken a number of steps to try and correct it.

But I think there is one underlying cause of the problem, and that is the higher rates that are incurred by completing calls to rural areas. That will eventually be solved by the transition to bill and keep that the FCC adopted in 2011. But for many rural customers, this transition is not going to take full effect and be in place for them for more than a few years. And that is not good enough. You add up the minutes and the days and the hours and have to put up with that. Not good.

So in the meantime, the FCC has adopted some data-collection rules and they have brought some enforcement actions against providers. But the problem still persists and exists.

So I am glad that we are here today with our witnesses. I think that we need to crack down on these problems. I think the bill before us that requires intermediate providers to register with the FCC, requiring the FCC to develop service quality standards that would be required to be adhered to, make a lot of sense to me.

We are also looking, as I understand it, at a substitute amendment that would bring it in line with changes that have been made in the Senate. And wouldn't it be great if our bills are the same, that we get this thing done, wouldn't that be a gift to all the people that live in rural America?

So thank you again to Congressman Welch and the entire bipartisan team for their work for reliable phone service everywhere, and to our witnesses that are here to help us hammer this out and make sure it is perfection and that we get it through.

I yield back.

Mr. WALDEN. The gentlelady yields back.

The chairman recognizes the gentleman from Illinois, Mr. Shimkus, for opening comments.

**OPENING STATEMENT OF HON. JOHN SHIMKUS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS**

Mr. SHIMKUS. Thank you, Mr. Chairman. And it is great to the finally have a hearing on this issue.

I think if you are from rural America, which I am, I represent 33 counties in southern Illinois, if you are from rural America, everyone has a Mr. Miller. And I do. And it is Mr. Pyle. So when people call Mr. Miller and complain, Mr. Miller probably calls his Congressman, and Mr. Pyle calls me.

So I think Members are on the front line to this. And it is sad. So I want to submit for the record the letter I received—actually it was a letter back to a customer from Mr. Pyle—for the record, Chairman.

Mr. WALDEN. Without objection.

[The information appears at the conclusion of the hearing.]

Mr. SHIMKUS. And I also want to submit a letter for the record from a business. Imagine a small business in America today in rural small-town America and they are doing stuff over the phone, faxing quotes, doing stuff, and they have dropped calls, delayed calls, it rings and no one is there, it rings and the caller ID does not match the original call, customers in another town can't get a fax to go through to my machine. This is a chronic issue that is detrimental to my business. Customers report calling my number and getting an automated error message in Spanish, then try again and it goes through just fine.

And this is from Steven Dodson, who is the president of Countertop Creations, and if we could submit this in the record.

Mr. WALDEN. Without objection.

[The information appears at the conclusion of the hearing.]

Mr. SHIMKUS. And I can't say it any better than my colleagues have. We apologize. We are sorry. Everyone should have universal service. And this has to be fixed. I think a lot of our frustration is, although I think the FCC has noted, that they have tried to address this issue, I think the community would say they haven't and I think the community would say that the continued delay continues to create dysfunction, uncertainty, anger, frustration, lack of business, you name it. It is palpable. There are times when I don't want to go see Mr. Pyle anymore because it is just brutal. It is just brutal.

So we all have our different views on the Federal Communications Commission and what they are doing, what they are not doing, and how fast they are doing it. We all know they have got this big plate out there of things. But can't we get them to do this? And it is unfortunate that we have to have legislation to force them to fix something that they should be able to fix.

And I think a lot of us are just tired and we are glad we are finally having this hearing. Again, we apologize for rural America being left out. If we are representing rural America, if you are being left out, we are not doing our jobs. So I actually want to congratulate my colleague Mr. Welch from Vermont and of course my colleague from Iowa for drafting and starting the process so that we can really get some completion.

Mr. Chairman, thank you for having the hearing. And I yield back my time.

Mr. WALDEN. The gentleman yields the balance of his time.

Spot on. I have introduced in the record this letter from Eagle Telephone. They talk about 3-minute latency from the time somebody dials until the call, if it ever goes through, goes through, then echoes. And then at one point they were having a problem with entire other conversations held on the same line in a foreign language would come in on top of the caller, so they would have to hang up and dial again. I mean, these are the things our constituents are facing, you all are going to tell us more about.

With that I would yield to my friend, the gentleman from Vermont, who has worked so hard on this issue. We appreciate your leadership. You saw this firsthand probably in the public utility commission days in Vermont.

Mr. WELCH. Well, thank you very much. And I really am delighted that we have got Eric LeBeau from Vermont who is going to be speaking about this.

But I want to thank Mr. Latta and all of my colleagues for the focus on the challenges that we have in rural America. And rural America is most of America. It is good people who live there. It is most of this committee. A lot of our focus has been on getting broadband high speed Internet out to rural America, and that is a challenge because of the economics of it, but it is a commitment that we are making.

But this is about basic telephones. And it is pretty astonishing when you think about it that you can't have confidence as a business or as an individual that your call is going to go through. And it is pretty bizarre when it happens because you will call and you are talking to somebody and you can hear them but they can't hear you. Or they can hear you, but you can't hear them. Or you are in the middle of the call and it gets dropped.

And it is all about these least-cost routers, finding the cheapest way to do it, and whether it means that it is overlapped calls or dropped calls, they don't care. And then it is very difficult for the FCC to follow up. Because that is illegal but it is not really enforceable, and this legislation is going to help that.

And what is important for it is that it is an indication that this committee is sincerely committed to making certain that the tools of the modern economy, let alone the telephone, are available to folks in rural America. And that is red States, blue States, it is all of us.

And it came to my attention talking to folks like day Dakin Mills where Mr. LeBeau is from. They have this extraordinary business where they have up to 175 employees that come on between Thanksgiving and Christmas. That is 70 percent of their business. And they sell the best bacon, the best maple syrup, and the best cheese in the world.

Mr. WALDEN. Now, we are going to have a problem on the best cheese.

Mr. WELCH. You might want to get Mr. LeBeau's number.

Mr. WALDEN. You want us to move this bill?

Mr. WELCH. But if you get his number, I want your call to him to be completed, and that is why we have got to get this legislation passed.

But it is a big deal. It is 70 percent of your business. Just think about it, that that short window of time, it depends on the phone system working, and it doesn't work right now.

So we have got and you have got great people like Mr. Miller, like Mr. LeBeau, we all have it in our districts, and we have got to give them some confidence that the tools that are basic for them to be successful are there for them to succeed. And I am really proud to have a Vermonter, Mr. LeBeau, here. He grew up in Vergennes, Vermont. He is back there. He went away to Indiana and got a degree, came back to Vermont. Raising his family, and

he has been the general manager of this company, Dakin Mills, that we are very proud of in Vermont. And he will be able to give you some practical explanations about this.

At this point I would like to yield the balance of my time to my friend and fellow traveler on this, Mr. Loeb sack.

Mr. Loeb sack.

Mr. LOEB SACK. Thank you, Mr. Welch, for yielding. We won't talk about who has the best bacon. I just appreciate the fact that you did yield time to me.

I am pleased that we are discussing this very, very important legislation today. It is kind of interesting that in the 21st century, when we are talking about smart cities and self-driving cars and all kinds of mind-blowing technologies that are changing our daily lives, that the fact is that many rural Americans are still living with a distinctly 20th century problem.

When I travel around my 24 counties—I only have 24, not 33, and it is not as big as Congressman Walden's district, but nonetheless pretty good size—and I talk about the work that this committee does, one of the things I often hear is that calls to rural areas sometimes just don't go through, and they are wondering why are we not dealing with this. I have heard time and time again of folks who call a parent but the phone never rings on the other end or about calls that do go through but the quality is so bad that you just never hear the person who called you.

It is really about seniors missing calls with test results from their doctors. It is about businesses losing customers, as we heard. It is about people not being able to reach first responders in an emergency. And as our technology moves forward, we simply can't afford to race past these folks that still cannot get the most basic communication services.

And I thank Mr. Welch. I thank my colleague from Iowa, Mr. Young, for working on this. I want to thank the leaders of this subcommittee for bringing this bill forward today. And I think this thing is going to move right along, and I am looking forward to hearing from our witnesses.

Thanks again, Mr. Welch, for yielding. Thank you.

Mr. WALDEN. Does the gentleman yield back?

Mr. LOEB SACK. I yield back, sir.

Mr. WALDEN. The gentlemen yields back the time.

So now we go to our panel. Thank you both for being here. We are delighted to hear firsthand from people who have been directly involved in this situation, have worked with us to help fix it. So your testimony today is going to be very, very important for our subcommittee.

And first off we have Mr. Eric LeBeau, who is the general manager of Dakin Farm. We are delighted you are here. We have heard all about the quality of your products. We are going to dispute in some measure because we represent firms in our districts. But for this topic you are fully in charge.

So please go ahead. Pull that mike pretty close. And the lights there will indicate whether you have run out of time or not. When it gets to red, that means you are done. But we will let you go a little bit if need be. And push that button and you are on.

**STATEMENTS OF ERIC LEBEAU, GENERAL MANAGER, DAKIN FARM; AND LANCE MILLER, PRESIDENT, MCCLURE TELEPHONE COMPANY**

**STATEMENT OF ERIC LEBEAU**

Mr. LEBEAU. Chairman Walden and distinguished members of the subcommittee, thank you for the invitation to speak at today's hearing. My name is Eric LeBeau and I am the general manager of Dakin Farm in Ferrisburgh, Vermont. I am honored to be here today to discuss rural call quality and reliability, and to answer any questions you may have.

Dakin Farm is a family-owned business. It has been a staple of the Vermont landscape for over 50 years. We do have two retail locations in Vermont, a robust catalog, and a state-of-the-art Web site. Our customers are from all over the country, and in some cases, all over the world. In 2015 we shipped around 44,000 packages during the holiday season and around 67,000 packages for the year. We are a very seasonal business. Our annual sales are over \$7 million, and 70 percent of that takes place from Thanksgiving until Christmas.

As you might guess, we do rely heavily on our telecommunication infrastructure to allow customers to reach us, both to ask questions and hopefully to place orders. Our Internet and phone connections are a key component to a successful holiday season. In the off-season we may take 600 calls in a month. During the holiday season there are days where we will take over 1,000 calls in a day.

It is no mystery that we do use the rural Vermont quality in our marketing, but all the while in the background we are using state-of-the-art infrastructure to take the order, process the order, and get the orders to our customer's doorstep.

This problem first arose in 2010 for us. At that time it was a few dropped calls. Some calls were connected and the quality was poor. It wasn't anything large. It was actually more of a nuisance than a problem. I would contact our long-distance service provider, BCN. They would do some testing and most likely they would begin a call reroute.

During the 2011 off-season we never noticed any issues. Obviously we don't take as many calls so you just don't see the issues. I am sure we had a dropped call here and there, but we never put two and two together. Late September and early October of 2011, the problem became more apparent. I knew we had an issue.

We were experiencing two types of issues, as you folks have addressed already. One was our customers would call and their phone would ring but we would never receive the call at Dakin Farm. We had no idea they were calling. Luckily, most of our customers were loyal. They would keep calling until they got through, which was good for two reasons. One, we would still get the order, and two, they would inform us of the situation.

The second issue was a call would be completed, but the quality was so poor that we couldn't continue the conversation; or, when we would answer the call, there would be nobody there.

At this point I began speaking to our local service provider, Waitsfield and Champlain Valley Telecom. They had seen this issue at several other of their client sites, and they recommended

that I continue to work with BCN and demand that they resolve this issue. I would call BCN several times a week during that holiday season, and in most instances they would do some testing and eventually would reroute. They continued to deny that this was a least-cost routing issue and said it was due to our increased call volume and the destination point. Basically they were putting the blame back on my local service provider.

We dealt with it all holiday season the same way we deal with any customer service issue. We apologized to our customers, offered potential refunds, discounts, and other savings. There really is no way for me to prove that we lost customers, but my educated guess would be that we did.

In 2012, during the off-season, again the situation seemed to calm down. I did continue to discuss the situation with BCN, my long-distance provider, and they assured me that the issue had been resolved, and they continued to deny that it was least-cost routing. Luckily, Waitsfield and Champlain Valley Telecom disagreed and they were working on a contingency plan.

Again in 2012, late September, early October, when we started to ramp up for the holiday season once again, these issues reappeared and this time, much, much worse. BCN continued to deny that it was a least-cost routing issue. I have a phone bill from October of 2012, that shows a customer in San Antonio, Texas, that had to call us eight times before the call was completed.

Like I said, Waitsfield was working on a contingency plan. Their recommendation was we switch providers, and that is what we did. The situation was so bad that I was willing to take that chance and make the move.

The issue has caused harm to our business a few years ago and subsequently was a negative impact on our community. We need to ensure rural Vermont and rural Vermont businesses and other communities can connect to the rest of the world in the same that urban and suburban communities can.

I thank you for this opportunity to address the subcommittee and look forward to the resolution. Thank you.

[The prepared statement of Mr. LeBeau follows:]

WRITTEN TESTIMONY

OF

ERIC D. LEBEAU

GENERAL MANAGER, DAKIN FARM

FERRISBURGH, VERMONT

Before the Subcommittee on Communications and Technology

“Rural Call Quality and Reliability”

Chairman Walden and distinguished members of the Subcommittee, thank you for the invitation to speak at today’s hearing. My name is Eric LeBeau and I am the General Manager of Dakin Farm, Inc. in Ferrisburgh, Vermont. I am honored to be here today to discuss “Rural Call Quality and Reliability” and to answer any questions you may have.

Dakin Farm, Inc. is a family owned business that has been a staple of Vermont landscape for over 50 years. Sam Cutting IV, President and Owner, has followed in the footsteps of his father and helped guide Dakin Farm from a road side stand to a well-known and well respected multi-channel retailer. We have two retail locations in Vermont, a robust catalog and a state-of-the-art website. Our customers are from all over the country and in some cases different parts of the world. In 2015, we shipped almost 44,000 packages during the holiday season and shipped over 67,000 packages for the year. We are a very seasonal business. Our sales are over \$7 million annually and around 70% generated from Thanksgiving until Christmas.

As you might guess we rely heavily on our telecommunication infrastructure to allow our customers to reach us – either with questions or orders. Our internet and phone connections are a key component to a successful holiday season. In the off-season we may take 600 calls in a month. During

the holiday season we have days when we will answer 1000 inbound telephone calls. It is no mystery we use Vermont and the Vermont family tradition in our marketing efforts. We use old-fashioned methods to prepare our meats and we use "What Vermont Tastes Like" as our tag line to inspire a feeling of a simpler time. All the while in the back-ground using state-of-the-art techniques to take the order, process the order and get the order to our customer's doorstep.

During our 2010 holiday season is when I first noticed issues with incoming calls. That season it was more of a nuisance than a problem. We would receive, very sporadically, calls that were of very poor quality. We would also, again very sporadically, take calls that when you answered no one was there – just air. I would get into contact with the long distance provider handling our inbound toll-free long distance calls – BCN at the time - and they would do some testing and then in some cases institute a "re-route." This would seem to solve the issue for the most part. Again, during this holiday season it was a nuisance. I was unaware of "least cost routing" and just thought it was normal procedure to have to "re-route" calls every so often.

During the 2011 off-season when we take fewer calls we did not experience or did not notice any service issues. When you don't take as many calls you just don't notice the issues. I have no doubt a call here or there was "dropped" but you don't always put two-and-two together.

The 2011 holiday season was really when the issue become more prevalent. Our business was growing as we were coming out of the economic slow-down. Our call volume would begin to pick-up in late September. In October, I knew we were having some issues. At that time we began experiencing two different types of issues. The first was our customer would call and it would ring on their end but never here at Dakin Farm. We had no idea that they were attempting to reach us. Some customers would report that they tried calling us many times over and the phone would just ring and ring. Luckily most of our customers are loyal and they would try back later or the next day and that is when we



would learn of the troubles. This type of call issue was new to me and at first I mistakenly blamed it on the customer's carrier without knowing about all of the routes calls can take in getting from here to there.

The second type of issue I have already discussed. The call would be completed but the reception was so poor we could not continue the conversation OR the call seemed to be completed but we could not hear the customer on the other end. Again, this would happen to customers several times in a row and something I could prove by looking at our long distance phone bill. You could see 2, 3 or more calls coming from the same number that all lasted 1-3 seconds. We were being billed for these calls because we have a toll-free number to take such calls.

At this point it was so bad I brought in our vendor who supports our phones. I had him do several days of testing thinking maybe it was our equipment. We utilize an Automatic Call Distributor (ACD). I thought maybe we had faulty equipment. When the testing was done we could prove it was not our equipment.

I began talking to our local phone service provider, Waitsfield and Champlain Valley Telecom, specifically Kurt Gruendling. He informed me that this issue was something that they had been dealing with at several of their client sites. He suggested that I continue to contact BCN, the company providing us with toll-free long distance service to receive calls, and demand that this be addressed. All I could get BCN to do every time I called was to do a "re-route." I called BCN several times a week during October and November. I begged our BCN account representative for help. He denied this issue was a "least cost routing" issue and said only that it was due to 1.) call volume and 2.) the destination point, which was Waitsfield Telecom. It continued throughout the 2011 holiday season. We dealt with it the same way we deal with any other customer service issue. We apologized and in some cases offered discounts

for the trouble it caused our customers. I do not have any proof that we lost customers but my educated guess is that we did. And I do know that it was a very long and frustrating holiday season.

After the 2011 holiday season we discussed our options with Waitsfield and tried to get a better understanding of what was happening. I was still not getting clear answers from BCN. They were still not agreeing that it was a "routing issue." As with the previous year the 2012 off season showed very little signs of an issue. My account representative at BCN felt the issues were resolved. Waitsfield was not so sure and luckily they were working on contingency plans.

As September and October rolled back around for the start of the 2012 holiday season the same issues began resurfacing and again at much higher numbers. I have an October 2012 long distance phone bill that shows a customer in San Antonio, Texas had to call us 8 times before being connected. I discussed the situation with Kurt at Waitsfield Telecom and it was decided a change was necessary. They had been working with a long distance provider, ACC, which uses AT & T as the underlying carrier. They felt very confident if we made the switch the issues would go away. We began the steps to move our 800 toll-free number from one provider to another in the middle of our most important time of year. That is all I need to really say to show how bad the situation has become. I was willing to disrupt our phone connection so that we could resolve this issue. Luckily the biggest obstacle was getting BCN to release the phone number. Once they did around December 11, 2012, the absolute pinnacle of our holiday season, the issues went away. We did not have another dropped call or another poor connection the rest of that holiday season. As a matter of fact we have not had any issues with our long distance provider since we have made this change, but I have heard from other vendors across the state that they are not as fortunate as we are to have corrected the problem.

We are lucky that Dakin Farm is able to partner with such supportive and local vendors. Waitsfield and Champlain Valley Telecom worked tirelessly for Dakin Farm and understood how

frustrating this situation was to conduct business. We are also lucky in that we had the resources to make the switch to a new long distance provider to handle the incoming calls on our toll-free number. Kurt Gruendling at Waitsfield and Champlain Telecom confirmed that this "least cost routing" issue has affected other businesses and schools in the area. This issue caused great economic harm to our business a few years ago, and subsequently was a negative impact on our rural Vermont community. We need to ensure rural Vermont can connect with the rest of the world in the same way that urban and suburban communities can. And as a former Athletic Director at two high schools in Vermont I could not imagine having this type of communication issues at my school. The completion of calls should not be based on your location or a company's need for greater profits. In the case of an emergency a parent should not have issues getting ahold of the school or their child because of these practices. Business owners should not have their years of hard work affected by the same reckless practices.

Again, I would like to thank you for this opportunity to address the Subcommittee and look forward to working with you on a solution.

Mr. WALDEN. Mr. LeBeau, thank you for your story, and it will certainly be a greater impetus to us to act.

We will now turn to Mr. Lance Miller, president, McClure Telephone Company.

Mr. Miller, delighted to have you here. Give us your perspective on this matter.

#### **STATEMENT OF LANCE MILLER**

Mr. MILLER. Chairman Walden, Ranking Member Eshoo, and Vice Chairman Latta, and members of the subcommittee, thank you for giving me this opportunity to testify in front of you today.

My name is Lance Miller. I am president of the McClure Telephone Company in McClure, Ohio. My remarks today are on behalf of McClure and NTCA, a rural broadband company.

McClure Telephone is a small family-owned carrier serving hundreds of customers in rural northwest Ohio. We have been there since 1910. We offer several services, including phone, high-speed Internet, and video. McClure strives to ensure that our rural customers have the same services as those who live in urban areas.

For several years our company and our customers have been hit very hard with the call-completion problems. These issues have led to lost revenues, lost customers, and lost time of trying to figure out where these issues are and explaining them, and they are not even in our network.

Here are some examples of some of the issues we have run into. A lot of our customer base is an older population. With many of the younger people moving away to urban areas, our customers' kids will try to call home to check on their parents. When they get the dead air or the continuous ringing, they will try to get their parents several, several times, and the kids will start getting worried. They will start then make a call to our local sheriff's department to do a welfare check.

These failures are inconvenient and a worry to the family. They also place strain on our local law enforcement and the burden on the taxpayers.

Our company has also just recently lost one of our major business customers because of call failures. This business customer could no longer miss the phone calls or have the frustrated customers calling into them having to get a clear line multiple times. It is very difficult for me to go to that customer and tell him that I don't know where the problem is and I don't know how to fix that problem. And as a business owner, they don't really care who is at fault. They want it fixed. They want what they are paying for.

Other reported examples of the call completion include doctors unable to reach patients, hospitals unable to reach on-call surgeons, schools unable to send alerts to students, and in one case a public responder unable to make an emergency call back to a person who dialed 911.

Why aren't these calls being completed? One of the problems is the use of intermediate providers, also known as least-cost routers. They are employed by long-distance carriers to terminate calls. These routers offer to carry and complete calls at low cost. This can be helpful if done correctly, but it can be a big problem if it is done wrong.

No one knows who these least-cost routers are and they have no accountability. A least-cost router may drop calls because it won't make enough money to terminate the call in our area. Even if the call does connect, the call quality will be very poor and almost un-understandable.

When these problems arise it can be difficult, if not impossible to determine who the least-cost router is and where the call fell apart. The FCC has taken much-appreciated actions to address call-completion problems, such as issuing orders, undertaking enforcement actions, and holding industry meetings. However, despite these actions the calls still continue to fail.

H.R. 2566 takes three important steps to help address the problem. First, it would bring the least-cost routers out of the shadows and have them register with the FCC. We would know who they are and how to contact them when problems do arise. Secondly, the bill would direct least-cost routers to abide by minimum standards and they actually have to complete the calls. Third, it would ensure that the originating providers, such as ourselves, would use only registered least-cost routers.

The targeted measures of H.R. 2566 can help to overcome the call-completion problems that continue to threaten the quality of life, economic development, and the safety of rural America.

Thank you, Mr. Chairman, Ranking Member Eshoo, Congressman Latta, and the entire subcommittee. I will be happy to answer any questions that I can possibly answer.

[The prepared statement of Mr. Miller follows:]



Statement by

**Lance Miller, President  
McClure Telephone Company  
McClure, Ohio**

On behalf of

NTCA—The Rural Broadband Association

Before the

United States House  
Committee on Energy and Commerce  
Subcommittee on Communications and Technology

*Rural Call Quality and Reliability*  
Washington, DC

September 8, 2016

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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.

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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

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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.

Mr. WALDEN. We appreciate your eagerness to help us solve this problem, and clearly it is a problem. So thank you both for being here. I am sorry for what you are dealing with. It is our job to try and fix it, and we hope this bipartisan legislation will accomplish that.

Mr. Miller, you obviously are familiar with the legislation. We appreciate that. And we appreciate your comments that you believe the bill will be effective.

I assume, Mr. LeBeau, you believe the same, that what we are trying to do here will help make a difference.

Mr. LEBEAU. Yes, sir, I do.

Mr. WALDEN. So, Mr. Miller, let me just move on to another. Just for our colleagues as well, they anticipate votes around 3:30 to 3:45. So I am going to keep my questions just to one and make sure everybody has a chance here.

Mr. Miller, you touch on this in your testimony, but what do you think will be the impact of the FCC's intercarrier compensation reforms, particularly the access charge reforms? And do you think that changes the economic incentives around the issue of routing?

Mr. MILLER. No, I don't believe it will change anything. We have been dealing with this reform for about I believe 4 years now with access reduction. And soon, as you mentioned, it would go down to bill and keep.

There is more than just money involved that is an incentive for these least-cost routers. They don't have the networks that we have paid for. They don't have the maintenance that we have paid for. They absolutely have no standards to have to abide by. So if they are not doing it now, and they didn't do it 6 years ago, I don't see them doing it 4 years from now when the ICC goes away.

Mr. WALDEN. All right. Thank you.

With that, I will turn to my friend from California, Ms. Eshoo.

Ms. ESHOO. Thank you, gentlemen, for your testimony.

Do you think that the bill before us takes care of everything that needs to be taken care of so that what you testified about is erased and the problems that you have been enduring will become part of the past? Is it enough?

Mr. MILLER. It is a great start.

Ms. ESHOO. What else would you add to it?

Mr. MILLER. No, I believe firmly in the bill.

Ms. ESHOO. I don't have any problems with it, but you know the problems you are experiencing better than I do.

Mr. MILLER. Right. I guess I am a believer as a seer. Let's take care of this. I believe firmly in this bill.

Ms. ESHOO. What would the standards be that you think—I think the bill directs the FCC to require service quality standards—what would you be looking for? What do you think they need to do, include?

Mr. MILLER. Not enough calls to rural and urban areas to be completed. That is pretty simple.

Ms. ESHOO. It kind of strikes right at the heart of the issue there, right?

Mr. MILLER. Yes, the FCC is the professionals at this.

Ms. ESHOO. How many of these outfits are there that are doing this, what you described?

Mr. MILLER. I don't have a number for that.

Ms. ESHOO. What would you estimate it to be?

Mr. MILLER. Hundreds, if not thousands.

Ms. ESHOO. Geez.

Mr. MILLER. I think with a lot of knowledge, a little bit of money, probably I could set one up in my basement and run one.

Ms. ESHOO. Wow.

Mr. MILLER. With fiber optics going a lot of places, I think the information highway could be sitting down in my basement and I could start one up, if I had the know-how. I don't have the know-how.

Ms. ESHOO. No, I don't think you would do it either. You are too decent. But the ease with which you describe is disturbing.

Well, I think that you have touched on this, how easy it is for someone that is unscrupulous to set up at least a cost-routing service.

Do you want to add anything to that, Mr. LeBeau?

Mr. LEBEAU. For me it was so frustrating that there is no, I think it has been said, but there is no way to, at my time in 2012, there was no real way to prove it. I mean, it was Waitsfield felt like that was the issue and we switched service providers and the issue went away for us.

Ms. ESHOO. So you are not experiencing any of this anymore?

Mr. LEBEAU. No, we left BCN in the 2012 and we moved to long-distance provider ACC.

Ms. ESHOO. I see.

But, Mr. Miller, you don't have that option, what was just described?

Mr. MILLER. We are their service providers.

Ms. ESHOO. Oh, that is right. That is right.

Mr. MILLER. Yes, we would be his telephone company.

Ms. ESHOO. I wish you were.

Mr. MILLER. I wish I was too.

Ms. ESHOO. Yes, I wish you could reach him.

Mr. MILLER. I have heard good things about his products.

Ms. ESHOO. I wish you could call him and he could get the call, right, and then resolve the rest of it.

Thank you. In the interest of time I will just submit my questions, if I have any more, directly to you.

Mr. WALDEN. Thank you. We will now turn to the gentlelady from Tennessee, Mrs. Blackburn.

Mrs. BLACKBURN. Thank you. I appreciate that.

And I think we all as, you can hear, have a heart for what is going on in rural America. And in our rural counties, I have got a total of 19 counties in my district, and the lack of reliability in the phone service, the lack of availability of broadband, is something that comes back in nearly every townhall meeting that I have. People want to know when is something going to be done about this. So I am appreciative for you all being here and for the legislation to help spur attention on this issue.

Mr. Miller, I want to come to you. We are short on time today. But you, in order to upgrade your network, give out 600 customers, right?

Mr. MILLER. Correct. Just under 600.

Mrs. BLACKBURN. You function as an ILEC, correct?

Mr. MILLER. Correct.

Mrs. BLACKBURN. And you went through USDA's RUS program and secured a \$3.5 million loan, correct?

Mr. MILLER. Correct.

Mrs. BLACKBURN. And that was used to provide fiber optics for your footprint, correct?

Mr. MILLER. That is correct.

Mrs. BLACKBURN. OK. And let me say one more thing. You charged to up-charge fee to any of your customers do this, correct?

Mr. MILLER. Correct.

Mrs. BLACKBURN. OK. And they didn't have to put down any kind of assessment in order to get this.

Mr. MILLER. No, ma'am.

Mrs. BLACKBURN. All right. That is admirable, and I commend you for it.

I want you to talk for just a minute or so about that process and why you did this, how you worked with RUS to do this, and the success you have had with that program.

Mr. MILLER. OK. Yes, absolutely. In 2005 McClure Telephone Company was approved for a USDA RUS loan. We got approval for just around \$5 million. And that was to build fiber optics to the home throughout our exchange of McClure. It is a 35-square-mile exchange. We average about 5.2 households per mile.

So we secured that, and with the help of the USDA RUS, we made agreements that our payback would be, because of the USF, be used exactly what it was designed for is to maintain, upgrade, and provide services to our customers, access, and a couple other minute payback opportunities.

With the agreement of the way that we were going to pay this loan back, the USDA did give us our loan, which meant that we charged nothing to our customers. Their phone bills which they had at that time or their DSL bills did not go up whatsoever. We built out. Our finished build was the early part of 2009, and we have an 85 percent take rate from all our customers moving to fiber optics.

With the fiber optics, that meant we can get them a gig Internet speed if they wanted it. And in is at Mom and John's farm, the very last house of our exchange.

I hope that answers your question.

Mrs. BLACKBURN. Yes, it does. And has that improved quality and service throughout your entire portfolio?

Mr. MILLER. It has improved the Internet service and video service. It hasn't done much for the telephone.

Mrs. BLACKBURN. OK. Very good. I yield back.

Mr. WALDEN. The gentlelady yields back.

The chair now recognizes Mr. Welch.

Mr. WELCH. Mr. LeBeau, go through just a couple of examples, you have done it a bit, of the practical challenge that your callers faced to do their job in that high season when calls were getting dropped.

Mr. LEBEAU. Well, like the customer from San Antonio, Texas, that was just one example. I mean, I have a phone bill from October of 2012 that is much, much thicker than a normal phone bill because I would say without hesitation that over 50 percent of our

calls, the customer had to place several calls to reach us, two, three and up to eight times. The frustration level on the end when they would get through was obvious. And most people put it back on us, to be honest with you. I mean, we don't have time to explain the situation and we take the blame.

Mr. WELCH. You are getting calls from people who live in cities where they don't have experience with these dropped calls. So they just don't get it.

Mr. LEBEAU. Correct. And another small issue that it is kind of like a side thing is that I am extremely seasonal. So I hire all of these temporary phone reps who aren't normal employees or who understand, and that puts stress back on them. I mean, they are trying to help us in the short 6-week window, and they are getting I don't want to say attacked, but dumped on by our customers for this call issue. I mean, it is probably the least, but when you are involved in this, it just adds to the intense nature of the situation.

Mr. WELCH. Right. And you have heard about situations with some of our rural schools where when there is a snow day and parents are calling in, even there we are getting dropped calls, and the parents are showing up and driving through snow that they shouldn't be driving through to get kids to a school that is closed.

Mr. LEBEAU. Yes, sir. It happened in our school district. They do an automated call system to alert you, and they were thinking the calls were going through and nobody was getting the message.

Mr. WELCH. Well, I just want to thank you and Mr. Miller, and all of the Mr. LeBeaus and Mr. Millers out there in all of these other districts.

Do you want to add anything, Mr. Miller?

Mr. MILLER. No, I think you summed it up very good. And I thank you.

Mr. WELCH. Yes. Thank you.

I yield back, Mr. Chair.

Mr. WALDEN. Thank you, Mr. Welch.

We will now go to the gentleman from—oh, Mr. Barton has arrived. We will defer to the former chairman.

Mr. BARTON. No, Mr. Chairman, I just got here, and I will defer to the people who have been patiently waiting their turn.

Mr. WALDEN. Thank you, sir. Then we will go back to Mr. Latta.

Mr. LATTI. Well, again, Mr. Chairman, thanks very much for having and holding today's hearing. It is very important for this committee to know what is happening out in the rural parts of our country.

And to our witnesses, Mr. LeBeau and also Mr. Miller, I want to thank you again for taking the time to be here today.

And I think, Mr. Miller, if we can talk a little bit, because your company is about 15 miles from my house, in Bowling Green which is about 30,000 people. But McClure is a much smaller area, but it is also very important that they have phone service out there. And it is so important because in my district we have a lot of rural telephone companies, and it was just a couple years ago that you helped host Commissioner Pai from the FCC in McClure to discuss these issues.

But could you maybe, just to start off with, could you just describe who your average typical customer is, maybe their ages, and

why it is important that you have those folks have the service that you provide to them.

Mr. MILLER. Yes, absolutely. A lot of our customers are older base, and I am going to put myself in that generation. We are mainly going to be 40 and up. We have a lot of typical 60- to 80-year-olds living in McClure. Unfortunately, a lot of the younger ones are leaving the rural areas to go to school and they come back and take over the family farm or the family business that is there. But I would put us in the majority probably about 40 to 60 category.

Mr. LATTA. And also how far out do you provide service.

Mr. MILLER. We are 35 square miles we provide it and in two counties. And it is a very small footprint considering a lot of the large ones. Thirty-five square miles is just a percentage of theirs.

Mr. LATTA. And I notice in your testimony you stated that you lost a major account because of the call failures. How many businesses do you represent pretty much with McClure?

Mr. MILLER. We have 16 actual businesses in McClure that we have service with. Those don't include the home businesses. But 16 total.

Mr. LATTA. So when people contact you and say that they are having a problem with call completion, how long does it take you to try to get the issue resolved?

Mr. MILLER. We have an average response time of 2 hours for any time of the day. Every customer of ours is an important customer, that is why we are there, is because of them. So typically if this business customer that they held on for 5 years dealing with this call completion, I kept promising that I was going to do everything I could to get this completed, and a couple weeks ago I just couldn't do enough to keep him as a customer.

So a typical complaint would come into myself directly, and they would tell us that they have had several customers trying to get ahold of us, they can't get ahold of us. So we would do our checks. We would make sure our network is operating fine. Make sure, number one, they have dial tone, the basics first.

And then we would start asking them, "How do you know this customer was getting ahold of you, can you get where they were calling from, who is their long-distance customer, the time?" so we can do traces on our end. After we started doing the traces, it never reached our network. The call never came into our network. We had no opportunity to even put it into our computer system to get it out to that customer.

Mr. LATTA. Let me ask you this one last question. I have been to your company and talked with you and your employees. How many, besides you, folks do you have in your company?

Mr. MILLER. We have six full-time employees total. That is including myself.

Mr. LATTA. Well, thank you very much, Mr. Chairman. I yield back the balance of my time.

Mr. WALDEN. Mr. Latta, thank you for your questions and your good work on this as well.

We turn now to the gentleman from California, Mr. McNerney. Thank you for being here.



Mr. MCNERNEY. Well, I thank the chairman and the ranking member, Mr. Latta, and Mr. Welch for a bipartisan effort here. It is important. And 90 percent of our districts, I would say, have rural areas in them. So this affects almost every congressional district.

Mr. Miller, the FCC has issued rules and has introduced several consent decrees. Why do you think we need legislation at this point?

Mr. MILLER. I can't speak for the FCC, but I think we need legislation because when this problem first came up, I want to say it was about 7 years ago, we have done everything in the process that we can. And we are still dealing with it, we are still reaping loss of customers, loss of revenue.

Mr. MCNERNEY. So FCC actions haven't been effective in fixing the problem?

Mr. MILLER. Correct. Yes. We would love that Congress would have the opportunity to say, "This is what we need. This is important to our constituents, our customers. You need to do your job."

Mr. MCNERNEY. It might be good politics too, right?

Mr. MILLER. I am sorry.

Mr. MCNERNEY. It might be good politics too.

Mr. MILLER. Yes, sir.

Mr. MCNERNEY. So the call-completion issues that result from least-cost routing affect both incoming calls or do they affect outgoing calls as well?

Mr. MILLER. They could affect both.

Mr. MCNERNEY. Both. So you can't tell the difference.

Mr. MILLER. Correct. No, we can't tell the difference because it is the way the code is called, coded, and who their long-distance provider is.

Mr. MCNERNEY. Now, I have a rural town in my district. It is Linden, California. Could you walk me through what happens to a routed phone call from the Rayburn Building here to my district, just as a hypothetical?

Mr. MILLER. Sure. When you pick up your phone to make that phone call, as soon as you dial the 1, there is a code attached to that number. It is not like the old switchboard days. I don't know if anybody ever would remember those where you would just call the operator and connect a line to line. Right now you have a code. And as soon as you would make that phone call, it would go to your phone company.

Their computer would recognize that code and send it off to whoever is long-distance provider that you chose. And then it will hit multiple different basic computers that would say, "Nope, that number is not mine," send it on, send it on, and send it on. And as soon as it gets to the number that the computer says that is my number, I got my destination, and that is how it happens. And all that will happen in milliseconds.

Mr. MCNERNEY. Does each packet have to go through that?

Mr. MILLER. Yes.

Mr. MCNERNEY. So I can see where that would be problematic.

Mr. MILLER. Yes.

Mr. MCNERNEY. One quick question. Does this affect voice over Internet or does it just affect legacy equipment?

Mr. MILLER. No, I believe it affects everything. Anything associated with a telephone number will be affected by this.

Mr. MCNERNEY. All right.

Well, thank you, Mr. Chairman. I will yield back.

Mr. WALDEN. The gentleman yields back.

The chair now recognizes the gentleman from Illinois, Mr. Shimkus.

Mr. SHIMKUS. Thank you, Mr. Chairman.

I said a lot in my opening statement. But I also want to make the point that in some parts of rural America you don't have universal cell service still. So if you don't have universal land line service, you don't have universal service. So we appreciate you being here.

I want to talk, Mr. Miller, a little bit more about this low-cost server or low-cost switcher which you said someone could do that. Don't you think the FCC should be able to identify who these folks are? Should the FCC be tasked with finding out who these folks are as part of this legislative process?

Mr. MILLER. I do believe they do. They need to be identified.

Mr. SHIMKUS. And we don't know who they are right now.

Mr. MILLER. I am sorry.

Mr. SHIMKUS. We don't know who they are.

Mr. MILLER. I don't know who they are.

Mr. SHIMKUS. We can't find them. FCC can't find them.

Mr. MILLER. There would be no record coming into my office, my switch, that would indicate who anything is.

Mr. SHIMKUS. And I hope my colleagues, the authors of the bill, would listen, because I think that is an important aspect. I mean, if there is someone intervening in the communication system and there is a willing buyer and willing seller and an intermediary who is not playing by the rules, unfortunately. That is kind of why you have some Federal agencies, to make sure that people are playing by the rules. Is that fair to characterize?

Mr. MILLER. Yes. The orders that the FCC has come out, it is by the covered carriers. It does affect them. It does nothing to the intermediate providers or the least-cost routers.

Mr. SHIMKUS. And I would look at the more specifics of the legislation. But I do think we need to figure out who these folks are, because they are causing a disruption in the process and affecting it. And I think part of the testimony is there really could be some situations in which human life could be at risk if someone is calling and you can't connect.

Mr. MILLER. Quite possibly.

Mr. SHIMKUS. And I appreciate that. Mr. Chairman, I will also yield back my time.

Mr. WALDEN. The gentleman yields back.

The chair now recognizes Mr. Guthrie.

Mr. GUTHRIE. Thank you.

Thanks for being here on an important issue. I have some cities, but pretty rural district as well.

So, Mr. Miller, in your experience, who do the consumers blame for these call-completion problems? I am guessing it isn't the low-cost router.

Mr. MILLER. They are blaming me. Not just me. I mean, my customers are blaming ourselves. We stereotypically get we are the small company, we must have the lowest-cost equipment to transmit that call. And plus, they can call up and talk to me. I think that is a great thing for them. But it is typically our fault, and I can't explain to them why it is not our fault.

Mr. GUTHRIE. OK. Thanks.

And then, Mr. LeBeau, in your testimony, you indicated that problems you experienced weren't attributable to your local phone company. However, as you point out, it took a while to realize what the problem was. Did this delay in finding the problem harm your business?

Mr. LEBEAU. Again, I have no proof that it harmed. My educated guess is that I lost customers because of it.

Mr. GUTHRIE. You don't know the calls you didn't get, is what your point is.

Mr. LEBEAU. Exactly. And to the previous question, I would say that for us, the customer, they blamed us. They looked to us as the reason. And, I mean, they would use the excuse that we were rural. I mean, the phone is ringing on their end. Everything seems fine to them. So the problem has got to be with me.

Mr. GUTHRIE. OK.

Mr. LEBEAU. It was difficult.

Mr. GUTHRIE. Well, thanks. I just wanted to get a chance to expand on that.

And I yield back my time.

Mr. WALDEN. The gentleman yields back.

The chair now recognizes the acting chairman of the Energy Subcommittee, the gentleman from Texas, Mr. Olson.

Mr. OLSON. I thank the chair.

And welcome, Mr. LeBeau and Mr. Miller.

In the interest of full disclosure, Texas 22 does not have the same telephone challenges as Mr. LeBeau does with the Dakin Family Farm in Ferrisburgh, Vermont. I know that for a fact because my parents retired to Waitsfield, Vermont, about 10 years ago. Live off Common Road on Scrag Mountain. I have seen rural Vermont. I get your challenges. I have seen them firsthand. And I suspect, Mr. Miller, your challenges are pretty much the same as Mr. LeBeau's.

The largest county back home in Texas 22 is my home county, Fort Bend County. It is mostly growing suburbs, a population right now of about 800,000, expected to be one million by 2020. But the southwest portion is still strong rural county. They farm cotton, sorghum, milo, a little corn. Ranches with cattle and horses.

Part of that part of the county is Needville, Texas, population 2,823. Locals say that name is misleading. It should be Neednothingville, because they need nothing from the big city of Houston, Texas. Just keep away from us, let us see our stars. But they do depend on quality telephones to make sure that business works and get access to markets outside of Fort Bend County.

My home State of Texas also has the smallest county in America, Loving County, population 82. The entire city, the whole county could sit in this room with seats to spare. I suspect their telephone

quality isn't that good either. Eighty-two people is not a good market.

So my only question is real simple. We have to fix this problem. Who is best to fix this, FCC or Congress?

Mr. LeBeau, first to you, my friend.

Mr. LEBEAU. I am not as well versed on this as Mr. Miller, but I would vote for Congress to fix this.

Mr. OLSON. Mr. Miller?

Mr. MILLER. Congress needs to step in.

Mr. OLSON. Two votes for Congress, 100 percent approval. Good news. I yield back.

Mr. WALDEN. With that, I think we go to Ohio, Mr. Johnson. He is from there.

Mr. JOHNSON. Thank you, Mr. Chairman. Thank you very much.

I live in a very rural part of the Nation and represent a district that is very rural over in eastern and southeastern Ohio, so we have a lot of connectivity issues with telephones. So this is a really important issue for me.

So, Mr. Miller, is there any way for your customers to know when they drop a call or why they have poor quality, what has actually happened when a call fails? And is there any way for you to know, after the call has failed, is there any way for you to know?

Mr. MILLER. Not really. The call records, once again, they are just not there. Sometimes they will get a poor quality phone call, and then they will say: Well, what is going on? They will blame the other person being on their cell phone or whatnot, and then they will both hang up and they will connect again at a later time and it will go through OK.

The problem that I am running into is that our customers just attribute it, since it has been so long that this problem has gone on, they are just becoming accustomed to shoddy service, if I may use shoddy. I apologize.

Mr. JOHNSON. No. That is a good term.

Mr. MILLER. OK. I apologize if it is not.

Mr. JOHNSON. You should hear some of the terms I use when I drive through my district.

Mr. MILLER. And I don't ever mean to say that our service is shoddy, but that is what it has become because of this. I cannot guarantee that if I make a call right now from my hotel room to my office, that my phone will ring in my office. I think that is a direct contributor. And they became accustomed to it, so they stopped complaining. And that is my biggest fear, either they are not having the problem anymore, which I don't believe for a second, or if they stopped complaining.

Mr. JOHNSON. OK. When you do receive complaints or if you receive a complaint from a customer about poor call quality due to a routing issue, how do you handle that?

Mr. MILLER. We look at everything that we can have. If they can have the person that was trying to call them call their long-distance company and put in a formal trouble ticket, we will have them do that. Out of multiple, multiple times that we have had this, we have only been successful one time to work with a larger carrier, and we were able to find the problem, and that problem

was corrected for a matter of about 7 days, and then the problem started creeping back in.

Mr. JOHNSON. All right. Why do you think least-cost routers drop calls to rural customers at such a high rate relative to other customers? Does this problem happen all over the country? Is it prevalent everywhere?

Mr. MILLER. It is a problem nationwide that they are dropping calls. Why do I believe? I believe because it is costing them 1 to 2 cents more to terminate to my area than it is to the closest urban area around me. So as of right now, the money was an incentive, and it has just gone downhill from there.

Mr. JOHNSON. OK. All right.

Well, Mr. Chairman, I yield back the balance of my time.

Mr. WALDEN. Great. We will now go to the gentleman from North Dakota, Mr. Cramer.

Mr. CRAMER. Thank you, Mr. Chairman.

Thanks to both of you for both your expertise and your patience with us.

I was struck by sort of a passing question, Mr. Miller, that I think Mr. McNerney asked just as he was wrapping up his questioning about, I think it was Voice over Internet Protocol. I think what he was asking you was what about that, and you said that too.

Could you elaborate a little bit on that, because I remember, I am a former regulator, and I recall one of our early VoIP interconnection cases, it might have even been an ILEC case as I recall. And of course then it was sort of new and exciting, and now it is becoming more prominent. And yet I am wondering how the technology of VoIP networks and technology interacts and whether that is helpful or if you see additional problems as it relates to this problem.

Mr. MILLER. Yes. I believe it is going to happen across the board. It doesn't matter if it is traditional copper telephone service, Voice over IP, cell phones, or anything like that. It is all related to a number. In some cases Voice over IP, it is related to an IP address. It is how that stuff is coded.

Nothing is for free. So everything is going to get coded, and once it either hits the computer system that I have that is going to recognize only telephone numbers or the computer system that sits next to it that recognizes IP addresses, it is still going to flag the same way to go to this Xcarrier's trunk line so it can complete this call. And on that trunk line it is a matter of where they had the routers set that one of those could fail.

Mr. CRAMER. Thanks both of you for your testimony and your guidance. It is good to be part of a solution in the making, right, so let's hope we can help solve it. But you would be good in Congress because we are used to being blamed for things that are beyond our control as well.

Mr. MILLER. I am sweating through my suit, so I don't think I could handle it.

Mr. CRAMER. I yield back. Thanks.

Mr. WALDEN. You have done very well. Both of you have.

And, Mr. Cramer, thanks for being one of the cosponsors of this important legislation and for your contribution to it.

We will now, I think, wrap things up with Mr. Barton, our former chairman of the committee.

Mr. BARTON. So just one brief statement. I missed your opening statements. I did glance at them. I have been briefed by my staff, though, and my understanding is that there is some concern that there are incentives by certain carriers to drop rural calls because they get reimbursed when they try to have to route the call again. Am I correct in that assumption or not?

Mr. MILLER. I can't answer that because I play by the rules.

Mr. BARTON. I am not accusing you.

Mr. MILLER. No. I don't know. I have never ventured down that area. My opinion, my assumption would be you are very correct, but I truly just don't know that.

Mr. BARTON. Mr. LeBeau.

Mr. LEBEAU. I can tell you I don't know if there are incentives, but for every call, when my customer dials my 800 number, it is my long-distance perception that the call is being completed. So when I get my phone bill I am charged for that call whether or not it is.

So when I was having the issues, as I mentioned earlier, my October phone bill, there are hundreds and thousands of calls from the same number that lasted 1 second, 2 seconds. So I was charged 6 cents, 5 cents for all those calls that in reality I never received.

Mr. BARTON. If that is a business practice that unscrupulous companies use, why wouldn't a solution be to change the law and they get one payment regardless of how many times the call has to be attempted to be corrected? There would be no incentive if they got paid one time, not three, four, five, or whatever. In your case, you get charged one time. Wouldn't that solve the problem, if there is a problem? It seems to me to be a pretty simple solution.

Mr. MILLER. Yes. I would have to ask you, respectfully, I don't know how to answer that question. It seems I would have to agree, but there are a lot of logistics in that that I don't know if that would be feasible.

Mr. WELCH. Will the gentleman yield?

Mr. BARTON. Sure.

Mr. WELCH. I think that would solve the overcharging but not the customer frustration.

Mr. BARTON. Right. I am just trying to take any incentive out. I am just a poor Aggie engineer from Texas. I don't understand these sophisticated hearings that we have. I know how to come up with a solution, and to my Aggie engineering mind, that is a solution. You get paid one time or you get charged one time regardless of how many times this high-tech stuff drops or adds or whatever. That is all.

With that, Mr. Chairman, I yield back.

Mr. WALDEN. I think you understate your capabilities and capacities. We are going to shut this down before it goes off the wheels, go off the track.

I want to thank our witnesses. You have been most helpful in our deliberations. Sorry for what you are going through. We hope to move this legislation in fairly rapid form. I know we have a counterpart in the Senate that is taking action. And we are going

to solve this problem one way another, and we are going to hold people accountable that don't follow the rules of the law.

So with that, I would yield to my colleague from California.

Ms. ESHOO. I appreciate it, Mr. Chairman.

I think we need to do everything we can to make sure that the bills match between the Senate and the House, because this is not a complex bill with 103 sections to it, and get it on the suspension calendar and really get this thing moving so that it is done. I think people in all of these areas have waited long enough, and I think we have the capacity to do what I just described.

Mr. WALDEN. You will be pleased to know the manager's amendment does that. So we are in great shape.

Ms. ESHOO. Good. Great. Thank you.

Mr. WALDEN. With that, without any comments, we will adjourn the subcommittee. Again, thank you for your participation, and see you at the next hearing.

[Whereupon, at 3:41 p.m., the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

#### PREPARED STATEMENT OF HON. FRED UPTON

I'm pleased to be here today to discuss a topic that is important to folks back in Southwest Michigan, and all over rural America: call quality and reliability. It has never been easier to pick up the phone and dial a number to be in touch with friends and loved ones, no matter where they are in the country. But for those living in rural areas, this connection isn't always guaranteed and folks back home are rightly frustrated.

Many of us have probably experienced the very issue at hand today. You make a call to someone and it rings over and over again, but no one, not even the voicemail, picks up. Or maybe you place a call only to hear a pre-recorded message telling you that the number you dialed is not in service, leaving you to wonder if you dialed the wrong number or if the person you were calling has been disconnected from their service. And even in cases where you are able to connect, the sound might be distorted or delayed. Unfortunately, for many of my constituents and people living in rural areas across the country, this is a common occurrence.

Unreliable service is much more than just an inconvenience for consumers, it's a threat to public safety and harmful to the rural economy. People rely on these networks to receive messages from their kids' schools and rural businesses depend on the networks to receive calls from all over the country. Rural consumers expect to receive dependable service, but the truth is that they are disproportionately plagued with failed calls and poor call quality. Whether it's a local business trying to run their day to day operations, or one family member trying to reach another, the result should be the same: clear and reliable voice service.

I know that the FCC has made attempts to help resolve this issue and I commend them for their efforts. We are here today to continue the discussion and explore additional ways to resolve this problem once and for all. Poor call quality and reliability in rural areas is a real problem; but fortunately, there appear to be real solutions. It's time we set higher standards for the integrity of our networks, but more importantly, for the benefit of our constituents. Folks deserve to have the peace of mind that when they pick up the phone, their call will go through.



**EAGLE TELEPHONE  
SYSTEM**

P.O. Box 178  
Richland, OR 97870

September 7, 2016

Chairman Walden:

On behalf of Eagle Telephone System, Inc. and Snake River PCS let me thank you for the opportunity to share with you a little history of our company's experience with call completion issues.

Eagle is a small rural phone company located in Eastern Oregon, along the Oregon Idaho border in what is known as the Snake River corridor. Eagle operates a Rural ILEC, as well as a Cellular CLEC. So Eagle experienced call completion issues with both its wireline and cellular services.

Eagle's call completion issues ranged from latency issues at the extreme end of the spectrum, which meant that a caller could initiate a call and it could take up to 3 minutes or more to connect, if it ever did connect. Our customers also experienced an echo problem that was atrocious. It is hard to explain how the echo problem worked, but it was something along the line of you would answer my call, say hello, then I would start my conversation, only to hear your hello echo again, and when you started to talk again, your own conversation echoed in your call.

It was quite possibly this issue that cost Eagle and Snake River the most customers. At one point during the height of the call completion issues Snake River (our cellular company that had 475 subscribers at the time) lost approximately 10% of their customers. Eagle only lost a few customers to this issue but we attribute that to the fact Eagle was the only wireline ILEC available in the area.

Another extreme issue both companies experienced was foreign national cross talk in our conversations. Once a call actually completed you would be talking and without warning you heard an entire other conversation being held on the same line in a foreign language. Honestly they could hold an entire conversation over the top of our conversations. This would cause our customers to have to terminate their calls and re-attempt the call again. For over two years Eagle and Snake River's customer service reps fielded calls regarding the degraded services our customers thought we offered.

The problem for us was we could not isolate the problem to our system at any point, therefore we knew it had to be coming from elsewhere. Therein lay the problem, no other carrier would admit fault with their service related to these call completion issues.



We truly appreciate the effort you are undertaking to ensure that intermediate carriers engaging in this type of business are held accountable for their part of the network. If legislation is passed by your Committee that requires these carriers to adhere any type of service quality standards, then call completion issues might be something our customers no longer have to experience.

Sincerely,

A solid black rectangular box used to redact the signature of Mike L. Lattin.

Mike L. Lattin  
President  
Eagle Telephone System, Inc.

**STATEMENT FOR THE RECORD**

**THE U.S. HOUSE OF REPRESENTATIVES  
ENERGY AND COMMERCE SUBCOMMITTEE ON  
COMMUNICATIONS AND TECHNOLOGY**

**September 8, 2016**

**“Rural Call Quality and Reliability”  
Representative David Young (IA-03)**

Chairman Walden, Ranking Member Eshoo, and my distinguished colleagues who are members of the Subcommittee:

Rural America is struggling – the recent economic downturn has led to more people leaving rural areas and seeking opportunities in larger cities. In my home state of Iowa, rural communities are working to reverse these trends by attracting new businesses and amenities for their residents. Communication is key to these businesses’ success in reaching customers – in town or out-of-state. Yet, in rural communities across America, calls are not getting through or are of poor quality.

Telephone companies often rely on intermediate providers to route calls from larger networks to local service providers, to poor results. Dropped, looped, or poor quality calls do not just hurt small businesses and consumers, they also hurt our families in need of emergency assistance and public services. Improving rural call completion rates and quality is essential to ensuring families in rural America have access to the services and amenities offered in larger urban areas. These services are important to ensuring the survival of small towns and granting Americans the choice to live and thrive in rural or urban areas.

The Improving Rural Call Quality and Reliability Act, which I introduced alongside Congressman Peter Welch, seeks to address the significant problems dropped and poor quality calls pose to rural Americans. The bill requires providers to register with the Federal Communications Commission (FCC) in order to meet quality standards to ensure reliable phone service in rural areas. It also prohibits providers from using intermediary routing services not registered with the FCC. By addressing these concerns, Congress can help provide Iowans and all Americans in rural communities with reliable phone service to conduct business, respond to emergencies, and live their lives.

I thank the Energy and Commerce Subcommittee on Communications and Technology for their work on this important issue and I welcome the technical changes to this bill to ensure the legislative language meets the bill’s intent. I especially want to recognize Chairman Walden and Ranking Member Eshoo for their commitment to addressing this important issue.



January 26, 2014

Tom Sturm  


Re: Call Completion

Dear Mr. Sturm

Thank you for visiting my office on Monday September 30 and expressing your complaint with me about calls not being received. I do understand your frustration and sympathize with your complaint. We understand that you run a business and that when calls are not completed you suffer the consequence. We believe it is not only a matter of business but a safety issue as well.

Our conversation has been on my mind since and I know that what I explained did not help to ease the frustration you are feeling, so I thought it might be helpful to provide you with more information to understand the problem and see what your co-op and its associations have been doing behind the scenes. Not to play down your specific issue, it is a major concern for all rural carriers across the United States. In fact, if it is not fixed, it will help to further the demise of all rural carriers and in the end hurt the rural communities across this nation that depend on the local service provider.

Hamilton County Telephone Co-op believes that you do deserve to receive your calls, just like you can when you make a call. At times we think the problem has gone away as we do not receive any complaints ...this has happened several times, then, it starts all over again. It is important that you call us when you experience the problem. I know this is a burden on you but we have no way to know that it is going on without your help. In our conversation, I asked you to file a complaint with the FCC (see link information below). When you file a complaint it needs to be on the long distance company that is trying to call you and should be reported each time that happens...Most consumers would not participate in such an endeavor, they consider it is someone else's responsibility, but I hope that as a member of the co-op, you would be one that would.

Hamilton County Telephone Co-op has experienced this for approx. 3 years now and has reported this to our associations for help. In fact our comments were the first comments on a complaint to the commission in 2011(as shown in attached). I have also included some additional information on the problem and how they are being addressed at the FCC. Including the "FCC enforcement advisory", brochure "Calls not getting through?", 2011 history of "call routing/ termination Issues and 2012 FCC Declaratory Ruling, the Washington Report and the Capital Connection.

In my opinion, it appears that in the transitioning of POTS (Plain old telephone service) to IP (data) we are experiencing a gap of concern for quality and reliability as the next generation tends to lean to more data than voice communications. How many times do you experience a dropped call on your cell phone? No one complains, right? Because that is just how it is? And that is the expectation we have come to realize from cell phone usage.

Long Distance Carriers give the impression that they don't care to fix the problem because it actually saves them money. How is that? Normally when a call completes to a rural company there is a charge imposed to the long distance carrier to access the rural telephone company's network. Usually this rate is higher than that of major carriers. So when a call does not complete to a rural telephone company they are not charged the higher rate. However those rates from rural telephone companies are starting to diminish as mandated by the reform set forth by the FCC. In fact the access rate is on a glide path to zero. So why is it not getting any better? It's because there is no enforcement of the rules and responsibilities for reliable service. Everyone wants affordable, but the sacrifice is reliability.

On Three separate occasions, last year alone, Hamilton County Telephone Co-op along with Wabash Telephone have reached out together to Congressman Shimkus and explained our concern regarding the call completion. He has expressed great concern as well, but knows that the FCC through its current transformation process of the Universal Service Fund, and we know with the problems that Congress is facing that these concerns are not on the front burner.

For local Carriers like Hamilton County Telephone Co-op, it is very frustrating as we are blamed for something we cannot control. . . Think of it this way, someone tries to call you, they pick up the phone, they dial out from their local carrier, it is then sent to a long distance carrier, who in turns processes the call themselves or sends it to a third party vendor, who, to make any money, has to send it the cheapest way possible and it gets hung in a loop because it cannot find the access rate it will accept, the call then dies and the receiving party (nor the local telephone company) ever knows that a call was coming or it allows the connection to die before the caller ID information can be sent, even if the receiver does pick up, they hear nothing on the line or it is garbled as the call has already been allowed to expire. Sometimes the caller may hear a busy signal, which is not being generated from the receiving office. So the call from the start never goes anywhere.

As per our conversation you stated that you don't have trouble calling out. The reason for this is, the originating company's has the responsibility (Hamilton County Telephone Co-op) to make sure a call is completed. If a person makes a call and it does not go through, that person should call their phone company to report the call did not go through. The calling company has the responsibility to report and respond to the trouble and if necessary fix the problem, then test to make sure it works every time. That is why you do not have that issue when calling out.

There are dial around solutions that you could provide to customers, but that only works if you have someone who calls you repeatedly because it circumvents the caller's current long distance provider by choosing another. It has worked for suppliers that repeatedly call their customers. But if you have customers calling from all over the country this band aid will not work. We appreciate your support but realize you have a business to run and thus need to protect that business.

Mr. Sturm you deserve a better answer than this... and I apologize that there is not a simple solution... we are working through the associations and with other companies so our voice can be heard in Washington. We eagerly wait for a resolve. It is in the hands of the FCC which is the governing body for communications. **We are however working on another solution that may be able to help your issue. We are installing equipment and will be testing it over the next two months but it won't be available for approx. 90 days. If this solution will work we will notify you of this option for you to consider.**

In the meantime, please review the attached documentation and see the bottom of the brochure attached...I have highlighted the basic points. Contact the FCC at <http://www.fcc.gov/encyclopedia/problems-long-distance-or-wireless-calling-rural-areas> or [www.fcc.gov/complaints](http://www.fcc.gov/complaints) and file an informal complaint, on the Long distance carrier used by the calling party.

As a business owner I know you have to do what's best for your business... either way we will continue to fight this fight to get a resolve.

If I can ever be of any assistance to you please let me know.

Sincerely,

HAMILTON COUNTY TELEPHONE CO. OR

Kevin Pyle  
General Manager/EVP

## CounterTop Creations, Inc.

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September 6, 2016

Congressman Shimkus,

My name is Steven Dodson, president of CounterTop Creations Inc. in Dahlgren IL. For the past 20 years I have owned and ran a high pressure laminate countertop fabrication business. My office is the heart of my business. It contains land line phones and a fax machine. These two pieces of equipment are as crucial to my business as the \$30,000 countertop saw in my shop. Why, you may ask? Because that is how my customers get their orders and quote requests to me. If the phone or fax lines are down, my office is down.

Over the past several years I have experienced an increase in problems with my land line phones. Some of the issues are:

- Dropped calls.
- Delayed calls.
- It rings and no one is there.
- It rings and the caller ID does not match the origin of call.
- Customers in another town can't get a fax to go through to my machine. This is a chronic issue that is detrimental to my business.
- Customers report calling my number and getting an automated error message in Spanish. Then try again and it goes through just fine.

When the phone and fax aren't working correctly, I am losing money. That is not an exaggeration that is a fact. If my customers can't fax over their countertop drawings and can't call me to give them to me over the phone, they will go somewhere else. I have several customers who have no other way to submit orders and quote requests than fax. A few of my customers can scan and email their items to me, but it is a small percentage of my overall customer base. The only fall back is to mail them to me and I don't want to get into the unreliable mess our rural mail system has become in the last couple of years.

It's not just my business that suffers, it's all businesses in rural IL trying to make a living and contribute to the economy of IL. Without work coming in to my shop I can't afford to employ people. Without employees I have no business. Then it just continues on down the line as a hardship on the state. I would appreciate any help our government can give to resolve the issues we are having.

Thank you

Steven L Dodson, President  
CounterTop Creations Inc.