



Phantom Traffic & Access Avoidance

Presented by:

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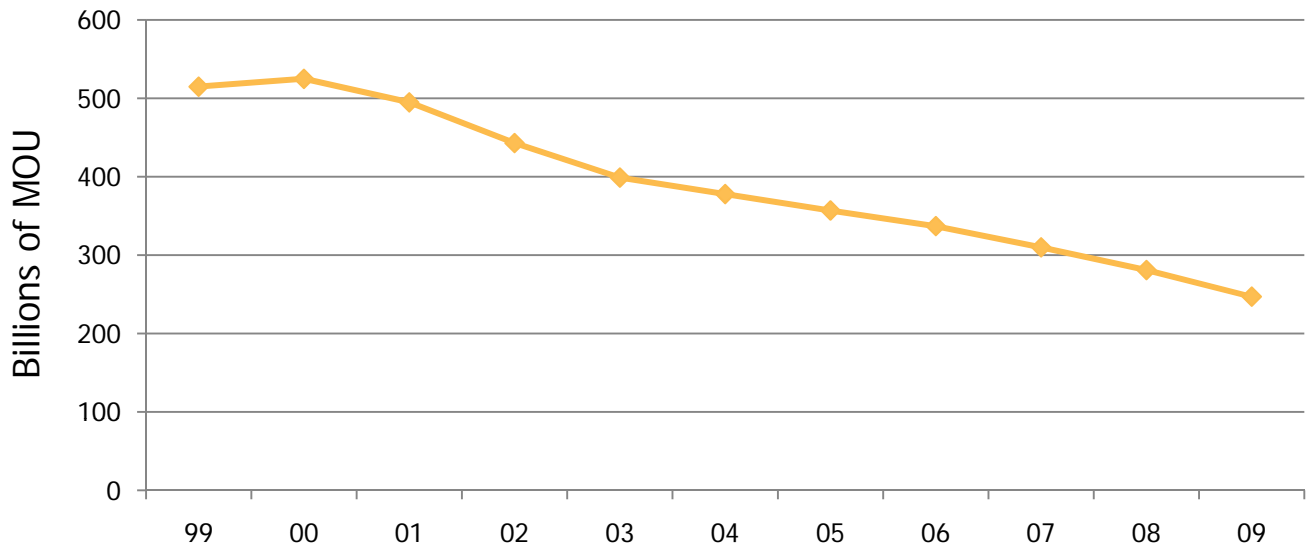
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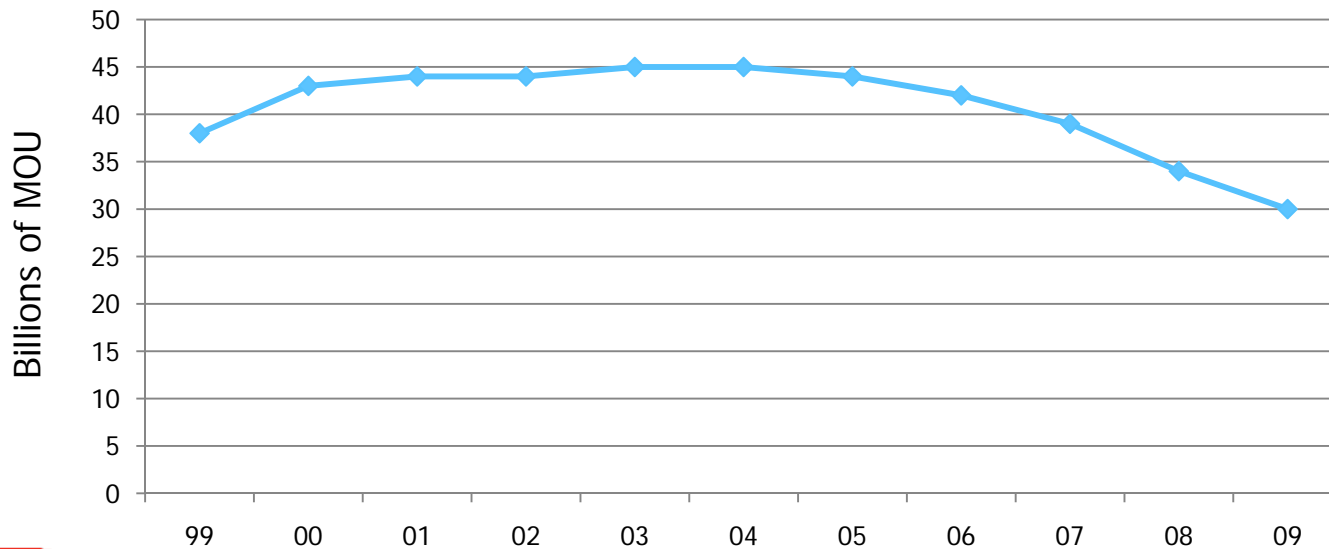
Agenda

- Overview
- Phantom Traffic and Access Avoidance issues
 - Signaling and call detail
 - Records exchange
 - Call routing
 - Wireless Interconnection
 - Regulatory uncertainty (e.g., VoIP)

Overview



Tier 1



Non Tier 1



Overview

What is Causing Demand Decreases?

- Substitution
 - Wireless
 - VoIP Service providers (fixed and nomadic)
 - Web-based customer service
 - Private networks
- Phantom Traffic and Access Avoidance

Overview

Why should you care?

- Interstate and intrastate access charge revenue currently make up 30% of rural rate of return ILEC's regulated revenue*
 - Despites claims to the contrary, switched access is not dead
 - RLEC's utilize this revenue to recover costs and foster investment in their multipurpose networks
 - These networks supports both voice and broadband services
 - Much of the demand loss is preventable

Overview

Phantom Traffic and Access Avoidance

“Behaviors, both intentional and inadvertent, that inhibit a local exchange carrier’s ability to bill and/or collect proper intercarrier compensation for the use of their network by other providers.”

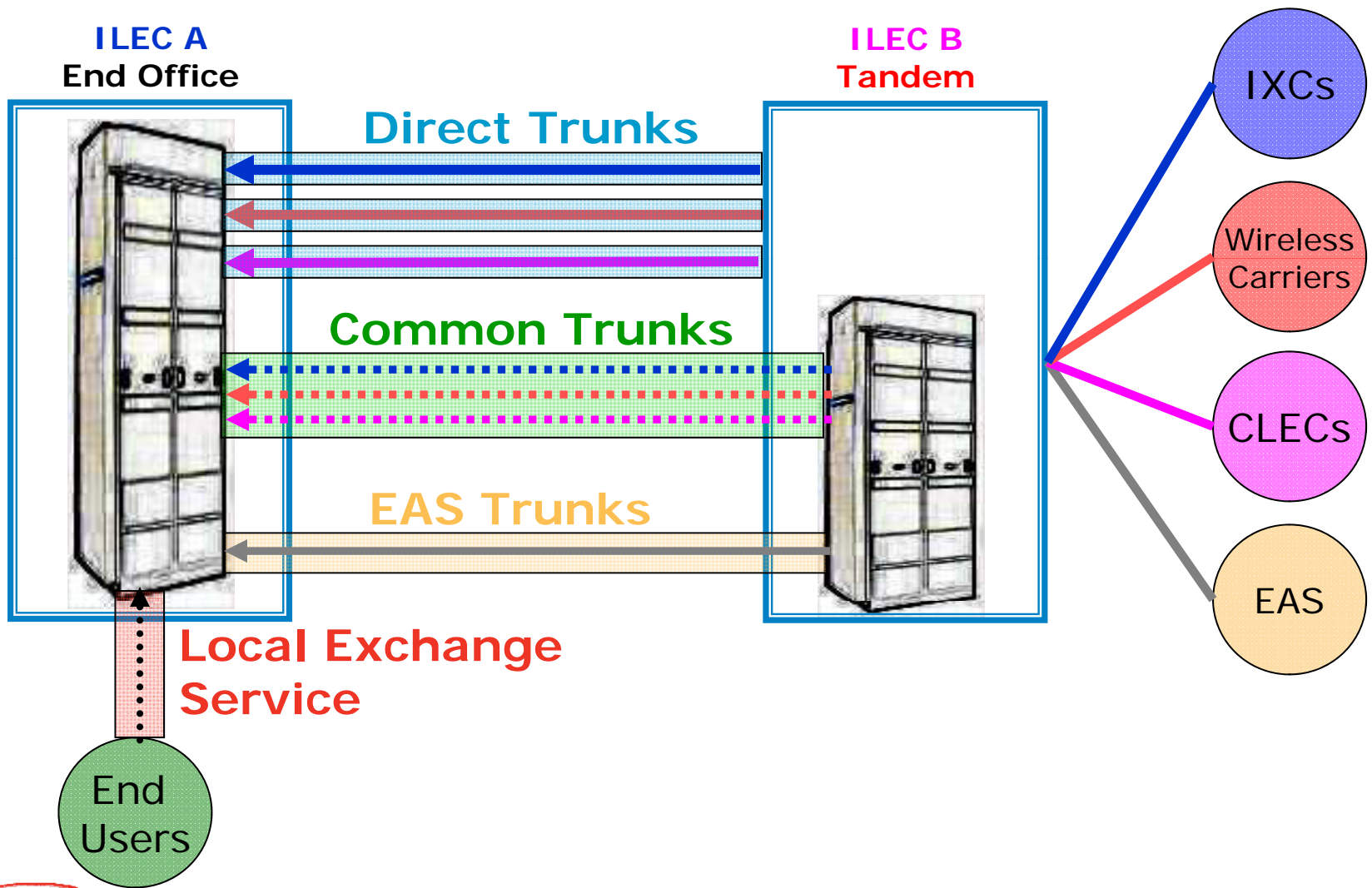
- Bob Gnapp

Overview

- Phantom Traffic and Access Avoidance are:
 - Commonly associated with terminating traffic
 - Typically originated by entities indirectly connected to the “victim”
 - Most often terminated over common, local or EAS trunks
 - Affect can vary greatly by company
 - Sometimes the result of human error

Overview

Motive and Opportunity



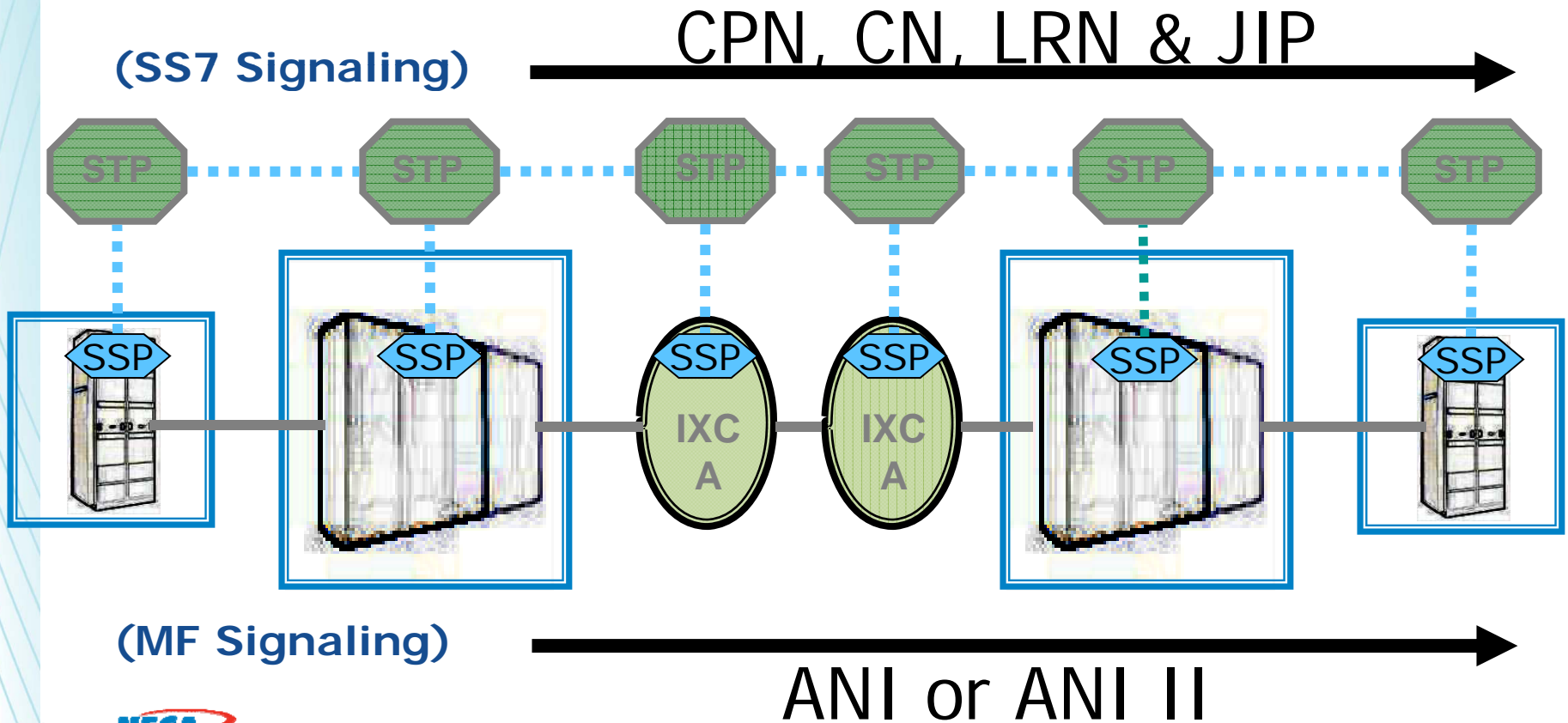
Overview

What is Phantom Traffic and Access Avoidance?

- Signaling and call detail
- Records exchange
- Call routing
- Interconnection agreement issues
- Regulatory uncertainty (e.g. VoIP)

Issue

Signaling/Call Detail

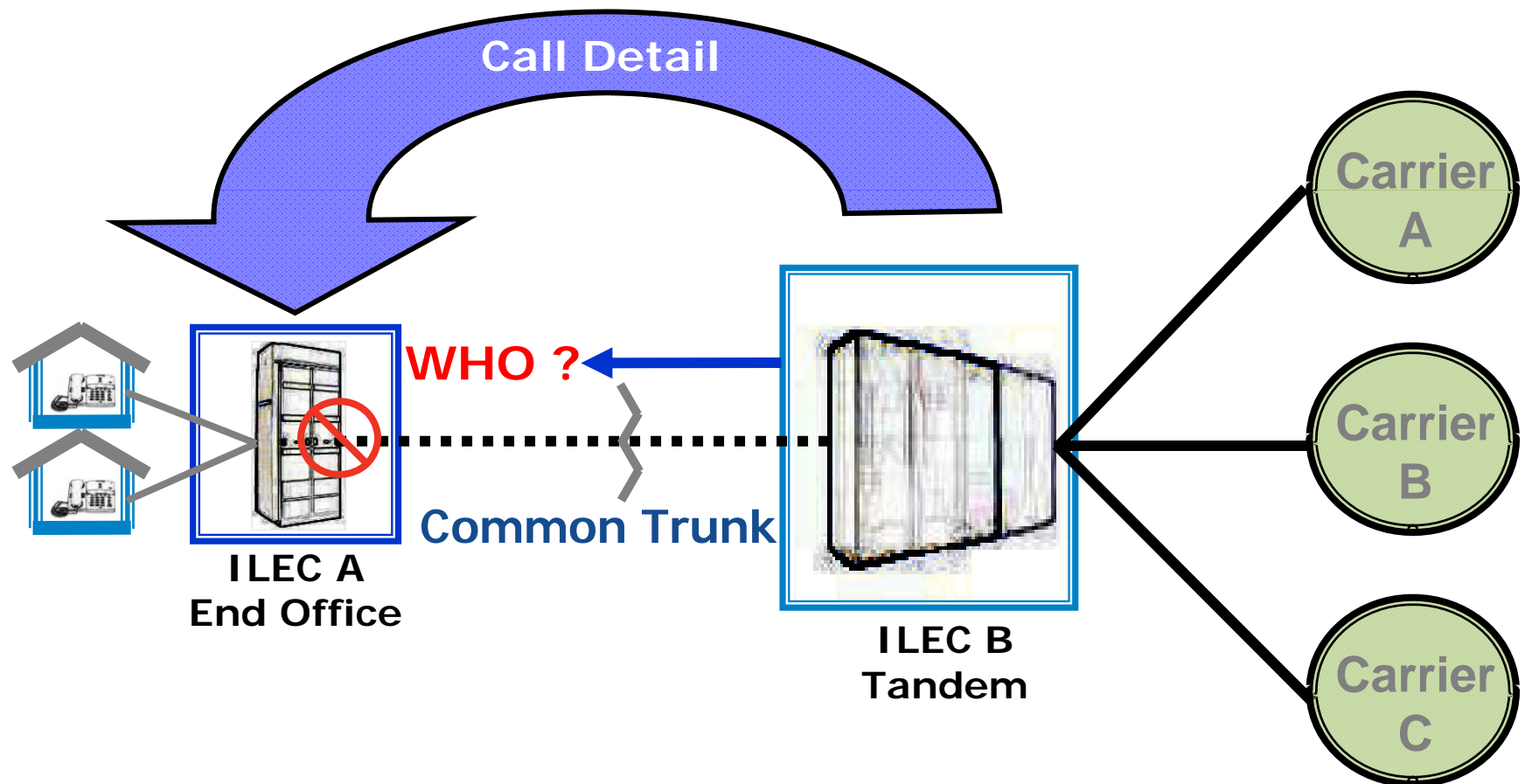


Issue

Signaling/Call Detail (cont'd)

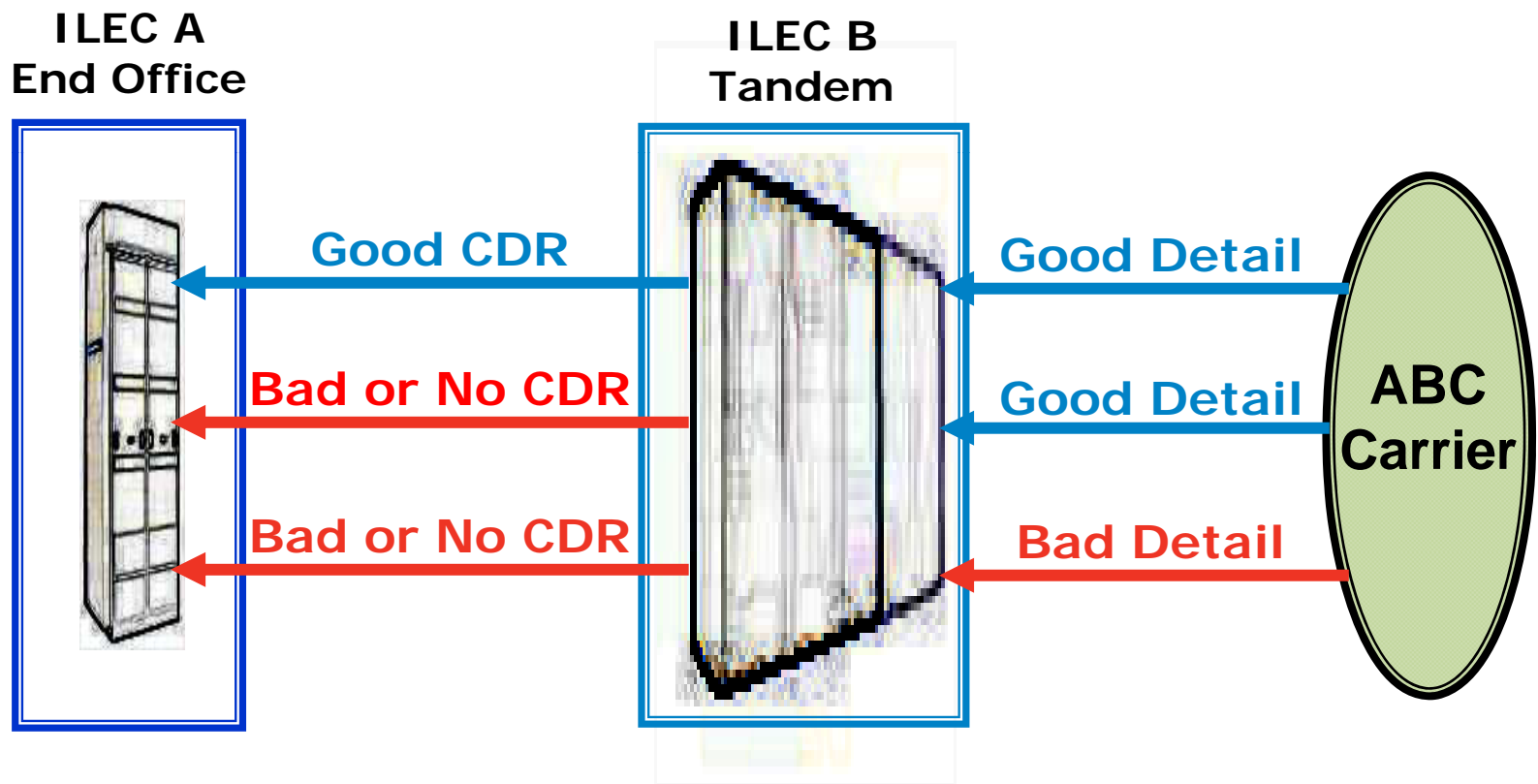
- CPN, CN or ANI intentionally or inadvertently stripped or manipulated by originating or intermediate carrier
- Inaccurate PIU or MTA factors
- Signaling rules are few and enforcement lax

Issue *Records Exchange*



Issue

Records Exchange (cont'd)



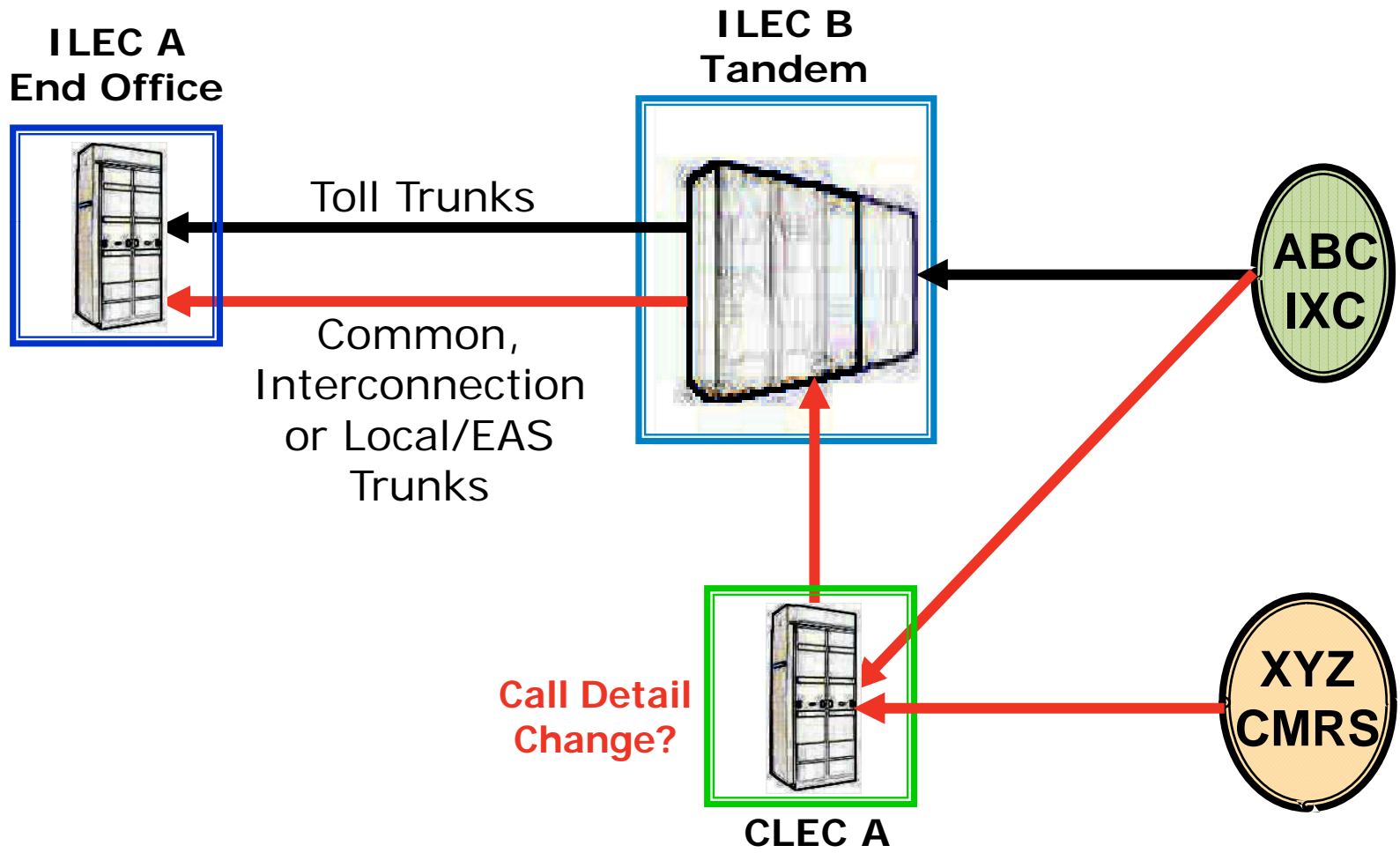
Issue

Call Routing

- Routing Issues - Routing traffic to pay less or no ICC
 - IXC's, wireless and VoIP providers are shopping for wholesale carriers providing the lowest termination prices
 - LERG ignored
 - Traffic often routed to appear as local or EAS
 - Often combined with call detail manipulation
 - Appears to be affecting call completion and quality

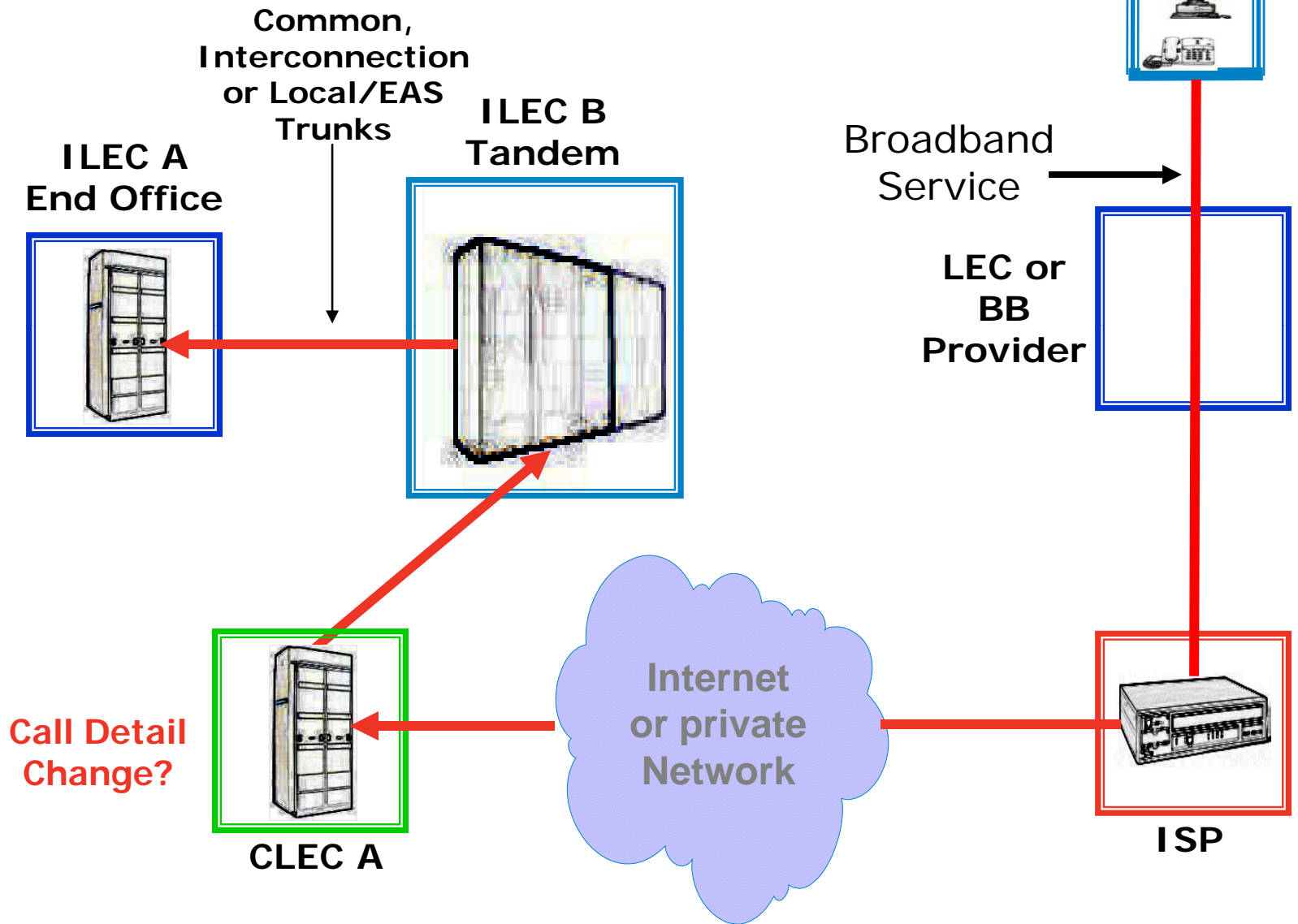
Issue

Call Routing (cont'd)



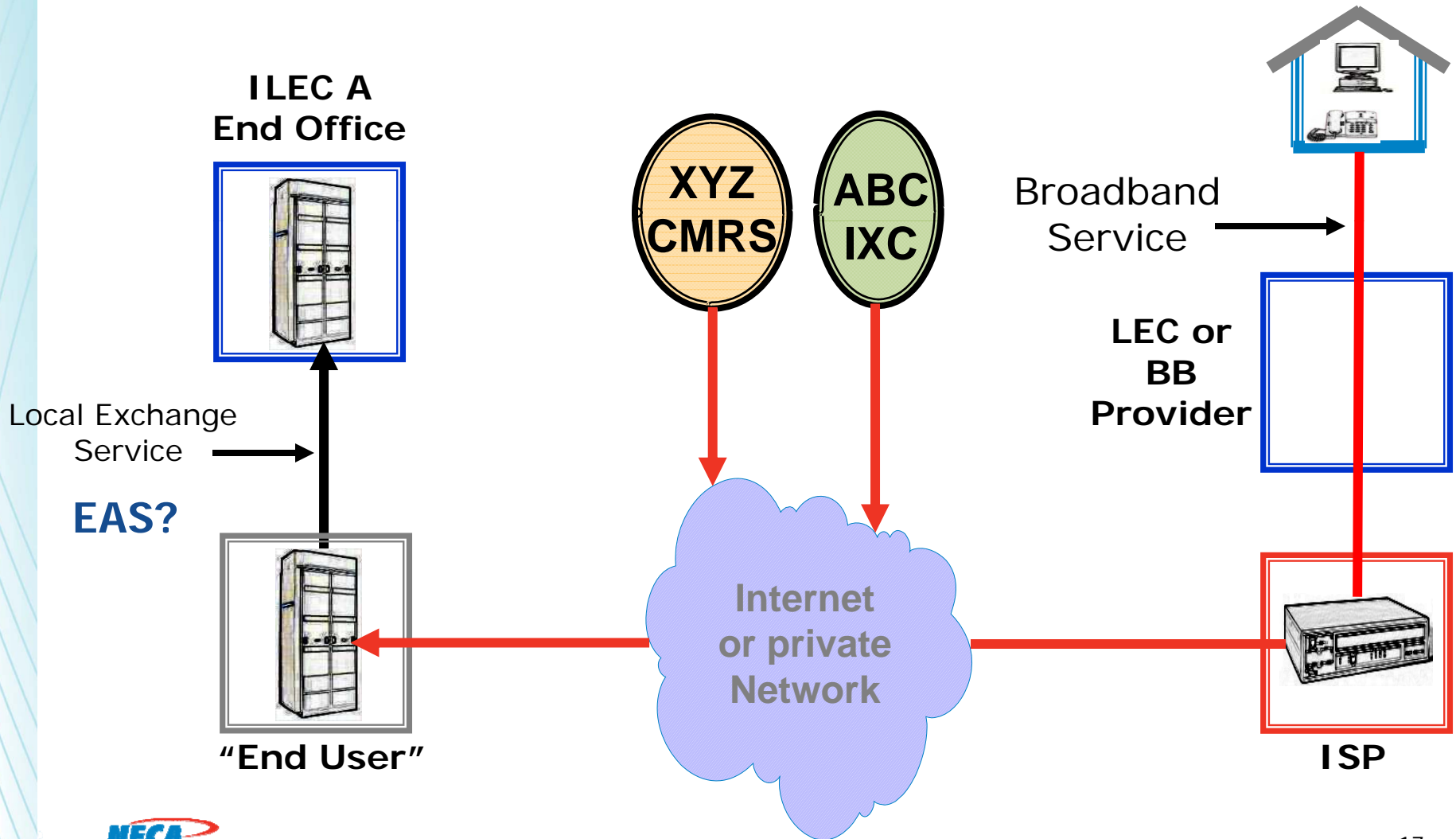
Issue

Call Routing (cont'd)



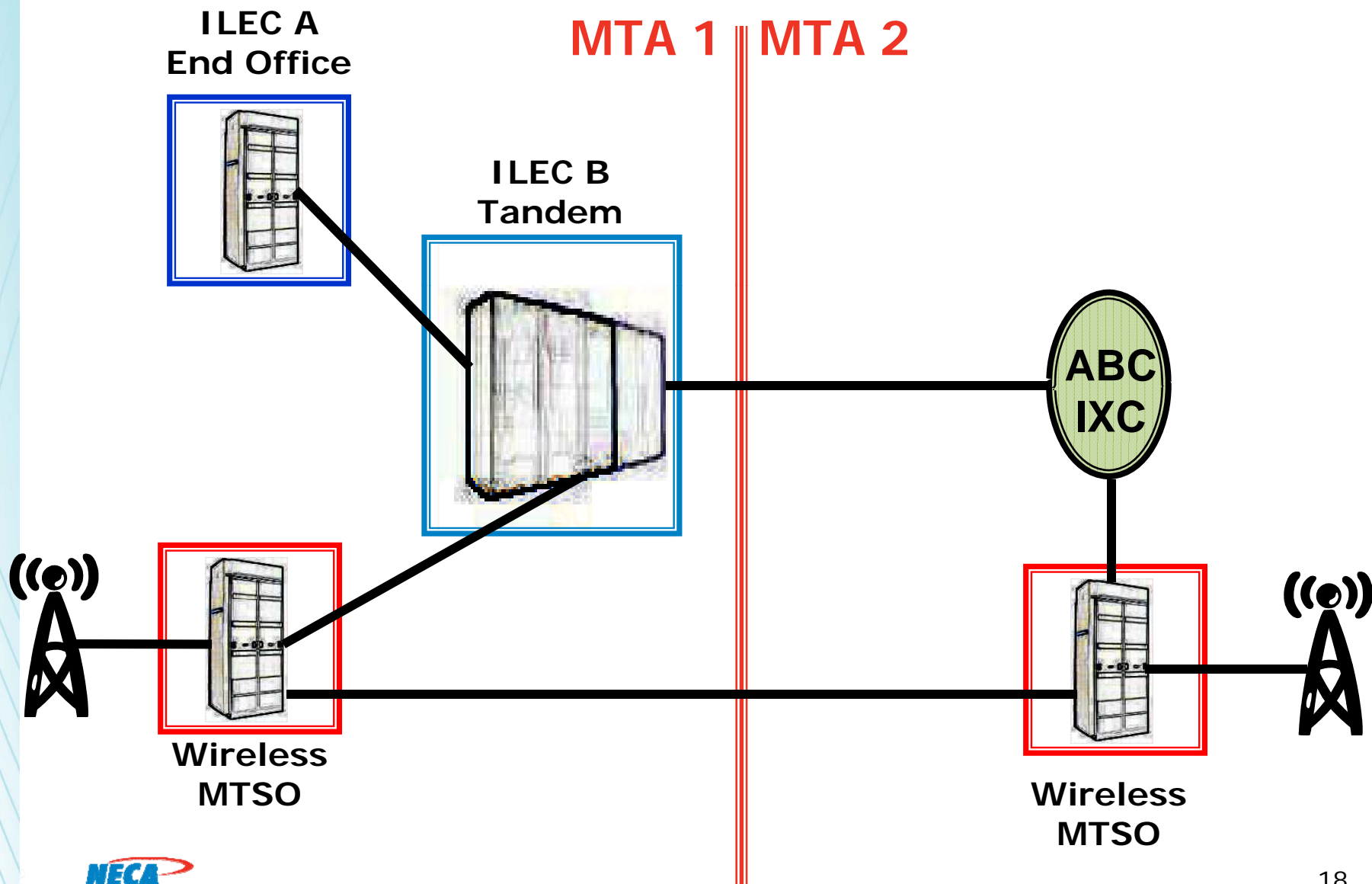
Issue

Call Routing (cont'd)



Issue

Wireless Interconnection



Issue

Wireless Interconnection (cont'd)

- Interconnection agreement issues
 - Agreements may be difficult, time consuming and/or expensive to obtain
 - Agreements often contain unfair or questionable or provisions
 - Rates
 - MTA Factors
 - 2007 NECA study: 30% of wireless traffic goes unbilled

Issue

Regulatory Uncertainty

- Carriers are claiming their voice traffic originates on an IP based connection and is therefore exempt from paying access charges
- NECA members are involved in numerous disputes
 - Claim ESP exemption from ICC
 - Claim net protocol conversion