

Before the
Federal Communications Commission
Washington, DC 20554

In the Matter of)
Verizon) File No.: EB-IHD-14-00014821
) Acct. No.: 201532080007
) FRN: 0004335592
)

ADOPTING ORDER

Adopted: January 26, 2015

Released: January 26, 2015

By the Chief, Enforcement Bureau:

1. The Enforcement Bureau (Bureau) of the Federal Communications Commission has entered into a Consent Decree to resolve its investigation into Verizon's failure to investigate evidence it collected over an eight-month period that reflected potential problems with its delivery of calls to rural areas of the country. Rural call completion problems have significant and immediate public interest ramifications. They cause rural businesses to lose customers, impede medical professionals from reaching patients in rural areas, cut families off from their relatives, and create the potential for dangerous delays in public safety communications. To settle this matter, Verizon admits that it failed to investigate the cause of low call answer rates in 26 rural areas, and will pay a \$2,000,000 fine. Prospectively, Verizon also will implement a compliance plan in which it will spend an additional \$3,000,000 on measures to advance and achieve Company and industry solutions to rural call completion problems.

2. After reviewing the terms of the Consent Decree and evaluating the facts before us, we find that the public interest would be served by adopting the Consent Decree and terminating the referenced investigation¹ regarding Verizon's compliance with Sections 201(b) and 202(a) of the Communications Act of 1934, as amended² with respect to its investigation of its call completion to rural areas.

3. In the absence of material new evidence relating to this matter, we conclude that our investigation raises no substantial or material questions of fact as to whether Verizon possesses the basic qualifications, including those related to character, to hold or obtain any Commission license or authorization.

4. Accordingly, IT IS ORDERED that, pursuant to Section 4(i) of the Act³ and the authority delegated by Sections 0.111 and 0.311 of the Rules,⁴ the attached Consent Decree IS ADOPTED and its terms incorporated by reference.

5. IT IS FURTHER ORDERED that the above-captioned matter IS TERMINATED.

1 This investigation was initiated under File No. EB-IHD-13-00011647 and subsequently assigned File No. EB-IHD-14-00014821.

2 47 U.S.C. §§ 201(b), 202(a); see also Developing an Unified Intercarrier Compensation Regime, Declaratory Ruling, 27 FCC Rcd 1351 (Wireline Comp. Bur. 2012).

3 47 U.S.C. § 154(i).

4 47 C.F.R §§ 0.111, 0.311.

6. **IT IS FURTHER ORDERED** that a copy of this Order and Consent Decree shall be sent by first class mail and certified mail, return receipt requested, to Tamara Preiss, Vice President, Federal Regulatory Affairs, Verizon, 1300 I Street, NW, Suite 400 West, Washington, DC 20005.

FEDERAL COMMUNICATIONS COMMISSION

Travis LeBlanc
Chief
Enforcement Bureau

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File No.: EB-IHD-14-000148211
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CONSENT DECREE

1. The Enforcement Bureau of the Federal Communications Commission and Verizon, by their authorized representatives, hereby enter into this Consent Decree to resolve and terminate the Enforcement Bureau’s investigation into whether Verizon violated Sections 201(b) and 202(a) of the Communications Act of 1934, as amended (Act),2 in connection with evidence collected over an eight-month period that reflected potentially substandard delivery of long distance calls to certain rural areas.

I. DEFINITIONS

2. For the purposes of this Consent Decree, the following definitions3 shall apply:

- (a) “Act” means the Communications Act of 1934, as amended.4
(b) “Adopting Order” means an order of the Commission or the Bureau adopting the terms of this Consent Decree without change, addition, deletion, or modification.
(c) “Answered Call” means a call that receives an answer message and a normal release cause code (e.g., a release cause code of 16 or 31 for calls signaled with SS7 or the corresponding normal release codes for calls signaled with session initiation protocol (SIP)).
(d) “Attempted Call” means a call that results in transmission by Verizon toward an incumbent rural local exchange carrier of the initial call setup message, regardless of the voice call signaling and transmission technology used.
(e) “Aggregate Rural Answer Rate” means the Call Answer Rate for calls to all Rural OCNs.
(f) “Bureau” means the Enforcement Bureau of the Federal Communications Commission.
(g) “Call Answer Rate” means a rate calculated by dividing (1) total Answered Calls by

1 This investigation was initiated under File No. EB-IHD-13-00011647 and subsequently assigned File No. EB-IHD-14-00014821.

2 See 47 U.S.C. §§ 201(b), 202(a); see also Developing an Unified Intercarrier Compensation Regime, Declaratory Ruling, 27 FCC Rcd 1351 (Wireline Comp. Bur. 2012) (Rural Call Completion Declaratory Ruling).

3 The definitions herein are only for purposes of this Consent Decree and do not affect any definitions in any other Commission order or proceeding, including other matters dealing with rural call completion. As an example, the definition of “answered call” in this Consent Decree has no effect on and does not alter the definition of “answered call” in the Rural Call Completion Order.

4 47 U.S.C. § 151 et seq.

- (2) total Attempted Calls minus Attempted Calls to unassigned numbers as indicated by the release cause code (e.g., a release cause code of 1 for calls signaled with SS7 or the corresponding release cause code for calls signaled with session initiation protocol).
- (h) “Commission” and “FCC” mean the Federal Communications Commission and all of its bureaus and offices.
- (i) “Communications Laws” means collectively, the Act, the Rules, and the published and promulgated orders and decisions of the Commission to which Verizon is subject by virtue of its business activities.
- (j) “Compliance Plan” means the compliance obligations, program, and procedures described in this Consent Decree at paragraph 18.
- (k) “Covered Employees” means all employees and agents of Verizon Business who perform, or supervise, oversee, or manage the performance of, duties directly related to Verizon’s responsibilities under the Rural Call Completion Rules, including Sections 201(b) and 202(a) of the Act, as interpreted in the *Rural Call Completion Declaratory Ruling*.
- (l) “Effective Date” means the date by which both the Bureau and Verizon have signed the Consent Decree.
- (m) “Intermediate Provider” has the meaning provided in Section 64.1600(f) of the Rules,⁵ but excludes a tandem provider to which the terminating carrier subtends or a carrier to which the terminating carrier requires an indirectly interconnecting carrier to deliver traffic.
- (n) “Investigation” means the investigation commenced by the Bureau under File No. EB-IHD-13-00011647 regarding whether Verizon violated Sections 201(b) and 202(a) of the Act.
- (o) “LOI” means the Letter of Inquiry issued by the Bureau to Verizon on February 3, 2014.
- (p) “Negative Spike” means a sharp, material decrease from prior measurements over a short interval.
- (q) “OCN” means an Operating Company Number that is an alphanumeric code that uniquely identifies providers of local telecommunications service.⁶
- (r) “Operating Procedures” means the standard internal operating procedures and compliance policies established by Verizon to implement the Compliance Plan.
- (s) “Parties” means Verizon and the Bureau, each of which is a “Party.”
- (t) “Rules” means the Commission’s regulations found in Title 47 of the Code of Federal Regulations.
- (u) “*Rural Call Completion Declaratory Ruling*” means the declaratory ruling captioned as *Developing an Unified Intercarrier Compensation Regime*, Declaratory Ruling, 27 FCC Rcd 1351 (Wireline Comp. Bur. 2012). “*Rural Call Completion Order*” means the order captioned as *Rural Call Completion*, Report and Order and Further Notice of Proposed Rulemaking, 28 FCC Rcd 16154 (2013), *modified in part on*

⁵ 47 C.F.R. § 64.1600(f).

⁶ See Alliance for Telecommunications Industry Solutions, *ATIS Telecom Glossary*, available at <http://www.atis.org/glossary/definition.aspx?id=8448> (last accessed Dec. 22, 2014).

recon., Order on Reconsideration, FCC 14-175, 2014 WL 6070709 (rel. Nov. 13, 2014).

- (v) “Rural Call Completion Rules” means Sections 201(b) and 202(a) of the Act, as interpreted in the *Rural Call Completion Declaratory Ruling*, and the rules adopted in the *Rural Call Completion Order*, 47 C.F.R. Sections 64.2101, 64.2103, 64.2105, 64.2107, 64.2109 and 64.2201, and other provisions of the Act, the Rules, and Commission orders related to Rural Call Completion.
- (w) “Rural OCN” means an OCN that is designated as rural on the annually updated list published by the National Exchange Carrier Association (NECA), as described in the *Rural Call Completion Order*, 28 FCC Rcd at 16187, para. 73.
- (x) “Verizon” or “Company” means MCI Communications Services, Inc. d/b/a Verizon Business Services (“Verizon Business”).
- (y) “Verizon and its regulated affiliates” means the regulated wholly owned subsidiaries of Verizon Communications Inc., including but not limited to Verizon Business, Cellco Partnership d/b/a Verizon Wireless (“Verizon Wireless”), and all affiliated incumbent local exchange carriers (“Verizon ILECs”).
- (z) “Verizon RLEC Hotline” means (800) 285-3776 (or an alternative similarly designated number), the toll free number established by Verizon for use by carriers to report rural calling issues.

II. BACKGROUND

3. Section 201(b) of the Act provides that “[a]ll charges, practices, classifications, and regulations for and in connection with [interstate and foreign] communication service, shall be just and reasonable, and any such charge, practice, classification, or regulation that is unjust or unreasonable is declared to be unlawful.”⁷ Section 202(a) states that “[i]t shall be unlawful for any common carrier to make any unjust or unreasonable discrimination in charges, practices, classifications, regulations, facilities, or services for or in connection with like communication service, directly or indirectly, by any means or device, . . . or to subject any particular person, class of persons, or locality to any undue or unreasonable prejudice or disadvantage.”⁸

4. The Commission has emphasized that “it is vital that our Nation maintains a communications network that offers reliable and resilient service.”⁹ The Commission has also recognized that “permitting blocking or the refusal to deliver voice telephone traffic, whether as a means of ‘self-help’ to address perceived unreasonable intercarrier compensation charges or otherwise, risks ‘degradation of the country’s telecommunications network.’”¹⁰ To prevent that result, the Commission

⁷ 47 U.S.C. § 201(b).

⁸ *Id.* § 202(a).

⁹ *Reliability and Continuity of Communications Networks, Including Broadband Technologies*, Notice of Inquiry, 26 FCC Rcd 5614, 5616, para. 5 (2011); *see also Establishing Just and Reasonable Rates for Local Exchange Carriers*, Declaratory Ruling and Order, 22 FCC Rcd 11629, para. 1 (Wireline Comp. Bur. 2007) (explaining that “the ubiquity and reliability of the nation’s telecommunications network is of paramount importance to the explicit goals of the Communications Act”) (*Call Blocking Declaratory Ruling*).

¹⁰ *Connect America Fund*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 18029, para. 973 (2011), *aff’d sub nom. In re: FCC 11-161*, 753 F.3d 1015 (10th Cir. 2014) (quoting *Access Charge Reform*, Seventh Report and Order and Further Notice of Proposed Rulemaking, 16 FCC Rcd 9923, 9933, para. 24 (2001)) (footnotes omitted).

has consistently held that telecommunications carriers, including interexchange carriers, generally may not “block, choke, reduce or restrict traffic in any way.”¹¹

5. In June 2011, a coalition of trade associations representing rural rate-of-return incumbent local exchange carriers (LECs) sent a letter to the Bureau concerning “a nationwide and industry-wide epidemic” of calls to rural LEC service areas failing to complete or having poor call quality.¹² In September 2011, the Commission announced that it had created a Rural Call Completion Task Force “to investigate and address the growing problem of calls to rural customers that are being delayed or that fail to connect.”¹³

6. On February 6, 2012, the Commission’s Wireline Competition Bureau (WCB) issued the *Rural Call Completion Declaratory Ruling*, which “clarif[ied] that a carrier that knows or should know that calls are not being completed to certain areas, and that engages in acts (or omissions) that allow or effectively allow these conditions to persist, may be liable for a violation of section 201 of the Act.”¹⁴ It found that “it is an unjust and unreasonable practice in violation of section 201 of the Act for a carrier that knows or should know that it is providing degraded service to certain areas to fail to correct the problem or to fail to ensure that intermediate providers, least-cost routers, or other entities acting for or employed by the carrier are performing adequately.”¹⁵ WCB further clarified that “adopting or perpetuating routing practices that result in lower quality service to rural or high-cost localities than like service to urban or lower cost localities (including other lower cost rural areas) may, in the absence of a persuasive explanation, constitute unjust or unreasonable discrimination in practices, facilities, or services and violate section 202 of the Act.”¹⁶

7. On November 8, 2013, the Commission released the *Rural Call Completion Order*, which adopted rules requiring covered providers to record, retain, and report to the Commission call answer rates for long-distance calls.¹⁷ The Commission found that “rural call completion problems are serious and widespread,”¹⁸ and that “[t]hese failures have significant and immediate public interest ramifications, causing rural businesses to lose customers, cutting families off from their relatives in rural areas, and creating potential for dangerous delays in public safety communications in rural areas.”¹⁹ The new rules require “covered providers”²⁰ to record and retain detailed information about long-distance calls

¹¹ *Id.* at 17903, para. 734 (quoting *Call Blocking Declaratory Ruling*, 22 FCC Rcd at 11631, para. 6). The Commission has permitted call blocking “only under rare and limited circumstances.” See *Call Blocking Declaratory Ruling*, 22 FCC Rcd at 11631, para. 6 n.20.

¹² Letter from Michael Romano, National Telecommunications Cooperative Association, *et al.*, to Theresa Z. Cavanaugh, Acting Chief, Investigations & Hearings Division, FCC Enforcement Bureau, and Margaret Dailey, Attorney Advisor, Investigations & Hearings Division, FCC Enforcement Bureau at 3 (June 13, 2011).

¹³ *FCC Launches Rural Call Completion Task Force to Address Call Routing and Termination Problems in Rural America*, News Release, 2011 WL 4454097 (Sept. 26, 2011), available at <http://www.fcc.gov/document/fcc-launches-rural-call-completion-task-force-sets-oct-18-workshop>. The Task Force conducted a workshop on rural call completion issues on October 18, 2011. See <http://www.fcc.gov/events/rural-call-completion-workshop>.

¹⁴ *Rural Call Completion Declaratory Ruling*, 27 FCC Rcd at 1355, para. 11.

¹⁵ *Id.* at 1355–56, para. 12 (footnote omitted).

¹⁶ *Id.* at 1357–58, para. 14.

¹⁷ See *Rural Call Completion Order*, 28 FCC Rcd at 16211–14, Appendix A.

¹⁸ *Id.* at 16161, para. 14.

¹⁹ *Id.* at 16155, para. 1.

²⁰ “Covered provider” means “a provider of long-distance voice service that makes the initial long-distance call path choice for more than 100,000 domestic retail subscriber lines.” See *id.* at 16165, 16211, para. 20, Appendix A § 64.2101(c).

to customers of incumbent rural LECs,²¹ identified by OCN. The rules also require covered providers to report to the Commission, on a quarterly basis, answer rates and call completion rates for long-distance calls delivered to each rural OCN and answer rates and call completion rates for long-distance calls delivered to non-rural OCNs in the aggregate.²² The information collections required by the *Rural Call Completion Order* will go into effect after the Office of Management and Budget approves the information collections and the Commission publishes a notice in the Federal Register announcing their effective date(s).²³

8. In its 2014 *Rural Call Completion Reconsideration Order*, the Commission stated that a failure “to investigate evidence of a rural call delivery problem or to correct a problem of degraded service about which [a carrier] knows or should know . . . may lead to enforcement action.”²⁴

9. Verizon and its affiliates are among the world’s leading providers of communications. Verizon and its wireline affiliates provide retail and wholesale local and long distance voice services to customers and carriers, including to their wireless affiliate, Verizon Wireless, as well as to businesses and government customers.

10. In April 2013, Verizon began to collect weekly samples of its call answer rates to individual rural incumbent LECs, identified by OCN.²⁵ These samples captured, for Wednesday of each week, all retail and wholesale traffic handled by Verizon’s TDM (Time Division Multiplex)

long distance networks [that was] destined to wireline local exchange carriers in rural areas. The data indicate the number of calls attempted to each rural destination and whether or not the call was answered, based on whether an SS7 Answer Message was generated for the call.²⁶

Verizon collected this information for each Wednesday between April 24 and December 25, 2013 and periodically provided its weekly reports to the Enforcement Bureau.²⁷

²¹ The Commission concluded that “the only call attempts that need to be retained are those to incumbent LECs that are rural telephone companies” because “rural call completion problems are largely confined to such carriers.” *Id.* at 16177–78, para. 49; *see also* 47 U.S.C. § 153(44).

²² *Rural Call Completion Order*, 28 FCC Rcd at 16184, para. 65.

²³ *Id.* at 16207, para. 131.

²⁴ *Rural Call Completion Reconsideration Order*, 2014 WL 6070709, at *11, para. 38 (citing *2012 Declaratory Ruling*, 27 FCC Rcd at 1355-56, 1358-59, paras. 12, 16).

²⁵ The rural OCNs identified in Verizon’s reports were originally based on a list created by Verizon using a methodology devised by the Commission. Subsequently, NECA published a list of rural OCNs, *see Wireline Competition Bureau Announces Deadline for Comments on Rural Call Completion Notice of Proposed Rulemaking, Invites Comment on List of Rural Operating Carrier Numbers*, Public Notice, 28 FCC Rcd 5190 (Wireline Comp. Bur. 2013), and, as of July 1, 2014, Verizon began using the NECA OCN list for its weekly reports. *See* Letter from Tamara Preiss, Vice President, Federal Regulatory Affairs, Verizon, to Christopher Killion, Associate Chief, FCC Enforcement Bureau at 1 (Aug. 19, 2013) (on file in EB-IHD-14-00014821) (Verizon Aug. 19 Letter). The 26 rural OCNs addressed here appear on both lists.

²⁶ *See* Verizon Aug. 19 Letter; *see also* E-mail from Tamara Preiss, Verizon, to Margaret Dailey, Investigations & Hearings Division, FCC Enforcement Bureau (June 6, 2013) (on file in EB-IHD-14-00014821).

²⁷ *See* E-mail from Tamara Preiss, Verizon, to Christopher Killion, FCC Enforcement Bureau (Jan. 17, 2014) (on file in EB-IHD-14-00014821) (enclosing reports for October – December 2013); Letter from Tamara Preiss, Verizon, to Christopher Killion, FCC Enforcement Bureau (Nov. 8, 2013) (on file in EB-IHD-14-00014821) (enclosing reports for April 24, May 1, 8, 15, and 22, and September 2013); Letter from Tamara Preiss, Verizon, to Christopher Killion, FCC Enforcement Bureau (Sept. 30, 2013) (on file in EB-IHD-14-00014821) (enclosing reports for August 2013); Verizon August 19 Letter (enclosing reports for July 2013); Letter from Tamara Preiss, Verizon,

(continued....)

11. After reviewing all of Verizon's reports for 2013, the Bureau issued a letter of inquiry (LOI) to Verizon seeking information about what efforts Verizon had made to investigate the causes of its persistently low call answer rates in 39 specific rural OCNs.²⁸ In its April 4, 2014 response to the LOI, Verizon acknowledged that, although it had previously initiated investigations or taken remedial action for 13 of the 39 OCNs, it had not done so for the remaining 26 OCNs prior to being served with the LOI.²⁹ Verizon did undertake an investigation of the remaining 26 OCNs after receiving the LOI and provided the results to the Bureau showing that, in Verizon's estimation, the low call answer rates were not attributable to Verizon's network or call completion practices.

III. TERMS OF AGREEMENT

12. **Adopting Order.** The provisions of this Consent Decree shall be incorporated by the Commission or the Bureau in an Adopting Order without change, addition, deletion, or modification.

13. **Jurisdiction.** Verizon agrees that the Commission, acting through the Bureau, has jurisdiction over it and the matters contained in this Consent Decree and has the authority to enter into and adopt this Consent Decree.

14. **Effective Date; Violations.** The Parties agree that this Consent Decree shall become effective on the Effective Date as defined herein. As of the Effective Date, the Parties agree that this Consent Decree shall have the same force and effect as any other order of the Commission.

15. **Termination of Investigation.** In express reliance on the covenants and representations in this Consent Decree and to avoid further expenditure of public resources, the Bureau agrees to terminate the Investigation of Verizon and its regulated affiliates. In consideration for the termination of the Investigation, Verizon agrees to the terms, conditions, and procedures contained herein. The Bureau further agrees that, in the absence of new material evidence, it will not use the facts developed in the Investigation through the Effective Date, or the existence of this Consent Decree, to institute any new proceeding, formal or informal, or take any action against Verizon and its regulated affiliates concerning the matters that were the subject of the Investigation. The Bureau also agrees that, in the absence of new material evidence, it will not use the facts developed in the Investigation through the Effective Date, or the existence of this Consent Decree, to institute any proceeding, formal or informal, or take any action against Verizon and its regulated affiliates with respect to their basic qualifications, including character qualifications, to be a Commission licensee or hold Commission licenses or authorizations.

16. **Admissions.** Verizon admits for the purpose of this Consent Decree and in express reliance on the provisions of paragraph 15 herein, that its call answer rates for the 39 OCNs were substantially below its call answer rates to other rural areas, and that it investigated the cause of the low call answer rates or took remedial action prior to receipt of the LOI for 13 of these OCNs but did not do so for the remaining 26 OCNs. Verizon did undertake an investigation of the remaining 26 OCNs after receiving the LOI and provided the results to the Bureau showing that, in Verizon's estimation, the low call answer rates were not attributable to Verizon's network or call completion practices.

17. **Compliance Officer.** Within thirty (30) calendar days after the Effective Date, Verizon shall designate a vice president who will have oversight over rural call completion matters for Verizon and its regulated affiliates to serve as a Compliance Officer and to discharge the duties set forth below.

(Continued from previous page) _____
to Margaret Dailey, Enforcement Bureau (July 19, 2013) (on file in EB-IHD-14-00014821) (enclosing reports for June 2013). Verizon did not provide the FCC with its records for May 29, 2013.

²⁸ Letter from Theresa Cavanaugh, Chief, Investigations & Hearings Division, FCC Enforcement Bureau, to Christopher M. Miller, Assistant General Counsel, Verizon Communications Inc. (Feb. 3, 2014) (on file in EB-IHD-14-00014821) (LOI).

²⁹ See generally Letter from Mark Montano, Assistant General Counsel, Verizon, to Marlene Dortch, Secretary, FCC (April 4, 2014) (on file in EB-IHD-14-00014821).

The Compliance Officer shall be the Company's Rural Call Completion Ombudsperson and shall be responsible for developing, implementing, and administering the Compliance Plan, and for ensuring that Verizon complies with the terms and conditions of the Compliance Plan and this Consent Decree, including the investigation and resolution of rural call completion issues. In addition to the general knowledge of the Communications Laws necessary to discharge his or her duties under this Consent Decree, the Compliance Officer shall have specific knowledge of Sections 201(b) and 202(a) of the Act, as interpreted in the *Rural Call Completion Declaratory Ruling*, and the *Rural Call Completion Rules*, prior to assuming his/her duties.

18. **Compliance Plan.** For purposes of settling the matters set forth herein, Verizon agrees that it shall, within ninety (90) calendar days after the Effective Date, develop and implement a Compliance Plan designed to ensure future compliance with the Rural Call Completion Rules and with the terms and conditions of this Consent Decree. Except as otherwise provided below, the Compliance Plan and these subparts shall be adopted by and apply only to Verizon as defined in paragraph I(2)(x).

(a) With respect to the Rural Call Completion Rules, Verizon will implement, at a minimum, the following procedures:

- **[1] Operating Procedures.** Within ninety (90) calendar days after the Effective Date, Verizon shall establish Operating Procedures that all Covered Employees must follow to help ensure Verizon's compliance with the Rural Call Completion Rules and this Consent Decree. Verizon's Operating Procedures shall include internal procedures and policies specifically designed to ensure that Verizon will timely investigate evidence of potential rural call completion problems about which it knows or should know, as further described below, and, if its investigation reveals a rural call completion problem, that Verizon will take appropriate steps to attempt to resolve the problem. Verizon shall also develop a Compliance Checklist that describes the steps that a Covered Employee must follow to ensure compliance with the Rural Call Completion Rules.
- **[2] Investigations.** Within ninety (90) calendar days after the Effective Date, Verizon shall commence monthly investigations of potential rural call completion problems using the metrics-driven approaches described below based on data from Verizon's three long distance networks (which formed the basis of Verizon's previous data reporting to the Bureau). Verizon will investigate its call delivery to 20 Rural OCNs per month unless certain conditions are met, as described below.

A. **Monthly Investigations:** Verizon shall investigate its call delivery to up to 20 Rural OCNs for which its Call Answer Rate fell below 80% of its Aggregate Rural Answer Rate in the prior month. If Verizon's Call Answer Rate falls below 80% of the Aggregate Rural Answer Rate in 20 or more Rural OCNs for any month, Verizon will investigate up to 20 Rural OCNs, which will include the OCNs with the lowest Call Answer Rates during the prior month but exclude OCNs it investigated within the prior two months.

B. **Negative Spike Investigations:** Within 30 days of the Effective Date, Verizon shall establish a metric, subject to approval by the Bureau, to identify Negative Spikes in Call Answer Rates to individual Rural OCNs in order to capture sudden decreases and short material disruptions in the Call Answer Rate to a Rural OCN, which the monthly investigation process might not otherwise flag for prompt investigation. Verizon shall investigate up to ten (10) "Negative Spike OCNs" per month. Each Negative Spike OCN investigation shall reduce (from 20) the number of monthly investigations that Verizon is required to conduct each month. Verizon shall implement the Negative Spike OCN investigation process

as soon as possible following implementation of the monthly investigation process but no later than 120 days from the Bureau's approval of the metric.

C. Complaint Investigation Process: Verizon shall continue its current practice of investigating rural call completion complaints that it receives from the FCC, its RLEC Hotline, customers, rural consumers, or other sources. These investigations shall not count toward the 20 monthly or Negative Spike investigations described in paragraphs A and B above.

D. Investigation Checklist: Verizon's investigations, which shall be similar to its investigations of the Rural OCNs conducted in response to the LOI, shall include one or more of the following, depending on the scope and nature of information observed and identified during the course of the investigation:

- Contact with the rural LEC, tandem provider, and/or Intermediate Provider;
- Performance of milliwatt testing;
- Placement of manual test calls, including to previously unanswered numbers, utilizing SS7 call trace equipment to monitor the exchange of signaling information in real time and to confirm signaling messages were coming from the rural LEC or a tandem provider and not an Intermediate Provider;
- Review of routing arrangements, trunk capacity, and network translations;
- Consultation with Verizon's fraud group to analyze traffic patterns that may reflect potential call reorigination or other fraudulent behavior;
- Review by Verizon network engineering personnel of call detail records, release cause codes, or other traffic data for the OCN, or switch and trunk data for the Verizon network; and
- Inquiry into whether other factors (*e.g.*, prevalence of lines with answering technology such as voicemail, or autodialer traffic, or relative proportion of unassigned numbers) are relevant.

E. To the extent Verizon does not already have contact information, Verizon shall consult the Local Exchange Routing Guide (LERG) for rural LEC contact information. In the absence of LERG contact information, Verizon will seek contact information using the rural LEC's web site, the FCC's Form 499 database, the NECA Tariff FCC No. 5, or other available resources.

F. If an investigation reveals a possible problem with the rural LEC's network or call signaling practices, Verizon will promptly notify the rural LEC and request troubleshooting and correction.

G. Verizon will remove from routing any Intermediate Provider that it uses that it has reason to believe is causing call completion problems, or will work cooperatively with each such Intermediate Provider to analyze and resolve such problems as soon as practicable.

- **[3] Investigative Logs; Quarterly Reports; Meetings.** Verizon shall keep logs of its investigative and notification efforts and provide quarterly summaries to the

Bureau. The summaries shall specify, by individual investigated Rural OCN, the Investigative Checklist methods employed by Verizon and explain why the chosen investigative methods were appropriate for the individual Rural OCN. At the Bureau's request, Verizon will meet to discuss its investigations, identify lessons learned, and address whether to employ different or additional investigative methods going forward.

- **[4] Adjustment of Investigation Metrics.** After six months of investigations are complete, Verizon or the Bureau may periodically propose changes to the metrics or triggers used to identify Rural OCNs for investigation, and will consider whether the maximum number of Negative Spike investigations should be altered. Subject to approval of the other Party, which will not be unreasonably withheld after consultation between the Parties, adjustments to the metrics, triggers, or maximum number of Negative Spike Investigations may be implemented.
- **[5] Steps to Limit Verizon's Use of Intermediate Providers.** Within six months of the Effective Date, for traffic from any of Verizon's long distance networks that is destined for Rural OCNs, Verizon shall limit its use of Intermediate Providers in the following manner: Verizon will route such traffic through Intermediate Providers only if the initial Intermediate Provider to which Verizon has delivered the traffic has committed to terminate traffic to the rural LEC (or the tandem switch that the rural LEC's switch subtends) through direct connections ("onnet") or through no more than one additional Intermediate Provider. For purposes of this provision, any Intermediate Provider's use of overflow arrangements (by which an Intermediate Provider's traffic is routed to another provider's network in the event of network outages or congestion) shall not be deemed to violate the requirements set forth in this paragraph. Verizon will seek agreement from each of its Intermediate Providers to provide a quarterly estimate of the percentage of that provider's traffic that is routed through overflow arrangements, provided however that it is not a violation of this Consent Decree if Verizon does not obtain such agreement. Inadvertent routing of a non-material amount of traffic to Intermediate Providers other than as set forth above shall not constitute a violation of this section provided that Verizon corrects any such situation promptly upon learning of it. Verizon shall retain the option to adopt the FCC's safe harbor with respect to use of Intermediate Providers as an alternative way to satisfy this provision.³⁰
- **[6] Intake Identification and Special Handling of Rural Call Completion Problems.** Within six months of the Effective Date, Verizon shall implement changes to its internal systems for customer complaint intake and handling that will result in the automatic flagging of issues related to rural call completion. Specifically, Verizon's IT systems will compare the NPA-NXX of the "dialed-to" number contained in the complaint to the LERG database and will flag rural LEC issues for special handling pursuant to the Operating Procedures. This provision shall apply to both Verizon and the Verizon ILECs.
- **[7] Compliance Manual.** Within ninety (90) calendar days after the Effective Date, the Compliance Officer shall develop and distribute a Compliance Manual to all Covered Employees. The Compliance Manual shall explain the Rural Call Completion Rules and set forth the Operating Procedures that Covered Employees shall follow to help ensure Verizon's compliance with the Rural Call Completion Rules and this Consent Decree. Verizon shall periodically review and revise the Compliance Manual as necessary to ensure that the information set forth therein

³⁰ See *Rural Call Completion Order*, 28 FCC Rcd at 16191-94, 16213, paras. 86-94, Appendix A §64.2107.

remains current and accurate. Verizon shall distribute any revisions to the Compliance Manual promptly to all Covered Employees.

- **[8] Compliance Training Program.** Verizon shall establish and implement a Compliance Training Program on compliance with the Rural Call Completion Rules and the Operating Procedures. As part of the Compliance Training Program, Covered Employees shall be advised of Verizon's obligation to report any material noncompliance with the Rural Call Completion Rules under paragraph 19 of this Consent Decree and shall be instructed on how to disclose noncompliance to the Compliance Officer. All Covered Employees shall be trained pursuant to the Compliance Training Program within ninety (90) calendar days after the Effective Date, except that any person who becomes a Covered Employee at any time after the initial Compliance Training Program shall be trained within sixty (60) calendar days after the date such person becomes a Covered Employee. Verizon shall repeat compliance training on an annual basis, and shall periodically review and revise the Compliance Training Program as necessary to ensure that it remains current and complete and to enhance its effectiveness.

(b) **Industry Engagement.** Verizon commits to undertake the following efforts to advance an industry solution to rural call completion problems:

- **[1] Workshops.** Verizon shall organize, fund and host two workshops. Workshop 1 will be held in in the Washington, DC metro area within six months of the Effective Date to discuss methods to further identify and isolate the causes of, and to develop strategies to avoid, detect, and resolve rural call completion problems. Workshop 2 will be held in the Washington, DC metro area approximately two years after Workshop 1 and will address the current state of rural call completion, notable successes, and continued challenges since the first Workshop.
 - Verizon shall coordinate the organization, publicizing, and planning for the Workshops with rural representatives, including NTCA and NECA. In addition, Verizon will invite representatives of the relevant industry segments, including long distance and wireless providers, rural LECs, intermediate providers, relevant trade associations, such as USTelecom, CTIA, and COMPTTEL, and relevant government agencies, including the FCC to both Workshops. Each Workshop will include participants with technical expertise relevant to rural call completion issues.
 - Verizon shall bear all costs of the venue and publicizing of Workshops 1 and 2.
- **[2] Research.** Verizon shall commission a grant in the amount of \$30,000-\$50,000 for an academic study on methods to detect and resolve rural call completion problems in real time.
 - Verizon shall publicize the grant within three months of the Effective Date and will select the winning proposal, following consultation with the Bureau, within 45 days after Workshop 1.
 - Verizon agrees to work with the grantee and the Bureau to provide reasonable access, consistent with all legal obligations, to traffic data, if necessary, for the academic study.
 - The academic study shall be required to be completed within 18 months of the selection and the grantee shall be required to present his or her findings to Verizon and the Bureau, as well as at Workshop 2.

- **[3] Communication.** Verizon will work with NECA, NTCA, and other rural representatives to publicize to the rural LEC community the Verizon RLEC Hotline, the availability of milliwatt testing, and the importance of maintaining updated contact information in the LERG.
 - In addition, Verizon shall maintain a list of contact information (*e.g.*, phone numbers, e-mail addresses) for each rural LEC that it contacts during its investigations and will share with the FCC the contact information for rural LECs and other providers that it obtains through its investigations.
- **[4] Public Report.** Verizon shall prepare a Public Report summarizing its investigations, lessons learned, and other information regarding avoidance, investigation, and resolution of rural call completion problems, including information presented in Workshop 2. Verizon will share a draft of the report with the Bureau and work with the Bureau to prepare a final public version to be filed in WCB Docket No. 13-39 within 90 days of the Termination Date.

19. **Reporting Noncompliance.** Verizon shall report any material noncompliance with the Rural Call Completion Rules and with the terms and conditions of this Consent Decree within fifteen (15) business days after discovery of such noncompliance. Such reports shall include a detailed explanation of: (i) each instance of material noncompliance; (ii) the steps that Verizon has taken or will take to remedy such noncompliance; (iii) the schedule on which such remedial actions will be taken; and (iv) the steps that Verizon has taken or will take to prevent the recurrence of any such noncompliance. All reports of noncompliance shall be submitted to the Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, SW, Room 4-C224, Washington, DC 20554, with a copy submitted electronically to Jeffrey Gee at Jeffrey.Gee@fcc.gov and Margaret Dailey at Margaret.Dailey@fcc.gov.

20. **Compliance Reports.** Verizon shall file compliance reports with the Commission 120 calendar days after the Effective Date, twelve (12) months after the Effective Date, twenty-four (24) months after the Effective Date, and thirty-six (36) months after the Effective Date.

- (a) Each Compliance Report shall include a detailed description of Verizon's efforts during the relevant period to comply with the terms and conditions of this Consent Decree and the Rural Call Completion Rules. In addition, each Compliance Report shall include a certification by the Compliance Officer, as an agent of and on behalf of Verizon, stating that the Compliance Officer has personal knowledge that Verizon: (i) has established and implemented the Compliance Plan; (ii) has utilized the Operating Procedures since the implementation of the Compliance Plan; and (iii) is not aware of any instances of material noncompliance with the terms and conditions of this Consent Decree, including the reporting obligations set forth in paragraph 19 of this Consent Decree.
- (b) The Compliance Officer's certification shall be accompanied by a statement explaining the basis for such certification and shall comply with Section 1.16 of the Rules and be subscribed to as true under penalty of perjury in substantially the form set forth therein.³¹
- (c) If the Compliance Officer cannot provide the requisite certification, the Compliance Officer, as an agent of and on behalf of Verizon, shall provide the Commission with a detailed explanation of the reason(s) why and describe fully: (i) each instance of material noncompliance; (ii) the steps that Verizon has taken or will take to remedy

³¹ 47 C.F.R. § 1.16.

such noncompliance, including the schedule on which proposed remedial actions will be taken; and (iii) the steps that Verizon has taken or will take to prevent the recurrence of any such noncompliance, including the schedule on which such preventive action will be taken.

- (d) All Compliance Reports shall be submitted to the Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, SW, Room 4-C224, Washington, DC 20554, with a copy submitted electronically to Jeffrey Gee at Jeffrey.Gee@fcc.gov and Margaret Dailey at Margaret.Dailey@fcc.gov.

21. **Termination Date.** Unless stated otherwise, the requirements set forth in paragraphs 17 through 20 of this Consent Decree shall expire thirty-six (36) months after the Effective Date.

22. **Section 208 Complaints; Subsequent Investigations.** Nothing in this Consent Decree shall prevent the Commission or its delegated authority from adjudicating complaints filed pursuant to Section 208 of the Act³² against Verizon or its affiliates for alleged violations of the Act, or for any other type of alleged misconduct, regardless of when such misconduct took place. The Commission's adjudication of any such complaint will be based solely on the record developed in that proceeding. Except as expressly provided in this Consent Decree, this Consent Decree shall not prevent the Commission from investigating new evidence of noncompliance by Verizon with the Communications Laws.

23. **Compliance with the Rural Call Completion Order and FCC Rules.** Nothing in this Consent Decree shall alter Verizon's obligation to comply with the *Rural Call Completion Order* or any other FCC Rules or orders.

24. **Fine.** Verizon will pay a fine to the United States Treasury in the amount of Two Million Dollars (\$2,000,000) within thirty (30) calendar days of the Effective Date. Verizon shall send electronic notification of payment to Jeffrey Gee at Jeffrey.Gee@fcc.gov and Margaret Dailey at Margaret.Dailey@fcc.gov on the date said payment is made. The payment must be made by check or similar instrument, wire transfer, or credit card, and must include the Account Number and FRN referenced above. Regardless of the form of payment, a completed FCC Form 159 (Remittance Advice) must be submitted.³³ When completing the FCC Form 159, enter the Account Number in block number 23A (call sign/other ID) and enter the letters "FORF" in block number 24A (payment type code). Below are additional instructions that should be followed based on the form of payment selected:

- Payment by check or money order must be made payable to the order of the Federal Communications Commission. Such payments (along with the completed Form 159) must be mailed to Federal Communications Commission, P.O. Box 979088, St. Louis, MO 63197-9000, or sent via overnight mail to U.S. Bank – Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101.
- Payment by wire transfer must be made to ABA Number 021030004, receiving bank TREAS/NYC, and Account Number 27000001. To complete the wire transfer and ensure appropriate crediting of the wired funds, a completed Form 159 must be faxed to U.S. Bank at (314) 418-4232 on the same business day the wire transfer is initiated.
- Payment by credit card must be made by providing the required credit card information on FCC Form 159 and signing and dating the Form 159 to authorize the credit card payment. The completed Form 159 must then be mailed to Federal Communications Commission, P.O. Box 979088, St. Louis, MO 63197-9000, or sent via overnight mail to U.S. Bank –

³² 47 U.S.C. § 208.

³³ An FCC Form 159 and detailed instructions for completing the form may be obtained at <http://www.fcc.gov/forms#159.pdf>.

Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101.

Questions regarding payment procedures should be addressed to the Financial Operations Group Help Desk by phone, 1-877-480-3201, or by e-mail, ARINQUIRIES@fcc.gov.

25. **Additional Financial Commitment.** In furtherance of this comprehensive settlement, and in addition to the fine specified in paragraph 24 above, Verizon commits to have spent prior to the Termination Date of this Consent Decree, at least Three Million Dollars (\$3,000,000) on measures to advance and achieve Company and industry solutions to rural call completion problems, including through the measures specified in paragraph 18 above. This Three Million Dollar rural call completion commitment is separate from and in addition to any expenditures Verizon otherwise would have made to comply with the *Rural Call Completion Order* and does not include expenses incurred responding to the LOI. Verizon will provide an overview of amounts spent for these purposes in its annual compliance reports to the Bureau.

26. **Waivers.** As of the Effective Date, Verizon waives any and all rights it may have to seek administrative or judicial reconsideration, review, appeal or stay, or to otherwise challenge or contest the validity of this Consent Decree and the Adopting Order. Verizon shall retain the right to challenge Commission interpretation of the Consent Decree or any terms contained herein. If either Party (or the United States on behalf of the Commission) brings a judicial action to enforce the terms of the Consent Decree or the Adopting Order, neither Verizon nor the Commission shall contest the validity of the Consent Decree or the Adopting Order, and Verizon shall waive any statutory right to a trial *de novo*. Verizon hereby agrees to waive any claims it may otherwise have under the Equal Access to Justice Act³⁴ relating to the matters addressed in this Consent Decree.

27. **Severability.** The Parties agree that if any of the provisions of the Consent Decree shall be held unenforceable by any court of competent jurisdiction, such unenforceability shall not render unenforceable the entire Consent Decree, but rather the entire Consent Decree shall be construed as if not containing the particular unenforceable provision or provisions, and the rights and obligations of the Parties shall be construed and enforced accordingly.

28. **Invalidity.** In the event that this Consent Decree in its entirety is rendered invalid by any court of competent jurisdiction, it shall become null and void and may not be used in any manner in any legal proceeding.

29. **Subsequent Rule or Order.** The Parties agree that if any provision of the Consent Decree conflicts with any subsequent Rule or Order adopted by the Commission (except an Order specifically intended to revise the terms of this Consent Decree to which Verizon does not expressly consent) that provision will be superseded by such Rule or Order.

30. **Successors and Assigns.** Verizon agrees that the provisions of this Consent Decree shall be binding on its successors, assigns, and transferees.

31. **Final Settlement.** The Parties agree and acknowledge that this Consent Decree shall constitute a final settlement between the Parties with respect to the Investigation.

32. **Modifications.** This Consent Decree cannot be modified without the advance written consent of both Parties.

33. **Paragraph Headings.** The headings of the paragraphs in this Consent Decree are inserted for convenience only and are not intended to affect the meaning or interpretation of this Consent Decree.

34. **Authorized Representative.** Each Party represents and warrants to the other that it has full power and authority to enter into this Consent Decree. Each person signing this Consent Decree on

³⁴ See 5 U.S.C. § 504; 47 C.F.R. §§ 1.1501–1.1530.

behalf of a Party hereby represents that he or she is fully authorized by the Party to execute this Consent Decree and to bind the Party to its terms and conditions.

35. **Counterparts.** This Consent Decree may be signed in counterpart (including electronically or by facsimile). Each counterpart, when executed and delivered, shall be an original, and all of the counterparts together shall constitute one and the same fully executed instrument.

Travis LeBlanc
Chief
Enforcement Bureau

Date

Chris Miller
Vice President & Associate General Counsel
Verizon

Date