



Polar Communications | Polar Telecom
Polar Cablevision | Wolverton Telephone Co.
110 4th St. E | PO Box 270
Park River, ND 58270
701.284.7221 | 800.284.7222
www.thinkpolar.com

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CONTACT:

David L. Dunning, General Manager/CEO
800.284.7222 | 701.284.7221
ddunning@polartel.com

Level 3 to Pay \$975,000 in Rural Call Completion Settlement

PARK RIVER – March 28, 2013 - Level 3 Communications, a large transport carrier of long distance traffic, has agreed to make a \$975,000 "voluntary contribution" to the U.S. Treasury as part of the settlement of a Federal Communications Commission investigation into the carrier's rural call completion practices.

In a consent decree, Level 3 also agreed to complete long-distance calls to incumbent local exchange carriers in rural areas at a rate within 5% of that in non-rural areas over a two-year period, to report compliance with that benchmark quarterly beginning in January 2014 and to make an additional one million dollar voluntary contribution to the treasury department if a benchmark is missed.

In addition, Level 3 agreed to:

- Develop scorecards for intermediate providers used to route calls, assessing the providers' performance with regard to post-dial delay in connecting calls, network failure and call completion rates
- Identify problematic routes to intermediate providers monthly
- Cease using poorly performing intermediate providers
- Assist the FCC Enforcement Bureau in other investigations by providing data concerning the performance of intermediate providers.

"When calls to American in rural communities aren't reliably completed, the consequences are both life threatening and damaging economically," said FCC Chairman Julius Genachowski in an announcement of the settlement. Resolving the "complex problem" of rural call completion is a "major priority" for the FCC, added Genachowski, who vowed to "follow the facts and data" and "hold responsible parties accountable."

Telecompetitor has been closely following rural call completion problems since they first came to public attention two years ago. As we have reported, it appears that certain long-distance carriers - or the least cost routers they lease for call completion - deliberately try to avoid completing calls to rural areas so that they can avoid paying termination charges to the local

carriers serving the call recipients. Those charges are higher in rural areas to help cover higher rural network costs.

The FCC has a plan in place to phase out those charges but that process will take several years - and rural carriers will be pleased to learn that the FCC is not, as some had suspected, simply waiting for the problem to go away. Last year the commission issued an order affirming that carriers were required to complete calls to rural areas and imposing substantial fines for violators but the problem continued, with rural businesses complaining of lost revenues and rural residents warning of potentially tragic results. There is wonder about Level 3's \$975,000 payment going to the U.S. Treasury department. Hopefully it will flow through to the National Exchange Carrier Association's access charge pool. That's where revenues not paid to rural carriers would have gone had calls been properly completed.

Polar Communications has been reporting these long distance issues by carriers to the FCC and will continue to do so until the problems are resolved. If you are experiencing on-going long distance issues, please contact our office at 701-284-7221.