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ONE HUNDRED ELEVENTH CONGRESS

Congress of the United States
House of Representatives

COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–6115

Majority (202) 225–2927
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February 16, 2010

Mr. Rex McGuire
Farmers and Merchants Mutual Telephone Company
210 West Main Street
P.O. Box 247
Wayland, IA 52654

Dear Mr. McGuire:

On October 14, 2009, we wrote to AT&T, Qwest Communications, Sprint Nextel Corporation, and Verizon Communications requesting information about the existing access charge regime and reports that some companies are misusing that system, including through tactics that are sometimes referred to as "traffic pumping schemes."[1]

In particular, our letters sought information about allegations that the existing access charge regime may create incentives for incumbent local exchange providers (ILECs) to charge excessive rates for terminating access. Interexchange carriers, which are required by law to complete all calls, allege that they sometimes pay rates for terminating access well in excess of what the market would typically demand. Some Internet-based voice service providers say they refuse to connect calls to certain rural areas because of the high access fees.[2] If these allegations are accurate, customers ultimately bear the brunt of these practices in the form of a reduced ability to reach rural areas via Internet-based voice services and higher charges.

Moreover, there are allegations that several of the companies engaged in practices designed to increase call volumes and access charge revenue do so by providing free calling services for indecent or pornographic content.[3]

In the October 14, 2009, letters, we asked interexchange carriers to provide details about disputes with other carriers over the payment of terminating access charges and whether the

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[1] See *e.g.*, Letter from Chairman Henry A. Waxman, et al. to Mr. Randall L. Stephenson (October 14, 2009). (Available at http://energycommerce.house.gov/index.php?option=com_content&view=article&id=1771:energy-and-commerce-requets&catid=154:correspondence&Itemid=55).

[2] Letter from Sharon E. Gillett to Richard S. Whitt, Esq. (October 9, 2009). (Available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-09-2210A1.pdf).

[3] *Qwest Communications Corp. v. Superior Telephone Cooperative, et al.*, Docket No. FCU-07-2 at 61 (Sept. 21, 2009) (Available at https://efs.iowa.gov/efiling/groups/external/documents/docket/023026.pdf).

companies have ever withheld such payments due to rate disagreements.[4] At least two of the carriers' responses to the Committee's request reported rate disputes with your company.

The fact that your company was identified in responses provided to the Committee should not suggest that the Committee has concluded that your company engaged in unlawful or improper conduct. To assist the Committee in its ongoing review of this matter, however, we request your cooperation.

Please provide the following information in accordance with the instructions included with this letter:

1. How long has your company been a provider of telecommunications?

2. Was your company or a predecessor company ever part of the National Exchange Carrier Association (NECA) pool?

3. If your company is no longer part of NECA, please explain all of your reasons for leaving the NECA pool.

4. How many residential customers does your company serve?

5. How many business customers does your company serve? Please exclude customers with which your company has an agreement or contract to share access charge revenue.

6. With how many customers does your company have an agreement to share access charge revenue?

7. Please provide the following information for all entities with which your company shares revenue:

    a. Which tariffed services does the entity subscribe to?

    b. For entities with tariffed services that have been changed within the last 12 months, which tariffed service did the entity previously subscribe to?

    c. What percentage of access charge revenues have you agreed to share with the entity? To the extent that your company has differing percentages with such entities, please include the range of percentages offered.

    d. A representative sample of the agreements that your company has with entities with which your company shares revenues.

8. How many telephone lines do you serve?

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[4] Id.

9. What is the average number of telephone numbers your business customers use?

10. How much and what percentage of your revenues are attributable to access charges associated with free chat line and conference calling services?

11. How much funding has your company received from the federal Universal Service Fund?

12. How much has your company contributed to the federal Universal Service Fund? If none, please explain the basis on which your company claims its exemption from contribution.

Please provide written responses to these questions by March 8, 2010. In addition, please inform the Committee staff by March 1, 2010, as to whether you will provide the requested information voluntarily.

If you have any questions regarding this request, please contact Roger Sherman or Greg Guice of the Committee staff at (202) 226-2424.

Sincerely,

Henry A. Waxman
Chairman

Rick Boucher
Chairman
Subcommittee on Communications, Technology, and the Internet

Bart Stupak
Chairman
Subcommittee on Oversight and Investigations

cc: The Honorable Joe Barton
Ranking Member

The Honorable Cliff Stearns
Ranking Member
Subcommittee on Communications, Technology, and the Internet

The Honorable Greg Walden
Ranking Member
Subcommittee on Oversight and Investigations

Mr. Timothy Welch